

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

AUGUST 12, 2021

10:00 a.m.

AT

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

APPEARANCES

CHAIRMAN: Robert G. Rivera

COMMISSIONERS: Cindy Lyons Fields
Erik C. Saenz
James H. C. "Jamey" Steen

GENERAL COUNSEL: Robert F. Biard

EXECUTIVE DIRECTOR: Gary Grief

CHARITABLE BINGO
OPERATIONS DIRECTOR: LaDonna Castañuela

ASSISTANT GENERAL COUNSEL: Kyle Wolfe

CONTROLLER: Katheryn J. Pyka

PRODUCTS MANAGER: Robert Tirloni

McCONNELL & JONES, LLP: Darlene Brown

ADMINISTRATION DIRECTOR: Mike Fernandez

LOTTERY OPERATIONS DIRECTOR: Ryan Mindell

SENIOR CONTRACTS ATTORNEY: Lea Garey

BINGO ADVISORY COMMITTEE
CHAIRMAN: William "Trace" Smith III

TABLE OF CONTENTS

PAGE

| | | |
|-------|---|----|
| I. | The Texas Lottery Commission will call the meeting to order. | 7 |
| II. | Report by the Bingo Advisory Committee (BAC) Chairman; possible discussion and/or action on the BAC's activities, including removal and appointment of committee members, continuation of the BAC, and the BAC's annual work plan for FY 2022 | 7 |
| III. | Report, possible discussion and/or action on proposals for internal audit services (RFP No. 362-2021-0004), including approval to execute contract. | 18 |
| IV. | Report, possible discussion and/or action on agency major contracts, including the procurement for the contract for advertising media services | 19 |
| V. | Report, possible discussion and/or action on agency prime contracts, including the procurement for the contract for lottery drawings CPA services. | 20 |
| VI. | Report, possible discussion and/or action on agency prime contracts, including amendment, renewal or extension of the contract for internal control system and related services. | 20 |
| VII. | Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §401.153 (Qualifications for License) | 21 |
| VIII. | Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §401.101 (Lottery Procurement Procedures). | 23 |
| IX. | Report, possible discussion and/or action on the agency's comprehensive business plan pursuant to State Lottery Act §466.028 . . | 24 |

- 1 X. Report, possible discussion and/or action on
 2 lottery sales and revenue, game performance,
 3 new game opportunities, advertising,
 4 promotional activities, market research,
 5 trends, and game contracts, agreements, and
 6 procedures. 26
- 7 XI. Report, possible discussion and/or action on
 8 transfers to the State and the agency's
 9 budget status. 31
- 10 XII. Report, possible discussion and/or action on
 11 FY 2022 Operating Budget 33
- 12 XIII. Report, possible discussion and/or action on
 13 external and internal audits and/or reviews
 14 relating to the Texas Lottery Commission,
 15 and/or on Internal Audit activities,
 16 including approval of the FY 2021 Annual
 17 Internal Audit Report and FY 2022 Annual
 18 Internal Audit Plan. 35
- 19 XIV. Report by the Charitable Bingo Operations
 20 Director and possible discussion and/or
 21 action on the Charitable Bingo Operations
 22 Division's activities, including licensing,
 23 accounting and audit activities, reports, and
 24 special projects 38
- 25 XV. 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 42
- XVI. Consideration of the status and possible
 approval of orders in enforcement cases: . 46
- Lottery NSF License Revocation Cases (Default)
- A. Docket No. 362-21-2000 - Beni Mart
- B. Docket No. 362-21-2093 - KG Corner Store
- C. Docket No. 362-21-2381 - Papa's Market
- Lottery Agreed Orders
- D. Case No. 2021-372 - Food Mart

1 E. Case No. 2021-378 - Lucky Food Store #2

2 F. Case No. 2021-379 - Ramy's Mart

3 G. Case No. 2021-720 - Shop N Fuel

4 H. Case No. 2021-748 - Gilliam's Grocery

5 XVII. Public comment 14

6 XVIII. Commission may meet in Executive Session:. 48

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

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

12 C. To receive legal advice regarding pending or
13 contemplated litigation or settlement offers, or other
14 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:

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

18 Legal advice regarding the Governor's March 13, 2020
19 COVID-19 state of disaster declaration (as renewed
20 thereafter) and related Texas Lottery Commission
21 matters, Texas Government Code Chapters 466 (State
Lottery Act) and 467 (Texas Lottery Commission), the
22 Bingo Enabling Act, the Open Meetings Act, the Public
Information Act, the Administrative Procedure Act,
employment and personnel law, procurement and contract
23 law, evidentiary and procedural law, ethics laws, and
24 general government law.

25 Legal advice regarding any item on this open meeting
agenda.

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

| | | |
|-----|---------------------------------|----|
| | | 6 |
| XX. | Adjournment. | 50 |
| | Reporter's Certificate. | 51 |

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

P R O C E E D I N G S

THURSDAY, AUGUST 12, 2021

AGENDA ITEM NO. I

CHAIRMAN RIVERA: Alrighty. It is 10:00 a.m. We will start the Commission meeting with our Pledge of Allegiance. And we have our Commissioner Steen is going to lead us in both pledges. And this is his first official in-person meeting as well.

COMMISSIONER STEEN: Sure.

CHAIRMAN RIVERA: So happy to have Jamey here.

COMMISSIONER STEEN: Where's our flag here?

CHAIRMAN RIVERA: Right behind you.

(Pledges recited)

CHAIRMAN RIVERA: Okay. Welcome everyone. Good job, Commissioner, on leading us in the pledge. So good job. Okay.

AGENDA ITEM NO. II

CHAIRMAN RIVERA: Welcome everyone. We are going to begin the meeting with our Bingo Advisory Committee will have a report. And so we'll hear from William Trace Smith III, Chairman.

MR. SMITH: Good morning, Commissioners. We've got several items today that we need to discuss.

1 First of all, in our last BAC meeting we voted to
2 support the staff language on the gift card rule and I
3 we have and will still look at that still. So we'll be
4 glad to help look at that at a later time. So, with
5 that there's that.

6 CHAIRMAN RIVERA: Trace, is your mic on?
7 Excuse me for interrupting. Just want to make sure
8 everyone can hear.

9 MR. SMITH: There we go. Is that
10 better?

11 CHAIRMAN RIVERA: Thank you.

12 MR. SMITH: Do I need to restate that?
13 Are we good? Did everybody hear that? Yeah? Okay.
14 All right.

15 The next thing on the list is we all
16 voted to ask for you to please continue the Bingo
17 Advisory Committee and all its members. We're up for
18 renewal.

