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TRANSCRIPT OF PROCEEDINGS  
BEFORE THE  
TEXAS LOTTERY COMMISSION  
AUSTIN, TEXAS  
BINGO ADVISORY COMMITTEE MEETING

AUGUST 6, 2019

10:00 a.m.

AT

TEXAS LOTTERY COMMISSION  
611 East 6th Street  
Austin, Texas 78701

Proceedings reported by electronic sound recording;  
transcript prepared by Verbatim Reporting & Transcription  
LLC.

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APPEARANCES

COMMITTEE MEMBERS:

- William T. Smith III
- Kimberly Rogers
- Will Martin
- Tommy Duncan
- Jason Pohl
- Melodye Green
- Emile Bourgoyne

COMMISSION STAFF:

- Michael P. Farrell, Director
- Tyler Vance, Staff attorney
- Bob Biard, General Counsel

PUBLIC:

- Steve Bresnan
- Chris Keller
- Floyd Olive
- Tom Stewart

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**P R O C E E D I N G S**

TUESDAY, AUGUST 6, 2019  
(10:00 a.m.)

AGENDA ITEM 1

CHAIRMAN SMITH: It is 10:01, we will call this August meeting of the Bingo Advisory Committee to order.

AGENDA ITEMS 2 and 3

CHAIRMAN SMITH: Mr. Martin, if you would, you'd like to lead us in the American Pledge and the Texas Pledge.

(Pledges recited)

AGENDA ITEM 4

CHAIRMAN SMITH: All right. I would not be honoring some fellow people if I did not bring this up today. Eight years ago today a mission by the name of Extortion 17 went in, they were a team of Seals, Team Six, they went into a very bad place to help some fellow soldiers out, they were a quick reaction force, and there was 31 lives lost that day. If we could just take about a 10-second moment of silence to honor those men and women who were fighting for our freedom and lost their lives.

All right, roll call. Chairman William Smith is here. Kim Rogers.

MS. ROGERS: Here.

CHAIRMAN SMITH: Will Martin.

1 MR. MARTIN: Here.

2 CHAIRMAN SMITH: Melodye Green.

3 MS. GREENE: Here.

4 CHAIRMAN SMITH: Tommy Duncan.

5 MR. DUNCAN: Here.

6 CHAIRMAN SMITH: Jason Pohl.

7 MR. POHL: Here.

8 CHAIRMAN SMITH: You know where we're going.

9 MR. BOURGOYNE: Here.

10 CHAIRMAN SMITH: All right. We are all  
11 present. Let the record show that we are still two people  
12 short on the Bingo Advisory Committee. The Charity Lessor  
13 and the Public Member, which will we get to here in just a  
14 few minutes.

15 AGENDA ITEM 5

16 CHAIRMAN SMITH: Meeting minutes from 21st of  
17 March, 2019.

18 MS. ROGERS: Yes. I have them here. I've  
19 read through them. Don't know if anyone had any chance. I  
20 didn't find anything was wrong. I do motion that we accept  
21 these.

22 MR. BOURGOYNE: I second that.

23 CHAIRMAN SMITH: I have a motion and a second.  
24 All in favor?

25 (Chorus of "ayes")

1                   CHAIRMAN SMITH: All right. Any public  
2 comment on the meetings from that meeting? All right.

3                                   AGENDA ITEM 6

4                   CHAIRMAN SMITH: Report on Texas Lottery  
5 Commissioner's meeting. We had a quick meeting. I gave a  
6 report from our last meeting to the commissioners. They were  
7 very grateful. I reminded them that we will be asking them  
8 to reconstitute, or reinstate, the Bingo Advisory Committee  
9 for another year and they said they would look forward to  
10 doing that. So very short, quick meeting.

11                                   AGENDA ITEM 7

12                   CHAIRMAN SMITH: Number 7, BAC Annual Report,  
13 Kim Rogers. Let me just say before we all get into this, Kim  
14 has done a fantastic job on this. She is a much better  
15 report composer than I will ever be. So I have to give her  
16 due credit on this.

17                   MS. ROGERS: Thank you.

18                   CHAIRMAN SMITH: But if you messed up it's all  
19 your fault, too.

20                   MS. ROGERS: Okay, understand, understand.  
21 Thank you.

22                   MR. FARRELL: Kim, do you have a copy of that?

23                   MS. ROGERS: I think I do.

24                   CHAIRMAN SMITH: I have one.

25                   MR. FARRELL: Thanks.

7  
1 MS. ROGERS: Rule 402.102 states that the BAC  
2 will report annually to the commission, and the BAC's  
3 perspective on the state of charitable bingo in Texas.  
4 Specifically commenting on gross receipts, net receipts,  
5 charitable distributions, expenses, attendance, and any other  
6 matter that the commission brings to our attention that they  
7 want to know about.

8 Some of these figures may not have been  
9 audited, we did get them all off the lottery's website. So  
10 if they're wrong, it's their fault, not mine.

11 There are some charts on the back that you can  
12 see. The first one that we have isn't just -- well, on your  
13 last page, the top. Adjusted gross receipts. You see that  
14 it has increased in '18.

15 So by going back through other annual reports  
16 and taking into consideration, some notes say that this is  
17 attributed to the increased sales of pull-tabs over the  
18 years. Which decrease the net receipts. You can tell it's  
19 increased the taxes, the prizes, the paid-out, the cost of  
20 goods sold, additional payroll that pull-tabs, event tabs,  
21 require.

22 The push for card sales to increase is really  
23 needed, and I think we all understand that, because that's  
24 what will bring up our net receipts. And I see a lot,  
25 especially in San Antonio, I think there were maybe five

1 halls that didn't have negative net receipts. So it's  
2 something that's there.

3           The net receipts is the next thing. I believe  
4 that's on the page before that. I apologize they're not  
5 together. You can see net receipts is actually down a little  
6 bit from '17. The decrease in card sales with a fixed payout  
7 has by some been attributed to the decrease in the net  
8 receipts from '17 to '18.

9           So charitable distributions are next. They  
10 have remained higher. They're under -- actually there's not  
11 a chart for that one. Sorry about that. Distributed -- they  
12 remain higher than required. '18 was one of the highest  
13 since 2010. Expenses have increased, and that was shown.  
14 Attendance has had a steady decrease '18, yet the spin-per-  
15 person was shown to increase.

16           In conclusion, it's just, basically, what  
17 we've all talked about. Adjusted gross receipts climbing  
18 higher, yet the net receipts are not. Once again, it may be  
19 attributed to the higher sales of pull-tabs, which has caused  
20 higher tax payments, costs of goods and payroll.

21           Others could speculate that due to the market  
22 prices going so far down for the price of a computer and to  
23 play bingo, it's at an all-time low in some areas. When we  
24 find that we make both card sales and pull-tabs grow, event  
25 tabs grow together, of course we've found that magical golden



1 egg.

2 Management of expenses are critical. Which  
3 everyone can agree, I'm sure. The assistants with no license  
4 fees is a tremendous help that hopefully 2019 numbers will  
5 really show. We were -- the BAC was reorganized in 2018 and  
6 we're working diligently to bring forward to the staff what  
7 the industry needs to help all charities.

8 I think with the House Bills that got through,  
9 everything -- 2019 has truly started off to be helpful to  
10 bingo. Last quarter, I don't know about that one, but -- and  
11 that's the report. Any questions? No.

12 CHAIRMAN SMITH: Okay. We have any public  
13 comment on what we talked about already?

14 UNIDENTIFIED VOICE: Can we get a copy of  
15 that?

16 CHAIRMAN SMITH: Yes. We will do that.  
17 Absolutely.

18 MS. ROGERS: I believe Michael will make it  
19 public on our website, also.

20 MR. FARRELL: Yeah, that's our intent.

21 MS. ROGERS: Yes, sir. And, Tres, you will be  
22 giving the commissioners a slide version of this?

23 CHAIRMAN SMITH: Yes, absolutely. Once again  
24 remind everyone that the BAC will have to give this report as  
25 required tomorrow at the BAC -- the Texas Lottery

1 Commissioner's Meeting. Not only will we have to give this,  
2 but we also have to give our work plan for next year, which  
3 is our next agenda item. So, I think it would behoove us to  
4 take a vote to approve this so we can say that we voted on  
5 this, we all had a hand in this. If everybody agrees with  
6 that.

7 MR. POHL: I move.

8 CHAIRMAN SMITH: All right, we have a motion.  
9 And a second, please?

10 UNIDENTIFIED VOICE: Second.

11 CHAIRMAN SMITH: A motion and a second. All  
12 in favor?

13 (Chorus of "ayes")

14 CHAIRMAN SMITH: Any opposed? All right, let  
15 it show unanimous. Very good.

16 AGENDA ITEM 8

17 CHAIRMAN SMITH: All right. Next item. The  
18 BAC work plans for next year. Very simple. Assist the  
19 industry in bringing forward issues and new ideas to the  
20 Texas Lottery Commission staff and commissioners. Give  
21 opinion and input to the Texas Lottery Commission staff and  
22 commissioners on bingo-related bills passed in 2019. Assist  
23 and give input on upcoming rulemaking and rule review. And  
24 compose the End of Year Report.

25 Any comments on that, or anybody want to add

1 anything to that? Take anything away? Any public comment on  
2 that? Okay.

3 MR. BRESNAN: Tres.

4 CHAIRMAN SMITH: Yes. Steve Bresnan.

5 MR. BRESNAN: Is there in the -- do you all  
6 consider that broad enough to accomplish the rulemaking  
7 that'll have to be done as a -- as a result of House Bill  
8 914?

9 CHAIRMAN SMITH: Yes. Yes. It's just giving  
10 an incoming -- or input on the incoming -- the rulemaking and  
11 the rule.

12 MR. BRESNAN: Okay. And do I understand from  
13 it that there's a -- the periodic rule review that is  
14 required to be done will be done in the coming years?

15 CHAIRMAN SMITH: Yes. I think we start that  
16 in October. Is that correct, Mike?

17 MR. FARRELL: Yep. We're looking at -- this  
18 Michael Farrell, we're looking at starting that come October.  
19 Once we get the 914 rules in play -- in place, and get  
20 approved, then we're going to start looking at the -- maybe  
21 it's the quadrennial rule review, or every four years, give  
22 or take.

23 MR. BRESNAN: Right. Man, four years goes by  
24 fast, doesn't it?

25 CHAIRMAN SMITH: Yes it does. Yes it does.

1 Okay, any other comment? All right. If everybody's in favor  
2 of that, I would like to make a motion we accept our BAC work  
3 plan for next year.

4 MS. ROGERS: I'll second that motion.

5 CHAIRMAN SMITH: A motion and a second. Any -  
6 - all in favor?

7 (Chorus of "ayes")

8 CHAIRMAN SMITH: Any opposed? Okay. All  
9 right.

10 AGENDA ITEM 9

11 CHAIRMAN SMITH: Number 9, discussion and  
12 possible action on rules and regulations regarding bills  
13 passed in 2019 Legislative session, House Bill 914, 882 and  
14 the others that we're going to talk about today is House Bill  
15 1200.

16 If it's all right with y'all, I know Michael's  
17 made it clear, and lottery staff's made it clear, that  
18 they're going to wait a little bit on 914. They're still  
19 compiling some stuff. So they're really not -- unless you've  
20 got something specific that you really want to address on  
21 914, you might want to hold that off to the next meeting, and  
22 deal with 882 and House Bill 1200, which I understand that  
23 the lottery commissioners have had to have a draft proposal  
24 tomorrow. Is that correct, Mike?

