

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

OCTOBER 01, 2020

10:00 a.m.

AT

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

VIA ZOOM WEBINAR

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APPEARANCES

CHAIRMAN: Robert G. Rivera

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

GENERAL COUNSEL: Robert F. Biard

ASSISTANT GENERAL COUNSEL: Tyler Vance

EXECUTIVE DIRECTOR: Gary Grief

CONTROLLER: Katheryn J. Pyka

PRODUCTS MANAGER: Robert Tirloni

McCONNELL & JONES, LLP: Darlene Brown

BINGO DIRECTOR: Tom Hanson

BINGO ADVISORY COMMISSION
CHAIRMAN: William Smith, III

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1 P R O C E E D I N G S

2 THURSDAY, OCTOBER 01, 2020

3 AGENDA ITEM NO. I

4 CHAIRMAN RIVERA: Good morning,
5 everyone. It is 10:00 am. Good morning, everyone.
6 This is Robert Rivera. Can everyone hear me okay?
7 Commissioners?

8 COMMISSIONER STEEN: Can hear you fine,
9 Robert.

10 CHAIRMAN RIVERA: Perfect. Okay. Well,
11 is everyone ready to get started?

12 MR. BIARD: Sounds good.

13 CHAIRMAN RIVERA: Okay. So, let's do a
14 roll call for the Commissioners.

15 MR. BIARD: Commissioner Fields, are you
16 here?

17 COMMISSIONER FIELDS: I am here, it had
18 to -- it restarted.

19 MR. BIARD: All right. Cindy, is that
20 you?

21 COMMISSIONER FIELDS: Yeah.

22 MR. BIARD: Okay. Great. Commissioner
23 Franz.

24 COMMISSIONER FRANZ: Sorry. I'm here.
25 I was having trouble unmuting. This is Mark.

1 MR. BIARD: Great. Commissioner Saenz.

2 COMMISSIONER SAENZ: I'm here.

3 MR. BIARD: Great. Commissioner Steen.

4 COMMISSIONER STEEN: Present.

5 MR. BIARD: Great. Chairman, I think
6 you're ready to go.

7 AGENDA ITEM NO. II

8 CHAIRMAN RIVERA: Okay. Let us start
9 with a report by the Bingo Advisory Committee. William
10 Smith, you have the floor.

11 MR. BIARD: Unfortunately, I believe he
12 is still an attendee and isn't -- we're awaiting him to
13 be promoted. If you could bear with us just a moment.

14 CHAIRMAN RIVERA: Well, we can just keep
15 going and then come back William when he's available.
16 Let's move on, then.

17 MR. SMITH: Can you hear me?

18 MR. BIARD: Ah. There he is.

19 CHAIRMAN RIVERA: Trace is that -- is
20 that you, Trace?

21 MR. SMITH: Yes. I have been promoted.
22 Good morning, Commissioners, and thank you for having
23 me today.

24 We had a good meeting at our last
25 meeting for the Bingo Advisory Committee. We discussed

1 a lot of rulemaking. 402.702 was one of the rules that
2 we discussed at length about dealing with veterans
3 having a conviction on their record. It was opposed by
4 all members, but the staff had decided to pull that
5 down and rework that a little bit, and we were very
6 greatly appreciative of that. So, we're going to
7 rework that a little bit.

8 And then we went on to -- we had a
9 nomination for the BAC of Corey Harris (ph) and
10 Director Tom Hanson is going to finish doing the
11 background check and get back to us on that. Other
12 than that we support all the rules today as proposed.
13 And that will conclude my report from the Bingo
14 Advisory Committee.

15 MR. BIARD: Thank you, Trace. This is
16 Bob Biard, general counsel. So, you do not have a new
17 member to propose for the BAC today?

18 MR. SMITH: No. We're still conducting
19 the background check and once we get that done, then we
20 will -- we will be proposing the new member.

21 MR. BIARD: Right. So, there's no
22 action to be taken. Thank you.

23 MR. SMITH: Yes, sir.

24 AGENDA ITEM NO. III

25 CHAIRMAN RIVERA: Okay. Thank you.

1 Next up, item number 3, we have the esteemed Mike
2 Fernandez.

3 MR. FERNANDEZ: Good morning,
4 Commissioner, Mr. Chairman. For the record my name is
5 Mike Fernandez. I'm the Director of Administration.

6 Item 3 in your notebook is an action
7 item. Staff is seeking Commission approval to issue a
8 request for proposals for drawing studio and
9 productional services. This is in preparation for our
10 move to 1801 Congress. If you have any questions, I'd
11 be happy to answer them.

12 CHAIRMAN RIVERA: Any questions? Okay.
13 Hearing none, I need a motion.

14 COMMISSIONER SAENZ: This is Eric, I'll
15 make a motion.

16 MR. BIARD: Actually, there's no -- I'm
17 sorry. Go ahead. Excuse me.

18 MR. STEEN: This is Jamie Steen. I'll
19 second.

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

22 (Chorus of "ayes")

23 AGENDA ITEM NO. IV

24 CHAIRMAN RIVERA: Okay. Next item,
25 number 4. Mike --

1 MR. FERNANDEZ: Thank you, Mr. Chairman.

2 CHAIRMAN RIVERA: Go ahead.

3 MR. FERNANDEZ: Item 4 in your notebook
4 includes two briefing items.

5 The first is to advise the Commission of
6 staff's intent to execute a trademark licensing
7 agreement with Houston NFL Holdings for production of
8 the Houston Texans Scratch Ticket. Commissioners have
9 independently confirmed they have no financial interest
10 in the Houston NFL holdings.

11 The second item is to advise the
12 Commission of staff's intent to extend our current
13 contract with Beehives Specialty and Promotional
14 Products for a one-year period. Commissioners have
15 also independently confirmed they have no interest in
16 Beehives Specialty Products.

17 I would be happy to answer any
18 questions, Mr. Chairman.

19 CHAIRMAN RIVERA: Any questions? Okay.

20 AGENDA ITEM NO. V

21 CHAIRMAN RIVERA: So, we -- go ahead,
22 Mike.

23 MR. FERNANDEZ: Thank you. Item 5 in your
24 notebook is a briefing item to advise the Commission of
25 staff's intent to issue a request for proposals for

1 security management systems and monitoring services.
2 This is also in preparation for our move to 1801
3 Congress.

