

TRANSCRIPT OF PROCEEDINGS
BEFORE THE
TEXAS LOTTERY COMMISSION
AUSTIN, TEXAS
BINGO ADVISORY COMMITTEE MEETING

APRIL 3, 2024

10:00 a.m.

AT

1801 Congress Avenue
George H. W. Bush Building
4th Floor, Board Room 4.300
Austin, Texas 78701

Transcript prepared by Rev.com and Commission staff from an audio recording.

APPEARANCES

COMMITTEE MEMBERS:

William T. Smith III (Trace), Chairman

Floyd Olive

Veronica Uriegas

Melodye Green

Tommy Duncan Jr.

Jason Pohl

Michael Anastasio

COMMISSION STAFF:

LaDonna Castañuela, Director of Charitable Bingo Operations

Tyler Vance, Assistant General Counsel

PUBLIC:

Tom Stewart, Texas Charity Advocates

Stephen Fenoglio, Texas Charity Advocates

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1 PROCEEDINGS

2 WEDNESDAY, APRIL 3, 2024 (10:00 a.m.)

3 AGENDA ITEM I

4 CHAIRMAN SMITH: We'll call the Bingo Advisory Committee
5 meeting for the Texas Lottery Commission to order. We will start off
6 with the Pledge of Allegiance to the U.S. flag and to the Texas flag.

7 (Pledges recited)

8 AGENDA ITEM II

9 CHAIRMAN SMITH: All right, roll call. Floyd.

10 MR. OLIVE: Present.

11 CHAIRMAN SMITH: Veronica.

12 MS. URIEGAS: Present.

13 CHAIRMAN SMITH: Melodye.

14 MS. GREEN: Present.

15 CHAIRMAN SMITH: Tommy.

16 MR. DUNCAN: Present.

17 CHAIRMAN SMITH: Jason.

18 MR. POHL: Present.

19 CHAIRMAN SMITH: Corey. Did Corey get online by chance? Don't
20 think so? Okay. Michael Anastasio.

21 MR. ANASTASIO: Here.

22 AGENDA ITEM III

23 CHAIRMAN SMITH: And Stacie Johnson is not here today. Okay,
24 we do have a quorum. Let's see here. Item number three on your agenda
25 meeting minutes from January 31st, 2024. Do we have any public comment
26 on those? If not, get a motion that we-

1 MS. URIEGAS: To approve the minutes.

2 CHAIRMAN SMITH: All right. We have a motion to approve the
3 minutes as printed. And the second, all in favor say, "Aye."

4 (Chorus of "ayes")

5 CHAIRMAN SMITH: Any opposed? Meeting minutes are approved.

6 AGENDA ITEM IV

7 CHAIRMAN SMITH: All right, item number four, Sunset update.
8 Do we have any public comment or anything that Sunset Commission would
9 like to address this time? Nope. All right. I will say that y'all have
10 been very thorough in your approach and you've been very kind in the
11 questions you've asked, and we do appreciate that and we would like to
12 further tell you that if there's anything else that we can do to help
13 you gather information, we'd be glad to do that for you.

14 AGENDA ITEM V

15 CHAIRMAN SMITH: Any other discussion? Sunset? Nope? Okay. Now
16 to the fun part. Item number five, Rules review. As most of you were
17 here yesterday, we had our Rule Review Subcommittee discussion yesterday.
18 The meeting went approximately three and a half hours, is that right?
19 About three hours, 45 minutes. It was a very in-depth meeting. We went
20 through each section of the administrative rules, and there were many
21 comments, by many people, on what they thought the rules could be or
22 should be. Do any of the committee members want to talk about anything
23 in particular? Any rules that they had, that stuck out to you, or that
24 you wanted to reiterate today?

25 MS. GREEN: I do believe that they need some fine tweaking
26 here and there. Rules we need to go back and really look at the details.

1 There's some rules we need to go back and look at the details, some
2 tweaking. Tyler did a great job of running through everything, and it's
3 a lot to go through. So, like I said, there was just a few things that
4 I think we could address during- and you said, public comment?

