

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

FEBRUARY 11, 2021

10:00 a.m.

AT

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

VIA ZOOM WEBINAR

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES

CHAIRMAN:	Robert G. Rivera
COMMISSIONERS:	Cindy Lyons Fields Mark A. Franz Erik C. Saenz James H. C. "Jamey" Steen
GENERAL COUNSEL:	Robert F. Biard
EXECUTIVE DIRECTOR:	Gary Grief
ACTING CHARITABLE BINGO OPERATIONS DIRECTOR:	Tyler Vance
ASSISTANT GENERAL COUNSEL:	Kyle Wolfe
CONTROLLER:	Katheryn J. Pyka
PRODUCTS MANAGER:	Robert Tirloni
McCONNELL JONES LANIER & MURPHY, LLP:	Darlene Brown
BINGO ADVISORY COMMITTEE:	Kim Rogers
GOVERNMENTAL AFFAIRS DIRECTOR:	Nelda Treviño
WEAVER AND TIDWELL:	Kevin Sanford
ADMINISTRATION DIRECTOR:	Mike Fernandez

TABLE OF CONTENTS

PAGE

1		
2		
3	I.	The Texas Lottery Commission will call the
4		meeting to order. 7
		Roll Call for Commissioners.
5	II.	Report, possible discussion and/or action on
6		external audits and/or reviews relating to
7		the Texas Lottery Commission, including the
		FY 2020 annual financial audit. 8
8	III.	Report by the Bingo Advisory Committee (BAC)
9		Chairman; possible discussion and/or action
		on the BAC's activities, including removal
		and appointment of committee members. . . .12
10	IV.	Report, possible discussion and/or action on
11		agency major contracts, including amendment,
12		renewal or extension of the contracts for
		instant ticket manufacturing and services. 14
13	V.	Report, possible discussion and/or action on
14		agency major contracts, including the
15		amendment of the lottery operator contract,
16		and whether discussion relating to the
		negotiation of the lottery operator contract
		in an open meeting would have a detrimental
		effect on the Commission's position in the
		negotiations 15
17	VI.	Consideration of and possible discussion
18		and/or action, including adoption, on
19		amendments to 16 TAC §§ 401.305 ("Lotto
20		Texas" Draw Game Rule), 401.312 ("Texas Two
		Step" Draw Game Rule), and 401.317
		("Powerball" Draw Game Rule) 15
21	VII.	Report, possible discussion and/or action on
22		lottery sales and revenue, game performance,
23		new game opportunities, advertising,
		promotional activities, market research,
		trends, and game contracts, agreements, and
		procedures 19
24	VIII.	Report, possible discussion and/or action on
25		transfers to the State and the agency's
		budget status. 26

1	IX.	Report, possible discussion and/or action on the 87th Legislative Session	28
2			
3	X.	Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities, including the revised FY 2021 Annual Internal Audit Plan, the CAPPs Payroll Processes Audit Report, and a Charitable Bingo Operations Division Ledger Account Reconciliation Update.	32
4			
5			
6			
7			
8	XI.	Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, reports, BOSS ledger reconciliation, and special projects	36
9			
10			
11			
12	XII.	Report by the Executive Director and possible discussion and/or action on the agency's operational status, major contracts, agency procedures, awards, and FTE status	38
13			
14	XIII.	Consideration of the status and possible approval of orders in enforcement cases: .	43
15			
16		Lottery NSF License Revocation Cases (Default)	
17		A. Docket No. 362-21-0104 - Quikin Food Mart	
18		Other Lottery Cases	
19		B. Docket No. 362-21-0068 - 7-ABC Beer to Go	
20		Bingo Agreed Orders	
21		C. Case Nos. 2020-250, 2020-253, and 2020-254 - Friends of Everman Police, Polytechnic Main Street Project Inc., and Variety Wheelchair Arts and Sports Association	
22			
23			
24		D. Case Nos. 2020-285, 2020-286, 2020-287, 2020-288, 2020-289, and 2020-380 - American Legion Audie Murphy Post #336, American Legion Unit 2 Aux., Catholic War Veterans	
25			

Post 1907, Kingsbury Volunteer Fire Department, LULAC Council 4483, and Landlord Green LLC

E. Case Nos. 2020-341, 2020-342, 2020-343, 2020-344, and 2020-431 - American GI Forum of Texas Inc., the Department of TX Veterans of Foreign Wars of the US Aux., Red Men Tribe 19 Apache, Leander FFA Alumni, and North Austin Bingo Association

XVII. Adjournment 44

XIV. Public comment.

XV. Commission may meet in Executive Session:

A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or Acting Charitable Bingo Operations Director, and the appointment and employment of a Charitable Bingo Operations Director, pursuant to §551.074 of the Texas Government Code.

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

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

Pending litigation regarding Fun 5's Scratch Ticket Game #1592, including Travis County District Court Docket No. D-1-GN-14-005114 (Steele, et al. v. GTECH Corp.) and Dallas County District Court Docket No. DC-14-14838 (Nettles v. GTECH Corp.);

Legal advice regarding the Governor's March 13, 2020 COVID-19 state of disaster

1 declaration (as renewed thereafter) and
2 related Texas Lottery Commission matters,
3 Texas Government Code Chapters 466 (State
4 Lottery Act) and 467 (Texas Lottery
5 Commission), the Bingo Enabling Act, the Open
6 Meetings Act, the Public Information Act, the
7 Administrative Procedure Act, employment and
8 personnel law, procurement and contract law,
9 evidentiary and procedural law, ethics laws,
10 and general government law.

11 Legal advice regarding any item on this open
12 meeting agenda.

13 XVI. Return to open session for further
14 deliberation and possible action on any
15 matter posted for discussion in Executive
16 Session. Any matter posted for Executive
17 Session also may be the subject of discussion
18 and/or action in open session

19 Reporter's Certificate. 47
20
21
22
23
24
25

P R O C E E D I N G S

THURSDAY, FEBRUARY 11, 2021

AGENDA ITEM NO. I

CHAIRMAN RIVERA: Good morning,
everyone. This is Robert Rivera and this is the
meeting of the Texas Lottery Commission called to
order. Today is February the 11th at 10:00 am. First
we will do a roll call for our Lottery Commissioners.

Commissioner Fields.