4 I'd be happy to answer any questions
5 regarding that, Mr. Chairman.

6 AGENDA ITEM NO. VI

7 CHAIRMAN RIVERA: Okay. Hearing no
8 questions, we're moving on.

9 MR. FERNANDEZ: Thank you. My last
10 item, item 6 in your notebook, is an informational
11 item.

12 Texas Administrative Code 401.105
13 requires the Executive Director to provide the status
14 of all contracts to the Commission annually for
15 information purposes. The Texas Government Code
16 further requires that for each contract with a value
17 exceeding \$1-million additional information, including
18 contract compliance, corrective action plans, and
19 sanctions be reported.

20 We've included under item 6 a list of
21 all agency contracts. If you have any questions I'd be
22 happy to answer those also.

23 CHAIRMAN RIVERA: Okay. Any questions?
24 Okay. Good job.

25 MR. FERNANDEZ: Thank you, sir.

1 AGENDA ITEM NO. VII

2 CHAIRMAN RIVERA: Okay. Next looks like
3 we're going to move on to item number 7. Tyler Vance.

4 MR. VANCE: Good morning, Commissioners.
5 This is Tyler Vance, an Assistant General Counsel with
6 the Legal Division. And I have for your consideration
7 this morning a proposal to adopt the amendments to
8 Bingo rules in Chapter 402.200, .300, .301, .400, .401,
9 .404, .408, .420, .450, .451, .502, .511, .601, .602,
10 .700, .702, and .703. These amendments were developed
11 during the agency's quadrennial rule review process and
12 involved lots of discussions with industry stakeholders
13 and the Bingo Advisory Committee.

14 The rules before you today have been
15 slightly modified in response to comments that we
16 received from the Bingo Interest Group, the Texas
17 Veterans of Foreign Wars, Texas Charity Advocates, and
18 the Kickapoo Traditional Tribe of Texas.

19 We've modified the amendments to reflect
20 the Bingo Interest Group's comments by adding more
21 detail to the Negative Net Proceeds rule and by
22 specifying the people in Bingo who the temporary
23 suspension process will apply to. The Bingo Interest
24 Group's comments were also supported by Texas Charity
25 Advocates.

1 We've also modified the amendments to
2 reflect VFW's comment by removing Penal Code chapter
3 22, assaultive in -- assaultive offenses, from the list
4 of directly related offenses. VFW's comment was also
5 supported by The Bingo Interest Group and Texas Charity
6 Advocates and, as you've just heard, from The Bingo
7 Advisory Committee.

8 Finally, in response to comments made by
9 the Kickapoo Traditional Tribe of Texas, we have
10 removed the proposed rule on electronic gift cards at
11 this time to allow for further discussion with the
12 relevant stakeholders.

13 And other than those modifications, the
14 rules before you are the same as those that were
15 proposed at the last Commission meeting. And so, staff
16 recommends that you adopt the rule amendments as
17 presented. And I'm available for any questions.

18 CHAIRMAN RIVERA: Okay, Tyler, thank
19 you. I understand that we have a public comment from
20 Kim Kiplin who would like to speak on this matter.

21 MS. KIPLIN: Thank you. Good morning
22 Mr. Chairman and Commissioners. My name is Kimberly
23 Kiplin. I'm an attorney here in Austin, Texas and I am
24 commenting today on behalf of the Department of Texas-
25 Veterans of Foreign Wars.

1 The Texas VFW participated in the 2019-
2 2020 rule review process and the meetings with
3 stakeholders and agency staff. We've appreciated the
4 opportunity to provide comments on that rule review and
5 to participate in those stakeholder meetings. That
6 process was collaborative, and the proposed amendments
7 for the most part at that time were a result of that
8 process.

9 We also provided comment during the
10 rulemaking comment period, and we do support the
11 rulemaking package being presented to you today for
12 adoption.

13 I do want to take a moment to express
14 our appreciation to Tom Hanson and Tyler Vance and
15 other staff for their willingness to listen to our
16 comments and make the change we requested to Rule
17 402.702. That's very important for the VFW, that
18 particular change. And just want to say again, it's
19 very refreshing to be able to work with staff and have
20 them being receptive and willing to listen.

21 Thank you for the opportunity to provide
22 comment today, and I'm happy to answer any questions.
23 Thank you much for your time this morning.

24 CHAIRMAN RIVERA: Thank you very much.
25 Commissioners, do you have any comments? Okay. Is

1 there a motion to adopt the rule amendments?

2 COMMISSIONER FIELDS: This is Cindy.

3 So, moved.

4 CHAIRMAN RIVERA: Second?

5 COMMISSIONER FRANZ: Mark. I'll second.

6 CHAIRMAN RIVERA: I'm sorry. Who was
7 the second?

8 COMMISSIONER FRANZ: Mark Franz.

9 CHAIRMAN RIVERA: Okay. Thank you.

10 Just for -- to make sure we have all of the appropriate
11 items recorded. Okay. All in favor say aye.

12 (Chorus of "ayes")

13 CHAIRMAN RIVERA: Okay. Passes
14 unanimously. Definitely thank you to everyone involved
15 in this major rulemaking effort; the members of the
16 BAC, Texas Charity Advocates. Literally, you know,
17 this is very important for Bingo, for the state, and
18 although this matter literally just took us a couple of
19 minutes to approve, there has been an incredible amount
20 of work done behind the scenes leading up to this and
21 we are very grateful for what we have voted on and what
22 this is going to mean moving forward. So, thank you to
23 everyone involved.

24 AGENDA ITEM NO. VIII

25 CHAIRMAN RIVERA: Next item is a report

1 on Lottery sales and revenue. We have Kathy and
2 Robert, your item.

3 MS. PYKA: Thank you, Mr. Chairman.
4 We'll give our team a few seconds to get the PowerPoint
5 displayed.

6 Good morning, Commissioners, my name is
7 Kathy Pyka, Controller for the agency. With me this
8 morning is the Commission's Products Manager, Robert
9 Tirloni.

10 Commissioners, this morning we will be
11 presenting final Fiscal Year 2020 revenue and sales
12 data. So, we'll begin our presentation with the first
13 chart. Next slide, please.

14 So, our presentation includes revenue
15 highlights. The Commission completed the fiscal year
16 with \$1,684,000,000 in accrued revenue transfers to the
17 state. This is the highest revenue transfer in Texas
18 Lottery history. Breaking the previous record set in
19 Fiscal Year 2019 by more than \$47-million.

