

TRANSCRIPT OF PROCEEDINGS

BEFORE THE

TEXAS LOTTERY COMMISSION

AUSTIN, TEXAS

COMMISSION MEETING)
FOR THE TEXAS)
LOTTERY COMMISSION)

COMMISSION MEETING

August 17, 2023

10:00 a.m.

AT

STEPHEN F. AUSTIN STATE OFFICE BUILDING
1700 Congress Avenue
Austin, Texas 78701

APPEARANCES

CHAIRMAN: Robert G. Rivera

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

GENERAL COUNSEL: Robert F. Biard

EXECUTIVE DIRECTOR: Gary Grief

CHARITABLE BINGO
OPERATIONS DIRECTOR: LaDonna Castañuela

CONTROLLER: Kelly Stuckey

LOTTERY OPERATIONS DIRECTOR: Robert Tirloni

PRODUCTS MANAGER: William Russ

MCCONNELL & JONES LLP: Darlene Brown

BINGO ADVISORY
COMMITTEE CHAIRMAN: William "Trace" Smith III

DIRECTOR OF ADMINISTRATION: Angela Zgabay-Zgarba

DEPUTY EXECUTIVE DIRECTOR: Ryan Mindell

NATIONAL MEDAL OF HONOR
MUSEUM FOUNDATION, CEO AND
PRESIDENT: Chris Cassidy

NATIONAL MEDAL OF HONOR
MUSEUM FOUNDATION,
EXECUTIVE VICE PRESIDENT: Cory Crowley

ASSISTANT GENERAL COUNSEL: Tyler Vance

BINGO INTEREST GROUP: Steve Bresnen

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

Pending litigation regarding Fun 5's Scratch Ticket Game #1592, including Travis County District Court Docket No. D-1-GN-14-005114 (Steele, et al. v. GTECH Corp.); and U.S. District Court (Western District-Austin) Docket No. 1:22-CV-578-RP (Texas Lottery Commission v. Ali Ansari).

Legal advice regarding 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.

XVII. 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 . . . XX

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P R O C E E D I N G S

THURSDAY, AUGUST 17, 2023

AGENDA ITEM NO. I

CHAIRMAN RIVERA: Good morning, everyone. I'm glad to call this meeting of the Texas Lottery Commission to order. Today is August the 17th. It is 10:01. All Commissioners are here. We'll start with the pledge of the U.S. and Texas Flags.

(Pledges recited)

CHAIRMAN RIVERA: Okay. Grateful for everyone being here. I know we have a lot of energy in the room and that's always a good thing. So, thank you everyone for being here, those who came short distances and far.

AGENDA ITEM NO. II

CHAIRMAN RIVERA: The first item is a presentation by the National Medal of Honor Museum Foundation, Angela and Ryan this is your item.

MS. ZGABAY-ZGARBA: Good morning, Commissioners. For the record, my name is Angela Zgabay-Zgarba, the Director of Administration. Item two in your notebook is a briefing item. In the June 21st meeting, I provided a briefing of staff's intent to enter into a promotional and sponsorship agreement with the National Medal of Honor Museum Foundation.

1 Today I have Ryan Mindell, our Deputy Executive
2 Director, joining me, as well as Chris Cassidy and Cory
3 Crowley to provide additional information on the
4 museum. Ryan, I'll turn it over to you.

5 MR. MINDELL: Thanks, Angela. Good
6 morning, Chairman and Commissioners. For the record,
7 my name is Ryan Mindell, I'm the Deputy Executive
8 Director.

9 As Angela mentioned, and you have
10 previously approved, we'll be entering into a
11 promotional and sponsorship agreement with the National
12 Medal of Honor Museum. I've been fortunate enough to
13 tour the museum site twice now, most recently with the
14 chairman. And as you know, the site is -- and what
15 they're building is just incredible.

16 This partnership is so perfect for us at
17 the Texas lottery, because the museum's mission is so
18 aligned with our beneficiaries. Between the obvious
19 connection with highlighting veterans as compared to
20 the great support we provide for the Fund for Veterans
21 Assistance, the museum is also building an educational
22 institute. So again, their twin missions of veterans
23 and education align so well with what we do here at the
24 Lottery.

25 Our partnership's going to provide

1 multiple benefits, social media posts, signage, Texas
2 Lottery is even sponsoring discounted tickets to the
3 Museum for all Texas Veterans with free admission for
4 Texas active duty military. With how great this
5 partnership will be, we thought it would be beneficial
6 to have representatives from the museum here to provide
7 some more information.

8 So with that, I'll introduce Cory
9 Crowley, who's the Executive Vice President of
10 Development and External Affairs at the National Medal
11 of Honor Museum. In his current role, Cory oversees
12 all internal and external messaging, public affairs,
13 community relations, government relations and branding.
14 He's also founded and consulted for several successful
15 startups, and Cory had helped lead the effort to
16 recover and restore the historic USS Iowa Battleship
17 turn into a successful maritime museum anchored in San
18 Pedro, California.

19 Last, but certainly not least, is
20 Captain Chris Cassidy. He's the National Medal of
21 Honor Museum Foundation's President and CEO. Chris is
22 a graduate of the United States Naval Academy and MIT.
23 He has distinguished himself as a Navy SEAL and Captain
24 in the US Navy, serving 11 years, as well as spending
25 17 years as a NASA astronaut with three missions and

1 over 377 days in space. Chris is one of three Navy
2 SEALs to go on to become an astronaut. So with that,
3 I'll turn it over to them.

4 CAPTAIN CASSIDY: Thank you very much,
5 Mr. Chairman, Commissioners. We really sincerely
6 appreciate your time and your partnership, and thank
7 you for allowing us to have a few moments to tell you
8 about our project.

9 You know, we couldn't be more excited
10 and proud to deliver a national museum to right here in
11 Texas. It'll be in the center of the DFW Metroplex in
12 Arlington, the entertainment district, and some folks
13 in the building here, are aware of the process by which
14 it arrived in Texas. A national competition ultimately
15 -- originally around 20 cities, it got down to between
16 Denver and Arlington in the final throes, and for all
17 good reasons, Texas won.

18 The center of this country, the center
19 of the Metroplex, a large airport, sports stadiums,
20 Cowboys, Rangers, old and new stadium, Six Flags, and
21 all the reasons that everyone here in this room is so
22 familiar with why Texas is a great place for veterans
23 to do their work and to plant the flag. So, for that,
24 we are about a 25-person foundation, so excited to
25 deliver this.

1 We're about halfway through our
2 construction of the building. Come by and see us
3 anytime up in Arlington. We started March 25th of '22,
4 last year. That incidentally, March 25th is Medal of
5 Honor Day in our nation every single year and in 2025
6 March, we'll have our grand opening. So we're about
7 halfway through the build cycle.

8 The project itself is really threefold.
9 There was a little bit mentioned in the introduction,
10 the physical bricks and mortar museum, which I'll talk
11 about that in a second. The second leg is our National
12 Medal of Honor Griffin Leadership Institute.
13 And we're really excited about how that can impact the
14 nation. The museum will be our avenue through which
15 people that can come and visit in person can be
16 inspired through the stories of Medal of Honor
17 recipients. But it's really how do we give this
18 motivation, inspiration and patriotism to everyone in
19 the nation, and that's where the institute will take
20 its effect.