25 MR. FARRELL: YeP, for 882. Oh, you want to

1 answer that?

2 MR. VANCE: Sure. So I'm Tyler Vance,  
3 Assistant General Counsel. You guys have been provided this  
4 redline document in front of you. If you look on the first  
5 page, it's got at the top House Bill 882 and then Senate Bill  
6 1200. Rules pursuant to those new bills are going to be  
7 proposed tomorrow. They're fairly noncontroversial.

8 HB882 extends the time of bingo occasion from  
9 four to six hours, so you'll see that rule, the two rule  
10 amendment for that, one for regular licenses and one for  
11 temporary licenses. That law was effective, I believe, June  
12 16th-ish. So we needed to really jump on that rule adoption.  
13 What we're going to propose tomorrow will be adopted in  
14 October.

15 And the 1200, SB1200, allows military spouses  
16 to engage in a licensed occupation without obtaining that  
17 license provided that they are currently licensed in good  
18 standing in another state that has substantially similar  
19 requirements.

20 So if somebody was licensed, say, to be a  
21 bingo manufacturer in Oklahoma, and Oklahoma has similar  
22 requirements to us, if that person moves to Texas because  
23 their spouse is stationed at an Air Force base, they're  
24 allowed to work in Texas as a bingo manufacturer without a  
25 license for up to three years.

1           And so, that rule is effective -- well, we're  
2 instructed under that bill to adopt -- to adopt the rule, to  
3 implement that, by December 1st. So we need to also propose  
4 that.

5           The rule that is in front of you is basically  
6 just a copy and paste of the law.

7           CHAIRMAN SMITH: If I may ask a question.

8           MR. VANCE: Yes, sir.

9           CHAIRMAN SMITH: You said that if they're  
10 military spouse licensed to work in a manufacturer in another  
11 state, then they're allowed to come here and work as a  
12 currently licensed manufacturer? Or they are able to be a  
13 manufacturer?

14           MR. VANCE: They're allowed to do the  
15 occupation that would require a licensure. And so, it could  
16 be anything. I think -- I think it was kind of a unique  
17 situation but let's pretend this was a pharmacist, for  
18 example, or a nurse, somebody who was licensed as a nurse in  
19 Ohio and then they come to Texas, they're only going to be  
20 here for three years as their husband's stationed at an air -  
21 - or at an Army base.

22           They can work as a nurse without obtaining a  
23 license. They don't actually have to apply for a nursing  
24 license and pay all the fees and demonstrate all the  
25 qualifications so long as they are licensed in another state

1 that has similar requirements. And so, they would call us  
2 and say, hey, I'm licensed in Ohio for a conductor, a  
3 manufacturer, a lessor, most likely a worker registry. And  
4 I'm only going to be here for three years, because my  
5 husband's in the Army, and I want to work as a bingo person,  
6 but I don't want to go through the licensure process.

7           And so then we would have to look at Ohio and  
8 make sure that the activity this person wants to do is  
9 regulated in a similar manner in Ohio, and that that person's  
10 currently in good standing in Ohio. And if that was the  
11 case, then we would give them an authorization. We wouldn't  
12 necessarily issue a license. We would say, okay, based on  
13 all of this, you are authorized to work as this in Texas for  
14 three years, so long as you and your husband reside in Texas  
15 pursuant to a base assignment.

16           So we, honestly, don't expect to get a whole  
17 lot of these. I think, again, I mean, this is really  
18 oriented more towards medical professionals, engineers,  
19 accountants, things like that. But it may, it may come in,  
20 and if it does, we suspect most likely for a worker registry,  
21 that we would have to do that. Maybe we, you know, have it  
22 where we do it on a case by case basis. We're not going to  
23 do a survey of every state law related to bingo to see what  
24 it is. But if somebody comes in and says, hey, I'm licensed  
25 in California to conduct bingo.

1                   Of course, they would still have to qualify.  
2 They'd have to be a charity and it has to have substantially  
3 similar requirements as Texas.

4                   CHAIRMAN SMITH: Right.

5                   MR. VANCE: So it's not just an open door.

6                   CHAIRMAN SMITH: And really, this is geared  
7 towards the bingo worker registry and not affecting the  
8 licenses or lessor licenses that's --

9                   MR. VANCE: Those folks would fall under it,  
10 but just presumably we expect, I mean, that most of these  
11 people are probably going to be workers. You know, I would  
12 assume if you were married to a military member or were  
13 possibly getting rotated around, you probably wouldn't start  
14 a bingo manufacturing company. But it's possible.

15                  CHAIRMAN SMITH: So both of them have to be in  
16 the state, not one. That correct?

17                  MR. VANCE: Yes, yes.

18                  CHAIRMAN SMITH: Okay.

19                  MR. VANCE: And they have to provide an ID  
20 showing that they're currently residing in Texas and that  
21 their spouse is assigned to a based in Texas.

22                  CHAIRMAN SMITH: OKAY.

23                  MR. VANCE: And so, on the first page, those  
24 are the rules that are being proposed tomorrow, and hopefully  
25 adopted in October to comply with the statutory requirements



1 that we have that falls in place.

2           The next page starts with HB914, and that goes  
3 pretty much all the way to the end except for the last page.  
4 These are proposed proposals. We would like you guys to  
5 review these and respond with any comments you have. We hope  
6 to propose these on October and then to adopt them in  
7 December, because this bill is going to be effective on  
8 January 1st, so we want these rules in place by January 1st.  
9 That said, in order to get them proposed in October, we have  
10 to submit them first to the Governor's Office at least a  
11 month in advance. So that's kind of an early September  
12 deadline, so y'all have two, three weeks maybe to get any  
13 comments back on those, or we can hash it all out here right  
14 now and it, you know, we'll certainly take your input on how  
15 we're going to implement these.

16           These are just kind of my staff and what 914  
17 did and then the changes to the rules that had to be done  
18 accordingly. So the very top you'll see temporary workers  
19 getting extended 30 days and 14 days. Consecutive bingo  
20 occasions in one day. That one had to be done because the  
21 rules -- the new -- the new law allows for an accounting of  
22 pull-tab sales that are sold during consecutive occasions  
23 conducted in one day to be accounted for at the end of the  
24 last occasion. Well, the rules consistently reference a  
25 consecutive bingo occasions conducted within a 24-hour

1 period. So it's a little technicality, but I just wanted to  
2 be consistent, so we made a definition of what a consecutive  
3 bingo occasion within one day is.

4 And then the implementation of the ability to  
5 account for all pull-tab sales within one day. The ability  
6 to sell pull-tabs up to an hour before an occasion starts.

7 MR. MARTIN: Are you going to be able to  
8 redeem those?

9 MR. VANCE: Well as soon as -- so you can only  
10 redeem a pull-tab during your occasion. And your occasion  
11 will be dictated by a license. So if your licence says we  
12 play from 6:00 to midnight, that's the occasion. You can  
13 sell a pull-tab starting at 5:00, but you can't redeem it  
14 until the occasion starts, which would be 6:00. It's based  
15 on the term of the license.

16 So if you redeem it before then, if you redeem  
17 it at 5:30, the guy wins and he wants his money, you're  
18 technically playing bingo illegally, conducting an occasion  
19 outside the time of the license.

20 MS. ROGERS: Are you allowed to the dollar  
21 winners, can you trade them out?

22 MR. VANCE: No.

23 MS. ROGERS: Or is that -- that's paying them  
24 out, correct?

25 MR. DUNCAN: Yeah. An instant winner, it's a

1 win.

2 MR. VANCE: Yeah. You just have to wait till  
3 6:00.

4 MR. DUNCAN: Yeah. I thought this would be  
5 more geared towards selling an hour before second session,  
6 you know, so you, you know, that's, why that's asking for  
7 trouble.

8 MR. VANCE: Well, so yeah, HB94 just allows  
9 for the sales up to an hour, didn't say anything about  
10 redeeming it. And the rest of the rest of the law that's in  
11 place says that --

12 MR. DUNCAN: No changes.

13 MR. VANCE: -- prizes can only be awarded  
14 during the occasion, and the occasion will be dictated by  
15 your license.

16 MR. DUNCAN: And we'll have plenty of time to  
17 give our comments and kind of digest this stuff, too.

18 MR. VANCE: Sure.

19 CHAIRMAN SMITH: Yeah. Because I got plenty  
20 of questions.

21 MR. DUNCAN: Yeah, we all do. We all do.  
22 We'll try not to put him on the spot right now.

23 CHAIRMAN SMITH: Yeah. Well he's standing  
24 there.

25 MR. DUNCAN: Yeah but -- yeah, but he doesn't

1 have any cover, so --

2 MR. VANCE: Let's see, there's kind of another  
3 potential troublemaker here is that 914 amended the law to  
4 allow organizations to deposit proceeds within three days,  
5 but it didn't -- it didn't amend -- there's a specific  
6 section in the law that says that units have to be within two  
7 days, and did not amend that section. So units will still  
8 have to do it within two days, but an organization that does  
9 their own will have three days. And so, yeah, that's just  
10 going to be a tricky thing to look out for.

11 Prize fees on merchandise. Now that -- now  
12 that prize fees have been eliminated from cash prizes, we  
13 felt the need to define what a cash bingo prize is. The  
14 concern was that somebody would be handing out a \$500 gift  
15 card and say that they didn't have to pay any prize fees on  
16 it, when in fact that's, basically, it's fungible as cash,  
17 you know, you can take that thing and do whatever you like  
18 with it.

19 So the definition includes only store-value  
20 cards that, you know, that like, this card has \$500, you go  
21 on Amazon with it, you can -- you can -- maybe it's a prepaid  
22 Visa card and you can use it however you want. We're going  
23 to treat that as cash. But a gift card, or a gift  
24 certificate, that can only be redeemed for a specific  
25 service, you know, if your local carwash wants to donate

1 here's a free car wash, and you give that out, we're going to  
2 treat that as a merchandise prize. Of course, this is only  
3 proposed, so if you guys -- I think this is probably one of  
4 the more debatable subjects in this -- in this rule proposal,  
5 so we would certainly like your input on that one.

6 CHAIRMAN SMITH: Mr. Fenoglio is not here, but  
7 I'm sure he'll --

8 MR. VANCE: I'm sure.

9 MR. DUNCAN: I'm sure he's got plenty of --

10 MR. VANCE: Some other things now. The  
11 merchandise has now prize fee. You're not responsible for a  
12 prize fee associated with bingo gift certificate, because a  
13 bingo, by definition, a bingo gift certificate can only be  
14 exchanged for bingo merchandise or used for the card minders  
15 and daubers and things like that, which are defined in the  
16 law as merchandise not subject to a prize fee. So, but this  
17 is another tricky thing. So there's a gift certificate, and  
18 then there's a bingo gift certificate. And so, this -- and  
19 this -- and the way it's drafted neither one would become a  
20 prize fee, but a bingo gift certificate certainly won't have  
21 a prize fee, because a bingo gift certificate can only be  
22 redeemed for bingo products.

23 And the way that the cash bingo prizes rule  
24 was written, a gift certificate to a specific, you know, \$50  
25 to Chili's can only be used at Chili's, and so we're not

1 going to treat that as a -- as a cash prize, either, so there  
2 would be no prize fee to pay. A \$50 Walmart gift card, or  
3 \$50 prepaid debit card, something that could be used on  
4 anything, in any amount, at any, you know, I could go in and  
5 spend \$5 today and then \$25 tomorrow and things like that,  
6 are being treated as a cash prize under the way that this  
7 rule was drafted.