COMMISSIONER FIELDS: Here.

CHAIRMAN RIVERA: Commissioner Saenz.
Commissioner Franz.

COMMISSIONER FRANZ: Here.

CHAIRMAN RIVERA: Commissioner Steen.

COMMISSIONER STEEN: Here.

CHAIRMAN RIVERA: I will go again.
Erik. Commissioner Saenz. (No response) Okay. We do
have a quorum, so we are moving forward.

This meeting is being conducted on Zoom
pursuant to Governor Abbot's temporary suspension of
certain open meeting laws during the COVID-19 disaster
declaration. For the benefit of the audience and our
court reporter, we ask everyone to state their name
before they speak.

For those of you who did not join our

1 Commission meeting last week, we have a new Acting
2 Bingo Director, Tyler Vance. Tyler, we are glad that
3 you are with us in your new position.

4 AGENDA ITEM NO. II

5 CHAIRMAN RIVERA: So, the first item is
6 our annual financial audit. Kathy, this is your item.

7 MS. PYKA: Good morning, Commissioners.
8 My name is Kathy Pyka, controller for the agency. With
9 me this morning is Kevin Sanford, the Engagement
10 Partner from the firm Weaver and Tidwell who performed
11 our required annual financial audit.

12 Kevin, I will allow you to proceed with
13 an overview of our audited results.

14 MR. SANFORD: Thank you, Kathy. Kevin
15 Sanford, partner with the external audit firm of Weaver
16 and Tidwell. Good morning, Chairman and Commissioners.
17 Thank you for having me here today. It's my pleasure
18 to be here to present the results of our audit of the
19 Texas Lottery Commission's financial statements for the
20 year ended August 31st, 2020.

21 I believe you all have an electronic
22 copy of the document, and possibly a printed copy, so
23 I'll refer to a few page numbers out of each as I have
24 my prepared comments. And I'm intentionally keeping
25 these brief in the interest of time, as well as to

1 allow some time if you do have any detailed questions
2 to have those presented.

3 Feel free to interrupt me, though,
4 during comments. No need to wait till the end if you
5 do have something that you'd like me to go into more
6 detail on as I go through the document.

7 So, I'll start with our opinion on the
8 Commission's financial statements, which is on printed
9 page 4 or PDF page 6 of the document. Our report this
10 year, once again, actually at the top of the next page,
11 page 5 or page 7, is an unmodified, or a clean opinion,
12 that is the highest level of assurance that independent
13 auditors can give to a set of financial statements.
14 And it states that in all material aspects, the
15 Commission's financial statements are materially
16 correct.

17 The main financial statement for the
18 Lottery Commission is on page 31 of the PDF, or page 29
19 in the printed document. And this is the Statement of
20 Revenues, Expenses, and Changes in Net Position for the
21 Lottery Fund. And starting at the top of that page,
22 the ticket sales for the year ended August 31, 2020
23 were just over \$6.7-billion, which is a 7.2 percent
24 increase from the prior year about 6-million -- or, I'm
25 sorry, 6,250,000,000.

1 The total operating expenses were
2 6,714,000,000, of which about two-thirds, almost
3 exactly two-thirds, of that represents prizes from the
4 ticket sales, 4,442,000,000, as well as 1,683,000,000
5 transfers to other state agencies, primarily the
6 Foundation School Fund, which is 1.66-billion of that
7 1.68-billion.

8 So, the operating loss for the year was
9 just under \$8.7-million, which was offset by an
10 increase in fair value of the Commission's investments
11 of about 11.77-million. So, the change in net position
12 was a positive change of \$3,083,000 for the year-end
13 at, again, August 31st, 2020.

14 Behind that is the Cash Flows for the
15 Lottery Fund, as well as the footnotes for the year.
16 There's quite a bit more detail and supporting
17 information in those footnotes that support the
18 balances in the financial statements. I was not going
19 to go through those in detail. They're largely the
20 same as the prior year. There were no material new
21 accounting and auditing pronouncements that impacted
22 the Commission's financial statements for the year, so
23 it's largely just updating the balances for the current
24 year activity.

25 And then the final item that I was going

1 to highlight in our report is our opinion under
2 Government Auditing Standards. Of course, the Lottery,
3 as a state agency of the State of Texas, we have to
4 conduct our audit in accordance with Government
5 Auditing Standards issued by the Comptroller General of
6 the United States, which requires us to do some testing
7 of internal controls over financial reporting, as well
8 as other key items for compliance and other matters.

9 And in accordance with Government
10 Auditing Standards, if we do have any deficiencies in
11 internal control that rise to either be a significant
12 deficiency or a material weakness, or we have any
13 material compliance findings in our testing, we are
14 required to report those in this report and bring them
15 to your attention.

16 I'm very happy to report that we did not
17 have either of those. So, no significant deficiencies
18 or material weaknesses in internal controls, as well as
19 no compliance findings in our testing. So, that report
20 also is a clean report.

21 And the final item I'll say is, I
22 believe you also have an electronic copy of what's
23 known as the Governance Letter. In accordance with
24 audit standards, we are required to communicate certain
25 items to you as the Commission, as the body responsible

1 for the oversight of our audit. And I'm happy to
2 report in there that there is nothing other than really
3 the standard audit communications in there. So, again,
4 I wasn't going to go through those in detail. I would
5 certainly point out if there was anything out of the
6 ordinary in that letter, and there is not in this
7 current year.

8 So, with that, that concludes my kind of
9 prepared comments. But if there's any other items you
10 would like me to go through in more detail or have any
11 questions, I'm happy to take those at this time.

12 CHAIRMAN RIVERA: Okay, Kevin. Thank
13 you for your detailed report. Commissioners, any
14 discussion?

15 (No responses)

16 CHAIRMAN RIVERA: Okay. Great job,
17 Kevin. Thank you again so much.

18 AGENDA ITEM NO. III

19 CHAIRMAN RIVERA: Next item is a report
20 from the Bingo Advisory Committee. Trace Smith will
21 present.

22 MS. ROGERS: Good morning,
23 Commissioners. This is Kim Rogers. Mr. Smith was not
24 able to join today. I am the Vice Chair for the BAC.

25 The BAC met on January 21st via Zoom.

1 It was a short meeting. We approved our minutes. Mr.
2 Hanson and Tyler Vance let us know in reference to the
3 last Commissioner's meeting everything went well.

