Commissioners:
J. Winston Krause,
Chairman
Jodie G. Baggett
Jeff Meador
John W. Townes, III
Mary Ann Williamson



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Alfonso D. Royal III, Charitable Bingo Operations Director

April 9, 2015

The Honorable Greg Abbott
The Honorable Dan Patrick
The Honorable Joe Straus
Members of the 84th Legislature

Ladies and Gentlemen:

In accordance with Section 466.107 of the State Lottery Act, the Texas Lottery Commission (TLC) is submitting its annual Minority Business Participation Report for fiscal year (FY) 2014.

During FY 2014, the agency achieved an overall participation of 29.02 percent in its minority/Historically Underutilized Business (HUB) contracting activity, which represented a slight decrease from FY 2013's performance of 30.76 percent. In addition, the agency continued to surpass its 20-percent goal for licensed minority retailers.

During FY 2015, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

Should you have any questions regarding the report, please do not hesitate to contact our executive director, Mr. Gary Grief.

Sincerely,

J. Winston Krause

Chairman

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TEXAS LOTTERY COMMISSION

MINORITY BUSINESS PARTICIPATION REPORT

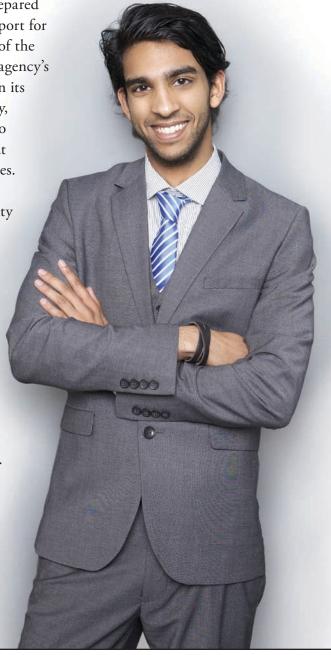
FISCAL YEAR 2014

INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2014 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo regulatory contracting activity, and in the licensing of lottery sales agents. It also provides recommendations for the improvement of lottery-related minority business opportunities.

As defined by the State Lottery Act, a "minority business" is a "business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members." Minority group members include African Americans, American Indians, Asian Americans, Mexican Americans and other Americans of Hispanic origin. Throughout this report, the terms "minority-owned business" and "minority business" are used interchangeably.

Although it is not specifically addressed by the State Lottery Act, the TLC also has a strong commitment to including minorities in its business operations by maintaining a diverse workforce. Information about this area is included in Appendix D of the report (page 25).



TEXAS LOTTERY COMMISSION VISION

To be the preeminent Lottery and Charitable Bingo agency through innovative leadership.

TEXAS LOTTERY MISSION

The Texas Lottery is committed to generating revenue for the state of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

CHARITABLE BINGO MISSION

Provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. Determine that all charitable bingo funds are used for a lawful purpose. Promote and maintain the integrity of the charitable bingo industry throughout Texas.

CORE VALUES

The Texas Lottery Commission combines private business management principles with public service standards of conduct in all its operations. The following values guide us in our work:

- Integrity and Responsibility
- Innovation
- Fiscal Accountability
- Customer Responsiveness
- Teamwork
- Excellence

MINORITY/HUB COMMITMENT

The Texas Lottery Commission is committed to assisting and including minority-owned businesses and Historically Underutilized Businesses (HUBs) in its procurement opportunities. In accordance with the provisions of the State Lottery Act, Texas Government Code, Chapter 466, the agency and its contractors make a good faith effort to contract and subcontract with minority-owned businesses for the purchase of supplies, equipment, and services for the operation of the agency.

MINORITY/HUB PROGRAM

The TLC's Minority/HUB Program functions as part of the agency's Administration Division. The agency's HUB Coordinator is responsible for advising and assisting the TLC in complying with the requirements of the State Lottery Act and the state's HUB rules. The agency's Minority/HUB Program operates in three key areas to promote the inclusion and utilization of minority-owned businesses and HUBs: outreach activities, contract compliance and reporting.

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its contractors. Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator may also assist in planning and cosponsoring statewide events in cooperation with other state agencies. In addition, the agency conducts an annual HUB Forum to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2014 is available in Appendix C (page 24).

Other types of outreach activities include providing information to prospective vendors via the TLC website, coordinating meetings with individual minority/HUB vendors, administering the agency's Mentor-Protégé Program, and assisting eligible businesses with obtaining state HUB certification.

CONTRACT COMPLIANCE

The TLC's HUB Coordinator, Purchasing and Contracts staff, and administering divisions work collaboratively to maintain vendor compliance with contract terms relating to minority and HUB participation. The first step in this process involves assisting the agency with making HUB subcontracting determinations for contracts with an expected value of \$100,000 or more prior to releasing solicitations. Pre-bid and pre-proposal conferences are held to highlight the TLC's HUB policy and subcontracting plan requirements. The HUB Coordinator also assists evaluation teams by reviewing bids/proposals to determine whether the HUB good faith effort criteria were met. Finally, the agency's subcontracting plans are monitored for compliance following contract award.

REPORTING

The TLC's minority/HUB expenditures are monitored throughout the year. Monthly internal minority/HUB participation reports are distributed to agency directors, and periodic updates are provided to TLC commissioners. In addition, HUB subcontracting expenditures and supplemental information are reported twice annually to the Comptroller of Public Accounts (CPA) for inclusion in the Statewide HUB Reports. During FY 2014, in accordance with CPA budget riders 17 and 18, the TLC also submitted the required Quarterly Assessments of HUB Related Activities. HUB participation information is included in the agency's Strategic Plan, Legislative Appropriations Request, and Annual Report of Non-Financial Data.

EXECUTIVE SUMMARY

During FY 2014, the TLC continued its efforts to provide opportunities for minority-owned businesses to participate in its procurement processes. Developing contacts with minority-owned businesses in Texas and licensing minority retailers as Texas Lottery sales agents are essential to the agency's initiatives.