8           Again, you guys feel free to propose any  
9 interpretation. But we need a definition of what is and is  
10 not a cash bingo prize. Because not that they've been  
11 bifurcated where cash prizes have a prize fee and merchant  
12 prize -- merchandise prizes do not, there's a gray area in  
13 there between what is and isn't cash or merchandise. So we  
14 need to carve that out one way or another.

15           There's another additional record-keeping  
16 requirement. This is going to be necessary now that  
17 organizations are responsible for paying prize fees to their  
18 local jurisdictions. Our concern is that an organization may  
19 conduct bingo in multiple jurisdictions. So let's say you're  
20 a rotating, you know, the example we always use is, like,  
21 Texas Access.

22           Let's say they want to conduct in Houston,  
23 Dallas, El Paso, San Antonio, they have four or five fund  
24 raisers. Well, each one of those instances may have a  
25 different prize system. If they go to El Paso and the city

1 voted for the prize fee and the county hasn't, we need to  
2 know that when they were in El Paso they set aside 50 percent  
3 for the city. And then they go to Dallas, and say Dallas  
4 hasn't voted at all, well now Texas Access gets to keep all  
5 those prize fees. And then they go to San Antonio and the  
6 city's voted, but the county hasn't. So it can get very  
7 complicated when you're playing in multiple locations. There  
8 aren't a whole lot of these we don't think, but the rule is  
9 now it's going to require that if you play at more than one  
10 location, you need to have a separate documentation specific  
11 to each location with the applicable prize fee structure.  
12 Because every city and county is going to be a different  
13 situation where you are.

14           On the last page, this is more of an internal  
15 deal, but it certainly applies to everyone. There was a  
16 modification under HB1342 to the occupations code for  
17 licensing. This is -- this is the law that we have to follow  
18 when somebody applies for a license. Most usually the  
19 registry, the worker registry. The most significant change  
20 is that the legislature eliminated the consideration of  
21 indirectly related offenses.

22           So we have a list of specific crimes that are  
23 directly related to bingo; burglary, theft, assault, things  
24 like that, and then there are other crimes, like drug  
25 offenses, for example, are indirectly related. And under the

1 current structure we can treat those as disciplinary  
2 offenses. We can deny an application or put somebody on  
3 probation if they have an indirectly related offense within  
4 10 years. Well, this law now gets rid of that.

5           So now the only things we're going to consider  
6 are directly related offenses which are specified in our  
7 guidelines. And we'll have to revisit that, because it's  
8 also promulgated some new factors for us to consider what is  
9 and isn't directly related, and also then when we find a  
10 directly-related offense, there's now there's -- even if we  
11 deny somebody because your crime's directly related, they're  
12 allowed to provide letters of mitigation, letters of  
13 recommendation, compliance with their probation term, things  
14 like that. And so now there's new factors for us to consider  
15 even in those situations.

16           And that, the HB1342 section is, again, it's  
17 just a copy and paste of the law. Like I haven't finagled  
18 anything or -- I've just put it in there.

19           But 914, a lot of those were just kind of --  
20 kind of my take, going back and forth with Michael and Bob  
21 and how to handle these, but we certainly appreciate your  
22 input. We just need it fairly quickly, because we're on a --  
23 on a pretty short timeline with having to notify the  
24 Governor's Office at least a month in advance.

25           So I'm free to answer any questions now or



1 whenever, in the next couple weeks, you guys can talk amongst  
2 yourselves and send a collaborative response, or however you  
3 want to do it. Yes ma'am.

4 MS. GREEN: Going back to the first thing. I  
5 mean, to the state. So somebody from Oklahoma. You said,  
6 you know, the manufacturer of bingo. And then you said  
7 commercial licensing. So somebody in Oklahoma that has a  
8 commercial license for bingo can move here with their  
9 military spouse and open a commercial hall?

10 MR. VANCE: For three years.

11 MS. ROGERS: For three years.

12 MS. GREEN: For what?

13 MR. DUNCAN: For only three years.

14 MR. VANCE: It's a temporary authorization.

15 MR. DUNCAN: The spouse has to be transferred  
16 to a base here. They just can't move here.

17 MR. VANCE: Yeah.

18 MR. DUNCAN: And Oklahoma has to regulate  
19 commercial lessors like they do here.

20 MR. VANCE: Yes -- law that --

21 MR. DUNCAN: The law's got to pretty much be -  
22 - pretty much a match for -- to be valid here.

23 MR. VANCE: Correct.

24 MS. ROGERS: Pretty much. Who decides pretty  
25 much?

1 MR. VANCE: We do. We do. And they wouldn't  
2 have to get a license. They wouldn't have to pay an  
3 application fee --

4 MR. DUNCAN: Back when -- back when --

5 MS. GREEN: They could just open up and say  
6 three years.

7 MR. DUNCAN: Pretty much.

8 MR. FARRELL: Well. I think -- I think it's --  
9 -- you're -- the speed of which you are talking about them  
10 setting it up is going to be a little slower than the day  
11 after they move they set up the bingo hall. They have to --  
12 they're going to have to make an application, demonstrate  
13 where they're coming from, show that they're currently Texas  
14 resident, and then we'll be looking at whether the laws that  
15 -- where they're coming from are substantially similar to  
16 ours. If they're not substantially similar to ours, then we  
17 would tell them no, they can't, they have to get licensed  
18 here. If they are substantially similar, we respond to them  
19 saying they are, and then they could start the -- whatever  
20 they were going to do.

21 MR. VANCE: Then they'd be authorized to do  
22 it. And then -- and then they're still subject to Texas laws  
23 and rules. Even though they don't have a license, they have  
24 this authorization. I mean, the difference is pretty minimal  
25 but they -- we would still have jurisdiction over them and

1 they could still support that.

2 MR. FARRELL: Yeah. It's not like -- it's not  
3 like they just come in and carve out a piece of property they  
4 can do what they want. They have to still fulfill the laws.  
5 They -- so if they run a bingo hall anybody that they've got  
6 in the bingo hall has got to be licensed organizations. They  
7 have to do that.

8 If they're a manufacturer for some reason,  
9 that'd be pretty interesting for them to do that. A  
10 distributor. I can see a distributor walking in saying that  
11 Oklahoma's got substantially the same, they want to be a  
12 distributor. Again, they'd have to follow all our laws. You  
13 know, they'd have to find new market.

14 MR. DUNCAN: They wouldn't be able to sell the  
15 Oklahoma paper. They'd have to have a paper with a Texas  
16 seal on it.

17 MS. GREEN: No. I understand that. They'd  
18 have to follow the law. I'm just saying if somebody from  
19 Oklahoma says, I got me a license and I'm coming to Texas.  
20 So, you know.

21 CHAIRMAN SMITH: Well, keep in mind, Melodye,  
22 keep in mind that they would have to have transfer papers  
23 from their base to the base in Texas.

24 Ms. Green: No, I understand. Yeah.

25 CHAIRMAN SMITH: I don't see -- I see the

1 likelihood of that very slim. I think this is probably going  
2 to pertain more to just the worker registry.

3 MS. GREEN: No. I agree. I didn't think -- I  
4 thought that's what it was, too, until you said, lessor OR  
5 manufacturer.

6 MR. VANCE: It is possible.

7 MS. ROGERS: Do they have to maintain where  
8 they come from, that license?

9 MR. VANCE: They would -- yeah. They'd have  
10 to be in good standing and currently licensed in good  
11 standing in the state.

12 MS. ROGERS: So if they did come from Oklahoma  
13 they could still keep their distributorship there.

14 MR. VANCE: Right.

15 MS. ROGERS: Plus open one here.

16 MR. VANCE: Right.

17 MR. BOURGOYNE: And wouldn't that  
18 disqualifying conditions still apply?

19 MR. VANCE: Yes. Yeah. So if, you know, if  
20 the -- yeah.

21 MR. FARRELL: There's some background work  
22 that we have to do to make sure that their application's  
23 complete, that they don't have any criminal records, that  
24 they -- that they're substantially the same.

25 MR. VANCE: Correct.

1 MR. FARRELL: So I think what Tyler's saying  
2 is, and what we're prognosticating or predicting is, it's  
3 really going to be just workers. It's going to be somebody  
4 who worked in the bingo hall in Oklahoma or in, you know,  
5 Dallas Air Force Base comes here for to Fort Bliss and they  
6 want to work in the bingo hall there. And they were licensed  
7 and everything else. But they still going to have to send in  
8 this piece of paper that says, this is substantially the same  
9 and they've done their training and that kind of stuff.

10 CHAIRMAN SMITH: They still have to go through  
11 the approval process, right?

12 MR. FARRELL: It's going to go through the  
13 approval process.

14 CHAIRMAN SMITH: Right.

15 MR. FARRELL: It's not -- it's not like a  
16 driver's license that once you cross the border you can drive  
17 and rent any car.

18 CHAIRMAN SMITH: Sure.

19 MR. FARRELL: We're going to -- we're going to  
20 make sure that they're --

21 CHAIRMAN SMITH: Do the due diligence.

22 MR. FARRELL: We're going to do some due  
23 diligence, thank you.

24 CHAIRMAN SMITH: I think we've got a comment  
25 from --

1 MR. DUNCAN: I have one question. I got one  
2 more question, sir. On the reconciliation at the end of the  
3 night, which is great, if you're a unit do we still have to  
4 have back-to-back charities? I mean, does the charity have  
5 to be the same first and second session, or can that be --

6 MR. VANCE: Well, I can --

7 MR. DUNCAN: I mean, if it's all one money  
8 already.

9 MR. VANCE: Right. I think -- I think the unit  
10 accounting rules that already address a unit can sell pull-  
11 tabs from several organizations and account for it at the end  
12 of the final occasion. But it's still going to be within --  
13 the deposit's still within two days.

14 MR. DUNCAN: Right. I just want to make sure  
15 we don't have to bounce our charities all around in the unit  
16 that --

17 MR. VANCE: Yeah. Well I think -- I'm not  
18 sure if they're -- I feel like there's a current rule in  
19 place that allows a unit to already do that. But if not, the  
20 law -- the law only says that if an organization that  
21 conducts consecutive bingo occasions during one day, and that  
22 to me means that without any intervening. So you would have  
23 to have same charity --

24 MR. DUNCAN: Charity A first, Charity A  
25 second?

1 MR. VANCE: Right, right.

2 MR. DUNCAN: Even if it's unit.

3 MR. VANCE: You couldn't do ABA, right, even  
4 if it was a unit. It was the way that the law sounds. In  
5 that instance, again, I'm not sure off the top of my head,  
6 but I feel like there's a -- there's a specific section of  
7 the unit of accounting that already allows them to do that,  
8 to account for --

9 MR. DUNCAN: Well that -- well they can't --  
10 they have to account by session now. Now we're moving into a  
11 new world of just --

12 MR. VANCE: Account by session, yeah. Yeah.  
13 Then I -- then I would think that that would not -- you would  
14 not be able to account for same sales from multiple  
15 organizations.

16 MR. DUNCAN: In the way the law's written.

17 MR. VANCE: Yeah. The way the law's written  
18 is that in order --

19 MR. DUNCAN: Because the unit has it's own  
20 license, right.

21 CHAIRMAN SMITH: We have a member of the  
22 public that would like to comment on this, Steve Bresnan.

23 MR. BRESNAN: Yeah. And just a couple of -- I  
24 just want to ask about the ones that you've got to hurry up  
25 on.

