

**Security and Operations Committee Meeting
New Mexico Lottery Authority
March 23, 2023**

MINUTES

Call to Order: Committee Chair Sal Baragiola called the meeting to order at 11:05 a.m. and asked for a roll call. Present and constituting a quorum were David Keylon, Sal Baragiola, and Nina Thayer via telephone.

Introductions: Present from NMLA staff were David Barden, Randy Bertram, and Wilma Atencio.

Approve Proposed Agenda: D. Keylon made a motion to approve the proposed agenda; N. Thayer seconded the motion. Motion carried 3-0.

Public Comment: None.

REPORTS:

Policy Updates: D. Barden reported that the Lottery staff suggests minor changes to two policies.

Payment of Prizes on Ticket Claims Policy: D. Barden reported that this policy provides for the payment of prizes for instant and online Lottery games and requires players to follow game rules and ticket validation requirements. The suggested new language expands and further clarifies that the Lottery has no liability for mis-dispensed or damaged tickets. The ninety-day (90) time period within which to claim a winning instant ticket or draw ticket is further clarified by allowing a winning ticket to be claimed on the first business day after the 90th day if the lottery is not open for business. (This language is already included on the back of instant tickets.) Other changes are technical for consistency with other documents and to update the name of Fast Play! games (formerly called Quicksters).

S. Baragiola asked if the two examples provided on the summary sheet are the exact language in the policy. D. Barden responded that the examples provided are just examples and not exact language.

D. Keylon asked whether the 90th-day claim rule is a Lottery rule or a Powerball requirement. D. Barden responded that claim period is one of the rules that Powerball allows each lottery to establish. Some states have longer claim periods, such as 180 days.

S. Baragiola asked whether the existing ticket back language mirrors the language in the updated policy, word for word. D. Barden responded no, not word for word; this is due to the limited space available on the back of the ticket.

D. Keylon made a motion to approve the Payment of Prizes of Ticket Claims Policy as presented; N. Thayer seconded the motion. Motion carried 3-0.

Separation from Employment Policy: D. Barden reported that the policy provides operational guidelines relating to employees who resign, retire, or are terminated from employment with the NMLA. The policy provides for a general two-week notice for employees who resign, and a three-month notice to Human Resources (HR) for retiring employees.

The "Death" provision is deleted for the reason that a deceased employee's family is not subject to NMLA policy requiring notification. The suggested new language allows for the CEO or his/her designee to make exceptions to the policy based on individual circumstances. D. Barden reported that recently an employee

retired without giving HR three-months' notice as requested in this policy. This allows the CEO or designee to accept the retirement resignation even though employee failed to follow the three-month notice requirement.

There was general discussion about the policy by Committee members and D. Barden. The updated policy was vetted and reviewed internally with HR. All employees must provide some type of notification in writing to HR/Supervisor of resignation, retirement, and/or termination and follow internal processes/policies when exiting from the Lottery. D. Barden reported that the Lottery is an "at will" employer and all employees are aware of internal and external policies and procedures.

S. Baragiola made a motion to approve the Separation from Employment Policy as presented; N. Thayer seconded the motion. Motion carried 3-0.

Operational Initiatives: D. Barden reported that the vendor presentation was cancelled due to scheduling conflicts and will be rescheduled at a later date. D. Barden reported that annually he contacts the major gaming vendors to make any recommendations that would bring profitability to the Lottery. Not all recommendations are implemented, but they do provide an outlook into new lottery industry initiatives.

D. Barden reported that the online vendor contract is ending in 2025, and the RFP process for a new contract typically takes a couple of years and entails many components. The Lottery is gearing up for the initial phase of this process. The online vendor contract is the Lottery's largest contract and the one that makes the greatest impact on Lottery expenses. The longer the contract (for example, 10 years), perhaps the lower the cost. The instant printing contract vendor is smaller in comparison to the online vendor contract, and the Lottery is still a couple of years out from starting the RFP process for instant printing.

D. Barden also reported that from analyzing data since 2018, 95% of revenue generated from Lottery products remain in the state.

Other Items: D. Barden introduced Randy Bertram, Executive Vice President for Security as of January 1, 2023. R. Bertram reported that he started with the Lottery in 2009. Prior to that, he completed 25 years of law enforcement service with the New Mexico State Police and retired as Deputy Chief. R. Bertram was Deputy Director of Security until Vince Torrez's retirement. R. Bertram reported his biggest challenge at this time is hiring a new Agent for the security department. R. Bertram advised that the agency has received a number of applications, but the issue is salary. The Lottery's starting salary for an agent is \$24 per hour, while other law enforcement agencies are paying patrol officers at \$34 an hour to \$40 for supervisors. D. Barden reported that salary is the main concern in hiring for multiple positions within the Lottery.

R. Bertram provided a brief overview of the Security Division's responsibilities. R. Bertram advised that there are currently two other employees, an agent and administrative assistant. The Security Division oversees warehouse operations with the assistance of the warehouse supervisor. R. Bertram stated that the division is a full-fledged law enforcement operation and at times employees may perform security guard duties. The primary duties are tracking and authorizing access to the Intralot back-office system; conducting prize claims; tracking stolen tickets and working with local law enforcement agencies on stolen ticket cases; conducting background checks; conducting retailer inspections; and monitoring purchases of Lottery tickets by minors. R. Bertram looks forward to working in his new position with Lottery staff, management, and the Board.

Adjournment: S. Baragiola made a motion to adjourn; N. Thayer seconded the motion. Motion carried 3-0. The meeting adjourned at 11:38 a.m.

S. Baragiola

S. Baragiola, Committee Chair

Date: 6.22.23