

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

October 21, 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
Mark A. Franz
Erik C. Saenz
James H. C. "Jamey" Steen

FORMER CHAIRMAN: J. Winston Krause

GENERAL COUNSEL: Robert F. Biard

EXECUTIVE DIRECTOR: Gary Grief

CHARITABLE BINGO
OPERATIONS DIRECTOR: LaDonna Castañuela

CONTROLLER: Katheryn J. Pyka

PRODUCTS MANAGER: Robert Tirloni

MCCONNELL & JONES LLP: Darlene Brown

BINGO ADVISORY
COMMITTEE CHAIRMAN: William "Trace" Smith III

ADMINISTRATION DIRECTOR: Mike Fernandez

MEDIA RELATIONS DIRECTOR: Lauren Callahan

ASSISTANT GENERAL COUNSEL: Tyler Vance

SPECIAL COUNSEL: Deanne Rienstra

SENIOR CONTRACTS ATTORNEY: Lea Garey

ASSISTANT GENERAL COUNSEL: Kyle Wolfe

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- 1 A. To deliberate personnel matters, including the
 2 appointment, employment, evaluation, reassignment,
 3 duties, discipline, or dismissal of the Executive
 4 Director and/or Charitable Bingo Operations Director,
 pursuant to §551.074 of the Texas Government Code.
 B. To deliberate the duties of the General Counsel
 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.);
 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.
- 16 XX. Return to open session for further deliberation and
 17 possible action on any matter posted for discussion in
 Executive Session. Any matter posted for Executive
 18 Session also may be the subject of discussion and/or
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- 19 XXI. Adjournment. 51
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P R O C E E D I N G S

THURSDAY, OCTOBER 21, 2021

AGENDA ITEM NO. I

CHAIRMAN RIVERA: Okay. Good morning, everyone. Welcome here to our October 21st meeting. We will start with the Pledge of Allegiance.

(Pledge recited)

CHAIRMAN RIVERA: Now the Texas Pledge.

(Pledge recited)

AGENDA ITEM NO. II

CHAIRMAN RIVERA: Alrighty. Today is a very special day and so I'm going to be coming down here for a second. I'd like for Gary to join me.

So for those of you who do not know, we have the great honor today of having our former chairman here with us today, Winston Krause. This is a great day for the Texas Lottery and we are super excited about today. So with that, I'm going to hand it off to Gary and we'll get going.

MR. GRIEF: We are definitely excited to have you back, Chairman Krause, and I hope you would be kind enough, if you don't mind, to introduce who your guests are with you this morning.

MR. KRAUSE: Well, so, I'm Winston Krause. And I am fortunate enough to have with me my

1 son and my daughter and my son, and my former chairman
2 who was my chairman when I was just a baby commissioner
3 and didn't know anything. And then, my really good
4 friends the Baggetts, and Jodie Baggett who is a former
5 commissioner as well, so these are my guests and I'm
6 honored that they could come and be with us today.

7 MR. GRIEF: Great. Thank you, Chairman
8 Krause. We have a couple of things.

9 (Applause)

10 MR. GRIEF: We have a couple of things
11 we want to share with you and your guests this morning.
12 So the first is a proclamation that we put together
13 that is suitable for framing, and we didn't dare try to
14 pick out a frame without having Sheri being involved,
15 so we have it ready, but I'd like to read that to you
16 if you don't mind.

17 Whereas, J. Winston Krause was appointed
18 by Governor Rick Perry to the Texas Lottery Commission
19 in 2009, and named Chair by the Governor in 2013, where
20 he would serve in that position until 2020; and

21 Whereas, during his tenure with the
22 Commission, the Texas Lottery experienced record-
23 breaking sales and revenue transfers to the State of
24 Texas; and

25 Whereas, Chairman Krause helped to steer

1 the agency's mission of generating important revenue
2 for both the Foundation School Fund and the Fund for
3 Veterans' Assistance, and also assisted and provided
4 authorized organizations the opportunity to raise funds
5 for their charitable purposes by conducting bingo; and

6 Whereas, Winston and his wife Sheri have
7 raised three wonderful children; Shelby, Wynn and Hill;
8 and

9 Whereas, Winston and Sheri are the proud
10 grandparents of John Winston Goff, William Gardner Goff
11 and Aubrey Elizabeth Goff; and

12 Whereas, Winston received his Bachelor
13 of Business Administration from the University of
14 Texas, and his law degree from the Southern Methodist
15 University Dedman School of Law; and

16 Whereas, Winston is the owner of Krause
17 and Associates Law Firm, ably practicing estate,
18 probate, and tax law; and

19 Whereas, as a member of the State Bar of
20 Texas, Austin Bar Association, and American Bar
21 Association Section of Taxation; and

22 Whereas, Winston served on the board of
23 directors of the Greater Austin Crime Commission; and

24 Whereas, as a member of the Huston-
25 Tillotson University Board of Trustees and past member

1 of the Tarrytown United Methodist Church Board of
2 Trustees; and

3 Whereas, Winston is a proud Eagle Scout
4 and Past President of the Capitol Area Council, Boy
5 Scouts of America; and

6 Whereas, Winston is dearly missed by his
7 friends and colleagues at the Texas Lottery Commission;
8 be it

9 Resolved, that the Texas Lottery
10 Commission expresses its appreciation to J. Winston
11 Krause for his many years of service, leadership, and
12 dedication to the great State of Texas; and be it
13 further

14 Resolved, that an official copy of this
15 proclamation be prepared for Mr. Krause and his family
16 as an expression of the high regard in which he is held
17 at the Texas Lottery Commission.

18 In Witness Whereof, we have hereunto set
19 our hands and caused the seal of the Texas Lottery
20 Commission to be affixed hereto. Signed, Robert G.
21 Rivera, Chairman, and Gary Grief, Executive Director.

22 (Applause)

23 CHAIRMAN RIVERA: Wow, definitely quite
24 an awesome list of contributions that Chairman Krause
25 has made, not only to the Lottery, but to the State, to

1 the community, and definitely to his family. A few of
2 us had the honor last night of attending a dinner in
3 Chairman Krause's honor to celebrate his chairmanship,
4 his contribution to the Lottery, and really, his
5 contribution to us all who have come across him.

6 As a young commissioner, when I first
7 came on, Chairman Krause was very influential in
8 setting the tone of how things should go and having a
9 very open door of leadership, which is very important.
10 And it is evident through the stories heard last night,
11 as well as the trajectory of our Lottery, that his
12 presence, not only is with us strongly before and
13 during his tenure, but also now and definitely into the
14 future.

