

TRANSCRIPT OF PROCEEDINGS

BEFORE THE

TEXAS LOTTERY COMMISSION

AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

June 10, 2021

10:00 a.m.

AT

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

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
GENERAL COUNSEL:	Robert F. Biard
EXECUTIVE DIRECTOR:	Gary Grief
ACTING DIRECTOR OF CHARITABLE BINGO OPERATIONS:	Tyler Vance
CONTROLLER:	Katheryn J. Pyka
PRODUCTS MANAGER:	Robert Tirloni
McCONNELL JONES LANIER & MURPHY, LLP:	Darlene Brown
GOVERNMENTAL AFFAIRS DIRECTOR:	Nelda Treviño
CHAIRMAN OF BINGO ADVISORY COMMITTEE:	Trace Smith
ADMINISTRATION DIRECTOR:	Mike Fernandez
LOTTERY OPERATIONS DIRECTOR:	Ryan Mindell
MEDIA RELATIONS DIRECTOR:	Lauren Callahan
BINGO INTEREST GROUP:	Steve Bresnen
OTHER SPEAKERS:	LaDonna Castañuela

TABLE OF CONTENTS

PAGE

1		
2		
3	I.	The Texas Lottery Commission will call the
4		meeting to order. 7
5		Pledge of Allegiance to the U.S. and Texas
6		flags.
7	II.	Report by the Bingo Advisory Committee (BAC)
8		Chairman; possible discussion and/or action
9		on the BAC's activities, including removal
10		and appointment of committee members. . . . 8
11	III.	Report, possible discussion and/or action on
12		proposals for Internal Audit Services (RFP
13		No. 362-2021-0004), including approval of
14		Evaluation Committee Recommendation and
15		Announcement of Apparent Successful Proposer,
16		and approval to enter into contract
17		negotiations 10
18	IV.	Report, possible discussion and/or action on
19		agency major contracts, including amendment,
20		renewal, or extension of the contracts for
21		Drawing Studio and Production Services . . 12
22	V.	Report, possible discussion and/or action on
23		agency prime contracts, including amendment,
24		renewal, or extension of the contracts for
25		Lottery Drawings CPA Services and Risk Review
		and Compliance Monitoring Services 12
	VI.	Report, possible discussion and/or action on
		agency prime contracts, including the
		procurements for contracts for Website
		Hosting Services, Retailer Bonus Payment
		Management Services, and Document Management
		Services 13
	VII.	Consideration of and possible discussion
		and/or action, including adoption, on
		amendments to 16 TAC §403.101 (Open Records),
		§403.110 (Petition for Adoption of Rule
		Changes), §403.301 (Historically
		Underutilized Businesses), §403.600
		(Complaint Review Process), and §403.800
		(Savings Incentive Program). 14

1	VIII.	Report, possible discussion and/or action on	
2		revisions to Commission Policy P-002,	
		Division of Responsibilities	16
3	IX.	Report, possible discussion and/or action on	
4		lottery claim center operations.	18
5	X.	Report, possible discussion and/or action on	
6		lottery sales and revenue, game performance,	
7		new game opportunities, advertising,	
		promotional activities, market research,	
		trends, and game contracts, agreements, and	
		procedures	20
8	XI.	Report, possible discussion and/or action on	
9		transfers to the State	33
10	XII.	Report, possible discussion and/or action on	
		the 87th Legislative Session	34
11	XIII.	Report, possible discussion and/or action on	
12		external and internal audits and/or reviews	
13		relating to the Texas Lottery Commission,	
14		and/or on Internal Audit activities,	
15		including the Agency Records Retention Audit	
		Report and an update on the Charitable Bingo	
		Operations Division Ledger Reconciliation	
		Project.	44
16	XIV.	Report by the Acting Charitable Bingo	
17		Operations Director and possible discussion	
18		and/or action on the Charitable Bingo	
19		Operations Division's activities, including	
		licensing, accounting and audit activities,	
		reports, and special projects.	46
20	XV.	Report by the Executive Director and possible	
21		discussion and/or action on the agency's	
22		operational status, major contracts, agency	
		procedures, awards, and FTE status	47
23	XVI.	Consideration of the status and possible	
24		approval of orders in enforcement cases: .	66
25			

- 1 Lottery NSF License Revocation Cases
2 (Default)
- 3 A. Docket No. 362-21-1323 - Sunshine Corner
4 Stop
- 5 B. Docket No. 362-21-1405 - Lancaster Smoke
6 Shop
- 7 Lottery Agreed Orders
- 8 C. Case No. 2021-242 - Sammy Food Mart
- 9 D. Case No. 2021-243 - La Mexico
- 10 E. Case No. 2021-245 - E-Z Stop Convenience
11 Store
- 12 F. Case No. 2021-284 - T and Z Food Store
- 13 G. Case No. 2021-285 - Tejano Mart #519
- 14 H. Case No. 2021-286 - Stripes No. 38
- 15 I. Case No. 2021-374 - Texaco Cedar Hill
- 16 Other Lottery Cases
- 17 J. Docket No. 362-21-1607 - Arena Food Mart
18 (Default)
- 19 XVII. Public comment
- 20 XVIII. Commission may meet in Executive Session:. 68
- 21 A. To deliberate personnel matters, including
22 the appointment, employment, evaluation,
23 reassignment, duties, discipline, or
24 dismissal of the Executive Director and/or
25 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, including consideration of applications
for the Charitable Bingo Operations Director
position.
- 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 declaration (as renewed thereafter) and related Texas Lottery Commission matters, Texas Government Code Chapters 466 (State Lottery Act) and 467 (Texas Lottery Commission), the Bingo Enabling Act, the Open Meetings Act, the Public Information Act, the Administrative Procedure Act, employment and personnel law, procurement and contract law, evidentiary and procedural law, ethics laws, and general government law.

Legal advice regarding any item on this open meeting agenda.

XIX. Return to open session for further deliberation and possible action on any matter posted for discussion in Executive Session. Any matter posted for Executive Session also may be the subject of discussion and/or action in open session. 70

XX. Adjournment. 72

Reporter's Certificate. 74

1
2
3 P R O C E E D I N G S
4 THURSDAY, JUNE 10, 2021

5 AGENDA ITEM NO. I

6 CHAIRMAN RIVERA: Okay. Good morning,
7 everyone. It is 10:00 and we'll start the meeting and
8 get this thing going. First is the Pledge of
9 Allegiance to the US and Texas flags and Commissioner
10 Saenz will lead us in both.

11 (Pledges Recited)

12 Okay. Good job, Commissioner Saenz,
13 with your pledge responsibilities that I am grateful to
14 pass along.

15 Okay. Welcome, everybody, to our first
16 meeting back from COVID. We are as a commission
17 incredibly grateful for today. We know that this is a
18 long time in coming in terms of all of the things that
19 have brought us to this moment.

20 We all understand that there's been an
21 incredible amount of work, of preparation, discussion,
22 meetings, just hours and hours of progress to get us to
23 this point. So, I'm excited about all of us being here
24 together.

25 So, with that, I'll open it up for our

1 commissioners to see if you have any comments as we
2 move forward here.

3 COMMISSIONER SAENZ: Nope. Just happy
4 to be back.

5 CHAIRMAN RIVERA: Okay.

6 COMMISSIONER FRANZ: Yeah. I do want to
7 thank the Chairman for pressing ahead and getting us
8 here in person. And particularly to the staff over
9 this past year for the -- with all the challenges
10 everyone's faced in regular life, they've continued to
11 perform incredibly well. And I think you'll see today
12 the numbers show that the work of this commission and
13 staff has been extraordinary. So, we're thankful for
14 that and glad to be back with you all in person.

15 CHAIRMAN RIVERA: Wonderful.

16 COMMISSIONER FIELDS: Ditto everything
17 they said.

18 AGENDA ITEM NO. II

19 CHAIRMAN RIVERA: Love it. All right.
20 Okay. First order of business is report by the Bingo
21 Advisory Committee. We have William Smith, Chairman.

22 MR. SMITH: Good morning. I'd like to
23 thank all of you for having us in person today. That's
24 certainly a welcome surprise. We feel like we get more
25 done in person than we do on Zoom calls.

1 At our last BAC meeting, it was very
2 short, it was very sweet, we were right in the middle
3 of the legislative session. But we would like to thank
4 the staff and the commissioners for working with us
5 together during the session to try to get our bingo
6 bills passed. That was a really big deal.

7 The only thing that was major on our
8 last meeting was that we try to have the BAC meeting in
9 person. We were asked to please request that from the
10 commissioners at our next meeting. We're also looking
11 forward to meeting with everybody and working with the
12 new Director. We're very excited about that today.

13 And I know we said thank you to
14 Commissioner Fields for being the Bingo guru, if you
15 will, for the Commission. So, we've already said that,
16 but we wanted to extend that in person. So, thank you.

17 COMMISSIONER FIELDS: Thank you.

18 CHAIRMAN RIVERA: Okay. That was pretty
19 simple. Easy.

20 MR. SMITH: Yes, sir.

21 CHAIRMAN RIVERA: Commissioners, is
22 there any questions or comments at all?

23 COMMISSIONER FRANZ: No. Mr. Chairman,
24 do we need a motion to extend the approval for the in-
25 person meetings? Or is that just something you can nod

1 off on?

2 MR. BIARD: I don't think it necessarily
3 requires a vote. We're certainly prepared. I've been
4 in communication with Mr. Fernandez and we're ready to
5 get this room configured for the BAC meeting.