1 MR. VANCE: Sure.

2 MR. BRESNAN: On the individual and in the  
3 movement between states by military spouses.

4 MR. VANCE: Right.

5 MR. BRESNAN: If the entity in Oklahoma is a -  
6 - is a legal entity other than the individual, is that person  
7 going to be treated as a military spouse under the law if  
8 they come here when it's an LLC or a corporation in Oklahoma  
9 that owns the license in Oklahoma?

10 MR. VANCE: I mean, the law says military  
11 spouse, not person where it's like a, you know, an entity can  
12 be treated as a person. It's defined as a person. So --

13 MR. BRESNAN: Right. Just something to think  
14 that out.

15 MR. VANCE: Presumably, yeah, not. Because, I  
16 mean, and a legal entity is not going to be a spouse. So I  
17 think --

18 MR. BRESNAN: Yes, sir. That's why it's more  
19 suited to nurses and people that can only be licensed as an -  
20 -

21 MR. VANCE: So I think -- individuals,  
22 correct. Correct.

23 MR. BRESNAN; Like, I guess, my second  
24 question is on the -- on the going to six-hour sessions.

25 MR. VANCE: Yeah.



1 MR. BRESNAN: If somebody has a, well, nobody  
2 has a license that has a time of six hours on it now.

3 MR. VANCE: They could, right?

4 MR. FARRELL: They could.

5 MR. VANCE: Yeah.

6 MR. FARRELL: I'm not sure --

7 MR. VANCE: If anybody's filed --

8 MR. FARRELL: We're treating on a case-by-case  
9 basis then when they --

10 MR. BRESNAN: Is that a current law?

11 MR. FARRELL: It started on the 16th of June.

12 MR. VANCE: It was effective in June.

13 MR. BRESNAN: Oh, well. Let me -- pretend  
14 it's June 15th. Okay. Nobody had a license time that  
15 exceeded four hours.

16 MR. FARRELL: That's correct. That's correct.

17 MR. BRESNAN: So if people want to go to six  
18 hours, do they need to amend the -- file a license amendment?

19 MR. FARRELL: Yes. That's what -- that's what  
20 I was going to get -- say, Steve, is that if they want to go  
21 to six hours they'd file an amendment to go to the six hours.  
22 And whatever the license they want after June 16th, if they  
23 want to do six hours, they've got to say it on their license  
24 application how long. It's not just an automatic four to  
25 six.

1 MR. BRESNAN: Understood. And then just --  
2 while I've got the floor I just want to apologize to  
3 everybody for not catching the two-day on deal on the damn  
4 units. And I had to go through that again next time to go to  
5 three days on the units. This is not something I'm looking  
6 forward to. So, I'm sorry.

7 UNIDENTIFIED VOICE: It's okay.

8 MR. VANCE: All right. Anything else for me,  
9 anybody?

10 CHAIRMAN SMITH: Thank you. We appreciate  
11 that very much. We'll be looking forward to giving you our  
12 (indiscernible).

13 MR. VANCE: Absolutely.

14 MR. FARRELL: I do want to add to what Tyler  
15 was saying. If you have comments on the rules, please send  
16 them through me. I'll be happy to compile together and give  
17 them to Tyler and we can talk about them there.

18 I want -- I should be your point of contact  
19 for these kind of things to do with that, and Tyler may call  
20 you back, but I'm just -- let's get them through my office so  
21 we don't miss --

22 CHAIRMAN SMITH: We should do another informal  
23 meeting on that.

24 MR. FARRELL: And, yes. I was going to also  
25 say, nothing precludes the BAC from meeting between now and

1 whenever, however you decide your meeting is, to discuss this  
2 or set up a committee to talk about the rules or have me come  
3 down to San Antonio or Texarkana. You know, come and sit --  
4 come and sit and talk.

5 UNIDENTIFIED VOICE: Well, we should set up  
6 another hearing. Right?

7 CHAIRMAN SMITH: Let me ask you this, what is  
8 the -- if we do need to have another meeting, what is the, or  
9 is there, a requirement on timeframe of notice about the BAC  
10 meeting?

11 MR. VANCE: Ten days is what we try to aim  
12 for. That's what the rule requires.

13 CHAIRMAN SMITH: Okay.

14 MR. VANCE: I think, you know, technically, by  
15 law, it's not required. But our rules say that we notify --  
16 provide an open meetings notice 10 days in advance.

17 CHAIRMAN SMITH: Okay.

18 MR. DUNCAN: Because October's going to be  
19 here quick.

20 MS. ROGERS: In reference to what Mr. Bresnan  
21 said, Not that I want the lottery to write any more rules,  
22 can't y'all write a rule that states that all deposits will  
23 be treated the same, a unit or a county?

24 MR. FARRELL: Nope.

25 MS. ROGERS: I know, but if we don't have to

1 debate that, I'm just throwing it out there. Please.

2 MR. DUNCAN: Nice try.

3 CHAIRMAN SMITH: Right? All right, so we've  
4 got the Lottery Commission Meeting tomorrow will be --  
5 they're going to be putting out the rule changes for 882 and  
6 for HB1200. If there's no, I guess, at the same time I guess  
7 if there's no opposition or issues with those two, if we want  
8 to go ahead and offer our support for that, we can. If not,  
9 we can do it here in the comment period. That's -- I'm going  
10 to leave that up to the board to decide that. So if you got  
11 thoughts or comments on that.

12 MS. ROGERS: I don't have any thoughts with  
13 the way they are.

14 UNIDENTIFIED VOICE: No, not really.

15 CHAIRMAN SMITH: Anyone else? Public members  
16 have a comment?

17 MR. BRESNEN: Are you just talking about the  
18 two?

19 CHAIRMAN SMITH: Talking about HB882 and  
20 HB1200 only.

21 MR. BRESNEN: SB1200?

22 CHAIRMAN SMITH: SB -- yeah, 1200, yeah.  
23 Those two only. So we want to offer our support for those  
24 two tomorrow at the Lottery meeting?

25 UNIDENTIFIED VOICE: I'll move.

1 CHAIRMAN SMITH: You'll move that. Okay,  
2 second?

3 UNIDENTIFIED VOICE: I'll second.

4 CHAIRMAN SMITH: We have a motion and a  
5 second. All in favor?

6 (Chorus of "ayes")

7 CHAIRMAN SMITH: Any opposed? All right.  
8 Okay, very well. Looks like we've got our work cut out for  
9 us on the -- on the legislative session.

10 AGENDA ITEM 10

11 CHAIRMAN SMITH: Item 10, Discussion and  
12 possible action on the BAC nominations for, A, a charity  
13 representative or, B, general public member.

14 MR. FARRELL: Tres, it starts with charity  
15 lessor.

16 CHAIRMAN SMITH: Oh, I'm sorry.

17 MR. FARRELL: That's okay. Which makes it a  
18 little different.

19 CHAIRMAN SMITH: Yeah.

20 MR. FARRELL: We -- I've got it written down.  
21 We solicited to those members and we post -- we sent an email  
22 to everybody in our email list of bingo. You probably all  
23 got the email and we sent them there. We get -- period began  
24 on July 12th, and ended on July 26th, so we Did two weeks of  
25 solicitations for the -- I'll go with the easy one first, the

1 conductor lessor and the charity lessor. We have nobody  
2 who's charity and a lessor that applied. So we -- my  
3 recommendation to the commission tomorrow would be that they  
4 -- we resolicit, specifically for a charity lessor. I think  
5 we had -- were working charities, but they weren't lessors.  
6 And I think we want a charity lessor on the committee as a --

7 CHAIRMAN SMITH: Did we -- did we just, all  
8 the old applications we had for that, or did we have any old  
9 applications, or do you have a clean slate on that?

10 MR. FARRELL: We have a clean slate for the  
11 new ones, because it's been a year. But everybody, again,  
12 everybody who's in our -- identified in our system with  
13 directors and chairpersons over charities, we sent them --  
14 they should have received an email with the application. We  
15 posted it on our website. We put it on Facebook with our 100  
16 people following us. The -- so we did -- we did -- we did  
17 our due diligence to get the word out to folks.

18 INDISCERNIBLE: So then there's nothing to do.

19 MR. FARRELL: No. They have --

20 CHAIRMAN SMITH: Well, do you know how many  
21 old applications we have?

22 MR. FARRELL: I do not know that off the top  
23 of my head, no. We could --

24 CHAIRMAN SMITH: I think maybe if we do what  
25 you're recommending and ask the commissioners to reopen that,

1 I think -- I think there may have been some people that  
2 thought their application was current, so they didn't feel  
3 the need to reapply. But I think if -- I think we'll  
4 probably get a lot more applications in

5 MR. FARRELL: Right. Well we'll take a look  
6 and see how many we had. I don't remember there being a  
7 large number of charity lessors.

8 CHAIRMAN SMITH: If memory serves me correctly  
9 I think there was, like, four or five maybe, tops.

10 MR. FARRELL: We'll take a look and see.  
11 We'll specifically make sure that in the next go around that  
12 they're on the list. They should be on the list if they're a  
13 current charity lessor. Just make sure that they need to re-  
14 apply.

15 CHAIRMAN SMITH: Absolutely.

16 MR. DUNCAN: We can't reclassify that as a  
17 charity rep, either, can we?

18 MR. FARRELL: No. Now for the public member,  
19 the general public member, we had two applicants for it. One  
20 was part of bingo, was a chairperson at bingo, so that didn't  
21 qualify for it. The other one is -- used to be involved in  
22 bingo. They were -- Knights of Columbus had a license, the  
23 license has been turned in, they're not playing bingo  
24 anymore. He was just -- he was a -- I think, he was a  
25 Director on there. But he's not a Director anymore, so he's

1 not attached to any bingo charity or bingo hall, and name's  
2 Roy Alexander (ph), and he's from Weston and I -- he's the  
3 one that we're going to recommend to the commission tomorrow.  
4 I think you're lucky because he's got knowledge of bingo,  
5 they've been playing bingo so you don't have to teach him a  
6 lot, or don't have to educate him on some things. But I  
7 think, also, he's local, which makes it good, too. I think  
8 he fits the bill.

9 CHAIRMAN SMITH: And it's my understanding  
10 that it was a Knights of Columbus that played for themselves  
11 at their own location. Is that correct?

12 MR. FARRELL: I believe so.

13 CHAIRMAN SMITH: Okay. So they weren't  
14 playing in a commercial hall type thing.

15 MR. FARRELL: I'd have to double check.

16 CHAIRMAN SMITH: Right.

17 MR. FARRELL: But they don't have a license  
18 now, so it makes -- it fulfills kind of what Will Martin was  
19 saying before that they wanted somebody who kind of knew  
20 bingo, but wasn't involved at the charity level.

21 MS. GREEN: What was his name?

22 MR. FARRELL: Roy Alexander.

23 MS. GREEN: Roy Alexander. Roy Alexander.

24 UNIDENTIFIED VOICE: What was his last one?

25 MS. GREEN: Alexander.



1 UNIDENTIFIED VOICE: Oh.

2 MS. GREEN: Especially being in Austin.

3 CHAIRMAN SMITH: Now do we, Michael, do we  
4 need to take a vote on that to support that, or is that --?

5 MR. FARRELL: You can if you want. It says in  
6 the rules that the BAC can put their support behind a  
7 candidate, and if you want, I think that adds to the  
8 candidate. So I'm -- you could do that.