15 So, Chairman Krause, we are -- on behalf
16 of all of our commissioners, very grateful for the
17 standard that you had set, the leadership that you have
18 given us as the model to move forward on, and in all
19 things. So we are definitely grateful, and to your
20 family, your children, and your wife. The Lottery is
21 very grateful for the years that you allowed for
22 Chairman Krause to give us his skills, his time, his
23 effort, his energy, and his vision. And it is
24 something that stays with us, and it is very important
25 to us. It is part of the fabric of the Lottery.

1 So having said that, we have one more
2 thing to announce. As you know, our home is currently
3 here, but we will be moving offices to the new George
4 H.W. Bush Office Building. And when we do open up that
5 new office building, we will have, as most agencies
6 have, a conference room. And I am proud to announce
7 that we will have the name of the executive conference
8 room as the, "J. Winston Krause Executive Conference
9 Room."

10 (Applause)

11 CHAIRMAN RIVERA: So Chairman Krause,
12 feel free to come up and we definitely want to hear
13 from you and this is a great day for us, so thank you
14 for being here again.

15 MR. KRAUSE: I had no idea I was going
16 to be giving any remarks. And I thought I left it all
17 on the cutting room floor last night, but apparently,
18 I'm going to have to stitch something together for now.

19
20 But I do want to reiterate the fact that
21 my work here at the Lottery Commission has been really
22 rewarding for me, primarily because of the really great
23 people that I got to work with, you know? And so not
24 only was it other great commissioners, and I want to
25 always mention my first Chairman Mary Ann Williamson,

1 because she's the one that was my role model for being
2 a chairman, but the other people, and so it's just a
3 whole range. It's the other Commissioners that I got
4 to work with, the staff, which is awesome. We have got
5 some very talented, very dedicated staff here, very
6 unappreciated in some parts of our government, but at
7 the same time, they soldier on doing things that Texans
8 love, which is make great games.

9 But then the other people that were a
10 pleasure to get to know, all the people who come before
11 the Lottery Commission. We've got the Steves, we've
12 got the others, and we've got IGT, you know? And all
13 the people that work over there. So, I don't know of
14 anybody that wasn't worthy to be with and to work with
15 that I came in contact with during my time as member of
16 the Lottery Commission.

17 So I want to just let everybody know how
18 grateful I am for what a wonderful experience that was.
19 Thank you very much.

20 (Applause)

21 MR. KRAUSE: I just want to know if I
22 get to go visit the conference room.

23 (Applause)

24 CHAIRMAN RIVERA: So Winston, if you
25 want, we can take some photos and -- let's take about a

1 5 minute, 10 minute, 15 minute break, and we'll resume
2 here after we get some more glory and praise here to
3 Winston, so. All right.

4 (Recess)

5 CHAIRMAN RIVERA: We will officially get
6 going on our meeting, so we are now back to business.

7 In final point on Winston is that he was
8 very much a fan of a very curt, quick meeting, and
9 we'll get onto this and so hopefully we'll be done in
10 about an hour at the most. All right.

11 AGENDA ITEM NO. III

12 CHAIRMAN RIVERA: Okay. Next item,
13 Number III, we have Bingo Advisory Committee report.
14 So we have Trace Smith here with us.

15 MR. SMITH: Good morning, Chairman; good
16 morning, Commissioners, staff. Thank you -- thank
17 y'all for listening to us again today. We appreciate
18 it. We like being heard. We also would like to say
19 thank you Commissioner Fields for your attendance in
20 yesterday's meeting. That's always welcome. We do
21 enjoy the attention and the attention to detail that
22 you provide as well. And also to LaDonna and her staff
23 for being there as well. They guide us very well
24 during the meetings.

25 Other than general business, the BAC

1 voted to support three staff rules recommended for
2 adoption dealing with military applications, net
3 proceeds reporting dates, and having the criminal
4 background timeframe to 30 days. So we support those
5 staff recommendations.

6 CHAIRMAN RIVERA: Okay. Any questions,
7 Commissioners? None? Okay. Well, thank you for your
8 continued service --

9 MR. SMITH: Thank you.

10 CHAIRMAN RIVERA: -- and your report.
11 Appreciate it.

12 AGENDA ITEM NO. IV

13 CHAIRMAN RIVERA: Okay. Next Item,
14 Number IV, Mike Fernandez.

15 MR. FERNANDEZ: Good morning, Mr.
16 Chairman, Commissioners. For the record, my name is
17 Mike Fernandez, I'm the Director of Administration.

18 I'll be presenting Items IV through VII
19 this morning, so I'm only going to identify myself this
20 first pass here.

21 CHAIRMAN RIVERA: I'd be glad to ask you
22 to do it three different times if you wanted, but --

23 MR. FERNANDEZ: I recall doing that last
24 meeting and I got a little -- it's somewhat redundant
25 saying Fernandez over and over.

1 Item IV in your notebook is a briefing
2 item. Texas Administrative Code 401.105 requires the
3 executive director to provide the status of all
4 contracts to the Commission annually for information
5 purposes and further requires that for each contract
6 with a value exceeding \$1,000,000, additional
7 information, including contract compliance, corrective
8 action plans, and sanctions, be reported. A copy of
9 this report was included for informational purposes in
10 your notebooks.

11 If you have any questions, Mr. Chairman,
12 I'll be happy to answer them.

13 CHAIRMAN RIVERA: Any questions? Okay.

14 AGENDA ITEM NO. V

15 MR. FERNANDEZ: Item Number V in your
16 notebook is a briefing item addressing three contracts.
17 The first is to advise the Commission of staff's intent
18 to amend and extend our current contract for Website
19 Hosting with Technology Spa for a two year period,
20 beginning September 2022 and ending August of 2024.
21 Commissioners have independently confirmed they have no
22 financial interest in Technology Spa.

23 The second contract under this item is
24 to advise the Commission of staff's intent to amend and
25 extend for a one-year period our current contract for

1 Risk Review and Compliance Monitoring Services with
2 Grant Thornton Public Sector. This extension will
3 cover a period beginning September 2022 until August of
4 2023. Commissioners have also independently confirmed
5 they have no financial interest in Grant Thornton
6 Public Sector.

7 The last contract under this item,
8 Commissioners, is to advise you that we intend to
9 extend for a three-month period our current contract
10 for promotional products with Beehive Specialty
11 Company. And this extension will cover a period from
12 April 2022 to June of '22. Again, Commissioners have
13 independently confirmed they have no financial interest
14 in Beehive Specialty Company.

