

**Regular Meeting of Board of Directors  
New Mexico Lottery Authority  
February 24, 2021**

**MINUTES**

**Call to Order:** Board Chair Reta Jones called the meeting to order at 10:03 a.m. and asked for a roll call. Present on the virtual meeting and constituting a quorum were: Reta Jones, Sal Baragiola, Paul Guerin, Othiamba Umi, Nina Thayer, and David Keylon.

Leo Romero had technical difficulty with the virtual meeting and could not attend.

Present on the virtual meeting from NMLA were D. Barden, Carolyn Cabell, Wilma Atencio, Kevin Duda, Michael Boland, and Sylvia Jaramillo. Also attending virtually were Ron Miguel with Scientific Games and Mary Stanford and Steve Beck with INTRALOT.

**Approve Proposed Agenda:** R. Jones entertained a motion to approve the proposed agenda as presented and a roll call vote. N. Thayer made a motion to approve the proposed agenda; second by D. Keylon. No further discussion. Roll Call Vote: P. Guerin, aye; S. Baragiola, aye; N. Thayer, aye; O. Umi, aye; R. Jones, aye; and D. Keylon, aye. Carried; 6-0.

**Approve Minutes of December 16, 2020 Board of Directors Meeting:** No changes or corrections were requested by the Board. R. Jones entertained a motion to approve the meeting minutes. N. Thayer made a motion to approve the December 16, 2020 meeting minutes; second by O. Umi. Roll Call Vote: N. Thayer, aye; S. Baragiola, aye; R. Jones, aye; D. Keylon, aye; P. Guerin, aye; and O. Umi, aye. No nays. Carried; 6-0.

**Public Comment:** None.

**REPORTS:**

**Open Meetings Resolution:** D. Barden reported that the Open Meetings Resolution is a standard document that the Lottery follows when conducting Board and Committee meetings in accordance with the Open Meetings Act. This document needs to be adopted annually by the Board of Directors. No further discussion.

R. Jones entertained a motion to accept the Open Meetings Resolution as presented. N. Thayer made a motion to accept the Open Meetings Resolution as presented; second by S. Baragiola. Roll Call Vote: N. Thayer, aye; P. Guerin, aye; D. Keylon, aye; O. Umi, aye; S. Baragiola, aye; and R. Jones, aye. Carried; 6-0.

**Financial Statements:** S. Jaramillo reported highlights from the January 2021 financial statements. \$6.95 million will be transferred to the Lottery Tuition Fund. The total transfers for this fiscal year were more than the year-to-date (YTD) transfers through January 2020. The total transfers are \$6.45 million more than the YTD budget. The Lottery has transferred more than \$887.3 million since inception of the Lottery.

Net instant ticket sales were more than \$52.94 million, which were nearly \$9.15 million more than last year. Net instant ticket sales were \$11.38 million more than the YTD budget.

The Powerball jackpot rose to \$731.1 million (the sixth largest jackpot), while the Mega Millions jackpot rose to \$1.05 billion (the third largest jackpot in US history). With these two large jackpots, total net draw

on procedures performed, Lottery procurement transactions are approved and accounted for according to Lottery policy and internal controls and accounting procedures regarding procurement transactions are sufficiently designed and operating effectively.

M. Boland reported that internal audit offered two (2) recommendations listed in the report to enhance current controls or business practices and both have been implemented by management.

D. Keylon asked M. Boland to provide a brief summary of the recommendations. M. Boland reported that recommendation #1 lacked an authorizing signature on the purchase requisition document that is required to proceed with a purchase order. The recommendation is to ensure that all documents have authorized signatures prior to generating a purchase order. Recommendation #2 was to enhance the efficiency and effectiveness of the procurement process. The policy allows purchases of up to \$5,000 be made via check or credit card, if the purchaser has the proper authorization and credit limit. In FY20, 56% of purchase orders were under \$5,000 and could have been made with check or credit card. M. Boland reported that there is sufficient documentation for using a check or credit card to support an audit trail. The recommendation was to reiterate to employees about the policy and ways to make purchases more efficient. D. Keylon asked if there were any suspicious activity. M. Boland reported that there was none and all purchases are made above reproach from the beginning to end.

R. Jones asked whether the Board approves the credit card limits. M. Boland responded that the Board does not approve the credit card limits. Lottery management sets the limits. R. Jones asked what kind of credit cards the Lottery is using; whether they are debit cards or credit cards and if they offer point rewards or cash back. M. Boland deferred to S. Jaramillo. S. Jaramillo responded that the Lottery uses credit cards and no debit cards. There are no point rewards or cash back incentives. The credit cards are part of the contract for banking services with Wells Fargo. Credit card limits have been set by management.