5 CHAIRMAN SMITH: Yes.

6 MS. GREEN: Is that what you-

7 CHAIRMAN SMITH: Yeah, so, yes, sir- No, go ahead.

8 MS. URIEGAS: I guess the important thing is, what is the next
9 step on this? How do we get together and come to some kind of verbiage
10 that we like on all these things?

11 MR. VANCE: Sure. So, the industry or the BAC, you guys can
12 meet however, whenever you'd like, anybody can draft anything they'd
13 like and submit it to us for consideration. I think the next step in
14 this process is going to be to close the rule review probably in June,
15 and then propose the amendments that come out of the rule review process,
16 probably in August. Those dates aren't exactly set in stone, but I think
17 that's the target we're looking for. And then, really, before they get
18 proposed, anyone's free to submit any kind of language they would like.
19 We can consider it, we can bring it before the next BAC meeting, too.

20 And then once everything is proposed, there will be a written
21 public comment period. There will be a public hearing for comments, and
22 then before anything is adopted, the agency has to respond to those
23 comments.

24 So, there's still quite a bit of process involved, but just
25 so everybody knows, anyone's free to send us their suggestions at any
26 time. And before we propose this in August, I'm sure we'll send out

1 another copy of the staff's proposed version for another round of
2 comments. So yeah, there's plenty of process left. Yes, sir.

3 CHAIRMAN SMITH: If you would, come up to the microphone,
4 please.

5 MR. STEWART: Tom Stewart, with the Texas Charity Advocates,
6 for the record, the process will be finalized by the end of the year?

7 MR. VANCE: I would expect so. So, if we propose the amendments
8 in August, then we'll usually... We have a meeting in October and
9 December, so ideally we could get the rule to adopt-

10 MR. STEWART: So, one of those two dates. Final-

11 MR. VANCE: ... on one of those two, provided nothing gets
12 tripped up, right? If there are strong comments from folks, that we need
13 more time to respond and then we can hold those things aside, we'll pass,
14 then, on the controversial ones and go forward on the other ones.

15 CHAIRMAN SMITH: Melodye.

16 MS. GREEN: Tyler, you said, pass on suggestions or about the
17 rules, to whom? Just to you, to you and LaDonna, or both?

18 MR. VANCE: Sure. I think to me, I think to the industry,
19 attorneys, to Trace, the more communication and sharing, I think it's
20 better for everybody.

21 CHAIRMAN SMITH: I just want to say real quick that Tyler and
22 LaDonna and your staff, thank y'all very much for how prepared y'all
23 were for the subcommittee meeting yesterday. Y'all did a great job with
24 that. Y'all had everything online and all the comments listed and all
25 the red lettering if you will, that made it really easy and really
26 efficient going through that. I know the industry had a lot of ideas and

1 a lot of things we wanted to talk about, but y'all did great on that,
2 so thank y'all for helping out with that so much.

3 MS. CASTAÑUELA: Thank you, Tyler. I want to thank everybody
4 who participated, and as for my staff, I want to let everybody know,
5 that was the first time we tried anything like that, and certainly in
6 this room. So, there were some challenges. It did take a lot to pull it
7 together. Special shout out to Holden King, in the back of the room, who
8 was driving the document for us. Definitely. And everybody who helped
9 escort folks up here. Thank you.

10 CHAIRMAN SMITH: Yeah, that was a huge undertaking yesterday,
11 so, good job on that. Thank you.

12 MS. CASTAÑUELA: Now we know what we're doing.

13 CHAIRMAN SMITH: Yes, we did hear from a lot of people
14 yesterday, and I'm sure we're going to hear a lot more. I know yesterday,
15 a lot of things were just ideas and not in the correct language, like
16 Tyler was saying, but I feel sure the industry will start getting on
17 that, expeditiously.

18 At this time, if we could, I'd like to open up the floor for
19 public comment on the rule review meeting yesterday. So, if you have an
20 idea or if you have a rule that you're not really happy with, and want
21 to change some language on that, or bring an idea to the table, even
22 though you did not get to do that yesterday, you can still do that today,
23 briefly. Tom Stewart.

24 MR. STEWART: Tom Stewart again, with Texas Charity
25 Advocates. Tyler, this is a process question again. When might we expect

1 another red line from you, based on the comments that you received
2 yesterday?