9 CHAIRMAN SMITH: Is Mr. Alexander here today?  
10 Roy, are you here today? No?

11 MR. FARRELL: No.

12 MR. DUNCAN: That would be nice.

13 CHAIRMAN SMITH: I don't think he was asked to  
14 come to it today, but I think he was asked to come tomorrow.  
15 But I don't have an issue with this personally. If he  
16 doesn't -- if he's not on a license, I think that's exactly  
17 what we were looking for. He's got a decent knowledge of  
18 bingo, so --

19 UNIDENTIFIED VOICE: Right.

20 MS. ROGERS: And living in Austin makes it  
21 easier for him to get here. And, like you said, he  
22 understands the back working of bingo, not just playing. So I  
23 have no problem. I make a motion to accept Mr. Alexander.

24 UNIDENTIFIED VOICE: Second.

25 CHAIRMAN SMITH: All in favor.

1 (Chorus of "ayes")

2 MR. FARRELL: So we're recommending Mr.  
3 Alexander.

4 MS. ROGERS: Yes.

5 CHAIRMAN SMITH: We will recommend Mr.  
6 Alexander.

7 MR. FARRELL: Okay. And just to clarify, or  
8 summarize, we're going to reopen for the charity lessor and  
9 we're going to make sure we notify them that they need to  
10 reapply, anybody who had applied before, make sure that's in  
11 the notification. And we make sure those people who have  
12 applied they should be getting notification.

13 CHAIRMAN SMITH: Any public comment on this  
14 right now? No other. All right, moving on.

15 AGENDA ITEM 11

16 CHAIRMAN SMITH: Agenda 11. Melody.

17 MS. GREEN: Well, you know, we have asked for  
18 temporary's on demand earlier. You know, and I guess the  
19 beginning of the deal. I don't know where we stand on  
20 software that would allow that to happen, since we don't have  
21 to pay it now. And this -- the one time where it was our  
22 hall closed the Sherif setting were down there across the  
23 way, and they had a huge number of people that wanted to play  
24 another session, but they couldn't, because they didn't --  
25 you don't count on that ahead of time.

1                   And one thing I did want to add to this, which  
2 I'm sure was going to throw Michael, is that if -- it used to  
3 be if you did not use your temporary you did not lose it.  
4 But then they started with, you know, you had to pay \$25 you  
5 -- and the Lottery Commission said they didn't have refund  
6 authority. They didn't have refund authority and you don't  
7 need to pay \$25 anymore.

8                   We had a -- Southwest Airlines always asked us  
9 to do a bingo session during their big party. We said yes.  
10 We applied for a temporary and it was at Lone Star Park and  
11 it was in April when that monsoon went through. Well,  
12 Southwest Airlines canceled their party, you know, we had  
13 applied for the temporary, we did not use the temporary, and  
14 now we lost it. So I don't feel like the charity should lose  
15 their, I mean, their theirs. You don't lose it -- all you  
16 had to do before was say, we did not use our temporary. And  
17 you got it back. So asking, you know, will you get that  
18 back? And I understand the reason we couldn't before,  
19 because no refund and those accounts which all of our money,  
20 who knows where that went. So, you know, we had our money on  
21 account. All that's gone now. That problem's not there.

22                   CHAIRMAN SMITH: Michael, is there a rule or  
23 administrative rule that precludes people from, like, that  
24 incidence, maybe? I don't know. I'm at a loss on this one,  
25 because I've never had that happen, thank God.

1 MR. FARRELL: What I'll do, is I'll take this  
2 back. I'll take this back, do some research on it, and I'll  
3 get it out to you via email the way the research is.

4 UNIDENTIFIED VOICE: Right.

5 MS. GREEN: Yeah. Because I know, you know,  
6 we used to be able to do it, like I said, then it became a  
7 problem when you paid for it, and we couldn't get our money  
8 back and all that. And I know Alfonzo (ph) changed it to  
9 where the -- if you, you know, used to -- nobody wanted to  
10 lose it. If you don't use it, you lose it.

11 So and these are, you know, valuable to the  
12 charities. You only get so many.

13 MS. ROGERS: That happens quite often if you  
14 apply for your temporaries in advance.

15 MS. GREEN: Yes, right.

16 MS. ROGERS: Let's say a month in advance.

17 MS. GREEN: Exactly.

18 MS. ROGERS: Because then you're having them  
19 on Saturday nights.

20 MS. GREEN: Right.

21 MS. ROGERS: And then you find out, you know,  
22 you run two of them and Saturday nights aren't really doing  
23 that well. But you lose those two last Saturday nights,  
24 because maybe you're going to move it to Friday. I know in  
25 some instances you can change the date, the licensing

1 examiners will let you change the date, like, if you do the  
2 wrong thing or something that major. But that would assist a  
3 lot if they could -- if maybe the bingo chairperson could  
4 submit a letter.

5 MS. GREEN: Right.

6 MS. ROGERS: I think you're not going to play  
7 those.

8 MS. GREEN: But the buildup -- people -- play.  
9 I mean, either --

10 MS. ROGERS: Great. Oh, yeah.

11 MS. GREEN: I mean, you're -- all the  
12 licensing people just bend over backwards for us. Anything  
13 they can do for us legally within their realm they do for us.

14 MS. ROGERS: Right.

15 MS. GREEN: So and, you know, the temporaries  
16 on demand, that's one part -- so that has to -- I guess it's  
17 just a software situation. Or maybe, you know, and the --  
18 getting our -- I know it was a rule change. It's not a  
19 legislative -- I spoke to Alice years ago I said -- and all I  
20 did was say, we didn't use it. Okay, you get it back. So --  
21 and then Alfonzo changed it.

22 MS. ROGERS: I can't think of the reasoning  
23 why that move.

24 MS. GREEN: He just mean. He just mean.

25 CHAIRMAN SMITH: All right. There any public

1 comment from temporaries on demand or getting a temporary  
2 back after it has been not played? Steve Bresnan?

3 MR. BRESNAN: Is that -- is that going to be -  
4 - with the on demand, is that -- is that doable?

5 CHAIRMAN SMITH: Well I think Michael said  
6 he's going to do some research and --

7 MR. FARRELL: I can do some research on that.

8 MR. BRESNAN: Oh, on the on demand, too?

9 MR. FARRELL: On the demand, too. Yeah.

10 MR. BRESNAN: Oh, okay.

11 MR. FARRELL: I need to do some research on  
12 that.

13 MR. BRESNAN: Okay. I understand.

14 CHAIRMAN SMITH: Could be as simple as a fax.

15 MS. GREEN: It is. And we try to get ours in  
16 a week ahead of time. That's what they told us. You know,  
17 they need at least a week.

18 MR. DUNCAN: We have a week to 10 days.

19 MS. GREEN: A week to 10 days, but sometimes  
20 you don't know. Like I said, special circumstances and you  
21 walk in you have a really bad snow day, and the next day you  
22 got, you know, double your crowd there and you can make more  
23 money for the charities. So you just don't know all that  
24 ahead of time.

25 CHAIRMAN SMITH: Sure.

1 AGENDA ITEM 12

2 CHAIRMAN SMITH: All right. If no other  
3 comment on that, we can move on to number 12. Any old  
4 business. No? All right. Any old business from the public?

5 MR. KELLER: Hey. Hello, my name's Chris  
6 Keller and I just, you know, we formed this work group to see  
7 about putting more cards on the computer. You know, be sure  
8 that that gets on the agenda the next go round if that's  
9 possible.

10 CHAIRMAN SMITH: Okay.

11 MR. KELLER: To -- can we like vote on it? Do  
12 you got to vote on it yet or something? Or --?

13 CHAIRMAN SMITH: Well, depends on what  
14 information you bring.

15 MR. KELLER: What do I need to bring to get  
16 votes? Bring information on that?

17 CHAIRMAN SMITH: I don't know yet. What  
18 information do you have? I'll let you -- I think what, in  
19 general, the board likes to do is look at all the information  
20 and decide if the board wants to endorse. I mean, we don't  
21 technically have any power to make a change. We have the  
22 power to recommend change. If the board votes to recommend  
23 change then I think staff takes that into consideration. You  
24 know, if we don't vote, or vote not to recommend it, then  
25 they also take that into consideration as well. But I think

1 that that's the perfect platform, this is a perfect platform  
2 to hear what you have to say and look at all the information  
3 that you have. My recommendation is do your due diligence  
4 and bring us some really good data to really get info.

5 MS. ROGERS: The work group that I have down  
6 here was Chris Keller, and Neil Toming (ph), Richard Bungling  
7 (ph), Danny Moore (ph) and Will.

8 MR. KELLER: Yes.

9 MS. ROGERS: Do you want to -- propose to keep  
10 that same work group and put their stuff together and bring  
11 it back?

12 MR. KELLER: Absolutely.

13 MS. ROGERS: So those are the individuals that  
14 you would contact and put together.

15 MR. KELLER: Who was the chair of that group?

16 MS. ROGERS: Chris.

17 MR. KELLER: Me Chris? Yeah, okay.

18 MS. ROGERS: Now we had discussion, just one -  
19 - sorry. We had discussion on public members being the  
20 chair, versus having one of the BAC be the chair.

21 CHAIRMAN SMITH: Yeah, that's right.

22 MS. ROGERS: Don't recall what that was.

23 CHAIRMAN SMITH: I think what was said, was  
24 that the, if I remember correctly --

25 MS. ROGERS: I'd have to check the minutes.



1                   CHAIRMAN SMITH: I think that -- I think we  
2 felt like a BAC member should present it to the BAC.

3                   MS. ROGERS: Okay. But he can still be in  
4 charge of contacting everyone --

5                   CHAIRMAN SMITH: Absolutely. Absolutely.

6                   MS. ROGERS: Getting all the information  
7 together.

8                   CHAIRMAN SMITH: Absolutely.

9                   MS. ROGERS: Okay.

10                  CHAIRMAN SMITH: But let the BAC member  
11 propose it.

12                  MS. ROGERS: So one of your BAC members, which  
13 you would have Tommy, Will, Emile.

14                  CHAIRMAN SMITH: Got three good guys there.

15                  MS. ROGERS: Yeah.

16                  UNIDENTIFIED VOICE: Chris, give us a  
17 thumbnail of what you want so everybody in the room say to --

18                  MR. KELLER: To be able to put 132 cards on  
19 one machine in 66-card increments. In other words, we sell  
20 our computer for \$6. Somebody comes in and says, give me two  
21 computers, 66, 66.

22                  MR. BOURGOYNE: You're not proposing that we  
23 put the prices in on this proposal, are you? You're just  
24 proposing to add cards.

25                  UNIDENTIFIED VOICE: Proposing to add the

1 cards, you can charge whatever you want to charge.

2 MR. KELLER: I can tell you this much, the  
3 people I've contacted in the state with the exception of two,  
4 maybe three now, are heavily in favor of this. The only  
5 negative thing that I've heard in Bexar County is that  
6 there's a thought that it could drive pricing down. And,  
7 Kim, I don't know how you can ever think it might drive  
8 pricing down or anybody. You're down to a penny. I mean,  
9 what do you -- what do you want to do?