6 CHAIRMAN RIVERA: Great.

7 MR. BIARD: Which I believe is this June
8 23rd.

9 MR. SMITH: That's correct.

10 MR. BIARD: And, for the record, Bob
11 Biard, General Counsel.

12 MR. SMITH: Thanks, Bob.

13 CHAIRMAN RIVERA: So, yes. Okay. Good.

14 MR. SMITH: Thank you. Thank you very
15 much.

16 COMMISSIONER FIELDS: Thanks.

17 AGENDA ITEM NO. III

18 CHAIRMAN RIVERA: Okay. Thank you very
19 much. All righty. Next report is from Mike Fernandez.

20

21 MR. FERNANDEZ: Good morning, Mr.
22 Chairman, Commissioners.

23 CHAIRMAN RIVERA: Good morning.

24 MR. FERNANDEZ: First let me say, I'm
25 absolutely delighted to be back in this building. And

1 some normalcy, I guess. And seeing all of the staff
2 and I'm overwhelmed with joy, I guess.

3 CHAIRMAN RIVERA: That's great.

4 MR. FERNANDEZ: Hopefully this will go
5 that well, too. But it was good to see each of you.

6 CHAIRMAN RIVERA: Thank you.

7 MR. FERNANDEZ: Mr. Chairman,
8 Commissioners, for the record, my name is Mike
9 Fernandez. I'm the Director of Administration. Item 3
10 in your notebook is an action item.

11 Staff is seeking Commission approval for
12 the report and recommendation naming the apparent
13 successful proposer for internal audit services and
14 requesting authorization to open contract negotiations.
15 If you have any questions, I'd be happy to answer them
16 Mr. Chairman.

17 CHAIRMAN RIVERA: Okay. Are there any
18 questions?

19 COMMISSIONER FRANZ: No, sir.

20 CHAIRMAN RIVERA: Okay. We need a
21 motion. Yes.

22 MR. FERNANDEZ: Yes, sir. We do need a
23 motion.

24 CHAIRMAN RIVERA: Okay.

25 MS. SAENZ: I'll make a motion.

1 CHAIRMAN RIVERA: Okay.

2 COMMISSIONER FRANZ: I'll second.

3 CHAIRMAN RIVERA: Okay. All those in
4 favor say aye.

5 (Chorus of "aye"s)

6 You have it.

7 MR. FERNANDEZ: All right. Thank you
8 very much.

9 AGENDA ITEM NO. IV

10 MR. FERNANDEZ: Again, Commissioners,
11 for the record, my name is Mike Fernandez, Director of
12 Administration.

13 Item 4 is a briefing item also to advise
14 the Commission of staff's intent to amend both our
15 Drawing Studio Production Services contracts with
16 Elephant Productions for the purpose of adding Monday
17 night Powerball and Lotto draws.

18 Commissioners have independently
19 confirmed that they have no financial interest in
20 Elephant Productions.

21 And I'd be happy to answer any questions
22 about that, Mr. Chairman.

23 CHAIRMAN RIVERA: Okay. None.

24 UNIDENTIFIED VOICE: No, sir.

25 AGENDA ITEM NO. V

1 MR. FERNANDEZ: Okay. And then item
2 number 5 in your notebook again is a briefing item.
3 And it's to advise the Commission of staff's intent to
4 extend and or amend two contracts.

5 Our Lottery Drawing CPA Services
6 Contract with Weaver Tidwell, LLP will be extended for
7 a one-year period and amended to add Monday night
8 Powerball and Lotto Texas drawings.

9 Commissioners have also independently
10 confirmed they have no financial interest in Weaver
11 Tidwell.

12 We will also extend our current contract
13 with Grant Thornton Public Sector for Risk Review and
14 Compliance Monitoring Services for a one-year period.

15 Again, Commissioners have independently
16 confirmed they have no financial interest in Grant
17 Thornton.

18 AGENDA ITEM NO. VI

19 MR. FERNANDEZ: And then the last item,
20 Commissioners, item number 6 in your notebook, is a
21 briefing item. And it's to advise the Commission of
22 staff's intent to acquire services.

23 Commissioners, the first item, Website
24 Hosting Services, we intend to pass today. And we'll
25 be bringing it back to the Commission in August for

1 additional information and discussion.

2 The second item, working with and
3 through the State Office of Risk Management, staff
4 intend to acquire insurance for the purpose of managing
5 retailer bonus payments for the Powerball and Mega
6 Millions programs.

7 And then, lastly, we want to advise each
8 of you that staff will be issuing a Request for
9 Proposals for Document Management Services. Our
10 current contract with Xerox will be ending August 22nd.

11 I would be happy to answer any
12 questions, Mr. Chairman, Commissioners. And that's all
13 I have, Mr. Chairman.

14 CHAIRMAN RIVERA: Okay. Any questions,
15 comments? Anything? Mike, thank you. We are
16 incredibly happy to have you with us in person.

17 MR. FERNANDEZ: It's good to see you
18 all. Thank you.

19 CHAIRMAN RIVERA: Thank you.

20 AGENDA ITEM NO. VII

21 CHAIRMAN RIVERA: Okay. Next item we
22 have Bob Biard is going to give us some really neat
23 information, I'm sure.

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

1 And item 7 is adoption of some
2 amendments to our General Administration Rules. This
3 is a proposal to adopt amendments to five of the
4 General Administration Rules without any changes to the
5 proposed language that was published in the April 23rd
6 edition of the Texas Register.

7 These amendments are a result of the
8 Commission's recent rule review. The General
9 Administration Rules cover a variety of topics that are
10 common to all state agencies.

11 These amendments today are for five
12 rules, and they are mainly housekeeping-type updates to
13 correct terminology and citations.

14 The rules these amendments address are
15 the Open Records Rule, the Petition for Adoption of
16 Rule Changes, Historically Underutilized Businesses,
17 the Complaint Review Process, and the Savings and the
18 Incentive Program.

19 We received no written comments, or any
20 comments, on the proposed amendments during the public
21 comment period. And we recommend that the Commission
22 approve the amendments. And I'll be happy to answer
23 any questions.

24 CHAIRMAN RIVERA: Okay. Any questions?
25 Okay.

1 MR. BIARD: Thanks.

2 COMMISSIONER FRANZ: I'll move that we
3 accept the proposed amendments.

4 COMMISSIONER FIELDS: I'll second.

5 COMMISSIONER SAENZ: Second.

6 CHAIRMAN RIVERA: Okay. All those in
7 favor say aye.

8 (Chorus of "aye"s)

9 Okay. It passes.

10 MR. Biard: Thank you, Commissioners.

11 Agenda Item No. VIII

12 MR. BIARD: And I have the next item as
13 well. That's item 8. And this is a recommendation to
14 adopt revisions to Commission Policy P-002, which is
15 titled, Division of Responsibilities.

16 Commissioners, this item is a policy
17 statement that's required by the agency's 2013 Sunset
18 Legislation, and it delineates the policy-making
19 responsibilities of the Commission and the management
20 responsibilities of the Executive Director, the Bingo
21 Director, and the Commission staff.

22 The Sunset Commission requires a policy
23 like this for all of state agencies as an across-the-
24 board recommendation.

25 The Commission first adopted this policy

1 in December 2013, and the Commission approved revisions
2 in July 2016 and December 2018. It's time again to
3 approve updates. We recommend just a few minor changes
4 shown in redline on the document in your notebooks.

5 The most notable change clarifies that
6 the Commission itself does not approve agency
7 procedures.

8 Commissioners, this policy is intended
9 to be descriptive of existing practice, so, it is not
10 adding or subtracting anything from how the agency
11 currently functions.

12 We recommend that the Commission adopt
13 revised Policy P-002 effective today, June 10, 2021.
14 And I'm happy to answer any questions.

15 CHAIRMAN RIVERA: Okay. Any questions?

16 COMMISSIONER SAENZ: I would make a
17 motion. I have no questions.

18 CHAIRMAN RIVERA: We're good.

19 COMMISSIONER FRANZ: Thank you. And I
20 think Erik moved.

21 COMMISSIONER SAENZ: I moved. I made a
22 motion. Sorry.

23 COMMISSIONER FRANZ: I'll second.

24 CHAIRMAN RIVERA: Okay. All those in
25 favor say aye.

1 (Chorus of "aye"s)

2 Okay. Passes unanimously.

3 MR. BIARD: Thank you, Commissioners.

4 AGENDA ITEM NO. IX

5 CHAIRMAN RIVERA: Okay. Good job. Next
6 we'll have Ryan Mindell come and talk to us about the
7 Lottery claim centers.

8 MR. MINDELL: Good morning, Chairman and
9 Commissioners.

10 CHAIRMAN RIVERA: Morning.

11 MR. MINDELL: For the record my name's
12 Ryan Mindell, Director of Lottery Operations. I'm here
13 to provide an update on a claim center operations.

14 As you know, last March 2020 we closed
15 all 16 claim centers to the public in response to the
16 COVID pandemic. A few months later, June 1, 2020, we
17 re-opened the claims centers by appointment only to the
18 public.

19 Now over the last year I think the
20 appointment system has been a great success. We've
21 successfully processed over 100,000 requests for
22 appointments and we've made a lot of claimants very
23 happy.

24 But a few months ago I started the
25 process both with management and with claim center

1 staff to review our business process for reopening to
2 walk-in claims. As part of that process I met with
3 every claim center staff to hear their concerns and
4 opinions about how we might reopen.

5 Today I want to report to you that we
6 plan on July 12th to reopen to the public for walk-in
7 claims with no appointments. Now between now and then,
8 and actually over the past few weeks, claim center
9 staff and management have been working diligently to
10 lower our appointment backlog so we can make that July
11 12th opening a success.

