

Texas Lottery Commission

October 5, 2017

10:00 a.m.

I.	The Texas Lottery Commission will call the meeting to order.	J. Winston Krause, Chairman
	Pledge of Allegiance to the U.S. and Texas flags.	
	Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."	
II.	Report, possible discussion and/or action on Hurricane/Tropical Storm Harvey's impact on agency activities.	Michael Anger, Lottery Operations Director; Alfonso D. Royal III, Charitable Bingo Operations Division Director
III.	Report, possible discussion and/or action, including amendment, on agency major and prime contracts, including the contracts for Drawing Studio and Production Services, Security Officer Services, Lottery Drawings CPA Services, and Security Management System and Monitoring Services.	Michael R. Fernandez, Administration Division Director
IV.	Report, possible discussion and/or action on the Annual Contract Status Report and Supplemental Status Report for all major and prime agency contracts.	Michael R. Fernandez, Administration Division Director
V.	Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension of the contracts for instant ticket manufacturing and services.	Michael R. Fernandez, Administration Division Director
VI.	Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension of the Dallas Cowboys trademark license and promotional agreements with Pro Silver Star, LTD and Frisco Management, LP.	Michael R. Fernandez, Administration Division Director
VII.	Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §§402.400 (General Licensing Provisions), 402.401 (Temporary License), 402.402 (Registry of Bingo Workers), 402.404 (License and Registry Fees), 402.405 (Temporary Authorization), 402.407 (Unit Manager), 402.410 (Amendment of a License – General Provisions), 402.411 (License Renewal), 402.413 (Military Service Members, Military Veterans, and Military Spouses), 402.420 (Qualifications and Requirements for Conductor's License), 402.422 (Amendment to a Regular License to Conduct Charitable Bingo), 402.424 (Amendment of a License by Electronic Mail, Telephone or Facsimile), and 402.603 (Bond or Other Security).	Ryan S. Mindell, Assistant General Counsel
VIII.	Consideration of and possible discussion and/or action,	Ryan S. Mindell, Assistant General

<p>including proposal, on amendments to 16 TAC §§401.158 (Suspension or Revocation of License), 401.160 (Standard Penalty Chart), 401.301 (General Definitions), 401.302 (Instant Game Rules), 401.304 (On-Line Game Rules (General)), 401.307 (“Pick 3” On-Line Game Rule), 401.308 (“Cash Five” On-Line Game), 401.312 (“Texas Two Step” On-Line Game), 401.316 (“Daily 4” On-Line Game Rule), 401.320 (“All or Nothing” On-Line Game Rule), 401.322 (“Texas Triple Chance” Lottery Game), 401.353 (Retailer Settlements, Financial Obligations, and Commissions), 401.361 (Required Purchases of Lottery Tickets), 401.364 (Training), and 401.370 (Retailer’s Financial Responsibility for Lottery Tickets Received and Subsequently Stolen or Lost).</p>	<p>Counsel</p>
<p>IX. Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §401.317 (“Powerball®” On-Line Game Rule).</p>	<p>Deanne Rienstra, Assistant General Counsel</p>
<p>X. Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §401.305 (“Lotto Texas” On-Line Game Rule).</p>	<p>Deanne Rienstra, Assistant General Counsel</p>
<p>XI. Consideration of and possible discussion and/or action, including adoption, on new 16 TAC §401.324 (Prize Winner Election To Remain Anonymous).</p>	<p>Deanne Rienstra, Assistant General Counsel</p>
<p>XII. Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §401.153 (Qualifications for License).</p>	<p>Ryan S. Mindell, Assistant General Counsel</p>
<p>XIII. Consideration of and possible discussion and/or action, including adoption, on the repeal of 16 TAC §401.323 (“Monopoly Millionaires’ Club™” Game Rule).</p>	<p>Ryan S. Mindell, Assistant General Counsel</p>
<p>XIV. Consideration of and possible discussion and/or action, including adoption, on new 16 TAC §401.207 (Written Answer; Default Proceedings).</p>	<p>Steve White, Assistant General Counsel</p>
<p>XV. Report, possible discussion and/or action on lottery sales and revenue, game performance, new game opportunities, advertising, promotional activities, market research, trends, and game contracts, agreements, and procedures.</p>	<p>Katheryn J. Pyka, Controller</p>
<p>XVI. Report, possible discussion and/or action on transfers to the State.</p>	<p>Katheryn J. Pyka, Controller</p>
<p>XVII. Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities, including approval of the following: Internal Audit Reports for Employee Time and Attendance, Second-Chance Drawing Processes, Active Directory, Jackpot Estimation System, Scratch Ticket Working Paper Workflow System, and Continuity of Operations Plan;</p>	<p>Darlene Brown, McConnell Jones Lanier & Murphy LLP</p>

Annual Internal Audit Report; and Fiscal Year 2018 Annual Internal Audit Plan.