The TLC's overall expenditures, as captured by the CPA's *Fiscal Year 2014 Annual Statewide HUB Report*, increased from FY 2013 to FY 2014 (see Table A, page 8). During this reporting period, the Commission ranked 17th by overall expenditures among the 50 largest-spending agencies, as compared with ranking 18th during FY 2013.

FIG. 2
MINORITY SPENDING

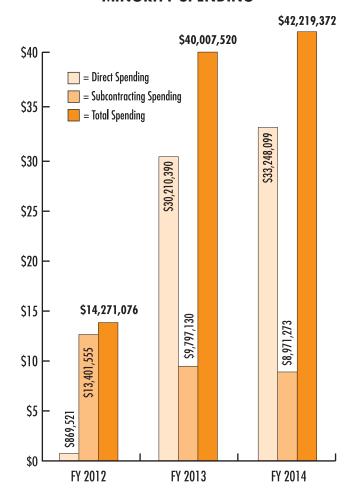
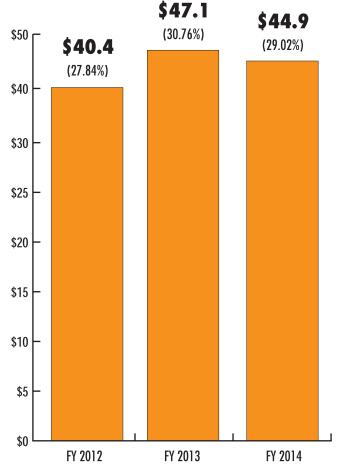


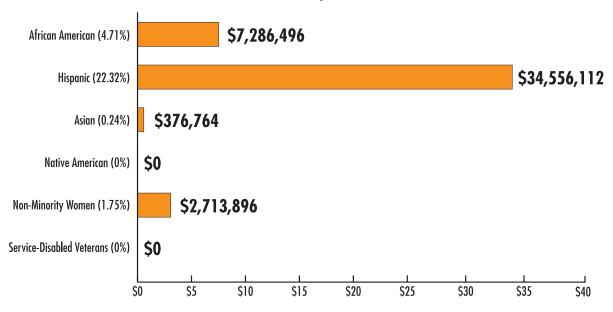
FIG. 1 MINORITY/HUB SPENDING (IN MILLIONS)



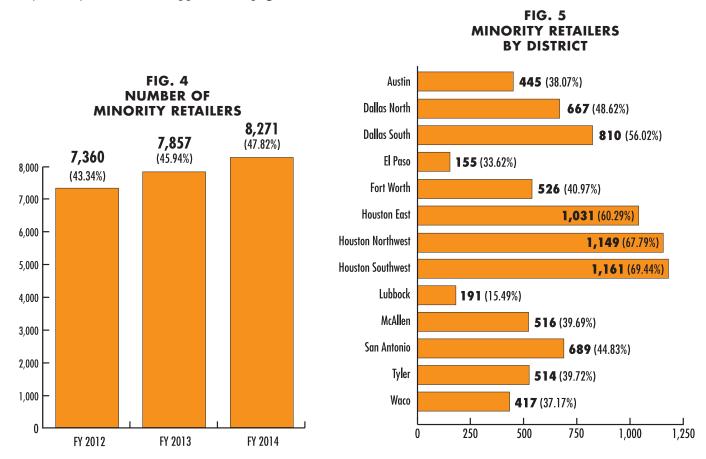
During FY 2014, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 29.02 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors decreased slightly from the previous fiscal year. Figure 2 summarizes payments made to minority-owned businesses only (not including non-minority women or service-disabled veterans*). During this reporting period, total expenditures to minority-owned businesses increased, due to an increase in direct payments. Subcontracting payments to minority-owned businesses decreased slightly. Figure 3 shows the breakdown of FY 2014 minority/HUB spending by ethnic group.

^{*}Service-disabled veterans were added to the statewide HUB program, effective September 1, 2013 (see definition of "Economically disadvantaged person" in Appendix A).

FIG. 3
FY 2014 MINORITY/HUB SPENDING BY ETHNICITY



During FY 2014, the TLC continued to exceed the 20-percent goal for its minority-owned Texas Lottery retailer base which is set out in Texas Government Code Section 466.151. Minority retailers now number 8,271, representing 47.82 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). In addition, for the eighth consecutive year, the TLC has maintained a minority retailer percentage of more than 40 percent. More detailed information on minority retailers by county is located in Appendix B (page 18).



KEY CONTRACTORS

The Commission's key contractors during FY 2014 for contracts estimated to be \$100,000 or more* included the following:

ALLIED BARTON SECURITY SERVICES LLC – Security officer services.

AUSTIN RIBBON AND COMPUTER SUPPLIES, INC.** – Uninterrupted power supply lease.

BARKER & HERBERT ANALYTICAL LABORATORIES, INC. – Lottery product testing services.

BEEHIVE SPECIALTY Co.** - Promotional products.

CANON SOLUTIONS AMERICA (FKA OCÉ IMAGISTICS, INC.) – Document management services.

DK PARTNERS, P.C. (FKA DAVILA, BUSCHHORN AND ASSOCIATES, P.C.)** – Lottery drawings CPA services.

ELEPHANT PRODUCTIONS, INC. – Drawing studio and production services.

ELSYM CONSULTING, INC. – Internal control system and related services.

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical consulting services.

GRANT THORNTON, **LLP** – Lottery security study services.

GRANT THORNTON, **LLP** – Risk review and compliance monitoring services.

GTECH CORPORATION® – Lottery operations and services.

GTECH CORPORATION (FKA GTECH PRINTING CORPORATION) – Instant ticket manufacturing and services.

IPSOS-REID CORPORATION – Market research services.

KNIGHT SECURITY SYSTEMS, LLC – Surveillance camera products and services.