S. Jaramillo reported that several years ago Internal Audit reviewed the credit card limits and with management approval, limits were changed to an appropriate level for flexibility when using credit cards for purchases. The credit cards are reconciled every month and the Lottery requires employees to submit expense reports with backup documentation and authorized signature from their supervisors.

R. Jones stated that banks have cash back credit cards and if we are encouraging usage of the credit cards, then there could be some value in return. S. Jaramillo reported that the Lottery does not pay any service fees for the credit cards. The Lottery pays the balance each month, so there is no interest accrued or service fees. R. Jones asked S. Jaramillo to contact Wells Fargo and ask if they have any credit cards with cash back with those same terms. S. Jaramillo stated that she will follow up with our bank. D. Barden reported that the Lottery will include this in the next RFP for banking services.

No further questions.

**CEO Update:** D. Barden thanked the Chair for her guidance and assistance during the legislative session. D. Barden reported that he does not see any legislation passing this year that impacts the Lottery. The Lottery will continue to monitor what is happening legislatively until the end of the session.

D. Barden provided a presentation on Lottery topics including historical jackpots and trends, Powerball and instant ticket sales, and historical sales and transfers to the Lottery tuition scholarship. D. Barden reported that in years we have Jackpot runups, we tend to have very good transfer years. This year, we are in line to have a good transfer year, perhaps one of the top two.

D. Barden reported that jackpot odds for Powerball are 1 in 292 million and jackpot odds for Mega Millions are 1 in 303 million. The cost for a ticket for both Powerball and Mega Millions is \$2 and for an extra \$1, you can buy a multiplier for lower-tier prizes. Normally it is rare to hit a jackpot, but lately jackpots are

R. Jones thanked D. Barden for the information on draw games and instant games. Having historical information broadens the Board's knowledge of Lottery operations which helps in making key decisions moving forward. R. Jones stated that the next Board meeting will likely be an in-person meeting.

D. Keylon asked whether the Lottery has a plan to sustain these sales numbers when the casinos open back up. D. Barden stated that the staff will offer suggestions of what we can do to for next year.

O. Umi asked if the Lottery had any comment on two bills: one to expand gaming and one to distribute monies from tribal sharing to the scholarship fund. D. Barden responded that the Lottery was asked to complete an analysis on HB 101. The Lottery had nothing to do with this legislation and it could impact the casinos. The Lottery was not asked to provide analysis for HB 294. The Lottery has had fewer requests for analysis on legislation this year than in previous years.

No further questions.

**Other:** None.

### **Board Chair**

**Announcements:** R. Jones reported that individuals had reached out to her on HB 101. R. Jones informed these individuals that HB 101 was not the Lottery's bill and we had no input or comment.

R. Jones reported that she had a discussion with the Governor's office on any Lottery initiatives they were supporting. They indicated they were actively trying to get the other scholarship program going and this was there primary focus at this time. R. Jones reported that it will be a quiet year for the Lottery legislatively.


R. Jones reported that the next meeting will be an in-person meeting to discuss Lottery initiatives to grow the scholarship fund for students. The Lottery has been stagnant, and the Board's focus will be how to move the Lottery forward. R. Jones asked the date of the next Board meeting and D. Barden responded that the date is still undetermined but would most likely be the end of the quarter. R. Jones reported that the Board and Lottery will communicate via email about the next Board meeting.

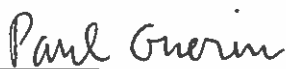
S. Baragiola stated in keeping with the CEO's executive summary and D. Keylon's question on sustaining sales, the Board should discuss all options available to increase and sustain sales, specifically Scratcher sales. S. Baragiola suggested that an information item be placed on the agenda to discuss and explore any opportunities that might be available in New Mexico or practiced in other US Lotteries where they enjoy success, particularly online gaming, sports betting, and anything that we are not doing now. This discussion would be outside of the 30% mandate.

**Other:** None.

**Other Items:** None.

**Adjournment:** R. Jones entertained a motion to adjourn. D. Keylon made a motion to adjourn the meeting; second by N. Thayer. Roll Call Vote: R. Jones, aye; D. Keylon, aye; N. Thayer, aye; S. Baragiola, aye; P. Guerin, aye; and O. Umi, aye. Carried; 6-0. The meeting adjourned at 11:15 a.m.

  
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 R. Jones, Chairman  
 Date: 6/9/21

  
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 P. Guerin, Secretary/Treasurer  
 Date: 6/9/21