

**Security and Operations Committee Meeting
New Mexico Lottery Authority
March 20, 2024**

MINUTES

Call to Order: Committee Chair Sal Baragiola called the meeting to order at 11:30 a.m. and asked for a roll call. Present and constituting a quorum were David Keylon and Sal Baragiola.

Introductions: Present from NMLA staff were David Barden, Carolyn Cabell, Wilma Atencio, Therle Smith, and Bryan Bersosa. Also attending was Tom Kitts with IGT.

Approve Proposed Agenda: D. Keylon made a motion to approve the proposed agenda; S. Baragiola seconded the motion. Motion carried 2-0.

Public Comment: None.

REPORTS:

Audit Other Matter Finding Remediation Update: C. Cabell summarized a document provided to the Committee regarding the “Other Matter” finding from the FY 2023 financial audit report and the NMLA’s activities to remediate the finding. Examples of activities include enhancing documentation regarding actions that were already happening, such as terminating access for employees who leave the Lottery; conducting bi-annual reviews of systems access; enhancing documentation related to online gaming vendor audits; and engaging a third-party resource.

D. Keylon asked if the Lottery has adequate cyber security controls, given recent media of ransomware and other attacks. C. Cabell responded that the Lottery has firewalls in place and engages with a third-party who tries to access our system and conducts quarterly scans to see if there are any vulnerabilities. The Information Technology Division is diligent in updating our systems regularly. D. Barden reported there is multi-factor authentication for all staff to log into the system. The Lottery has cyber security insurance and a disaster recovery plan in place for contingency.

S. Baragiola asked who starts the process with the access termination policy. D. Barden responded that Human Resources initiates the process, and Security and IT have processes in place to gather equipment, documents, and signatures. S. Baragiola asked about the policy setting process. C. Cabell reported that the access termination has been made into a policy and has been implemented. D. Barden stated that the new policy just adds documentation to meet the auditor’s recommendations.

Committee members indicated that they were satisfied with the changes made by management and staff.

New Multi-State Fast Play Game: Jackpot USA: C. Cabell provided an overview of the Jackpot USA Fast Play multi-jurisdictional game. The Lottery currently has a suite of Fast Play games that print from retailer terminals, similar to Powerball, Mega Millions, and Roadrunner Cash, but plays instantly like Scratchers. Our current suite of games has different play styles, themes, and ticket prices ranging from \$1 to \$10.

Jackpot USA will be played in other lotteries, initially including Idaho, Louisiana, Washington D.C., and New Mexico. The game is being developed by Intralot and the Multi-State Lottery Association (MUSL), and a MUSL product group is creating game rules. The rules will apply to all participating lotteries. The game is anticipated to start in September 2024. The game will have a \$20 price point and a jackpot that

starts at \$1 million that grows until won. Due to payout constraints, the prize payout for New Mexico will be 65%, significantly lower than the other lotteries at 80%.

C. Cabell stated the Lottery is requesting the Committee recommend to the full Board that the Lottery proceed with the Jackpot USA Fast Play game and adopt rules for the game, both the MUSL national rules and the NMLA-specific game rules.

D. Keylon made a motion to recommend the Jackpot USA Fast Play game to the full Board for approval, including adopting any MUSL rules and associated NMLA rules for the game; S. Baragiola seconded the motion. Motion carried 2-0.

Other Items: None.

Adjournment: D. Keylon made a motion to adjourn; S. Baragiola seconded the motion. Motion carried 2-0. The meeting adjourned at 11:57 a.m.



S. Baragiola, Committee Chair

Date: 9/20/24