20 Fiscal Year 2020 also marks the 17th
21 consecutive year the Texas Lottery has reached the 1-
22 billion mark in overall revenue transfers. Of that
23 overall revenue transfer amount, \$1,661,000,000 went to
24 the Foundation School Fund, representing a new record
25 of Lottery contributions to public education in Texas.

1 And revenue in Fiscal Year 2020 to the Foundation
2 School Fund exceeded the previous record by \$44-
3 million.

4 Additionally, of the total revenue
5 transferred, \$22.2-million went directly to the Texas
6 Veteran's Commission from the sale of scratch-off games
7 dedicated to the Fund for Veterans' Assistance. And
8 this is the largest annual transfer to the Veterans'
9 Fund since these designated scratch-off games began.

10 So, move to the next slide, please.
11 These revenue records were generated from
12 \$6,704,000,000 in Lottery sales, making this our 10th
13 consecutive record-breaking year in sales.

14 Moving to the second bullet. Another
15 record was prizes paid to the players, with more than
16 \$4,523,000,000 won by players. This broke the previous
17 record set in Fiscal Year 2019 by more than \$391-
18 million.

19 Our retailers were paid more than \$335-
20 million in commissions during Fiscal Year 2020. This,
21 too, was another record in payments to retailers.

22 We conclude the fiscal year with an
23 administrative expenditure rate of 3.23 percent, which
24 is one of the lowest administrative expenditure rates
25 as a percentage of gross sales in the country as well

1 as the lowest rate in Commission's history.

2 So, want to move on to the next slide
3 and our detailed sales data. Final sales for Fiscal
4 Year 2020 were \$6,704,000,000 and that surpassed the
5 previous sales record set just last year by \$453-
6 million. That was a 7.2 percent increase over Fiscal
7 Year 2019.

8 We ended the fiscal year with
9 \$5,556,000,000 in scratch ticket sales as noted on the
10 second orange column. This is a new sales record
11 marking the best year of scratch ticket sales since we
12 began selling tickets, and this reflects a sales
13 increase of more than \$710-million above the
14 \$4,846,000,000 sales record set last year.
15 Commissioners, this was a 14.7 percent increase in
16 scratch ticket sales.

17 Our draw sales concluded the year with
18 \$1,148,000,000 in sales as noted on the second blue
19 bar. This is a decrease of \$258-million from last
20 year's sales of \$1,406,000,000.

21 Commissioners, regarding our draw sales
22 decline, as we reported during the last year, we simply
23 have not had multi-state jackpots advertised during
24 Fiscal Year 2020 generate the historical jackpot sales
25 levels that we've once had.

1 One highlight that I do want to report
2 about draw games during Fiscal Year 2020, are that our
3 in-state draw games generated \$702-million out of the
4 1,148,000,000. And that's the highest amount of in-
5 state draw game sales since 2010. Robert will
6 certainly expand upon this further in a bit.

7 Like to move to the next slide, please.
8 So, our next slide provides an overview of the 29-year
9 history of scratch and draw sales for the Commission.
10 Scratch ticket sales are noted with the orange bar and
11 draw sales are noted with the blue bar.

12 We began Fiscal Year 2000 -- or 1992
13 with 591,000 in scratch ticket sold growing to the
14 \$6,704,000,000-mark in total sales met last fiscal
15 year.

16 The takeaway, Commissioners, that I'd
17 like to share from this chart is over the last five
18 years total sales have grown from 4 1/2-billion in 2015
19 to 6.7-billion in Fiscal Year 2020, which is a
20 \$2,200,000,000 growth or 48 percent, over that 5-year
21 period.

22 So, with that, Robert will now provide
23 detailed sales information.

24 MR. TIRLONI: Thank you, Kathy. Good
25 morning, Mr. Chairman. Good morning, Commissioners.

1 If we can move to the next slide in the
2 PowerPoint. Okay. Thank you.

3 So, Commissioners, this is the slide
4 you're used to seeing every month. But at this point
5 it is now a full fiscal year comparison. So, we're
6 comparing Fiscal Year '20 to Fiscal '19 by game.

7 So, if we look at the top of this slide,
8 the white font represents the jackpot portion of the
9 portfolio. And I'll start at the very top with Lotto
10 Texas. We are realizing an \$11.6-million gain when you
11 -- when you include the extra feature. That's the add-
12 on game for Lotto. Fiscal Year '20 Lotto had very
13 strong jackpots right through the end of August. They
14 were in the mid-\$30-million range, and that helped
15 contribute to a very successful year for Lotto Texas.

16 Moving down to the middle of that
17 Section you'll see losses for Mega Millions, Megaplier,
18 the Just the Jackpot feature. You'll also see losses
19 for Powerball and Power Play. As Kathy just mentioned
20 a moment ago and as we've discussed over the past year,
21 both multi-state games just did not generate large
22 jackpots during this past fiscal year. So, we're
23 looking at about \$303 to \$304-million worth of losses
24 from the multi-state category.

25 Texas Two Step, our own in-state game,

1 it's a smaller jackpot game, that game was pretty much
2 pacing itself in '20 compared to '19. But right at the
3 end of '19, Texas Two Step had a very large jackpot,
4 over \$2-million, and we just didn't get that level of
5 jackpot at the end of fiscal '20. So, we are
6 experiencing a decline in Two Step of \$1.6-million.

7 So, the jackpot category as a whole is
8 down almost \$295-million. If you look down to the
9 middle of this table, or this slide, in blue you see
10 our daily games. We are very pleased with the
11 performance of our daily games this past fiscal year.
12 Pick 3 and Daily 4 both, which include the Fireball
13 add-on feature, had healthy gains. Pick 3 was up \$21-
14 million and Daily 4 was up \$11-million.

15 Cash 5 eked out a gain of about
16 \$200,000. And All or Nothing ended the year with \$4
17 1/2-million gain over Fiscal '19. So, we're seeing
18 almost a \$37-million gain from our daily game portion
19 of the portfolio. Of course, that can't make up for
20 the losses from the multi-state games.

21 So, if you look at draw as a total, or
22 as a whole, you see we've got almost a \$258-million
23 decline.

24 Moving down a line to scratch tickets.
25 The \$710-million in growth is phenomenal for this past

1 year. As Kathy mentioned, we did set a scratch ticket
2 sales record with our 5.56-billion in scratch ticket
3 sales. So, because of that growth and the successful
4 year we had in scratch, we did end the year with
5 \$452.5-million worth of growth compared to the previous
6 Fiscal.