15 Commissioners, I'd be happy to answer
16 any questions regarding those contracts.

17 CHAIRMAN RIVERA: Commissioners, any
18 comments, questions, thoughts, concerns? Mike, keep
19 going.

20 MR. FERNANDEZ: Thank you.

21 AGENDA ITEM NO. VI

22 MR. FERNANDEZ: Item Number VI in your
23 notebook is again, a briefing item for two contracts.
24 The first is to advise the Commission of staff's intent
25 to extend our current trademark license and promotional

1 agreement with Pro Silver Star, Dallas Cowboys. The
2 extension will cover a period from March 2022 through
3 February 2024. Commissioners have also independently
4 confirmed they have no financial interest in Pro Silver
5 Star.

6 The next contract under this item is to
7 advise the Commission again of staff's intent to extend
8 our current trademark license and promotional agreement
9 with Frisco Management for a two year period. This is
10 the Star at Frisco. This extension will cover a period
11 from March 2022 through again, February 2024.
12 Commissioners have also advised us they have no
13 interest in Frisco Management.

14 I'd be happy to answer any questions.

15 CHAIRMAN RIVERA: Commissioners, any
16 questions, thoughts? Although we have no financial
17 connection to the Dallas Cowboys, I promise you that
18 all of us are strongly behind the franchise.

19 MR. FERNANDEZ: I certainly understand
20 and --

21 COMMISSIONER SAENZ: Is that because
22 they're winning right now?

23 CHAIRMAN RIVERA: Absolutely. It helps.

24 MR. FERNANDEZ: We appreciate that, Mr.
25 Chairman.

1 CHAIRMAN RIVERA: All right.

2 AGENDA ITEM NO. VII

3 MR. FERNANDEZ: Item Number VII in your
4 notebook is an action item. Staff is seeking
5 Commission approval to issue a request for proposals
6 for scratch ticket manufacturing. The term of this
7 contract will be from September 1, 2022 through August
8 31, 2034.

9 As you may recall, Commissioners, and as
10 you I'm sure know, there are only three companies that
11 provide this type of service. If you have any
12 questions, I'd be happy to answer them, Mr. Chairman.
13 And again, this is an action item.

14 CHAIRMAN RIVERA: Okay. Any questions?
15 If not, is there a motion for approval?

16 COMMISSIONER SAENZ: I make a motion.

17 COMMISSIONER FIELDS: I'll second.

18 CHAIRMAN RIVERA: All in favor say aye.

19 (Chorus of "ayes")

20 CHAIRMAN RIVERA: Passes unanimously.

21 MR. FERNANDEZ: Thank you very much,
22 Commissioners.

23 CHAIRMAN RIVERA: Okay. Thank you,
24 Mike.

25 AGENDA ITEM NO. VIII

1 CHAIRMAN RIVERA: Next item, Section
2 VIII, Tyler Vance.

3 MR. VANCE: Good morning, Chairman; good
4 morning, Commissioners. This is Tyler Vance with the
5 Legal Division. I have for your consideration this
6 morning three proposed amendments to the bingo rules.
7 All these amendments are being proposed to conform the
8 rules with statutes, some of which have changed, some
9 of which we've just noticed are different than our
10 rules.

11 The first of these is rule 402.413.
12 This is being done to modify the military service
13 members section of licensing. The Legislature modified
14 the definition of "Armed Forces of the United States"
15 to include the Space Force this past session, so we
16 need to add that to our rule.

17 Rule 402.452, Net Proceeds; we realized
18 that the Bingo Enabling Act determines net proceeds for
19 a two year license based on the anniversary dates of
20 the initial, the anniversary, and then the second
21 anniversary, whereas our rule uses the initial date,
22 the anniversary, and the day before the anniversary.
23 So, we need to conform those two.

24 And then finally, rule 402.702,
25 Disqualifying Convictions. Our rule provides that if

1 we propose to deny an applicant due to their criminal
2 background, that we give them 20 days to respond with
3 any mitigating evidence. The Occupations Code provides
4 30 days. We've already changed the form, so we're
5 already giving folks 30 days to respond, but this is to
6 formalize it in the rule.

7 As you heard Trace testify, the BAC
8 supports all these amendments, proposed amendments, and
9 staff obviously does too.

10 CHAIRMAN RIVERA: Okay. All right.

11 MR. BIARD: So this is an action item,
12 Commissioners.

13 CHAIRMAN RIVERA: Okay.

14 MR. BIARD: To get it published in the
15 Texas Register.

16 COMMISSIONER SAENZ: I'll make a motion.

17 CHAIRMAN RIVERA: Is there a second?

18 CHAIRMAN FRANZ: I second.

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

21 (Chorus of "ayes")

22 MR. VANCE: Thank you very much.

23 CHAIRMAN RIVERA: Okay.

24 AGENDA ITEM NO. IX

25 CHAIRMAN RIVERA: Item Number IX,

1 Special Counsel Deanne Rienstra.

2 MS. RIENSTRA: Good morning, Chairman,
3 Commissioners. I'm Deanne Rienstra, Special Counsel.
4 I am here today on behalf of a proposed rulemaking. In
5 your notebooks is a draft of a proposed rule for 16 TAC
6 403.701 for the Family Leave Pool. The recent
7 Legislature, Regular Session, passed H.B. 2063 which
8 requires each state agency to create and administer an
9 employee family leave pool.

10 Each agency is required to adopt rules
11 and implement procedures relating to the operation of
12 this pool. Therefore, staff recommends that the
13 Commission initiate rulemaking process by publishing
14 the proposed rule in the Texas Register in order to
15 receive comments. We do not plan on having a public
16 hearing on this rule and this is an action item.

17 CHAIRMAN RIVERA: Okay. Is there any
18 questions? Motion for approval?

19 COMMISSIONER STEEN: I move.

20 COMMISSIONER SAENZ: Second.

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

23 (Chorus of "ayes")

24 CHAIRMAN RIVERA: Okay.

25 MS. RIENSTRA: Thank you.

1 CHAIRMAN RIVERA: Thank you.

2 AGENDA ITEM NO. X

3 CHAIRMAN RIVERA: Alrighty. Next item
4 Number X. Lea is going to come and present.

5 MS. GAREY: This is also an action item.

6 Good morning, Chairman and
7 Commissioners. For the record, my name is Lea Garey,
8 and I'm your Senior Contracts Attorney. I present to
9 you for consideration a draft submission for
10 publication to the Texas Register that authorizes the
11 adoption of amendments to rule 16 TAC 401.101, Lottery
12 Procurement Procedures.

