

**Regular Meeting of Board of Directors
New Mexico Lottery Authority
March 18, 2026**

MINUTES

Call to Order: Board Chair Reta Jones called the meeting to order at 11:07 a.m. and asked for a roll call. Present and constituting a quorum were David Keylon, Reta Jones, Paul Guerin, and Sal Baragiola. Leo Romero and Othiamba Umi were absent.

Introductions: Present from NMLA staff were Wilma Atencio, David Barden, Carolyn Cabell, Linh Coonan, and Michael Boland. Also attending was Daniel Jaramillo with Scientific Games.

Approve Proposed Agenda: R. Jones entertained a motion. D. Keylon moved to approve the proposed agenda as presented; S. Baragiola seconded the motion. Motion carried 4-0.

Approve Minutes from December 17, 2025, Board of Directors Meeting: R. Jones entertained a motion. S. Baragiola moved to accept and approve the December 17, 2025, Board meeting minutes; D. Keylon seconded the motion. Motion carried 4-0.

Public Comment: None.

REPORTS:

Finance and Audit Committee:

Financial Statements: L. Coonan reviewed the highlights of the financial statements through January 2026. The Lottery transferred \$27.8 million to the Lottery Tuition Fund for FY26 YTD. The Lottery has transferred approximately \$1.1 billion to education since 1996.

R. Jones recommended that information on the unclaimed prize fund be in a footnote or in a separate document that shows all changes and the beginning and ending balances. L. Coonan reported that the current balance is \$4.3 million.

R. Jones asked what was driving the decline in sales. P. Guerin commented that the Lottery can only control instant sales through its prize expenses, while draw games are often driven by jackpots.

R. Jones reported that the University of New Mexico Board of Regents did not approve a 1% tuition increase for the upcoming year. P. Guerin advised that there was a provision in House Bill 2 stating that if tuition increased, the institution would have to cover the increase.

Security and Operations Committee:

Property Issuance and Return Policy: S. Baragiola reported that this item was discussed by the Security and Operations Committee. Lottery management requested that this policy be repealed because it is obsolete. Lottery management will move this process to Human Resources to centralize the onboarding and offboarding processes for efficiency. S. Baragiola noted that the property issued was not a high-value item, like tickets, secured files, or other secured items.

S. Baragiola moved that the Property Issuance and Return Policy be repealed; seconded by D. Keylon. Motion carried 4-0.

Online Games Drawing Policy: S. Baragiola reported that this item was discussed by the Security and Operations Committee. Lottery management requested that this policy be repealed because it is obsolete.

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The online games drawings are automated. Any changes to games, matrix, or rules would be updated through the Lottery's game rules policies.

S. Baragiola moved that the Online Games Drawing Policy be repealed; seconded by D. Keylon. Motion carried 4-0.

Business Meal and Travel Policy: S. Baragiola reported that the policy had undergone substantive changes and formatting changes, resulting in a streamlined process for travelers. The policy was renamed Travel and Business Meals Policy. Discussion took place about how the policy applies to contractor travel and included updates to travel sign-off procedures for vendor-related travel, meal reimbursements, and Board designee approvals.

S. Baragiola moved that the Board approve the updated Travel and Business Meals Policy as presented; seconded by D. Keylon. Motion carried 4-0.

CEO

Open Meetings Resolution: D. Barden reported that the Open Meetings Resolution governs the Lottery's conduct of Board and Committee meetings in accordance with the New Mexico Open Meetings Act and must be adopted annually. There were no changes to this document from previous years.

R. Jones entertained a motion. P. Guerin moved to accept the Open Meetings Resolution as presented; D. Keylon seconded the motion. Motion carried 4-0.

CEO Update: D. Barden presented information on weekly instant and online game sales by fiscal year. D. Barden reported that declining instant game sales is an ongoing issue, and the reason the Lottery supported removing the 30% return requirement during the 2026 Legislative session. The unclaimed prize fund had been decreasing to the point that the Lottery had to pause some games, including the \$20 price point, and lower payouts on other games. D. Barden reported that the New Jersey Lottery received some legislative relief through a three-year test opportunity to return 27% instead of 35%.