7 We can move to the next slide. So,
8 since this is the end of the year presentation we do
9 have a few more slides to kind of just paint an overall
10 picture of the portfolio for you all.

11 So, this next slide, this pie chart,
12 represents the \$6.7-billion in total sales. And it's
13 showing you the split between the two product
14 categories. So, scratch is representing 83 percent and
15 draw is representing 17 percent.

16 I would tell you that our typical split
17 is about 80/20. But, of course, because of the very
18 strong scratch sales that we had this fiscal year, that
19 did increase the percentage of sales that scratch
20 represents this year. And that's the reason for it
21 being about 3 percentage points higher than we would
22 normally see.

23 If we move to the next slide, what we're
24 looking at here in this pie chart is draw sales for the
25 fiscal year. So, this represents \$1.1-billion worth of

1 draw sales, and it shows you the breakdown by game.
2 So, for Fiscal Year '20, our number one selling game
3 was Pick 3, which is one of our Daily games. Mega
4 Millions is our second best-selling game, followed by
5 Powerball, followed by Lotto Texas, which is coming in
6 ranked number four, and then Daily 4 would be coming in
7 ranked number five.

8 So, the interesting thing here is that
9 Pick 3, Mega Millions, and Powerball every year are
10 pretty much jockeying for, you know, those top three
11 slots. Last year Mega Millions was ranked number one.
12 That's because Mega Millions had some very strong, very
13 large, jackpots last year. But if we don't get the
14 large jackpots, like what happened in Fiscal '20, it is
15 not abnormal for Pick 3 to come in as the best-selling
16 game. As indeed it did in fiscal '20.

17 I will point out that Lotto was ranked
18 fourth last year, as it is this year, and Daily 4 was
19 ranked fifth last year, as it is this year. As I
20 noted, though, Lotto had a very, very strong year and
21 it ended the fiscal year very strong. I think it will
22 be interesting to see what happens in our current
23 fiscal year, Fiscal '21, if Lotto does not have strong
24 jackpots. I believe, because of the continued growth
25 that we've been seeing from Daily 4, there is the

1 potential that Daily 4 could actually move up and
2 surpass Lotto in terms of sales rank. So, that'll be
3 something interesting that we'll -- that we'll be
4 watching.

5 If we can move to the next slide, this
6 is going to be the same look except for scratch sales.
7 So, this pie chart represents \$5.55-billion in scratch
8 sales and it's broken out by price point. So, this
9 year the \$10 price point was the best-selling price
10 point, it was ranked number one, followed by the 5 in
11 the number two slot, followed by the 20, and then
12 followed by the 50. So, this year this is a change.

13 This is the first time the \$10 price
14 point was ranked number one. For many years, as far
15 back as I can remember, the \$5 has been our best-
16 selling scratch price point. But the \$10 game, or the
17 \$10 price point, has been growing consistently year
18 after year. And last year during this presentation we
19 mentioned that we really did believe that the \$10 was
20 going to move up and be the number one price point.
21 And so, that has happened, as I mentioned, for the
22 first time this year.

23 The five is still a very solid, strong-
24 selling price point for us. And, as I mentioned,
25 that's ranked number 2. The 20 and the 50 that were

1 ranked third and fourth, they had the exact same rank
2 last year in Fiscal '19.

3 If we can move to the last slide. So,
4 this table, Commissioners, is showing the top 15
5 scratch ticket games for the fiscal year. I won't
6 cover all of these. I'll just hit a couple of high
7 points. Mega Loteria is our number one game. It was
8 also our number one game last year. It is a \$10 game
9 and is -- it is part of our Loteria Family of games.

10 If you look down that list, if you look
11 at rank six, that's our \$5 Super Loteria game. Rank 7
12 is our \$20 Loteria game. And then if you look way down
13 towards the bottom, rank 14 is another \$20 Loteria
14 game. So, Loteria is our family of Mexican-style Bingo
15 games. We offer it at the 3, 5, 10, and 20 currently.
16 It's a very strong, popular, part of our scratch
17 portfolio. And we've taken great care to launch those
18 games at the right times and to carefully grow that
19 portion of the portfolio so we're extremely pleased to
20 see so many of the Loteria games in the top 15.

21 If you look at rank number two, three,
22 and four, you'll see three \$50 games. Our 50s continue
23 to see sales growth year over year and we're, you know,
24 we're pleased to see the high rank for those -- for
25 those games.

1 Just a couple of other things. If you
2 look down towards the bottom of that table, rank 12 and
3 rank 13, that's two of our Monopoly Multiplier Games.
4 So, we took our Multiplier family of games that we
5 launched in January and those Multiplier games were
6 branded with Monopoly this past year. And so, we've
7 had very good sales results from those games.

8 Last but not least I'll call attention
9 to the last game on that list, which is our \$10 cross-
10 word style game. \$250,000 50x Cashword. That game has
11 continued to gain in popularity, and it has become a
12 core game for us, just like our Loteria family is a
13 core offering, which means those games are out and
14 available year round. They are never out of market.

15 Commissioners, that is this portion of
16 the sales presentation, our recap of Fiscal '20. I
17 know Mr. Grief would like to make some comments before
18 we close out on this agenda item. And then of course
19 we can answer any questions that you may have.

20 CHAIRMAN RIVERA: Okay, Gary, go ahead.

21 MR. GRIEF: Good morning, Mr. Chairman.
22 And thank you, Kathy, as well. Great job on the
23 presentation today.

24 Commissioners, you've now seen the
25 details and you've read the recent press release

1 regarding our record year for sales and revenue. Maybe
2 even more impressive by achieving these results in the
3 face of the worst pandemic of our lifetime.

4 As we said in our press release, we owe
5 a huge debt of gratitude to our 20,000 retailer
6 locations around the state that sell lottery tickets.
7 These locations, virtually all of which have remained
8 open throughout the COVID-19 situation, they've done an
9 outstanding job of marketing our products to a public
10 audience that has had its choices for discretionary
11 spending severely limited over the past seven months.

12 Countless Texans have discovered the
13 Texas Lottery during this time. In particular, our
14 entertaining scratch ticket products. And we believe
15 we've made inroads with many customers that we hope
16 will have a lifelong loyalty to Lottery products.