19 And we also have provided you with our
20 2020 Annual Report and we would ask for approval of
21 that.

22 And then we have our 2020 Work Plan
23 approval. The only thing that I would request from the
24 Commissioners on the 2020 Annual Work Plan is that in
25 the second part of that, it deals with stuff that is

1 not clearly authorized by Texas law. We would request
2 that someone be helped there -- be at the BAC meetings
3 to help us procedurally to make sure that we don't do
4 something. We are not attorneys by any mean, shape, or
5 form and we don't want to do something that is improper
6 or incorrect. So we would ask for guidance on that.

7 CHAIRMAN RIVERA: Okay. Commissioner
8 Fields, would you like to address any and all of those
9 comments?

10 COMMISSIONER FIELDS: I would. Can you
11 all hear me?

12 CHAIRMAN RIVERA: Yes, ma'am.

13 COMMISSIONER FIELDS: I want to first
14 express our thanks and appreciation to the current
15 members of the Advisory Committee for their time and
16 their commitment and dedication to serve on this
17 committee.

18 Statutorily a committee member isn't
19 entitled to compensation for serving as a member, nor
20 is the member entitled to reimbursement for expenses
21 incurred in performing their duties as a member. This
22 is true public service, and we are very appreciative
23 for each member's willingness to serve on this
24 committee.

25 As outlined in the committee's current

1 Fiscal Year 2021 work plan, the committee is charged
2 with developing an annual report to the Commission.
3 The committee did prepare and submitted this report and
4 a copy has been provided somewhere in the room.

5 MR. SMITH: Yes, ma'am.

6 COMMISSIONER FIELDS: The Bingo Enabling
7 Act Texas Occupations Code Section 2001.057 authorizes
8 the Lottery Commission to appoint a Bingo Advisory
9 Committee. It states, "The Commission shall appoint
10 nine members representing a balance of interest and
11 that the committee members serve at the pleasure of the
12 Commission."

13 I believe the committee, along with
14 their work and input, has been very helpful to the
15 Lottery Commission.

16 My recommendation and motion are to
17 continue the Bingo Advisory Committee for another year,
18 with the term beginning September 1, 2021 and ending
19 August 31, 2022, with the reappointment of the
20 following nine committee members: William Trace Smith
21 -- this is the conductor category. William Trace
22 Smith, Will Martin, Jason Pohl -- did I say his name
23 right?

24 MR. SMITH: Yes, ma'am.

25 COMMISSIONER FIELDS: For the charity

1 lessor category: Kimberly Rogers, Veronica Uriegas.

2 For the commercial lessor category,
3 Melodye Green.

4 For the manufacturer category, Emile --
5 and I need a little help with his last name --

6 MR. SMITH: Bourgoyne.

7 COMMISSIONER FIELDS: Bourgoyne. And
8 for the distributor category, Tommy Duncan.

9 The ninth member is Corey Harris. There
10 is no member on the committee that is currently serving
11 in the public member category due to the -- due to the
12 difficulty of the Commission at having identified such
13 a person.

14 In accordance with the Commission's rule
15 402.102(b)(3) if there is not someone to represent one
16 of the required interest groups, the Commission may
17 appoint a member from the remaining interest groups.
18 Corey Harris' appointment will be an additional
19 committee member in the conductor category.

20 Commissioners, on the BAC Work Plan for
21 2022, Commissioners, you have a copy of the proposed
22 Fiscal Year 2022 Work Plan for the advisory committee.
23 The BAC did provide their recommendations for the work
24 plan. And I have worked with staff and understand a
25 draft copy was previously provided to each of you for

1 your review and input.

2 I know we want to provide clear guidance
3 and direction and believe we accomplished this with the
4 items outlined in the proposed plan. And if you all
5 are okay with that, I'll read the first item in the
6 Annual Work Plan is: evaluate the impact of COVID-19 on
7 Charitable Bingo in Texas and identify potential rules
8 or procedural changes that may help organizations
9 address any related challenges.

10 Any potential recommendations on changes
11 to how bingo games are played shall be clearly
12 authorized by Texas law, and do not include electronic
13 bingo, including electronic pull-tabs or any other
14 activities not authorized by law, or video confirmation
15 of paper pull-tabs. And that's the item, Trace, that
16 you had requested assistance from legal on. Right?

17 MR. SMITH: Yes. And just as an added
18 note, we do already have electronic bingo. And I may
19 be reading that second sentence wrong, but we have
20 bingo card minders that are already --

21 COMMISSIONER FIELDS: We do. We know
22 that. Right.

23 MR. SMITH: Okay. I'm just making sure.

24 COMMISSIONER FIELDS: Yeah. That's been
25 --

1 MR. SMITH: Like I say, I'm a lay person
2 so it's --

3 COMMISSIONER FIELDS: Me, too.

4 MR. SMITH: You've got to use your big
5 red crayon.

6 COMMISSIONER FIELDS: Me, too. The
7 second item is, provide feedback and comments to
8 Charitable Bingo staff, division staff, and
9 Commissioners on amendments to administrative rules in
10 Chapter 402 and any other new additional amendments.

11 The third item is review components of
12 the agency's Charitable Bingo website, including the
13 listing of BAC members and recommended elements and
14 information to be included in future website updates.
15 And we will help you update the website, because we
16 have the website.

17 MR. SMITH: Yes, ma'am.

18 COMMISSIONER FIELDS: The fourth item
19 is, provide reports at each commission meeting. That
20 includes status updates of the BAC's activities,
21 industry accomplishments, challenges, or concerns.

22 The fifth and final item is: develop the
23 required BAC Annual Report to the Commission on the
24 state of the Charitable Bingo industry, and submit to
25 the Commission and to the Charitable Bingo Director by

1 July 15, 2022.

2 So, Mr. Chairman, my recommendation and
3 motion are to approve the Bingo Advisory Committee's
4 work plan for Fiscal Year 2022.

5 AGENDA ITEM NO. XVII

6 CHAIRMAN RIVERA: Okay. Are there any
7 other public comments that need to be made? We have --
8 Steve Bresnen will be making a few words.

9 MR. BRESNEN: Thank you, Commissioners.
10 My name's Steve Bresnen. On behalf of the Bingo
11 Interest Group. I have had a chance to review the work
12 plan. Looks fine to me and the people I represent.

13 Though we'd like to put something on
14 their radar. If it needs to be specifically mentioned
15 in the work plan, I'd request that you do so. If not,
16 I'd request that you acknowledge it and affirm, if you
17 will, the Commission's support of the effort.