10 MS. ROGERS: I'm waiting for half a penny.  
11 I'm waiting. Why -- I had a question, though. I had a  
12 question to get back on that. Why would you want to, if you  
13 did propose this and we accepted it and took it to the  
14 commissioners, why would you want to propose that it has to  
15 be in 66 increments. You would delete that vague, like,  
16 okay, so let's say I have one computer that has 33 parts, I  
17 can do it through in 33 increments, or --

18 UNIDENTIFIED VOICE: Sure.

19 MS. ROGERS: Okay. So just I -- that's just a  
20 thought.

21 MR. KELLER: I do 66 cards. And so, it's not  
22 one machine with 132 cards, it's one machine with two 66-card  
23 packs in it. There has to be a charge for your second button  
24 punch.

25 MS. ROGERS: Right.

1                   CHAIRMAN SMITH: Okay, so what -- and I'm sure  
2 you'll work this out, but I think what you're saying, is that  
3 you're currently charging \$4 for a 66-card computer, that if  
4 you want to put 132 in there, you'd have to charge \$8. Is  
5 that what I'm hearing?

6                   MR. KELLER: That's what you're hearing.

7                   CHAIRMAN SMITH: Okay.

8                   MS. ROGERS: So it wouldn't be a price fix, it  
9 wouldn't be telling them what they have to charge, it would  
10 be -- just be saying that for whatever you charge for the  
11 first 66-pack you must charge for the second 66-pack.

12                  CHAIRMAN SMITH: Is that correct?

13                  MR. KELLER: That's correct.

14                  MS. ROGERS: Kind of -- right?

15                  MR. DUNCAN: So if you charge a penny for 66  
16 it's just another penny, right?

17                  MR. KELLER: That's correct.

18                  MS. ROGERS: Maybe you can make it on two  
19 cents on your computer, I would cheat. I understand.

20                  CHAIRMAN SMITH: From a manufacturer's  
21 standpoint -- from a manufacturer's standpoint, there's  
22 anybody here that maybe could answer that.

23                  MR. DUNCAN: I would like to ask a question of  
24 the -- can we ask a question of the public?

25                  CHAIRMAN SMITH: Absolutely we can. I think

1 you know where I'm going with that.

2 MR. DUNCAN: Yeah, Floyd. I'd like to ask you  
3 -- Floyd Olive is with Video King. You'd have to go back to  
4 the lab with that, correct, it'd be cost involved with a --

5 MR. OLIVE: Well, yeah. I mean, first there  
6 would be the changing the code. Once that code is changed to  
7 do whatever we wanted it to do as far as the number of cards,  
8 then we'd go to a testing lab and we'd be in the testing lab  
9 probably GLI, going to say probably a month just at GLI.

10 After that certification is received, then it  
11 would be sent to the Lottery Commission, which could take up  
12 to a month as well. Changing the code, maybe a month, maybe  
13 less, I'm not sure. So probably three months from the time  
14 that change is documented until it would probably make it out  
15 in the (indiscernible).

16 CHAIRMAN SMITH: What is the cost involved  
17 with that?

18 MR. OLIVE: I'd have to find out man hours and  
19 all of that. I know -- I think GLI is somewhere around  
20 10,000 per submissions. There's nothing to the lottery  
21 commission, but somewhere around that range. And then  
22 whatever it comes to time it takes to make the actual  
23 changes.

24 MR. DUNCAN: Thank you.

25 CHAIRMAN SMITH: Would this require a

1 manufacturer to make the change, or would it be optional?

2 MR. BOURGOYNE: No. It would be optional,  
3 wouldn't it?

4 UNIDENTIFIED VOICE: Yeah.

5 UNIDENTIFIED VOICE: How would you require it.

6 MR. BOURGOYNE: I'm saying you can't, right?

7 And go back to the last.

8 MR. DUNCAN: Well, Floyd, are there states now  
9 that allow --

10 MR. BOURGOYNE: I mean, the rule would just be  
11 permissive, the device can do cents per packs versus one  
12 cent. That's what the rule would say. Right? So you have  
13 to require a manufacturer to do this.

14 UNIDENTIFIED VOICE: Yeah, I mean they're  
15 saying allow all the different -- so they're not as many as  
16 66, they're more than 66.

17 UNIDENTIFIED VOICE: Right.

18 MR. DUNCAN: We got two talking.

19 CHAIRMAN SMITH: If I may ask this question,  
20 what's the end-game here. What are you trying -- what  
21 problem are you trying to solve by doing this? Because you  
22 can buy two different computers now and still have 132 cards.  
23 What's your end-game? What are you trying to solve?

24 MR. KELLER: Well, it would allow charities to  
25 possibly cut their inventory down a little bit, but in my

1 case in particular, whenever we do a special, like a raffle,  
2 well, all over in the 150, 200 extra computers. I got to pay  
3 the freight on that and it's expensive. And it would maybe  
4 solve that where I wouldn't have to bring in extra computers.  
5 But bottom line is I think, I'm real positive, that it would  
6 save the charity's money by possibly reducing their  
7 inventory.

8 Now in my case, I don't know that I would  
9 reduce it a lot, but I might take out 25 units.

10 CHAIRMAN SMITH: Right.

11 MR. KELLER: And if I saw, hey, I can take out  
12 another 10, I might do that, too. To me, I don't see the --  
13 I don't see any benefit in not doing a second. I'm open for  
14 -- to hear everybody's opinion on it.

15 CHAIRMAN SMITH: Sure. I think if -- I think  
16 if you would impose some data that goes along with what  
17 you're saying, that would probably be very convincing.

18 MR. DUNCAN: Would the --

19 MR. KELLER: What would data? What do you  
20 mean? I don't --

21 MR. MARTIN: Well, like, I have a question.  
22 Will Martin. For Video King, with the cost of reprogramming  
23 those computers, would that be passed on to the individual  
24 hall, or would that be passed on to the industry, the whole  
25 industry?

1 MS. OLIVE: Well it, I mean, that particular  
2 change is probably earmarked straight for Texas. I can't  
3 really say what that would do, but I know that our price  
4 points are at, for the last -- and I've only been doing this  
5 for about eight years now sales wise, our profits have  
6 steadily been going down. If all of a sudden we weren't  
7 utilizing as many units in Texas, it might cause the instant  
8 price to go up a little. I can't say that with any  
9 certainty, but I mean, everybody's got to survive. I know  
10 we're all trying to survive.

11 CHAIRMAN SMITH: Floyd, let me, if I may,  
12 please, sir.

13 MR. OLIVE: Yes.

14 CHAIRMAN SMITH: I know you talked about the  
15 cost involved of submitting it to GLI and to -- or a third  
16 party, I guess, and then submitting it to lottery and then --  
17 what kind of timeframe and what kind of issues or man hours  
18 would it create to have to reprogram? I think most of the  
19 computers you would have to go on site to update them. Is  
20 that -- is that correct?

21 MR. OLIVE: Yeah. I mean, there's  
22 configuration files that are coded so that they cannot be  
23 changed by me or anybody in the public.

24 CHAIRMAN SMITH: Right.

25 MR. OLIVE: Those files would have to be

1 changed. I don't know what else it would entail. But that's  
2 done through our R&D department in Winnipeg, so there's going  
3 to be some man hours making those changes. And then, of  
4 course, we have to submit it to an independent gaming lab.

5 CHAIRMAN SMITH: Right.

6 MR. OLIVE: And then, of course, to the  
7 lottery commission after that.

8 CHAIRMAN SMITH: And what I'm talking about is  
9 going -- would you have to go to each location to update  
10 those files?

11 MR. OLIVE: Most likely, yes. Depending on  
12 what kind of a certification we seek. If it's a small enough  
13 amendment to the existing code, we might could get by with  
14 less.

15 CHAIRMAN SMITH: Right.

16 MR. OLIVE: And maybe just a few files that we  
17 could even dial in and update those files. Course, some of  
18 that would be working with the Lottery Commission, too, to  
19 verify those files are still correct and all of that. But  
20 it's possible it could be done remotely.

21 MR. FARRELL: And, Tres, if I can add, it'll  
22 require a rule change.

23 CHAIRMAN SMITH: Right.

24 MR. FARRELL: Which means that you have to get  
25 the proposed -- new proposed rule, have to go before to that



1 60 to 120 days before you can start programing computers. I  
2 think that's a fair estimate.

3 MS. ROGERS: And, Chris, as far as data goes,  
4 Emile, I think I asked you before, give me some information  
5 on what other states do that we were looking. And I don't  
6 remember if this was what we were talking about that time.

7 MR. BOURGOYNE: It's one of the things.

8 MS. ROGERS: It's one of the things. They  
9 have data on other states. Like, find another state that  
10 maybe has similar cards. Do they make more money than we do?  
11 Are there computer -- did it help their computer sales?  
12 That's what Tres is talking about. Come back with something  
13 like that to show us, like, it'll help. Other than us just  
14 all --

15 MR. BOURGOYNE: I said give us the states that  
16 have limitations on the number of cards per device and states  
17 that didn't.

18 MS. ROGERS: Okay.

19 MR. BOURGOYNE: And I don't know if I sent you  
20 information about their bingo receipts as a result of that.

21 MS. ROGERS: And I can forward that to you,  
22 Chris. I can send that email to you, which will give you a  
23 base of maybe starting to gather some information.

24 MR. KELLER: Well I kind of feel like maybe  
25 the water's getting muddied again on this issue. I don't see

1 why it has to be. I just don't -- but to me it's a simple  
2 thing. I mean, to just change it from 66 to 132 with 66  
3 cards.

4 MS. ROGERS: Well, nothings easy as -- if we  
5 have to change a rule. And if Michael says that it involves  
6 rule change, it's going to take research for them to say,  
7 okay, this is why we're changing that rule. I mean --

8 MR. KELLER: Yeah, it's a rule change, but  
9 it's a doable rule change. And I just feel like it would be  
10 to the benefit of all the -- all the charities playing bingo.

11 CHAIRMAN SMITH: I think if you can -- I think  
12 if you can prove that, I think everybody will like it if --

13 MR. BOURGOYNE: I think some of that data I  
14 sent to her will indicate that what you're asking is not  
15 unreasonable compared to other jurisdictions.

16 MS. ROGERS: Right.

17 MR. BOURGOYNE: If I recall.

18 MS. ROGERS: Yeah.

19 MR. KELLER: All right.

20 MS. ROGERS: And I'll be back in the office  
21 tomorrow and I can send that to you.

22 MR. KELLER: I'll do my best on that.

23 CHAIRMAN SMITH: Okay.

24 MR. KELLER: In the meantime, am I wasting my  
25 time by contacting other operators in the state to get a yes

1 or no from them on their opinion, or does their opinion  
2 matter?

3 CHAIRMAN SMITH: Well, I would think  
4 everybody's opinion matters.

5 MS. ROGERS: The more numbers that you can  
6 bring to say people want this. I mean, Michael's very fair,  
7 to look at what the industry wants. So if it's doable.

8 MR. KELLER: Okay. So if an operator in  
9 Lubbock, Mr. Brown, says I'd be in favor of that, then that  
10 would be a point on my side saying Mr. Brown's in favor of  
11 that?

12 MR. BOURGOYNE: The more Mr. Browns you can  
13 bring the better, basically.

14 MS. ROGERS: That's right. It's true.

15 MR. KELLER: Okay. I can do that I think. I  
16 say the people I've talked to with the exception of two,  
17 maybe three now. I don't know if Kim's still in favor of it  
18 or not, but are way in favor of it.

19 MS. ROGERS: I'm way in favor of seeing some  
20 more research to see if it will help the industry. Because  
21 we all know that computers have gone down and paper sales, so  
22 if it'll help that.