17 I would be remiss not to recognize IGT
18 Texas, our Lottery operator, for the outstanding job
19 they've done for Texas in the past fiscal year.
20 Especially the IGT sales reps that visit the retailers
21 around the state and ensure that each one of these
22 locations that sells Lottery products is properly
23 trained, outfitted, and marketing our products in an
24 appropriate manner.

25 I also want to thank Third Ear, our

1 advertising agency partner. This is an organization
2 that has shown an amazing ability to be nimble as we
3 deliver our message of promoting the Texas Lottery.
4 Able to pivot quickly from traditional mass-media
5 advertising to a laser-focused digital approach as a
6 result of the pandemic.

7 I also want to express appreciation to
8 Pollard Banknote, Scientific Games, and IGT Printing,
9 our three vendor partners that print the scratch ticket
10 products for us.

11 Texas continues to be the only lottery
12 in the country that awards one-third of their scratch
13 ticket printing business to each of the three vendors
14 capable of providing these products. Thus, ensuring we
15 have our pick of the best scratch tickets in the
16 industry, and making sure that these vendors compete
17 for our business every day with their best and newest
18 products, and not just once every five to seven years
19 when we go out for bid.

20 This approach continues to pay immense
21 dividends to us, as evidenced by the growth we've seen
22 of our scratch ticket sales. And these three vendor
23 partners work closely with us each year as we develop
24 our strategic scratch ticket game plan.

25 And, finally, I want to thank our

1 employees who have not only survived an incredibly
2 challenging year due to COVID-19, but have thrived in
3 supporting all of our efforts to generate record
4 amounts of revenue for both public education and
5 Veteran's services in Texas.

6 Thank you, Mr. Chairman. That concludes
7 my comments on this item.

8 CHAIRMAN RIVERA: Well, definitely an
9 incredible amount of gratitude from the entire
10 Commission and to all of our employees. This has been,
11 obviously, a very difficult year with a tremendous
12 amount of uncertainty ahead of us. But it's an
13 absolute testament to the strength of every employee,
14 the leadership that's in place and a commitment to what
15 we do daily; a commitment to charity, to our, you know,
16 education of the state, to our veterans, and, you know,
17 to each other as coworkers and volunteers that are here
18 for, you know, a daily purpose. And that has not
19 changed whether, you know, we're able to meet in person
20 or not, do our business in person or not. The mission
21 remains the same.

22 And Gary, sincerely, your leadership and
23 every employee contributes to this record-breaking year
24 that would have not happened without your joint belief
25 in what we're doing. Clearly that the retailers

1 obviously have, as you mentioned, you know, likewise,
2 bring an incredible amount to the state. And we're
3 beyond grateful to all involved. So, this has been
4 just very well-received information by us all.

5 Commissioners, any additional comments
6 please?

7 MS. FIELDS: Hi. This is Cindy.
8 Congratulations for you guys have done a stellar job.
9 It's amazing what you've done. Especially under the
10 circumstances. The team is just great and I'm super
11 proud of you all. Glad to be part of the organization.

12 MR. TIRLONI: Thank you, Commissioner
13 Fields. We certainly appreciate that.

14 CHAIRMAN RIVERA: Anyone else?

15 COMMISSIONER STEEN: This is
16 Commissioner Steen. I think we all would echo those
17 sentiments. A lot to be proud about. A great year.

18 CHAIRMAN RIVERA: Okay. Well, having
19 said that, we are now going to move on.

20 AGENDA ITEM NO. IX

21 CHAIRMAN RIVERA: Next item is also
22 Kathy's, so we'll let you present item number 9.

23 MS. PYKA: Very good. Thank you, Mr.
24 Chairman.

25 Commissioners, the report in your

1 notebook reflects accrued revenue transfers and
2 allocations to the Foundation School Fund and Texas
3 Veterans Commission, as well as the allocation of
4 unclaimed prizes for the fiscal year ending August 31,
5 2020.

6 We've just covered the revenue
7 highlights, so the only other item that I'd like to add
8 under this tab is I wanted to note that our total
9 cumulative transfers to the Foundation School Fund
10 through August of this year now amount to \$25.7-
11 billion.

12 Commissioners, this concludes my
13 presentation on this item. I'd be happy to answer any
14 questions.

15 CHAIRMAN RIVERA: Okay. And then,
16 Kathy, go ahead. For item --

17 AGENDA ITEM NO. X

18 MS. PYKA: All right. So, we'll move on
19 to tab 10, Commissioners, and this is information on
20 the agency's Fiscal Year 2022-2023 Legislative
21 Appropriations Request. This morning I'm seeking your
22 approval of the Commission's Legislative Appropriations
23 Request, or LAR for short, for fiscal years 2022 and
24 Fiscal Year 2023.

25 The LAR includes a baseline request of

1 \$541,045,348 with 321.5 full-time equivalent positions
2 and one exceptional item request totaling \$4,352,835.
3 This brings the Commission's total LAR for Fiscal Year
4 2022-23 to \$545,398,183, which is a 1.4 percent
5 decrease under the Fiscal Year 2020-21 baseline
6 appropriation levels.

7 The Commission's Fiscal Year '22-'23 LAR
8 was developed in accordance with guidelines from the
9 leadership offices, which stated that as the starting
10 point for budget deliberations, each agency's baseline
11 request may not exceed the adjusted Fiscal Year '20-'21
12 baseline levels incorporated in a 5 percent reduction
13 as published by the Legislative Budget Board.

14 In accordance with the 5 percent
15 reduction, the Bingo program funded by general revenue
16 was required to reduce their funding request by
17 \$254,694 and two staff positions over the biennium.

18 Appropriations from the Commission's
19 General Revenue dedicated Lottery account are exempt
20 from the 5 percent reduction requirement.

21 Funding requests for purposes which
22 exceed the baseline spending level may not be submitted
23 in the agency's LAR baseline request but may be
24 submitted as exceptional items.

25 The LAR, as proposed, includes one

1 exceptional item request. The item for your
2 consideration includes \$4,352,835 over the biennium
3 that would allow for the Retailer Bonus Budget to be
4 restored at the original \$8.4-million amount.

5 The \$4.2-million annual retailer bonus
6 budget was vetoed by the Governor, and was zeroed out
7 in the second year of the Fiscal Year 2018-'19
8 biennium. The Commission did receive partial
9 restoration of this bonus program in Fiscal Year 2020
10 and 2021, and we're simply seeking to restore it back
11 to the original \$8.4-million.