18 And that is there has been a change,
19 sometimes attributed to COVID-19 situation, in the
20 product mix that's available to the charities to use in
21 conducting Charitable Bingo. There are products and
22 organizations that -- within the products -- that are
23 apparently not available in the marketplace today and
24 that's being attributed to shortages or changes in the
25 manufacturing. I assume this is just in the

1 manufacturing, but it could be in the distribution
2 part, too, of the industry, but that's affecting what
3 the charities have to sell and conduct games using
4 there.

5 I would request that that be consistent
6 with the work plan, that that be included in the BAC's
7 work plan. And I think in order to gather complete
8 information from the industry at the level of detail
9 and professionalism that's needed who will likely
10 require the Commission to assist by sending some
11 correspondence to the players in the market to find out
12 what's going on, the extent of it, the reasons for it,
13 and if it's a transitory problem, when the problem
14 might be eradicated.

15 This will -- believe it or not bingo
16 players are sensitive, like other market participants,
17 and I think folks in the industry are going to need a
18 little help to get to the bottom of it and see if it's
19 something that's going to be -- going to be able to
20 revert back to what people are used to or where they
21 were stuck.

22 That said, appreciate you all's support
23 of the BAC. I've been involved with this for a while,
24 and I have seen the BAC be a good source of continuity
25 when we have new commissioners, you have new directors.

1 And at the same time it's really helped the
2 communication between the agency and the industry and I
3 think it's helped kind of smooth over some rough
4 patches historically.

5 So thanks very much for your support of
6 it. I'd be happy to answer any questions.

7 CHAIRMAN RIVERA: Any questions? Steve,
8 thank you for your comments and your involvement in
9 Charitable Bingo, supporting our non-profits across the
10 state. So --

11 MR. BRESNEN: Thanks a lot. Reach out
12 any time you need help. Thanks.

13 CHAIRMAN RIVERA: Thank you sir. Yes,
14 sir.

15 MR. FULLER: Good morning, Mr. Chairman,
16 Commissioners. My name is Mitch Fuller. This is
17 really the introductory comment. I want to thank Trace
18 and the Bingo Advisory Committee. My name's Mitch
19 Fuller. I'm the Director of Government Public Affairs
20 for the Texas VFW, the largest, or one of the largest,
21 bingo license holders in Texas.

22 And thank you for all that you -- that
23 you do. And just the -- to talk about the benefit of
24 bingo for us. In our 78, I think it's 78 licenses that
25 we had throughout Texas.

1 In 2019, our organization from top to
2 bottom, from the department, our districts, our posts,
3 and including that with bingo, were able to give more
4 than \$1.8-million of real money and real contributions
5 to the organizations in our community. So thank you
6 for what you -- what you do and I look forward to
7 working with you moving forward and advancing this and
8 protecting the -- as some things -- other things are in
9 the work in the state of Texas with the casino gaming
10 and some of that other stuff.

11 And so thank -- this is a really
12 introductory and a thank you. Thank you comment. And,
13 Commissioner Fields, I look forward to working with you
14 as you're sort of the Lottery Commission liaison to the
15 Bingo Advisory Committee. But thank you for all you
16 do. And, Trace, thank you for what you do and I'll see
17 you tomorrow morning at the Bingo Advisory Committee
18 meeting. Thank you.

19 CHAIRMAN RIVERA: Thank you for your
20 comments, your service to our nation, and your
21 involvement in Charitable Bingo. So thank you. Cindy,
22 do you have any further comments?

23 COMMISSIONER FIELDS: I do not.

24 CHAIRMAN RIVERA: Okay. So you made a
25 motion. Do we have a second?

1 COMMISSIONER STEEN: Second.

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

4 (Chorus of "ayes")

5 CHAIRMAN RIVERA: Motion passes
6 unanimously.

7 AGENDA ITEM NO. III

8 CHAIRMAN RIVERA: Okay. We will now
9 move on to item number 3. Mike Fernandez.

10 MR. FERNANDEZ: Good morning, Mr.
11 Chairman. Good morning, Mr. Chairman, Commissioners.

12 CHAIRMAN RIVERA: Good morning.

13 MR. FERNANDEZ: For the record, my name
14 is Mike Fernandez. I'm the Director of Administration.
15 Item 3 in your notebook is an action item.

16 Staff is seeking Commission approval to
17 execute a contract with McConnell & Jones, LLP for
18 internal audit services. The initial term of the
19 contract is for a one-year period beginning September 1
20 and ending August 31 '22.

21 Commissioners have independently
22 confirmed they do not have any financial interest in
23 McConnell & Jones, LLP. I'd be happy to answer any
24 questions, Commissioners.

25 Mr. Chairman, that is an action item and

1 will require approval of the Board.

2 CHAIRMAN RIVERA: Okay. Is there a
3 motion?

4 COMMISSIONER STEEN: So moved.

5 CHAIRMAN RIVERA: Is there a second?

6 COMMISSIONER FIELDS: Second.

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

9 (Chorus of "ayes")

10 CHAIRMAN RIVERA: Passes unanimously.

11 AGENDA ITEM NO. IV

12 MR. FERNANDEZ: Thank you. Again, for
13 the record, my name is Mike Fernandez, Director of
14 Administration. Item 4 in your notebook is also an
15 action item.

16 Staff is seeking Commission approval to
17 issue a request for proposals for advertising and media
18 services. Our current contract ends August of '22. If
19 you have any questions, I would be happy to answer
20 them. That is an action item. It will require a vote
21 of the Board.

22 CHAIRMAN RIVERA: Moved for a motion for
23 approval.

24 COMMISSIONER SAENZ: I make a motion.

25 CHAIRMAN RIVERA: Second?

1 COMMISSIONER FIELDS: I'll second.

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

4 (Chorus of "ayes")

5 CHAIRMAN RIVERA: Passes unanimously.

6 MR. FERNANDEZ: Thank you.

7 CHAIRMAN RIVERA: Next item.

8 AGENDA ITEM NO. V

9 MR. FERNANDEZ: Item number 5. Again, I
10 am the Director of Administration, and Mike Fernandez
11 is my name.

12 Item number 5 in your notebook is a
13 briefing item and it's to advise the Commission of
14 staff's intent to issue a request for proposals for
15 lottery drawing CPA services.