21 We'll have a Center for Youth where we
22 call the character excellent -- A Center for Character
23 Excellence, and a center for adults, both of which
24 those centers are delivering content right now. We've
25 partnered with the NFL and are delivering an online

1 program to school districts, 29,000 of them. Because
2 of the NFL's existing Character Playbook program, that
3 partnership will be in classrooms this school year, so
4 we're excited about that.

5 A couple months ago in March we had our
6 first in-person adult program, 25 participants from
7 industries around, a variety of industries and folks
8 from around the country. Four days they came to
9 Arlington and we had three different Medal of Honor
10 recipients there, professionally run curriculum, which
11 we received a lot of fantastic feedback and we'll
12 deliver the second of those programs in October, just a
13 couple months from now.

14 So, those are the first two legs. And
15 the third leg is -- or one of the things that we're
16 often asked is, wait a minute, this is a national
17 project, why the heck isn't it in Washington, D.C.?
18 Well, our answer to that is a monument. We'll be
19 delivering a monument on the National Mall. And Cory
20 can talk about the legislative process because he's
21 been really the heavy load carrier for that. But we're
22 proud to say that this project is very unifying in its
23 nature because in 2021, we were approved 416 to 0 and
24 100 to 0 in the Senate, 416 to 0 in the House of
25 Representatives, to be authorized to build a monument

1 for Medal of Honor recipients.

2 We're working through the process right
3 now to identify the exact plot of land on our nation's
4 capital and the verbiage has it within a thousand feet
5 of the Lincoln Memorial, which we think is very fitting
6 because President Lincoln is the president who put the
7 medal into existence in 1861.

8 Since that time, there's been 3,516
9 awards of the medal and 65 of those people are living
10 today. And so that's why we're working very hard to
11 get this thing built as fast as we can because we're
12 all not getting any younger, neither are the Medal of
13 Honor recipients. So we want as many of those 65 to
14 walk through the doors with us and celebrate this
15 construction project.

16 On a personal level, I served in the
17 military for 28 years and I loved every bit of it. I
18 was able to do a lot of cool things in the SEAL teams
19 and at NASA. Been a Texas resident for about 20 years.
20 Sorry, most of that was in Houston, but that time in
21 uniform was so meaningful to me. And as I was hanging
22 that uniform up, the opportunity was offered to me to
23 come be part of this project. And I had never thought
24 about nonprofit work when I was in the transition
25 process, kind of thinking I would work at SpaceX or

1 some other aerospace company. But as soon as I learned
2 that this was an opportunity that I didn't even know
3 the museum was being built, it immediately filled the
4 void of how am I going to get that feeling of serving
5 the country? And that's what I feel, we feel, we're
6 working hard to deliver something to the country. It
7 just so happens to be that Texas is the holder of the
8 keys. But it's a national project.

9 So with that, I'd like to introduce and
10 hand it over to Cory. Cory and I tag team our
11 leadership on this project and he's been really
12 instrumental in the whole process. So, Cory?

13 MR. CROWLEY: Yeah, maybe just a few
14 additional notes to what Chris said about the project
15 at a macro level a bit. You know, a lot of people
16 think of the Medal of Honor, you think of the acts of
17 valor that led these individuals to earn the medal and
18 to receive it from our country, but what it really is
19 about is values. And this museum isn't a museum to
20 war, it's a museum to common individuals who took those
21 values, put them into practice, and then used them to
22 do uncommon things.

23 And what we want to do is inspire every
24 visitor to do those same things, to put those acts of
25 values to work in their own lives, their communities,

1 their families, their schools. And that's what this
2 partnership with the Texas Lottery is going to allow us
3 to do, bring more students into the museum, make the
4 barrier to entry for them getting there low, and be
5 sure that the veterans who are part of those 40 million
6 who stood next to the fewer than 4,000 who received the
7 medal, but that they're also able to be celebrated and
8 thanked for their role in all of this as well. So,
9 that's what we're trying to do.

10 As Chris mentioned, we'll be open in
11 March of 2025 and you can come and see the construction
12 site prior to that. We'd love to have you. But
13 certainly when the doors are open, it will be a beacon
14 for the country that Texas has led the way on. And of
15 those 65 living Medal of Honor recipients, 10 of them
16 are Texans. So you've got one-sixth of all the living
17 legacies that we're doing this project for and that
18 we're trying to preserve for the country right here in
19 the state.

20 So, thank you very much for this
21 partnership and for your time.

22 CHAIRMAN RIVERA: Thank you.
23 Commissioners, do you have any thoughts, comments,
24 please? Any?

25 MR. CROWLEY: I think, Commissioner --

1 or Chairman, we do have a video, as we close out.
2 We're blessed to have four former Commanders in Chief
3 as honorary chairs of this project. And they're all
4 very involved and engaged. It's bipartisan as Chris
5 mentioned, a completely national unifying project. And
6 you can also see a little bit of the building and what
7 it will look like in this video as well.

8 10:13:22

9 (Video played)

10 10:15:22

11 CHAIRMAN RIVERA: Wow, that is
12 incredibly powerful. We at the Lottery are sincerely
13 honored to be a part of your goals, your mission, the
14 early literally laying of the ground, the concrete, and
15 building forward as y'all go vertical. And it's a
16 partnership that the Lottery is serious about. It's
17 one that we're grateful for, and we have nothing but
18 open field ahead.

19 We are equally excited about both of
20 your involvement and what y'all bring to the table.
21 All your amazing and awesome accomplishments that have
22 brought us to today. But really the two of you leading
23 the effort of the museum has nothing but open field
24 ahead and we're excited about all of the future
25 progress, future ribbon cuttings, and all of the other

1 things that we're going to be doing together in the
2 future.

3 So, with that, I'll turn it over to Gary
4 -- no -- we're good. So, I know that all of our
5 Commissioners would like a photo with y'all both. And
6 we'll take a five minute break here and if anyone wants
7 to come up and take photos or, you know, shake an
8 astronaut's hand or visit with Cory, anything else,
9 we'll take a few minutes to do so. So with that, we
10 will be in a quick here adjournment.

11 (Pause)

12 CHAIRMAN RIVERA: We are officially back
13 in session. It is 10:27 a.m. Central Standard Time.

14 AGENDA ITEM NO. III

15 CHAIRMAN RIVERA: Alrighty. Next item
16 is a report from the Bingo Advisory Committee. Trace,
17 your item.

18 MR. SMITH: Wow, I gotta follow that?
19 Man, that's a tall order. All right.

20 Good morning, Commissioners, Chairman,
21 and Commissioner Fields. Thank y'all for letting me
22 speak again today.

23 Yesterday, the Bingo Advisory Committee
24 met and discussed a few items. Most importantly, the
25 Bingo Advisory Committee developed and approved their

1 annual report to be submitted to you which I will read
2 to you now.

