

MINORITY BUSINESS

PARTICIPATION REPORT



AN AGENCY OF THE STATE OF TEXAS

Mary Ann Williamson Chairman

David J. Schenck Commissioner

J. Winston Krause Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, Deputy Executive Director

Philip D. Sanderson, Charitable Bingo Operations Director

March 9, 2010

The Honorable Rick Perry
The Honorable David Dewhurst
The Honorable Joe Straus
Members of the 81st Legislature

Ladies and Gentlemen:

In accordance with Section 466.107 of the State Lottery Act, the Texas Lottery Commission (TLC) is submitting its annual Minority Business Participation Report for fiscal year (FY) 2009.

During FY 2009, the agency achieved an overall participation of 23.22 percent in its minority/Historically Underutilized Business (HUB) contracting activity. This represented a slight decrease from the TLC's FY 2008 overall participation of 26.97 percent. However, during this report period, spending with minority businesses (not including non-minority women) did increase. In addition, the agency continued to surpass its 20-percent goal for licensed minority retailers.

During FY 2010, the Texas Lottery will continue to implement initiatives designed to increase the minority/HUB participation in its business operations.

Should you have any questions regarding the report, please do not hesitate to contact our deputy executive director, Mr. Gary Grief.

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Mary Ann Williamson

Chairman

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TEXAS LOTTERY COMMISSION

MINORITY BUSINESS PARTICIPATION REPORT

FISCAL YEAR 2009

INTRODUCTION

The Texas Lottery Commission (TLC) has prepared its annual Minority Business Participation Report for FY 2009 in accordance with Section 466.107 of the State Lottery Act. This report documents the agency's level of minority business participation both in its lottery and bingo regulatory contracting activity, and in the licensing of lottery sales agents. It also provides recommendations for the improvement of lottery-related minority business opportunities.

As defined by the State Lottery Act, a "minority business" is a "business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members." Minority group members include African Americans, American Indians, Asian Americans, Mexican Americans and other Americans of Hispanic origin.

Throughout this report, the terms "minority-owned business" and "minority business" are used

interchangeably.

Although it is not specifically addressed by the State Lottery Act, the TLC also has a strong commitment to including minorities in its business operations by maintaininga diverse workforce. Information about this area is included in Appendix E of the report (page 26).



TEXAS LOTTERY COMMISSION VISION

To be the preeminent Lottery and Charitable Bingo agency through innovative leadership.

TEXAS LOTTERY MISSION

The Texas Lottery is committed to generating revenue for the state of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

CHARITABLE BINGO MISSION

Provide authorized organizations the opportunity to raise funds for their charitable purposes by conducting bingo. Determine that all charitable bingo funds are used for a lawful purpose. Promote and maintain the integrity of the charitable bingo industry throughout Texas.

CORE VALUES

The Texas Lottery Commission combines private business management principles with public service standards of conduct in all its operations. The following values guide us in our work:

- Integrity and Responsibility
- Innovation
- Fiscal Accountability
- Customer Responsiveness
- Teamwork
- Excellence

MINORITY/HUB COMMITMENT

The Texas Lottery Commission is committed to assisting and including minority-owned businesses and Historically Underutilized Businesses (HUBs) in its procurement opportunities. In accordance with the provisions of the State Lottery Act, Texas Government Code, Chapter 466, the agency and its prime contractors make a good faith effort to contract and subcontract with minority-owned businesses for the purchase of supplies, equipment and services for the operation of the agency.

MINORITY/HUB PROGRAM

The TLC's Minority/HUB Program functions as part of the agency's Administration Division. The agency's HUB Coordinator is responsible for advising and assisting the TLC in complying with the requirements of the State Lottery Act and the state's HUB rules. The agency's Minority/HUB Program operates in three key areas to promote the inclusion and utilization of minority-owned businesses and HUBs: outreach activities, contract compliance and reporting.