LATINWORKS MARKETING, LLC** – Advertising services.

MCCONNELL AND JONES, LLP** – Internal audit services.

MEYERTONS, HOOD, KIVLIN, KOWART AND GOETZEL, P.C. – Outside counsel intellectual property legal services.

POLLARD BANKNOTE, LTD. – Instant ticket manufacturing and services.

RFD & ASSOCIATES, INC.** – DBITS application development for Charitable Bingo Operations Division system.

SCIENTIFIC GAMES INTERNATIONAL, INC. – Instant ticket manufacturing and services.

SEQUEL DATA SYSTEMS, INC.** – PC equipment lease.

SHI GOVERNMENT SOLUTIONS** – Microsoft enterprise agreement.

SHI GOVERNMENT SOLUTIONS** – SAN equipment lease.

SIERRA GROUP, LLC - Promotional products.

SUNGARD VERICENTER, INC. – Website hosting services.

TYCO INTEGRATED SECURITY (FKA ADT SECURITY SYSTEMS) – Security management system and monitoring services.

WEAVER AND TIDWELL, LLP - Audit services.

^{*}List does not include interagency contracts, property leases, or licensed property contracts.

^{**}HUB certified contractors

FISCAL YEAR 2014 HIGHLIGHTS

- The TLC's minority/HUB expenditures totaled more than \$44.9 million.
- For FY 2014, the Texas Lottery Commission ranked 17th in terms of overall expenditures as captured by the CPA's *Fiscal Year 2014 Annual Historically Underutilized Business (HUB) Report*. Of the 17 largest-spending state agencies, the TLC ranked number one by overall HUB percentage (see Table C, page 12).
- Five of the TLC's contractors increased subcontracting payments to minority/HUB businesses.
- Seven HUB companies provided key contract services to the agency during FY 2014 (see page 6).
- The TLC provided over \$25,000 worth of bid opportunities at the "Doing Business Texas Style Spot Bid Fair" held in conjunction with ACCESS 2014 in Irving, Texas, and was able to award \$7,745 to HUBs who attended the event.
- The TLC formalized two mentor-protégé relationships during FY 2014.
- The TLC continued its vendor education efforts regarding the HUB subcontracting plan (HSP) by offering one-on-one HSP workshops and reviews of draft HSPs. This resulted in greater numbers of compliant HSPs and increased competition.

 The TLC participated in 14 economic opportunity forums and HUB-related outreach events statewide.

 The TLC conducted a successful annual HUB forum on July 15, 2014, which attracted minority/HUB participants from across the state. Roundtable networking sessions at this event allowed maximum interaction between attendees, agency staff, and key TLC contractors.

The TLC participated in HUB
 Discussion Workgroup meetings that were held during the fiscal year.

• The TLC maintained a minority retailer percentage of more than 40 percent for the eighth consecutive year. This represents a retailer participation of more than twice the established goal.



FISCAL YEAR 2014 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$134,517	0.09%	
HISPANIC AMERICAN	\$32,789,995	21.18%	
ASIAN AMERICAN	\$323,587	0.21%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$2,192,018	1.42%	
SERVICE DISABLED VETERANS	\$0	0.00%	
TOTAL	\$35,440,117	22.89%	\$154,829,950

II. MINORITY/HUB SUBCONTRACTING EXPENDITURES

MINORITY/HUB GROUP	SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY/ NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
AFRICAN AMERICAN	\$7,151,979	5.99%	
HISPANIC AMERICAN	\$1,766,117	1.48%	
ASIAN AMERICAN	\$53,177	0.04%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$521,878	0.44%	
SERVICE DISABLED VETERANS	\$0	0.00%	
TOTAL	\$9,493,151	7.95%	\$119,389,833

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$7,286,496	4.71%	
HISPANIC AMERICAN	\$34,556,112	22.32%	
ASIAN AMERICAN	\$376,764	0.24%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$2,713,896	1.75%	
SERVICE DISABLED VETERANS	\$0	0.00%	
GRAND TOTAL	\$44,933,268	29.02%	\$154,829,950

NOTE: Fiscal Year expenditures were based on the reportable expenditure object codes utilized by the Comptroller of Public Accounts (CPA) for the State of Texas HUB Report. Totals may not sum exactly to CPA report due to rounding. Minority/HUB expenditures were derived from the Fiscal Year 2014 Annual Historically Underutilized Business (HUB) Report plus Texas Lottery Commission spending with minority and women-owned businesses (direct and indirect) who were not HUB certified during FY 2014.

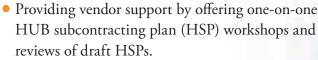
The Texas Lottery Commission promotes fair and competitive opportunities for minority/ HUB vendors interested in doing business with the agency and its key contractors. The TLC conducted an effective program during FY 2014 to inform and educate minority businesses/ HUBs about opportunities to provide supplies, equipment, and services for the operation of the agency and to serve as licensed sales agents. The following sections detail some of the TLC's achievements in FY 2014.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

- Participating in forums and other outreach events to inform minority/HUB vendors about the TLC's contracting and subcontracting opportunities.
- Hosting an annual HUB forum to present procurement-related information to minority/HUB vendors and provide networking opportunities.

• Determining the probability of subcontracting and identifying potential minority/HUB subcontracting opportunities for contracts with an expected value of \$100,000 or more.

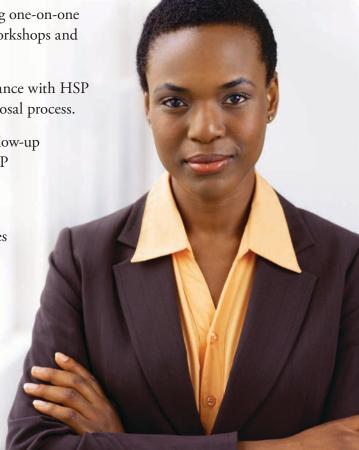


• Evaluating good-faith-effort compliance with HSP requirements as part of the bid/proposal process.