12 It's very important that we get the
13 backlog of claims down so we don't have an overwhelming
14 amount of demand when we open those doors. And most
15 claim centers are now under one week for appointments,
16 so I do believe that that July 12th launch is going to
17 be a big success.

18 I think it's going to be a good change
19 for our claimants and I'm very much looking forward to
20 it. So, with that, I'm happy to answer any questions
21 you may have.

22 CHAIRMAN RIVERA: Okay. Any questions?

23 MR. MINDELL: Okay.

24 CHAIRMAN RIVERA: Thank you very much,
25 Ryan.

1 COMMISSIONER FRANZ: Thank you, Ryan.

2 AGENDA ITEM NO. X

3 MR. MINDELL: And the next item is a
4 joint item with multiple people, so, I'll have Lauren
5 join me.

6 So, again, Chairman, Commissioners, for
7 the record, my name is Ryan Mindell, Director of
8 Lottery Operations and with me is Lauren Callahan,
9 Director of Media Relations.

10 MS. CALLAHAN: Good morning, Chairman
11 and commissioners. For the record, Lauren Callahan.

12 CHAIRMAN RIVERA: Morning.

13 MR. MINDELL: On May 29, 1992, Governor
14 Ann Richards purchased the first Texas Lottery scratch-
15 off ticket at Polk's Speed Store in Oak Hill, Texas.
16 I'm very happy to say that we have that ticket here
17 today to review.

18 Now to celebrate our upcoming 30th
19 anniversary of that purchase, Gary Grief asked Lauren
20 and I to form a committee to plan fun and informative
21 events for our players, retailers, beneficiaries, and
22 staff throughout the year. We involved a very large
23 group across the agency.

24 In addition to Lauren and I, there are a
25 number of participants I would like to recognize today.

1 It's Philip Bates, Steve Helm, and Mehul Shah in Media
2 Relations, Andrew Leeper, Stephanie Robinson, and Laura
3 Walker in Advertising and Promotions, Rob McGovern in
4 Retailer Services, Fritz Reinig in Governmental
5 Affairs, Roger Prather and Jeff Manners in
6 Administration, Joan Kotal in Information Technology,
7 Sylvia McPherson in Human Resources, Ami Smith and Lee
8 Robbins in Products, and Steven Cruz and Liz Smyser in
9 Drawings and Validations.

10 Now we wanted to bring feedback in from
11 across the agency. With the group we had, make sure
12 that everybody had buy-in for the entire year's
13 calendar. We divided that large committee into
14 multiple work groups and subcommittees and tackled
15 monthly brainstorming and idea execution.

16 We approached the 13-month timeline
17 thematically. By the end of our celebration our goal
18 is to have acknowledged and celebrated every
19 stakeholder important to the success of the Texas
20 Lottery.

21 Now the first event has already
22 happened. We kicked off a few weeks ago, one year
23 ahead of that 30th anniversary date. With that, I'll
24 hand over to Lauren to share details about that event
25 and what we had planned for the rest of the year.

1 MS. CALLAHAN: Thank you, Ryan. For
2 that May 2021 kickoff, given that our staff continues
3 to telework due to the end stages of the pandemic, we
4 knew we would be focusing our efforts primarily on our
5 social media platforms.

6 So, our kickoff subcommittee proposed a
7 kickoff project that included two videos. One was a
8 teaser video which went online on May 20th on all of
9 our social platforms and let our followers know that
10 the 30th anniversary was approaching. We followed this
11 up with a longer video featuring Gary Grief, our
12 Executive Director, giving an overview of the year
13 ahead on May 25th.

14 What we're going to do now is -- we pull
15 this up -- let's see if I can do this.

16 (Video plays)

17 So, the two videos were online on May
18 20th and May 25th. We put a small budget behind both
19 of them, and I'm very happy to report that over 2-
20 million followers were reached across both videos
21 during that campaign during the last week of May. And,
22 so, as we wrap up today we wanted to give you a preview
23 of what's to come for the year ahead.

24 During our summer months we're going to
25 remain primarily on our social media channels. We're

1 going to focus on memorable Texas Lottery history.
2 This month in June we have a Throwback Thursday
3 campaign that's currently running. We'll feature our
4 past winners as well as our Texas Lottery retailers and
5 beneficiaries.

6 This fall we're very excited to return
7 to some of the in-person activities that were suspended
8 due to the pandemic. In October, the 30th anniversary
9 will be celebrated at the State Fair of Texas. In
10 November, it'll be included in panels and activities at
11 the La Fleur's Conference here in Austin. And we
12 anticipate incorporating the celebration into events
13 and games with some of our experiential partners late
14 this calendar year.

15 We'll kick off 2022 by returning to
16 internal or social media themed events, including a
17 focus on the Texas Lottery's responsible gaming efforts
18 and a documentary project featuring long-time staff and
19 important figures in Texas Lottery History. And we
20 certainly hoped that all of you will participate in
21 that project. More to come.

22 We'll wrap up the year by unveiling a
23 30th anniversary scratch ticket in April 2022, as you
24 saw in the video. And we plan to have a large finale
25 event here in Austin sometime in May 2022.

1 Also, we are doing a series of monthly
2 giveaways that are themed to the 30th anniversary on
3 our Texas Lottery Facebook page that will tie in
4 directly to the anniversary.

5 Commissioners, Mr. Chairman, we thank
6 you very much for your time today, and we welcome any
7 questions you might have.

8 CHAIRMAN RIVERA: Okay. Commissioners,
9 any thoughts, comments? Anybody? Wow. Okay. Well --

10 COMMISSIONER FRANZ: Thank you guys.

11 CHAIRMAN RIVERA: Clearly 30 years is
12 quite an incredible accomplishment. For those that may
13 not quite remember how it was, the perception across
14 the state before these doors ever opened of whether the
15 Lottery, how it would look, how it would be received,
16 how it would perform, whether it would last, all of
17 those things, several decades ago were discussions in
18 classrooms across the state. Right?

19 So, to see it here today carry on in
20 such a vibrant way is really, remarkable. It's
21 something that did not happen by chance. There had to
22 have been proper leadership and skills involved in
23 order to bring us to this moment. And, so, Gary,
24 clearly, you're the foundation of this and the head of
25 the spear for all of what goes on at the Lottery. But,

1 literally, every employee participated in all the
2 success that the 30 years have brought us.

3 So, know that all of our Commissioners
4 are very grateful to you all for those 30 years and
5 look forward to the next 30. And the Lottery
6 definitely has a great foundation to build on and
7 continue to have great success.

8 So, thank you for the work involved,
9 Lauren and Ryan, in the video and all the work that
10 you're going to continue to do. So, good job.

11 MS. CALLAHAN: Thank you, sir.

12 MR. MINDELL: Thank you, Chairman.

13 COMMISSIONER FIELDS: Thank you.

14 MR. MINDELL: And with that we'll hand
15 it over to Robert and Kathy for the rest of the sales
16 presentation.

17 CHAIRMAN RIVERA: Okay.

18 MS. PYKA: Good morning, Commissioners.
19 My name is Kathy Pyka, Controller for the Texas
20 Lottery. And with me to my right is Robert Tirloni,
21 our Commission's Product Manager.

22 Our presentation this morning will begin
23 with the data on slide 3. Our comparative sales
24 through the week ending June 5th of 2021 is presented
25 at the bottom of the slide. Our total Fiscal Year 2021

1 sales through this 40-week period are \$6,238,000,000,
2 which is an increase of \$1,241,000,000, or 25 percent
3 over sales for the same period in Fiscal Year 2020.

4 Our Fiscal Year 2021 scratch sales,
5 reflected on the second orange bar, are \$5,050,000,000.
6 That is a \$926-million increase over Fiscal Year 2020.
7 And with a growth rate of 22 1/2 percent over last
8 fiscal year, the Commission has continued to report
9 exceptional sales increases over our record-setting
10 Fiscal Year 2020 sales.

11 When we met in April, we reported on
12 numerous scratch ticket sales records and this trend of
13 exceptional scratch ticket sales has continued through
14 the current period.

15 As we entered Fiscal Year 2021, our
16 largest week of scratch ticket sales was in June of
17 2020 when we reached sales of just over \$128-million.
18 This fiscal year we have now reported 17 weeks of our
19 best sales in Texas Lottery Commission history. This
20 includes each week generating more than \$130-million in
21 sales, with the highest week reached in April with
22 sales just shy of \$159-million.

23 Back to the slides. Reporting on the
24 total sales of scratch represents 81 percent of total
25 sales this fiscal year as compared to 82 1/2 percent

1 last fiscal year.

2 Our Fiscal Year 2021 draw sales are
3 reflected on the second blue bar are \$1,188,000,000,
4 which is a \$315-million increase, or 36 percent, over
5 Fiscal Year 2020. Similar to scratch ticket sales,
6 we've reported significant year-over-year growth for
7 every draw product this fiscal year.

8 Before Robert shares an overview of
9 detailed sales, I wanted to update you on our internal
10 agency goal to reach \$8-billion in total sales in
11 Fiscal Year 2021.

12 Based on our current sales trends and
13 with 12 weeks remaining in the fiscal year, we
14 certainly remain on target to reach that \$8-billion
15 sales goal.

16 With that, Robert will now provide an
17 overview of detailed sales.

18 MR. TIRLONI: Thank you, Kathy. Good
19 morning, Commissioners. This next slide is the fiscal
20 year comparison '21 to '20. And this is through this
21 past Saturday, June 5th.

22 We can start at the top. The white font
23 is the Jackpot portion of the portfolio. We have great
24 results. The jackpot games are up just under \$265-
25 million. The majority of that growth is coming from

1 the two multi-state games, Mega Millions and Powerball.