3 MR. VANCE: Yeah, I'm not sure. So, we'll have to go back and
4 talk to the staff about certain record-keeping requests were made or
5 things that we need to run by the audit division to see what we can and
6 can't support as staff. And I really don't have a firm deadline on that,
7 but I would assume before the June meeting, which we'll just close the
8 rule review process as soon as we can, it's-

9 MR. STEWART: [inaudible]

10 MS. CASTAÑUELA: And there were several of those items that,
11 I understood, that we were going to hear from you.

12 MR. STEWART: Correct. Right.

13 MS. CASTAÑUELA: So, the next step would be something to us.

14 MR. STEWART: Okay. Okay.

15 MR. VANCE: Yeah, I think we'll take in suggestions all the
16 way up until August, and then at some point we'll have to have the final
17 version that the staff is going to propose. And that'll be based on our
18 internal review of, again, what we feel comfortable recommending. Which
19 doesn't mean that, if we don't recommend it, doesn't mean that the rest
20 of you guys can't recommend it. You're all free to make your own request
21 to Commission. The BAC is free to make its own recommendations. But yeah,
22 we're going to take everything under consideration and just keep working
23 on the internal staff draft.

24 CHAIRMAN SMITH: Thank you Tyler. Once again, if anybody would
25 like to talk about a rule, real quick, now would be the time to do so.
26 Okay. I think we need to take a vote. Is that right, Tyler? To-

1 MR. VANCE: Yeah, I was thinking the target, the idea here is
2 to close the rule review process. We're not going to do it until June,
3 I think is the goal. So, I don't think you need to vote to... What's
4 going to happen is, Trace is going to make his presentation to the
5 commissioners; one in a couple of weeks and then also in June, and
6 they're just going to want to hear that the BAC feels comfortable closing
7 the rule review process that they participated in hearings and
8 communications and that they support closing the process and moving
9 forward with the amendment. So, I don't know that you need to take that
10 vote right now. You can, if-

11 CHAIRMAN SMITH: But in June we will need to.

12 MR. VANCE: I think that's going to be the target. June will
13 be the closure of the rule review process. And, so, at that point, the
14 commissioners will want to hear from you as to the BAC's position on
15 whether they should or shouldn't close the process at that time.

16 So, I don't think you need to take a vote right now. You could
17 if you wanted to, but I think you could also wait until the BAC meeting
18 before that Commission meeting in June, when we close. And it'll be
19 announced, the agenda for that Commission meeting will have an item
20 closing the bingo rule review process and that'll be the signal to you
21 guys that the BAC needs to make a statement, one way or the other, about
22 it.

23 CHAIRMAN SMITH: Okay. Any other comments, questions about the
24 rule review? Okay, excellent. I will be compiling that report before I
25 give that to the commissioners. The Commission meeting is on the 18th,
26 so I'll send that out to all the members of the BAC before I present

1 that to them. I don't believe it will be a line-by-line or a section-
2 by-section report, but it will kind of be an overview of what we talked
3 about, that we participated in it, and that we were engaged in it.

4 MS. CASTAÑUELA: Trace, could I just make-

5 CHAIRMAN SMITH: Yes ma'am.

6 MS. CASTAÑUELA: Could I just make a statement just in case
7 anybody was counting on attending the Commission meeting tomorrow?
8 Tomorrow's Commission meeting is not occurring.

9 CHAIRMAN SMITH: Correct.

10 MS. CASTAÑUELA: It is rescheduled to Thursday, April 18th,
11 and it's going to be in the Stephen F. Austin building, where we used
12 to have meetings, because we couldn't get this room reserved.

13 CHAIRMAN SMITH: Gotcha. Thank you.

14 MS. CASTAÑUELA: And of course, all that's on the website.

15 CHAIRMAN SMITH: Gotcha. Just one more question. When staff-
16 like what Tom was talking about- when staff comes out with their next
17 quote, unquote, draft, of the red-letter stuff, will that go out to the
18 industry or will that come to the BAC members?

