

**Regular Meeting of Board of Directors  
New Mexico Lottery Authority  
August 17, 2022**

**MINUTES**

**Call to Order:** Board Chair Reta Jones called the meeting to order at 12:05 p.m. and asked for a roll call. Present and constituting a quorum were: David Keylon, Nina Thayer, Reta Jones, Leo Romero, Paul Guerin, and Sal Baragiola. Othiamba Umi absent.

**Introductions:** Present from NMLA were David Barden, Carolyn Cabell, Wilma Atencio, Michael Boland, and Sylvia Jaramillo. Also attending in person and virtually were Mary Stanford and Steve Beck with INTRALOT, and Ron Miguel and Matthew Block with Scientific Games.

**Approve Proposed Agenda:** R. Jones entertained a motion. L. Romero moved to approve the proposed agenda; second by D. Keylon. All ayes, no nays. Carried; 6-0.

**Approve Minutes of June 8, 2022, Board of Directors Meeting:** No changes or corrections were made. R. Jones entertained a motion. L. Romero moved to approve the June 8, 2022, meeting minutes; second by D. Keylon. All ayes, no nays. Carried; 6-0.

**Public Comment:** None.

**Executive Closed Session: Limited Personnel Matters**

**CEO Agreement Extension:**

At 12:10 p.m., R. Jones called for a motion to move into Executive Closed Session. N. Thayer made a motion to go into executive closed session under the New Mexico Open Meetings Act, Section 10-15-1, sub-section H2, to discuss the limited personnel matter of the CEO evaluation; second by D. Keylon.

A roll call vote was taken to enter the executive closed session. D. Keylon – yes; N. Thayer – yes; R. Jones – yes; L. Romero – yes; P. Guerin – yes; and S. Baragiola – yes.

At 12:57 p.m., R. Jones called for a motion to come out of executive closed session. R. Jones affirmed that no votes or decisions were made outside the topic of the limited personnel matters during the executive session. L. Romero moved to bring the Board back into open session; second by N. Thayer.

A roll call vote was taken to come out of the executive closed session. D. Keylon – yes; N. Thayer – yes; R. Jones – yes; L. Romero – yes; P. Guerin – yes; and S. Baragiola – yes.

R. Jones entertained a motion to provide results of the conversation made during the closed executive session. S. Baragiola made a motion that the CEO's contract be extended for a period of two years, beginning July 1, 2022, through June 30, 2024; that there be a salary review of the CEO's compensation at the one-year anniversary on June 30, 2023; that the CEO receive a lump-sum reimbursement of any salary and benefits that were not paid under the current contract; and that all benefits that are not salary be continued in the two-year extension. The CEO will receive the salary increase already budgeted for Lottery staff members included in this fiscal year budget discussed at a prior meeting. The CEO will receive this decision in writing for his acceptance and signature; second by P. Guerin. All ayes, no nays. Carried; 6-0.

D. Barden asked if the cost-of-living adjustment is effective for the upcoming staff pay increase or effective now, based on last year. R. Jones responded that the adjustment refers to what was budgeted for the current

fiscal year. D. Barden stated that the Board chair mentioned two-year revolving and asked what that entailed. R. Jones stated that it was just a comment made during the discussion.

D. Keylon asked when the changes become effective. S. Jaramillo responded that the salary adjustments generally occur at the end of the second quarter, but before the beginning of the third quarter.

R. Jones on behalf of the NMLA Board of Directors thanked D. Barden and staff for their continued success, even in the midst of the pandemic. D. Keylon congratulated D. Barden on becoming the President of the Multi-State Lottery Association (MUSL).

## **REPORTS:**

### **Finance and Audit Committee:**

**June 8, 2022, Committee Meeting Minutes:** P. Guerin reported that the Finance and Audit Committee meeting minutes from June 8 accurately reflect what occurred at that meeting. Minutes are accepted as information only.

**FY 2023 Audit Plan:** M. Boland provided a brief overview of the FY 2023 Audit Plan that will require Board action and acceptance. M. Boland reported that this item was reviewed with the Finance and Audit Committee earlier that day. The Audit Plan is a comprehensive and lengthy document, but the process to develop the plan follows the same steps shared in detail with the Board last year. Page 4 outlines which audit areas will be audited in FY 2023.

P. Guerin provided a brief summary of the discussion at the Finance and Audit Committee meeting. The plan is comprised of 53 audit areas expanding over the different departments within the Lottery. P. Guerin stated that this is an evolving plan and is amendable with input and oversight from the Board. P. Guerin reported that Internal Audit will provide reports to the Committee and Board as the audit areas have been audited and completed. M. Boland reported that he is closing out two reports from the current plan and they will be provided at the next Committee and Board meetings for review, discussion, and acceptance.