4 Mr. Vance let the members know in
5 reference to his draft for the gift card ideas we have
6 been working alongside Mr. Vance to improve the
7 language so that it can go through with the Kickapoo's
8 approval of our language.

9 Also, Ms. Green discussed temporaries on
10 demand. This is something that staff has been working
11 with Ms. Green and her work group on. And this will
12 really help the industry to be able to have extra
13 sessions when we are busy. Tom Hanson let us know that
14 it is in the works and that should come quickly this
15 year.

16 We discussed that there was no BAC
17 positions open at this time. Mr. Hanson let us know in
18 reference to the illegal gambling that has been taking
19 place on Facebook, how we can assist in the industry to
20 report that to staff, so hopefully something can be
21 done to get that stopped.

22 Mr. Hanson also presented the numbers
23 for the Bingo industry that took place during COVID-19.
24 As expected, they are down pretty bad.

25 We had one public member speak, Mr.

1 Vernon. He was just there to back that up and let us
2 know that they started with nine halls prior to the
3 pandemic. They are down to eight now. They had to
4 shut one down.

5 Our next BAC meeting will be held via
6 Zoom on March 25th at 10:00 a.m. Everything went
7 wonderful. I would be happy to answer any questions if
8 you all have some.

9 CHAIRMAN RIVERA: Thank you for your
10 report. Commissioners, are there any discussion?

11 (No responses)

12 CHAIRMAN RIVERA: Okay. Before we move
13 on, Commissioner Fields, I was going to see if you'd
14 like to make any comments here.

15 COMMISSIONER FIELDS: Actually, I was
16 not able to sit in on the BAC meeting, so I really
17 don't have any comments.

18 CHAIRMAN RIVERA: Okay. Just as the
19 Bingo Commissioner, I want to make sure that you are
20 able to just -- anything at all. So -- okay. Sounds
21 good.

22 AGENDA ITEM NO. IV

23 CHAIRMAN RIVERA: The next item is a
24 report on amendments to the scratch ticket contracts.
25 Mike Fernandez, this is your item.

1 MR. Fernandez: Good morning, Mr.
2 Chairman, Commissioners. For the record, my name is
3 Mike Fernandez and I'm the Director of Administration.

4 Item number 4 in your notebook is a
5 briefing item to advise the Commission of staff's
6 intent to amend our three scratch ticket printing
7 contracts with Scientific Games International, IGT
8 Global Solutions, and Pollard Banknote.

9 The purpose of these amendments is to
10 modify the respective price sheets to include
11 additional add-on features, product quantities, and
12 ticket sizes. Commissioners have independently
13 confirmed they do not have any financial interest in
14 any of the noted vendors. If you have any questions --

15 CHAIRMAN RIVERA: Okay. Commissioners,
16 any discussion?

17 MR. FERNANDEZ: -- Commissioners, I
18 would be happy to answer any.

19 AGENDA ITEM NO. V

20 CHAIRMAN RIVERA: Okay, Mike, good job.
21 The next item is still yours. A report on amendments
22 to lottery operator contracts.

23 MR. FERNANDEZ: Thank you, Mr. Chairman.
24 Again, for the record, my name is Mike Fernandez. I'm
25 the Director of Administration.

1 Item 5 in your notebook is a briefing
2 item and is to advise the Commission of staff's intent
3 to amend our current Lottery Operations and Services
4 Contract with IGT Global Solutions. The purpose of
5 this amendment is to further clarify a certain contract
6 to provisions based on current business practices and
7 audit recommendations.

8 Additionally, the Texas Lottery is
9 seeking to take advantage of technology innovations
10 that could potentially increase revenue to the State of
11 Texas in consideration for agreeing to modify the
12 frequency of retailer sales visits made by IGT lottery
13 sales representatives and the number of required sales
14 representatives.

15 Commissioners have each independently
16 confirmed they do not have any financial interest in
17 IGT Global Solutions Corporation. If you have any
18 questions, Commissioners, I would be happy to answer
19 them. That's all I have, Mr. Chairman.

20 MR. BIARD: And Commissioners --

21 CHAIRMAN RIVERA: Okay.

22 MR. BIARD: -- excuse me. This is Bob
23 Biard, General Counsel. If I may just interject
24 briefly, whenever the Commission takes up negotiation
25 of the Lottery operator contract, you have the

1 opportunity under the Government Code to discuss the
2 negotiation in Executive Session.

3 Mr. Fernandez can correct me, but it is
4 my understanding he does not recommend Executive
5 Session today. Is that correct, Mike?

6 MR. FERNANDEZ: That is correct, Bob.
7 Thank you.

8 MR. BIARD: Thank you very much.
9 Commissioners, I just wanted you to be aware you always
10 have that option. Thanks.

11 CHAIRMAN RIVERA: Okay. Bob, thank you.
12 I -- and Mike as well. Commissioners, any discussion?

13 (No responses)

14 AGENDA ITEM NO. VI

15 CHAIRMAN RIVERA: Okay, number 6, next
16 item is adoption of lottery rule amendments. Kyle,
17 this is your item.

18 MR. WOLFE: Thank you, Mr. Chairman and
19 Commissioners. For the record, I'm Kyle Wolfe,
20 Assistant General Counsel.

21 Item 6 in your notebooks contains a
22 proposal to adopt amendments to three rules. Rule
23 401.305, the Lotto Texas Draw Game Rule; Rule 401.312,
24 the Texas Two Step Draw Game Rule; and Rule 401.317,
25 the Powerball Draw Game Rule.

1 As presented at the last meeting, the
2 purpose of these proposed amendments is to provide the
3 Commission a greater flexibility to coordinate the draw
4 dates and the times for its jackpot draw games to
5 maximize potential revenue to the state. Specifically,
6 the proposed amendments to Lotto Texas Draw Game Rule
7 and the Texas Two Step Draw Game Rule provide the
8 drawings for those games will occur on the days and
9 times specified by the Commission's Executive Director.

10 And, likewise, the amendment for the
11 Powerball Draw Game Rule provides that Powerball
12 drawings will occur on the day specified by the Multi-
13 State Lottery Association Powerball Group and announced
14 by the Commission's Executive Director.