 Conducting post-contract award follow-up with awarded vendors to discuss HSP requirements; monitoring contracts to ensure compliance.

 Providing procurement opportunities at HUB Forums and other outreach events.

- Hosting meetings with interested vendors to assist them in becoming familiar with the TLC's procurement processes.
- Assisting eligible vendors to become certified as HUBs.



Bids/Proposals Received and Contracts Awarded:

During FY 2014, the TLC received 44 competitive bids and proposals from HUB vendors, which represented nearly 65 percent of all responses. Overall, the agency awarded 205 total contracts to HUB vendors, 98 of which were awarded to minority-owned HUBs. These included contracts resulting from spot purchases, informal and formal quotes, bids, offers, and proposals received from HUB vendors.

OUTREACH ACTIVITIES

Advertisements: During FY 2014, the TLC ran print advertisements to promote its HUB program and to publicize minority/HUB outreach events in minority-owned newspapers. Examples of the types of advertising placed are available in Appendix E (page 27).

Outreach Materials: The TLC provided information to minority businesses and HUBs that were interested in doing business with the agency. This included information regarding the agency's procurements, and contacts for both agency staff and key TLC contractors.

Website: Information about the TLC's Minority/HUB Program is available via the agency's website (**txlottery.org**), which also provides links to Statewide HUB Program information.

Forums: In accordance with legislative mandates, the TLC participated in conferences, forums and vendor fairs to provide information regarding the agency's procurement opportunities. As part of the TLC's outreach program, staff attended Economic Opportunity Forums (EOFs) sponsored by state agencies and/or other governmental entities. These included forums presented by the Texas Procurement and Support Services (TPASS) division of the Comptroller of Public Accounts (CPA). In addition, the TLC participated in a number of forums, conferences and other events coordinated by other state agencies and/or small, minority- and woman-owned business organizations. A summary of the agency's outreach efforts is provided in Appendix C (page 24) of this report.

The TLC conducted its Annual HUB Forum on July 15, 2014, in Austin. The forum drew minority- and woman-owned companies from throughout the state. Texas Lottery Commission presenters provided an overview of the agency's procurement opportunities and processes, as well as other information to assist HUBs. Roundtable networking sessions provided attendees with the opportunity to meet face-to-face with agency management/staff and representatives from some of the TLC's largest contractors. Vendors who attend the TLC forum consistently provide positive feedback regarding the meeting format and the opportunity to directly network with agency staff and contractors.

Subcontracting Opportunities: In FY 2014, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to monitor HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

In accordance with Texas Government Code, Section 2161.065, all state agencies with biennial budgets of more than \$10 million are required to have a Mentor-Protégé Program. The purpose of the Mentor-Protégé Program is to foster long-term relationships between prime contractors and HUBs. The ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency's Mentor-Protégé Program is neither a guarantee for a contract opportunity nor a promise of business.

The TLC formalized two mentor-protégé relationships during FY 2014. The Mentor-Protégé Program is an ongoing initiative, and the TLC will continue its efforts to form additional relationships during FY 2015.

HUB DISCUSSION WORKGROUP

The TLC participates in the HUB Discussion Workgroup, an established group of HUB Coordinators from state agencies and institutions of higher education that meets on a regular basis. The workgroup shares program practices and ideas, supports outreach events, and provides input to the CPA on methods for improving the state's HUB Program.

CONTRACTOR SUPPORT

Contractors are encouraged to include minority businesses and HUBs when purchasing goods and/ or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,000 or more, respondents must complete HUB subcontracting plan (HSP) forms and perform a good faith effort to use HUBs when subcontracting. The state's Centralized Master Bidders List and HUB Directory are key resources for identifying potential HUB subcontractors. Many of the TLC's largest contractors also participated in the TLC's FY 2014 HUB Forum, providing information and networking opportunities to HUBs. Through these efforts, the agency's key contractors who utilized minority and/or HUB subcontractors achieved the following results in FY 2014:

TABLE B

CONTRACTOR NAME	MINORITY/HUB SUBCONTRACTING EXPENDITURES*
LATINWORKS MARKETING, LLC	\$10,538,694
GTECH CORPORATION	\$4,794,333
SCIENTIFIC GAMES INTERNATIONAL, INC.	\$3,241,249
POLLARD BANKNOTE, LTD.	\$1,259,179
DK PARTNERS. P.C. (FKA DAVILA, BUSCHHORN & ASSOCIATES, P.C.)	\$206,501
GTECH CORPORATION (FKA GTECH PRINTING CORPORATION)	\$198,391

^{*}Amounts have been rounded to the nearest dollar.

RANK AMONG LARGEST-SPENDING AGENCIES

The Texas Lottery Commission ranked 17th in terms of overall expenditures captured by the CPA's *Fiscal Year 2014 Annual Historically Underutilized Business (HUB) Report*. Of the 17 largest-spending agencies, the TLC ranked 1st by overall HUB percentage (see Table C).