16 Our current contract ends August 31,
17 2022 and that's just a briefing item, Commissioners.

18 CHAIRMAN RIVERA: Okay.

19 AGENDA ITEM NO. VI

20 MR. FERNANDEZ: Item number 6 is also a
21 briefing item, but it's to advise the Commission of
22 staff's intent to amend our current contract with Elsym
23 Consulting. They're the company that runs our internal
24 control system which does the balancing for all the
25 sales transactions.

1 And we're amending this in response to
2 changes in the Lottery gaming system. As you've heard
3 from our Operations Director, Ryan Mindell, you know,
4 we're making changes, or changes are being made, in
5 upgrading that system. So what this will do will keep
6 those changes in sync. So we wanted to advise you that
7 we'll be changing that.

8 Mr. Chairman, Commissioners, that's all
9 I have.

10 CHAIRMAN RIVERA: Okay. Any comments,
11 questions for Mike? Nothing. Okay.

12 MR. FERNANDEZ: All right.

13 CHAIRMAN RIVERA: Good job. Thank you
14 for being here today.

15 MR. FERNANDEZ: It's good to see you.

16 CHAIRMAN RIVERA: Good to see you, sir.

17 AGENDA ITEM NO. VII

18 CHAIRMAN RIVERA: Next item, number 7,
19 Kyle Wolfe.

20 MR. WOLFE: Good morning. Thank you,
21 Mr. Chairman, Commissioners. For the record I'm Kyle
22 Wolfe, Assistant General Counsel.

23 Item 7 in your notebooks contains a
24 proposal to amend rule 401.153, Qualifications for
25 License Rule. The purpose of the proposed amendments

1 is to update the rule to reflect amendments to the
2 State Lottery Act, specifically House Bill 1545 from
3 the regular session of the 86th Texas Legislature
4 amended the State Lottery Act by updating the names of
5 certain alcoholic beverage permits that correspond to
6 prohibited retailer locations.

7 Therefore, those alcoholic beverage
8 permit names need to be updated in Commission Rule
9 401.153.

10 So today staff is recommending that the
11 Commission initiate the rulemaking process by
12 publishing these proposed amendments in the Texas
13 Register to receive public comment for a period of 30
14 days. And if you have any questions, I'm happy to
15 answer them. Thank you.

16 CHAIRMAN RIVERA: Okay. Are there any
17 questions? So this requires --

18 MR. WOLFE: Yeah. It's an action item.
19 Yes.

20 CHAIRMAN RIVERA: Okay. Is there a
21 motion for approval?

22 COMMISSIONER SAENZ: Make a motion.

23 CHAIRMAN RIVERA: We have a second.

24 COMMISSIONER STEEN: Second.

25 CHAIRMAN RIVERA: Okay. All in favor

1 say aye.

2 (Chorus of "ayes")

3 CHAIRMAN RIVERA: Right. You're good.
4 Passes unanimously. Good job.

5 MR. WOLFE: Thanks, Commissioners.

6 AGENDA ITEM NO. VIII

7 CHAIRMAN RIVERA: Alrighty. Next, item
8 number 8, we're going to hear about lottery procurement
9 procedures.

10 MS. GAREY: Good morning, Chairman and
11 Commissioners. For the record, my name is Lea Garey,
12 and I'm your Senior Contracts Attorney.

13 I present to you item number 8 for your
14 consideration, a draft submission to the Texas Register
15 that authorizes the publication of proposed amendments
16 to rule 16 TAC sections 401.101, Lottery Procurement
17 Procedures.

18 The purpose of this submission is to
19 seek public comment on this proposal. In this
20 proposal, we have prepared proposed amendments for
21 public comment that align the language of the rule to
22 reflect legislative changes made in Senate Bill 799
23 which was passed in the regular session.

24 Senate Bill 799 amended the dollar
25 amount threshold in Chapter 2155 of the Texas

1 Government Code that triggers a competitive bidding
2 requirement. With the passage of that bill, the
3 threshold increased from \$5,000 to \$10,000. Therefore,
4 we are proposing amendments to our rule that triggers a
5 competitive procurement, also increasing its threshold
6 from \$5,000 to \$10,000.

7 Therefore, we are recommending that the
8 Commission approve publication of the draft amendments
9 as presented in your notebooks in order to seek public
10 comment for 30 days.

11 I'm available to answer any questions you
12 might have regarding the rule proposal. Thank you.

13 CHAIRMAN RIVERA: Okay. Commissioners,
14 are there any questions for Lea Garey? None. If not,
15 is there a motion for approval?

16 COMMISSIONER SAENZ: I make a motion.

17 CHAIRMAN RIVERA: Okay. Erik --

18 COMMISSIONER FIELDS: Second.

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

21 (Chorus of "ayes")

22 CHAIRMAN RIVERA: Okay. It passes
23 unanimously. Lea Garey, thank you so much.

24 MS. GAREY: Thank you.

25 AGENDA ITEM NO. IX

1 CHAIRMAN RIVERA: Alrighty. Next, item
2 number 9. Ryan Mindell, Lottery Operations Division
3 Director.

4 MR. MINDELL: Good morning, Chairman and
5 Commissioners.

6 CHAIRMAN RIVERA: Good morning.

7 MR. MINDELL: Again, for the record, my
8 name is Ryan Mindell, Lottery Operations Director.

9 Item 9 in your notebook is a copy of the
10 2020 Annual Report and the 2021-2022 Comprehensive
11 Business Plan. The annual report contains a summary of
12 the agency's sales and revenue results along with
13 performance highlights from Fiscal Year 2020.

14 Next, is the Comprehensive Business
15 Plan, which conforms to the statutory requirements from
16 Sunset legislation. The Comprehensive Business Plan
17 contains key performance factors and it captures
18 measures of agency efficiency and performance as well
19 as targets or projections for those factors.

20 This document, to me, continues to be
21 the single best source of information about our lottery
22 activities. Both about what we've done in the past and
23 what we're planning to do in the future.

24 I'd also like to note the significant
25 work across the agency that goes into preparing this

1 report.

2 With that, I'm happy to respond to any
3 questions you may have prior to consideration of
4 approval for the report today.