15 We did receive two written comments on
16 the proposed amendments. The first commenter opposed
17 an additional Powerball drawing per week, and the other
18 commenter opposed the amendments without giving a
19 specific reason. In response to those comments, staff
20 does not recommend any changes to the amendments.

21 And to conclude, staff does recommend
22 that the Commission adopt the proposed amendments. And
23 if there are any questions, I'd be happy to answer
24 them. Thank you.

25 CHAIRMAN RIVERA: Okay. Commissioners,

1 any discussion?

2 (No responses)

3 CHAIRMAN RIVERA: Okay. Is then there a
4 motion to adopt the rule amendments?

5 COMMISSIONER SAENZ: This is Eric. I
6 make a motion.

7 CHAIRMAN RIVERA: Awesome. Okay. Is
8 there a second?

9 COMMISSIONER STEEN: This is Jamey.
10 I'll second.

11 CHAIRMAN RIVERA: Perfect. All in favor
12 say aye.

13 (Chorus of "ayes")

14 CHAIRMAN RIVERA: Alrighty. Passes
15 unanimously. Good job, everyone. Kyle, thank you.

16 AGENDA ITEM NO. VII

17 CHAIRMAN RIVERA: Next item is a report
18 on lottery sales and revenue. We have Robert and
19 Kathy. This is your item.

20 MS. PYKA: Good morning, Commissioners.
21 My name is Kathy Pyka, Controller for the agency.
22 With me presenting this morning is the Commission's
23 Products Manager, Robert Tirloni.

24 Our presentation this morning will begin
25 with the data on slide 2.

1 MR. BIARD: Bill, if you could move that
2 to slide two.

3 MS. PYKA: Thank you. Comparative data
4 through the week ending February 6, 2021 are presented
5 at the bottom of the slide. Total Fiscal Year 2021
6 sales through this 23-week period are \$3,424,000,000,
7 which is an increase of \$709,000,000 or 26 percent over
8 the \$2,716,000,000 in sales for the same period last
9 fiscal year.

10 Fiscal Year 2021 scratch ticket sales
11 reflected on the second orange bar are \$6,683,000,000,
12 a \$473-million increase over the sales figure for
13 Fiscal Year 2020. With a growth rate of 21 percent
14 over last fiscal year, the Commission has continued to
15 report double-digit increases in scratch ticket sales
16 over Fiscal Year 2020 sales.

17 Scratch ticket sales amount to 78.3
18 percent of total sales to this period, as compared to
19 81.4 percent last fiscal year.

20 Fiscal Year 2021 Draw sales reflected on
21 the second blue bar are \$741.8-million, which is an
22 increase of \$235.5-million over last fiscal year.
23 Commissioners, this is a 46 1/2 percent increase.

24 Since our last meeting 10 weeks ago,
25 there have been numerous new sales records established

1 that I'd like to share with you this morning.

2 First, during January, a new all-time
3 record was set for total monthly sales with sales of
4 \$861-million for the month. This broke the old record
5 of \$670-million, which was set in October of 2018 when
6 we had dueling multi-state jackpots of 1.6-billion and
7 750-million.

8 There was also a new record set for
9 total weekly sales, which was set in January with sales
10 of \$227.8-million for the week ending January 23rd.
11 This broke the former record amount of 215.3-million
12 that was obtained in January of 2016 when we had a
13 \$1.6-billion Powerball jackpot.

14 Finally, last week we set a new record
15 for total weekly scratch ticket sales with a weekly
16 amount of \$136.6-million. In fact, over the last
17 month, we have now had four weeks of scratch ticket
18 sales that have exceeded \$130-million.

19 Robert will now provide an overview of
20 detailed sales as outlined on slide 3.

21 MR. TIRLONI: Thank you, Kathy. Good
22 morning, Mr. Chairman, good morning, Commissioners.
23 For the record, Robert Tirloni, Products Manager for
24 the Commission. So, in this next slide, we'll break
25 down where these \$708-million gain in '21 compared to

1 '20 is coming from.

2 If we move to the top of the slide, the
3 white font, that's the Jackpot portion of the Draw Game
4 portfolio and you'll see we have a \$208-million gain.
5 The bulk of that is coming from our two multi-state
6 games, Mega Millions and Powerball.

7 So, since we last met in December, Mega
8 Millions rolled up to a \$1-billion jackpot for the
9 drawing on January 22nd. That is the third largest
10 jackpot in U.S. lottery history. And that was the
11 second highest Mega Millions jackpot ever.

12 And Powerball was simultaneously rolling
13 up to a large jackpot. It reached a jackpot of \$730-
14 million for the drawing on January 20th. So, that
15 Powerball jackpot was the 6th largest jackpot in U.S.
16 lottery history and the 4th largest Powerball jackpot.
17 So, those large jackpots obviously resulted in some
18 very good sales for both teams, and you can see for
19 Mega Millions and its add-on games, that is resulting
20 in a \$114.5-million year-over-year gain. And for
21 Powerball and Power Play, that's resulting in an almost
22 \$70-million year-over-year gain. So, great results,
23 obviously, from those very large jackpot runs.

24 Good news also for our Lotto Texas game.
25 Lotto Texas and its add-on feature are up almost \$25-

1 million. You may recall that back in September, Lotto
2 Texas rolled up to a \$47-million jackpot. So, that may
3 seem small compared to 1-billion, or \$730-million, but
4 that is really a significant jackpot amount for our in-
5 state game, so, that helped contribute to those
6 positive results that we're seeing for Lotto.

7 Moving down into the middle of the
8 slide. The blue font are our daily games. Again,
9 we're seeing very good growth. The daily games are up
10 \$27-million, with the bulk of that gain coming from the
11 Pick 3 and Fireball feature for Pick 3. That game is
12 up over \$17-million, so, we're very pleased to see this
13 growth across all of our daily games.

14 So, our draw games are up \$235 1/2-
15 million thus far. And, as Kathy mentioned, we continue
16 to have stellar scratch ticket sales this fiscal year.
17 Our scratch ticket sales are totaling almost \$2.7-
18 billion, and that is a \$473-million gain compared to
19 last year.

20 Commissioners, before COVID I would
21 provide you with some scratch ticket samples at our
22 Commission meetings. And obviously, I've not been able
23 to do that for the past 10 months, but I thought it
24 might be nice to close out today by giving you all the
25 opportunity to see some of the scratch games that are

1 actually driving these very strong sales. So, I'm
2 going to ask if we could advance two slides. Thank
3 you.