3 Section 2001.060 of the Government Code
4 requires an annual charitable bingo report by the Texas
5 Lottery Commission to the Governor, Lieutenant
6 Governor, Speaker of the House and the Legislature. 16
7 TAC 402.106(n) requires an annual report by the Bingo
8 Advisory Committee to the Commission. Although the
9 statute and the rule contains slightly different
10 elements, this report provides the Commission with the
11 information required by both the statute and the rule
12 and additional information so that it is comprehensive.

13 This report uses data provided by the
14 charitable bingo division. This data may not have been
15 audited yet. The statute uses the term net proceeds
16 while the rule uses the term net receipts. For the
17 purposes of this report, the terms are synonymous.

18 Gross receipts. Gross receipts fell
19 slightly in 2022 after a significant bounce back in
20 2021. Calendar year 2022 saw 894-million in gross
21 receipts versus 938.4-million in gross receipts in
22 2021. This 5 percent drop year-over-year was to be
23 expected after the 2020 pandemic low of 696.8-million.
24 The 2022 calendar year gross receipts are in line or
25 slightly above gross receipts for years prior to the

1 pandemic.

2 Pull-tab sales continue to drive overall
3 sales. Supply chain issues are largely disappearing,
4 but the diversity of pull-tab products has declined as
5 manufacturers seek to consolidate product lines and cut
6 costs.

7 Adjusted gross receipts. The term
8 adjusted gross receipts is defined as the amount
9 remaining after prizes are paid. At \$197-million, AGR
10 also dropped slightly in the 2022 year. That is an 8
11 percent drop from the 214.2-million recorded in 2021
12 and a 29 percent increase over 152.5-million in 2020.
13 Yet again, it is in line with the years prior to the
14 pandemic.

15 Net proceeds or net receipts. Overall,
16 net proceeds to charities, which is the amount of money
17 retained by the charity conductors of bingo after
18 payment of all expenses, saw a decline in 2022. At
19 28.5 million, that's nearly 37 percent lower than the
20 historical high of 45.4-million in 2021. However, a
21 three-year average using 2020 to 2022 data is almost
22 \$32-million. This includes the historical pandemic low
23 in 2020 of \$21.9-million, 2021's historical bounceback
24 of \$45.4-million, and 2022's near return to normal at
25 28.5-million.

1 The three-year average is comparable to
2 pre-pandemic annual net proceeds. Net proceeds were
3 14.5 percent of adjusted gross receipts in 2022
4 compared to 14.3 in 2020 and 21.2 percent in 2021.

5 Charitable distributions. The Bingo
6 Enabling Act requires charity conductors to distribute
7 for charitable purposes all net proceeds that exceed
8 the maximum capital reserve allowed by the Act. Some
9 organizations chose to maintain capital reserves lower
10 than allowed and distribute net proceeds beyond what
11 may be statutorily required.

12 Maintaining a capital reserve is
13 fundamental to a business. This explains the
14 difference in net proceeds to charitable distributions
15 to the charities.

16 Charitable distributions for 2022 were
17 \$27.9-million compared to 20.8-million in 2020, and in
18 40-million in 2021.

19 Expenses. Aggregate expenses held the
20 line in 2022 at \$168.5-million compared to 168.8-
21 million in 2021.

22 Attendance. At 10.1-million people,
23 attendance declined nearly 10 percent compared to
24 11.1-million in the 2021 calendar year. This is a 44
25 percent decline since 2007, which was 17.9-million.

1 This steady decline remains the biggest threat to
2 charitable bingo. We're hopeful that recent
3 legislative changes which allow for new prize structure
4 and more temporary sessions will provide charity
5 conductors with additional tools to stem the attendance
6 decline.

7 As we've noted in the past, research
8 indicates a general lack of awareness is a key
9 challenge for charitable bingo. Bingo is not top-of-
10 mind compared to other entertainment options. Private
11 sector digital advertising conducted last year showed
12 promising returns on investment. However, those
13 initiatives have not achieved a scale needed to slow or
14 reverse attendance declines.

15 Providing feedback. The BAC has
16 successfully provided feedback and comments to the
17 Charitable Bingo Operations Division staff and
18 Commissioners on all administrative rules and
19 amendments.

20 Website review. The BAC is still
21 currently reviewing and collecting data to report its
22 recommendations to the staff and the Commissioners.

23 Reporting. The BAC successfully
24 reported to the Commission updates on the BAC's
25 activities, industry accomplishments, challenges and

1 concerns.

2 Annual report. The BAC has submitted
3 the required annual report to the Commission and to the
4 Charitable Bingo Operations Division's Director.

5 Concluding comment. Most all metrics -- by
6 most all metrics, charitable bingo returned to near
7 normal historical norms in 2022. A dip in AGR for
8 charities is always something to keep an eye on. After
9 all, charitable benefits are the reason for being.
10 Yet, charitable bingo remains a niche entertainment and
11 gaming option. We will closely monitor implementation
12 of Senate Bill 643's changes, with hopes that the tools
13 and flexibility it provides will help charity
14 conductors retain existing customers and attract new
15 ones.

16 The Bingo Advisory Committee remains
17 committed to working with the Commissioners and the
18 Charitable Bingo Division staff to advise and respond
19 to the issues that arise this year and those to come.
20 We particularly want to thank the Lottery and Bingo
21 Division staff for their work during this past
22 legislative session. We appreciate the Commission
23 giving this important forum, and we are prepared to
24 respond to any request you have of us. We respectfully
25 request that the Commissioners vote to reinstate the

1 Bingo Advisory Committee for a one-year period.

2 And that concludes that report.

3 CHAIRMAN RIVERA: Okay. Trace, thank
4 you. Before I open it up to our other Commissioners,
5 I'll ask, Cindy, your thoughts, if any.

6 COMMISSIONER FIELDS: The Bingo Advisory
7 -- well, I don't know if that's on or not. Thank you
8 for your leadership, by the way.

9 MR. SMITH: Thank you.

10 COMMISSIONER FIELDS: And thank all of
11 you for everything that you do for charitable bingo.

12 The Bingo Advisory Committee continues to
13 fulfill its purpose to advise the Commission on the
14 needs and problems of the State's bingo industry. So
15 because of that, I move that the Commission approve
16 continuing the BAC for fiscal year 2024, with the same
17 members, who are you, Trace Smith, bingo conductor;
18 Stacie D. Johnston, our newest member, bingo conductor;
19 Melodye Green, commercial lessor; Emile Bourgoyne, I
20 hope I said that right, bingo manufacturer; Tommy
21 Duncan Jr., bingo distributor; Jason Pohl, bingo
22 conductor; Veronica Uriegas, charity lessor; Corey
23 Harris, bingo conductor; and Michael Anastasio, charity
24 lessor. And also approve the work plan for fiscal year
25 2024, including the following items, which you all have

1 also approved at the BAC meeting yesterday.