5 CHAIRMAN RIVERA: Okay. Any questions
6 for Ryan? Is there anyone who wants to move forward
7 with an approval?

8 COMMISSIONER SAENZ: I'll make a motion.

9 CHAIRMAN RIVERA: Okay, Erik, good job.
10 Second. Okay. All in favor say aye.

11 (Chorus of "ayes")

12 CHAIRMAN RIVERA: Ryan, good job on item
13 number 9.

14 MR. MINDELL: Thank you, Chairman.
15 Thank you, Commissioners.

16 AGENDA ITEM NO. X

17 CHAIRMAN RIVERA: Yes. Next Kathy Pyka
18 will be taking care of item number 10 and 11 and 12.

19 MS. PYKA: Good morning, Mr. Chairman
20 and Commissioners. My name is Kathy Pyka, Controller
21 for the Commission.

22 CHAIRMAN RIVERA: Good morning.

23 MS. PYKA: And with me this morning is
24 our Commission's Products Manager, Robert Tirloni. Our
25 presentation this morning will begin with the data on

1 slide 2. Comparative sales through the week ending
2 August 7, 2021 represented at the bottom of the slide.

3 Total Fiscal Year 2021 sales through
4 this 49-week period are \$7,607,000,000, which is an
5 increase of \$1,341,000,000 or 21 percent over Fiscal
6 Year 2020 sales.

7 Commissioners, we surpassed our record-
8 breaking sales from last year in early July and with
9 three weeks remaining in the fiscal year we're well on
10 target to exceed \$8-billion in total lottery sales this
11 fiscal year.

12 Fiscal Year 2021 scratch ticket sales,
13 reflected on the second orange bar, are now at
14 \$6,207,000,000. A \$1,019,000,000 increase over the
15 sales figure for Fiscal Year 2020. With a growth rate
16 of 19.6 percent over last fiscal year the Commission
17 has continued to report exceptional increases over our
18 record-setting Fiscal Year 2020 sales.

19 To put this into perspective, our total
20 sales of both products last fiscal year, which were
21 record sales, were \$6,704,000,000, and we are on target
22 to reach more than 6 and a half billion in scratch
23 ticket sales alone this fiscal year.

24 Scratch ticket sales amount to 81.6
25 percent of total sales through this period as compared

1 to 82.8 percent last fiscal year.

2 Fiscal Year 2021 sales, reflected on the
3 second blue bar, are \$1,400,000,000, which is a \$322-
4 million increase over Fiscal Year 2020 draw sales.
5 That is a 30 percent increase.

6 Similar to scratch ticket sales, we've
7 reported significant year-over-year growth in draw
8 sales with every product reporting sales growth this
9 fiscal year. Robert will now provide an overview of
10 detailed sales, as outlined on slide 3.

11 MR. TIRLONI: Thanks, Kathy. Good
12 morning, Commissioners. This next slide is the year-
13 over-year comparison through last Saturday, August 7th.
14 And it really dives into where we're seeing the growth
15 by product category.

16 So overall, year-over-year, we're up
17 \$1,341,000,000. If we look at the draw portion of the
18 portfolio, our draw games are up just a little bit over
19 \$322-million year-over-year.

20 Digging a little deeper, you can see the
21 majority of that increase is coming from the jackpot
22 portion of the portfolio. Just under \$272-million
23 worth of growth from the jackpot games.

24 The big contributors to that are Mega
25 Millions and Powerball. Jackpots of note would be a

1 \$1-billion jackpot that we had for Mega Millions back
2 in January. And a jackpot of note for Powerball was at
3 the exact same time back in January of 2021. And that
4 jackpot of note is \$730-million. So great growth from
5 both of our multi-state games.

6 But we're also seeing good growth from
7 our in-state games. Lotto Texas is up almost \$16-
8 million and our smallest in-state jackpot game, Texas
9 Two Step, is up \$6.6-million.

10 I do want to make one note while we're
11 talking about our jackpot games and just give a
12 reminder that in two and a half weeks we will see a
13 Powerball and Lotto drawn on Mondays. The current draw
14 schedule is Wednesdays and Saturdays, but starting on
15 August 23rd both games will be drawn on Mondays. So
16 those two games will be available three days a week.

17 The team has been working very hard to
18 get ready for that implementation, and we are on track
19 to meet that launch date.

20 In blue, in the middle of the slide, are
21 our daily games. Those are up just under \$51-million.
22 Most of that growth is coming from our Pick 3 game with
23 its add-on feature, Fireball. We're seeing just a
24 little bit over \$29-million worth of growth from that
25 one game. So great results there.

1 Continued phenomenal results from our
2 scratch portfolio, over \$6.2-billion in sales, which is
3 growth of \$1,019,000,000.

4 I have provided you with some scratch
5 ticket samples today. Giving you our Dallas Cowboys
6 and Houston Texans tickets. Those start on Monday the
7 16th. I think they're great-looking tickets.

8 And then I've also given you some
9 samples of our upcoming jackpot family. So that family
10 will kick off right at the beginning of September.
11 That will give us a strong start to the fiscal year, we
12 believe. Our families typically do very well and
13 perform very well, so we're excited about that family
14 to start off the fiscal year.

15 And then, last but not least, when we're
16 back together in October we will be providing the full
17 end-of-year summary where Kathy and I will provide you
18 with all of the final sales and revenue figures for all
19 of Fiscal '21. And so that's something to look forward
20 to.

21 And that completes our sales
22 presentation. We're happy to answer any questions you
23 may have.

24 CHAIRMAN RIVERA: Okay. Commissioners,
25 any thoughts or questions regarding the presentation?

1 You all obviously did a really good job. Our results -
2 - your results are incredibly impressive.

3 Although you all are the ones who are
4 here making that presentation, it's a tribute to all of
5 our employees that helped to produce those kind of
6 results on the scoreboard. You know. Including all of
7 our vendors and everyone who is supportive of our
8 mission. So thank you all for what you do.

9 And it's exciting also, you know, as
10 Commissioners we do receive an idea of what is
11 distributed and, again, you know, what's going to be
12 hitting the retailers. And especially excited to see
13 the Cowboys scratch-off at the very top of all of what
14 we do out here. And so, if you remember, as --
15 although the Cowboys are America's team, this is still
16 a franchise of the state. So we're excited that this
17 will be out on the 16th. So good job.

18 MR. TIRLONI: I maybe should've put the
19 Texans --

20 CHAIRMAN RIVERA: And --

21 MR. TIRLONI: -- on the top of
22 Commissioner Saenz' pile. I forgot to do that. Yes.

23 CHAIRMAN RIVERA: Yes.

24 COMMISSIONER SAENZ: Don't forget that
25 next time.

1 CHAIRMAN RIVERA: Yeah. So we'll
2 remember that, maybe.

3 AGENDA ITEM NO. XI

4 CHAIRMAN RIVERA: All right. Well,
5 next item would be item 11, and still with the same
6 folks. So, Kathy, go ahead.

7 MS. PYKA: Again, for the record, my
8 name is Kathy Pyka, Controller for the Commission.

9 Commissioners, the report in your
10 notebook reflects accrued revenue transfers and the
11 allocations to the Foundation School Fund as well as
12 the Texas Veterans Commission and unclaimed prizes for
13 the 10-month period ending June 30th of 2021.

