

Security Operations Committee Meeting
New Mexico Lottery Authority
April 09, 2015
MINUTES

Call to Order: Operations Committee Chair S. Baragiola called the meeting to order at 10:05 a.m., and asked for a roll call. Present and constituting a quorum were Salvatore Baragiola, Paul Guerin and Claude Austin.

Present from NMLA were David Barden, Karla Wilkinson and Wilma Atencio.

Approve Proposed Agenda: S. Baragiola moved to amend the agenda by removing "Executive Closed Session from Item #4 and open this item to an open session/discussion to the public. S. Baragiola entertained a motion to approve the amended agenda. C. Austin moved to approve the amended proposed agenda; second by P. Guerin. Carried; 3-0.

Public Comment: No public comment.

Emergency and Sole Source RFP for Online Services: D. Barden reported that the Emergency and Sole Source RFP for Online Services is an agreement that will allow the lottery to use as a contingency for continued operations with its online vendor beyond November 15, 2015. As discussed in a prior meeting, there is a contractual issue due to changes made to the length of contract terms in the NM Procurement Code back in 2007. The lottery's current online drawing services contract will expire on November 15, 2015. The lottery will be issuing an Online Drawing Services RFP within 3 weeks and hopes to have a new contract in place by November 15. This type of RFP process generally takes two years from beginning to end. The lottery currently pays 1.5% to its online vendor. Should the lottery use the Emergency and Sole Source RFP agreement, the rate will jump to 4.345% - approximately \$600,000 thousand dollars a month for continued operations of the lottery. The lottery will be cognizant should the need arise to use the agreement.

NMLA Annual Review of Policies: S. Baragiola reported that the Board Chairman requests that the Operations committee discuss, review and approve a process directing lottery executive staff to follow regarding the continual and ongoing review of policies and procedures and any updates will be vetted by the appropriate committee. This process will be approved by the Board of Directors.

The Operations Committee recommends that staff review policies and submit any proposed changes to the appropriate board committee for vetting. Thereafter, policies would be forward to the full board for final consideration and adoption. In addition, the Board as a whole or individually may request specific policies and procedures to be reviewed and updated.

S. Baragiola called for a motion to approve the process and procedures of NMLA Annual Review of Policies. P. Guerin moved to approve the process and procedures; second by C. Austin. Carried; 3-0.

Online Purchase Terms and Conditions Policy: K. Wilkinson reported that the Online Purchase Terms and Conditions Policy is a new policy that will provide terms and conditions for players to purchase and play NM lottery online games on their personal computers and mobile devices by setting up accounts and using this service. This policy includes "geo-fencing", which is a software program that uses a global positioning system to define the user's geographical boundary. This will allow the lottery to track the use of a mobile device and ensure that players are purchasing tickets within NM boundaries. This policy was reviewed by the lottery attorney.

As discussed in previous meetings, this will apply to alternative gaming platforms and solutions such as "Play at the Pump" or a new cable television retailer that could offer an application for players to purchase tickets from home. This policy is patterned after the Michigan Lottery. To date, eight US lotteries use this type of policy for their games.

Revised External Policies: K. Wilkinson reported that four external policies need to be updated and amended as follows:

General Drawing Rules and Procedures for Second-Chance Drawings and Promotional Drawings

- Basic clean up language.
- Updated the requirements for entering second-chance drawings and VIP Club requirements.
- Added language about applicable state and federal taxes on prizes, as well as, prizes that are subject to collection by the New Mexico Human Services Department.

New Mexico Lottery Authority Rules for Instant Games

- Basic clean up language.
- Added language for SCRATCHER games having a 4 digit game number.
- Updated the Odds Cards verbiage.
- Changed the time period for claiming a prize after the Announced End of Game.
- Updated the how to play information.
- The use of a power of attorney was better defined.

New Mexico Lottery Authority Rules for Online Games

- Basic clean up language.
- The use of a power of attorney was better defined.
- Changed the time period for claiming a prize after the draw date.
- Defined what happens with "Questionable" tickets.
- Added the noon Pick 3 drawing.

New Mexico Lottery Rules for Lucky Numbers Bingo

- Basic clean up language.
- Changed the time period for claiming a prize after the printed date.
- The use of a power of attorney was better defined.

Each policy revision was reviewed individually and page by page.

S. Baragiola called for a motion to accept the changes as presented for the new online purchase and terms conditions policy and the four revised policies. C. Austin move to accept the changes as presented; second by P. Guerin. Carried; 3-0.

Other: None.

ADJOURNMENT: S. Baragiola moved to adjourn the Operations Committee meeting; second by P. Guerin. Carried; 3-0. Meeting adjourned at 10:52 a.m.

Sal Baragiola

Sal Baragiola, Committee Chairman

Date 6-10-15