2 MR. SMITH: Yes, ma'am.

3 COMMISSIONER FIELDS: Encourage industry
4 licensees and stakeholders to provide feedback and
5 comments during the legislative Sunset review of the
6 Texas Lottery Commission and CBOD, and provide comments
7 to the Commission regarding the agency's Sunset review.
8 Provide feedback and comments on rulemaking related to
9 the implementation of SB 643. Identify other potential
10 rule or procedural changes that help organizations
11 address challenges related to conducting charitable
12 bingo. Any potential recommendations on changes to how
13 bingo games are played shall be clearly authorized by
14 Texas law and will not include electronic bingo,
15 including electronic pull-tabs or any other activities
16 not authorized by law or video confirmation of paper
17 pull tabs.

18 Provide feedback and comments to CBOD
19 staff and Commissioners on changes to administrative
20 rules and Chapter 402 and any other new additional
21 amendments. Work with CBOD staff to identify ways to
22 increase filing of quarterly reports and other forms,
23 and making payment of prize fees using the online
24 filing system.

25 Review components of the agency's

1 charitable bingo website, including the listing of BAC
2 members, and recommend elements and information to be
3 included in future website updates.

4 Provide reports at each Commission
5 meeting that include status updates of the BAC's
6 activities, industry accomplishments, challenges or
7 concerns, and develop the required BAC annual report to
8 the Commission on the state of charitable bingo
9 industry and submit to the Commission and to the
10 Charitable Bingo Director by July 12th, 2024.

11 MR. BIARD: Commissioners, I believe that Mr.
12 Bresnen would like to address the board before y'all
13 vote on that.

14 MR. BRESNEN: Thank you very much. You
15 would think a lobbyist would know to keep his mouth
16 shut when the votes are there. But I do want to say
17 thank you very much, particularly Commissioner Fields,
18 for the time and attention you've paid to the industry
19 in general, the Bingo Advisory Committee, and to
20 LaDonna and Tyler and the rest of the staff. BAC is a
21 great way for us to communicate back with other parts
22 of the industry with the new legislation. It's given
23 us a way to spread a message that needs to be spread
24 about some of the new things.

25 So, thank you very much. I appreciate

1 your support and hope that you'll keep the BAC going
2 for another couple of years or another year. Thank you
3 very much.

4 CHAIRMAN RIVERA: Thank you, Steve.
5 Okay. Cindy, anything else you wanted to say after --

6 COMMISSIONER FIELDS: No.

7 CHAIRMAN RIVERA: -- Steve's comments?
8 Okay. Commissioners, any comments? No. I --

9 MR. SMITH: The only -- I'm sorry. Go
10 ahead, sir.

11 CHAIRMAN RIVERA: Go ahead.

12 MR. SMITH: The only other thing on my
13 report today is that the BAC is losing a veteran member
14 of the committee. Emile Bourgoyne is retiring at the
15 end of December. He is going to be celebrating some
16 time with his family that he says is much needed. We
17 will surely miss him, but I was asked to please ask you
18 to please let LaDonna and her staff start the
19 application selection process to replace Emile, coming
20 in December.

21 CHAIRMAN RIVERA: Okay. Thank you for
22 that. So, LaDonna, you've heard that, so.

23 MS. CASTAÑUELA: Yes.

24 CHAIRMAN RIVERA: Okay. Regarding the
25 BAC, clearly it's an important part of bingo. It's a

1 part of, clearly something that the Commission feels
2 with Cindy's leadership that should continue on for at
3 least another year. We know that this matter can be a
4 little delicate. And so Trace, just I appreciate all
5 the work that you do for charitable bingo across the
6 state. All of our Commissioners are grateful for --

7 MR. SMITH: Thank you.

8 CHAIRMAN RIVERA: -- your providing that
9 level of expertise that you bring every time that you
10 address this body. So, thank you for that.

11 MR. SMITH: Thank you. Appreciate that.

12 CHAIRMAN RIVERA: So with that,
13 Commissioners, are there any other items to discuss on
14 this matter? Okay. Is there --

15 COMMISSIONER FRANZ: Is there a motion
16 to second?

17 COMMISSIONER FIELDS: I made a motion.

18 CHAIRMAN RIVERA: Is there a second?

19 COMMISSIONER SAENZ: I second.

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

22 (Chorus of "ayes")

23 CHAIRMAN RIVERA: Okay. Motion passes.

24 MR. SMITH: Thank you.

25 CHAIRMAN RIVERA: Thank you.

1 AGENDA ITEM NO. IV

2 CHAIRMAN RIVERA: Okay. Next item is a
3 lottery rule proposal. Tyler, this is your item.

4 MR. VANCE: Morning Chairman, Commissioners.
5 My name's Tyler Vance, Assistant General Counsel, Legal
6 Services Division. I have for your consideration today
7 proposed amendments to Lottery Rules 401.152, 401.302,
8 401.362, and 401.370. This is a bit of a variety pack
9 today.

10 The first one to -- 401.152, will define
11 the term director to mean throughout the rules the
12 lottery operations director, to resolve any ambiguity
13 that's not the executive director. The proposed
14 amendments to 401.302 eliminate a redundant word. The
15 proposed amendments to 401.362 provide for an
16 additional option to document lottery tickets that have
17 been destroyed by a fire. And it also eliminates a \$25
18 administrative fee for packs of unactivated tickets
19 that are unsalable due to the damage of a fire. And
20 the proposed amendments to 401.370 also eliminate a \$25
21 fee for destruction and clarify that the report of the
22 lost tickets goes through the Commission's enforcement
23 division through the operator -- lottery operator
24 hotline.

25 Staff recommends that you propose these

1 amendments so that we can publish them in the Texas
2 Register and open them up for public comment. And I'm
3 available for any questions.

4 CHAIRMAN RIVERA: Okay. Thank you.
5 Commissioners, any questions? Okay. Is there a
6 motion?

7 COMMISSIONER FIELDS: Move to approve.

8 CHAIRMAN RIVERA: Is there a second?

9 COMMISSIONER SAENZ: Second.

10 CHAIRMAN RIVERA: Okay. All in favor
11 say aye.

12 (Chorus of "ayes")

13 CHAIRMAN RIVERA: Motion passes. Thank
14 you.

15 AGENDA ITEM NO. V

16 CHAIRMAN RIVERA: Next item is report on
17 lottery sales and revenue. Kelly and Robert, that's
18 your item.

19 MS. STUCKEY: Good morning,
20 Commissioners. Kelly Stuckey, controller for the
21 agency. Doing things just a little different. Since
22 today's my last day, I'll be retiring, I wanted to
23 bring up Annika Guarnero. She is going to be acting
24 controller for the agency in the interim while we find
25 my replacement.

1 Annika has been with the agency since
2 2006, 17 years in the office of controller. She's been
3 recently promoted to financial operations manager when
4 I was promoted to controller. So, I'm confident that
5 she will represent the agency and the OC team in the
6 interim, and I'm very proud of her to have her take
7 this place.

8 So, then I'll let Robert say
9 introductions for our new seat at the table.

10 MR. TIRLONI: Thank you, Kelly. Good
11 morning, Mr. Chairman and Commissioners. I also want
12 to talk to you today about a little change that we're
13 going to be making related to this agenda item.

14 You'll remember that we had a
15 significant organizational change almost a full year
16 ago when Gary promoted Ryan into the role of Deputy
17 Executive Director. At that time, I became the
18 operations director and Will became the products
19 manager. For the past year, I've continued to deliver
20 the sales presentation in this setting, but the time
21 has come for us to transition over to Will. So a
22 little bit of history about Will.