14 Total accrued revenue transfers to the
15 state amounted to \$1,620,000,000 for the first 10
16 months of the fiscal year. And of the \$1,620,000,000
17 transferred to the state, \$1,556,000,000 was the amount
18 transferred to the Foundation School Fund. \$18.6-
19 million was transferred to the Fund for Veteran's
20 Assistance. With the remaining \$45.2-million
21 transferred from unclaimed Lottery prizes.

22 We are now reporting a 25 percent
23 increase, or \$312-million over revenue to the
24 Foundation School Fund from sales as compared to the
25 same period last fiscal year. Our total cumulative

1 transfers to the Foundation School Fund through June of
2 this year now total \$27.3-billion.

3 Also included in your notebook is the
4 agency's Fiscal Year 2021 Method of Finance Summary for
5 the third quarter ending May 31st of 2021. The
6 Commission's Lottery Account budget for Fiscal Year
7 2021 is \$264-million of which 93 percent was expended
8 and encumbered through the third quarter.

9 The Bingo Administration Budget, funded
10 by general revenue, is \$2.2-million, of which 81
11 percent was expended and encumbered through the end of
12 the third quarter.

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

15 CHAIRMAN RIVERA: Commissioners, any
16 questions, comments, suggestions for Kathy? Anything
17 at all? Okay. Good job.

18 MS. PYKA: Thank you.

19 AGENDA ITEM NO. XII

20 MS. PYKA: All right. We'll then move
21 on to tab 12, which is the Commission's Fiscal Year
22 2022 Operating Budget. Again, for the record, my name
23 is Kathy Pyka.

24 Commissioners, this morning I'm seeking
25 your approval of the Fiscal Year 2022 Operating Budget

1 in the amount of \$265,748,229 and 309.9 full time
2 equivalent positions.

3 The budget was developed in accordance
4 with appropriation amounts as outlined in Senate Bill
5 1, further adjusted for the rider and Article 9 funding
6 provisions. The initial draft of the budget was
7 developed by the Office of the Controller and delivered
8 to division management for their direct input, and the
9 final draft was developed after receiving feedback from
10 the divisions as well as being reviewed by executive
11 management.

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

14 CHAIRMAN RIVERA: Commissioners, any
15 questions, comments? None. Okay.

16 MS. PYKA: All right. So that's an
17 action item that I'm seeking approval on.

18 CHAIRMAN RIVERA: We are needing to move
19 forward with the --

20 COMMISSIONER SAENZ: I'll stick with
21 that streak and make a motion.

22 CHAIRMAN RIVERA: Okay, Erik, good job
23 on moving forward.

24 COMMISSIONER STEEN: Second.

25 CHAIRMAN RIVERA: Commissioner Steen is

1 the second. All in favor say aye.

2 (Chorus of "ayes")

3 MS. PYKA: Thank you, Commissioners.

4 CHAIRMAN RIVERA: Good job. Motion
5 approved. Thank you, Kathy and Robert, for all the work
6 that you all do. So.

7 MS. PYKA: You're so very welcome.

8 CHAIRMAN RIVERA: Thank you very much.

9 AGENDA ITEM NO. XIII

10 CHAIRMAN RIVERA: And next item is item
11 number 13. We have Darlene Brown, who is here and
12 happy to hear what you have to tell us.

13 MS. BROWN: Sure. Good morning,
14 Commissioners. And thank you for the confidence and
15 our new contract for the next year. I look forward to
16 serving the agency again.

17 But today in your notebook I have two
18 action items for you. The first one is a proposed
19 Fiscal Year 2022 Annual Internal Audit Plan. This plan
20 was created based upon our risk assessment and
21 communications with leadership.

22 We're going to perform nine audits,
23 primarily in the Lottery Operations and Information
24 Technology areas and we are also going to spend some
25 major hours in the Bingo area following up on prior

1 audits' recommendations to see how they've been
2 implemented. So, in total, we have 2,174 hours
3 allocated to the Annual Internal Audit Plan and it is
4 within my annual budget.

5 So today I'm seeking your approval for
6 the Proposed 2021 Annual Internal Audit Plan. And if
7 you have any questions, I'll be happy to answer them.

8 CHAIRMAN RIVERA: Okay. Commissioners,
9 any comments and or a motion for approval?

10 COMMISSIONER STEEN: So moved.

11 COMMISSIONER FIELDS: Second.

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

14 (Chorus of "ayes")

15 CHAIRMAN RIVERA: Motion is approved.

16 MS. BROWN: Perfect. Thank you.

17 CHAIRMAN RIVERA: Darlene, thank you for
18 that.

19 MS. BROWN: Thank you.

20 CHAIRMAN RIVERA: Do you have more
21 comments?

22 MS. BROWN: I have one more. In the
23 second action item I have for you today is the Fiscal
24 Year 2021 Annual Internal Audit Report. This is a
25 report that's required by the Texas Internal Auditing

1 Act and it's due November 1st of each year.

2 The components of the report are
3 prescribed by the State Auditors Office, and then we
4 fill that in based upon Lottery operations. But the
5 primary components of it are the status of the Fiscal
6 '21 Internal Audit Plan, which we completed as revised.
7 And then the planned Fiscal Year '22 internal audits.

8 So if you have no questions on that one,
9 I'll be happy to -- you -- if you have questions, I'll
10 be happy to answer them.

11 CHAIRMAN RIVERA: Any questions for
12 Darlene? None.

13 MS. BROWN: All right.

14 CHAIRMAN RIVERA: does that require --

15 MS. BROWN: It does require.

16 CHAIRMAN RIVERA: It does require. All
17 righty.

18 COMMISSIONER SAENZ: I'll make a motion.

19

20 CHAIRMAN RIVERA: All righty. We have a
21 motion. Is there a second?

22 COMMISSIONER FIELDS: I'll second.

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

25 (Chorus of "ayes")

1 CHAIRMAN RIVERA: Motion is approved.
2 Darlene, thank you for your service to the Texas
3 Lottery.

4 MS. BROWN: Thank you.

5 CHAIRMAN RIVERA: We are very grateful
6 and excited about the continued partnership. And
7 speaking of partner, we are incredibly proud of you for
8 achieving the status of partner. It is something that
9 is well deserved and the Texas Lottery is incredibly
10 grateful for all of the years of service that you
11 provide the state and to our lottery. So thank you and
12 look forward to seeing you soon.