23 MR. KELLER: Off the subject here, but who are  
24 the five halls in Baylor County that didn't lose money?

25 MS. ROGERS: It's all on the BAC. It's three

1 or five? I have one of them. Yeah, I think you have two.

2 MR. KELLER: Because every one of my halls  
3 brought money in.

4 MS. ROGERS: I'm just talking about line 29,  
5 that's all.

6 CHAIRMAN SMITH: Well, I don't know what line  
7 29 is right offhand, so I'm going to -- I'm going to keep  
8 this to the -- I want to keep this to the subject at hand  
9 here, guys.

10 MR. FARRELL: Tres, if I can -- I just want to  
11 piggyback on what Kim said. If you go the bingo website,  
12 texasbingo.org, if you go down a page, there's a thing called  
13 State Reports, and state reports is where you can find  
14 information about charities and net proceeds and the way they  
15 play and when the occasions are and all kinds of information  
16 like that. So I -- because you said it's fairly available, I  
17 want to make sure people knew where it was when you say that.

18 MS. ROGERS: It's a wealth of information and  
19 it's fabulous.

20 UNIDENTIFIED VOICE: Is there anybody in the  
21 bingo division that can provide a tutorial on how to use it?

22 CHAIRMAN SMITH: Well, hang on. That's the  
23 next subject. Hang on.

24 UNIDENTIFIED VOICE: Yes, there is.

25 CHAIRMAN SMITH: Let's do this one first,

1 okay? Chris, thank you. I do sympathize with what you're  
2 trying to do and I know sometimes it may seem like an uphill  
3 battle to get something done, but, you know, a lot of times  
4 legislatively it will take us 18 to 24 months to get  
5 something simple done, so don't give up hope, keep trying.  
6 Okay?

7 MS. ROGERS: You may want to give his name.

8 CHAIRMAN SMITH: And that's Chris Keller.

9 MS. ROGERS: No. The other name.

10 UNIDENTIFIED VOICE: Tom Stewart.

11 MS. ROGERS: Tom Stewart.

12 CHAIRMAN SMITH: Oh, Tom Stewart, sorry.

13 Yeah. Any other comments on what Mr. Keller had to say? Tom  
14 Stewart, you want to say anything?

15 MR. STEWART: No.

16 CHAIRMAN SMITH: Okay, all right.

17 AGENDA ITEM 13

18 CHAIRMAN SMITH: Any new business? Anything  
19 new for anyone? Any new public comments?

20 AGENDA ITEM 14

21 Okay. All right, well let's set the date for  
22 the next meeting.

23 MR. FARRELL: The next commission meeting I  
24 believe is on the 2nd of October. That's what I've got on my  
25 calendar. So just for that for your planning.

1                   CHAIRMAN SMITH: Okay. Does anybody have  
2 problems coming the day before the commission meeting?

3                   UNIDENTIFIED VOICE: No, sir.

4                   MR. BOURGOYNE: That'd be October 1st?

5                   MR. DUNCAN: That'd be October 1st.

6                   UNIDENTIFIED VOICE: October 1st would be what  
7 day?

8                   UNIDENTIFIED VOICE: A Tuesday.

9                   UNIDENTIFIED VOICE: Is the October 2nd  
10 meeting the evaluation ---

11                  CHAIRMAN SMITH: It'd sure be a lot easier on  
12 me. Driving back and forth somehow gets a little --

13                  UNIDENTIFIED VOICE: Oh, Tuesday is good as --

14                  UNIDENTIFIED VOICE: Yeah, I can --

15                  CHAIRMAN SMITH: Well, if there was a direct  
16 flight from Texarkana Regional, I would probably catch one.

17                  MR. DUNCAN: We need to keep in mind that we  
18 need to get with them on these rules before that October 2nd  
19 Lottery Commission Meeting that he has to propose to them.  
20 And, as Michael said, unless you're willing to sit in here on  
21 the 1st for 8 or 10 hours, we should probably meet informally  
22 or something prior to that commission meeting.

23                  CHAIRMAN SMITH: I think you're absolutely  
24 right. Why don't we do this, why don't we go ahead and set  
25 our formal meeting for October 1st. And then we can set an

1 informal meeting, I guess if you will, once we see what the  
2 commissioners have to say tomorrow and we can email each  
3 other. And if we to meet in Dallas or here or somewhere, I  
4 think we can probably do that, as long we give 10 days  
5 notice. Is that correct?

6 MR. DUNCAN: That's correct.

7 CHAIRMAN SMITH: Okay.

8 MR. DUNCAN: All right, because we're going to  
9 need both these guys, you know.

10 CHAIRMAN SMITH: Okay.

11 MR. VANCE: Well, just to get back to it, so  
12 that commission meeting's on October 2nd. We have to have  
13 our proposed rules sent to the Governor's Office by September  
14 2nd, because they have to sign off on it before we can even  
15 propose it. So we really need your comments on this before  
16 September 2nd. Of course, I mean, you're free to comment  
17 afterwards. Even if we sent to the governor and the governor  
18 approves. Tres will be at that commission meeting, he could  
19 say what he thinks about it on behalf of the committee. Even  
20 if they get proposed then there will be a notice of comment  
21 session that can be modified after that fact. So that it's a  
22 long process, but if at all possible we'd appreciate your  
23 comments on this by the end of the month.

24 CHAIRMAN SMITH: So -- okay. So what you gave  
25 us today, these are the actual proposed changes that are

1 going to be sent to the Governor's Office. Is that correct?

2 MR. VANCE: And the -- this is my take on it.

3 MR. DUNCAN: Only the first two.

4 MR. VANCE: NO, no, no. So the first -- the  
5 first two have already been sent to the Governor's Office,  
6 and those will be proposed tomorrow.

7 CHAIRMAN SMITH: Right.

8 MR. VANCE: The 882 and 1200. Everything  
9 under 914 is just kind of my first take at implementing the  
10 new laws into the rules. And all that changed. It doesn't -  
11 - none of that is set in stone. It hasn't been proposed to  
12 anybody yet. It's just been provided to you all. We  
13 appreciate your comments on it and, like I said, this is --  
14 this is going to be a process over the next four months, and  
15 there's all kinds of opportunities to comment and modify it  
16 throughout that process.

17 But hopefully we really, if at all possible,  
18 like y'all's, you all's input on it by the end of the month so  
19 that if there's anything significant that needs to be changed  
20 in here and something we can all agree on, I could change it  
21 before we send it to the Governor's Office so that we don't  
22 have to circle back and -- because we really need these  
23 things done by January 1st.

24 CHAIRMAN SMITH: Go back and --

25 MR. VANCE: So if I don't have any comments by



1 the end of the month and I send it to the governor's office,  
2 he says cool, we propose it, and then in November there's a  
3 big change, then we're going to have to resubmit it to the  
4 Governor's Office, repropose it. it's just going to extend  
5 everything out quite a bit.

6 CHAIRMAN SMITH: So, if I hear you correctly,  
7 you're wanting to get our recommendations and our support  
8 before August 30th, is that correct?

9 MR. VANCE: If at all possible, yeah. And you  
10 guys don't have to -- you're not stuck with the other  
11 meetings next, so you don't have to have a meeting in this  
12 room to discuss it. You could call each other, you could  
13 email each other, you can handle it however you'd like. But,  
14 of course, we would hope for some kind of, you know,  
15 consensus either on a change or in support of it. And then  
16 when it gets proposed in October, of course, Tres you will be  
17 there. And we'd appreciate any input you could provide on  
18 behalf of the committee.

19 CHAIRMAN SMITH: Okay.

20 MR. FARRELL: Let me suggest this just to  
21 facilitate. If you want to do a conference call we'll  
22 facilitate the conference call. We have a bridge, you can  
23 all call into some same number and we'll facilitate the  
24 conference call. You pick the date and we'll, if at all  
25 possible, we'll move around. I'll move the whole schedule

1 around to get so you have somebody for two to three hours  
2 available. Now you won't have a court recorder. My guess is  
3 you wouldn't have to have a court recorder, you may not those  
4 pieces, but I think what you're talking about is discussion  
5 rules.

6 MR. DUNCAN: We're just talking about --  
7 right.

8 MR. FARRELL: Discussion of the rules. But if  
9 you -- my next suggestion is, is if you -- if you get that  
10 all in and you want to actually have another meeting, then my  
11 recommendation would be have that meeting in the interim of  
12 October 1st, but I would have -- if you're going to do  
13 another meeting, I'd have it somewhere the 9th, 10th or 11th  
14 of September, because that gives you two weeks before the  
15 commission meeting if you had to -- if you had to sit down  
16 and talk. And even though -- even though you're doing the  
17 conference call with all of -- but that's -- that gives you a  
18 couple weeks because we're going to talk about rules. Having  
19 the meeting the day before doesn't give anybody a lot of time  
20 to prepare something to talk to the commissioners if you want  
21 something important.

22 UNIDENTIFIED VOICE: Or the next --

23 MR. FARRELL: Having a couple weeks gives you  
24 -- gives you time to do that.

25 So I'm just throwing that out. We'll

1 facilitate a conference call if you want. And if you want to  
2 have a meeting my recommendation is you don't do it the  
3 second, because that's Labor Day week. If you do it the week  
4 before that's school's starting, you know, there's a lot of  
5 those pieces that going on. I don't know how it affects you.  
6 Doesn't affect me at all, so that's not a problem. And then  
7 the 9th, 10th and 11th is beginning of the week about --  
8 that's about two and a half, three weeks before you have your  
9 next meeting. Might be -- might be a good time looking at a  
10 calendar.

11 MS. ROGERS: I have a question. If you sent -  
12 - when you send this to the Governor's Office on September  
13 1st, 2nd, do -- if we make a comment against something or --  
14 and they all say, okay, that does make a lot of sense. Do  
15 you have to resubmit it to the Governor's Office?

16 MR. FARRELL: Defer to Bob on that, I'm not  
17 really sure.

18 MR. BIARD: No, not necessarily. This is Bob  
19 Biard, General Counsel. The Governor's Office just wants to  
20 know what they -- what the agencies are up to. But I think  
21 there's specific issue they are mostly interested in across  
22 state government and that is property rights, the rules that  
23 affect property rights. We've never had any negative  
24 feedback on anything that we sent them. So I really don't  
25 think, you know, unless they know that this is the topic that

1 we're doing rulemaking on. Unless we start the entire  
2 process over, you know, if we did that we'd have to send a  
3 new memo. But if it's making changes to something that we've  
4 already sent them in the same rulemaking proceeding, I don't  
5 think we have to resubmit the proposal.

6 But also I wanted to say that if y'all look at  
7 something before the October meeting and the commissioners  
8 vote to publish it for public comment, there's still a period  
9 where the public could comment on it and even though y'all  
10 are on the BAC, you're all still allowed to comment on the  
11 proposal. So it's not like that this is your only shot. So  
12 even after the commissioners vote to publish it, you still  
13 have that 30-day window that you could make comments, or we  
14 could make changes to it and bring it back for adoption  
15 probably without having to republish it. It would have to be  
16 very, very different and affect people who were not affected  
17 by the original proposal for us to have to shut it down,  
18 start all over.

19 So typically we can make changes in response  
20 to comments without having to start the process all over.

21 MS. ROGERS: Thank you. I just didn't want to  
22 cause extra work.

23 CHAIRMAN SMITH: Sure. I'm not opposed to  
24 doing the meeting in September at all. I mean, if you all  
25 want to do that. And you said the week of the 9th, you said,

1 Michael, works good for you?

2 MR. FARRELL: Yeah. I think 9th, 10th or  
3 11th. I think that it gives you enough time before the next  
4 meeting, but also it's past -- it's the week after Labor Day,  
5 so things will have settled down I would think.