23 Will joins the agency nine years ago in
24 2014 as a promotion specialist in our advertising and
25 promotions department. I stole Will away and brought

1 him to the products department in May of 2016, and he
2 started working on our scratch ticket portfolio at that
3 time. He was, and still is, a shining star and he was
4 promoted to be the scratch ticket production
5 coordinator, and then as I mentioned a year ago, he
6 stepped into the products manager role.

7 I've been super impressed with the great
8 work that Will has done in the short time he has been
9 the products manager, including already being asked to
10 present information at an industry conference regarding
11 our scratch portfolio just this past May. And of
12 course, he did a great job. I'm sure this will be the
13 first of many presentations Will is going to be asked
14 to deliver about the various successes that we have had
15 here in Texas.

16 Being directly involved in all things
17 related to our product portfolio and our sales is
18 something that I've been focused on for well over 20
19 years. And while I am in a different role now, my
20 focus on that area of our business has not decreased.
21 I'll always be available to you all if you ever need
22 any information. And if you'll have me, I may even
23 make a guest appearance during this agenda item every
24 so often.

25 I know Will's going to do a great job

1 telling you about the agency sales and our special
2 product offerings. And if you don't have any questions
3 for me at this time, I will hand the baton over and
4 Kelly and Will will deliver the sales information for
5 you starting today.

6 CHAIRMAN RIVERA: Okay. Commissioners?
7 Okay.

8 MR. TIRLONI: Thank you.

9 MS. STUCKEY: All right. So, getting
10 into the sales presentation, Will and I will be
11 providing an update on sales through the week ending
12 August 5th. So, looking at the first slide there,
13 you'll see that through this 49-week period we've had
14 total sales for fiscal year '23 of \$8,154,000,000.
15 That's an increase of over 388-million or 5 percent
16 over fiscal year '22 sales of 7,765,000,000 in sales up
17 to this point in the fiscal year. Then
18 looking at scratch sales, our '23 sales on the second
19 orange bar on the right are \$6,290,000,000. And that
20 is a .1 percent increase over fiscal year '22 or \$7.5-
21 million. Due to our strong draw sales this fiscal
22 year, our scratch sales are making up currently 77.1
23 percent of our total sales compared to last year we
24 were at 80.9 percent.

25 Then looking at draw sales, on those

1 blue bars on the right is fiscal year '23 showing draw
2 sales of 1,864,000,000. That's a \$381-million increase
3 or a 25.7 percent over fiscal year '22 sales of
4 1,483,000,000. And then I will go to the next slide
5 and Will will take over for details by game.

6 MR. RUSS: Thanks Kelly, and thank you Robert for
7 that very nice introduction. Good morning, Mr.
8 Chairman. Good morning, Commissioners. As Robert
9 mentioned, I'm here to give a further update on our
10 sales.

11 Like Kelly said, the slide you see
12 represents our sales through Saturday, August 5th and
13 like Robert reported at the last meeting in June, this
14 is all still really good news. Our draw game sales are
15 up about 381-million. You can see that in the orange
16 line towards the bottom of the slide.

17 The theme that we've talked about at our
18 meetings throughout this entire fiscal remains the
19 same, and that is jackpots. Since the last meeting,
20 we've had two more impressive runs on the national
21 games. Powerball reached a \$1-billion jackpot for the
22 July 19th drawing, and you can see the year-over-year
23 increase of 162-million in the last column, Mega
24 Millions climbed to 1.58-billion for the August 8th
25 drawing. On that game, we're realizing an increase of

1 87-million. Even the add-on features for the jackpot
2 games have yielded impressive results. Lotto Extra,
3 Megaplier, and Power Play, are all up significantly.

4 The blue font in the middle of the slide
5 represents our daily games. Pick 3 is the only game
6 that's down, but the rest of the daily games make up
7 for that, and we're up almost 4-million.

8 In conclusion for these draw games, the
9 luck we've had with jackpots is the biggest reason for
10 our \$381-million increase.

11 And now to move on to scratch sales,
12 which are up about 7.5-million. We're currently at
13 6.2-billion in sales for this fiscal. We have lost
14 some of the \$24-million gain that we saw at the last
15 meeting, but we are monitoring the sales every day to
16 see if we will break another scratch sales record this
17 fiscal. I will update you on that at the October
18 commission meeting. To sum this all up, we have a gain
19 of almost 389-million overall.

20 I'd also like to close the loop on
21 another item that was discussed last meeting. As
22 you've probably seen in the news, the Teamsters Union
23 and UPS reached a tentative contract agreement on July
24 25th, and our scratch ticket deliveries to retailers
25 were not disrupted this month.

1 And that's our sales report for today.
2 Kelly and I are happy to answer any questions.

3 CHAIRMAN RIVERA: Okay. Commissioners,
4 any questions? Okay. Good job. Great -- both Robert
5 and Kelly, good job in the preparation of the next step
6 up the ladder of leadership. So good job to you both,
7 Kelly and Robert. Will and Annika, we're excited about
8 having y'all up here and hearing all the good things
9 that you're going to be telling us in the future. So,
10 hopefully this is a little bit easier than you thought,
11 so. Right?

12 MR. RUSS: I'm glad it's done.

13 CHAIRMAN RIVERA: Yes. Well, good job.

14 MR. RUSS: Thank you so much.

15 CHAIRMAN RIVERA: Yes. Good job. Okay.

16 Next item is the operating budget for
17 fiscal year 2024. Kelly?

18 MS. STUCKEY: I think we're -- we have a
19 transfer item before that, and then the operating
20 budget, if that's okay.

21 CHAIRMAN RIVERA: Sure.

22 AGENDA ITEM NO. VI

23 MS. STUCKEY: So item six,
24 Commissioners, the report in your notebook is the
25 agency's accrued revenue transfers and allocations to

1 the State for the 10-month period ending in June and
2 reflects a 1.73-billion transfer. However, just last
3 Friday we completed our July transfer, so I wanted to
4 go ahead and give you those more up-to-date numbers.

5 For this 11-month period, we've transferred
6 1,951,000,000 with 186-million to the Foundation School
7 Fund, 23.6 to the Texas Veterans Commission, and the
8 remaining \$66.7-million from unclaimed prizes.

9 So for the Foundation School Fund, this
10 is an 8.2 percent increase, or 140.7-million when
11 compared to the first 11 months of '22.

12 And then the second half of this item is
13 the fiscal year '23 method of finance summary for the
14 third quarter ending May 31. In summary, the
15 Commission's lottery account budget for 23 is 260.2-
16 million. Of this amount, 89.8 percent has been
17 expended or encumbered through the third quarter, and
18 bingo administration's budget funded by GR is 2.1-
19 million with 87 percent expended and encumbered through
20 the third quarter. So this concludes this item.

21 CHAIRMAN RIVERA: Okay.

22 AGENDA ITEM NO. VII

23 MS. STUCKEY: And then I'll move to the
24 operating budget item.

25 So for this item, I'll be seeking your

1 approval for the fiscal year '24 operating budget in
2 the amount of 322,902,826 with 318.5 full-time
3 positions. The budget was developed in accordance with
4 the appropriation amounts outlined in House Bill 1, and
5 adjusted for rider and Article 9 funding provisions.

