

**Operations Committee Meeting
New Mexico Lottery Authority
June 08, 2016
MINUTES**

Call to Order: S. Baragiola called the meeting to order at 10:15 a.m., and asked for a roll call. Present and constituting a quorum were Sal Baragiola, Claude Austin and Paul Guerin.

Present from NMLA were; David Barden, Sylvia Jaramillo, Karla Wilkinson, Pam Poteat, Wilma Atencio, Jon Zajdel and Steve Beck with Intralot.

Approve Proposed Agenda: S. Baragiola entertained a motion to approve the proposed agenda. P. Guerin moved to approve the agenda as presented; second by C. Austin. Carried; 3-0.

Public Comment: None.

OPERATIONS Committee Report – S. Baragiola, Committee Chair:

New Mexico Lottery Authority Rules for Online Games: D. Barden reported the two external Policies being presented today have been updated and amended for the Play-At-The-Pump which will allow players to purchase online games, such as Powerball and Mega Millions at lottery retailers that have gas terminals.

The NMLA Rules for online games was updated and amended last year and a new policy was put in place named Terms and Conditions for Online Game Purchases which would allow the lottery to sell lottery products over the web and/or via mobile device. The NMLA Rules for Online Games has been updated procedurally and no changes have been made to the intent of the policy. The NMLA Rules for Online Games are the guidelines and regulations for NMLA online games - Powerball, Mega Millions, Hot Lotto, NMLA Raffle Game, Roadrunner Cash and PICK 3.

S. Baragiola asked if there is any fiscal impact with the changes being presented. D. Barden reported no fiscal impact.

K. Wilkinson provided an overview of the changes and they are:

Definitions:

- 1) Advanced play - changed from six (6) to seven (7) days. This change will allow players to purchase Roadrunner Cash and PICK 3 tickets 7 days a week; Sunday through Saturday.
- 32) Ticketless Transaction - added "See Terms and Conditions for Online Game Purchases". Ticketless Transaction is defined as "shall include plays sold through subscription, internet or non-standard terminals, i.e. play at the pump or mobile web application.

Section 3.b. Method of Playing an On-line game

- Ticketless transaction plays - deleted.

Section 12 Play Slip

- Changed to read "Printed Play Slip"

Section 17 Order of Precedence

- Deleted (d) MONOPOLY Rules. Lottery no longer offers a Monopoly Game
- Deleted (e) Game Specific Software Requirements Specs. Vendor controls the back office system and the vendor would be responsible for the software requirements for any changes to online games.
- Added Terms and Conditions for Online Game Purchases.

Section 18 Amendments to Game Rules

- Clarified how the rules are amended. This would allow the CEO the authority to amend, modify or suspend rules relating to the NMLA Online Rules Policy until the CEO could present to the Board for adoption.

Section 10 Roadrunner Cash Game Description

- Drawings changed from six (6) to seven (7) nights a week from Sunday through Saturday.

Section 22 Pick 3 Game Description

- Drawings changed from six (6) to seven (7) days per week Sunday through Saturday.

The Security Operations Committee vetted the changes in its entirety on what the changes meant and if the public would understand the changes. Both D. Barden and K. Wilkinson states yes. The updated policy will be placed on the lottery website and will be available at the play centers at all retailers.

S. Jaramillo advised the committee that an existing policy called "CEO Policy Adoption Authority" gives the CEO authority to promulgate and adopt policies and procedures as necessary to ensure the safe and proper conduct of the day-to-day operations of the Lottery. This policy was issued on July 14, 2000 and revised on March 4, 2014 and board approved.

The operations committee further recommends in lieu of the CEO Policy Adoption Authority, item #18 – Amendments to Game Rules of the NMLA Rules for Online Games and all other existing Policies that have this section are deleted/stricken and renumbered accordingly. In addition, the committee recommends that the CEO Policy Adoption Authority be amended by deleting "ninety days" and inserting "180 days" and adding the term "rules" after adopt policy, rules and/or procedures. The committee will address the CEO Policy under other of the agenda.