R. Jones entertained a motion. P. Guerin made a motion to approve the FY 2023 Audit Plan as presented; second by L. Romero. All ayes, no nays. Carried; 6-0.

**Financial Statements:** S. Jaramillo provided a memorandum with highlights for the June 2022 financial statements and detailed financial statements for fiscal years 2022 and 2021. S. Jaramillo reported that the Lottery transferred \$3.4 million to the Lottery Tuition Fund for June and transferred \$41.07 million total for FY 2022. The Lottery has transferred \$947.7 million since FY 1996.

S. Jaramillo reported that at the request of the Board Chair, the Lottery provided a ten-year net instant sales report. From FY 2013 through FY 2020, net instant sales increased gradually. In FY 2021, due to the pandemic, net instant sales increased significantly. However, in FY 2022, with entertainment venues opening up again, instant sales are aligning with the gradual increase already seen from 2013 through 2020. R. Jones reported that she requested this ten-year report to document that the pandemic and shut down of entertainment venues impacted the Lottery significantly with the increase in instant sales for FY 2021.

**Contingency Reserve:** D. Barden provided a presentation and documentation on the contingency reserve. The contingency reserve was discussed during the Finance and Audit Committee meeting, and the two members wanted to continue the discussion with the full Board.

D. Barden reported that section 6-24-4 (C) of the Lottery Act allows the Lottery to have a contingency reserve fund in place. However, there are no directions outlining if there should be a set amount and how it will be administered. In 2012, the Lottery created a resolution for this fund and was updated in 2014. The 2012 resolution required the Lottery to transfer funds at the end of the fiscal year, which could have

prevented the Lottery from using it for its intended purposes of having cash on hand, should the Lottery have needed it. D. Barden reported that the Government Finance Officers Association (GFOA) recommends a minimum unrestricted fund balance of two months of operating revenues/expenditures on hand.

R. Jones reported that she requested this information based on past discussions on the reserve fund, unclaimed prize fund, and 30% mandate and past impacts on sales and operations. R. Jones stated the current resolution does not provide guidance or parameters, and so any changes to the contingency reserve process then becomes a question for the Board.

Discussion occurred between the Lottery and Board, including the current resolution, whether to establish an amount in the contingency reserve and at what level, and whether and when to transfer funds out of the reserve. R. Jones asked D. Barden for management's proposal. D. Barden responded that the Lottery would like to have an established set amount. After discussion, the Board decided to maintain the current process for the contingency reserve fund. D. Barden stated that the Lottery will provide a monthly line-item update for transparency as part of the financials provided to the Board.

**CEO Update:** D. Barden provided an update on the following topics:

- The Mega Millions jackpot reached \$1.337 billion for the July 29 drawing. One winning ticket was sold in Illinois. New Mexico Lottery sales for the runup were \$9.58 million.
- A \$2 million Powerball winning ticket purchased in Loving was claimed in person today.
- Jackpocket, a courier service affiliated with Circle K, is now operating in-state. The total Jackpocket sales in July were approximately \$410,000. The next two highest retailers' total sales for July were approximately \$68,500 and \$70,000.
- Powerball and Mega Millions sales for all jurisdictions were shown, as well as sales for New Mexico only.
- The HGTV's My Lottery Dream Home instant game and promotion continue.
- The Lottery is developing a new Fast Play game and considering a sports-themed draw game that would play similar to Pick 3 and Pick 4. The sports-themed game will be discussed with the Security and Operations Committee.
- D. Barden will be inducted into the Lottery Industry Hall of Fame for 2022.
- The next proposed Finance and Audit Committee meeting will be in October in an Executive Closed Session for the financial audit exit conference.
- The next proposed Board of Directors Meeting will be December 14, 2022. The annual Board elections will take place.
- The World Lottery Summit conference is scheduled for October 16-19, 2022, in Vancouver, Canada. Any Board member interested in attending should contact D. Barden.


### **Board Chair**


**Board Initiatives:** R. Jones reported that at the next meeting, the Board will discuss upcoming legislative initiatives. R. Jones reported that she will be attending the upcoming WLA conference in Vancouver. D. Keylon is interested in attending and L. Romero is considering attending.

**Other:** None.

**Other Items:** None.

**Adjournment:** R. Jones entertained a motion. S. Baragiola made a motion to adjourn the meeting; second by N. Thayer. All ayes, no nays. Carried; 6-0. The meeting adjourned at 2:31 p.m.

  
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R. Jones, Chairman  
Date: 12/7/22

  
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P. Guerin, Secretary/Treasurer  
Date: 12/7/22