

**Regular Meeting of Board of Directors  
New Mexico Lottery Authority  
September 20, 2023**

**MINUTES**

**Call to Order:** Board Vice Chair Sal Baragiola 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, Sal Baragiola, Leo Romero, Paul Guerin, and Othiamba Umi via telephone. R. Jones absent.

**Introductions:** Present from NMLA staff were David Barden, Carolyn Cabell, Wilma Atencio, Michael Boland, Jay Siegel, Darren Geffre, and Therle Smith. Also attending were Mary Stanford and Steve Beck with INTRALOT, and Ron Miguel with Scientific Games.

**Approval of Proposed Agenda:** No changes or corrections were made. L. Romero moved to approve the proposed agenda as presented; N. Thayer seconded the motion. Motion carried 6-0.

**Approval of Minutes of June 22, 2023, Board of Directors Meeting:** No changes or corrections were made. D. Keylon moved to accept and approve the June 22, 2023, meeting minutes; N. Thayer seconded the motion. Motion carried 6-0.

**Public Comment:** None.

**REPORTS:**

**Finance and Audit Committee:**

**August 10, 2023, Committee Meeting Minutes:** P. Guerin reported that the Finance and Audit Committee meeting minutes from August 10, 2023, accurately reflect what occurred at that meeting. minutes were accepted as information.

**FY 2024 Audit Plan:** M. Boland reported the Internal Audit Plan is a comprehensive plan presented annually to management, Committee members, and Board for review, discussion, and acceptance. The plan was reviewed with the Finance and Audit Committee on August 10.

M. Boland reported that page 4 of the Audit Plan highlights the audit areas, priority level, audit/activity, and estimated time allotted for each audit area. Internal Audit will continue to concentrate efforts on supporting automation and division efficiencies.

A review and consultation of the Human Resources Division's processes is in progress currently, similar to engagements that have occurred previously with other divisions. Vendor system controls will also be reviewed. The audit plan includes time allocated for consulting activities and ad hoc projects and activities as needed. P. Guerin stated that the process has not changed from previous years.

S. Baragiola entertained a motion. L. Romero made a motion to approve the FY 2024 Audit Plan as presented; P. Guerin seconded the motion. Motion carried 6-0.

**Financial Statements:** J. Siegel reviewed highlights of the financial statements through July 2023. The Lottery transferred \$5.7 million to the Lottery Tuition Fund for July. FY24 year-to-date (YTD) transfers of \$5.6 million were \$0.2 million more than FY23 YTD and \$2.1 million more than the YTD original budget.

L. Romero asked when the Lottery crossed the \$1 billion return threshold. D. Barden responded that the \$1 billion mark was passed with the July transfer.

10/3/2023

P. Guerin noted that Mega Millions sales are up compared to the YTD budget, but down from FY23 YTD. J. Siegel reported that there were several jackpots run ups for Mega Million last year. D. Barden reported that both Powerball and Mega Million had tremendous run ups throughout the year for FY23 and that we are starting the fiscal year in a strong position, currently up over last year's return at the same time frame. The Powerball jackpot is currently at \$672 million.

P. Guerin commented that lotteries have little control over draw games, only Scratcher games. D. Barden reported that we added an additional draw night to both Powerball and Lotto America leading to increased sales. Mega Millions may have some game changes in 2025. The Lottery will update the Board when those changes have been finalized.

### **CEO:**

**Scientific Games – State of the Industry Presentation:** R. Miguel, Regional Vice President of Sales, gave a State of the Industry FY23 year in review presentation. The presentation covered nationwide and regional sales trends and how the Lottery compares to other states. There was discussion among the Board, Lottery Management, and R. Miguel.

### **CEO Update:**

D. Barden presented slides including weekly instant sales; prizes, transfers, and retailer commissions by fiscal year; and how returns for students increase as prizes for players increase.

D. Barden reported on several fiscal year highlights including the record transfer of more than \$50 million to the lottery tuition fund for FY23, the additions of Monday night draws to Lotto America, and the introduction of a Jackpot 7s theme for Fast Play games and the Double Play feature for Powerball. D. Barden also commented on the Lottery receiving the best new instant game award from NASPL and the Lottery receiving accreditation from the World Lottery Association for responsible gaming.

D. Barden reported that the Lottery will continue with its recruiting efforts for a Security Agent. It has been challenging to fill open positions.

D. Barden reported that the proposed next meeting are October 25, 2023, for the Finance and Audit Committee to attend the exit conference for the annual financial audit; December 13, 2023, for the Security and Operations Committee to review policy updates; and December 13, 2023, for the full Board. The Board meeting is anticipated to include Board elections, a revised budget discussion, review of policy updates, and presentation of the financial audit report (pending release from the State Auditor).

L. Romero asked where Scientific Games sources data for the earlier State of the Industry presentation. D. Barden responded that the Lottery collects data in-house and that Scientific Games accumulates data from other jurisdictions.

D. Barden provided an update on Cost-of-Living Adjustments (COLA). The COLA will go into effect in an October payroll. D. Barden reported that twenty-one employees will receive an increase of 5.25%; two employees who make over \$100 thousand will receive an increase of 4.5%; some new employees will receive a smaller increase; and some employees, such as those hired very recently, will not receive an increase.

### **Executive Closed Session: Limited Personnel Matters**

#### **CEO Agreement Extension:**

At 1:05 p.m., S. Baragiola 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 agreement extension; D. Keylon seconded the motion. S. Baragiola called for a roll call vote to enter the

10/3/2023

executive closed session and asked to signify with an aye vote or nay vote for members. Members attending voiced “ayes” and no “nays” were recorded.

At 1:38 p.m., S. Baragiola called for a motion to come out of executive closed session. S. Baragiola affirmed that no votes or decisions were made outside the topic of the limited personnel matters during the executive session. N. Thayer moved to bring the Board back into open session; D. Keylon seconded the motion. A roll call vote was taken to come out of the executive closed session: D. Keylon – yes; N. Thayer – yes; S. Baragiola – yes; P. Guerin – yes; L. Romero – yes; and O. Umi – yes.

S. Baragiola made a motion that the CEO’s current agreement is extended for a period of three years, beginning July 1, 2024, through June 30, 2027. The CEO’s salary will remain at the current compensation level except as may be modified herein. The CEO will be entitled to all benefits of a full time NMLA employee to include cost-of-living adjustment (COLA) that have been budgeted for FY 2024 and any future COLA that occurs during the course of the letter of agreement. The CEO’s COLA for FY 2024 shall not exceed 4%. The Board of Directors may review the CEO’s salary, benefits, and compensation each fiscal year to determine if the current letter of agreement shall be modified. The Board may also approve any compensation adjustments by passage of a motion. N. Thayer asked whether this is a contract. S. Baragiola responded that this is an extension to the CEO’s current agreement.

S. Baragiola reiterated his motion; D. Keylon seconded the motion. The motion carried 5-1, with O. Umi voting nay.

S. Baragiola congratulated D. Barden and Lottery staff for job well done. The Board looks forward to working with D. Barden in the next three years.


**Board Chair**


**Board Initiatives:** None.

**Other:** If any Board members have suggestions or recommendations for next Board meeting slated for December, please email D. Barden or W. Atencio.

**Other Items:** None.

**Adjournment:** S. Baragiola entertained a motion. L. Romero moved to adjourn the meeting; P. Guerin seconded the motion. Motion carried 6-0. The meeting adjourned at 1:46 p.m.

  
 R. Jones, Chairman  
 Date: 12/13/23

  
 P. Guerin, Secretary/Treasurer  
 Date: 12/13/23