TABLE C ANNUAL FISCAL YEAR 2014 HUB REPORT

SEVENTEEN LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	HUB EXPENDITURES	HUB PERCENTAGE
1	texas lottery commission	\$154,829,950	\$44,875,834	28.98%
2	university of houston	\$288,137,583	\$81,907,203	28.43%
3	UNIVERSITY OF TEXAS SYSTEM	\$639,033,386	\$154,128,787	24.12%
4	TEXAS TECH UNIVERSITY	\$211,454,157	\$46,441,968	21.96%
5	health & human services commission	\$831,801,361	\$184,681,128	22.20%
6	UNIVERSITY OF TEXAS AT AUSTIN	\$315,250,758	\$63,474,811	20.13%
7	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	\$263,799,698	\$42,746,189	16.20%
8	THE TEXAS A & M UNIVERSITY SYSTEM	\$424,020,133	\$68,683,987	16.20%
9	texas a & m university (main univ)	\$255,633,078	\$41,121,387	16.09%
10	DEPARTMENT OF STATE HEALTH SERVICES	\$386,352,955	\$56,347,460	14.58%
11	UT SOUTHWESTERN MEDICAL CENTER/DALLAS	\$685,141,622	\$99,400,406	14.51%
12	DEPARTMENT OF PUBLIC SAFETY	\$197,261,570	\$25,289,928	12.82%
13	TEXAS EDUCATION AGENCY	\$186,259,608	\$20,499,764	11.01%
14	UNIVERSITY OF TEXAS MEDICAL BRANCH	\$358,960,252	\$34,685,312	9.66%
15	texas department of transportation	\$6,228,744,191	\$446,382,639	7.17%
16	ut md anderson cancer center	\$1,291,787,237	\$69,786,934	5.40%
17	GENERAL LAND OFFICE	\$266,215,511	\$13,766,611	5.17%

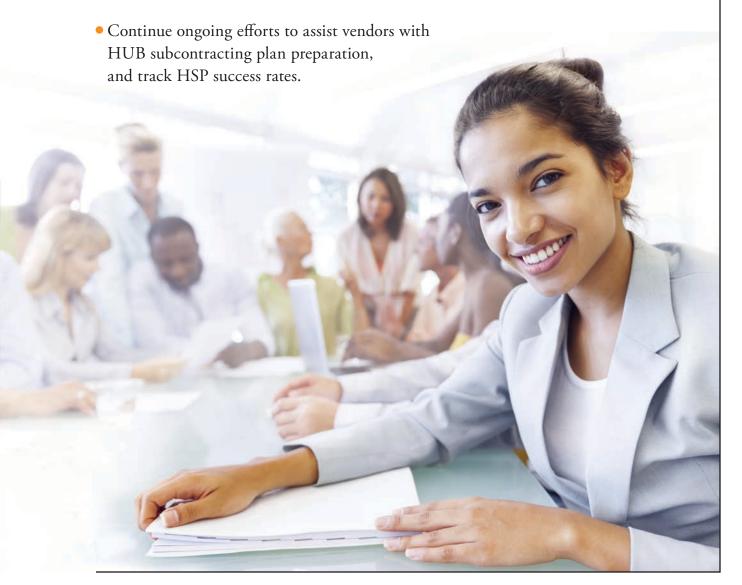
Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's Fiscal Year 2014 Annual Historically Underutilized Business (HUB) Report. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. These figures are for HUB utilization only, and do not include expenditures made to uncertified minority or woman-owned businesses, which are included in the Texas Lottery Commission's totals elsewhere in this report. These figures are unaudited.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2014, the agency's minority retailers numbered 8,271, which represented 47.82 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). This represents an increase from the previous fiscal year. In addition, the agency has maintained a minority retailer percentage of more than 40 percent for the past eight fiscal years.

FISCAL YEAR 2015 RECOMMENDED IMPROVEMENTS

- Develop a Frequently Asked Question (FAQ) page regarding the HSP process.
- Continue working with TLC technical staff to improve internal HUB reporting capabilities.
- Track expenditures made to graduated HUBs.
- Attend at least one new outreach event that is focused on service-disabled veterans.
- Increase the number and value of bid opportunities provided at the "Doing Business Texas Style" Spot Bid Fair.
- Maintain active participation in the HUB Discussion Workgroup.



APPENDICES

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DEFINITIONS

MINORITY BUSINESS: As defined in Texas Government Code §466.107 (b), "Minority Business" means a business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares are owned by minority group members, and that:

- 1) is managed and, in daily operations, is controlled by minority group members; and
- 2) is a domestic business entity with a home or branch office located in this state and is not a branch or subsidiary of a foreign corporation, firm or other business entity.

"MINORITY GROUP MEMBERS" include African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin.

HISTORICALLY UNDERUTILIZED BUSINESS (HUB): As defined in Texas Government Code, §2161.001 subdivisions (2) and (3), "historically underutilized business" means an entity with its principal place of business in the state of Texas that is:

- 1) a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation and management;
- 2) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;
- 3) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the control, operation and management;
- 4) a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this subdivision; or
- 5) a supplier contract between a historically underutilized business determined under another paragraph of this subdivision and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the goods.

"ECONOMICALLY DISADVANTAGED" PERSON means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, Native Americans, and veterans as defined by 38 U.S.C. Section 101(2) who have suffered at least a 20 percent service-connected disability as defined by 38 U.S.C. Section 101(16), and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

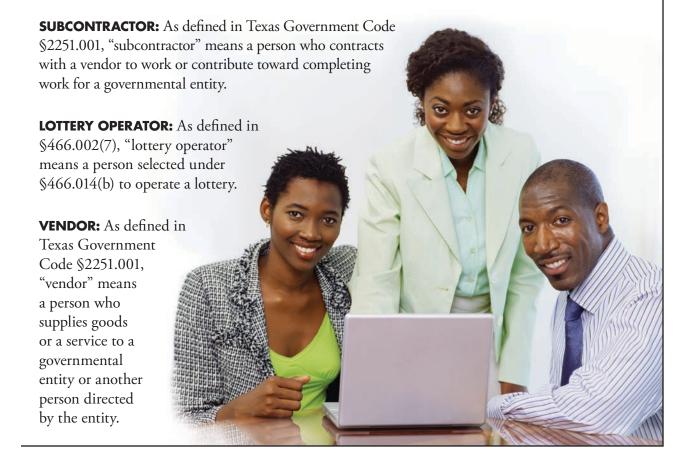
DEFINITIONS

COMMISSION: As defined in Texas Government Code, §466.002(1), "Commission" means the Texas Lottery Commission.