12 Commissioners, bonus payments are earned
13 by retailers for selling certain prize-winning tickets.
14 Based on the partial budget restoration, bonus payments
15 are currently limited to two multi-state games,
16 Powerball and Mega Millions. Restoring the annual
17 budget to previously authorized appropriations would
18 allow for this key program to be fully implemented.
19 This key program also impacts retailer sales
20 performance, recruitment, retention, and development
21 opportunities.

22 If funding is granted by the Legislature
23 for this exceptional item request, there would be no
24 cost to the appropriations bill as the Lottery
25 dedicated account is not subject to the Comptroller's

1 certification for the General Appropriations Act.

2 Now moving on to rider requests. The
3 rider revisions are reflected on page 3b of the LAR and
4 incorporate revisions to the Commission's current rider
5 structure.

6 In addition to routine technical
7 revisions, the LAR also includes two new riders. The
8 first new rider is new rider 701 that would provide for
9 an appropriation to promote Lottery games. The
10 Commission is requesting a new funding mechanism to
11 fund the promotion of Lottery games as a percentage of
12 Lottery sales with a not-to-exceed amount of \$40-
13 million in each year of the biennium.

14 If the rider is adopted, the Commission
15 would request that the current \$17.9-million strategy
16 appropriation for "Promote Lottery Games" be deleted
17 and zeroed out and the rider become the funding
18 mechanism for the promotion of Lottery games.

19 When developing the rider, the percent
20 of gross sales rate of 0.64 percent was derived using
21 actual Lottery sales from Fiscal Year 2019 of 6.25-
22 billion and the initial base appropriation of \$40-
23 million that was authorized in 1993 for promoting
24 Lottery games. By comparison, the current baseline of
25 funding allocated to promote Lottery games is \$17.9-

1 million, and this new rider would provide for an annual
2 amount not to exceed \$40-million.

3 Funding for this rider is also one of
4 the items that would not count towards the
5 certification of the budget by the Comptroller of
6 Public Accounts.

7 The second new rider for your
8 consideration is new rider 702 that would provide for
9 unexpended balances of capital budget for construction
10 of the Texas Capital Complex building.

11 Plans for us to relocate to the -- our
12 headquarters facility are in May of 2022. The
13 Commission received a \$1.8-million capital budget
14 appropriation in the current year of the biennium for
15 building construction to support the agency's drawings
16 production studio, as well as specialized building
17 space at the new location.

18 Should any of the Fiscal Year 2021
19 capital budgets be deferred to Fiscal Year '22, this
20 appropriation would provide for expenditures that may
21 be required in Fiscal Year 2022.

22 Finally, one of the technical revisions
23 I'd like to highlight in the LAR is a revision to rider
24 10, Lottery Operator Contract. The rider includes a
25 revision to the contract rate in Fiscal Year 2023

1 modifying the rate from 2.0773 percent of Lottery sales
2 to 2.0331 percent of Lottery sales in accordance to the
3 current Lottery operator contract.

4 The Commission's LAR is due to
5 leadership offices tomorrow, October the 2nd. In
6 addition to filing hard copies of the document,
7 agencies are also required to file the operating
8 budgets electronically with the LBB as well as
9 submitting a hard copy to the Governor's office.

10 Upon completion of the budget document
11 we are also required to certify the integrity of the
12 dual submissions in the assurance that the electronic
13 and hard copy are one and the same. This -- I am here
14 to certify that that is the case. And this
15 certification will require a signature of both Gary and
16 myself as well on this document.

17 Before I wrap up, I'd also like to
18 acknowledge the support of Gary Grief and Nelda Trevino
19 in preparing the LAR, and special recognition of Kelly
20 Stuckey within the Office of the Controller.
21 Commissioners, Kelly and her team did an outstanding
22 job in pulling this document together in a very short
23 timeframe considering that the instructions were only
24 released on August the 18th. I'm super, super proud of
25 their efforts in completing this task.

1 In closing, I am seeking your approval
2 of the proposed LAR for Fiscal Year 2022 and Fiscal
3 Year 2023. The Commission's baseline request is
4 \$541,045,348, with 321.5 FTEs. The baseline request
5 along with one exceptional item request totaling
6 \$4,352,835 results in a total LAR of \$545,398,183.

7 Commissioners, this concludes my
8 presentation. I'd be happy to answer any questions.

9 CHAIRMAN RIVERA: Okay, Commissioners.
10 Any comments or discussion? Okay. Is there a motion
11 to approve the LAR?

12 COMMISSIONER FRANZ: I'll move to
13 approve the LAR. This is Mark Franz.

14 COMMISSIONER SAENZ: This is Erik. I
15 second.

16 CHAIRMAN RIVERA: Okay. All in favor
17 say aye.

18 (Chorus of "ayes")

19 MS. PYKA: Thank you, Commissioners.

20 CHAIRMAN RIVERA: Passes unanimously.
21 Thank you, Kathy. I know that this has been quite a
22 bit that you've had to handle under unusual
23 circumstances in a kind of a compact time period.
24 Likewise, we are definitely grateful to Gary and Nelda
25 and Kelly for presenting a very thorough document

1 moving forward. And every item in there is extremely
2 important. Everything in there is something that was
3 reviewed and gone over multiple times. And so, you
4 know, we are confident and look forward to discussions
5 at the Capitol regarding, you know, the request. We
6 definitely look forward to all the upcoming interaction
7 and consideration for the agency.

8 And for the agency's Bingo program the
9 required 5 percent reduction providing services with
10 less funding can be a challenge. However, we are
11 confident that Tom and his staff will continue to
12 provide their, as always, usual high-level of customer
13 service and regulatory oversight.

14 So, this is a very important document
15 that collectively we look forward to working with and
16 helping to make sure that it is successful. So, Kathy,
17 Gary, and Nelda, if there's anything that any of the
18 Commissioners can do to assist with this, please let us
19 know.

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

21 AGENDA ITEM NO. XI

22 CHAIRMAN RIVERA: Okay. Next item on
23 the report is the Internal Auditor, Darlene, this is
24 your item.

25 MS. BROWN: Good morning, Chairman and

1 commissioners. Today I'm presenting two reports to
2 you. The first report is Charitable Bingo Operations
3 Division implementation of House Bill 914 requirements.