13 The purpose of the amendments is to
14 align the language of the rule to reflect legislative
15 changes made to chapter 2155 Government Code, which
16 were passed in the regular session. The language
17 raised the minimum threshold dollar amount that
18 requires the agency to conduct a formal procurement.
19 No written comments were received on the proposal
20 during the public comment period.

21 The amendment is presented without
22 changes to the proposed version that you received. And
23 that was published in the Texas Register August 27th.
24 The staff recommends that the Commission adopt the
25 draft amendments as presented in your notebooks. I'm

1 available to answer any questions you might have.

2 CHAIRMAN RIVERA: Okay. Is this an
3 action item?

4 MS. GAREY: It is an action item.

5 CHAIRMAN RIVERA: Okay. Do we have any
6 questions and, if not, do we have a motion for the
7 rule?

8 COMMISSIONER SAENZ: I make a motion.

9 CHAIRMAN RIVERA: All right.

10 COMMISSIONER FIELDS: I'll second.

11 CHAIRMAN RIVERA: I'm going to give the
12 second to Cindy; good job. All those in favor say aye.

13 (Chorus of "ayes")

14 CHAIRMAN RIVERA: Okay. Thank you very
15 much.

16 AGENDA ITEM NO. XI

17 CHAIRMAN RIVERA: Alrighty, Item XI.
18 Kyle Wolfe, Assistant General Counsel.

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

22 Item XI in your notebooks is an action
23 item, it contains a proposal to adopt amendments to
24 rule 401.153, the Qualifications for License rule. The
25 purpose of these amendments is to update the rule to

1 reflect amendments to the State Lottery Act.
2 Specifically, House Bill 1545 from the Regular Session
3 of the 86th Texas Legislature amended the State Lottery
4 Act to update the names of certain alcoholic beverage
5 permits to correspond to prohibited retailer locations.

6 So, those permit names also need to be
7 updated in the Qualifications for License rule. The
8 proposed amendments were published in the Texas
9 Register and we received no public comments on this
10 action item. Staff is recommending that the Commission
11 adopt the proposed amendments, and if you have any
12 questions, I'll be happy to answer them. Thank you.

13 CHAIRMAN RIVERA: Okay. Any questions?
14 Is there a motion for approval?

15 COMMISSIONER SAENZ: I'll make a motion.

16 CHAIRMAN RIVERA: All right.

17 UNKNOWN COMMISSIONER: So second.

18 CHAIRMAN RIVERA: Okay. All those in
19 favor say aye.

20 (Chorus of "ayes")

21 CHAIRMAN RIVERA: Motion passes. Thank
22 you.

23 MR. WOLFE: Thank you.

24 AGENDA ITEM NO. XII

25 CHAIRMAN RIVERA: Okay. We are on to

1 Kathy Pyka, Item XII.

2 MS. PYKA: Good morning, Commissioners.
3 My name is Kathy Pyka, Controller for the Lottery.
4 With me this morning is the Commission's Products
5 Manager Robert Tirloni and Lauren Callahan has also
6 joined us this morning to provide an update on our 30th
7 anniversary.

8 Commissioners, this morning we will be
9 presenting final fiscal year 2021 revenue and sales
10 data. We'll begin with the presentation on revenue
11 highlights. The Commission completed the fiscal year
12 with \$1,998,000,000 in total accrued revenue transfers.
13 This is the highest revenue transfer amount in Texas
14 Lottery history, breaking the previous record set in
15 fiscal year 2020 by more than \$315-million. Fiscal
16 year 2021 marks the 18th consecutive year that the
17 Texas Lottery has reached the \$1-billion mark in total
18 accrued revenue transfers.

19 Of that record overall transfer amount,
20 \$1,974,000,000 went to the Foundation School Fund,
21 representing a new record of Lottery contributions to
22 public education in Texas. Revenue for fiscal year
23 2021 exceeded the previous record set in fiscal year
24 2020 by more than \$313-million.

25 Additionally, of the total revenue

1 transfer, \$23.4-million went directly to the Texas
2 Veterans Commission from the sale of a scratch off game
3 dedicated to the Fund for Veterans' Assistance. This
4 is the largest annual transfer to the Veterans
5 Commission since the designated scratch off games began
6 and revenue for fiscal year 2021 to that fund exceeded
7 last fiscal year by \$1.16-million.

8 These revenue records were generated
9 from \$8,107,000,000 in lottery sales, making this our
10 11th consecutive record breaking year in lottery sales.
11 The new sales record exceeded last year's record
12 breaking sales amount by \$1,403,000,000.

13 Another record was prizes paid to
14 players, with more than \$5,492,000,000 won by our
15 lottery players. This broke the previous record set
16 last fiscal year by just under a billion dollars.

17 Our retailers were paid more than \$405-
18 million in commission payments. This, too, was another
19 record payment amount to retailers. And we conclude
20 the fiscal year with an administrative expenditure rate
21 of three and a half percent, which is one of the lowest
22 administrative expenditure rates as a percentage of
23 lottery gross sales in the country.

24 Now moving on to additional detailed
25 sales data. Again, our fiscal year 2021 sales were

1 \$8,107,000,000 and surpassed the previous sales record
2 set last year by \$1,403,000,000. To expand on the
3 numbers just a little bit further, this is more than a
4 20% increase in sales over fiscal year 2020.

5 We ended the fiscal year with
6 \$6,617,000,000 in scratch ticket sales as noted on the
7 second orange column. This also is a new sales record,
8 marking the best year of scratch ticket sales since we
9 began selling tickets, and this, Commissioners,
10 reflects a sales increase of \$1,061,000,000 above the
11 \$5,555,000,000 mark set in fiscal year 2020.

12 In addition to the record amount, this
13 was also our largest sales dollar increase in scratch
14 ticket sales in the history. It was a 19% year-over-
15 year growth.

16 Our draw sales concluded the year with
17 \$1,490,000,000 in sales as noted on the second blue
18 bar. This is a new sales record for draw sales, and an
19 increase of \$342-million over last fiscal year.

20 There's numerous highlights in draw
21 sales. Our in-state draw games generated \$781-million
22 during fiscal year 2021, which is the highest amount of
23 in-state draw sales since the year 2005.

24 Daily games set a new record last fiscal
25 year with \$546-million in total sales, which was an

1 increase of 52 and a half million dollars over fiscal
2 year 2020.

3 Robert will expand on the details of
4 sales in just a bit, but I wanted to cover the next
5 slide first, which is an overview of our 30-year
6 history of scratch and draw game sales for the
7 Commission.

8 Scratch sales are noted with the orange
9 bar and draw sales are noted with the blue bar. We
10 began fiscal year sales in 1992 with \$591,000 of
11 scratch ticket sales. Our first year of operations,
12 \$591,000, and that grew to \$8,107,000,000 in fiscal
13 year 2021.