HUB SUBCONTRACTING PLAN: As defined by Texas Administrative Code Title 34, Part 1, Chapter 20, Subchapter B, Rule \$20.11, a HUB subcontracting plan is "written documentation regarding the use of subcontractors, which is required to be submitted with all responses to state agency contracts with an expected value of \$100,000 or more where subcontracting opportunities have been determined by the state agency to be probable. The HUB subcontracting plan subsequently becomes a provision of the awarded contract, and shall be monitored for compliance by the state agency during the term of the contract."

LOTTERY: As defined in Texas Government Code, §466.002(5), "lottery" means the procedures operated by the state under this chapter through which prizes are awarded or distributed by chance among persons who have paid, or unconditionally agreed to pay, for a chance or other opportunity to receive a prize.

SALES AGENT OR SALES AGENCY: As defined in Texas Government Code §466.002(9), "sales agent" or "sales agency" means a person licensed under this chapter to sell tickets.



COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	106	50	47.17%
ANDREWS	9	2	22.22%
ANGELINA	65	17	26.15%
ARANSAS	25	9	36.00%
ARCHER	10	3	30.00%
ARMSTRONG	3	1	33.33%
ATASCOSA	37	18	48.65%
AUSTIN	35	24	68.57%
BAILEY	6	0	0.00%
BANDERA	13	5	38.46%
BASTROP	58	29	50.00%
BAYLOR	4	0	0.00%
BEE	19	8	42.11%
BELL	208	84	40.38%
BEXAR	954	503	52.73%
BLANCO	13	6	46.15%
BORDEN	0	0	0.00%
BOSQUE	28	10	35.71%
BOWIE	49	13	26.53%
BRAZORIA	183	120	65.57%
BRAZOS	125	88	70.40%
BREWSTER	8	2	25.00%
BRISCOE	2	0	0.00%
BROOKS	5	2	40.00%
BROWN	32	7	21.88%
BURLESON	24	15	62.50%
BURNET	37	17	45.95%
CALDWELL	25	5	20.00%
CALHOUN	18	9	50.00%
CALLAHAN	11	2	18.18%
CAMERON	180	48	26.67%
CAMP	12	4	33.33%
CARSON	6	0	0.00%
CASS	24	6	25.00%
CASTRO	7	0	0.00%
CHAMBERS	45	24	53.33%
CHEROKEE	41	21	51.22%
CHILDRESS	7	0	0.00%
CLAY	5	0	0.00%
COCHRAN	6	2	33.33%
COKE	4	2	50.00%
COLEMAN	9	1	11.11%
COLLIN	334	151	45.21%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COLLINGSWORTH	2	0	0.00%
COLORADO	27	15	55.56%
COMAL	65	12	18.46%
COMANCHE	13	1	7.69%
CONCHO	5	0	0.00%
COOKE	38	16	42.11%
CORYELL	34	12	35.29%
COTTLE	2	1	50.00%
CRANE	5	1	20.00%
CROCKETT	6	1	16.67%
CROSBY	8	0	0.00%
CULBERSON	10	3	30.00%
DALLAM	10	0	0.00%
DALLAS	1646	952	57.84%
DAWSON	9	3	33.33%
DEAF SMITH	15	1	6.67%
DELTA	3	1	33.33%
DENTON	309	137	44.34%
DE WITT	15	3	20.00%
DICKENS	3	1	33.33%
DIMMIT	15	10	66.67%
DONLEY	5	0	0.00%
DUVAL	14	6	42.86%
EASTLAND	25	4	16.00%
ECTOR	100	19	19.00%
EDWARDS	3	1	33.33%
ELLIS	100	42	42.00%
EL PASO	374	131	35.03%
ERATH	28	14	50.00%
FALLS	16	6	37.50%
FANNIN	24	10	41.67%
FAYETTE	22	6	27.27%
FISHER	4	1	25.00%
FLOYD	5	0	0.00%
FOARD	1	0	0.00%
FORT BEND	286	180	62.94%
FRANKLIN	7	3	42.86%
FREESTONE	23	7	30.43%
FRIO	20	9	45.00%
GAINES	10 282	2	20.00%
GALVESTON	5	191 0	67.73%
GARZA	13	2	0.00%
GILLESPIE	13	Δ	15.38%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
GLASSCOCK	1	0	0.00%
GOLIAD	5	1	20.00%
GONZALES	17	7	41.18%
GRAY	18	3	16.67%
GRAYSON	107	37	34.58%
GREGG	133	41	30.83%
GRIMES	29	21	72.41%
GUADALUPE	73	23	31.51%
HALE	24	3	12.50%
HALL	5	0	0.00%
HAMILTON	11	2	18.18%
HANSFORD	4	0	0.00%
HARDEMAN	7	0	0.00%
HARDIN	48	1	2.08%
HARRIS	3222	2337	72.53%
HARRISON	46	16	34.78%
HARTLEY	0	0	0.00%
HASKELL	5	0	0.00%
HAYS	87	20	22.99%
HEMPHILL	5	1	20.00%
HENDERSON	60	32	53.33%
HIDALGO	363	173	47.66%
HILL	43	9	20.93%
HOCKLEY	14	1	7.14%
HOOD	50	9	18.00%
HOPKINS	27	9	33.33%
HOUSTON	37	21	56.76%
HOWARD	27	2	7.41%
HUDSPETH	5	3	60.00%
HUNT	67	32	47.76%
HUTCHINSON	18	2	11.11%
IRION	5	1	20.00%
JACK	10	3	30.00%
JACKSON	18	8	44.44%
JASPER	38	3	7.89%
JEFF DAVIS	2	0	0.00%
JEFFERSON	268	75	27.99%
JIM HOGG	5	2	40.00%
JIM WELLS	36	19	52.78%
JOHNSON	112	41	36.61%
JONES	12	2	16.67%
KARNES	17	3	17.65%
KAUFMAN	93	44	47.31%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
KENDALL	26	11	42.31%
KENEDY	0	0	0.00%
KENT	0	0	0.00%
KERR	35	0	0.00%
KIMBLE	12	3	25.00%
KING	0	0	0.00%
KINNEY	3	0	0.00%
KLEBERG	30	19	63.33%
KNOX	4	0	0.00%
LAMAR	40	13	32.50%
LAMB	14	0	0.00%
LAMPASAS	15	5	33.33%
LA SALLE	9	3	33.33%
LAVACA	21	6	28.57%
LEE	20	10	50.00%
LEON	27	13	48.15%
LIBERTY	74	44	59.46%
LIMESTONE	25	9	36.00%
LIPSCOMB	3	0	0.00%
LIVE OAK	18	1	5.56%
LLANO	21	5	23.81%
LOVING	0	0	0.00%
LUBBOCK	152	30	19.74%
LYNN	3	0	0.00%
MADISON	12	8	66.67%
MARION	15	7	46.67%
MARTIN	1	0	0.00%
MASON	5	1	20.00%
MATAGORDA	39	23	58.97%
MAVERICK	26	11	42.31%
MCCULLOCH	8	0	0.00%
MCLENNAN	187	80	42.78%
MCMULLEN MEDINA	4	0	0.00%
MENARD	29	6	20.69%
MIDLAND	4	1	25.00%
MILAM	78	8	10.26%
MILLS	23	4	17.39%
MITCHELL	4	0	0.00%
MONTAGUE	5	0	0.00%
MONTGOMERY	17	6	35.29%
MOORE	31 <i>7</i> 19	195 4	61.51%
MORRIS	10	5	21.05% 50.00%
MORRIO	10	3	50.00%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MOTLEY	3	0	0.00%
NACOGDOCHES	56	25	44.64%
NAVARRO	48	20	41.67%
NEWTON	14	3	21.43%
NOLAN	21	3	14.29%
NUECES	231	77	33.33%
OCHILTREE	7	1	14.29%
OLDHAM	2	1	50.00%
ORANGE	87	12	13.79%
PALO PINTO	40	7	17.50%
PANOLA	16	6	37.50%
PARKER	54	21	38.89%
PARMER	8	0	0.00%
PECOS	20	8	40.00%
POLK	37	18	48.65%
POTTER	99	42	42.42%
PRESIDIO	6	1	16.67%
RAINS	11	6	54.55%
RANDALL	51	10	19.61%
REAGAN	4	0	0.00%
REAL	6	4	66.67%
RED RIVER	14	7	50.00%
REEVES	12	2	16.67%
REFUGIO	10	2	20.00%
ROBERTS	1	0	0.00%
ROBERTSON	25	11	44.00%
ROCKWALL	37	15	40.54%
RUNNELS	14	0	0.00%
RUSK	29	9	31.03%
SABINE	12	1	8.33%
SAN AUGUSTINE	11	3	27.27%
SAN JACINTO	18	14	77.78%
SAN PATRICIO	68	23	33.82%
SAN SABA	7	0	0.00%
SCHLEICHER	4	0	0.00%
SCURRY	15	1	6.67%
SHACKELFORD	5	0	0.00%
SHELBY	22	8	36.36%
SHERMAN	2	0	0.00%
SMITH	144	78	54.17%
SOMERVELL	10	3	30.00%
STARR	44	25	56.82%
STEPHENS	10	5	50.00%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
STERLING	2	0	0.00%
STONEWALL	2	0	0.00%
SUTTON	9	0	0.00%
SWISHER	5	0	0.00%
TARRANT	1181	537	45.47%
TAYLOR	108	8	7.41%
TERRELL	2	1	50.00%
TERRY	9	0	0.00%
THROCKMORTON	2	0	0.00%
TITUS	28	11	39.29%
TOM GREEN	73	10	13.70%
TRAVIS	627	200	31.90%
TRINITY	19	9	47.37%
TYLER	17	1	5.88%
UPSHUR	22	10	45.45%
UPTON	5	1	20.00%
UVALDE	28	7	25.00%
VAL VERDE	22	5	22.73%
VAN ZANDT	40	22	55.00%
VICTORIA	64	22	34.38%
WALKER	52	32	61.54%
WALLER	29	18	62.07%
WARD	14	4	28.57%
WASHINGTON	32	11	34.38%
WEBB	115	42	36.52%
WHARTON	47	28	59.57%
WHEELER	8	0	0.00%
WICHITA	101	39	38.61%
WILBARGER	9	1	11.11%
WILLACY	13	7	53.85%
WILLIAMSON	186	62	33.33%
WILSON	28	10	35.71%
WINKLER	6	0	0.00%
WISE	49	17	34.69%
WOOD	26	11	42.31%
YOAKUM	7	0	0.00%
YOUNG	18	4	22.22%
ZAPATA	14	10	71.43%
ZAVALA	13	9	69.23%
TOTAL	17,295	8,271	47.82%