4 So, I'm going to show you the top 10
5 selling games for the week that just ended this past
6 Saturday, February 6th. So, our number one selling
7 game is a \$50 game, \$5 Million Fortune. That game
8 started on January 18th.

9 The next three games that you see are
10 from our Loteria family. This is a very important
11 family for us. It's a core offering, meaning all of
12 these games are out at all times throughout the entire
13 year. They're color pulsed, meaning we change the
14 colors when we print them. You know, we make slight
15 tweaks. But this family is a core offering for us.
16 The \$50 is a new price point in the Loteria family, and
17 that started back in October.

18 The 100X, The Cash game that you see to
19 the far right is part of our new Multiplier family that
20 started on January 4th. If we can advance to the next
21 slide; 200X The Cash is a \$20 game that's from that
22 same Multiplier family that started in January.

23 And then we have a couple of more core
24 games. Our \$10 Cashword game is a top performer. It
25 usually ends up in the top 10 or top 15 games every

1 fiscal year. That's, you know, delivers consistent
2 sales for us week after week, year after year.

3 And then you'll see our \$5 Loteria game.
4 So, I talked about the first three Loteria games on the
5 previous slide. Loteria, that family, is a game that
6 we have very carefully grown over time. We started
7 that as a \$3 price point, moved to 5, and gradually
8 over time introduced the 10, the 20, and then as I
9 mentioned most recently this past fall introduced the
10 50. And that's a great success story for us.

11 And then the last two in the top 10,
12 another 50, our \$200 Million Ca\$h game.

13 And then a game that I'm quite happy and
14 excited about is our brand new \$20 Crossword game.
15 This game only started on February 1st and in its first
16 week it's already made it into the top 10. That's
17 exciting because our hope is to make this a core
18 product offering that's available to our players at all
19 times. So, it's good news that it has, as I said, seen
20 such stellar results in its first week and it's already
21 in the top 10.

22 So, these 10 games that I just showed
23 you represent \$66-million in sales last week. So, I
24 just thought it would be helpful for you to see these
25 on screen, since you can't get physical samples at this

1 point in time.

2 And that concludes our sales
3 presentation, but Kathy or myself are available for any
4 questions that you may have.

5 CHAIRMAN RIVERA: Okay, Kathy and
6 Robert, thank you so much. Your presentation, your
7 insight, always super valuable and also grateful for
8 your showing us what the games are looking like and you
9 are correct that we are missing that ability to
10 physically touch and look at the tickets. But this is
11 a really good substitute for the variables that are now
12 in place.

13 Commissioners, any discussion?

14 (No responses)

15 CHAIRMAN RIVERA: Okay. Hearing none,
16 good job again Kathy and Robert, on that item.

17 Agenda Item No. VIII

18 CHAIRMAN RIVERA: Item number 8. Still
19 with Kathy. A report on transfers to the State and the
20 agency's budget.

21 MS. PYKA: Again, good morning, Mr.
22 Chairman and Commissioners. For the record, my name is
23 Kathy Pyka, Controller for the Lottery Commission.

24 Tab 8 does include information on the
25 agency's transfers to the State and the agency's budget

1 status. While the report in your notebook reflects
2 accrued revenue transfers and the allocations to the
3 Foundation School Fund, as well as the Texas Veterans
4 Commission and the allocation of unclaimed prizes for
5 the four-month period ending December 31st, 2020, we
6 have recently completed the January revenue transfer,
7 so, I'd like to provide you an updated status on
8 revenue transfers to the State.

9 Our total accrued revenue transfers to
10 the State now amount to \$706.1-million for the first
11 five months of Fiscal Year 2021. Of the \$706.1-million
12 transferred to the State, \$688.4-million was the amount
13 of revenue transferred to the Foundation School Fund
14 and 8.4-million was the amount transferred to the Texas
15 Veterans Commission, with the remaining \$9.3-million
16 transferred from unclaimed lottery prizes. This leaves
17 us with a 26.9 percent, or \$147.6-million increase over
18 revenue to the Foundation School Fund for the same
19 period last fiscal year.

20 Commissioners, with the amazing sales
21 that we had in January, our revenue transfer was just
22 shy of \$200-million. To put that into perspective, the
23 average revenue transfer for the first four months of
24 the fiscal year transfers were \$124-million. This
25 brings our total cumulative revenue to the Foundation

1 School Fund through January of this year at \$26.4-
2 billion.

3 Also included in your notebook is the
4 agency's Fiscal Year 2021 Method of Finance Summary for
5 the first quarter ending November 30th of 2020.

6 The Commission's Lottery Account budget
7 for Fiscal Year 2021 is just under \$253-million. Of
8 this amount, 77 percent was expended and encumbered
9 through the end of the first quarter.

10 Our Bingo budget, which is funded by
11 General Revenue, is \$2.2-million with 89 percent
12 expended and encumbered through the end of the first
13 quarter.

14 This concludes my presentation. I'd be
15 happy to answer any questions.

16 CHAIRMAN RIVERA: Okay, Commissioners,
17 any questions?

18 (No responses)

19 CHAIRMAN RIVERA: Okay.

20 MS. PYKA: Thank you, Commissioners.

21 AGENDA ITEM NO. IX

22 CHAIRMAN RIVERA: Good job, Kathy.
23 Number nine. Next item, report on Legislative Session.
24 Nelda and Kathy, your item.

25 MS. TREVIÑO: Good morning,

1 Commissioners. For the record, I'm Nelda Treviño.
2 Director of Governmental Affairs.

3 I'm going to provide a very brief report
4 regarding some of the legislation that has been filed
5 this session and Kathy will provide a report as it
6 relates to Senate Bill 1, the General Appropriations
7 Act and the agency's Legislative Appropriations
8 Request.

9 As you know, the 87th Legislature
10 convened its regular session on January the 12th. In
11 your Commission meeting documents, we included a copy
12 of the agency's Legislative Bill Tracking Report. Many
13 of the bills the agency tracks and monitors covers a
14 variety of subjects. These measures could relate to
15 subjects regarding open meetings of governmental
16 bodies, Open Records and the Public Information Act,
17 state purchasing and contracting, and matters related
18 to human resources and state employee benefits.