19 MR. VANCE: I could send it back out to the same email group
20 I previously did with all the subcommittee folks.

21 CHAIRMAN SMITH: Gotcha.

22 MR. VANCE: Which includes almost all of you.

23 CHAIRMAN SMITH: I think that'll be fine.

24 MR. VANCE: Everyone's free to share it with whomever they
25 want.

26 CHAIRMAN SMITH: Gotcha. Okay.

1 MR. VANCE: Yes, sir.

2 CHAIRMAN SMITH: Tom?

3 MR. STEWART: Yeah, I should have just stayed here. Is the
4 version that we worked from yesterday different from the version that
5 you sent out to the group previously?

6 MR. VANCE: No, I don't believe so. I think that's the same
7 one. I've got an updated one from Commissioner Smith's comments from the
8 other day, and then I'll incorporate those and then some of the ones we
9 talked about that everyone seemed to be okay with and that staff's okay
10 with.

11 MR. STEWART: Okay. So, that was what I was wondering. Were
12 Commissioner Smith's comments incorporated into what we were-

13 MR. VANCE: They were not. No, I decided to read them.
14 Yeah, [inaudible]

15 MS. CASTAÑUELA: We got them so late. We're not even done
16 deciding how we're going to handle them.

17 MR. STEWART: Okay. So, if I go back and find that email, I'll
18 have the version that-

19 MR. VANCE: That was on the-

20 MR. STEWART: We worked on the-

21 MR. VANCE: We worked on the TV yesterday. Yep.

22 MR. STEWART: Thank you.

23 MR. VANCE: Sure.

24 CHAIRMAN SMITH: Thank you, Tom. Any other comments? Melodye.

25 MS. GREEN: Do we have to meet again before the meeting in
26 June about the rules?

1 CHAIRMAN SMITH: I would suspect that with the Rules Review
2 Subcommittee would have to meet again. Is that-

3 MR. VANCE: I mean, you guys are free to. I think that's up to
4 y'all. I feel like the staff has heard what all the concerns are. It did
5 sound like there's still quite a bit of disagreement about a few things,
6 that- the 65% payout situation... So, if you guys need to get together
7 to work that out, to take a position as the BAC, then yeah, I think you
8 might want to have another meeting, but I don't think you have to.

9 From our perspective, I think we've heard all the things that
10 we can be comfortable providing as the staff's proposed amendments at
11 this point, but at some point, the BAC is going to have to make a
12 recommendation on all of these issues, even the ones that had extensive
13 debates from yesterday. So, you can do that in a BAC meeting. You could
14 have a subcommittee meeting, you guys can meet at a bar if you want. I
15 mean, it's really... Whatever it takes. But yeah, at some point the BAC
16 is going to have to take a stance on, I think, all of the issues that
17 were presented yesterday.

18 CHAIRMAN SMITH: So, will the BAC have to endorse or vote on
19 each specific change, or would they be able to do that in a group we
20 approve, or we vote to approve, going forward with this as a whole?

21 MR. VANCE: I think what's going to happen is there's going to
22 be a staff version that will include... Again, we're going to review
23 these things internally and discuss and decide which ones we're going
24 to put in our version. And if there are issues that folks are concerned
25 with, that aren't in that version, and you guys are free to all talk
26 about it, and I think it's important for BAC to take a position on them.

1 Because it might not be in the staff version, but if it's something
2 everybody wants, the Commission's going to want to know what BAC's
3 opinion on it. Even if it's just Steve independently proposing a rule
4 at the Commission meeting, they're going to want to know what you guys
5 think about that.

6 CHAIRMAN SMITH: Okay.

7 MR. VANCE: And so yeah, you can vote to support the staff
8 version, but then also with the caveat that there's a couple issues that
9 are outside of it that BAC has determined this way or that way. So yeah,
10 I would think anything anybody discussed yesterday has the potential to
11 be presented to the Commission as a rule, if not from us, then from the
12 people that talked about it themselves. And BAC is going to need to have
13 a position on that.

14 CHAIRMAN SMITH: Okay. Mr. FENOGLIO.

15 MR. FENOGLIO: For the record, Steven Fenoglio with Texas
16 Charity Advocates. So, I would suggest that if Tyler and staff can give
17 a pretty good indication of when their version would be finished, that
18 within a week of that, the BAC, or at least the rules committee, would
19 go ahead and schedule a meeting. You can always pull it down. If, by
20 magic, everyone agrees with what the staff proposes, then there might
21 not be anything other than a cursory meeting to say, we agree.