FISCAL YEAR 2014 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
WEST TEXAS BUSINESS FORUM	LUBBOCK
TEXAS PROCUREMENT AND SUPPORT SERVICES 2014 PROCUREMENT CONNECTION SEMINAR AND EXPO	BEAUMONT
"STRATEGIES FOR SUCCESS" 2014 INTERAGENCY HUB VENDOR FAIR	AUSTIN
UNIVERSITY OF TEXAS HUB VENDOR FAIR	AUSTIN
"DOING BUSINESS TEXAS STYLE" AT ACCESS 2014	IRVING
HEALTH AND HUMAN SERVICES COMMISSION HUB FAIR	AUSTIN
GOVERNOR'S SMALL BUSINESS FORUM	SAN MARCOS
TEXAS PROCUREMENT AND SUPPORT SERVICES 2014 PROCUREMENT CONNECTION SEMINAR AND EXPO	AUSTIN
II. TEXAS LOTTERY COMMISSION FORUMS	
TEXAS LOTTERY COMMISSION ANNUAL HUB FORUM	AUSTIN
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
TEXAS ASSOCIATION OF AFRICAN AMERICAN CHAMBERS OF COMMERCE (TAAACC) ANNUAL CONFERENCE	AUSTIN
HOUSTON MINORITY BUSINESS SUPPLIER DEVELOPMENT COUNCIL EXPO	HOUSTON
TEXAS ASSOCIATION OF MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) 38TH ANNUAL BUSINESS CONFERENCE	HOUSTON
BEXAR COUNTY SMALL, MINORITY, WOMAN AND VETERAN BUSINESS OWNER'S CONFERENCE 2013	SAN ANTONIO
TEXAS ASSOCIATION OF MEXICAN AMERICAN CHAMBERS OF COMMERCE (TAMACC) 39TH ANNUAL BUSINESS CONFERENCE	MCALLEN
US PAN ASIAN AMERICAN CHAMBER SW - 13TH ANNUAL ASIAN BUSINESS EXPO	ARLINGTON