4 House Bill 914 was passed during the
5 last legislative session and it had significant changes
6 to the way prize fees were collected and distributed in
7 the state. It also impacted other aspects of
8 Charitable Bingo Operations.

9 Our audit looked at each requirement in
10 the bill and compared it to how CBOD implemented it.
11 Our conclusion was that CBOD has implemented all
12 applicable requirements of House Bill 914. This was
13 completed through collective efforts of several agency
14 divisions.

15 Although CBOD had implemented the
16 requirements, we did assign an audit rating of some
17 improvement needed for CBOD's business processes. What
18 we've noted in the audit was that incorrect prize fee
19 allocations were made to six jurisdictions because of
20 quarterly report processing errors made by CBOD staff.
21 Five jurisdictions were paid a total of \$913. And one
22 jurisdiction was underpaid \$2,680. The net impact was
23 \$1,766.

24 I want to bring it up to you that these
25 allocation payments have been corrected in the

1 financial systems. The underpayment has already been
2 issued a refund. And four of the jurisdictions have
3 already submitted their overpayment back to the State
4 through the Lottery Commission.

5 The second item we noted was that CBOD
6 did not have a documented policy to govern the
7 implementation of regulatory changes and current
8 written procedures were not detailed enough to ensure
9 that ongoing compliance of regulatory changes would
10 occur.

11 This is particularly important with the
12 volume of staff turnover and with the implementation of
13 House Bill 914 requiring so much effort. The staff, a
14 big majority of them, have already left the agency.
15 However, the Division has already drafted written
16 procedures to address this.

17 Additionally, the BOSS County and
18 Municipality allocation table was not updated for prize
19 fees results. Staff are currently in the process of
20 updating that. We noted that some were incorrectly
21 listed as yes were City of Tulsa, County of Gregg and
22 Kendall on CBOD's website. They had actually voted no,
23 or not submitted the documentation.

24 A staffer did not perform a secondary
25 review for prize fee voting outcomes which resulted in

1 these errors.

2 Finally, the Division does not perform
3 detailed prize fee reconciliations to validate that the
4 payment received actually was what is recorded in BOSS
5 and what was reported on the quarterly reports.

6 I'm happy to note to you that staff have
7 already started addressing every one of our findings
8 and made significant progress. If you have any
9 questions on this report, I'd be happy to answer them.

10 CHAIRMAN RIVERA: Any questions,
11 Commissioners? Okay. Thank you very much. Darlene,
12 thank you.

13 MS. BROWN: Okay the next one --

14 CHAIRMAN RIVERA: Go ahead.

15 MS. BROWN: I have a second report for
16 you, and this is required by the Internal Audit Act.
17 It's the Fiscal Year 2020 Annual Internal Audit Report.

18 The report -- the contents are
19 prescribed by the State Auditor's Office. The report
20 summarizes the Fiscal Year '20 internal audit
21 activities and planned activities from Fiscal Year '21.
22 The report's required to be submitted to the Governor's
23 Office, the Legislative Budget Board, and the State
24 Auditor's Office by November 1st.

25 I will be submitting that tomorrow. And

1 if you have any questions, I will be happy to answer
2 them. Okay. That concludes my report for today.
3 Thank you.

4 CHAIRMAN RIVERA: Okay, Darlene, thank
5 you so much.

6 AGENDA ITEM NO. XII

7 CHAIRMAN RIVERA: Next item is the Bingo
8 Director's Report. Mr. Tom Hanson, this is your item.

9 MR. HANSON: Good morning, Mr. Chairman
10 and Commissioners. For the record, my name is Tom
11 Hanson. I'm the Director of the Charitable Bingo
12 Operation's Division. I want to note for the record
13 the activity of the Bingo Division since the last
14 Commission meeting. The Bingo Division staff has
15 continued to work directly with licensed organizations
16 as they try to generate funds for their organizations
17 while facing reduced occupancy restrictions as they
18 reopened, or faced additional closures.

19 The Bingo Division, with the assistance
20 of the Governmental Affairs and Legal Services
21 Division, have worked with the industry on the proposed
22 rule changes that were presented for your consideration
23 today.

24 Those interactions with industry
25 stakeholders were very positive and it has led to rule

1 changes that should help the industry and, as well,
2 allow us to continue our mission to maintain the
3 integrity of Charitable Bingo.

4 We've also been involved in our
5 responses to the internal audit for HB 914
6 implementation and we're taking all of those items into
7 consideration and making moves to avoid those kind of
8 issues in the future.

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

14 Commissioners, other than the items
15 provided in your notebooks, that is the extent of my
16 report and I'd be willing to answer any questions you
17 may have.

18 CHAIRMAN RIVERA: Okay, Tom. Always we
19 are grateful for what you do daily and all of the
20 supporting folks that are helping to move the Bingo
21 cause along. So, just, Tom, as always, all of us
22 collectively are here for you, and all of our Bingo
23 employees, to assist in whatever way that we can. So,
24 we continue to remain grateful for all that you do.

25 MR. HANSON: Thank you very much and I

1 will pass that on to the staff.

2 CHAIRMAN RIVERA: Okay. Any comment
3 from other Commissioners on Bingo?

4 AGENDA ITEM NO. XIII

5 CHAIRMAN RIVERA: Okay. Next item is
6 the Executive Director's Report. Gary, this is your
7 item.

8 MR. GRIEF: Commissioners, other than
9 the material in your notebooks today the only other
10 item I have for you involves our very important efforts
11 in the area of promoting responsible gaming.

12 At the June Commission meeting, we
13 provided you with an update on the status of our
14 responsible gaming certification level with the World
15 Lottery Association or WLA as it's now called. At that
16 time, we were just weeks away from submitting
17 documentation to the WLA for a level three re-
18 certification, after achieving our original level three
19 accreditation in 2016.

20 I'm pleased to inform you that we were
21 successfully recertified at level three in August, and
22 we're currently working toward level four, the highest
23 level of WLA responsible gaming accreditation
24 available.

25 The agency's Responsible Gaming Program

1 is also jointly accredited by the North American
2 Association of State and Provincial Lotteries, and the
3 National Council on Problem Gambling.

4 Commissioners, these certifications are
5 important to us, and they are evidence of our
6 commitment to the responsible development, marketing,
7 and play of our games, as well as an awareness of the
8 signs of problem gambling and the resources available
9 to help people.