13 MS. BROWN: Thank you. Thank you.

14 CHAIRMAN RIVERA: Congratulations.

15 (Chorus of "congratulations")

16 CHAIRMAN RIVERA: Thank you, Darlene.

17 AGENDA ITEM NO. XIV

18 CHAIRMAN RIVERA: Next item is item
19 number 14. Speaking of congratulations, we do have a
20 brand new addition to the Texas Lottery and Bingo
21 family. And so, LaDonna, if you would just give us a
22 little about yourself and tell us all the exciting
23 things that you're going to be doing and then you can
24 transition into your report.

25 MS. CASTANUELA: So a little bit about

1 myself. I've been in state government for many, many
2 years. Most recently came from the Department of Motor
3 Vehicles for more than 9 years. I worked as an
4 attorney in the Motor Vehicle Division where we license
5 motor vehicle dealers and manufacturers. Before that,
6 gosh, almost 20 years at the Texas Commission for
7 Environmental Quality, including being their Chief
8 Clerk for many years working directly for that
9 commission.

10 And I am here to tell you that I am very
11 much enjoying my six weeks now as the Director of the
12 Charitable Bingo Operations Division. You have
13 information in your notebooks regarding output metrics
14 for CBOD for June and July.

15 In addition, I want to let you know that
16 my learning curve is very steep, but I'm working on it.
17 I want to thank CBOD staff for helping me get situated,
18 and the crash course in all matters necessary to keep
19 the work moving while I'm still learning.

20 Speaking of Bingo staff, we will be
21 bringing on a new License Specialist on September 1st
22 to fill a vacancy that was posted before I got here.
23 Next week, I have scheduled interviews to fill an
24 Administrative Assistant vacancy. As you know, there's
25 been a lot of turnover in the CBOD, and I'm hopeful

1 that filling these two vacancies quickly will help with
2 the stress and workload issues that some of the staff
3 have experienced.

4 Also, regarding staff, I recently
5 learned that there are several performance evaluations
6 that are long overdue. I've made myself a very
7 aggressive schedule to bring staff evaluations up-to-
8 date starting in October after I have three months
9 under my belt.

10 And I have started my meetings and
11 conversations with Darlene Brown and CBOD staff to get
12 an update on the Division's progress toward addressing
13 issues in the audits and to make a plan with timelines
14 to implement any outstanding recommendations.

15 Finally, I want to thank Bob Biard,
16 Tyler Vance, and several of the Directors and many of
17 their staff who have reached out and made themselves
18 available to help me with various matters and to answer
19 my many, many questions. Everyone has been very, very
20 helpful and supportive.

21 That's all I have for you today. If you
22 have any questions, I'm available.

23 CHAIRMAN RIVERA: Great report.
24 Commissioners, and especially Commissioner Fields, any
25 comments? Any thoughts?

1 COMMISSIONER FIELDS: I have a quick
2 comment. LaDonna, as you can tell, has hit the ground
3 running and I'm super appreciative to her for all her
4 energy that she's bringing to the job. And keep it up.

5 MS. CASTANUELA: Thank you.

6 COMMISSIONER FIELDS: And, also, thanks
7 to all the staff that have been so great at helping her
8 hit the ground running. Because that's been really,
9 really nice.

10 MS. CASTANUELA: Critical.

11 COMMISSIONER FIELDS: So all good
12 reports from LaDonna. So thank you.

13 CHAIRMAN RIVERA: Okay. Good to hear.
14 And, with that, behalf of our Commissioners, we're
15 incredibly grateful to you, Cindy, for all of the work
16 that you've done, you know, helping to guide Bingo.
17 And it is not an easy organization to, you know, to
18 handle it as it has a lot of moving parts. And you're
19 doing a great job of stewardship for Bingo as the
20 Commissioner Liaison, so thank you.

21 And also for your work with the BAC as
22 well. That's obviously incredibly important and I'm
23 glad that we're, you know, moving forward.

24 And, LaDonna, you literally are the most
25 qualified person to be sitting in that chair. For

1 those of you who may not know, that position has been
2 something that has taken us a little while to get that
3 right fit and we should be very grateful for LaDonna,
4 you know, taking on that role and assignment. And we
5 look forward to great things from Bingo with you at the
6 head of the operation as Operations Director. So,
7 LaDonna, thank you and welcome for your first official
8 meeting.

9 MS. CASTANUELA: Thank you very much.

10 AGENDA ITEM NO. XV

11 CHAIRMAN RIVERA: So, with that, we'll
12 move on to item 15, Gary.

13 MR. GRIEF: Thank you, Mr. Chairman.
14 Good morning, Commissioners. Other than what's in your
15 notebook this morning, I have just one item to bring to
16 your attention. This is an information-only item. And
17 it involves the contracts that we utilize for the
18 printing of our scratch ticket products.

19 Several years ago we took a different
20 and a unique approach to the procurement process for
21 the printing of scratch tickets. There are only three
22 companies in the world, Scientific Games, Pollard
23 Banknote, and IGT Printing, that are capable of
24 printing scratch tickets for the Texas Lottery.

25 So rather than following the

1 longstanding industry practice of acquiring the
2 services of just one of those companies, or perhaps one
3 as a primary and one as a backup, I strongly believe
4 that we should procure the services of all three and
5 allocate about a third of our business to each company
6 and then ask them to compete for our business every
7 single day. On time delivery, quality production, and
8 very importantly, innovations as well.

9 Each one of those companies brings a
10 different skill set. They bring different products.
11 They bring different innovations to the table. And we
12 take advantage of all of those attributes through that
13 unique contracting structure that we've set up.

14 Now I think you can tell that I -- our
15 unique approach to that has paid dividends for the
16 State of Texas over the years. Hence the numbers that
17 you see Kathy and Robert put up before you every other
18 month.

19 But, that said, we struggle mightily
20 every year to pay for the scratch ticket products that
21 we sell.

22 Now, I can certainly understand why this
23 might sound counterintuitive, but the fact is that our
24 legislative appropriation for the printing of scratch
25 tickets doesn't come close to what is required to print

1 the volume of tickets that we sell in our state. It's
2 only through the use of a rider mechanism that's in
3 place in our bill pattern that we're able to adequately
4 fund this particular budget item. Especially given the
5 extraordinary growth that we've seen over the last
6 several years.