6 I'm also seeking your approval to modify
7 the annual salary of the Executive Director effective
8 September 1, 2023 to the maximum amount allowed of
9 \$225,284 as outlined in Article 7 of House Bill 1
10 adopted by the 88th Legislature. This salary amount
11 has been incorporated into this '24 operating budget,
12 consistent with the house bill and contingent upon your
13 approval.

14 As usual, this initial draft of the
15 budget was developed by the Office of Controller,
16 delivered to division management for their direct
17 input, and then the final draft was developed,
18 receiving feedback from the divisions and then reviewed
19 by executive management.

20 This concludes my presentation. Do you
21 have any questions?

22 CHAIRMAN RIVERA: Okay. Commissioners,
23 any discussion? Thank you. Okay.

24 Is there a motion to approve the
25 operating budget for fiscal year 2024?

1 COMMISSIONER STEEN: I'll make a motion.

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

4 COMMISSIONER FRANZ: Second.

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

7 (Chorus of "ayes")

8 CHAIRMAN RIVERA: Okay. Motion passes.
9 Kelly, we are incredibly grateful for your service and
10 just all of the years that you've brought of expertise
11 to the lottery. You know, today being your final time
12 to come and present and guide us through your items,
13 having that next leadership individual that you, to
14 your point, helped to mentor is really I think just a
15 testament to the work that you've done and that
16 although you won't be here physically your expertise
17 will remain. And it's something that will be here with
18 everyone that you worked with and just so you'll still
19 be here even though physically you'll be enjoying your
20 retirement.

21 So, congratulations on behalf of all of
22 the Commissioners for everything that you've done for
23 Texas Lottery and for the State.

24 MS. STUCKEY: Thank you. Thank you. I
25 appreciate that.

1 (Applause)

2 CHAIRMAN RIVERA: And with that, Gary
3 has something also he'd like to say.

4 MR. GRIEF: Oh, yes, I do.

5 So, Commissioners, one final note under
6 this item. As you know, today is Kelly's last day at
7 work at the agency. She's been here going on 18 years
8 now, and she has just been an incredibly valuable part
9 of all of our success. So, in her honor this morning,
10 I have a proclamation that I would like to read into
11 the record if it pleases the Commission.

12 CHAIRMAN RIVERA: Please.

13 MR. GRIEF: Whereas, Kelly Jo Stuckey is
14 retiring from the Texas Lottery Commission and whereas,
15 in fulfilling the duties and tasks of the controller of
16 the Texas Lottery Commission, Kelly drew from her
17 extensive experience having served the State of Texas
18 for more than 26 years through her previous employment
19 with the Railroad Commission, as well as the Texas
20 Department of Human Services. She's indeed deserving
21 of special, professional and personal recognition.

22 And whereas, for 17 of those years,
23 Kelly served as the financial operations manager and
24 then the controller for the Texas Lottery Commission.
25 And Kelly has provided us with valuable financial

1 expertise, to the office of the controller and to the
2 agency.

3 Whereas, also during her tenure with the
4 agency, the Texas Lottery experienced record breaking
5 sales and revenue transfers to the State.

6 Whereas, born on July 27th, raised in
7 Austin, Texas, Kelly attended Lanier High School.
8 She's a true Austinite. She grew up with a loving
9 younger brother Russell. Her parents, Lyndon and Carol
10 were the pillar of the home and Kelly's biggest
11 supporters. Both Lyndon and Carol are looking down on
12 Kelly with beaming hearts on this day.

13 Kelly then went on to attend Concordia
14 University in Austin, where she obtained her bachelor's
15 degree in accounting.

16 Whereas, Kelly is the proud mother to
17 her son Reed, to whom she provides unconditional love,
18 support, and guidance. Reed is making Kelly especially
19 proud, being a successful student at Texas Tech
20 University.

21 Kelly's partner, Ben, is always there to
22 hold Kelly's hand and offer her words of encouragement,
23 love, and wit. There is also their two dogs, Zoe and
24 Lila, who will be basking in Kelly's extra free time in
25 the coming months.

1 Whereas, retirement will also provide
2 Kelly with discretionary time to be with her friends
3 and family, spending time at Maggiore's on their boat
4 on Lake Travis, as well as traveling to Las Vegas, she
5 leaves this Saturday, the Caribbean, and beyond. She
6 will also be fulfilling a lifetime goal of working
7 part-time alongside her brother.

8 Whereas, the office of the controller
9 team will greatly miss Kelly's expertise, her
10 direction, her calmness, her drive, and most
11 importantly, her friendship. Kelly leaves a big space
12 to be filled, but we are also incredibly happy for her
13 and we can't wait to hear about her future adventures.

14 Whereas, Kelly will also be extremely
15 missed by her friends and colleagues from the other
16 departments at the Texas Lottery Commission.

17 Be it resolved that the Texas Lottery
18 Commission and her many friends and loving family
19 members, hereby congratulate Kelly on her retirement
20 and extend to her sincere best wishes now and during
21 this next chapter in her life. And be it further
22 resolved, that an official copy of this proclamation be
23 prepared for Kelly as an expression of the high regard
24 she is held in by the Texas Lottery Commission.

25 In witness whereof, we have hereunto set

1 our hands and cause the seal of the Texas Lottery
2 Commission to be affixed hereto.

3 Done on this 17th day of August, 2023.
4 Signed Robert G. Rivera, Chairman, and Gary Grief,
5 Executive Director.

6 Thank you, Kelly.

7 (Applause)

8 CHAIRMAN RIVERA: Okay.

9 MS. STUCKEY: Kathy warned me you were
10 going to make me cry and you did. I just want to say
11 it's been a pleasure working here with you all this 17
12 years. I could not imagine a better experience. And I
13 had to write some things down because I knew I would
14 lose my track.

15 But, you know, I have forged some
16 wonderful friendships, wonderful relationships with
17 this team. And you know, I think I said yesterday in
18 our all staff meeting, that the lottery is a one of a
19 kind place to work, and not just because of the work
20 that we do, but because of the people that work here.
21 So, you will all be missed, and this is not goodbye,
22 but I'll see you later.

23 CHAIRMAN RIVERA: Yes.

24 MS. STUCKEY: Thank you so much.

25 CHAIRMAN RIVERA: Thank you so much,

1 Kelly. Thank you.

2 MR. BIARD: Commissioners, if I could
3 take a moment? I want to check with Kelly on something
4 to make --

5 CHAIRMAN RIVERA: Sure.

6 MR. BIARD: And just take a second.

7 CHAIRMAN RIVERA: Okay. Bob.

8 (Pause)

9 MR. BIARD: Mr. Chairman, I think for
10 for clarity on the matter that you just voted on, I
11 have a motion. I think that for the purposes of the
12 Legislative Budget Board, that we need to have a
13 particular motion and with y'all's indulgence.

