

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

**MINUTES**

**Call to Order:** Board Chair Reta Jones called the meeting to order at 12:14 p.m. and asked for a roll call. Present and constituting a quorum were Reta Jones, Leo Romero, Paul Guerin, and Sal Baragiola. David Keylon attended virtually. Othiamba Umi absent.

**Introductions:** Present from NMLA staff were Wilma Atencio, David Barden, Carolyn Cabell, Linh Coonan, Michael Boland, and Bryan Bersosa. Also attending were Dan Najjar, Mickey Barnett, Terry Patterson, Mary Stanford with INTRALOT; Charlie Scannella with Scientific Games; and Tom Kitts with IGT. Sheila Herrera with Moss Adams attended virtually.

**Approval of Proposed Agenda:** No changes or further discussion. R. Jones entertained a motion. L. Romero moved to approve the proposed agenda; P. Guerin seconded the motion. Motion carried 5-0.

**Approval of Minutes of September 18, Board of Directors Meeting:** No changes or corrections. R. Jones entertained a motion. L. Romero moved to accept and approve the September 18, 2024, meeting minutes as presented; S. Baragiola seconded the motion. Motion carried 5-0.

**Public Comment:** None.

**REPORTS:**

**Finance and Audit Committee:**

**October 16, 2024, Committee Meeting Minutes:** P. Guerin reported that the Finance and Audit Committee meeting minutes from October 16, 2024, accurately reflect what occurred at that meeting. P. Guerin stated that the purpose of the meeting was to discuss the financial audit exit conference with Lottery management and Moss Adams.

**FY 2024 Financial Audit Report:** S. Herrera thanked the entire Lottery team for providing requested documents during the audit process. This was a huge endeavor that resulted in compiling and completing the report in a timely manner. The report was submitted to and released by the Office of the State Auditor on November 19, 2024.

S. Herrera reported that Moss Adams issued an unmodified (clean) opinion. The financial statements were presented fairly in accordance with the generally accepted accounting principles. S. Herrera reported there was one other matter finding that did not rise to the level of a significant deficiency or material weakness. The details and management's response are included in the report.

P. Guerin stated that the report was thoroughly reviewed and discussed at the October 16, 2024, Finance and Audit Committee meeting and recommends that the Board accept the report.

P. Guerin made a motion to accept the FY 2024 Financial Audit Report; L. Romero seconded the motion. Motion carried 5-0.

The Board thanked Lottery management, staff, and the external auditors for their work during this audit process.

**Financial Statements:** L. Coonan, Director of Finance, reviewed the highlights of the financial statements for October 2024 YTD. The Lottery transferred \$14.67 million to the Lottery Tuition Fund for FY25 YTD. The Lottery has transferred \$1.06 billion to education since inception (1996).

R. Jones commented on the impact of having three jackpot runups last year compared to zero large runups so far in this year. Interestingly, the instant ticket sales are higher than last year, despite the decline in draw games. R. Jones asked if the Lottery has encountered a similar situation before. D. Barden responded that something similar occurred in 2016.

D. Barden reported that the Lottery continues to build its Scratchers program, that being the product the NMLA can directly control. The Lottery continues to adhere to the 30% return mandate, which has the effect of preventing more robust instant game sales compared to other jurisdictions of similar size and situation, like Maine. D. Barden reported that a recent industry magazine indicated approximately twelve states nationwide are maintaining positive instant sales this year, and New Mexico is one of them. D. Barden thanked staff for their continued outstanding performance with Scratchers sales and stated he is looking forward to winning the fourth national game-of-the-year award.

R. Jones asked if other lotteries are in the same situation of decreased sales. D. Barden responded that states are down across the board with year-over-year total sales. However, we continue to have hope of reaching our goal of returning \$45 million to the state this year.

#### **Security and Operations Committee:**

**September 18, 2024, Committee Meeting Minutes:** S. Baragiola reported that the Security and Operations Committee meeting minutes from September 18, 2024, accurately reflect what occurred at that meeting.

**Leave and Attendance Policy:** S. Baragiola reported that the Leave and Attendance Policy was presented to the Security and Operations Committee and to the Board of Directors in September. This policy combined several stand-alone policies into one umbrella policy, with clean up language and amendments identified at the two meetings. S. Baragiola stated that the changes including amendments were accurately implemented and requested approval to accept the policy as presented.

R. Jones entertained a motion. S. Baragiola made a motion to adopt the Leave and Attendance Policy as presented; seconded by P. Guerin. Motion Carried 5-0.

#### **CEO**

**RFP for Lottery Solutions Notice of Intent to Award and Contract:** D. Barden provided a presentation outlining the comprehensive procurement process for the Request for Proposals (RFP) for Lottery Solutions - #24-002.

