

**Regular Meeting of Board of Directors  
New Mexico Lottery Authority  
February 07, 2013  
MINUTES**

**Call to Order:** Chair K. Hoeksema called the meeting to order at 11:00 a.m. K. Hoeksema asked for roll call. Present and constituting a quorum were; Mark Koson, Amy Bailey, Reta Jones, Ken Hoeksema, Cliff Stroud, Dan Salzwedel and Salvatore Baragiola.

**Introductions:** The following employees were present from NMLA: Tom Romero, Adriana Binns, Sylvia Jaramillo, Evelyn McKnight, Pam Poteat, Dave Ramirez, Vince Torrez, Wilma Atencio, Mary Stanford, Michael Boland, Scott Ward, Linda Hamlin, Karla Wilkinson, Vanessa Goodspeed and Randy Bertram. Also present were Randy Reeves, General Manager of Intralot, Marshall Puckett, Private Citizen, Scott Eliason, Kandace Blanchard, NM Compulsive Gaming, Bob Conklin, and Mary Smith, NM Attorney General's office.

**Approve Proposed Agenda:** K. Hoeksema called for a motion to approve the proposed agenda. R. Jones moved to accept the proposed agenda; second by A. Bailey. All in favor, 7-0.

**Approve Minutes of December 13, 2012 Board of Director's Meeting:** K. Hoeksema called for a motion to approve the minutes from the December 13, 2012 Board meeting. D. Salzwedel moved to approve the minutes; second by C. Stroud. All in favor, 7-0.

**Executive Reports:**

**CEO:**

**General Update:** T. Romero gave a brief update on the lottery's online and instant ticket games, general overview of lottery operations and legislative issues.

**Open Meetings Notice Resolution:** T. Romero presented the Open Meetings Act and Notice Resolution for Board adoption. The resolution specifies that the Board will follow the Open Meetings Act adopted by the Board at the beginning of each year.

K. Hoeksema called for a motion to approve the Open Meetings Act and Notice Resolution. A. Bailey moved to approve the Open Meetings Act and Notice Resolution; second by R. Jones. All in favor, 7-0.

**Second Amendment to Agreement for Compulsive Gaming Rehabilitation Related**

**Services:** T. Romero reported that the lottery is requesting a second and final one year extension on this contract. The original contract with the NM Council on Problem Gambling began on April 1, 2010 through March 31, 2012 and allowed for two one-year extensions, at the same terms and conditions. The annual amount is not to exceed \$87,400. It is the lottery's recommendation and request for the Board to approve a second and final one year extension from April 1, 2013 through March 31, 2014 for this contract.

K. Blanchard, Executive Director of NM Council on Problem Gambling gave a brief overview of her program.

R. Jones recused herself from discussion and voting.

K. Hoeksema called for a motion to approve the Second Amendment to Agreement for Compulsive Gaming Rehabilitation Related Services. C. Stroud moved to extend the Compulsive Gaming Contract for one year; second by D. Salzwedel. All in favor, 6 ayes, 0 nays and 1 abstained.

**NMLA Rules for On-Line Game:** T. Romero reported that due to upcoming changes in the Hot Lotto game scheduled for May 13, 2013; it is necessary to update our Rules for On-Line Games. The Multi-State Lottery Association (MUSL), of which the lottery is a member, voted to make changes in how the Jackpot prize will be paid out to a Grand Prize winner. The winner of an "Advertised Grand Prize" (Grand Prize Winner) shall receive a "Withholdings Taxes Paid Prize" as defined in the rules, subject to any set-off requirements. The lottery will pay the Grand Prize winner a net prize amount, which is the residual amount after the lottery reduces the "Gross Prize value" for federal and NM withholding taxes applicable to resident U.S. citizens with a valid Social Security number. In addition, MUSL voted to change the matrix from a 1/39 and 1/19 to a 1/47 and 1/19. This will provide better overall odds to players. Also, some of the lower prize levels were increased and the sizzler promotion will pay out at 3X, beginning with the second tier level and will not apply to the Jackpot prize. The game changes will begin on Sunday May 12, 2013. The lottery is requesting for the Boards consideration to adopt this policy as amended.

