

**Operations Committee Meeting
New Mexico Lottery Authority
November 16, 2016
MINUTES**

Call to Order: P. Guerin called the meeting to order at 11:04 a.m., and asked for a roll call. Present and constituting a quorum were Paul Guerin and Dan Salzwedel who is serving as a substitute for Sal Baragiola. Absent - Sal Baragiola and Claude Austin.

Present from NMLA were; David Barden, Sylvia Jaramillo, Karla Wilkinson. Evelyn McKnight and Wilma Atencio. Also present were Jon Zajdel with Intralot, Seth Barany with Think New Mexico, Matt Bone and Jane Tinker with CliftonLarsonAllen.

Approve Proposed Agenda: P. Guerin entertained a motion to approve the proposed agenda. D. Salzwedel moved to approve the agenda as presented; second by P. Guerin. Carried; 2-0.

Public Comment: None.

**OPERATIONS Committee Report – P. Guerin, Committee Member (Acting Chair):
Revised External NMLA Policies -NMLA Rules for Online Games and NMLA Rules for Quicksters Games:** D. Barden reported that 3 policies are being revised and updated with new language. The first two policies the NMLA Rules for Online Games and NMLA Rules for Quicksters Games both are being revised with the removal of code of conduct from each policy which allows you to purchase a ticket. At a previous meeting the board removed that requirement into another policy, so it was no longer needed in these two policies. If you look at the red-lined copies, we've added new terms for a Multistate Product Game and Multistate Product Group throughout the policy. These changes don't change any of the games or it's process; it does allow for a future Multistate Game that is not under the MUSL umbrella, which will be discussed later in the meeting. The lottery is simply updating language and adding the Multistate Game which is not a MUSL game, it will be an Intralot based Game. Both sets of rules encompass the Multistate Game and make technical changes to the rules. It will allow us to add a future Multistate Game. The only changes being made with the Quicksters Game is that the we are changing the name from Quicksters to the term "Fast Play", you will see these changes in the red-line document. D. Barden did request to add a new term/language to the NMLA Rules for Quicksters Games on page 5 of 13 by adding the term/language "Suite of" after Authority to the Purpose section. It will now read "These rules are the guidelines and regulations, for the New Mexico Lottery Authority Suite of Fast Play Games."

Below are the red-lined changes for NMLA Rules for Online Games and Quicksters Games:

NMLA Rules for Online Games

- Renamed the product game groups (Powerball Product Group, MUSL Mega Millions Product Group, etc.) throughout the entire policy to include all game groups under one name "Multi-State Product Group(s)".
- Cleaned up a few miscellaneous items in the policy.
 - Deleted Section 10. Purchase and Prize Restrictions, page 11. This section is covered in the new "Code of Conduct" Policy.
 - Section 11. Taxes and Debt Setoffs, page 11. Clean up terminology.

New Mexico Lottery Authority Rules for Quicksters Games

- Rebranding the Quicksters product in early 2017. The new product name will be "Fast Play". "Fast Play" replaced "Quicksters" throughout the entire policy.
- Cleaned up a few miscellaneous items in the policy.

- o Deleted Section J. Purchase and Prize Restrictions, page 12.
This section is covered in the new “Code of Conduct” Policy.
- o Section K. Taxes and Debt Setoffs, page 12.
Clean up terminology.

P. Guerin clarified that the only substantive changes to the NMLA Rules for Online Games was the term “Multi State Game”. D. Barden reported yes and some technical changes as discussed and adding the term/language “Suite of” on page 5 of 13 in the purpose section.

D. Salzwedel made a motion to approve and adopt items including editorial changes as submitted by the staff for items 1 & 2 (NMLA Rules for Online Games and NMLA Rules for Quicksters Games) including “Suite of” in addition the ability to redact, eliminate the headers for these two policies and all future updated policies; second by P. Guerin. No further discussion. Carried; 2-0

Business and Operational Policy: D. Barden reported that we are using an existing policy the “Leave Policy”; the CEO wanted to have a more encompassing Business & Operational Policy. The Board has charged the CEO and management to review policies annually for updates, revisions and deletions; the CEO noticed that there wasn’t a policy for Hours of Operations. Although the lottery has always operated under certain hours, they were not adopted by the Board, per say. The lottery also has an inclement weather policy, a CEO Policy which states what will occur operationally at the lottery during inclement weather for staff and business. D. Barden felt that it should be a Board adopted Policy. The language from the inclement weather policy will be included in the new Business and Operational Policy. The lottery has incorporated several policies into one global policy making it streamlined and efficient for staff and management to use and locate. There are two slight changes made to the leave policy and the lottery deleted a requirement of staff providing a 3-day advance notice to request leave. The other addition is to allow directors and supervisors the flexibility in authorizing additional leave beyond those stated in the leave.

A. Bailey joined meeting at 11:14 a.m. and was provided a brief overview by D. Barden.

Below is a summary of the recommended changes:

Business Hours:

New item #1 roman numeral “I” has been added by **Business Hours**

New Item #2 this addition has been added to define the working hours of the NMLA if approved by the CEO, and to allow flexibility in the work schedule, when it does not impact normal business operations. If work schedules are changed, cooperation of all employees is expected.

Operational Procedures for Inclement Weather:

New item #1 roman numeral “II” has been added by **Operational Procedures for Inclement Weather Language** and **New Item #2** is added from an existing internal policy which addresses the protocol for employees when there is inclement weather.

