

Texas Lottery Commission

July 11, 2016

10:00 a.m.

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| I. | The Texas Lottery Commission will call the meeting to order. | J. Winston Krause, Chairman |
| | Pledge of Allegiance to the U.S. and Texas flags. | |
| | Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible." | |
| II. | Report and possible discussion on the Texas State Auditor's Office "Administration of Selected Instant Ticket Contracts" Audit Report. | Katheryn J. Pyka, Controller |
| III. | Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §§402.103 (Training Program), 402.200 (General Restrictions on the Conduct of Bingo), 402.203 (Unit Accounting), 402.205 (Unit Agreements), 402.210 (House Rules), 402.300 (Pull-Tab Bingo), 402.301 (Bingo Card/Paper), 402.303 (Pull-tab or Instant Bingo Dispensers), 402.324 (Card-Minding Systems -- Approval of Card-Minding Systems), 402.325 (Card-Minding Systems – Licensed Authorized Organization Requirements), 402.400 (General Licensing Provisions), 402.404 (License and Registry Fees), 402.407 (Unit Manager), 402.411 (License Renewal), 402.420 (Qualifications and Requirements for Conductor's License), 402.424 (Amendment of a License by Electronic Mail, Telephone or Facsimile), 402.451 (Operating Capital), 402.500 (General Record Requirement), 402.504 (Debit Card Transactions), 402.506 (Disbursement Records Requirements), 402.511 (Required Inventory Records), 402.514 (Electronic Fund Transfers), 402.600 (Bingo Reports and Payments), 402.602 (Waiver of Penalty, Settlement of Prize Fees, Rental Tax, Penalty and/or Interest), 402.603 (Bond or Other Security), 402.703 (Audit Policy), 402.706 (Schedule of Sanctions), 402.707 (Expedited Administrative Penalty Guideline), and 402.708 (Dispute Resolution); and on new §402.413 (Military Service Members, Military Veterans, and Military Spouses). | Robert F. Biard, General Counsel |
| IV. | Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension on the contract(s) for instant ticket manufacturing and services. | Michael R. Fernandez, Administration Division Director |
| V. | Report, possible discussion and/or action on agency prime contracts, including amendment, renewal or extension on | Michael R. Fernandez, Administration Division Director |

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| <p>the contract for document management services.</p> | |
| <p>VI. Consideration of and possible discussion and/or action, including adoption, on Commission Policy Number P-002 Division of Responsibilities.</p> | <p>Robert F. Biard, General Counsel</p> |
| <p>VII. Report, possible discussion and/or action on the agency's comprehensive business plan pursuant to State Lottery Act §466.028.</p> | <p>Michael Anger, Lottery Operations Director</p> |
| <p>VIII. Report, possible discussion and/or action on lottery sales and revenue, game performance, new game opportunities, advertising, promotional activities, market research, trends, and game contracts, agreements, and procedures.</p> | <p>Katheryn J. Pyka, Controller</p> |
| <p>IX. Report, possible discussion and/or action on transfers to the State and the agency's budget status.</p> | <p>Katheryn J. Pyka, Controller</p> |
| <p>X. Report, possible discussion and/or action on the FY 2017 Operating Budget.</p> | <p>Katheryn J. Pyka, Controller</p> |
| <p>XI. Report, possible discussion and/or action on the FY 2018-19 Legislative Appropriations Request.</p> | <p>Katheryn J. Pyka, Controller</p> |
| <p>XII. Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities, including approval of the Agency's Key Performance Measures Audit Report, Jackpot Estimations Audit Report, and Drawing Process Audit Report.</p> | <p>Darlene Brown, McConnell Jones Lanier & Murphy LLP</p> |
| <p>XIII. Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, pull-tab review, and special projects.</p> | <p>Alfonso D. Royal III, Charitable Bingo Operations Division Director</p> |
| <p>XIV. Report by the Executive Director and possible discussion and/or action on the agency's operational status, major contracts, agency procedures, awards, and FTE status.</p> | <p>Gary N. Grief, Executive Director</p> |
| <p>XV. Consideration of the status and possible approval of orders in enforcement cases:</p> | <p>Robert F. Biard, General Counsel</p> |
| <p><u>Lottery NSF License Revocation Cases (Default Unless Otherwise Noted)</u></p> | |
| <p>A. Docket No. 362-16-1202 – S & A Grocery</p> | |
| <p>B. Docket No. 362-16-2444 – State Line Oil Co.</p> | |
| <p>C. Docket No. 362-16-2443 – Handi Stop #102</p> | |
| <p>D. Docket No. 362-16-2636 – Ox noble Liquor</p> | |
| <p>E. Docket No. 362-16-2637 – Sunmart #194</p> | |
| <p>F. Docket No. 362-16-2638 – Bengal Mart</p> | |
| <p>G. Docket No. 362-16-2639 – Tiger's Den</p> | |
| <p>H. Docket No. 362-16-2640 – Campos Meat Market</p> | |
| <p>I. Docket No. 362-16-2641 – I-35 Texaco</p> | |
| <p>J. Docket No. 362-16-3265 – La Viva Grocery</p> | |
| <p>K. Docket No. 362-16-3590 – Saving Food Store</p> | |