R. Jones asked what would happen if the Lottery did not meet the monthly 30% return. D. Barden responded that he thinks the Lottery would be written up by the auditors, and that he is unsure what would happen legislatively. R. Jones stated that there is always the possibility of not having unclaimed funds. C. Cabell reported that the fund was depleted shortly before COVID. D. Barden reported that the Lottery manages the fund and noted that players feel changes in prize payouts. P. Guerin asked what percentage of unclaimed prizes comes from draw games. D. Barden will provide that information, and noted that unclaimed prizes from draw games grows from large jackpot runs.

D. Barden reported that the Mega Millions group may make changes to the game following slow sales since moving to a \$5 price point.

D. Barden gave an update on the gaming system conversion, which has taken several years from start to finish. In July 2023, the Lottery issued a Request for Information (RFI) for vendors to present information and recommendations to the Lottery. In June 2024, the Lottery issued a Request for Proposals (RFP) for Lottery Solutions, allowing vendors to submit proposals for three options: Gaming System Solution, Instant Games Solution, and/or a Combined Integrated Solution. In December 2024, the Lottery issued a Notice of Intent to Award to Scientific Games (SG).

D. Barden reminded the Board that Intralot was not awarded the contract and filed a protest, which was eventually withdrawn. Subsequently, Intralot also filed a lawsuit, which was later withdrawn. A lengthy IPRA request was filed for both the protest and the lawsuit, effectively halting the Lottery from moving forward with the new gaming system contract for four months. The combination of these two events

effectively allowed Intralot to secure a four-month extension of the contract, which coincidentally matched the additional four-month period agreed to in Intralot's existing contract. Prior to the additional four months in the contract being utilized, the Intralot contract was set to expire on November 22, 2025. Intralot's actions delayed the conversion process with the new vendor by four months and enabled Intralot to generate four additional months of revenue.

D. Barden reminded the Board that the existing Intralot contract expressly authorized the NMLA to continue under the same terms and conditions for up to four additional months, a standard clause in gaming system contracts due to their complexity. Based on legal counsel's advice, the Lottery used the four-month period in the existing Intralot contract as a sole-source extension to comply with state procurement rules. No new contract needed to be negotiated or signed since this was agreed to in the existing gaming system contract approved by Intralot.

D. Barden reported that the switchover to SG's gaming system is scheduled for Sunday, March 22, 2026. Both NMLA and SG staff will work to ensure minimal disruption. Retailers are completing eLearning courses to become familiar with the new equipment and processes. New technology will be available for retailer licensing, field information/activities, and retailer reporting. D. Barden reported that, similar to the MVD renewal process, the retailer licensing process will soon include staggered renewals with associated fees to keep retailer license information up to date. SG will also assume operations for field staffing, warehouse operations, customer service/ticket orders, and other services, including shipping costs.

D. Barden reported that in his opinion, the conversion has been a trying process, as ongoing data-related delays with our outgoing vendor persist. It is the NMLA's opinion that the outgoing vendor has been difficult to work with. D. Barden explained that, as part of the conversion process, the outgoing vendor was required to provide sufficient files to ensure all information is transferred accurately from its system to the SG system. It is the NMLA's opinion that failure to provide timely and adequate data from the outgoing vendor was routine. D. Barden stated that at one point, he had to address these concerns with the outgoing vendor's international headquarters in Greece and corresponded with USA management regarding potential liquidated damages that could be assessed. The outgoing vendor also proposed charging the NMLA \$900,000 for technology access to reports of the NMLA's data on the outgoing vendor's system. Issues with cooperation and the provision of sufficient files continue to pose challenges.

P. Guerin stated that we had an inkling this could happen when the RFP process was finalized, and another vendor was awarded the contract. P. Guerin requested that it be reflected in the minutes his personal perspective as a Board member that if something goes awry with the conversion, it is not the fault of staff.

D. Barden reported that the Lottery NMLA received an IPRA request for documents related to the gaming system contract and related conversion activities from the Southwest Public Policy Institute (SPPI), and that organizations may find it advantageous from a business position to have questionable articles written about the outcome of an RFP process. D. Barden stated it is very interesting that the Lottery had not heard of this group before and that he would not be surprised if SPPI is connected to a vendor interest in some way and wanted to make the Board members aware that an article could be written about the RFP and conversion process, which might be biased.

S. Baragiola stated that this appears to be a benign issue and the RFP process and conversion have not been shrouded in any controversy, such as fraud or corruption. There is no public interest.