2 As we've discussed, we've had some great
3 jackpots this fiscal year. Most recently, Powerball
4 was at \$286-million before there was a jackpot ticket
5 sold just on this past Saturday. And Mega Millions
6 recently climbed up to \$515-million in May. So, great
7 jackpots from those two games.

8 But the other good news is that our in-
9 state games, Lotto Texas and Texas Two Step, are also
10 performing well thanks to healthy jackpots this fiscal.

11 In the middle of the slide in the blue
12 font we have the daily games. Again, we have very good
13 news to report. The daily game portion of the
14 portfolio is up just over \$50-million with a large
15 portion of that game coming from Pick 3, which is
16 experiencing almost a 30-million gain year-over-year.
17 Again, great news there.

18 If you look at the draw portion of the
19 portfolio as a whole, we're up \$315-million. Of course
20 we love to see when our daily games are performing
21 strong. That establishes a strong base for our sales,
22 and those games are not jackpot dependent, so, we're
23 really pleased with the growth of Pick 3 and the other
24 daily games.

25 Scratch tickets continue to perform

1 exceptionally well. We're just over the \$5-billion
2 mark thus far through last Saturday. That's \$926-
3 million worth of growth.

4 And, all told, across the entire
5 portfolio both draw and scratch were up \$1,241,000,000.

6 Commissioners, I have an important
7 update for you today. When we last met in April I gave
8 you all an update regarding our higher price point
9 scratch tickets. Specifically, our 10s, our 20s, and
10 our \$50 games and how they were performing this year.

11 Their sales success continues. And at
12 the end of May, specifically, the week ending May 29th,
13 the \$10 price point was up just over \$227-million. The
14 \$20 price point was up just over \$263-million and the
15 \$50 price point was up just under \$402-million.

16 The \$50 price point has the highest
17 percentage increase of any of our scratch price points.
18 It's up 93.7 percent compared to last fiscal. So, it's
19 just shy of doubling last year's \$50 sales through this
20 point in time.

21 Last year we documented the success that
22 we were realizing with our higher price-point games in
23 the agency's Annual Report and Business Plan, and also
24 in the agency's Strategic Plan. And in both of those
25 documents last year we stated that we were starting to

1 consider options for the development of a \$100 scratch
2 ticket game.

3 The two main drivers for the
4 introduction of a \$100 price point game, as they were
5 for the introduction of the \$50 price point, are
6 convenience and efficiency. Convenience for our
7 players, many of whom purchase more than \$100 of
8 lottery products at a time. And efficiency for our
9 retailers who always face the challenges of lottery
10 players taking a longer time in line in their retailer
11 establishments as these players are picking out
12 different scratch tickets and draw games that they wish
13 to purchase.

14 With this strong desire for player
15 convenience and retailer efficiency in mind and with
16 the demand for games at these higher price points
17 continuing to dramatically increase during this past
18 year, I wanted to inform you that we are now actively
19 planning for the launch of a \$100 scratch ticket game
20 in Fiscal Year '22 and we are focused on and working
21 towards a spring 2022 launch.

22 This information that I just shared will
23 be detailed in the current Annual Report and Business
24 Plan that you are all going to see later this summer.

25 A game at this price point requires a

1 unique prize structure. We have to differentiate it
2 from games at the 20, 30, and the \$50 levels. It's
3 going to also require a ticket design that both our
4 players and retailers will see as a premium product.

5 We're currently working with our vendor
6 partners on many aspects of this game to ensure that it
7 has optimal acceptance and placement at Texas Lottery
8 retail locations, including our self-service vending
9 machines.

10 While we're still ironing out all of the
11 final details, we have developed a \$100 scratch ticket
12 game concept that offers a minimum prize of \$150 and
13 offers a top cash prize of \$20-million along with an
14 overall prize payout that will be competitive with our
15 other premium products that we offer.

16 These details are still being evaluated
17 and changes could occur over the coming months. But
18 based on the information that we have now from our
19 scratch ticket manufacturing partners, we believe that
20 the \$150 minimum prize would be the largest minimum
21 prize ever offered in a scratch ticket game. And we
22 also believe that the \$20-million top prize will be the
23 largest instant-win cash top prize in a scratch ticket
24 game. And it will place the top prize on par with the
25 starting jackpots of both Mega Millions and Powerball,

1 the two multi-state jackpot games that we're so
2 familiar with.

3 The Texas Lottery's first \$50 scratch
4 game launched back in May of 2007, so, the introduction
5 of the \$100 ticket would be the first time in 15 years
6 that we have introduced a new price point, and it will
7 also occur 30 years after the Lottery started in May of
8 1992, we believe a fitting way to celebrate the
9 agency's 30th anniversary.

10 Based on the current sales trends we
11 believe this new price point will be positively
12 received by both players and by our retailers, and we
13 believe it will solidly contribute to our revenue
14 generation for the Foundation School Fund.

15 We'll continue to provide you with
16 additional information as the development process
17 progresses and as we get through the fall and closer to
18 the introduction next spring.

19 And that concludes my comments and the
20 sales report, and we're happy to answer any questions
21 that you all may have.

22 CHAIRMAN RIVERA: Okay. Commissioners,
23 any questions?

24 COMMISSIONER FRANZ: 20-million is a lot
25 of money. Too bad I can't play.

1 COMMISSIONER SAENZ: Right?

2 CHAIRMAN RIVERA: Okay. Well, we're
3 definitely excited. Things to get the folks in and out
4 of the line in a more efficient manner is well
5 received, I am confident, as we've all been behind
6 people who are trying to buy lottery tickets, and any
7 way to help expedite it that is for the good. So, good
8 job on that preparation and we look forward to it
9 rolling out here on a timely schedule.

10 MR. TIRLONI: Thank you so much.
11 Appreciate that.

12 COMMISSIONER FRANZ: Thanks, Robert.

13 AGENDA ITEM NO. XI

14 CHAIRMAN RIVERA: Okay. Kathy, continue
15 on.

16 MS. PYKA: Certainly. Commissioners,
17 tab 11 includes information on the agency's transfers
18 to the State. The report in your notebook reflects
19 accrued revenue transfers and allocations to the
20 Foundation School Fund, the Texas Veterans Commission,
21 as well as the allocation of unclaimed prizes for the
22 8-month period ending April 30, 2021.

23 Total accrued revenue transfers to the
24 State amounted to \$1,256,000,000 for the first 8 months
25 of Fiscal Year 2021. Of the \$1,256,000,000 transferred

1 to the State, \$1,209,000,000 was transferred to the
2 Foundation School Fund, \$15-million was transferred to
3 the Texas Veterans Commission, and the remaining \$31.3-
4 million was transferred from unclaimed prizes.

5 We are now reporting a 35 percent
6 increase, or \$313-million over revenue to the
7 Foundation School Fund for this same period last fiscal
8 year. Our total cumulative transfers to the Foundation
9 School Fund through April of this year are just shy of
10 \$27-billion.

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

13 CHAIRMAN RIVERA: Okay. Any questions?
14 Okay. Good job.

15 MS. PYKA: Thank you.

16 CHAIRMAN RIVERA: Thank you very much.

17 MS. PYKA: I believe Nelda's going to be
18 joining us.

19 AGENDA ITEM NO. XII

20 CHAIRMAN RIVERA: Okay. Here we are,
21 item 12.

22 MS. TREVIÑO: Good morning,
23 Commissioners. Very glad to be here with you all
24 today. For the record I'm Nelda Treviño, the Director
25 of Governmental Affairs.

1 As you're aware, the 87th Legislature
2 concluded its Regular Session on May 31st. I'm going
3 to provide a brief update regarding legislation and the
4 bills the agency tracked during the session, and Kathy
5 will provide a report as it relates to the agency's
6 legislative appropriations and the budget outcome for
7 the next biennium.

8 In your Commission meeting materials, we
9 included a copy of the agency's Legislative Bill
10 Tracking Report. You will note that the legislative
11 action history and session outcome for each bill is
12 included in the report.

13 The bills that were passed by the
14 Legislature, the Governor has until June 20th to sign
15 the bill, veto it, or allow it to become law without
16 his signature.

17 To summarize, the few bills filed
18 specifically related to the administration of the
19 Lottery or the regulation of Charitable Bingo were not
20 passed by the Legislature.

21 To recap, the three Lottery related
22 bills included House Bill 394, by Representative Joe
23 Moody. House Bill 817 also by Representative Joe
24 Moody. And Senate Bill 1897, by Senator Royce West.

25 The two Bingo-related bills included

1 House Bill 2204, by Representative Senfronia Thompson,
2 and House Bill 2570, by Representative John Kuempel.

3 You can note in the report, while some
4 of these bills advanced through some of the various
5 steps in the legislative process, again, these specific
6 Lottery and Bingo-related bills did not pass.

7 With the conclusion of the Legislative
8 Session, we are now focused and have shifted our
9 attention to the agency's Legislative Implementation
10 Project. Other bills we were monitoring that impacts
11 state agencies that were passed by the Legislature are
12 being reviewed by appropriate agency staff for any
13 potential implementation action the agency may need to
14 perform.

15 Lastly, with regard to Senate Bill 1,
16 the General Appropriations Act, I'm going to turn it
17 over to Kathy to provide a report and update on the
18 agency's legislative appropriations and budget for the
19 next biennium.