Terms and Conditions for Online Game Purchases: D. Barden presented a short video on the Play at the Pump Feature presented by LINQ3. This video showcased the Play at the Pump feature:

- Installation of software using existing updated/newer gas terminals. Older gas terminals need to be updated first.
- No cost to lottery or retailer
- Offers online games such as Powerball and Mega Millions
- Using Debit card to purchase online tickets
- Quick Picks only
- Numbers are printed on fuel receipt
- Purchase of fuel is required
- \$75 limit per week; players can purchase up to \$20 of online tickets; minimum purchase is \$5
- Age verification is required when using Play at the Pump; players will enter their DOB information prior to purchase, if the age verification isn't verified, the purchase of online tickets cannot be completed, but players can still purchase their fuel. The age verification is 98% more secure than going into the stores and purchasing your lottery products. The age verification is based upon the players debit card and the card company which houses all pertinent information via web/internet.
- Cancellation feature

D. Barden reported that the Terms and Conditions for Online Game Purchase policy has been updated with new language that will allow the Play at the Pump feature as well as offering a mobile application web based terminal that will allow lottery to sell its products. D. Barden reported that he's been working with the NM Compulsive Gambling Group and will release a joint press release on the Play at the Pump feature.

K. Wilkinson provided an overview of the changes and they are:

Purpose

- The purpose of the policy was expanded to allow for play-at-the-pump sales or similar devices/terminals.

Definitions

- Added definitions that qualify an online purchase.

Section 1 General Requirements

- Details about how games can be purchased, the games offered, age verification, and play limits were added to this section.

Section 2 Geo Location. You must be in the state of NM to purchase tickets.

- Moved from Section 4 to Section 2

Section 3 Requirements for a NMLA Web or Mobile Account

- Guidelines and rules for funding a Lottery account, purchasing tickets, and prize withdrawals are detailed in this section.
- Moved Section 7 (Withdrawals) to Section 3.12 – 3.15

Section 4 Play-At-The-Pump (PATP)

Guidelines, validation, and authentication rules and requirements are detailed in this section.

A summary of PATP is as follows:

- Players must make a fuel purchase to make a Registered Play (purchase a lottery ticket) at the pump.
- Registered Plays are only for Powerball and Mega Millions.
- Players must be at least 18 years of age (age will be verified by a third party).
- A debit card must be used to purchase a Registered Play. Government Electronic Benefits Transfer cards cannot be used to purchase a Registered Play.
- The debit card used to purchase a Registered Play is the only valid proof of ownership of that Registered Play.
- Receipts issued, are for information purposes only, are not bearer instruments, and have no cash value.
- Registered Plays are only sold from Lottery-approved Fuel Pump Terminals – The PATP program will launch at the Murphy Oil Chain (99 pumps with 198 screens) and at an independent retailer, Latitudes (12 pumps with 24 screens). Total pumps 111 with 222 screens.
- The cost of a Registered Play is the same as a traditional ticketed play, plus a convenience fee per receipt (\$1.00).
- Quick Pick Registered Plays are available for the next draw only. No advance or multidraw plays are available.
- A player may purchase up to \$75 of Registered Play in a seven day period per debit card.
- A player may enter their mobile number to receive a text message about their Registered Play.

Section 7 Claiming All Prizes Pursuant to this Policy

- Claiming details for: PATP, web based, or mobile prizes

D. Barden reported that there are five states using the Play At the Pump Feature and they have seen an increase in online sales by 4%. Play at the Pump and Mobile App Device to sell lottery tickets is the new wave for lotteries to garner revenue for its beneficiaries.

S. Baragiola entertained a motion to accept, adopt the recommended changes for NMLA Rules for Online Games and Terms and Conditions for Online Game Purchases. P. Guerin made a motion to accept the recommended changes for the two external policies including removing item #18 for NMLA Rules for Online Games and removing item #9 for Terms and Conditions for Online Game Purchases and renumbering accordingly as presented; second by P. Guerin. Carried; 3-0.

Executive Closed Session - Vendor Contract:

S. Baragiola moved to amend the proposed agenda by moving and deferring item 4C Executive Closed Session – Vendor Contract to the full board; second by P. Guerin. Carried; 3-0.

Other - CEO Policy: S. Baragiola reported as discussed earlier during the NMLA Rules for Online Games, the CEO Policy Adoption Authority will be amended on page 4, second paragraph by changing "ninety days" to 180 days and to add the term "rules" after policy. The new language will read "the Board must adopt, policy, rules, and/or procedures, the CEO may temporarily adopt policy and/or procedures

for a period not to exceed **180** days or until the Board may elect to adopt the policy and/or procedures, whichever occurs first.

P. Guerin made a motion to change the CEO Policy Adoption Authority by changing ninety days to 180 days and adding rules to the policy; second by C. Austin. Carried; 3-0.

ADJOURNMENT: S. Baragiola moved to adjourn the meeting; second by C. Austin. Carried; 3-0. The meeting adjourned at 11:06 a.m.

for Paul Guerin
Sal Baragiola, Committee Chair
Date 8/17/2016