19 Today I want to highlight those bills
20 that have been filed that are specifically related to
21 the administration of the Lottery or the regulation of
22 Charitable Bingo. These include House Bill 394 by
23 Representative Joe Moody.

24 This bill relates to the Lottery
25 Commission's rules on lottery game drawings. This bill

1 authorizes the Commission to conduct game drawings on a
2 Sunday.

3 House Bill 817, also by Representative
4 Joe Moody, relates to the operation of a Quick Draw
5 lottery game. This bill allows the sale of a Quick
6 Draw lottery game, commonly known in the lottery
7 industry as a Keno game, at bars and restaurants.

8 HJR 35, by Richard Raymond. This joint
9 resolution would amend the Constitution to dedicate
10 lottery proceeds to fund public education and would
11 prohibit any advertising that would promote the
12 purchase of tickets for the purpose of supporting
13 education.

14 As of today, there have been no bills
15 filed related to the regulation of Charitable Bingo.
16 However, based on communications with industry
17 representatives, it is anticipated there will be
18 legislation filed.

19 Lastly, Senate Bill 1 by Senator Jane
20 Nelson, the General Appropriations Act and commonly
21 known as the State Budget, includes the funding for the
22 Lottery Commission for the upcoming biennium.

23 The agency has provided requested
24 information regarding the agency's budget request to
25 both the Senate Finance Committee and to the House

1 Appropriations Committee.

2 I will now turn it over to Kathy to
3 provide a report on the budget recommendations
4 contained in the House and Senate versions of the
5 appropriations bills and on the agency's budget
6 request. And I'll be glad to answer any questions at
7 the conclusion of Kathy's remarks.

8 MS. PYKA: Thank you, Nelda.

9 Commissioners, similar to the last legislative
10 session, the Legislative Budget Board introduced budget
11 bills for the Senate and the House which reflect
12 different amounts.

13 In summary, the Senate version of the
14 bill includes a \$15.9-million reduction to the strategy
15 for promoting Lottery games within the Lottery
16 dedicated account, while the House version of the bill
17 is fully funded at our baseline budget level.

18 The Bingo Program funded by General
19 Revenue is fully funded at the baseline level in both
20 bill versions. In preparation for budget hearings
21 before Senate Finance and House Appropriations, the
22 Legislative Budget Board requested the agency provide
23 feedback on all unfunded items and those that the
24 Commission would like to pursue as exceptional item
25 requests.

1 Our Legislative Appropriations Request
2 remains unchanged with the Commission requesting one
3 exceptional item in the amount of \$4.4-million for full
4 restoration of the retailer bonus program.

5 Other items included in our request for
6 the Lottery Dedicated Account is a new rider to
7 appropriate funds to promote lottery games as a
8 percentage of lottery ticket sales with a not-to-exceed
9 amount of \$40-million in each year of the biennium.
10 We've also requested a new rider to provide unexpended
11 balance authority of capital budget for the
12 construction of 1801 Congress.

13 This concludes my presentation and Nelda
14 and I would both be happy to answer any questions.

15 CHAIRMAN RIVERA: Okay. Thank you both
16 Nelda and Kathy. Commissioners, any discussion?

17 (No responses)

18 CHAIRMAN RIVERA: Okay. Thank you both
19 for all the work that you're doing. I know that there
20 is definitely -- we all know that there is a lot going
21 on with session as it is really in full swing, so thank
22 you both for your efforts. And we look forward to
23 continued progress.

24 AGENDA ITEM NO. X

25 CHAIRMAN RIVERA: Item 10 is a report

1 from our auditor. Darlene, this is your item.

2 MS. BROWN: Thank you. Good morning,
3 Commissioners. For the record, my name is Darlene
4 Brown, and I'm the Internal Auditor for the agency.

5 In your materials is a summary of our
6 internal audit activities for the period. From these
7 materials I will discuss three items: the revised 2021
8 Annual Internal Audit Plan, the Charitable Bingo
9 Operations Division Ledger Account Reconciliation
10 Project, and the CAPPS Payroll Process Audit Report.

11 The first item is the Revised Fiscal
12 Year 2021 Annual Internal Audit Plan. This will
13 require your consideration for action. We have revised
14 the audit plan based upon the need to conduct the
15 Charitable Bingo Operations Division Ledger Account
16 Reconciliation Project. However, from the audit plan
17 we have completed five of the audits.

18 We intend to move six of the audits to
19 Fiscal Year 2022 and then complete the reconciliation
20 project. But if the hours that we anticipated for the
21 reconciliation project are not as much as we
22 anticipated, we will proceed with completing some of
23 the audits that we were going to move to 2022.

24 That is our proposed Internal Audit Plan
25 revision. And if you have any questions, I would be

1 happy to answer them. Otherwise, I'm requesting that
2 you approve the plan.

3 CHAIRMAN RIVERA: Okay. Before we take
4 a vote, Commissioners, any discussion?

5 (No responses)

6 CHAIRMAN RIVERA: Okay. Hearing none,
7 is there a motion to adopt?

8 COMMISSIONER FIELDS: This is Cindy,
9 move to approve.

10 COMMISSIONER FRANZ: This is Mark. I'll
11 second.

12 CHAIRMAN RIVERA: Okay. We have a
13 motion and a second. All in favor say aye.

14 (Chorus of "ayes")

15 CHAIRMAN RIVERA: Okay. It sounded like
16 everybody said aye. There were definitely no nays, but
17 we have 100 percent, so thank you, Commissioners, for
18 the vote. And Darlene, as always, thank you for your
19 continued efforts keeping everything in line. Number
20 11.

21 MS. BROWN: I still have a couple items.
22 I'm sorry.

23 CHAIRMAN RIVERA: Okay.

24 MS. BROWN: The next is just a quick
25 overview of the Charitable Bingo Operations Division

1 Ledger Account Reconciliation Project. We are looking
2 at 4,981 accounts. We began the project approximately
3 second week of January. And as of last night, we've
4 completed 125 of those reviews. They're going to move
5 along quite quickly now that we have a process in
6 place.

7 The last item I had for you today is the
8 CAPPS Payroll Audit Report. And I'm happy to report
9 that this audit resulted in the best practices for the
10 agency with effective internal controls.