OUTREACH ACTIVITIES

Outreach activities make up one of the most important components of the TLC's Minority/HUB Program. The purpose of these activities is to inform minority/HUB vendors about opportunities to provide goods and services to the agency and its prime contractors. Outreach is performed primarily by participating in business opportunity forums and other events throughout the state. The TLC HUB Coordinator also may assist in planning and cosponsoring statewide events in cooperation with other state agencies. In addition, the agency hosts its own HUB Forum annually to inform minority/HUB vendors about TLC procurement processes and to provide networking opportunities. A chart listing the outreach events in which the agency participated during FY 2009 is available in Appendix C (page 24).

Other types of outreach activities include providing information to prospective vendors via the TLC Web site, coordinating meetings with individual minority/HUB vendors, administering the agency's Mentor-Protégé Program, and assisting eligible businesses with obtaining state HUB certification.

CONTRACT COMPLIANCE

The TLC's HUB Coordinator, Purchasing and Contracts staff, and administering divisions work collaboratively to maintain vendor compliance with contract terms relating to minority and HUB participation. The first step in this process involves assisting the agency with making HUB subcontracting determinations for contracts more than \$100,000 prior to releasing solicitations. Prebid and pre-proposal conferences are held to highlight the TLC's HUB policy and subcontracting requirements. The HUB Coordinator also assists evaluation teams by reviewing bids/proposals to determine whether the HUB good faith effort criteria was met. Finally, the agency's subcontracting plans are monitored for compliance following contract awards.

REPORTING

The TLC's minority/HUB expenditures are monitored throughout the year, and minority/HUB participation updates are provided to TLC commissioners. In addition, HUB subcontracting expenditures and supplemental information are reported twice annually to the Comptroller of Public Accounts (CPA) for inclusion in the Statewide HUB Reports. HUB participation information is also included in the agency's Strategic Plan, Legislative Appropriations Request, and Annual Report of Non-Financial Data.



EXECUTIVE SUMMARY

During FY 2009, the TLC continued its efforts to provide opportunities for minority-owned buinesses to participate in its procurement processes. Developing contacts with minority-owned businesses in Texas and licensing minority retailers as Texas Lottery sales agents are essential to the agency's initiatives.

The TLC's overall expenditures, as captured by the CPA's *Fiscal Year 2009 Annual Statewide HUB Report*, increased slightly from FY 2008 to 2009. During this report period, the Commission ranked 15th by overall expenditures among the top 50 largest-spending agencies.

FIG. 2 MINORITY SPENDING

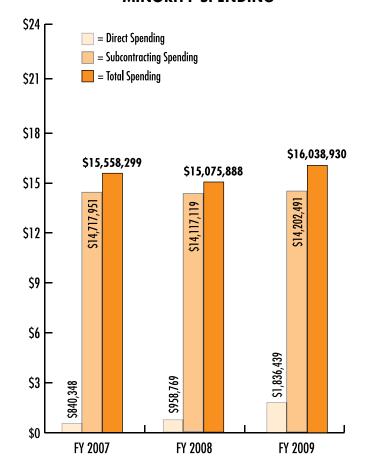
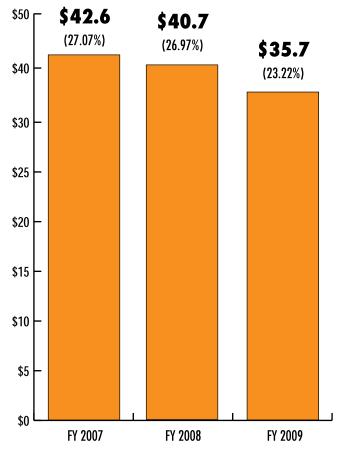


FIG. 1 MINORITY/HUB SPENDING (IN MILLIONS)



During FY 2009, the TLC achieved an overall participation rate in its minority/HUB contracting activity of 23.22 percent. As shown in Figure 1, total expenditures paid to all minority/HUB vendors decreased slightly from the previous fiscal year. Figure 2 summarizes payments made to minority-owned businesses only (not including non-minority women). During this report period, overall minority spending increased by nearly \$1 million, due primarily to additional direct expenditures by the agency. Subcontracting payments to minority businesses also increased slightly from the previous year. Figure 3 shows the breakdown of FY 2009 spending by ethnic group.