14 Commissioners, one of the takeaways I'd
15 like to share from this chart is over the last five
16 years, total sales have grown from \$5.1-billion in 2016
17 to \$8.1-billion in fiscal year '21, which is a
18 \$3,040,000,000 sales growth or a 60% increase over that
19 five-year period.

20 Robert will now provide additional
21 detail on sales.

22 MR. TIRLONI: Thank you, Kathy. Good
23 morning, Mr. Chairman and Commissioners.

24 This next slide really dives into the
25 details and shows where the \$1,400,000,000 worth of

1 growth is coming from. So, up at the top of the slide,
2 we have the jackpot portion of our portfolio. The
3 jackpot portion of the portfolio is up almost \$290-
4 million. So where is the majority of that growth
5 coming from? It is from the multi-state games, Mega
6 Millions and Powerball.

7 Mega Millions and its add-on games are
8 up almost \$148-million. Powerball and Powerplay are up
9 \$114-million. This is completely due to jackpots that
10 we realized in fiscal '21.

11 Mega Millions did reach a \$1-billion
12 jackpot in January of 2021 and at the exact same time,
13 Powerball was rolling up to a \$730-million jackpot.
14 Both games had other significant jackpots through the
15 year. Right at the end of our fiscal year in August,
16 both jackpots were also rolling, and so at the end of
17 August, both games were in the \$300-million range,
18 which also helped contribute to these positive sales
19 results.

20 But we've also had good sales results
21 from our own in-state jackpot games; Lotto Texas and
22 its add-on game are up over \$20-million, and our
23 smallest jackpot game, Texas Two Step, is up under \$6-
24 million. Both of those games also had good jackpots
25 this past year.

1 The blue in the middle of the slide is
2 the daily portion of the draw game portfolio. That
3 portion of the portfolio is up over \$52-million and the
4 majority of that growth is coming from Pick 3 and its
5 add-on game Fireball, which combined, that's up \$30.2-
6 million, so some phenomenal growth there. But good
7 growth pretty much across the board.

8 We have some records. The Cash 5 sales
9 of 51-million and the All or Nothing sales of almost
10 44-million. That's the highest sales those games have
11 seen since 2015, and the 141.8-million in sales for
12 Daily 4 and Fireball, that is also a record.

13 One thing I think is interesting to
14 note, the 310-million for Pick 3 and Fireball, that's a
15 combination. If you pull Fireball sales out, Pick 3 by
16 itself sold \$284-million. So when you look down this
17 row, basically that would make Pick 3 the second best
18 selling game, only behind Mega Millions, which we love
19 to see because that game is not jackpot driven, so the
20 stronger sales we can achieve with the daily games that
21 are not jackpot driven, that's really important for us
22 going forward.

23 So the draw games are up \$342-million
24 year-over-year, scratch games are up \$1,061,000,000.
25 Another interesting note that I'll point out is if you

1 look at scratch sales for fiscal '21, there are 6.6-
2 billion. If you look at total sales the previous year,
3 they were 6.7-billion. So scratch by itself in fiscal
4 '21 sold almost as much as the entire portfolio did in
5 fiscal '20.

6 Commissioners, this next slide just
7 shows the split between scratch and draw, so this is
8 the split of \$8.1-billion in sales. Scratch is
9 representing 82%, draw is representing 18. The
10 previous year, the split was 83/17, very consistent,
11 and it's been that way for quite some time.

12 This next pie chart is draw sales, so
13 it's representing \$1.5-billion in sales by game. Add-
14 on features are included here, so when you see Mega
15 Millions, this is Mega Millions, it's Megaplier, and
16 its just the jackpot feature. So, all-inclusive here.

17 Looking at it in this manner, Mega
18 Millions is the best selling game, followed by
19 Powerball, followed by Pick 3, then Lotto Texas, and
20 Daily 4.

21 So what typically happens is we
22 typically have Pick 3, Mega Millions, and Powerball all
23 fighting for the top spot each year. This year we just
24 happened to have strong jackpots and that's why our two
25 jackpot games are ranked number one and ranked number

1 two. Last year, Pick 3 was the strongest draw game,
2 because we did not have jackpots.

3 Pretty much the same pie chart here, but
4 instead of draw games, we're showing scratch ticket
5 sales by price point. The \$10 was the best selling
6 scratch ticket price point, followed by the 5, followed
7 by the 20, and then also the 50 comes in fourth place.
8 This is the exact same rank as fiscal '20, so we've had
9 no change in the ranking.

10 You might remember in fiscal '20 the \$10
11 became the best selling price point, so it has been
12 able to hold that position for fiscal '21. The big
13 story, though, the big takeaway, is really the \$10, the
14 \$20 and the \$50 price point. They have seen pretty
15 amazing growth. I'm going to show you a slide in a
16 second that will really illustrate that.

17 It'll be interesting to see what happens
18 this current fiscal year. There is a chance, I
19 believe, that the 20 can overtake the 5 and become the
20 second best selling price point. We'll have to wait
21 and see how that all plays out.

22 Here's the slide I was just referencing
23 one second ago. So the orange bar is fiscal '20, the
24 blue bar is fiscal '21, the year just ended and you can
25 see what I was referencing a moment ago about the 10s,

1 the 20s, and the 50s. So, let's start with the 50.

2 In fiscal '20, the \$50 price point sold
3 just under \$640-million and this past year it sold over
4 1.1-billion. That's 75% higher or \$480-million worth
5 of growth. As we've discussed the 50 quite a bit over
6 the past year, and the sales of the 50 and some of
7 these higher price points is what is leading us to the
8 introduction of a \$100 game in May of next year.

9 The 20 had phenomenal growth as well,
10 33% higher in fiscal '21 or three hundred and almost
11 thirty-eight million dollars. And the 10 also had 17%
12 growth, just under \$247-million worth of growth.

13 Here's the top 15 scratch tickets. I've
14 given you samples so you kind of have a sampling of
15 some of those top 15. What's the big story on this
16 slide? It's \$50 games and it is the Loteria family of
17 games. That's the big takeaway here. Our first three
18 best selling games are 50s. The second best selling
19 game, which is a 50, also happens to be a Loteria game.
20 You can see how prominent Loteria is in the top 15.
21 This is our \$10, our \$20, our \$5, and we have a couple
22 of repeats. We have a second \$10 version and a second
23 \$50 version of Loteria. So, amazing success with that
24 family. We started it many years ago at a \$3 price
25 point. We've very methodically and strategically grown

1 that up to the \$50 price point and that, I believe, has
2 paid off for us with these results.