Lottery Agreed Orders

- L. Case No. 2016-178 – Mickey’s Pit Stop #2
- M. Case No. 2016-227 – Sunny’s Grocery
- N. Case No. 2016-391 – Valero Corner Store #929
- O. Case No. 2016-657 – Ice Box #4969
- P. Docket No. 362-16-1680 – Quick Mart

Bingo Agreed Orders

- Q. Case No. 2016-379 – Dana Armstrong (Worker Registry)

Bingo Worker Registry Removal (Default)

- R. Docket No. 362-16-0981.B – Camille Bermejo

Bingo Conductor License Denial

- S. Docket No. 362-15-5571.B – Habitable Spaces

XVI. Public comment.

XVII. Commission may meet in Executive Session:

- A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or the Charitable Bingo Operations Director pursuant to Section 551.074 of the Texas Government Code.
- B. To deliberate the duties of the General Counsel and/or the Human Resources Director pursuant to §551.074 of the Texas Government Code.
- C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to §§551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:

Pending and potential litigation regarding Fun 5’s Scratch Ticket Game #1592, including but not limited to Travis Co. District Court Cause No. D-1-GN-14-005114, Third District Court of Appeals Cause No. 03-16-00172-CV (Steele, et al. v. GTECH Corp.); Dallas Co. District Court Cause No. DC-14-14838, Fifth District Court of Appeals Cause No. 05-15-01559-CV (Nettles v. GTECH Corp. and Texas Lottery Commission); and El Paso County Court Cause No. 2014-DCV-4113 (McDonald v. GTECH Corp.).

State of Texas v. Equal Employment Opportunity Commission et al.

Legal advice regarding the State Lottery Act, Texas Government Code Chapter 467, the Bingo Enabling Act, the Open Meetings Act, the Administrative

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Procedure Act, employment law, personnel law, procurement and contract law, evidentiary and procedural law, ethics law, and general government law.

Legal advice regarding any item on this open meeting agenda.

XVIII. Return to open session for further deliberation and possible action on any matter posted for discussion in Executive Session. Any matter posted for Executive Session also may be the subject of discussion and/or action in open session prior to Executive Session.

XIX. Adjournment.

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Eric Williams at (512) 344-5241 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.

J. Winston Krause, Chairman

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Simpson, MaryBeth

From: Jamieson, Debbie
Sent: Friday, July 01, 2016 12:30 PM
To: Simpson, MaryBeth; Sanchez, Sheila
Subject: FW: S.O.S. Acknowledgment of Receipt
Attachments: 07112016.doc

Good afternoon,

The attached agenda has been filed with the Texas Register. Please let me know if you have any questions.

Thanks,
Debbie

-----Original Message-----

From: Texas Register [<mailto:TexReg@sos.texas.gov>]
Sent: Friday, July 01, 2016 12:18 PM
To: Jamieson, Debbie
Subject: S.O.S. Acknowledgment of Receipt

Acknowledgment of Receipt

Agency: Texas Lottery Commission

Liaison: Debbie L. Jamieson

The Office of the Secretary of State has posted

notice of the following meeting:

Board: Texas Lottery Commission

Committee: Texas Lottery Commission

Date: 07/11/2016 10:00 AM "TRD# 2016004478"

Notice posted: 07/01/16 12:18 PM

Proofread your current open meeting notice at:

[http://texreg.sos.state.tx.us/public/pub_om_lookup\\$.startup?Z TRD=2016004478](http://texreg.sos.state.tx.us/public/pub_om_lookup$.startup?Z TRD=2016004478)

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