D. Barden summarized the timeline of the RFP process and reported that the Lottery has been and will continue to be transparent in the process. The Lottery initiated a Request for Information (RFI) last year and reached out to lottery industry vendors for full presentations of their products and services as well extensive question and answer sessions. The RFP was issued on June 24, 2024, with two question and answer periods for prospective offerors. Each offeror who requested the RFP had ample time to ask for clarification on all aspects of the RFP and its contents. The Lottery received proposals from four offerors by the deadline of September 24, 2024. Prior to the proposal deadline, the CEO appointed an evaluation committee consisting of NMLA employees. The Board of Directors requested the Internal Auditor review the procurement process. The Internal Auditor submitted a memo indicating that the Lottery followed all requirements and were in compliance with the Procurement Code, the RFP, and NMLA procedures. Legal Counsel also met with the evaluation committee and provided feedback and instructions for evaluating the RFP proposals and consensus scoring.

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D. Barden reported that there were three solution types for which offerors could submit proposals: Gaming System Solution, Instant Games Solution, and Combined Integrated Solution. Presentation slides detailed the breakdown of consensus scoring, including technical scoring (60%) and cost proposal (40%). Scientific Games had the highest consensus score for each of the three solution types. D. Barden presented a summary of best and final offer negotiations with Scientific Games and an illustration of potential cost savings for the Lottery related to shipping and staffing, based on the current FY25 budget for comparison. D. Barden noted that visitors present at the meeting could request a copy of the presentation or take photos of the screen.

L. Romero requested clarification that the estimates indicated potential cost savings based on new vendor fees, shipping, and staffing. D. Barden responded that L. Romero was correct. L. Romero stated that based on what was presented, it looks like a good contract for the Board and Lottery.

D. Barden reported that after approval by the Board, the Lottery would proceed with the Notice of Intent to Award. The contract would begin in Fiscal Year 2026 for a term of ten years.

S. Baragiola asked about a buildout period and any payment for such period. D. Barden stated there is a buildout period and typically the conversion takes a full year. The contract rate payment does not begin until ticket sales begin with that vendor.

D. Barden stated that Scientific Games had the highest point total for every solution type, so they would prevail whether the Lottery chose a single solution type or a Combined Solution. D. Barden stated that the Combined Solution provides greater value for the Lottery.

R. Jones asked M. Boland about his review of the RFP process. M. Boland responded that he reviewed the RFP process, and that the Lottery is in compliance with Procurement Code and internal procedures.

R. Jones asked for examples of what was included in the technical evaluation. C. Cabell responded that the technical aspect of the evaluation was broken out in the RFP itself and consisted of areas totaling 600 points. Some examples included Retailer Support Capabilities (0-100 points) and Responsible Gaming (0-50 points) within the Gaming System Solution and Printing Technical Capability (0-150 points) within the Instant Games Solution. There were sections for Personnel and Responsible Gaming within both solution types. The Combined Integrated Solution score, if applicable, was the average of the Gaming System Solution and the Instant Games Solution.

R. Jones asked whether vendors had the scoring point system, including the cost factor. D. Barden responded that all offerors were aware of the scoring from the RFP and had two rounds of questions and answers to seek clarification. Board members discussed the technical and cost scoring.

R. Jones entertained a motion. S. Baragiola made a motion that the Board approve the posting of the Notice of Intent to Award a contract for RFP #24-002, relating to Gaming Systems and Instant Ticket Services; further move that the CEO be authorized to contract on behalf of the NMLA for the Combined Integrated Solution offered by Scientific Games in response to RFP #24-002, including Scientific Games' best and final offer; L. Romero seconded the motion. Motion Carried 5-0.

R. Jones thanked all offerors present at the meeting for their time and commitment in submitting a proposal. It was important that it be a fair and transparent process. Best of luck to all of us going forward. S. Baragiola requested that the presentation presented by D. Barden be included in the meeting minutes.

**Board Chair**

**Board Elections:** R. Jones opened discussion for the annual Board elections. The positions available are Chair, Vice-Chair, and Secretary/Treasurer.

S. Baragiola made a motion that the current slate of officers continue in their current positions (R. Jones, Chair; S. Baragiola, Vice-Chair; and P. Guerin, Secretary/Treasurer) and anyone else considering a position be entertained during the discussion; L. Romero seconded the motion. R. Jones asked members if anyone had an interest in serving as an officer. No discussion. Motion carried 5-0.

R. Jones thanked members for their continued support.

**Board Initiatives:** R. Jones stated there was nothing to report regarding legislative initiatives for the upcoming session. R. Jones will keep members apprised of any news.

**Other:** D. Barden reminded Board members of their upcoming annual Financial Disclosure updates that are due by January 30.

R. Jones reported that PGRI magazine had a lengthy article about the Lottery's third win for instant game of the year.

**Other Items:** None.

**Adjournment:** R. Jones entertained a motion. L. Romero moved to adjourn the meeting; P. Guerin seconded the motion. Motion carried 5-0. The meeting adjourned at 1:06 p.m.

*R. Jones by direction*  
 R. Jones, Chairman  
 Date: 3/12/25

*Paul Guerin*  
 P. Guerin, Secretary/Treasurer  
 Date: 3/12/25