14 CHAIRMAN RIVERA: Okay.

15 MR. BIARD: I hate to ask you to redo a
16 vote, but --

17 CHAIRMAN RIVERA: Sure. Okay.

18 Alrighty. So, let me read this motion.

19 COMMISSIONER FRANZ: So, I'll move that
20 the Commission approve the operating budget for fiscal
21 year 2024, including the approval of an annual salary
22 rate for the executive director at the maximum amount
23 set forth in the General Appropriations Act for the
24 next biennium, effective September 1st, 2023.

25 CHAIRMAN RIVERA: Okay. Is there a

1 second?

2 COMMISSIONER FIELDS: I'll second.

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

5 (Chorus of "ayes")

6 CHAIRMAN RIVERA: Okay.

7 MR. BIARD: Thank you very much.

8 CHAIRMAN RIVERA: Thank you.

9 AGENDA ITEM NO. VIII

10 CHAIRMAN RIVERA: Okay. Next item is
11 the Comprehensive Business Plan and Annual Report.
12 Robert, your item.

13 MR. TIRLONI: Good morning again, Mr.
14 Chairman and Commissioners. Item eight today is the
15 Agency's 2022 annual report and the fiscal 23-24
16 comprehensive business plan. You have a printed copy
17 in front of you, and I know that we sent you this
18 document a few weeks ago in your weekly packet, a soft
19 copy.

20 The annual report contains a summary of
21 our achievements during last fiscal, fiscal '22, and
22 the comprehensive business plan, which conforms to the
23 statutory requirements of the last Sunset legislation,
24 talks about what we've been working on during this
25 current fiscal year, fiscal '23, and it looks ahead to

1 what is planned for next fiscal, fiscal '24.

2 The comprehensive business plan contains
3 key performance factors, as well as targets and
4 projections for those factors. This document really is
5 the best source of information about all lottery
6 activities. I actually keep a printed copy on my desk
7 year round, and I refer to it regularly throughout the
8 year.

9 Producing this report and the business
10 plan is definitely a team effort with participation
11 from all divisions. So, thanks to everyone in the
12 agency that contributed. I would also like to extend
13 special thanks to three people on my team, Angie Bland,
14 Ami Barzelis, and Merry Mendoza. They keep the entire
15 drafting, editing, and review process for this project
16 on track and well organized. And it's not an
17 overstatement to say that without them we would never
18 get this project completed.

19 With that, I'm happy to answer any
20 questions that you may have. And just a reminder, this
21 item does require board approval.

22 CHAIRMAN RIVERA: Okay. Commissioners,
23 any comments? Is there a motion for approval?

24 COMMISSIONER SAENZ: I'll make a motion.

25 CHAIRMAN RIVERA: Second? Is there a

1 second?

2 COMMISSIONER STEEN: Second.

3 CHAIRMAN RIVERA: Okay. We have a
4 second. All in favor say aye.

5 (Chorus of "ayes")

6 CHAIRMAN RIVERA: Okay. Motion passes.
7 Thank you, Robert.

8 MR. TIRLONI: Thank you, sir.

9 AGENDA ITEM NO. IX

10 CHAIRMAN RIVERA: Next item is the
11 lottery courier rider, Article 9, Section 17.36 of the
12 General Appropriations Act. Gary, do you have some
13 opening comments?

14 MR. GRIEF: Yes, sir, I do. Thank you,
15 Mr. Chairman.

16 You may recall in the June Commission
17 meeting you heard from Nelda in her legislative session
18 report about the rider that was placed in Article 9 of
19 House Bill 1, the Appropriations Act, regarding lottery
20 couriers, and you were also informed about the
21 proclamation issued by the Governor that included
22 statements regarding the constitutionality of that
23 rider. Also, in that June meeting, our General
24 Counsel, Bob Biard, addressed the topic of third-party
25 lottery couriers.

1 Two key points that Bob made on the
2 record. One, as the statute is silent regarding third-
3 party lottery courier services, and the activity
4 related to these services is not contemplated in
5 current law, the TLC has no jurisdiction or licensing
6 authority over the activity. And two, the TLC has
7 never proposed or adopted administrative rules
8 condoning or prohibiting this activity.

9 In your Commission meeting notebooks
10 today, we have included the rider related to lottery
11 couriers in Article 9 of the Appropriations Act, that
12 section from the Senate Journal which lays out the
13 legislative intent of the rider, and the Governor's
14 proclamation.

15 Mr. Chairman, as House Bill 1 takes
16 effect September 1st of this year, today I'm seeking
17 direction from the Commission on the lottery courier
18 matter.

19 CHAIRMAN RIVERA: Okay. Bob, are there
20 any public speakers?

21 MR. BIARD: No, Mr. Chairman.

22 CHAIRMAN RIVERA: Okay. Commissioners -
23 - on behalf of the Commissioners, Gary, thank you for
24 your comments. This agency is mindful and respectful
25 of the policy direction that has been provided by the

1 Legislature, and it is also respectful of the related
2 statements Governor Abbott provided in his
3 proclamation. Based on the latest official action
4 taken, the Commission directs the Executive Director to
5 take no action on the rider and to highlight the
6 lottery courier issue during the agency's Sunset review
7 process for the Sunset Commission to consider.

8 Are there any questions or comments?

9 Okay. Seeing none, we'll move on to the next agenda
10 item.

11 AGENDA ITEM NO. X

12 CHAIRMAN RIVERA: The report on the
13 agency Sunset review process. Ryan, this is your item.

14 MR. MINDELL: Thank you, Chairman,
15 Commissioners. Again for the record, my name is Ryan
16 Mindell, Deputy Executive Director. And as I laid out
17 in my June update, the agency has now started the
18 process of the Sunset review with the first step being
19 a self-evaluation report prepared by the agency. This
20 report, known as the SER, gives the agency an
21 opportunity to provide an overview of our entire
22 organization and operations to the Sunset Commission
23 and its staff. We also have the ability to identify
24 problems, opportunities, and issues that the agency
25 would like the Sunset Commission to review during that

1 process.

2 I wanted to specifically note that the
3 sole major issue that the agency has identified in its
4 SER is the courier issue you just discussed. I've
5 provided the draft SER to each of you. The main
6 document in draft form is over 130 pages, but we'll be
7 supplementing that document with numerous attachments,
8 like the business plan you just gave Robert approval
9 on, as well as other agency documents from over the
10 past decade.

11 The draft SER will be finalized before a
12 deadline at the end of this month, with potential edits
13 focused on clarity and formatting. You will be
14 provided the final formatted copy after it's submitted.

15 As with the business plan, this document
16 was a massive undertaking over a very short timeframe.
17 Staff across the agency contributed to this document,
18 often with tight turnarounds, and while still
19 completing all of their regular work.

20 I'd like to give special thanks to Myra
21 Zamora, who each of you is familiar with. She did a
22 great job helping track all the moving pieces and
23 keeping everything running along smoothly.

24 Of course, our ultimate goal with the
25 Sunset process is to see a bill passed in the next

1 legislative session that will continue our agency.
2 This self-evaluation report is only a first step, but
3 it is a good first step towards that goal. I'm happy
4 to answer any questions you have about the draft SER or
5 anything else about the Sunset process.