20 And I'll be glad to answer any questions
21 at the conclusion of Kathy's remarks.

22 CHAIRMAN RIVERA: Okay.

23 MS. PYKA: Thank you, Nelda. Included
24 in your Commission meeting material is a summary of the
25 Commission's Senate Bill 1, Appropriation Funding for

1 Fiscal Year 2022-'23, following adoption of the budget
2 by the Senate Bill 1 Conference Committee. As noted in
3 the memo, the budget is still subject to line item veto
4 by the Governor.

5 Our Lottery dedicated account includes a
6 net decrease of \$15.9-million from our current baseline
7 budget.

8 This budget reduction includes a
9 reduction to the Promote Lottery Games Contract Budget
10 from \$17.9-million a year to \$10-million per year.
11 Commission staff is taking measures to adjust the
12 Fiscal Year 2022 marketing plan to reflect the updated
13 annual budget of \$10-million.

14 The revisions that are underway include
15 eliminating all 52 weeks of radio live reads and all 20
16 weeks of radio for our scratch ticket campaigns,
17 eliminating paid social media support for all scratch
18 ticket campaigns, reducing scratch ticket media
19 campaign flights from 5 to 3 with digital video and
20 audio and billboards only, reducing Out of Home
21 Billboards for scratch ticket campaigns from 18 markets
22 statewide to 4 markets, and reducing Jackpot Out of
23 Home Billboards from the current 110 to an amount
24 between 92 and 98.

25 The Bingo program funded by General

1 Revenue is fully funded at baseline levels.

2 Regarding the Commission's exceptional
3 item request for 2.2-million in which we asked for a
4 full restoration of the annual retailer bonus program
5 to be 4.2-million for the next biennium, this item was
6 not adopted in Senate Bill 1.

7 I do want to note, though, that the
8 rider requested for the Unexpended Balances of Capital
9 Budget for the Construction of 1801 Congress was
10 included in the final approved budget. Should any of
11 the Fiscal Year 2021 capital expenditures for building
12 construction need to be deferred to Fiscal Year '22,
13 this appropriation will provide for expenditures that
14 may be required.

15 This concludes my presentation, and
16 Nelda and I would be happy to answer any questions.

17 CHAIRMAN RIVERA: Okay. Commissioners,
18 any questions?

19 Couple of things. One, we know that the
20 session was obviously a lot different than previous in
21 the amount of work that the Lottery needs ongoing is
22 obviously important. And, so, the work that you all do
23 is noticed. And there's obviously only so much that we
24 can do. And, really, we -- you -- in representing the
25 Lottery there at the capitol. You do an incredible job

1 of providing accurate, transparent information.

2 And ultimately, we in this room, we're
3 not the deciders. We're not the decision makers. And,
4 again, all we can do is put those who are in the best
5 position possible to make informed decisions.

6 And, so, I know all of our Commissioners
7 are incredibly grateful to you all on all of the work
8 that is being done with resources that are at any given
9 time in question.

10 So, I think we're doing an incredibly
11 efficient job and it's just a testament to every
12 employee to be able to get as much possible out of
13 every dollar that we have. And also with all of the
14 connectivity that we do have to the capitol, again,
15 based on information provided that you all are doing a
16 great job. So, thank you very much for what you do.

17 We do have a witness sworn affirmation
18 form here from Steve Bresnen. I know he has some
19 important information that he wants to also provide us
20 with. So, Steve, we're glad to hear it from you and
21 glad to see you here in person.

22 MR. BRESNEN: Thank you, Mr. Chairman,
23 Commissioners. Excuse me. I wanted to take just a
24 brief moment of your time to express our appreciation
25 to the agency and the staff in particular.

1 All of the organizations in charitable
2 bingo came together in an omnibus Bingo Bill 2204 as
3 well as the other bill by Representative Kuempel.

4 Working under the direction of Chairman
5 Senfronia Thompson, the author of House Bill 2204, Ms.
6 Thompson has a way of indicating her desires, and we
7 have a way of always doing exactly what Ms. Thompson
8 tells us to do.

9 And her direction was clear to work with
10 the agency and find out those things that the agency
11 needed to have corrected in the statute or the tools
12 that they needed particularly with respect to
13 recovering from the hit that charitable bingo took
14 during the pandemic.

15 And Bob Biard, Tyler, everybody, Nelda,
16 Fritz, Melissa, everybody associated with the Lottery
17 was immediately responsive to us, got their information
18 that we needed. Sometimes we had to correct some
19 deviation from the language that bill needed that was
20 introduced by the inevitable working of the Texas
21 Legislative Council. But in the final analysis, we put
22 together a bill that was very, very competent and would
23 have helped both the agency and Charitable Bingo.

24 It literally fell about a half a day
25 short. Very, very frustrating to work that hard. Ms.

1 Thompson is an incredible author. Nobody more
2 experienced than Ms. Thompson and nobody passes more
3 bills than Senator Judith Zaffirini who sponsored our
4 bill in the Senate.

5 This -- I know you might not be able to
6 believe it looking at me -- but this was my 41st year
7 working around the Legislature. And I can say
8 unequivocally that it was the weirdest time to be
9 around. I know from your experience, I'm sure it was
10 equally weird. If you multiply that by 181 members of
11 the Legislature, masks, having to get wristbands to get
12 in the place, get tested up your nose every day to go
13 in the building. All of that made the work for
14 everybody incredibly difficult.

15 But three out of your staff, they did a
16 fantastic job in working with us.

17 The Texas Charity Advocates, I represent
18 the Bingo Interest Group which is funded by lessors,
19 but I was on behalf of the charities working, Tom
20 Stewart on behalf of Texas Charity Advocates, Steve
21 Fenoglio on behalf of the world, Trace Smith, on behalf
22 of the rest of the world. Everybody worked incredibly
23 well together under the most difficult circumstances,
24 and I can't say enough about the staff and the work
25 they did.

1 Moving forward, the rest of you, we need
2 your help. Bingo's in recovery mode with the rest of
3 Texas. It is palpable everywhere you go. I attended
4 the first meeting at the Headliners Club yesterday, a
5 luncheon - by the way, your former Chairman, Winston
6 Krause, was in attendance looking a lot lighter than
7 normal and seemed to be having a good time in his
8 current existence.

9 And people there literally started
10 clapping when it was announced that it was the first
11 time the event had been done there in over a year at
12 the Headliners Club.

13 But bingo has got to get back to it. We
14 really want some help along the way. We think you have
15 some discretion to work with and we've been discussing
16 those issues - we won't go into them today -- with the
17 staff. And, so, we look forward to continuing that.

18 On a personal note, I won't say I was
19 absent without leave, but I was out of the order of
20 taking care of business. So, I haven't had the chance
21 to get to know all of you and work with you all. Would
22 like to schedule some briefings at appropriate times,
23 to meet your schedule. Would like to know more
24 -- get to know you a little better and would like to
25 get you to know charitable bingo a little bit better.

1 Commissioner Fields, welcome to
2 Charitable Bingo. My wife and I and Connie Ressor (ph)
3 also represent El Paso County. So, I am sure we'll
4 have many people in common that we can compare notes on
5 about El Paso. So, we look forward to it.

6 I'm happy to answer any questions. I
7 just want you to know how very grateful we are. And if
8 I could say that on behalf of everybody in charitable
9 bingo, I doubt they'll dispute it. Thank you so much.

10 CHAIRMAN RIVERA: All right.
11 Commissioners, any questions? Cindy, do you have any
12 thoughts? No. Just, Steve, sincerely thank you. We
13 know that you represent quite a bit -- all of you do --
14 in the industry. And we're grateful for the
15 partnership.

16 And, so, we look forward to easier days
17 and you being able to come and be able to maneuver with
18 folks without having to be poked and prodded and
19 everything else. So, we're glad you're here and look
20 forward to seeing you at future meetings as well.

21 MR. BRESNEN: Yes, sir. This was my
22 pandemic uniform that I hate to give up, but at future
23 meetings, I'll do the tie and suit a bit. Thank you
24 all very much.

25 CHAIRMAN RIVERA: Thank you, Steve.

1 Thank you. All righty. Thank you all.

2 AGENDA ITEM NO. XIII

3 CHAIRMAN RIVERA: Next item is Darlene
4 Brown.

5 MS. BROWN: Good morning, Commissioners.
6 For the record my name is Darlene Brown. I'm the
7 Internal Auditor for the agency.

8 And in your packet is the -- some of the
9 activities over the past quarter. Today I'm going to
10 discuss two of those items.

11 The first one is the results of our
12 Records Retention Audit. We gave that rating as an
13 effective rating and we had two low risk
14 recommendations. One of which has already been
15 implemented by staff.

16 For this audit we looked at the records
17 retention schedule review and updates process, we
18 looked at consistency between the divisions, we looked
19 at the records retention training provided, we also
20 looked at how the agency tracks, destroys, or removes
21 documents.

22 We concluded that the agency prepares
23 records retention schedule in accordance with Texas
24 State Library Commission requirements. And we also
25 have processes in place to make sure the schedule is

1 adhered to.

2 The next item on the book is an overview
3 of the Bingo Ledger Reconciliation Project. As of this
4 morning we've reviewed over 670 accounts, and we have
5 40 more in progress for today.

6 The last thing I wanted to discuss with
7 you is, we are in the middle of our updated risk
8 assessment for the up coming year. And I will be
9 reaching out to you to provide you some information on
10 what the world looks like. And some updated rules on
11 responsibilities as board members and also to get your
12 input into potential areas for next year's Audit Plan,
13 if possible.

14 That's the end of my presentation for
15 today so, if you have any questions, I'd be happy to
16 answer them.

17 CHAIRMAN RIVERA: All right,
18 Commissioners, questions? Thoughts? You want to help
19 out with the audit, anybody? Yes? Somebody?