11 The agency implemented a new time and
12 payroll system on July 13, 2020. And so we looked at
13 the internal controls and the revised processes to make
14 sure there were not any weaknesses.

15 I have to tell you that an undertaking
16 of this nature requires a lot of time and effort, and
17 we would like to recognize staff for the diligence in
18 making sure that the appropriate internal controls were
19 in place.

20 That's the end of my reports for today.
21 If you have any questions, I'll be happy to answer.

22 CHAIRMAN RIVERA: Okay, Darlene. Thank
23 you. Any questions from Commissioners?

24 (No responses)

25 CHAIRMAN RIVERA: Okay. Again, Darlene,

1 thank you.

2 MS. BROWN: Thank you.

3 AGENDA ITEM NO. XI

4 CHAIRMAN RIVERA: Now -- I'm sorry. Did
5 someone say something? Okay. Next is item number 11.
6 Our Bingo Director's report. Tyler, you're up.

7 MR. VANCE: Good morning, Mr. Chairman
8 and Commissioners. This is Tyler Vance. I'm the
9 Acting Director of the Charitable Bingo Operations
10 Division as of last Wednesday.

11 And I'd like to report that since my
12 appointment, I have been meeting with Commissioner
13 Fields, with Darlene, the Lottery Directors group and
14 Bingo staff members to help me get a better grasp of
15 what's going on in the division and how we can best
16 move forward with it.

17 On Monday the audit group brought in a
18 new employee, Mark Doehne. So, we welcome him. We're
19 also very close to making a job offer in the Compliance
20 Division. The accounting team is in the process of
21 revising a job posting and we'll get that person in as
22 soon as we can.

23 I have no other items for you this
24 morning, but I want to thank you for your confidence in
25 me. I want to thank all the staff, Commissioner

1 Fields, and everyone else who's helping me through this
2 transition. And I'm available for any questions.

3 CHAIRMAN RIVERA: Alrighty. Tyler,
4 thank you again for stepping up. Your commitment to,
5 not only Bingo, but to Lottery, is definitely noticed
6 and greatly appreciated.

7 For those who were not on the call last
8 week, a change was made, needed to be made, and we are
9 glad that Tyler has stepped in and moving Bingo
10 forward. Cindy, do you have any comments?

11 COMMISSIONER FIELDS: Yes. Again, I'd
12 just really like to thank Tyler for stepping up and
13 doing what he's doing. It's not an easy job, but he's
14 hit the ground running. So thank you, Tyler.

15 MR. VANCE: Thank you.

16 CHAIRMAN RIVERA: Commissioners, any
17 further discussion on this item?

18 (No responses)

19 CHAIRMAN RIVERA: And before we leave
20 the Bingo item, we are continuing to move forward on
21 the new hiring process, and so I understand that
22 communication will continue as we move forward. And so
23 as there are any questions or anything that needs to be
24 communicated, Cindy is more than happy to help
25 coordinate, answer questions. She is literally

1 available at all hours and is incredibly hard working
2 and earnest in her Bingo efforts. So, Cindy, thank you
3 for also assisting with this important responsibility.

4 COMMISSIONER FIELDS: Sure. And I think
5 the position was posted yesterday or possibly today.

6 MR. BIARD: Yes, Commissioner, this is
7 Bob Biard. It has been posted and it is up on our
8 website right now. Thank you.

9 COMMISSIONER FIELDS: Okay.

10 CHAIRMAN RIVERA: Okay. Thank you, all.

11 AGENDA ITEM NO. XII

12 CHAIRMAN RIVERA: Next item is our
13 esteemed Executive Director's report. Gary, this is
14 your item.

15 MR. GRIEF: Good morning, Mr. Chairman
16 and Commissioners. I first wanted to just make sure
17 that you can hear me okay.

18 CHAIRMAN RIVERA: Yes. Everyone --

19 MR. GRIEF: Very good. Other than
20 what's in your notebooks this morning, I just wanted to
21 add a few supplementary comments regarding lottery
22 sales and revenue to the presentation that you heard
23 from Robert and Kathy this morning, with the particular
24 focus on what's just occurred in the month of January,
25 which, as you heard today, was the most successful

1 month in the history of the Texas Lottery.

2 Our scratch ticket sales have now risen
3 to levels that we've never seen before. In fact, our
4 top three all-time record weeks of scratch ticket sales
5 all occurred in the month of January, with a new all-
6 time record of \$133.5-million in sales occurring the
7 week of January 9th. And, as you heard, we just topped
8 that record in the first week of February.

9 We have a friendly ongoing rivalry with
10 the Florida and the California Lotteries for the title
11 of the Best Scratch Ticket Lottery Sales in the
12 country, and I'm really proud to say that for the last
13 four full weeks of sales, Texas has been averaging more
14 than \$131-million a week, and that places us number one
15 in the country over that period of time.

16 Commissioners, there are several reasons
17 why the Texas Lottery is one of the top sellers of
18 scratch tickets in the country and in the world. We do
19 several things differently than other lotteries in this
20 regard and the results speak for themselves.

21 We are the only U.S. Lottery that uses
22 all three of the vendors capable of printing scratch
23 tickets in a meaningful way. That is, we ask each of
24 them to print roughly 1/3 of our scratch ticket
25 products and then we ask them to compete every day for

1 our business with the very best products and the latest
2 innovations that they can provide us.

3 We also print more games at more varied
4 price points and styles than any other lottery, all in
5 an effort to constantly have something in the market
6 that appeals to everyone.

7 We've also been the early adopter of
8 higher price-point scratch ticket games, particularly
9 at the \$20, \$30, and \$50 price points. Having
10 recognized early on from our players a strong desire
11 for those price points, both for convenience of
12 purchase and better overall odds of winning, with the
13 higher price points.

14 And, finally, Commissioners, we plan for
15 this success. Our annual game plans are plotted out
16 months in advance. Nothing's left to chance. Every
17 individual game and launch date is carefully and
18 strategically executed. And we build in all types of
19 levers that we can pull throughout the year to modify
20 that game plan as the market dictates to us.