22 And then on following up on Tyler's comment, I think LaDonna
23 has volunteered to pay for all the beer at the bar meeting. So, that
24 would be very helpful in expediting the review.

25 CHAIRMAN SMITH: Gotcha.

26 MR. FENOGLIO: Thank you, LaDonna.

1 MS. CASTAÑUELA: I was invited.

2 CHAIRMAN SMITH: Okay.

3 MR. VANCE: He didn't say that.

4 CHAIRMAN SMITH: So, I think the consensus is that the rule
5 committee should... The subcommittee on the rules review should meet
6 again, once staff re-issues their-

7 MR. DUNCAN: Pretty quickly, I-

8 CHAIRMAN SMITH: ... recommended changes pretty quickly after
9 that.

10 MS. URIEGAS: We can always do a virtual meeting.

11 CHAIRMAN SMITH: Yeah, that was my next question. Can we do
12 that through Teams or-

13 MR. VANCE: We can, but-

14 CHAIRMAN SMITH: ... does that have to be an open meeting?

15 MR. VANCE: ... right to have 20 people making comments on
16 Teams, but yeah, it's totally possible. Yeah.

17 MR. DUNCAN: They said it doesn't have to be here. I mean,
18 it could be a place we could all agree on, or the bar.

19 CHAIRMAN SMITH: So, if the rules subcommittee meets, do we
20 have to make accommodations for the public or how does that work? Because
21 I don't want to make a mistake on that.

22 MR. VANCE: I don't think so. I mean, I don't think it's
23 legally required, but I would err on the side of opening access for
24 everybody to come, and everybody to participate. So, if it was on Teams,
25 we would broadcast that out to everybody so that they could click on a
26 link. You could try to tack it on before the June BAC, Commission meeting,

1 maybe the day before. I can't guarantee that we can get a room right
2 now, but we could certainly try to get a room somewhere around here for
3 that day before. And then a lot of folks are going to be in town anyway,
4 so that might work out.

5 CHAIRMAN SMITH: All right, well, we wait with bated breath
6 for your updated version, and we'll figure that out from there, probably.
7 Maybe the week after, let people digest it and come up with some stuff.

8 AGENDA ITEM VI

9 CHAIRMAN SMITH: Okay. Good deal. Any other comments,
10 questions about the rule review? All right, going on to item six, old
11 business. Anyone have any old business? Any public comment?

12 AGENDA ITEM VII

13 CHAIRMAN SMITH: Okay, we will skip on to item number seven,
14 new business. A couple of things on new business, real quick. We will
15 start preparing for our year-end report. I think it's due in August. And
16 our annual work plan that is due in August. And is there anything else
17 that we need to be working on for the August meeting?

18 MS. CASTAÑUELA: So, I don't remember the deadline for the
19 work plan, but it's in the current work plan. I don't think it's August.
20 I think it's actually a month or so before.

21 CHAIRMAN SMITH: Is it? Okay.

22 MS. CASTAÑUELA: So, we'll look at that and you and I'll talk
23 about that.

24 CHAIRMAN SMITH: Okay, good deal. I just wanted to put that
25 on everybody's radar, that way we can start working on that.

26 MS. CASTAÑUELA: I know the Commission will want to see it-

1 CHAIRMAN SMITH: Yes.

2 MS. CASTAÑUELA: ... well in advance.

3 CHAIRMAN SMITH: Well in advance. Yes. Okay. Any other new
4 business? Nope.

5 AGENDA ITEM VIII

6 CHAIRMAN SMITH: All right, moving on to item eight. Set the
7 date for the next meeting. Once again, just to reiterate, tomorrow's
8 Commissioners meeting has been moved to the 18th of April, in this
9 building, right? No.

10 MS. CASTAÑUELA: No. Stephen F. Austin building, yes.

11 CHAIRMAN SMITH: All right. And then the date for our next
12 meeting would be June the 5th for the BAC meeting here, in this room.
13 And then June the 6th would be the commissioners meeting.

14 AGENDA ITEM IX

15 CHAIRMAN SMITH: All right, and last item, we will adjourn
16 this meeting at 10:23. Thank you all.

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