Employee Leave:

New item #1 this header has been added to the policy to make it easier when perusing the policy for the sections on leave.

New item #2 roman numeral “III” has been added by **Employee Leave**

New item #2 alpha “A” has been added by **Annual Leave**

New item #1 adds new language that allows supervisors to authorize employees that may need to exceed the maximum hours of leave that they are able to take in a year, provided they have the leave available.

Item #2 this section is stricken, employees are sometimes unable to provide three business days prior to taking annual leave. Also, an employee may need to submit their leave longer than three months in advance for planning purposes.

CEO has been added to the approval process for his/her direct reports or in the event the supervisor is not available.

New item #1 alpha “B” has been added by **Sick Leave**.

Item #2 this section of the Sick Leave policy includes spouse, children (including stepchildren) and parents. Son and daughter have been combined under children. Grandparents and spouse's immediate family has been stricken in an effort to follow the Family and Medical Leave for New Mexico Lottery Employees policy.

New item #1 alpha "C" has been added by **Administrative Leave With Pay at NMLA's Discretion.**

New item #2 alpha "D" has been added by **Holidays.**

Item #2 this section is stricken, employees are sometimes unable to provide three business days prior to taking annual leave. Also, an employee may need to submit their leave longer than three months in advance for planning purposes.

New item #2 alpha "E" has been added by **Bereavement Leave**

Item #3 this section of the Bereavement Leave policy includes spouse, children (including stepchildren) and parents. Son and daughter have been combined under children. Grandparents and spouse's immediate family has been stricken in an effort to follow the Family and Medical Leave for New Mexico Lottery Employees policy.

New item #4 alpha "F" has been added by **Unpaid Leave**

New item #1 roman numeral "IV" has been added by **(RESERVED)** for a future addition.

New item # 2 roman numeral "V" has been added by **Policy Exceptions**

New item #3 new language has been added to address exceptions to the policy may be done based upon individual circumstances.

Committee members had a few questions on the updates regarding the lottery following APS and City of Albuquerque's inclement weather procedure. Committee members in agreement with the changes, updates and discretion provided for the lottery. No further questions.

D. Salzwedel made a motion to approve the changes as submitted for Business and Operational Policy; second by A, Bailey. Carried; 3-0.

Multistate Game: D. Barden reported that committee members were provided a brief overview of this Multistate Game which may be called "MISS MATCH". This is a \$5 game and is currently played in the District of Columbia, New Hampshire, Ohio, Vermont and hopefully soon New Mexico with the possibility that Illinois will join. This is a Fast Play Game and plays as an Instant Online Game. Below is an overview of the game.

- States participating in MISS MATCH:
 - ✓ District of Columbia
 - ✓ New Hampshire
 - ✓ New Mexico
 - ✓ Ohio
 - ✓ Vermont
- Plays like the Quicksters (Fast Play) game – Red Hot Jackpot Bingo. The only difference is it has a rolling jackpot linked to other states.
 - ✓ Linking to other states means the jackpot will increase at a much faster rate.
 - ✓ On an average the jackpot will increase approximately \$600 an hour.
 - ✓ The jackpot starts at \$5,000 and with an average jackpot of \$40,000.
 - ✓ All states are responsible for paying a portion of the jackpot win. This amount is based on each states percent of total sales.
- HOW TO PLAY:
 - ✓ The game is played by matching numbers between 1 and 20.
 - ✓ Each ticket shall have all twenty numbers printed in numerical order.
 - ✓ Ten out of the twenty numbers will be circled. The circled numbers are the players DRAW NUMBERS
 - ✓ 10 YOUR NUMBERS will print below the 10 CIRCLED DRAW NUMBERS.
 - Match 10 numbers win the Jackpot
 - Match 9 numbers win \$500
 - Match 8 numbers win \$100

- Match 7 numbers win \$25
- Match 6 numbers win \$10
- Match 5 numbers win \$5
- Match 0 numbers win the Jackpot
- The overall odds are 1:3.08.
- Intralot will provide Pad spots, Logos, headline fonts, marketing tool box to support the game.

The CEO and staff is requesting authorization to enter into this new game and provided for review is a standard participation agreement for the committee and Board's review. This is a standard participation agreement similar to the Hot Lotto Game and agreement we have with that group. The lottery's outside counsel has reviewed the document and is good with the language in the agreement.

D. Salzwedel asked if this game would replace another game or would it take away from the scratcher games. In addition, D. Salzwedel asked that he understands that any products serve as additional revenue but, what are the pros and cons of adding another game. D. Barden reported that this would be an add on game and would not take away from the scratcher game. If approved, this game would be launched with additional terminals provided by Intralot. The lottery's initiative is to maximize sales for our beneficiaries. This would garner incremental type of sales and the potential to grow our business.

P. Guerin asked what would the sales be with this game. D. Barden reported that sales will be slow in the first year; estimating \$200-\$300 thousand in sales.

P. Guerin made a motion for approval and to proceed with this Multi State Game with the understanding that the Participation Agreement is a draft and will have revisions to the document; second by A. Bailey. Carried; 3-0.

Other – None.

ADJOURNMENT: P. Guerin entertained a motion to adjourn the Operations Committee meeting. A. Bailey moved to adjourn the meeting; second by D. Salzwedel. Carried; 3-0. The meeting adjourned at 11:30 a.m.

Paul Guerin

Paul Guerin

Sal Baragiola, Committee Chair

Date

3/16/17