7 The contracts with all three of these
8 scratch ticket print vendors expire August 31st of '24,
9 which typically means we would be initializing a new
10 procurement process sometime in '23. But the
11 environment for procuring these services has
12 dramatically changed. The pandemic has had a
13 significant impact on labor and materials. And while
14 those material shortages may ease a little bit over
15 time, the labor costs will not.

16 We're definitely going to be looking at
17 increased prices for scratch tickets once the current
18 contracts expire. And the manner in which we've paid
19 for these goods and services in the past, it will not
20 sustain us going forward.

21 Further, the timing of these contracts
22 puts us at a disadvantage. Beginning a procurement
23 process in 2023 will be too late to address potential
24 significant budget shortfalls in the next legislative
25 session.

1 So after thinking this through, speaking
2 with the CEOs of all three of the companies that
3 provide these services, I believe that the right
4 approach and our best opportunity to secure adequate
5 funding through the legislative budget process is to
6 initiate this procurement early, seeking your formal
7 approval of the procurement in our next meeting in
8 October, and issuing a request for proposal before the
9 end of this calendar year.

10 What this means is that we will have
11 firm prices in hand before we begin the process of
12 developing our next legislative appropriations request
13 and we'll be able to share these prices with the
14 Legislative Budget Board and with state leadership well
15 before the decisions are made on our appropriation for
16 this budget strategy.

17 And with that, Mr. Chairman, that
18 concludes my report. Be happy to answer any questions
19 that you might have.

20 CHAIRMAN RIVERA: Commissioners,
21 questions? Well, as always, your stewardship and
22 guidance is needed, it's important. The work that
23 you're doing now to lay out future action items is why
24 the Lottery is in the position that is -- it is in now.
25 That's why that Robert and Kathy are able to, you know,

1 put up such significant numbers. It's because of the
2 planning that, ultimately, that you're -- you, you
3 know, come up with and have that working ability with
4 all of our employees to, you know, make sure that the
5 mechanism continues to move forward. So we'll continue
6 to do the best that we can with the variables that are
7 in place. And so your level of awareness and making
8 sure that folks across the state in this organization
9 and outside have an understanding of what that path is
10 and, again, what those variables are.

11 And you, Gary, are obviously putting the
12 Lottery in the best position possible to make qualified
13 decisions based on the best information at hand. So
14 we're grateful for all of the work that you do and just
15 continue to move forward. So thank you, Gary, for the
16 report.

17 MR. GRIEF: Thank you, Mr. Chairman.

18 AGENDA ITEM NO. XVI

19 CHAIRMAN RIVERA: Next item is Bob
20 Biard, our General Counsel.

21 MR. BIARD: Thank you, Chairman. For
22 the record, I am Bob Biard, General Counsel. Item 16
23 contains eight Lottery enforcement matters, tabs A
24 though H. In these cases the Commission staff found a
25 licensee violated a statute or Commission rule.

1 As you know, in many of our cases either
2 the respondent fails to appear at the hearing and it
3 proceeds by default, or the staff and the respondent
4 reach a settlement in the form of an agreed order. And
5 those are the types of cases we have before you today.

6 Tabs A through C are non-sufficient fund
7 Lottery retailer license revocations. Each case was
8 presented at the State Office of Administrative
9 Hearings for revocation of the retailer license because
10 the licensee failed to have sufficient funds in their
11 bank account to cover electronic fund transfers to the
12 Commission's account.

13 In each case, the licensee failed to
14 appear at the hearing and the judge remanded the case
15 to the Commission to handle as a default matter.

16 Tabs D through H are agreed orders.
17 These are settlements. D is an owner purchase case,
18 where the owner of a retail store bought a customer's
19 winning ticket and claimed it. Items E and F involve a
20 retailer who kept a player's winning ticket and claimed
21 it as their own. Tab G is an employee purchase case
22 where an employee of a retailer purchased a ticket from
23 a customer. And H is another owner purchase case.

24 And the materials for all these cases
25 are in your notebook. And you may take up the

1 enforcement orders in a single vote, if you like. And
2 I'm happy to answer any questions.

3 CHAIRMAN RIVERA: Okay. Commissioners,
4 is there a motion for approval?

5 COMMISSIONER SAENZ: I make a motion.

6 CHAIRMAN RIVERA: Second?

7 COMMISSIONER STEEN: Second.

8 CHAIRMAN RIVERA: Second? All in favor
9 say aye.

10 (Chorus of "ayes")

11 CHAIRMAN RIVERA: Motion passes.

12 MR. BIARD: Thank you, Commissioners.

13 AGENDA ITEM NO. XVIII

14 CHAIRMAN RIVERA: Okay. Bob, do you
15 have any other items that you'd like to discuss?

16 MR. BIARD: No, sir.

17 CHAIRMAN RIVERA: And do you feel that
18 we need to go into Executive Session?

19 MR. BIARD: I have nothing I need to
20 share with you in Executive Session, sir.

21 CHAIRMAN RIVERA: Perfect. Okay. Glad
22 to hear it. We are well under an hour, which is
23 fantastic.

24 COMMISSIONER SAENZ: That a record?

25 CHAIRMAN RIVERA: Yeah, it is. And,

1 again, our level of efficiency is a testament to all of
2 our employees that put us here. The Commissioners in
3 the position to advance our meetings as efficiently and
4 quickly as possible.

5 AGENDA ITEM NO. XX

6 CHAIRMAN RIVERA: But before we
7 adjourn, I'd like to ask Commissioner Steen to -- as
8 your first official meeting up here, to give us a few
9 words about yourself, your family. We also understand
10 that you've had a recent addition. And we're excited
11 to have you here.

12 COMMISSIONER STEEN: I have. I
13 appreciate it -- I guess I've been on the Commission
14 for over a year now. But, first in-person meeting, so
15 happy to be here and glad to meet staff in person for
16 the first time. I had a new baby, number two, so I've
17 got a three-year-old boy and a two-month-old boy at
18 home.

19 But I grew up in San Antonio originally,
20 and moved to Houston after finishing my degree and been
21 there ever since. So happy to be here.

22 CHAIRMAN RIVERA: Okay. Well obviously
23 you've been here for a while working with us all, but
24 it's neat to finally have you here in person.

25 COMMISSIONER STEEN: Thank you.

1 CHAIRMAN RIVERA: So, with that, our
2 Commission meeting has ended. Have a wonderful day and
3 thank you all for being here. Thank you.

4 (Proceedings concluded at 10:59 a.m.)
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 23rd day of August, 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