3 One other high point on this slide, this
4 \$20 game, the Million Dollar Crossword game, that game
5 just started in February, so we have expanded our
6 crossword family, expanded it up to the \$20 price
7 point, and we're very pleased to see this game doing so
8 well in such a short amount of time. And we believe
9 that is going to be a core offering for us going
10 forward.

11 I do have a bit of good news. Some
12 awards. Our NASPL conference just took place the
13 beginning of this month. It was remote again this
14 year. But nevertheless, we did walk away with some
15 awards.

16 So, we won two Batchy Awards. Those are
17 shown here. Batchy Awards are given to NASPL members
18 for excellence in promotional and strategic marketing.
19 We won the best print ad for our All or Nothing game.
20 And we also won an award for the best print retail
21 signage.

22 So, it's hard to tell from this photo,
23 but that surfboard stands almost six-feet tall, it's a
24 retail display. This was for our Hawaii Dream Getaway
25 promotion which was tied to our multiplier family. You

1 can see there's a QR code in the middle of that
2 surfboard and when you scan that, you got an augmented
3 reality message that was from Darius Rucker who will be
4 the talent that will be performing for our winners
5 during that Hawaii Dream Getaway trip. So, we're
6 really pleased with these two awards.

7 The other award we did win is called a
8 Hickey Award, which is presented to NASPL members for
9 outstanding advertising and business communication
10 achievements. The Hickey Award was for our website,
11 texaslottery.com. We changed our URL this past year
12 from txlottery.org to texaslottery.com and the site
13 went through a complete overhaul, was completely
14 redesigned. That was worked on by pretty much every
15 person in this agency, it was a major undertaking, and
16 so we're really pleased with the award for those
17 efforts.

18 We were also named finalists in five
19 other categories: beneficiary radio, coordinated print
20 campaign, special events, coordinated TV campaign, and
21 best original music. We're really pleased to even be
22 named as finalists, Commissioners. You have lotteries
23 from every U.S. jurisdiction and every Canadian lottery
24 submitting entries for these awards, and the fact that
25 we won three, and walked away as a finalist in five

1 others, is pretty impressive.

2 This is my last slide. This really
3 doesn't have to do with '21 results, but it's more for
4 how we're trending for fiscal '22.

5 So the Texas State Fair just ended this
6 past weekend and this was the first time we were back
7 at the fair since 2019. The fair did not take place
8 last year in '20 because of COVID, and people were
9 happy to see us back. We had record sales at the fair,
10 \$1.66-million, that's the highest sales that we've ever
11 had at the State Fair. It's almost a 10 percent
12 increase over 2019.

13 We've been at the fair since pretty much
14 the early days of the Lottery, so we've been
15 participating in the State Fair of Texas since the
16 early '90s. We have a very large presence there, we
17 have a very large tent. Our closing weekend, which I
18 just said was last weekend, had some records. The
19 Saturday sales were over \$116,000. It was our fourth
20 highest day ever. And Sunday sales, that was our
21 second highest day ever, with sales a little bit over
22 \$126,000. We also cashed over \$967,000 in winning
23 tickets throughout the time period that we were there.

24 This is a major undertaking for the
25 agency. This is a collaborative effort between our

1 advertising and promotions team, our ad agency Third
2 Ear, IGT's promotion team, and our selling retailer.
3 Our retailer has to have staff onsite everyday, all
4 day, for the entire period of the fair, and our selling
5 retailer is Swift-T out of the Dallas Market. And so,
6 fantastic results like I said. This isn't for '21,
7 this is helping us in our current year for '22.

8 And with that, I'm going to turn it over
9 to Lauren who's going to give you all an update on the
10 30th anniversary.

11 MS. CALLAHAN: Thank you, Robert. Mr.
12 Chairman and Commissioners, good morning and for the
13 record, I'm Lauren Callahan, the Director of Media
14 Relations. I'm here to provide you a brief update on
15 our 30th anniversary celebration.

16 Since I last saw you in June, we have
17 had several monthly initiatives that we've undertaken
18 to highlight different stakeholders that the Lottery
19 serves. But during the month of September, to coincide
20 with the announcement of these great sales and revenue
21 results that Kathy and Robert have just taken you
22 through for fiscal year 2021, we highlighted our
23 beneficiaries on our social media platforms.

24 I'm so pleased to tell you that both the
25 Texas Veterans Commission and the Texas Education

1 Agency participated in this project. Chairwoman Laura
2 Koerner of the Texas Veterans Commission and
3 Commissioner Mike Morath of the Texas Education Agency
4 filmed short messages for our social media pages to
5 share with our followers about the impact that our
6 partnerships have on each of those beneficiary
7 projects.

8 So with that, we will open these videos
9 and let you take a look.

10 10:56:46

11 (Videos played)

12 11:00:05

13 MS. CALLAHAN: So, Mr. Chairman and
14 Commissioners, just brief messages from both of our
15 beneficiaries, but I think it really does make a big
16 impact for our players and our followers online who are
17 able to see we talk about our beneficiaries a lot, but
18 it really makes an impact to see them acknowledge the
19 impact that our revenue dollars do for these great
20 causes. And I just want to say personally how honored
21 we were that they both took the time to commemorate
22 this milestone with us. So, with that, I'll turn it
23 back over to Robert.

24 MR. TIRLONI: Thank you, Lauren.
25 Commissioners, we'll be back in December where we'll

1 start talking with you all about the sales we're seeing
2 for fiscal '22. I should have holiday ticket samples
3 for you at that time and the brand new scratch family
4 that will start right at the beginning of January. So,
5 we'll see you in a couple months with those stats.

6 And I know Mr. Grief would like to make
7 a few comments as part of this agenda item as well.

8 MR. GRIEF: Thank you, Robert. Wow.
9 Mr. Chairman and Commissioners, there's really not much
10 I can add to that report. I think you've seen the
11 sales and revenue results. They're just outstanding.
12 And the videos and the awards that have been shared
13 with you today, that makes us all very proud here at
14 the agency.

15 Commissioners, when a person goes to the
16 Texas Lottery, our award-winning Texas Lottery website
17 at the current time, and they go to the About Us
18 section, the first thing they see are our core values,
19 and those are integrity and responsibility, innovation,
20 fiscal accountability, teamwork, and excellence. And
21 the results that you've heard today from fiscal year
22 2021 can be directly attributed to the three components
23 of what I call the lottery organization.