African American (5.02%)

African American (5.02%)

Hispanic (5.28%)

Asian (0.11%)

S164,342

Non-Minority Women (12.81%)

S7,734,120

\$8,140,468

\$19,732,423

FIG. 3

During FY 2009, the TLC continued to exceed its statutory goal of a 20-percent minority-owned Texas Lottery retailer base. Minority retailers now number 6,953, which represents 41.77 percent of the agency's total Texas Lottery retailer base (see Figures 4 and 5). During this report period, the number of minority retailers increased in six of the 10 lottery sales districts. In addition, for the third consecutive year, the TLC has maintained a minority retailer percentage of more than 40 percent. More detailed information on minority retailers by county is located in Appendix B (page 18).

\$12

\$16

\$20

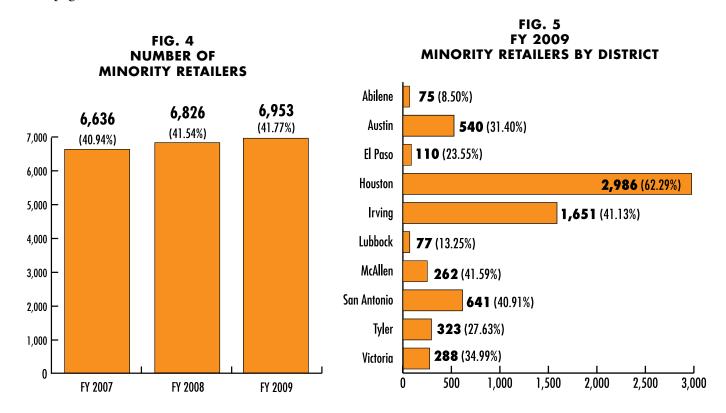
\$28

\$24

\$0

\$4

\$8



PRIME CONTRACTORS

The Commission's prime contractors during FY 2009 for contracts estimated to be \$100,000 or more included the following:

ADT SECURITY SYSTEMS, INC. – Security management system and monitoring services.

ALLIED BARTON SECURITY SERVICES, LLC – Security officer services.

AUSTIN RIBBON AND COMPUTER SUPPLIES, INC.* - Computer equipment leasing.

BARKER & HERBERT ANALYTICAL LABORATORIES, INC. - Instant ticket testing services.

DAVILA, BUSCHHORN AND ASSOCIATES, PC* - Lottery drawings audit services.

EUBANK AND YOUNG STATISTICAL CONSULTING – Statistical consulting services.

GRANT THORNTON, **LLP** – Risk review and compliance monitoring services.

GRAVES, DOUGHERTY, HEARON AND MOODY, P.C. - Outside counsel services.

GTECH CORPORATION® (LOTTERY OPERATOR) – Texas Lottery operation terminals and systems, Instant Ticket Vending Machines, telecommunications, field marketing, retailer training, and instant ticket warehousing and distribution.

IPSOS-REID CORPORATION – Lottery market research services.

M&S WORKS – Production services for live broadcasts of drawings.

MAXWELL, LOCKE AND RITTER, LLP – Financial auditing services.

MEYERTONS, HOOD, KIVLIN, KOWART AND GOETZEL, PC – External legal services for intellectual property issues.

MIR-FOX & RODRIGUEZ, PC* – Lottery security study services.

PAUL ADAMS PRODUCTIONS, INC. – TV-style game show at the State Fair of Texas.

POLLARD BANKNOTE, LTD. – Instant ticket manufacturing and services (secondary vendor).

SCIENTIFIC GAMES INTERNATIONAL, INC. – Instant ticket manufacturing and services.

SUNGARD VERICENTER, INC. – Web site hosting services.

TLP, INC. DBA TRACY LOCKE AND LATINWORKS – Advertising and media buying services.

XEROX CORPORATION – On-site document management and copy center services.

