

**Regular Meeting of Board of Directors  
New Mexico Lottery Authority  
September 18, 2024**

**MINUTES**

**Call to Order:** Board Chair Reta Jones called the meeting to order at 12:10 p.m. and asked for a roll call. Present and constituting a quorum were David Keylon, Reta Jones, Leo Romero, and Sal Baragiola. Paul Guerin attended virtually. Othiamba Umi absent.

**Introductions:** Present from NMLA staff were Wilma Atencio, David Barden, Carolyn Cabell, Linh Coonan, and Wendy Ahlm. Also attending were Tracey Cohen with Scientific Games and Mary Stanford with INTRALOT.

**Approval of Proposed Agenda:** S. Baragiola stated that the Leave and Attendance Policy should have been listed as an Action item on Board agenda. R. Jones asked D. Barden for clarification on whether the item can be taken up as an action if it was marked as informational on the posted agenda. D. Barden stated he will confirm the agenda rules with legal counsel. D. Barden discussed other options including reviewing the policy today and approving at a later date, or the CEO approving the policy per the Chief Executive Officer Policy Adoption Authority which allows for adoption with Board approval within six months.

R. Jones entertained a motion. L. Romero moved to approve the proposed agenda; D. Keylon seconded the motion. Motion carried 5-0.

**Approval of Minutes of June 20, 2024, Board of Directors Meeting:** R. Jones entertained a motion. D. Keylon moved to accept and approve the June 20, 2024, meeting minutes as presented; S. Baragiola seconded the motion. Motion carried 5-0.

**Public Comment:** None.

**REPORTS:**

**Security and Operations Committee:**

**Leave and Attendance Policy:** S. Baragiola reported that the Security and Operations Committee was presented with a new Leave and Attendance Policy which combines several stand-alone policies into one umbrella policy. S. Baragiola reported that the updates provide clarity, consistency in language, clean up, and a new header design. The Committee recommended several language changes and discussed a couple questions that management will bring back to the Committee.

D. Barden reported that the Lottery will change the formatting with a new header design for all policies, beginning with the Leave and Attendance Policy. C. Cabell reported that the Security and Operations Committee vetted this policy thoroughly by discussing the changes page by page. C. Cabell reported that the policy has a new number because it is a consolidation of six different policies that cover leave and attendance: Punctuality and Attendance Policy, Overtime Policy, Leave and Operational Policy, Jury Leave Policy, Military Leave Policy, and Voting Time Policy. An updated area at the top of the policy includes identification and version information, definitions of the NMLA and Lottery Act, language regarding the at-will nature of employment, and a statement that the CEO or designee may approve exceptions to the policy. This new area will replace the cover page and Purpose, General Use and Applicability, and Definitions sections in current policies.

C. Cabell indicated several additional areas within the draft policy that the Security and Operations Committee recommended for revision. R. Jones acknowledged the Committee's detailed attention to the policy, given the level of edits that they identified.

R. Jones suggested the Board express their approval of the policy through a motion, allowing the CEO to proceed with adoption if it is determined that action may be taken without indicating "Action" on the agenda. Alternatively, the CEO could approve the policy per his sixty-day approval authority. D. Barden stated the Lottery will review the options related to this policy and update the Board at the next meeting.

R. Jones entertained a motion. L. Romero moved to provide the Board's approval of the Leave and Attendance Policy as presented and as amended by the Security and Operations Committee pending further review of the policy process; seconded by D. Keylon. Motion Carried 5-0.

#### **Finance and Audit Committee:**

**August 14, 2024, Committee Meeting Minutes:** L. Romero reported that the Finance and Audit Committee meeting minutes from August 14, 2024, accurately reflect what occurred at that meeting. D. Keylon asked if there were any pressing issues. L. Romero responded that there were not. P. Guerin stated that the purpose of the meeting was the annual financial audit entrance conference.

**September 5, 2024, Committee Meeting Minutes:** L. Romero reported that the Finance and Audit Committee meeting minutes from September 5, 2024, accurately reflect what occurred at that meeting.

**Financial Statements:** L. Coonan, Director of Finance, reviewed the highlights of the financial statements through July 2024. The Lottery transferred \$3.58 million to the Lottery Tuition Fund for July. The Lottery has transferred \$1.05 billion to education since inception.