10 This commitment extends beyond just the
11 Texas Lottery and also includes our Lottery operator,
12 IGT, and our advertising agency Third Ear. A key
13 initiative of our comprehensive responsible gaming
14 program is employee training. Together more than 700
15 employees of the Texas Lottery, Charitable Bingo, IGT,
16 and Third Ear are in the process of completing their
17 2020 required responsible gaming training, and all of
18 this training will be completed by October 5th.

19 Mr. Chairman, that concludes my report.
20 I will be happy to answer any questions.

21 CHAIRMAN RIVERA: Okay. Gary, thank
22 you. Commissioners, any discussion? Okay. Gary, as
23 always, tremendous job.

24 AGENDA ITEM NO. XIV

25 CHAIRMAN RIVERA: Next item.

1 MR. BIARD: Thank you, Commissioners,
2 this is --

3 CHAIRMAN RIVERA: Bob Biard.

4 MR. BIARD: Sure. This is Bob Biard,
5 General Counsel. Commissioners, item 14 contains five
6 Lottery enforcement matters, Tabs A through D. In
7 these cases Commission staff either found a licensee
8 violated a statute or rule, or an applicant did not
9 qualify for a license.

10 In many cases, either the respondent
11 failed to appear at the hearing and it proceeds by
12 default, or the staff and the respondent reached a
13 settlement in the form of an agreed order.
14 Occasionally we have litigated cases, as we do today.

15 Tabs A and B are the non-sufficient fund
16 Lottery retailer license revocations handled in a
17 single order. Each case was presented at the State
18 Office of Administrative Hearings for revocation of the
19 retailer license because the licensee failed to have
20 sufficient funds in their bank account to cover
21 electronic fund transfers to the Commission's account.
22 In each case the licensee failed to appear and the
23 judge remanded the case to the Commission to handle as
24 a default matter.

25 Tabs C and D are Lottery agreed orders.

1 Both of these cases involve the owner of a retail
2 location who purchased winning tickets from a customer
3 to claim as their own. The agreed penalty in each case
4 is a 90-day suspension.

5 Tab E is a case that was litigated at
6 SOAH involving the owner of two retail locations in
7 Calhoun County. The retailer repeatedly violated the
8 rules of a retailer cash incentive program. This is a
9 contest that challenges retailers to beat certain sales
10 targets for specified scratch ticket games.

11 The retailer improperly activated and
12 settled packs of the tickets to make it appear he was
13 selling tickets he was not actually offering for sale.
14 And he also moved ticket inventory between his two
15 locations, which is not allowed. The staff warned him
16 repeatedly of these violations. In fact, he had
17 engaged in similar violations several years ago in
18 another retailer cash incentive program. All-in-all he
19 has received about 20 warnings from the staff.

20 The staff sought revocation of the
21 licenses under the Commission's discretionary authority
22 to determine that this person's participation as a
23 sales agent detracts from the integrity, security,
24 honesty and fairness of the lottery.

25 The staff does not exercise this

1 authority often, but the judge agreed it is appropriate
2 in this case and recommends revocation of the licenses.
3 And we also recommend that you approve the order
4 revoking the two licenses that were presented in your
5 notebooks.

6 The retailer did not file exceptions to
7 this recommendation.

8 Commissioners, that concludes my
9 presentation. You may take up the enforcement orders
10 in a single vote if you like and I'll be happy to
11 answer any questions.

12 CHAIRMAN RIVERA: Okay, Commissioners,
13 any discussion? Okay. Is there a motion to approve
14 the orders Tabs A through E?

15 COMMISSIONER FIELDS: So, moved.

16 CHAIRMAN RIVERA: Is there a second?

17 COMMISSIONER STEEN: This is Jamey.
18 I'll second.

19 CHAIRMAN RIVERA: Okay. All in favor
20 say aye.

21 (Chorus of "ayes")

22 CHAIRMAN RIVERA: Okay. It's unanimous.
23 Good job, everyone. Bob, as always, thank you for your
24 thoroughness.

25 AGENDA ITEM NO. XV

1 CHAIRMAN RIVERA: Next item is public
2 comment.

3 MR. BIARD: Mr. Chairman, I don't
4 believe we had any other request for public comment
5 other than Ms. Kiplin, who's already spoken.

6 AGENDA ITEM NO. XVIII

7 CHAIRMAN RIVERA: Okay. There is no
8 reason to go into Executive Session, so before we
9 conclude the meeting, I was going to ask all of our
10 Commissioners if there's anything that they would like
11 to openly discuss or comment on or anything else that
12 they'd like to mention here today? Okay. Again, thank
13 you everyone for today. I know we covered a lot,
14 particularly to staff that is working literally round
15 the clock on an ever-changing environment of items.
16 So, we're definitely grateful for all the work that has
17 gone into this and all the work that's going to be
18 moving forward.

19 Obviously, you know, Lottery, although
20 what we were all focused on here today, is part of the
21 overall scope of work that the State of Texas is trying
22 to accomplish. And, you know, the little ripple
23 effects that happen here within this organization, they
24 do ripple across the state. And, you know, definitely
25 the Commissioners are all grateful for all of the

1 employees, both Bingo and the Lottery, on the items
2 that we are challenged with daily.

3 So, having said that, is there a motion
4 for adjournment?

5 COMMISSIONER STEEN: I'll make a motion.

6 CHAIRMAN RIVERA: Okay. Second?

7 COMMISSIONER FRANZ: I'll second.

8 CHAIRMAN RIVERA: Okay. All in favor
9 say aye.

10 (Chorus of "ayes")

11 CHAIRMAN RIVERA: Okay. Thank you,
12 everyone. Have a great rest of your day and we'll talk
13 to everyone soon. Thank you all.

14 UNIDENTIFIED VOICE: Thank you, Mr.
15 Chairman.

16 (Proceedings concluded at 11:03 a.m.)
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25

1 C E R T I F I C A T E

2 STATE OF TEXAS)

3 COUNTY OF HARRIS)

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

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

13 IN WITNESS WHEREOF, I have hereunto set my
14 hand and seal this 10th day of October, 2019.

15

16 /s/ Kimberly C. McCright

17 Kimberly C. McCright

18 Certified Vendor and Notary Public

19 Verbatim Reporting & Transcription, LLC

20 17049 El Camino Real, Suite 200

21 Houston, Texas 77058

22 281.724.8600

23

24

25