^{*}HUB certified contractors

FISCAL YEAR 2009 HIGHLIGHTS

- The TLC's minority/HUB expenditures totaled more than \$35.7 million (See Table A, page 8).
- Total payments to minority businesses (not including non-minority women) increased by nearly \$1 million.
- Four of the TLC's prime contractors increased subcontracting payments to minority/HUB businesses.
- For FY 2009, the Texas Lottery Commission ranked 15th in terms of overall expenditures as captured by the CPA's *Fiscal Year 2009 Annual Historically Underutilized Business (HUB) Report.* Of the 15 largest-spending state agencies, the TLC ranked number four by overall HUB percentage (see Table B, page 12).
- Three HUB companies provided major contract services to the agency during FY 2009.
- The TLC participated in 11 economic opportunity forums and HUB-related outreach events statewide.

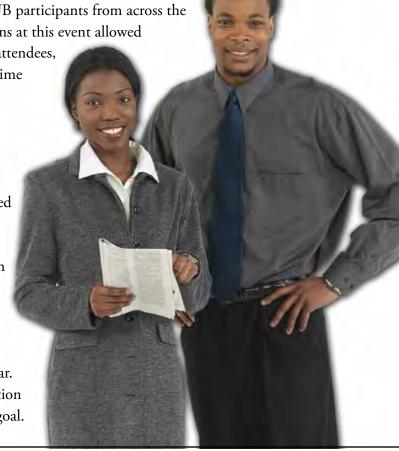
 The TLC conducted a successful annual HUB forum on June 16, 2009, which attracted minority/HUB participants from across the state. Roundtable networking sessions at this event allowed maximum interaction between the attendees, key agency staff, and the agency's prime

 The TLC had five mentor-protégé relationships during FY 2009.

contract vendors.

 The TLC HUB Coordinator provided leadership by continuing to serve as Chair of the HUB Discussion Workgroup from September through December of 2008.

 The TLC maintained a minority retailer percentage of more than 40 percent for the third consecutive year.
 This represented a retailer participation of more than twice the established goal.



FISCAL YEAR 2009 MINORITY/HUB EXPENDITURE SUMMARY

TABLE A

I. DIRECT MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	DIRECT EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$76,025	0.05%	
HISPANIC AMERICAN	\$1,610,073	1.05%	
ASIAN AMERICAN	\$150,341	0.10%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$1,215,022	0.79%	
TOTAL	\$3,051,461	1.99%	\$154,042,549

II. PRIME CONTRACTOR MINORITY/HUB SUBCONTRACTING EXPENDITURES

MINORITY/HUB GROUP	SUBCONTRACTING EXPENDITURES	% OF NON-MINORITY/ NON-HUB TOTAL	TOTAL NON-MINORITY/ NON-HUB EXPENDITURES
AFRICAN AMERICAN	\$7,658,095	5.07%	
HISPANIC AMERICAN	\$6,530,395	4.33%	
ASIAN AMERICAN	\$14,001	0.01%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$18,517,401	12.26%	
TOTAL	\$32,719,892	21.67%	\$150,991,088

III. GRAND TOTAL OF MINORITY/HUB EXPENDITURES

MINORITY/HUB GROUP	MINORITY/HUB EXPENDITURES	% OF TOTAL	TOTAL EXPENDITURES
AFRICAN AMERICAN	\$7,734,120	5.02%	
HISPANIC AMERICAN	\$8,140,468	5.28%	
ASIAN AMERICAN	\$164,342	0.11%	
NATIVE AMERICAN	\$0	0.00%	
AMERICAN WOMEN	\$19,732,423	12.81%	
GRAND TOTAL	\$35,771,353	23.22%	\$154,042,549

NOTE: Fiscal Year expenditures were based on the reportable expenditure object codes utilized by the Comptroller of Public Accounts (CPA) for the State of Texas HUB Report. Minority/HUB expenditures were derived from the Fiscal Year 2009 Annual Historically Underutilized Business (HUB) Report plus Texas Lottery Commission spending with minority- and women-owned businesses (direct and indirect) who were not HUB certified during FY 2009.