6 CHAIRMAN SMITH: Sure.

7 UNIDENTIFIED VOICE: On the 12th works for me.

8 CHAIRMAN SMITH: If we could I would prefer to  
9 do it on the 9th or the 10th. Lot of activities going on, on  
10 the 11th.

11 MR. DUNCAN: Or the following week?

12 CHAIRMAN SMITH: Pardon, sir?

13 MR. DUNCAN: Or the following week after that,  
14 I know where you're going with the Wednesday thing.

15 MR. MARTIN: No dove season starts on the  
16 14th.

17 CHAIRMAN SMITH: I'm open the 9th, the 10th,  
18 the 12th and the 13th.

19 MR. DUNCAN: The 12th would be good for me.

20 CHAIRMAN SMITH: Michael, can you swing that?  
21 Is that one of your days?

22 MR. FARRELL: I won't be here, but I'll have  
23 somebody here. I'm not planning on being here.

24 CHAIRMAN SMITH: Okay. Good for you. Good  
25 for you. Anybody else?

1 MS. ROGERS: The 12th is open for me.

2 MR. DUNCAN: Tenth for me, tenth.

3 MS. ROGERS: So this would be our formal  
4 meeting instead of October 1st.

5 CHAIRMAN SMITH: That's correct.

6 MS. ROGERS: But we're talking about --  
7 because the first person I would like to brief is Mr.  
8 Fenoglio. I'm guessing he has not seen this.

9 CHAIRMAN SMITH: I would imagine not.

10 MS. ROGERS: Okay.

11 MR. BOURGOYNE: So we're moving to when, the  
12 12th?

13 CHAIRMAN SMITH: Well, wait a minute, didn't  
14 we say that you needed a recommendation by the 30th of  
15 August? Is that correct?

16 MR. VANCE: Well, if Bob's interpretation is  
17 that the governor isn't approving this line by line and word  
18 by word, and they just generally want to know that, hey,  
19 we're making rule amendments pursuant to this new bill. And,  
20 based on that, it seems like we could -- I could send a --  
21 send him this, what I've got, and just put them on notice,  
22 these are the rules we're looking at that are going to be  
23 admitted coming up in 30 days. And then, if you guys after  
24 that, after that day, want to make changes or recommend  
25 changes, we can then modify it. As long as it's not

1 something completely different. Without having to resubmit  
2 it to the Governor's Office.

3 And then, even after it gets proposed in  
4 October, there will be a 30-day public comment window. We'll  
5 almost certainly have a public hearing on it, where we all or  
6 anybody else can come in and recommend changes. And, again,  
7 as long as it's not a substantial difference between the  
8 changes, we could still adopt it in December without having  
9 to start the whole process over.

10 So, I would, you know, I think for us we would  
11 appreciate as many comments as we can get before August, so I  
12 can change this thing, get it as close as possible to what  
13 it's going to look like at the end of the day for the  
14 governor's office. But if that just can't happen, or if it  
15 doesn't happen, it doesn't sound like it's going to be the  
16 end of the world. You guys can -- as long as you get some  
17 comment in before the rule is proposed, it's -- this thing  
18 could be modified several times throughout the process, but  
19 the sooner we get it set in stone the better -- the easier,  
20 the smoother, the whole process would be for everybody.

21 CHAIRMAN SMITH: Okay. All right. I think we  
22 can all provide comment before August the 30th on our own, or  
23 collectively if we need to.

24 MS. ROGERS: Via email, correct?

25 CHAIRMAN SMITH: But -- yes, absolutely.

1 MS. ROGERS: Yeah.

2 CHAIRMAN SMITH: Sure. Yeah. And if there's  
3 something -- if you all agree on something I can change it  
4 before we said if there's a bunch of debate going on we can -  
5 - I'll just send the draft out. And then when we get  
6 together in September we can try to -- try to hammer it out.

7 MR. FARRELL: Can I be a wet blanket on this  
8 for a second? This is Michael Farrell. You're saying you  
9 want it -- you've got to put it out by the end of September.  
10 Or end of August.

11 CHAIRMAN SMITH: So it's got --

12 MR. DUNCAN: September 2nd to the Governor.

13 MR. FARRELL: September 2nd is Labor Day.

14 UNIDENTIFIED VOICE: Okay.

15 MR. FARRELL: So are we putting it out the  
16 Friday before?

17 MR. VANCE: It has to be, yes. Thirty --  
18 yeah. It would have to be 30 days in advance of --

19 MR. FARRELL: So we -- so we need at least two  
20 to three days to look at whatever is submitted so we can  
21 route it around if we like.

22 MR. DUNCAN: Needs to be the week of the 19th  
23 through the 23rd, then.

24 MR. FARRELL: And so probably the 23rd is when  
25 you're going to need the comments of it, there's some time to



1 route it around to make sure --

2 MR. DUNCAN: You have the whole next week to  
3 get it in, until Friday.

4 MR. FARRELL: Yeah.

5 MS. ROGERS: So maybe all of us as BAC members  
6 should take it upon ourselves to study this, figure it out,  
7 and then each send an email to Tres to let him know we're  
8 good with it this is our -- and then that goes -- that  
9 escalates -- maybe we can do a conference. But all of us put  
10 our input in before. Is that okay? Like within the next  
11 week?

12 CHAIRMAN SMITH: Sure. Let's keep it all in  
13 one thread, though.

14 MS. ROGERS: Yes.

15 CHAIRMAN SMITH: Like, it's very difficult to  
16 look at 43 different emails. Things get lost and, you know,  
17 so --

18 MR. FARRELL: You know, I'm happy to be a  
19 part. If you want to copy me on that, that's just fine.

20 CHAIRMAN SMITH: Absolutely, we will. Is  
21 there anyone else you want in on that thread?

22 MR. FARRELL: Not right now. I'll make sure -  
23 - I'll make sure that people internal get the -- get the  
24 copy.

25 CHAIRMAN SMITH: And I'm sure we'll not -- put

1 a couple people from the industry on there as well.

2 MR. FARRELL: That's fine.

3 CHAIRMAN SMITH: Okay.

4 MR. FARRELL: Again. I'm going to reiterate  
5 what Bob said. This is Michael Farrell, reiterate what Bob  
6 said is that you will have time to comment, even if the  
7 commission puts it forward. It's just, we're trying to get  
8 as clean as possible before it goes forward. But that  
9 doesn't mean that you're not going to think of something  
10 after it gets published on, you know, I didn't think this  
11 might happen. Or I didn't think this was going to happen.

12 So what I would say don't be the -- don't  
13 worry too much about if you don't get it in by the 23rd,  
14 because you're trying to flesh it out make sure it make  
15 sense, or you talking to folks in the night, because you'll  
16 have time to comment on it. Where I think if I can summarize  
17 what Bob said was, if we, in turn, all of the sudden change  
18 the tack of this -- the tack of this thing, 180 degrees, then  
19 it's going to need to be republished. It's going to be a lot  
20 of --

21 UNIDENTIFIED VOICE: Correct.

22 MR. FARRELL: But a lot of what's in the law  
23 that we're proposing for rules, really there's not a lot of  
24 tremendous amount of discussion, because it's written into  
25 the law. I think where Tyler's talking about things like

1 cash and, you know, gift cards and all those pieces would  
2 also -- would be places for comment. But I'll Leave it to  
3 you to make what you think the comments are.

4           You should all have a copy of the current  
5 rules. It's all online. If not, it's on our bingo website.  
6 So, if you're looking up what these rules say, you can see  
7 them in context with the other rules that are there.

8           This isn't -- I would caution you not to make  
9 general comments about the rules about something else. We're  
10 trying to get this taken care of. That doesn't mean you  
11 don't say, hey, I think this is Should be changed, and we'll  
12 keep it on the list. But this is particular going to the  
13 Governor's Office and, like, on these the law changes.

14           And I welcome any other changes you want.  
15 That's not -- I'm not trying to stifle any of that. What I  
16 am saying is be specific. Like you said, Tres, be specific  
17 on the thread for this -- for this rule change.

18           CHAIRMAN SMITH: Yes, for these rule change,  
19 yeah.

20           MR. FARRELL: For these rule change. And if  
21 you have something else, create a new thread.

22           CHAIRMAN SMITH: Yes, absolutely.

23           MS. ROGERS: Focus on what's in red.

24           CHAIRMAN SMITH: That way when you look at the  
25 heading you know exactly what you're getting into.

1 MR. FARRELL: Absolutely.

2 MS. ROGERS: So if we do -- if we do it this  
3 way, do we need to have our meeting in September, or do we  
4 want to keep it in October to keep them back-to-back? If  
5 we're taking care of the comments on this so they can have  
6 their report to the Governor's Office timely, that's a rush.

7 MR. VANCE: Well, so, I'll comment on that.

8 MS. ROGERS: Okay.

9 MR. VANCE: I think when we proposed these  
10 rules in October we're, internally, in the legal department,  
11 we're going to want to have this wrapped up about a week in  
12 advance. So it would be nice -- if you guys had the meeting  
13 the day before the commission we'd have to run up there. And  
14 if there was substantial changes to the rules at that point  
15 we'd have to revise everything. The commissioners already  
16 provided notebooks with all the rule drafts, so think in  
17 earlier September would be easier on us. That way if there  
18 are changes at that time we can modify the materials that are  
19 -- that are being sent out.

20 CHAIRMAN SMITH: Well we -- I can do the week  
21 of the 9th through the 13th. And I can do that. It's no  
22 problem.

23 MS. ROGERS: That's -- it's up to you.

24 CHAIRMAN SMITH: Is that okay with Will, you  
25 good with that? What day, though?

1 MS. ROGERS: Is the 10th or the 12th better?

2 MR. MARTIN: I can live with the 12th, you  
3 know.

4 MS. GREEN: Definitely.

5 CHAIRMAN SMITH: Melody?

6 MS. GREEN: That's fine.

7 CHAIRMAN SMITH: You good with the 12th?  
8 Y'all good with that? Emile?

9 MR. BOURGOYNE: Yep.

10 CHAIRMAN SMITH: Okay. Next BAC meeting  
11 September 12th at 10:00 a.m.

12 MR. FARRELL: Let's -- I'm going to check the  
13 calender on that, but I put it in there.

14 CHAIRMAN SMITH: That's going to do.

15 MR. DUNCAN: The 10th is --

16 CHAIRMAN SMITH: Barring no hiccups with the  
17 break.

18 Any other final comments ladies and gentlemen?

19 AGENDA ITEM 15

20 Okay. We will adjourn the meeting at 11:24.

21 (Meeting adjourned at 11:24 a.m.)

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C E R T I F I C A T E

STATE OF TEXAS )

COUNTY OF HARRIS )

I, Kimberly C. McCright, Certified Vendor and Notary in and for the State of Texas, do hereby certify that the above-mentioned matter occurred as hereinbefore set out.

I FURTHER CERTIFY THAT the proceedings of such were reported by me or under my supervision, later reduced to typewritten form under my supervision and control and that the foregoing pages are a full, true and correct transcription of the original notes.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 14th day of August, 2019.

/s/ Kimberly C. McCright  
Kimberly C. McCright  
Certified Vendor and Notary Public

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