6 I'm seeking your approval this morning
7 to submit to the Sunset Commission by September 1st.
8 That is, the SER with the additional edits and
9 supplemental attachments that we will add to the draft.
10 Thank you.

11 CHAIRMAN RIVERA: Okay. Thank you,
12 Ryan. Commissioners, any discussion? No? Okay. Is
13 there a motion to submit the report?

14 COMMISSIONER FRANZ: I'll make a motion.

15 CHAIRMAN RIVERA: Do we have a --

16 COMMISSIONER SAENZ: I'll second.

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

19 (Chorus of "ayes")

20 CHAIRMAN RIVERA: Motion passes. Thank
21 you.

22 MR. MINDELL: Thank you again.

23 AGENDA ITEM NO. XI

24 CHAIRMAN RIVERA: Next item is the
25 internal auditor's report. Darlene, this is your item.

1 MS. BROWN: Good morning, Commissioners.

2 For the record, my name is Darlene Brown
3 and I am your internal auditor. Your notebook contains
4 the fiscal year '23 internal audit plan status. We've
5 completed the Jackpot Estimation System audit and we
6 concluded that, once again, the internal controls are
7 effective and we've identified some best practice
8 processes in that area.

9 Additionally, we've also started the
10 risk assessment to develop the fiscal year '24 annual
11 internal audit plan, and we'll bring both the annual
12 internal audit report for fiscal '23 and the annual '24
13 audit plan to you in October for approval.

14 In the meantime, we will begin a ticket
15 warehouse operations and ticket destruction audit,
16 which then will be followed by the claims payment
17 process audit.

18 That concludes my report for today, and
19 if you have any questions, I'll be happy to answer
20 them.

21 CHAIRMAN RIVERA: Commissioners, any
22 discussion? None? Okay. Darlene, thank you very
23 much. Good job.

24 MS. BROWN: Thank you.

25 AGENDA ITEM NO. XII

1 CHAIRMAN RIVERA: Next item is a Bingo
2 Director's report. LaDonna, this is your item.

3 MS. CASTAÑUELA: Good morning,
4 Commissioners.

5 CHAIRMAN RIVERA: Good morning.

6 MS. CASTAÑUELA: For the record, LaDonna
7 Castañuela, Director of Charitable Bingo Operations
8 Division.

9 In your notebooks, you have the reports
10 from the division of the output metrics for June and
11 July of this year. That's all I have to report today.

12 If you have any questions, I'm
13 available.

14 CHAIRMAN RIVERA: Commissioners, any
15 comments, questions? Cindy?

16 COMMISSIONER FIELDS: Nothing more to
17 add.

18 CHAIRMAN RIVERA: Okay. Thank you.

19

20 AGENDA ITEM NO. XIII

21 CHAIRMAN RIVERA: Next item is from our
22 Executive Director. Gary, you're up.

23 MR. GRIEF: Thank you, Mr. Chairman.
24 Other than what's in your notebooks, I only wanted to
25 follow up on the sales report that you heard earlier

1 today from Kelly and Will. Make sure my microphone's
2 on.

3 When we close our books on the fiscal
4 year at the end of this month, just in a couple of
5 weeks, this will be the first year in our history that
6 we will shatter the \$2-billion mark for annual
7 contributions to public education and veteran services.

8 In addition, we will have broken our
9 all-time lottery sales record for the 13th consecutive
10 year.

11 Now, to my knowledge, I'm unaware of any
12 other lottery in the country that has achieved that
13 accomplishment, and that makes me incredibly proud of
14 our lottery team. And when I refer to our team, I'm
15 talking about our own staff, our partners over at IGT
16 Texas, our many other vendor partners, some of who are
17 in the audience today, who contribute to our success
18 each day, the more than 20,000 retailer locations
19 across the state who help market and sell our products
20 every day, and our Commissioners. Because without your
21 support and your encouragement for our innovations and
22 our industry changing initiatives, it just wouldn't
23 have been possible.

24 Our Commissioners know as well as
25 anyone, the talent that we have in our agency and how

1 fortunate we are, and I'm just extremely thankful to be
2 part of an organization where the people take such
3 great pride in their jobs every single day.

4 Mr. Chairman, that concludes my report.
5 I'd be happy to answer any questions.

6 CHAIRMAN RIVERA: Okay. Good job.
7 Commissioners, any comments? Well, you're -- Gary,
8 definitely it's quite a monumental achievement, several
9 that you listed out, and you're absolutely correct, and
10 all of our Commissioners are incredibly grateful for
11 your leadership and every employee that we have. So,
12 2-billion is definitely quite an achievement and it's
13 something that you all should be proud of in terms of
14 the work that you bring to the table. And without your
15 individual efforts, none of that would occur.

16 So, on behalf of all of our
17 Commissioners, we're grateful for your dedication to
18 the Texas Lottery. Thank you. Thank you, Gary.

19 AGENDA ITEM NO. XIV

20 CHAIRMAN RIVERA: Okay. Next item is
21 our enforcement cases. Bob.

22 MR. BIARD: Good morning, Commissioners.
23 Bob Biard, General Counsel. Item 14 contains six
24 lottery cases, tabs A through F. I usually give a
25 slightly longer presentation, but today tabs A through

1 F are all non-sufficient fund lottery retailer license
2 revocations. These are cases that are presented at the
3 State Office of Administrative Hearings for revocation
4 of the retailer license because the licensee failed to
5 have sufficient funds in their bank account to cover
6 electronic fund transfers to the Commission's account.

7 In each case, the licensee failed to
8 appear and the judge remanded the case to the
9 Commission to handle as a default matter. So, these
10 are cases that are handled in a single order. You can
11 take them up in a single vote if you like.

12 That concludes my presentation.

13 CHAIRMAN RIVERA: Okay. Thank you, Bob.
14 Is there a motion?

15 COMMISSIONER FRANZ: I move to take up
16 to approve these orders in bulk, A through F.

17 COMMISSIONER SAENZ: I second.

18 CHAIRMAN RIVERA: Is there a second?
19 Okay. All in favor say aye.

20 (Chorus of "ayes")

21 CHAIRMAN RIVERA: Okay. Good job.
22 Motion passes.

23 AGENDA ITEM NO. XV

24 CHAIRMAN RIVERA: Bob, is there anything
25 else?

1 MR. BIARD: There are no other requests
2 for public comment, so I believe that that takes us
3 through the agenda.

4 CHAIRMAN RIVERA: Okay. Commissioners,
5 any final thoughts, comments? All right.

6 AGENDA ITEMS NOS. XVI AND XVII

7 COMMISSIONERS DID NOT MEET IN EXECUTIVE SESSION

8 AGENDA ITEM NO. XVIII

9 CHAIRMAN RIVERA: With that, we are
10 adjourned.

11 (Meeting concluded at 11:16 a.m.)
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C E R T I F I C A T E

STATE OF TEXAS)

COUNTY OF HARRIS)

I, Kimberly C. McCright, Certified Vendor 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 20th day of August, 2023.

/s/ Kimberly C. McCright

Kimberly C. McCright

Certified Vendor and Notary Public

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