21 To complement these strong scratch
22 tickets that we've got in our portfolio, our draw sales
23 have also been extraordinary as of late. As you've
24 heard from Kathy and Robert, after many months of low
25 jackpots and weak sales, both the Mega Millions and

1 Powerball jackpots rolled and rolled and rolled until
2 Powerball reached \$731-million and Mega Millions
3 reached \$1-billion.

4 So, where we typically do around \$21-
5 million a week in draw sales when jackpots are at their
6 starting and lower levels, the last three weeks of the
7 big rolls in January, we did \$57-million, \$88-million,
8 and finally \$98-million. That last week being almost
9 five times our normal weekly sales for all draw games.

10 And, not to be lost in the discussion, I
11 hope you picked up today in the presentation, we
12 continue to see very strong sales growth for the Pick 3
13 and Daily 4 games.

14 So these last few weeks, Commissioners,
15 have now positioned us more than \$700-million ahead of
16 last year's record-setting sales pace. But we are far
17 from satisfied.

18 I've set an internal goal of breaking
19 last year's all-time sales record by \$1-billion by the
20 time the fiscal year ends in August. Meaning, we need
21 to reach total sales of \$7.7-billion by year's end to
22 reach that goal. It's very ambitious, but it's one
23 that our entire team has embraced and is focused on.

24 I've asked every staff member to ask
25 themselves what they can do each day to help us reach

1 that goal and continue to generate critical revenue for
2 both education and veterans services in our state.

3 Mr. Chairman, that concludes my report,
4 and I would be happy to answer any questions.

5 CHAIRMAN RIVERA: Gary, thank you for
6 your detailed report. Clearly, we are moving in a
7 positive direction. Your leadership, the leadership of
8 our executive team, going down all the way to the
9 newest hire that has come on board and everybody in
10 between regardless of how many years you've been here,
11 you're all part of the success that we have achieved as
12 an organization with, again, just challenges daily.

13 Everyday it seems like there's something
14 that comes up that has to be overcome. But as those
15 challenges arise, they are definitely met and serve as
16 building blocks to move forward with. And so, these
17 are ambitious goals that are set, but the entire body
18 of Commissioners are in full support of the direction
19 of the Lottery.

20 And, Gary, your leadership just remains
21 constant and strong. And we are very grateful and just
22 happy that you're at the helm. So, thank you.

23 Commissioners, any comments or
24 questions?

25 (No responses)

1 CHAIRMAN RIVERA: Okay. Gary, again,
2 thank you. We are very pleased.

3 Agenda Item No. XIII

4 CHAIRMAN RIVERA: Next item, number 13,
5 enforcement cases. Bob Biard, your item.

6 MR. BIARD: Thank you, Chairman. For
7 the record, I'm Bob Biard, General Counsel.

8 Item 13 contains five Lottery and Bingo
9 enforcement matters; tabs A through E. In these cases
10 Commission staff found the licensee violated a statute
11 or rule. In many of our cases either the respondent
12 fails to appear at a hearing and it proceeds by
13 default, or the staff and the respondent reach a
14 settlement in the form of an agreed order.
15 Occasionally, we have litigated cases, and we do have
16 one of those today.

17 Tab A is a non-sufficient fund Lottery
18 retailer license revocation. This case was presented
19 at the State Office of Administrative Hearings for
20 revocation of the retailer's license because the
21 licensee failed to have sufficient funds in their bank
22 account to cover electronic fund transfers to the
23 Commission's account. The licensee failed to appear at
24 the hearing, and the judge remanded the case to the
25 Commission to handle as a default matter.

1 Tab B is a Lottery -- a litigated owner
2 purchase case. And the judge here recommended a 90-day
3 suspension, which we recommend that you approve.

4 Tabs C, D, and E are all Bingo Agreed
5 Orders involving charity conductor units and their
6 lessors. The materials for these cases are all in your
7 notebooks.

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

12 CHAIRMAN RIVERA: Okay, Bob, thank you.
13 Commissioners, any discussion?

14 (No responses)

15 CHAIRMAN RIVERA: Hearing none, is there
16 a motion to approve the orders?

17 COMMISSIONER STEEN: This is Jamey, I'll
18 make a motion.

19 CHAIRMAN RIVERA: On a -- Tabs A through
20 E. Jamey, thank you. And a second?

21 COMMISSIONER FRANZ: Mark. I'll second.

22 CHAIRMAN RIVERA: Thank you, sir. All
23 in favor say aye.

24 (Chorus of "ayes")

25 CHAIRMAN RIVERA: Okay, 100 percent.

1 Good job. Good job, Bob. Thank you, Commissioners.

2 There is no public comment. And there is no
3 reason to go into Executive Session unless any of the
4 Commissioners would like to do so.

5 (No responses)

6 CHAIRMAN RIVERA: Okay. No Executive
7 Session.

8 AGENDA ITEM NO. XVII

9 CHAIRMAN RIVERA: So, before we conclude
10 the meeting, Commissioners, is there any item that any
11 of you all would like to touch on?

12 (No responses)

13 CHAIRMAN RIVERA: Okay. So, hearing
14 none, again, grateful to -- on behalf of all the
15 Commissioners, grateful to all of our staff, grateful
16 to everyone who helped make this meeting efficient.
17 Very grateful for that. Definitely appreciate all of
18 the work that is being done behind the scenes, in front
19 of the scenes, just daily everybody comes to work with
20 the mission and goal of helping to improve Lottery and
21 Bingo for Texas.

22 So, with that, this meeting is -- I need
23 to have a motion for adjournment, so, I need to hear
24 that and then we can vote on that and we will be
25 concluded. Is there a motion to adjourn?

1 COMMISSIONER FRANZ: Mr. Chairman, this
2 is Mark. I'll move to adjourn.

3 CHAIRMAN RIVERA: Is there a second?

4 COMMISSIONER STEEN: Second.

5 CHAIRMAN RIVERA: Okay. All in favor
6 say aye.

7 (Chorus of "ayes")

8 CHAIRMAN RIVERA: Alrighty. Everybody
9 have a wonderful day, and we'll talk to you all soon.
10 Thank you.

11 (Proceedings concluded at 10:53 a.m.)
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 24th day of February, 2021.

/s/ Kimberly C. McCright

Kimberly C. McCright

Certified Vendor and Notary Public

Verbatim Reporting & Transcription, LLC

17049 El Camino Real, Suite 200

Houston, Texas 77058

281.724.8600