20 COMMISSIONER FRANZ: No. We're thankful
21 for Darlene.

22 CHAIRMAN RIVERA: All right. Darlene,
23 good job. Thank you very much.

24 MS. BROWN: Thank you.

25 AGENDA ITEM NO. XIV

1 CHAIRMAN RIVERA: Good to see you in
2 person. Next item. Tyler Vance.

3 MR. VANCE: Good morning, Commissioners,
4 for the record, this is Tyler Vance, Acting Director of
5 Charitable Bingo Operations Division.

6 You all's packet includes quarterly data
7 on our accounting, audit, licensing, and compliance
8 functions. Other than that, I have nothing to add, but
9 I'm available for any questions, comments.

10 CHAIRMAN RIVERA: Commissioners, Cindy,
11 anything?

12 COMMISSIONER FIELDS: Nothing.

13 CHAIRMAN RIVERA: All righty. Tyler,
14 thank you for all of the work that you're doing. And
15 it's all definitely noticed. And we're grateful for
16 you stepping in and doing a tremendous job on behalf of
17 Bingo. So, thank you.

18 MR. VANCE: Thank you, sir.

19 CHAIRMAN RIVERA: Next item.

20 AGENDA ITEM NO. XV

21 CHAIRMAN RIVERA: Number 15. The
22 esteemed Gary Grief.

23 MR. GRIEF: Good morning, Mr. Chairman.
24 I do have several items to cover with you this morning.
25 And I apologize in advance for the length of my report.

1 But it's been a while since we've all been together and
2 it's certainly an understatement to say that much has
3 happened over the last several months.

4 The fact that we're meeting in person
5 today, I can promise you, that is not lost on any
6 member of the Texas Lottery team.

7 I look back over the last several months
8 with mixed emotions, but certainly with a great deal of
9 pride. In March of 2020, when the pandemic first hit,
10 our Texas Lottery team moved extremely quickly to
11 secure our facilities around the state and prepare as
12 many staff as possible to begin teleworking.

13 Our Administration Division led by Mike
14 Fernandez did an incredible job in just a matter of
15 days of outfitting our entire team with the necessary
16 technology, supplies, furniture, to allow the team to
17 work from home. And we have never looked back since
18 that day.

19 Likewise, we had a number of staff who
20 really were not in a position to work from home. And
21 I'm referring to our claim centers and our draw team,
22 our facilities people, and our computer-room staff.
23 And they were put into a very challenging situation.
24 So, we worked quickly to retrofit office space to allow
25 for PPE, social distancing, frequent hand washing, et

1 cetera. All of the other best practices that the CDC
2 had outlined for us.

3 I look at Jan Thomas, our HR Director.
4 She did an outstanding job of quickly and
5 systematically putting in place all of our policies
6 related to COVID-19 and how to deal with possible
7 exposures, all while the guidelines from the CDC and
8 the state were literally changing daily at some points
9 during that journey.

10 But our business never stopped as the
11 more than 20,000 retailer locations around the state
12 were deemed essential businesses by the Governor
13 because of the other goods and products that they sold.

14 The demand for our products initially
15 took a slight dip. That was in late March, early
16 April, but then in the end came roaring back as the
17 alternatives for the public in the spending of their
18 discretionary dollars began to narrow.

19 Our claims centers, as you heard Ryan
20 say, were forced to close altogether April 24, 2020.
21 That was at the onset of the pandemic. But under the
22 leadership of Ryan and Ray Page, they quickly developed
23 a plan to reopen under our new electronic appointment
24 process. That system was literally developed
25 overnight, put into production mode, by our Information

1 Resources team, which is led by Joan Kotal.

2 One can imagine the concerns of our
3 claim center team as they prepared to reopen on an
4 appointment basis only on June 8, 2020 to serve the
5 public. But Ryan and his team carefully listened and
6 responded to the concerns of the claim center staff.
7 And, again, I'm so extremely proud how the entire claim
8 center team has responded and risen to that task all
9 the while taking the measures they needed to, to stay
10 safe.

11 We had a number of temporary claim
12 center closures over the weeks and the months that
13 followed due to COVID-19 exposure situations, but each
14 time our claim center team bounced back strong. And
15 you heard from Ryan this morning about our plans to
16 completely reopen the claim centers to the public with
17 no appointments necessary next month.

18 That same type of dedication really
19 applies to our draw team, and that's led by Conchita
20 Daniel. Lottery drawings cannot be shut down or
21 delayed. That's the fact of our business. Every
22 single drawing continued to occur day in, day out,
23 throughout the pandemic.

24 That statement, that really says it all
25 for the team in our draw studio right across this

1 courtyard. They work six days a week from early
2 morning till late at night in very close quarters.
3 Their performance throughout the pandemic has just been
4 extraordinary.

5 Likewise, our Facilities team. They
6 never quit coming to the office every single day.
7 Mike's Facilities team, which is led by Jeff Manners,
8 was responsible for making sure that our building was
9 secure during this time and for ensuring that the staff
10 who were coming in every day were kept safe.

11 To that point we put in special
12 protocols for how people would enter the building,
13 temperature checks, the wearing of face coverings, and
14 the like.

15 And now, Commissioners, here we are
16 today. And it feels almost surreal this morning
17 conducting a public meeting face to face with you all,
18 with our vendors, with some members of the public.
19 And, quite frankly, it's just a little bit overwhelming
20 how much this agency has been able to overcome for the
21 past several months and accomplish. And not just
22 continue conducting business, but thrive in the
23 process.

24 I want to share just one example of the
25 resiliency of your Texas Lottery team. And this one

1 involves our group of folks that work in the draw
2 studio. And it doesn't even involve the pandemic.
3 Rather this event occurred during the historic freeze
4 that took place back in February.

5 Now having the foresight to see the
6 potential impact that that weather event might have, we
7 moved quickly before the storm hit to arrange for hotel
8 rooms nearby for the draw studio staff to stay in so it
9 wouldn't be a far journey to come back and forth to
10 work.

11 Making that move, allowed these
12 colleagues to continue to get to the draw studio each
13 day. And that's something that we've done in the past
14 when we've foreseen weather events.

15 But that was only part of the challenge.
16 That Monday that the weather took over our state put
17 the greatest strain we have ever seen on our ability to
18 keep our systems up and going, and the stress and the
19 pressure that that put on our draw team during this
20 time was unprecedented. I'm so proud to say that the
21 team kept their cool during that entire situation.
22 They stayed focused on the task at hand.

23 We had significant power outages
24 occurring that Monday. Not just here, but with our
25 colleagues at IGT and at the IGT backup system.

1 All of the drawings eventually got done
2 that Monday. The results were certified by our outside
3 auditor. The results got posted on the website. And,
4 most importantly, every player who made a wager for
5 those drawings got paid.

6 But little does anyone know of the
7 intensity of the work that occurred that day behind the
8 scenes under immovable deadlines to make that all
9 happen.

10 Our Lotto team proved once again that we
11 are capable of rising to any occasion to ensure our
12 mission is fulfilled. Again, that's just one example
13 of so many that went above and beyond the call of duty.

14 As the pandemic wore on and with the
15 demand for our products starting to spike as the other
16 discretionary spending opportunities began to dwindle,
17 we had to move quickly with our Lottery Operator, IGT,
18 and as well as the companies that print our scratch
19 ticket products: IGT Printing, Scientific Games, and
20 Pollard, to have much more scratch ticket inventory
21 quickly developed, printed, shipped, and made available
22 to our retailers.

23 Robert Tirloni, our Products Manager, he
24 oversaw that initiative. And the cohesion, watching
25 these various operating units work together to quickly

1 ramp up to the production levels that we needed was
2 really something to see and it was all done under the
3 most trying circumstances.

4 And I'm watching IGT, and I would
5 certainly be remiss not to specifically call them out
6 during this challenging period. IGT had all the same
7 issues we did, but they had the added responsibility of
8 managing the sales reps. The critical link that we had
9 with those 20,000 retailers across the state. Joe
10 Lapinski, the Account Manager for IGT, and his team
11 have done an outstanding job throughout the pandemic.
12 They've ensured the facilities, the systems, the
13 services, vital aspects of the Lottery Operator
14 contract requirements were all met.

15 Communication. So, continuing to
16 communicate with the staff during the pandemic or, for
17 that matter, really during any type of crisis, that's
18 another key to the success that we've had.

19 When the pandemic first hit, I moved to
20 start sending out weekly written messages to our staff
21 updating them on developments related to COVID-19 as
22 well as all other items necessary to keep our business
23 moving. I shared those weekly updates with all of you
24 during that period of time, and that process served us
25 well.

1 In September, our Administration and
2 Media Relation divisions jointly developed a virtual
3 staff meeting setup that allowed all of our employees,
4 whether they were working at home or in the office, to
5 tune in and participate in a monthly virtual staff
6 meeting.

7 Before the pandemic hit, we would hold
8 monthly all staff meetings right here in this very room
9 where we could all gather. And we had really great
10 success with that.

11 I didn't fully realize it at the time,
12 but the development of those virtual all staff meetings
13 was a really important step for us to take during the
14 pandemic.

15 Those meetings literally reconnected the
16 team. And, in addition to the updates and
17 encouragement that I was able to share, it's also
18 allowed us to showcase various individuals and teams
19 and work groups around the agency. And the meetings
20 have allowed staff to ask questions via a Q&A feature
21 in realtime, and we were able to address those
22 questions or concerns in real time as well. So, those
23 meetings are continuing to occur.

24 And, in fact, each month we are now
25 asking every division to either have a presenter or a

1 panel that can showcase some of the interesting things
2 going on in their particular division. And I think
3 those have been really well received by the entire
4 team.

