

Texas Lottery Commission

October 3, 2018

10:00 a.m.

I.	The Texas Lottery Commission will call the meeting to order. 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."	J. Winston Krause, Chairman
II.	Report, possible discussion and/or action on agency major contracts, including amendment of the lottery operator contract, and whether discussion relating to the negotiation of the lottery operator contract in an open meeting would have a detrimental effect on the Commission's position in the negotiations.	Michael R. Fernandez, Administration Division Director
III.	Report, possible discussion and/or action on the Annual Contract Status Report and Supplemental Information for all major and prime agency contracts.	Michael R. Fernandez, Administration Division Director
IV.	Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §403.301 (Historically Underutilized Businesses).	Tyler Vance, Assistant General Counsel
V.	Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §§401.307 ("Pick 3" Draw Game Rule) and 401.316 ("Daily 4" Draw Game Rule).	Deanne Rienstra, Special Counsel
VI.	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.	Katheryn J. Pyka, Controller
VII.	Report, possible discussion and/or action on transfers to the State.	Katheryn J. Pyka, Controller
VIII.	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 following reports: Drawing Equipment Maintenance Processes, Scratch Ticket Game Closing Processes, Social Responsibility Program, Mailroom Processes, and the FY 2018 Annual Internal Audit Report.	Darlene Brown, McConnell Jones Lanier & Murphy LLP
IX.	Report by the Bingo Advisory Committee Chairman; possible discussion and/or action on the Bingo Advisory Committee's activities.	Kimberly Rogers, Bingo Advisory Committee Chairman
X.	Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo	Michael P. Farrell, Charitable Bingo Operations Division Director

<p>Operations Division’s activities, including licensing, accounting and audit activities, pull-tab review, and special projects.</p> <p>XI. 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>XII. Consideration of the status and possible approval of orders in enforcement cases: <u>Lottery NSF License Revocation Cases (Default)</u> A. Docket No. 362-18-2121 – Super Star #2 B. Docket No. 362-18-2122 – Z Grocery and Deli C. Docket No. 362-18-3352 – Grapeland K.B. Xpress D. Docket No. 362-18-3354 – Start Mart E. Docket No. 362-18-3989 – Oak Hills Food Mart 2 F. Docket No. 362-18-4253 – Park Place #1 G. Docket No. 362-18-4442 – Tiny Stop H. Docket No. 362-18-4443 – Fast Track I. Docket No. 362-18-4534 – La Haciendita Groceries and Meat Market, Inc. J. Docket No. 362-18-4535 – Texas Travel Plaza <u>Lottery Agreed Orders</u> K. Case No. 2018-553 – Bread and Butter Stop L. Case No. 2018-635 – Creek Beverage M. Case No. 2018-660 – Sunrise Super Stop N. Case Nos. 2018-791 and 2018-792 – Petromart #113 and #114 <u>Other Lottery Cases</u> O. Docket Nos. 362-18-2379 and 362-18-2380 – Jif-E Mart, Quick Stop Center <u>Bingo Agreed Orders</u> P. Docket Nos. 362-18-1180.B, 362-18-1181.B, 362-18-1182.B, 362-18-1183.B, 362-18-1184.B, and 362-18-1185.B – Concho Rainbow, Inc.; Jesus is Lord Church, Inc.; VFW Post 7108 Aux., St. Thomas More Catholic School, VFW Post 4815 Aux., and TG 102, Inc. (Southeast Bingo Unit)</p> <p>XIII. Public comment.</p> <p>XIV. 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 Charitable Bingo Operations Director pursuant to §551.074 of the Texas Government Code. B. To deliberate the duties of the General Counsel</p>	<p>Gary N. Grief, Executive Director</p> <p>Robert F. Biard, General Counsel</p> <p>J. Winston Krause, Chairman</p> <p>J. Winston Krause, Chairman</p>
---	--

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 Travis Co. District Court Cause No. D-1-GN-14-005114, Third District Court of Appeals Cause No. 03-16-00172-CV, Tex. Supreme Court No. 18-0159 (Steele, et al. v. GTECH Corp.); and Dallas Co. District Court Cause No. DC-14-14838, Fifth District Court of Appeals Cause No. 05-15-01559-CV, Tex. Supreme Court No. 17-1010 (Nettles v. GTECH Corp. and Texas Lottery Commission).

Julam Investments, Inc. v. Texas Lottery Commission (Travis Co. District Court Cause No. D-1-GN-16-006124)

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

State of Texas v. C.D. (On Petition for Review from the Twelfth Court of Appeals)

Prescott Lovern, Sr., Private Attorney General v. Texas Lottery Commission, et al.

Legal advice regarding Texas Government Code Chapters 466 (State Lottery Act) and 467, the Bingo Enabling Act, the Open Meetings Act, the Public Information Act, the Administrative Procedure Act, employment and personnel law, procurement and contract law, evidentiary and procedural law, ethics laws, and general government law.

Legal advice regarding any item on this open meeting agenda.

- XV. 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.

- XVI. Adjournment.

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who

J. Winston Krause, Chairman

J. Winston Krause, Chairman

need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Debbie Jamieson at (512) 344-5038 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.