24 You have our vendor partners, you have
25 our 20,000 plus retailers, and you have our internal

1 staff and commissioners who make up that organization.
2 Only by each one of those components living and
3 breathing those core values that I mentioned every
4 single day, are the results that you've seen in today's
5 meeting possible.

6 In particular, that core value of
7 teamwork has never been more important to our success.
8 And the teamwork, among and between those components
9 that I mentioned, has never been stronger.

10 Now, that said, as Robert alluded to, we
11 know that the State of Texas is pleased with the
12 results from fiscal year 2021. We also know it's not
13 about what the results were last year, it's about what
14 have you done for me lately. And we have celebrated
15 2021 appropriately and now we are already full speed in
16 to 2022.

17 We've gotten off to a strong start,
18 we're going to keep that momentum going. You're going
19 to hear about that at the next meeting. With our
20 vendors, our retailers, and our own internal team,
21 staying focused and embracing those core values, I see
22 nothing but great things ahead for the Texas Lottery
23 going forward in the future.

24 Mr. Chairman, that concludes our report
25 this morning.

1 CHAIRMAN RIVERA: Wow. That is just --
2 that's really a great report. I don't think I could
3 come up with adjectives that are dramatic enough to
4 describe how important and impressive this presentation
5 was and your collective efforts are -- they're seen.
6 So, regardless of whether our employees who focus on
7 this item, directly or indirectly, every employee of
8 the Lottery has an impact on the results that we see.
9 So, in order for any organization to advance by any
10 metric you have to measure, and the measurements, the
11 results that have been produced continue to exceed
12 expectations with the variety of limiting variables
13 that are in place.

14 So, on behalf of our Commissioners, we
15 are incredibly grateful for the work that y'all put in
16 daily and those efforts show. So Commissioners, any
17 comments?

18 COMMISSIONER FRANZ: No, just echo that.
19 It's easy because y'all have been hitting it every
20 year, you kind of get used to it, and this year it even
21 blew that out of the water. Even when you've kind of
22 gotten accustomed to exceeding expectations every year
23 and this year, it was so much more and, I have to say,
24 I was a little worried when you guys decided no, we're
25 moving this bar up, we're getting to set our goal even

1 higher, and y'all blew that out of the water. So, well
2 done. I mean, it's --

3 COMMISSIONER SAENZ: It's impressive. I
4 think -- looking at the Loteria scratch off family, I
5 mean, that's grown significantly. What is that up to,
6 a little over a billion now in sales? Is that what the
7 -- if I did my math correctly, somewhere around there?

8 MS. PYKA: Uh-huh. That's -- yeah.

9 COMMISSIONER SAENZ: That's amazing.
10 It's just -- I'm impressed. Congratulations.

11 MR. TIRLONI: Thank you so much.

12 CHAIRMAN RIVERA: Sincerely, just we're
13 very proud of you and just grateful for all of the work
14 that y'all put in and it's definitely noticed, so thank
15 you, Gary and your entire team. So thank you very
16 much.

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

18 MS. PYKA: Thank you.

19 CHAIRMAN RIVERA: You're welcome.

20 Alrighty. Next item.

21 AGENDA ITEM NO. XIII

22 MS. PYKA: Certainly. So we'll be brief
23 on this item since we've just covered the revenue
24 update in the PowerPoint. The only thing that I want
25 to add to this item is total contributions to the

1 Foundation School Fund through August 31 of 2021, are
2 now at \$27.7-billion, so.

3 CHAIRMAN RIVERA: Wow.

4 MS. PYKA: That is all that I have on
5 this item, unless you have any questions.

6 CHAIRMAN RIVERA: No. Anything else?
7 No. Okay.

8 MS. PYKA: Thank you, Commissioners.

9 CHAIRMAN RIVERA: Thank you very much.
10 Okay. Moving on.

11 AGENDA ITEM NO. XIV

12 CHAIRMAN RIVERA: Darlene Brown, Item
13 XIV.

14 MS. BROWN: Good morning, Commissioners.
15 For the record, my name is Darlene Brown and I'm your
16 internal auditor. My report today is informational,
17 and it's very, very brief. In your binders or your
18 materials are a summary of our audit activities so far
19 for this fiscal year.

20 We completed the review of the agency's
21 policies for handling promotional tickets. In our
22 opinion, these policies reflect sound internal controls
23 and processes to protect scratch tickets for the
24 handling of promotional activities.

25 We've also been continuing to reconcile

1 the Bingo Ledger Accounts and to date we've completed
2 over 1,700 reconciliations.

3 And that is all I have for you on my
4 status report, but I'd be happy to answer any questions
5 you might have.

6 CHAIRMAN RIVERA: Okay. Any thoughts,
7 comments, anybody? Okay.

8 MS. BROWN: Thank you.

9 CHAIRMAN RIVERA: Thank you very much.

10 AGENDA ITEM NO. XV

11 CHAIRMAN RIVERA: Alrighty. Item XV,
12 LaDonna, Charitable Bingo Operations Director.

13 MS. CASTAÑUELA: Good morning,
14 Commissioners. For the record, I'm LaDonna Castañuela,
15 Director of the Charitable Bingo Operations Division.

16 Information regarding Output Metrics for
17 CBOD for August and September can be found in your
18 notebook materials. Also included in your notebooks
19 and in compliance with Section 2001.560(c-1) of the
20 Bingo Enabling Act you will find CBOD Audit Service
21 Department's FY-2022 Annual Audit Plan and Risk
22 Assessment. The statutory requirement is that the
23 audit plan is provided to you, but it is not an action
24 item.

25 In addition, I'd like to give you a few

1 Division updates. In September, we did hire two new
2 employees, Rebecca Webb-Sharp is our new license
3 specialist to help serve our license holders, and Dina
4 Florian is our new administrative assistant whose main
5 duties will be to process our considerable mail
6 received daily and to help with many records retention
7 issues. Although they both started just about a month
8 ago, they've caught on very quickly and we're already
9 seeing improved processing times.

10 Other exciting news in CBOD is that
11 effective November 1st, Vivian Cohn, who currently
12 serves as CBOD's audit manager, will step into the
13 newly created position of deputy director. The role of
14 the deputy director will be to take over the day-to-day
15 management duties for several of the Division's
16 functions, to help me move forward on internal
17 processes focused on increasing efficiency and to
18 identify new areas for improvement, such as moving some
19 processes still bogged down with paper and hand-stuffed
20 mail to automated emails wherever it is possible and
21 within our legal requirements.

22 I've told many people I'm not sure who's
23 more excited about the new deputy director position, me
24 or Ms. Cohn. Vivian has been a tremendous help to me
25 since I've been here at CBOD and I know she has been

1 equally helpful to other directors serving in the role
2 for the last two years.