5 We're going to continue those virtual
6 meetings going forward, but it'll be in a hybrid model.
7 Some people here in headquarters, some people at home,
8 some people out in the field.

9 And, Commissioners, the results of all
10 of those efforts on the part of the individuals and the
11 teams throughout the agency, those speak for
12 themselves. You heard Kathy and Robert's summary on
13 sales and we are indeed on pace to exceed \$8-billion in
14 sales this year. Blasting through our record of \$6.7-
15 billion set just last year.

16 But, more importantly, we're keeping an
17 eye on that revenue to the Foundation School Fund and
18 the Fund for Veterans Assistance. And I'm optimistic
19 that this year will now set another new standards for
20 revenue produced that would be especially noteworthy.
21 \$2-billion in that revenue for good causes here in
22 Texas. And I'm very optimistic that the staff is going
23 to be able to make this happen.

24 So, to add to the challenges of the past
25 several months, I know we're all aware that we're going

1 to be moving our headquarters facility in the spring of
2 2022 to our new headquarters facility under
3 construction on the north side of the Capitol on
4 Congress Avenue.

5 Commissioner Saenz attended the topping
6 out ceremony with us recently, where we got our first
7 in-person look at this amazing facility. We had a team
8 of staff led by Tony Erickson in the Administration
9 Division who had been engaged in this project for many
10 months working closely with the Texas Facilities
11 Commission to ensure that our next space is going to
12 meet our needs.

13 We're going to be downsizing quite a bit
14 in that new facility, taking advantage of the lessons
15 that we've learned with the implementation of
16 teleworking. And in the process we're going to save
17 the State of Texas a lot of money.

18 We also heard this morning from Nelda
19 and Kathy regarding the budget impact that the recent
20 legislative session as having our ability to promote
21 and advertise the Lottery.

22 During times like these, I'll always
23 think back to the Sunset process a few years ago. The
24 Sunset Commission Staff Report said it best. And I
25 want to quote from that report.

1 "The Texas Lottery Commission walks a
2 tightrope in balancing the many contradictions in the
3 state's attitudes about gaming. The agency is charged
4 with operating the Lottery, much like a business, to
5 generate revenue for the state through gaming but must
6 remain mindful of gaming's many vocal opponents in
7 Texas." End quote.

8 So, Commissioners, we do walk that
9 tightrope every single day with great respect for the
10 decisions made by the Legislature, balancing the
11 actions that we take against those attitudes toward
12 gaming mentioned in the Sunset Report. And they're
13 very skilled in doing just that.

14 Commissioners, I would also like to add
15 some color and additional comment to a recent change to
16 our contract with IGT that you approved back in
17 February, but due to the virtual Commission meeting
18 format, I really wasn't in a position to say that much
19 about on the record at the time.

20 As you know, IGT has secured the Texas
21 Lottery Operator contract three successive times in
22 extremely competitive procurements over the 30-year
23 history of the Lottery.

24 We are currently operating under a
25 contract with IGT that originated in 2010 and ends on

1 August 31, 2026. As we all know, technology changes
2 rapidly. Sixteen years is an eternity in terms of
3 technology advancement.

4 Back in 2016, and Chairman Rivera was
5 very much involved in this, we amended the contract and
6 extended the original end-date of the IGT contract from
7 2020 to 2026. But one particular item that was missing
8 from that extension was a requirement for IGT to
9 convert the Texas gaming system to their newest and
10 most advanced platform.

11 The lack of a new gaming system in that
12 2016 amendment was not an oversight on our part. The
13 fact is we knew at the time that a requirement for a
14 new gaming system wasn't feasible, as it would have
15 wiped out the cost reduction that we were looking for
16 in that extension.

17 Based on IGT's success here in Texas
18 over the last 30 years, I strongly believed, and I
19 shared that belief with Joe Lapinski, the Account
20 Manager for IGT, that IGT on their own should consider
21 making additional investments in the Texas account.
22 Investments that would benefit both parties as well as
23 our beneficiaries, public education, and veterans --
24 and not wait until the current contract expires in 2026
25 -- and propose these new investments in our procurement

1 process.

2 To add to that discussion, we'd already
3 been talking for some time with IGT about innovations
4 that were important to us such as ticket-by-ticket
5 accounting and the cashing of tickets by players using
6 their mobile devices. Items that we believe will not
7 only enhance the integrity and security of the Lottery,
8 but also generate additional sales and revenue.

9 So, these discussions progressed and IGT
10 under Joe's leadership ultimately came to agree with me
11 that these innovations could indeed benefit both sides.
12 And IGT made the decision to make a remarkable
13 investment of a total system upgrade along with several
14 other innovations into the Texas account. And with
15 your approval I signed that contract amendment back in
16 February. And we are now well on the road to making
17 these changes and enhancements to our gaming system in
18 the coming months.

19 Commissioners, I also want to let you
20 know that there will be a major change in our Executive
21 Division that will occur at the end of July. And this
22 will be a change that will impact all of our staff and
23 our Commissioners as well.

24 Sheila Sanchez who I've worked with for
25 30 years, the last 20 of which Sheila has served with

1 distinction as my Executive Assistant, is planning to
2 retire at the end of July.

3 I'll been losing not only an
4 extraordinarily talented colleague, but a dear friend
5 as well.

6 I can't do justice in a few words to the
7 impact that Sheila has had on this agency. She's
8 worked in the Executive Administration area since
9 Lottery started in 1992. And she went through first-
10 hand some tumultuous times in the history of the Texas
11 Lottery. Always calm, always professional, always
12 optimistic. Sheila has been a beacon of light and a
13 rock of stability for this agency and for me.

14 People like Sheila are very rare and I
15 feel extremely fortunate to have worked with her for
16 these many years, but even luckier to simply know her.

17 She has big plans for retirement and, if
18 I can pull it together, I look forward to hearing about
19 those plans.

20 So, Myra Zamora, whom you're going to
21 meet today, Myra Zamora from Governmental Affairs is
22 going to be sliding over into Executive Administration
23 when Sheila departs the agency at the end of July. And
24 Myra will be taking over the role currently held by
25 Mary Beth Simpson. Which means Myra will be working

1 directly with each one of you on your scheduling, on
2 your travel, any other needs that the Commissioners may
3 have. While Mary Beth is going to be moving to
4 Sheila's former role.

5 Commissioners, last but certainly not
6 least on my list of items to report to you this morning
7 -- and I hope that this thing has come through today --
8 I wanted to recognize and express my gratitude to the
9 best management team in state government.

10 First, for their work specifically over
11 the past several months, but also for their service in
12 general.

13 Commissioners, management teams like the
14 one that you have in place right now at this agency are
15 rare and invaluable. And I don't take for granted for
16 one minute the talent, the dedication, the integrity:
17 Kathy Pyka, Mario Valdez, Ryan Mindell, Lauren
18 Callahan, Jan Thomas, Mike Fernandez, Nelda Treviño,
19 and Bob Biard.

20 Each one of these individuals has gladly
21 taken on additional leadership roles during the
22 pandemic. One of the core values of our agency is
23 teamwork, and this group of talented individuals
24 embodies that particular core value. And we could not
25 have gotten to the point we are today without each one

1 of these Division Directors rolling up their sleeves
2 and keeping this agency moving forward during a very
3 challenging time.

4 Likewise, I also want to publicly thank
5 you, Chairman Rivera. It's not easy becoming the new
6 chairman of an agency that conducts business at the
7 rate of a Fortune 500 company. But it's even made more
8 challenging taking over that role in the midst of a
9 global pandemic. And I want to tell you how much I
10 appreciate the many many phone calls that we've had
11 over the last several months, your constant
12 encouragement and your reinforcement that we're taking
13 the right steps to keep our business moving, and just
14 your counsel and your advice throughout the time that
15 you've served as chairman. And I look forward to a
16 beautiful partnership going forward with you and your
17 fellow Commissioners.

18 And with that, Mr. Chairman, that
19 concludes my report. I'm happy to answer any
20 questions.

21 CHAIRMAN RIVERA: Wow. Okay. Well,
22 Gary, thank you. And I'm sure all of our Commissioners
23 have a lot to say. So we'll open it up.

24 COMMISSIONER SAENZ: Well, Sheila, thank
25 you for your service. Wish you all the best. Thank

1 you so much.

2 (Applause)

3 COMMISSIONER FRANZ: Okay. As I was
4 listening to that, I was thinking, I know everybody's
5 getting a little emotional all on that. Maybe she'll
6 change her mind. But we are very grateful. It's made
7 my transition onto this Commission it's easy and we are
8 grateful more for how you serve, that good leadership
9 that Gary described. So, we are grateful and enjoy.

10 MS. SANCHEZ: Thank you very much.

11 COMMISSIONER FIELDS: Same here. I
12 don't know you, but I know what a great job you've
13 done. Good luck at the next chapter.

14 MS. SANCHEZ: Thank you.

15 CHAIRMAN RIVERA: Sheila, we are
16 collectively very grateful for all of your years of
17 service. And, you know, when I spoke earlier of that
18 foundation of the Texas Lottery, you are a huge pillar
19 of that. And we are equally in agreement that if not
20 of your support of Gary, none of us would be here.

21 So, we're grateful for your years of
22 service and wish you complete happiness as you advance
23 into an awesome retirement. So, thank you for your
24 years of service, Sheila, thank you.

25 MS. SANCHEZ: Thank you , very much.

1 CHAIRMAN RIVERA: And, to Myra, we're
2 also looking forward to continued advancement and years
3 of future support of the Texas Lottery. So, thank you
4 for your service.

