

**Board of Directors Special Meeting
New Mexico Lottery Authority
April 26, 2019**

MINUTES

Call to Order: Board Chair Dan Salzwedel called the meeting to order at 3:01 p.m. and asked for a roll call. Present and constituting a quorum were: Paul Guerin and Sal Baragiola, with Dan Salzwedel, Mark Koson, Amy Bailey, and Aubrey McGowen via phone.

Present from NMLA were: Carolyn Cabell, Sylvia Jaramillo, and Vanessa Mellone, with David Barden via phone.

Approve Proposed Agenda: D. Salzwedel entertained a motion to approve the proposed agenda as presented. M. Koson made a motion to approve the proposed agenda; second by P. Guerin. Carried; 6-0.

Public Comment: None.

Consideration of CEO Compensation/Employment Agreement: D. Salzwedel stated that pursuant to the previous Board meeting, the Chair was given responsibility to negotiate the terms of the compensation agreement with the CEO. There is concurrence and agreement between the Lottery and the CEO, with whom the Board is very pleased.

Highlights of the agreement include:

- The agreement has a three-year term ending in 2022 with two one-year extensions available subject to Board approval.
- The base salary constitutes an amount that at one point in time included performance incentives. The base salary in the agreement is \$220,000 annually.
- There is a one-time salary retention adjustment equal to four percent of the base salary to be added to the base salary commencing July 1, 2020. That percentage could be more subject to the Board at that point, but four percent has been agreed upon now.
- If the CEO is terminated without cause before July 1, 2020, the CEO would be entitled to base compensation for twenty-four months commencing on the date of termination.
- If the CEO is terminated without cause on or after July 1, 2020, the CEO would be entitled to base compensation for the remainder of the contractual term.
- If the CEO is terminated for cause, then there is no compensatory package.

P. Guerin commented he would like to consider the four-percent retention adjustment for July 1, 2019, instead of July 1, 2020. D. Salzwedel suggested that the Board review that topic at a subsequent meeting. M. Koson asked whether the base salary is an increase. D. Salzwedel answered that the base salary is comparable to what it was previously, to which M. Koson agreed with P. Guerin that the retention adjustment be changed to July 1, 2019.

S. Baragiola asked that this agreement be ratified, and the retention adjustment be taken up as an agenda item at the next meeting. D. Salzwedel agreed. A. McGowan said he had no problem with approving the agreement now and having the retention adjustment on the agenda for the next meeting. P. Guerin concurred.

P. Guerin suggested having discussion about the car allowance becoming part of the base salary. M. Koson recommended the car allowance be defined with a number in the contract or be factored into the base salary. D. Salzwedel stated the car allowance could be easily transitioned into the agreement if that is the wish of the Board. S. Baragiola summarized that S. Baragiola, P. Guerin, A. McGowan, and M. Koson expressed interest in adding the retention adjustment date and car allowance discussion to the next meeting's agenda. Per the bylaws this can be requested for the agenda without a motion at this time. A. Bailey and A. McGowan stated there were no additional comments.

D. Salzwedel entertained a motion to approve the agreement as presented. S. Baragiola made a motion that the 2019 New Mexico Lottery Authority Chief Executive Officer Compensation Agreement be approved by this Board of Directors; that the Agreement become effective upon signature; and that the Chair be authorized to make editorial corrections to the Agreement as needed that do not alter the intent of the Agreement; second by M. Koson. S. Baragiola requested as part of the motion that any Board member with editorial corrections bring those to the next meeting for consideration. D. Salzwedel said the corrections could be made quickly and administratively with the CEO and then reported at the next Board meeting. As an addendum to the motion, any editorial questions should be sent to the Chair in the next week. P. Guerin asked whether changes to the agreement would be discussed at the next meeting prior to the agreement going into effect, to which D. Barden stated that the agreement as written goes into effect immediately and not on July 1. However, that does not mean that changes could not be made at the next meeting. There was no further discussion. Carried; 6-0.

D. Salzwedel expressed the Board's appreciation to D. Barden for his leadership and service as CEO.

D. Salzwedel asked that the next Board meeting be adjusted from the initially discussed June 12. P. Guerin asked whether the meeting could be moved to earlier. S. Jaramillo explained that due to budget preparations, it would be preferable that the date not be moved to earlier in the month. D. Barden and S. Jaramillo stated that June 19 would work. The time would be subject to the Chair. There was no objection to June 19.

Adjournment: D. Salzwedel entertained a motion to adjourn. P. Guerin moved to adjourn the meeting; second by A. Bailey. Carried; 6-0. The meeting adjourned at 3:20 p.m.



Dan Salzwedel, Chairman

Date: 6-26-19



Amy Bailey, Secretary/Treasurer

Date: 6-26-19