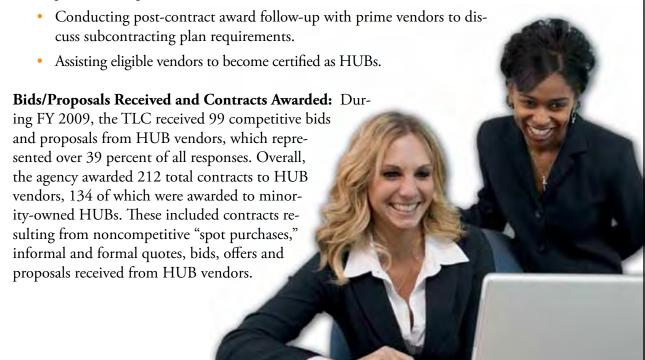
The Texas Lottery Commission promotes fair and competitive business opportunities for minority businesses/HUBs interested in contracting with the agency and its prime contractors. The TLC conducted an effective program during FY 2009 to inform and educate minority businesses/HUBs about opportunities to provide supplies, equipment and services for the operation of the agency and to serve as licensed sales agents.

The following sections detail some of the TLC's achievements in FY 2009.

INCLUSION IN PROCUREMENTS

The TLC's procurement-related initiatives included:

- Participating in forums and other outreach events to inform minority/HUB vendors about the TLC's contracting and subcontracting opportunities.
- Hosting an annual HUB forum to present procurement-related information to minority/ HUB vendors and provide networking opportunities.
- Determining the probability of subcontracting and identifying potential minority/HUB subcontracting opportunities for contracts with an expected value of \$100,000 or more.
- Evaluating good-faith-effort compliance with HUB subcontracting plan requirements.
- Monitoring contracts with an expected value of \$100,000 or more to ensure subcontracting plan compliance.
- Providing procurement opportunities at HUB Forums and other outreach events.
- Hosting meetings with interested vendors to assist them in becoming familiar with the TLC's procurement processes.



OUTREACH ACTIVITIES

Advertisements: During FY 2009, the TLC ran print advertisements to promote its HUB program and to publicize minority/HUB outreach events in minority-owned newspapers. Examples of the types of advertising placed are available in Appendix F (page 27).

Outreach Materials: The TLC provided information to minority businesses and HUBs that were interested in doing business with the agency. This included information regarding the agency's procurements, and contacts for both agency staff and TLC prime contractors.

Web site: Information about the TLC's Minority/HUB Program is available via the agency's Web site (**www.txlottery.org**), which also provides links to Statewide HUB Program information.

Forums: In accordance with legislative mandates, the TLC participated in conferences, forums and vendor fairs to provide information regarding the agency's procurement opportunities. As part of the TLC's outreach program, staff attended Economic Opportunity Forums (EOFs) sponsored by state agencies and/or other governmental entities. These included several statewide forums presented by the Texas Procurement and Support Services (TPASS) division of the Comptroller of Public Accounts. The TLC HUB Coordinator participated on a speakers panel at one of the TPASS forums, and also served on planning committees for two statewide events: "Selling Your Professional and Other Services to the State of Texas" and "Access 2009." In addition, the TLC participated in a number of conferences and other events coordinated by small, minority- and woman-owned business organizations. A summary of the agency's outreach efforts is provided in Appendix C (page 24) of this report.

The TLC conducted its Annual HUB Forum on June 16, 2009, in Austin. The forum drew minority- and woman-owned companies from throughout the state. Texas Lottery Commission presenters provided an overview of the agency's procurement opportunities and processes, as well as other information to assist HUBs. In addition, at the FY 2009 HUB Forum, the agency offered roundtable networking sessions for the third consecutive year. Attendees had the opportunity to meet face-to-face with agency management and staff, as well as with representatives from of the TLC's prime contractors. Vendors who attend the TLC forum consistently provide positive feedback regarding the roundtable format and the opportunity to directly network with agency staff and contractors.