FISCAL YEAR 2014 WORKFORCE DIVERSITY HUMAN RESOURCES STATEMENT

The Commission strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising **over 61 percent** women and **45 percent** minorities is the result of our aggressive approach to equal opportunity practices (see table below).

The Commission takes great pride in its workforce diversity. Efforts to maintain and enhance this diversity are apparent in the open and fair availability of employment opportunities to all members of the public, as well as to Commission employees. Commission staff is expected to treat others with respect, regardless of individual differences and lifestyle choices. The Commission recognizes that maintaining a diverse workforce plays a role in reaching our goal of increased minority participation. This recognition of the value of employee uniqueness is an important factor in the Commission's overall effectiveness.

Programs and policies that aid in accomplishing the goal of workforce diversity include:

- Encouraging a TEAM Approach
- Emphasizing employment recruiting and retention
- Monitoring workforce demographics
- Defining management roles and responsibilities
- Equal Employment Opportunity (EEO) training for management

TEXAS LOTTERY COMMISSION WORKFORCE

TEXAS LOTTERY EMPLOYEES BY ETHNICITY FISCAL YEAR 2014

ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	38	11.14%
HISPANIC AMERICAN	104	30.50%
ASIAN AMERICAN	11	3.22%
NATIVE AMERICAN	2	.59%
TOTAL MINORITIES	155	45.45%
CAUCASIAN	186	54.55%
TOTAL EMPLOYEES	341	100%

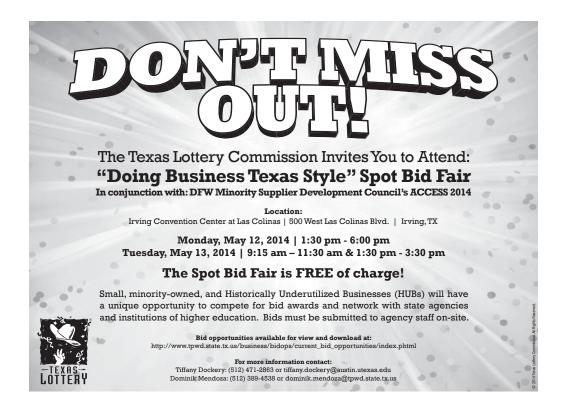
TEXAS LOTTERY EMPLOYEES BY GENDER FISCAL YEAR 2014

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	11	3.22%
HISPANIC AMERICAN	34	9.97%
ASIAN AMERICAN	5	1.47%
NATIVE AMERICAN	2	.59%
CAUCASIAN	80	23.46%
TOTAL MALES	132	38.71%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	27	7.92%
HISPANIC AMERICAN	70	20.53%
ASIAN AMERICAN	6	1.75%
NATIVE AMERICAN	0	0%
CAUCASIAN	106	31.09%
TOTAL FEMALES	209	61.29%
TOTAL AGENCY EMPLOYEES	341	100%

APPENDIX E

SAMPLE ADVERTISEMENTS
IN MINORITY NEWSPAPERS







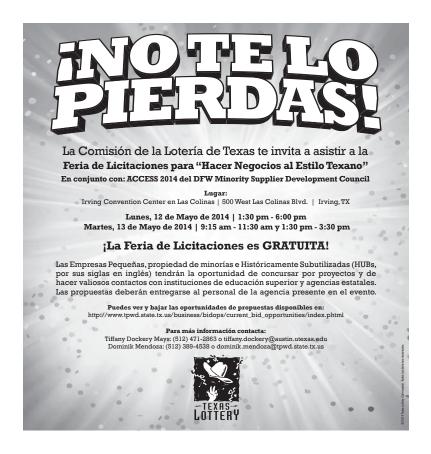
The TLC HUB Forum is FREE of charge!

Register on-line on or before 7/11/14 at: www.tklottery.org/hub

For more information contact:

loyce Bertolacini, HUB Coordinator: (812) 344-8293 or joyce.bertolacini@lottery.state.tx.us





iHAZ UNA ĢRAN IMPRESION!

Te invitamos a asistir a:

El Foro Anual de Empresas Históricamente Subutilizadas de La Comisión de la Lotería de Texas

Lugar:
Texas Lottery Commission | 611 East 6th Street | Austin, Texas

Martes 15 de julio, 2014 | 1:00pm - 4:30pm

El foro ofrecerá un breve resumen del programa HUB de TLC, procesos de adquisición, e iniciativas de Mentor y Discípulo. El punto culminante de este evento será la oportunidad de hacer valiosos contactos con personal de la Comisión de Lotería y con varios de nuestros representantes contratistas. Asignaciones a la mesa redonda se basaran por orden en el que lleguen en el día del foro.



Para más información contacta: Joyce Bertolacini, Coordinadora de HUB: (512) 344-5293 o Joyce.bertolacini@lottery.state.tx.us