5 Gary, to your incredible amount of
6 information provided. I am confident and aware from
7 all of our Commissioners that we are incredibly
8 grateful for the work that you do.

9 And we all know that you have, as you
10 mentioned, a lot of supporting directors from literally
11 the longest termed employee to the absolute newest that
12 everybody is participating in a very aggressive,
13 positive way to contribute to the mission of the Texas
14 Lottery.

15 But you specifically at the helm give
16 everybody -- employees, Commissioners, citizens,
17 elected officials, all involved -- a great sense of
18 comfort and a great sense of just confidence in what
19 we're doing collectively. Whatever the role may be,
20 you at the helm just allows for so many people to sleep
21 at night.

22 So, we are incredibly grateful for
23 everything. And we know that with or without a
24 pandemic that there is a lot of challenges involved.
25 And, so, it has been a while since we've all been

1 collectively here in person and we all, again, take
2 note of all of the effort that have brought us to this
3 moment.

4 So, I appreciate your comments as well.
5 And appreciate the ability to communicate in a very
6 transparent way. And that it isn't one-sided, one way
7 or another, it's definitely a collaboration.

8 And, having said that, this is my first
9 official meeting in person although I've had the role
10 and responsibility for a while. I will say that there
11 are and have been a lot of either moments or
12 opportunity for us in person, although limited to some
13 degree, but still opportunity for Commissioners or
14 myself to be involved.

15 And to the Commissioners, I'm going to
16 do and have done my best to kind of spread out the
17 responsibilities, opportunities, whether it's attending
18 an event or ribbon cutting or whatever it may be. Our
19 body of Commissioners, I believe, are incredibly
20 competent and awesome, and I'm honored to be up here
21 with all of you. So, I'm grateful for all of the work
22 that you're doing in your individual roles and will
23 continue to do so collectively.

24 And so, at any given moment, if there's
25 anything that you all want to talk about, I'm literally

1 available 24/7, I don't close. So, whatever you all
2 may need, I'm here. And, again, I'm grateful for all
3 of the work that you all are collectively doing. So,
4 thank you.

5 So, with that there is no more comments
6 for Gary. Anything else? Okay.

7 AGENDA ITEM NO. XVI

8 CHAIRMAN RIVERA: Next item is item
9 number 16. For those of you who did not get enough of
10 Bob before, we have him up again.

11 MR. BIARD: Thanks, Chairman. For the
12 record I'm Bob Biard, General Counsel. Item 16
13 contains 10 Lottery enforcement matters.

14 Tabs A through J. In these cases,
15 Commission staff found the licensee violated a statute
16 or a rule. In many of our cases either the respondent
17 fails to appear at the hearing and it proceeds by
18 default, or the staff and the respondent reach a
19 settlement in the form of an agreed order for a
20 temporary license suspension.

21 Today tabs A and B are our non-
22 sufficient fund Lottery retailer license revocations.
23 Each case was presented at the State Office of
24 Administrative Hearings for revocation of the retailer
25 license because the licensee failed to have sufficient

1 funds in the bank account to cover electronic fund
2 transfers to the Commission's account. In each case
3 the licensee failed to appear at a hearing, and the
4 judge remanded the case to the Commission to handle as
5 a default matter.

6 Tabs C through I are agreed orders. Tab
7 J is a micro-scratching case that went to hearing at
8 the State Office of Administrative Hearings, and the
9 retailers did not show up, so it is proceeding as a
10 default case.

11 The materials for all these cases are in
12 your notebook. And that concludes my presentation.
13 You may take up the enforcement orders in a single
14 vote, if you'd like. And I'll be happy to answer any
15 questions.

16 CHAIRMAN RIVERA: Okay. Commissioners,
17 anybody want to do this motion?

18 COMMISSIONER SAENZ: I'll make a motion.

19 CHAIRMAN RIVERA: Okay, Erik.

20 COMMISSIONER FIELDS: I'll second the
21 motion.

22 CHAIRMAN RIVERA: Cindy, second. Wow,
23 you just jumped right ahead of Mark, but good job. I'm
24 teasing. All right. All those in favor say aye.

25 (Chorus of "aye"s)

1 Okay. Motion approved.

2 MR. BIARD: Thank you, Chairman.

3 AGENDA ITEM NO. XVIII

4 CHAIRMAN RIVERA: Okay. Bob, we are done
5 with your portion?

6 MR. BIARD: I believe we can -- yes.
7 And we do have no other requests for public comment
8 today.

9 CHAIRMAN RIVERA: Okay.

10 MR. BIARD: So, if you want to go into -
11 -

12 CHAIRMAN RIVERA: Okay. Next we will go
13 into executive session. I will say before we go into
14 executive session that, actually, a question really of
15 Bob. So after we go into -- because we are going to be
16 visiting with potential Bingo Directors at Tyler's
17 request, are we going to be coming back afterward to
18 reconvene this meeting?

19 MR. BIARD: Yes, sir. Yes. This
20 executive session will be for the purpose of
21 deliberating personnel matters. And that will include
22 your consideration of the applications for the Bingo
23 Director position. And at the end of that session
24 you'll reconvene back in this room in public.

25 CHAIRMAN RIVERA: Okay.

1 MR. BIARD: If there's action to be
2 taken, you'll take action. And then you'll adjourn the
3 meeting after that.

4 CHAIRMAN RIVERA: Okay. That's for,
5 obviously, we want the public to be aware of --
6 transparency as to what we're doing. But, before we do
7 adjourn the meeting, I will say that we are all
8 incredibly grateful for the work and leadership that
9 Commissioner Fields has provided regarding Bingo and
10 this unforeseen opportunity to have a new individual and
11 all. So, Cindy, thank you for -- I know you're putting
12 in a lot of work. So, we are all very grateful to you.
13 So, thank you.

14 Okay. Do we have a motion to adjourn?
15 Or, I'm sorry. Is that right?

16 MR. BIARD: This is to go into executive
17 session to deliberate personnel matters.

18 COMMISSIONER FRANZ: I'll move that we
19 move into executive session.

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

22 (Chorus of "aye"s)

23 Okay. We are in executive session.

24 MR. BIARD: And the time is 11:26.

25 AGENDA ITEM NO. XIX

1 CHAIRMAN RIVERA: Okay. It is 1:03, and
2 we are back to open session. I will hand over the
3 microphone to Commissioner Fields.

4 COMMISSIONER FIELDS: I don't know if
5 mine's on. But -

6 CHAIRMAN RIVERA: Yeah. Just press the
7 button. Perfect.

8 COMMISSIONER FIELDS: Now it's on. The
9 Commission has considered applications for the
10 Charitable Bingo Operations Division Director position
11 and we are prepared to make an offer. I move that the
12 commission offer employment to LaDonna Castañuela, as
13 the Charitable Bingo Operations Division Director at an
14 annual salary of \$150,000 effective as soon as
15 possible. And that Tyler Vance continue as Acting
16 Bingo Director until the date the new Director starts,
17 after which Tyler will revert to his prior position as
18 Assistant General Counsel and he will do so with our
19 immense thanks for his heavy lifting.

20 CHAIRMAN RIVERA: Okay. So, with that,
21 we're grateful for LaDonna, your interest and desire in
22 the position. We had an incredible field of
23 candidates. We had two incredibly -- two finalists in
24 this decision was not easy. But we are most grateful
25 for your interest in the position. LaDonna, if you

1 would like to come up to the microphone there. I'm
2 sure one of them is operable. And if you could just
3 say a few words and, again, welcome here to Texas
4 Lottery and Bingo.

5 MS. CASTAÑUELA: Is it on?

6 UNIDENTIFIED VOICE: It's on.

7 MS. CASTAÑUELA: So, I want to thank you
8 all for this process, which has been very interesting
9 and very enjoyable. I want to congratulate Justin
10 also, and I look forward very much to meeting you and
11 working with you and making Bingo awesome again.

12 MR. BIARD: So, Mr. Chairman, just for
13 the record.

14 CHAIRMAN RIVERA: Oh.

15 MR. BIARD: I want to be sure that you
16 all voted on that.

17 CHAIRMAN RIVERA: We are going to vote it
18 right here in a second.

19 MR. BIARD: Okay. I want to make sure
20 that she would accept it. Very good.

21 CHAIRMAN RIVERA: Yes. So, I'll look
22 for a motion. Cindy has made the motion. Is there a
23 second?

24 COMMISSIONER FRANZ: I will second.

25 CHAIRMAN RIVERA: All in favor say aye.

1 (Chorus of "aye"s)

2 Okay. You have it. Congratulations and
3 we're looking forward to you starting up here in early
4 July.

5 MS. CASTAÑUELA: Yes.

6 CHAIRMAN RIVERA: Okay.

7 MS. CASTAÑUELA: Thank you.

8 AGENDA ITEM NO. XX

9 CHAIRMAN RIVERA: So, before we end the
10 meeting I want to especially thank Commissioner Cindy
11 Fields for all of her work in this process. Again, to
12 Tyler, thank you for all of the work you have done,
13 will continue to do. And we're incredibly grateful for
14 your taking over that helm here for an important
15 position for a little while. So, thank you.

16 So, with that, I'm looking for a motion
17 to adjourn.

18 COMMISSIONER SAENZ: I make a motion.

19 CHAIRMAN RIVERA: Okay. Is there a
20 second?

21 COMMISSIONER FIELDS: I'll second.

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

24 (Chorus of "ayes")

25 We're adjourned.

1 (Proceedings concluded at 1:06 p.m.)
2
3
4
5
6
7
8
9
10
11
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 22nd day of June, 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