K. Hoeksema called for a motion to approve the NMLA Rules for On-Line Game. C. Stroud moved to approve the NMLA Rules for On-Line Game; second by M. Koson. All in favor, 7-0.

**Contract Extension for Legal Services as General Counsel:** T. Romero reported that the lottery is requesting a second and the final three one year extensions on this contract. The original contract for Legal Services as General Counsel began on October 1, 2011 through September 30, 2012 and allows for four (4) successive one-year extensions at the same price, terms, conditions, not to exceed an aggregate term of five (5) years. It is the lottery's recommendation and request for the Board to approve and adopt the first year extension (October 1, 2012 through September 30, 2013), plus the three (3) one-year extensions through September 30, 2015.

K. Hoeksema called for a motion to approve the Contract Extension for Legal Services as General Counsel. D. Salzwedel moved to accept the Contract Extension for Legal Services as General Counsel; second by A. Bailey. All in favor, 7-0.

**SALES:** P. Poteat presented a power point presentation/overview of the Sales Department.

#### **FINANCE:**

**Financial Statements:** S. Jaramillo presented a detailed review of the December 2012 financial statements. With the transfer made at the end of last month, the Lottery has returned nearly \$550 million to the Legislative Lottery Scholarship Fund since inception of the lottery.

**FY 2012 Financial Audit:** S. Jaramillo introduced the lottery's financial auditor, Scott Eliason of Moss Adams to present an overview of the FY 2012 Financial Audit. S. Eliason reported that he met with the Finance/Audit committee in October 2012 and reviewed the results of the audit with committee members.

S. Jaramillo requested on behalf of the lottery acceptance of the FY 2012 Financial Audit as presented.

K. Hoeksema called for a motion to accept the FY 2012 Financial Audit report. R. Jones moved to accept the FY 2012 Financial Audit report; second by A. Bailey. All in favor, 7-0.

**AUDIT:**

**Internal Audit Reports:** M. Boland presented several Audit Reports for acceptance by the Board.

**M. Boland presented the 13-005 – Gobble Up Turkey Loot Sweepstakes Audit Report.** M. Boland reported that there were no observations noted. M. Boland submitted the report for acceptance by the board.

K. Hoeksema called for a motion to approve the Gobble Up Turkey Loot Sweepstakes Audit report. R. Jones moved to accept the audit report; second by M. Koson. All in favor, 7-0.

**M. Boland presented the 13-006 – 5/50/500 Second Chance Scratcher Promotion Audit Report.** M. Boland reported that there were no observations noted. M. Boland submitted the report for acceptance by the board.

K. Hoeksema called for a motion to approve the 5/50/500 Second Chance Scratcher Promotion Audit report. R. Jones moved to accept the audit report; second by A. Bailey. All in favor, 7-0.

**M. Boland presented the 13-007 – Holiday Gifts from Scratcher Sweepstakes Audit Report.** M. Boland reported that there were no observations noted. M. Boland submitted the report for acceptance by the board.

K. Hoeksema called for a motion to approve the Holiday Gifts from Scratcher Sweepstakes Audit report. D. Salzwedel moved to accept the audit report; second by R. Jones. All in favor, 7-0.

**BOARD CHAIR:**

**Announcements:** K. Hoeksema announced that the Budget Workshop and Regular Board of Directors meeting are scheduled for Thursday, May 2, 2013 at 9 a.m.

**PUBLIC COMMENT:** There was no public comment.

**ADJOURNMENT:** K. Hoeksema entertained a motion to adjourn the meeting. A. Bailey moved to adjourn the meeting. M. Koson second. All in favor, 7-0. The meeting was adjourned at 12:30 p.m.