Simpson, MaryBeth

From: Jamieson, Debbie
Sent: Tuesday, September 25, 2018 12:04 PM
To: Sanchez, Sheila; Simpson, MaryBeth
Subject: FW: S.O.S. Acknowledgment of Receipt
Attachments: 10032018.doc

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

From: TexReg@sos.texas.gov [mailto:TexReg@sos.texas.gov]
Sent: Tuesday, September 25, 2018 12:02 PM
To: Jamieson, Debbie <Debbie.Jamieson@lottery.state.tx.us>
Subject: S.O.S. Acknowledgment of Receipt

CAUTION: This email originated outside the Texas Lottery's email system.
DO NOT click links or open attachments unless you expect them from the sender and know the content is safe.

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: 10/03/2018 10:00 AM "TRD# 2018008235"

Notice posted: 09/25/18 12:02 PM

Proofread your current open meeting notice at:

[http://texreg.sos.state.tx.us/public/pub_om_lookup\\$.startup?Z_TRD=2018008235](http://texreg.sos.state.tx.us/public/pub_om_lookup$.startup?Z_TRD=2018008235)

- I. The Texas Lottery Commission will call the meeting to order.
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, possible discussion and/or action on agency major contracts, including amendment of the lottery operator contract, and whether discussion relating to the negotiation of the lottery operator contract in an open meeting would have a detrimental effect on the Commission's position in the negotiations.
- III. Report, possible discussion and/or action on the Annual Contract Status Report and Supplemental Information for all major and prime agency contracts.
- IV. Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §403.301 (Historically Underutilized Businesses).
- V. Consideration of and possible discussion and/or action, including adoption, on amendments to 16 TAC §§401.307 (“Pick 3” Draw Game Rule) and 401.316 (“Daily 4” Draw Game Rule).
- VI. 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.
- VII. Report, possible discussion and/or action on transfers to the State.
- VIII. 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 following reports: Drawing Equipment Maintenance Processes, Scratch Ticket Game Closing Processes, Social Responsibility Program, Mailroom Processes, and the FY 2018 Annual Internal Audit Report.
- IX. Report by the Bingo Advisory Committee Chairman; possible discussion and/or action on the Bingo Advisory Committee’s activities.
- X. 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.
- XI. 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.
- XII. Consideration of the status and possible approval of orders in enforcement cases:

Lottery NSF License Revocation Cases (Default)

- A. Docket No. 362-18-2121 – Super Star #2
- B. Docket No. 362-18-2122 – Z Grocery and Deli
- C. Docket No. 362-18-3352 – Grapeland K.B. Xpress
- D. Docket No. 362-18-3354 – Start Mart
- E. Docket No. 362-18-3989 – Oak Hills Food Mart 2
- F. Docket No. 362-18-4253 – Park Place #1
- G. Docket No. 362-18-4442 – Tiny Stop
- H. Docket No. 362-18-4443 – Fast Track
- I. Docket No. 362-18-4534 – La Haciendita Groceries and Meat Market, Inc.
- J. Docket No. 362-18-4535 – Texas Travel Plaza

Lottery Agreed Orders

- K. Case No. 2018-553 – Bread and Butter Stop

- L. Case No. 2018-635 – Creek Beverage
- M. Case No. 2018-660 – Sunrise Super Stop
- N. Case Nos. 2018-791 and 2018-792 – Petromart #113 and #114

Other Lottery Cases

- O. Docket Nos. 362-18-2379 and 362-18-2380 – Jif-E Mart, Quick Stop Center

Bingo Agreed Orders

- P. Docket Nos. 362-18-1180.B, 362-18-1181.B, 362-18-1182.B, 362-18-1183.B, 362-18-1184.B, and 362-18-1185.B – Concho Rainbow, Inc.; Jesus is Lord Church, Inc.; VFW Post 7108 Aux., St. Thomas More Catholic School, VFW Post 4815 Aux., and TG 102, Inc. (Southeast Bingo Unit)

XIII. Public comment.

XIV. 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 Charitable Bingo Operations Director pursuant to §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 Travis Co. District Court Cause No. D-1-GN-14-005114, Third District Court of Appeals Cause No. 03-16-00172-CV, Tex. Supreme Court No. 18-0159 (Steele, et al. v. GTECH Corp.); and Dallas Co. District Court Cause No. DC-14-14838, Fifth District Court of Appeals Cause No. 05-15-01559-CV, Tex. Supreme Court No. 17-1010 (Nettles v. GTECH Corp. and Texas Lottery Commission).
Julam Investments, Inc. v. Texas Lottery Commission (Travis Co. District Court Cause No. D-1-GN-16-006124)

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

State of Texas v. C.D. (On Petition for Review from the Twelfth Court of Appeals)

Prescott Lovern, Sr., Private Attorney General v. Texas Lottery Commission, et al.

Legal advice regarding Texas Government Code Chapters 466 (State Lottery Act) and 467, the Bingo Enabling Act, the Open Meetings Act, the Public Information Act, the Administrative Procedure Act, employment and personnel law, procurement and contract law, evidentiary and procedural law, ethics laws, and general government law.

Legal advice regarding any item on this open meeting agenda.

XV. 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.

XVI. 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 Debbie Jamieson at (512) 344-5038 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.