R. Jones stated that instant ticket sales were strong considering inflation and the lack of discretionary funds. That has not been the case in other gaming and entertainment businesses within the State. R. Jones inquired about Mega Millions. L. Coonan and D. Barden responded that there was a jackpot runup during August. P. Guerin stated that the Lottery does not have much control over jackpot games, which are driving the decrease. The Lottery has more control over instant games, which members in attendance at the recent North American Association of State and Provincial Lotteries (NASPL) conference witnessed firsthand.

**Complementary User Entity (CUE) Controls Consulting Engagement Report:** L. Romero reported that the Complementary User Entity (CUE) Controls Engagement Report was presented to the Committee by Internal Audit (IA). Based on the report, the Lottery's CUE controls are sufficiently designed and operate effectively. The Internal Auditor offered best practice recommendations to enhance three controls.

D. Barden reported that the gaming system vendor undergoes Service Organization Control (SOC) audits. The CUE controls are the controls in place on the Lottery side that complement the vendor's controls. IA met with process owners to review existing controls to ensure the processes are followed appropriately and whether they require any updates. D. Barden explained that the processes in IA's recommendations are being done, just not being documented in the way IA recommended.

R. Jones stated that for clarification, there were no items of high risk or concerns. D. Barden concurred.

**FY 2025 Internal Audit Plan:** L. Romero reported that IA presented the FY 2025 Internal Audit Plan to the Committee. The Finance and Audit Committee recommended the adoption of the FY 2025 Internal Audit Plan as presented.

R. Jones inquired about the purchasing item and whether it included the ongoing RFP. D. Barden responded that the RFP process is not specifically listed in the FY 2025 Internal Audit Plan. R. Jones recommended that IA conduct a general review of the RFP process.

R. Jones entertained a motion. P. Guerin moved to approve the FY 2025 Internal Audit Plan as presented; L. Romero seconded the motion. Motion carried 5-0.

**Audit Policy:** L. Romero reported the Committee reviewed the revised Audit Policy, formerly called the Audit Charter, and recommended that the Board approve the revised policy.

D. Barden discussed the marked changes in the proposed policy, which included clarifications, codification of current processes, and changes for consistency. D. Barden reported that the document was thoroughly vetted by the Committee and all changes were discussed page by page. P. Guerin concurred.

S. Baragiola asked if the Audit Policy has any impact on the audit the Lottery submits to the State. D. Barden stated that it does not.

R. Jones stated she reviewed the final policy and that it was comprehensive and easy to understand. This new policy clearly outlines roles and responsibilities as it relates to the audit process.

L. Romero stated that the Finance and Audit Committee recommended the adoption of this policy.

R. Jones entertained a motion. P. Guerin moved to adopt the Audit Policy as presented; L. Romero seconded the motion. Motion carried 5-0.

## **CEO**

**CEO Update:** D. Barden presented slides including weekly instant sales trends, a comparison of fiscal year sales by game, and a chart with the highest return years.

D. Barden stated that RFP for Lottery Solutions proposals are due September 24. The launch of the Jackpot USA Fast Play! game has been paused for New Mexico. A start date has not been determined. Mega Millions game changes are anticipated for April 2025, including a \$5 price point, a higher starting jackpot, and better odds.

R. Jones inquired about the process for RFP recommendations at the committee level. D. Barden stated that the Lottery can brief both committees about evaluation results. L. Romero asked about the evaluation timing. D. Barden responded that there is a general timetable published in the RFP.

## **Board Chair**

**Board Initiatives:** W. Ahlm introduced the video submitted to NASPL for the Buddy Roogow Innovation Award for Best New Instant Game. The Guy Fieri Flavortown Fortune! game won this award for the NMLA for the third year in a row. R. Jones recommended the Lottery display the wins in the board room. Members were in agreement. R. Jones congratulated W. Ahlm and the entire Lottery team on the award.

R. Jones stated she would like an update from members about their attendance at the annual NASPL conference at the next Board meeting.

**Other:** None.

**Other Items:** None.

**Adjournment:** R. Jones entertained a motion. L. Romero moved to adjourn the meeting; D. Keylon seconded the motion. Motion carried 5-0. The meeting adjourned at 1:43 p.m.

  
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R. Jones, Chairman  
Date: 12/18/24

  
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P. Guerin, Secretary/Treasurer  
Date: 12/18/24