D. Keylon asked if we would be charging this firm for the IPRA request. D. Barden reported that the Lottery has provided initial documents, and the IT division is gathering additional data for staff to review. Depending on what is found, we could charge a fee.

R. Jones advised that she was recently approached by someone claiming to represent the outgoing vendor to obtain the Board's perspective and possibly intercede on its behalf, stating that it was not at fault for conversion issues. R. Jones reported that she did not respond to the representative and requested that the representative not approach her again.

R. Jones stated that, given all the challenges with the conversion, there should be a celebration for staff and a meet-and-greet with the incoming vendor. R. Jones asked management to consider this request and have this celebration at an appropriate date and time determined by the Lottery. This will allow the Board to express its appreciation to the staff for their continued hard work and diligence. D. Barden responded that a meet-and-greet would be welcome.

D. Barden provided an update on the RFP for Responsible Gaming Services. The RFP was issued in January, with proposals due in February. One proposal from the New Mexico Council on Problem Gambling (NMCPG) was received and deemed acceptable. It is currently under review by the Evaluation Committee. The contract amount of is below the threshold requiring Board approval. In the past, the CEO has finalized the contract, terms, and services provided. D. Barden is advising the Board that this RFP is out for review and that a contract will be signed soon. The Lottery recently hired a Responsible Gaming Coordinator to oversee this contract and ensure the contractor provides the required services. Some of those services will include additional training, more detailed information on the reports provided, and a more hands-on approach than in previous years. There was general discussion about services provided in the past, office location, number of counselors, and hotline services.

D. Barden provided an update on the Financial Audit Services RFP. The RFP is scheduled to be issued in April, with proposals due in May. During the last RFP process, the Board authorized the Finance and Audit Committee to approve the Evaluation Committee's recommended offeror on the Board's behalf. The Board discussed various options to meet the state auditing requirement that the new contract must be sent to the Office of the State Auditor by June 1. To simplify the process, R. Jones suggested that the Finance and Audit Committee review the approval process and revise the Audit Policy to allow the Committee to approve the successful offeror. D. Barden said that if the Board permits him to amend the policy and bring it back for approval at a future meeting, he will note in the minutes that the Board instructed him to do so pursuant to his CEO authority granted by the Board and that the Committee could proceed with approving the financial audit contract on the Board's behalf. All agreed. D. Barden concluded that there is an expected increase in the contract pricing. The contract term is for one year, beginning with the FY 2026 audit, with up to two additional one-year extensions.

D. Barden gave an update on an upcoming game in development by MUSL called Powerball Xs and Os. This will be a \$5, random matrix-style, jackpot-driven game featuring NFL team logos instead of numbers. There will be no connection to any sporting event outcomes. Game details will be presented at a future meeting. With this game, we hope to reach a new fan base, and the prizes will be new and may include Super Bowl tickets. Initially, we anticipate 30 Lottery jurisdictions to start, with the remaining 12 joining later, for a total of 42 jurisdictions.

D. Barden gave a summary of our latest instant game, Legends of Lucha Libre. Lucha Libre is a high-flying, acrobatic form of Mexican professional wrestling characterized by colorful masks. D. Barden provided the ticket art, promotional information, and an event poster for promotional wrestling matches scheduled for May 9 at the National Hispanic Center.

Finally, D. Barden discussed the proposed next meeting.

Board Chair


Board Initiatives: R. Jones reported that she, P. Guerin, and D. Barden spent a lot of time in Santa Fe attending the 2026 legislative session. The Lottery received support from the Senate and made it through

two Senate committees. Unfortunately, the bill did not make it out of the Senate due to internal and individual issues not related to our bill. R. Jones stated it was disappointing not to get out of the Senate when it appeared we were within reach. However, progress was made and it was good learning experience. There will be upcoming changes in Santa Fe, including a new Governor. We will hope for the best.

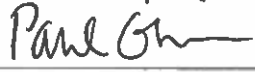
Other: None.

Other Items: None.

Adjournment: R. Jones entertained a motion. S. Baragiola moved to adjourn the meeting; D. Keylon seconded the motion. Motion carried 4-0. The meeting adjourned at 12:33 p.m.,



R. Jones, Chairman
Date: 6/17/26



P. Guerin, Secretary/Treasurer
Date: 6/17/26