- XVIII. Report, possible discussion and/or action on the Charitable Bingo Operations Division quarterly financial data, including charitable distributions.
- XIX. Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, pull-tab review, and special projects.
- XX. 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.
- XXI. Consideration of the status and possible approval of orders in enforcement cases:

Lottery NSF License Revocation Cases (Default)

- A. Docket No. 362-17-4662 – Lufkin Truck Stop
- B. Docket No. 362-17-4663 – Super Stop
- C. Docket No. 362-17-4922 – J and T Grocery
- D. Docket No. 362-17-4923 – Fast N Easy Tidwell
- E. Docket No. 362-17-5121 – Jeffrey's Food Mart
- F. Docket No. 362-17-5122 – Pret Manger
- G. Docket No. 362-17-5123 – MAF Petroleum LLC
- H. Docket No. 362-17-5693 – Stop N Get of Irving
- I. Docket No. 362-17-5694 – Times Market

Lottery Agreed Orders

- J. Case No. 2016-1334 – Valero Corner Store #1301 and Big Diamond LLC
- K. Case No. 2017-1146 – M & A
- L. Case No. 2017-1214 – Timewise Food Store #4001

Lottery Revocation

- M. Docket No. 362-17-3249 – Mariposa Groceries

Bingo Agreed Orders

(Cases N through R are related and involve the same bingo accounting unit)

- N. Case No. 2016-1233 – Heart Of The Rock Civitan Club, Inc.
- O. Case No. 2016-1235 – The Human Potential Center
- P. Case No. 2016-1236 – Knights of Columbus 5967
- Q. Case No. 2016-1237 – Holy Cross Catholic Church
- R. Case No. 2016-1238 – Manor Volunteer Fire Department
- S. Case No. 2017-437 – Berry Bingo

Alfonso D. Royal III, Charitable Bingo Operations Division Director

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Gary N. Grief, Executive Director

Robert F. Biard, General Counsel

- T. Docket No. 362-17-4521.B – Carpenter Land and Investment Company, Inc.
- U. Docket No. 362-17-4522.B – Fort Worth Bingo, Inc.

Bingo License Revocation and/or Denial Cases (Default)

- V. Docket No. 362-17-4109.B – Richard Gonzales (Bingo Worker)
- W. Docket No. 362-17-4987.B – Elks IBPOE Temple 1401 Emma McGhee
- X. Docket No. 362-17-4988.B – Elks IBPOE Lodge 1217 Felix Lister

XXII. Public comment.

XXIII. Commission may meet in Executive Session:

- A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or the Charitable Bingo Operations Director pursuant to Section 551.074 of the Texas Government Code.
- B. To deliberate the duties of the General Counsel and/or the Human Resources Director pursuant to §551.074 of the Texas Government Code.
- C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to §§551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:

Pending and potential litigation regarding Fun 5's Scratch Ticket Game #1592, including Travis Co. District Court Cause No. D-1-GN-14-005114, Third District Court of Appeals Cause No. 03-16-00172-CV (Steele, et al. v. GTECH Corp.); and Dallas Co. District Court Cause No. DC-14-14838, Fifth District Court of Appeals Cause No. 05-15-01559-CV (Nettles v. GTECH Corp. and Texas Lottery Commission).

Julam Investments, Inc. v. Texas Lottery Commission (Travis Co. District Court Cause No. D-1-GN-16-006124)

State of Texas v. Equal Employment Opportunity Commission et al.

Legal advice regarding Texas Government Code Chapters 466 (State Lottery Act) and 467, the Bingo Enabling Act, the Open Meetings Act, the Public Information Act, the Administrative

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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.

XXIV. 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 prior to Executive Session.

XXV. Adjournment.

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Debbie Jamieson at (512) 344-5038 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.

J. Winston Krause, Chairman

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Simpson, MaryBeth

From: Jamieson, Debbie
Sent: Wednesday, September 27, 2017 12:07 PM
To: Sanchez, Sheila; Simpson, MaryBeth
Subject: FW: S.O.S. Acknowledgment of Receipt
Attachments: 10052017.doc

Good afternoon,

The attached agenda has been filed with the Texas Register. Please let me know if you have any questions.

Thank you.

-----Original Message-----

From: TexReg@sos.texas.gov [mailto:TexReg@sos.texas.gov]
Sent: Wednesday, September 27, 2017 12:05 PM
To: Jamieson, Debbie <Debbie.Jamieson@lottery.state.tx.us>
Subject: S.O.S. Acknowledgment of Receipt

Acknowledgment of Receipt

Agency: Texas Lottery Commission

Liaison: Debbie L. Jamieson

The Office of the Secretary of State has posted

notice of the following meeting:

Board: Texas Lottery Commission

Committee: Texas Lottery Commission

Date: 10/05/2017 10:00 AM "TRD# 2017010830"

Notice posted: 09/27/17 12:05 PM

Proofread your current open meeting notice at:

[http://texreg.sos.state.tx.us/public/pub_om_lookup\\$.startup?Z_TRD=2017010830](http://texreg.sos.state.tx.us/public/pub_om_lookup$.startup?Z_TRD=2017010830)

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