3 There are still a number of vacancies in
4 the Division. I've been waiting to fill them until I
5 can determine which functions can make the best use of
6 the additional resources, and I'm hoping to be working
7 with Vivian and the Human Resources Division and the
8 Controller's Office to post the vacancies in the next
9 several weeks.

10 Finally, we have Division staff
11 continuing to give me updates on CBOD's progress
12 addressing issues raised in the November 2020
13 regulatory enforcement process audit. So after three
14 and a half months in this role, I've learned so much
15 and had the privilege of working with very talented and
16 dedicated staff of the CBOD and of the rest of the
17 Lottery Commission.

18 I'm grateful for everyone's time spent
19 helping me learn all required procedures and systems
20 and especially for their patience and flexibility.
21 I've also been making contacts with the bingo industry
22 representatives. Everyone I've met has been very
23 generous with their time and knowledge of the required
24 procedures from the license holder perspective, which
25 is very helpful to me.

1 All in all, there's a lot going on in
2 the Division and I don't feel nearly as lost as I did a
3 couple of months ago. I'm very much enjoying it and
4 looking forward to seeing more positive results to
5 benefit the industry and the Charitable Bingo
6 Operations Division.

7 That's all I have for you right now. If
8 you have any questions for me, I'm available.

9 CHAIRMAN RIVERA: Okay. I'm going to
10 hand it over to our Bingo Commissioner Cindy Fields for
11 some comments?

12 COMMISSIONER FIELDS: Quick comment.
13 I'm really happy about Vivian's progress in the
14 Division and her becoming the deputy director. And I'd
15 like to especially thank Kathy and Jan and Darlene for
16 their help in making that position available in light
17 speed, which state agencies don't do. And special
18 thanks to LaDonna. She hit the ground running. I know
19 I keep saying that, but she is still running and I hope
20 she never gets tired of running. Seems that that's
21 what this agency does, so good job.

22 CHAIRMAN RIVERA: Okay. Any other
23 comments? LaDonna, you're doing a great job and we're
24 incredibly happy that you're there. Having that steady
25 hand at the wheel of your Division is incredibly

1 important. There's a lot of folks visible and
2 invisible that are rooting for you and just across the
3 state folks are excited for your ascension to the helm.
4 So just keep up the good work that you're doing,
5 LaDonna. So, thank you.

6 MS. CASTAÑUELA: Thank you.

7 CHAIRMAN RIVERA: Okay.

8 AGENDA ITEM NO. XVI

9 CHAIRMAN RIVERA: Next item, Number XVI,
10 our Executive Director Gary Grief.

11 MR. GRIEF: Mr. Chairman, other than
12 what's in your notebooks, I have nothing further to
13 report this morning. I'll be happy to answer any
14 questions if there are any.

15 CHAIRMAN RIVERA: Any questions,
16 comments, for Gary? Wow. Well, again, everything
17 that's going on is a direct reflection of the
18 leadership throughout and just we're incredibly happy
19 for all that you do and we're glad that, I mentioned
20 that steady hand at the wheel, that's definitely
21 evident by your continued involvement and presence, so
22 thank you, Gary, very much.

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

24 CHAIRMAN RIVERA: Okay.

25 AGENDA ITEM NO. XVII

1 CHAIRMAN RIVERA: Item Number XVII, Bob
2 Biard, our General Counsel.

3 MR. BIARD: Thank you, Commissioners.
4 For the record, I'm Bob Biard, General Counsel, and
5 Item XVII contains eight lottery enforcement matters,
6 Tabs A through H.

7 In these cases, Commission staff found a
8 licensee violated a statute or rule and in many of our
9 cases, either the respondent fails to appear at the
10 hearing and it proceeds by default, or the staff and
11 the respondent reach a settlement in the form of an
12 agreed order. And we have both types of cases today.

13 Tabs A through B are the nonsufficient
14 fund lottery retailer license revocations. Each case
15 was presented at the State Office of Administrative
16 Hearings for revocation of the retailer license because
17 the licensee failed to have sufficient funds in their
18 bank account to cover electronic fund transfers to the
19 Commission's account. In each case the licensee failed
20 to appear and the judge remanded the case to the
21 Commission to handle as a default.

22 The other six cases are agreed orders
23 involving various rule and statute violations. The
24 materials for these cases are in your notebooks. That
25 concludes my presentation. I'll be happy to answer any

1 questions and you may take these orders up in a single
2 vote if you'd like.

3 CHAIRMAN RIVERA: Okay. Any questions?
4 Okay. Is there a move for approval?

5 COMMISSIONER FIELDS: Move to approve.

6 CHAIRMAN RIVERA: Is there a second?

7 COMMISSIONER SAENZ: Second.

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

10 (Chorus of "ayes")

11 CHAIRMAN RIVERA: Okay.

12 MR. BIARD: Thank you, Commissioners.
13 And I'll just note for you, Mr. Chairman, I have no
14 other requests for public comment today.

15

16 AGENDA ITEM NO. XIX

17 CHAIRMAN RIVERA: Okay. So, I
18 understand that we will be going into Executive Session
19 here for a little bit and we'll return shortly. So,
20 we'll be back in a few minutes.

21 MR. BIARD: And the purpose will be for
22 personnel. And it's 11:14, just for the record.

23 CHAIRMAN RIVERA: Okay. Perfect.

24 (Executive Session from 11:14:41 to 11:34:42)

25 AGENDA ITEM NO. XX

1 CHAIRMAN RIVERA: Okay. We are back in
2 session. It's 11:36.

3 AGENDA ITEM NO. XXI

4 CHAIRMAN RIVERA: We are again
5 collectively grateful for everyone who is here,
6 everyone who's been a part of this very successful
7 Commissioners, meeting. And unless there's any other
8 business, I'd like a motion to adjourn.

9 COMMISSIONER STEEN: I make a motion.

10 CHAIRMAN RIVERA: Is there a second?

11 COMMISSIONER FRANZ: Second.

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

14 (Chorus of "ayes")

15 CHAIRMAN RIVERA: All right. We're
16 done. Thank you.

17 (Proceedings concluded at 11:35 a.m.)
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19
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24

25 C E R T I F I C A T E

1 STATE OF TEXAS)

2 COUNTY OF HARRIS)

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

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

12 IN WITNESS WHEREOF, I have hereunto set my
13 hand and seal this 1st day of November, 2021.

14

15 /s/ Kimberly C. McCright

16 Kimberly C. McCright

17 Certified Vendor and Notary Public

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