Subcontracting Opportunities: In FY 2009, the TLC continued to identify subcontracting opportunities for minority/HUB vendors and to enforce HUB Subcontracting Plan requirements.

MENTOR-PROTÉGÉ PROGRAM

In accordance with Texas Government Code, Section 2161.065, all state agencies with biennial budgets of more than \$10 million are required to have a Mentor-Protégé Program. The purpose of the Mentor-Protégé Program is to foster long-term relationships between prime contractors and HUBs. The ultimate goal of the program is to provide developmental assistance to HUBs that will potentially increase their ability to contract directly with the state and/or to obtain subcontract opportunities under a state contract.

The TLC had five mentor-protégé relationships during FY 2009 (see Appendix D, page 25). The Mentor-Protégé Program is an ongoing initiative of the TLC. All relationships among mentors, protégés and the program sponsor are voluntary, and participation in the agency's Mentor-Protégé Program is neither a guarantee for a contract opportunity nor a promise of business.

HUB DISCUSSION WORKGROUP

The TLC participates in the HUB Discussion Workgroup (HDW), an established group of HUB Coordinators from state agencies and institutions of higher education that meets on a regular basis. The workgroup shares "best practices" and ideas, sponsors outreach events, and provides input to the CPA on methods to improve the state's HUB Program. During the first four months of FY 2009, the TLC HUB Coordinator continued to serve out a one-year term as the Chair of the HDW.

PRIME CONTRACTOR SUPPORT

Prime contractors are encouraged to include minority businesses and HUBs when purchasing goods and/or services related to the fulfillment of their contracts with the TLC. When the TLC determines that subcontracting is probable for contracts with an expected value of \$100,00 or more, respondents must perform outreach activities and meet subcontracting plan requirements. The state's Centralized Master Bidders List and HUB Directory are key resources available to the TLC's prime contractors for identifying HUBs that may be capable of performing subcontracting opportunities. Many of the TLC's largest prime contractors also participated in the TLC's FY 2009 HUB Forum, providing information and networking opportunities to potential HUB subcontractors. Through these efforts, the agency's prime contractors who offered subcontracting opportunities achieved the following results in FY 2009:

PRIME CONTRACTOR NAME	MINORITY/HUB SUBCONTRACTING
TLP, INC. DBA TRACY LOCKE SCIENTIFIC GAMES INTERNATIONAL	\$22,013,064 \$6,027,119
GTECH CORPORATION ADT SECURITY	\$4,277,146 \$113,503
DAVILA, BUSCHHORN, & ASSOCIATES, P.C. POLLARD BANKNOTE, LTD.	\$106,725 \$71,837
M & S WORKS MIR-FOX & RODRIGUEZ, P.C.	\$52,210 \$32,349
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RANK AMONG LARGEST-SPENDING AGENCIES

For FY 2009, the Texas Lottery Commission ranked 15th in terms of overall expenditures captured by the CPA's *Fiscal Year 2009 Annual Historically Underutilized Business (HUB) Report*. Of the 15 largest-spending agencies, the TLC ranked number four by overall HUB percentage (see Table B).

TABLE B

ANNUAL FISCAL YEAR 2009 STATEWIDE HUB REPORT

15 LARGEST-SPENDING AGENCIES RANKED BY OVERALL HUB PERCENTAGE

RANK	AGENCY NAME	TOTAL EXPENDITURES	HUB EXPENDITURES	HUB PERCENTAGE
1	TEXAS A & M UNIVERSITY	\$191,056,480	\$48,231,420	25.24%
2	UNIVERSITY OF HOUSTON	\$220,191,776	\$54,985,855	24.97%
3	TEXAS A & M SYSTEM	\$352,035,662	\$85,455,170	24.27%
4	TEXAS LOTTERY COMMISSION	\$154,042,549	\$35,581,006	23.10%
5	UNIVERSITY OF TEXAS SYSTEM	\$570,562,649	\$112,890,959	19.79%
6	HEALTH AND HUMAN SERVICES COMMISSION	\$641,604,757	\$112,656,725	17.56%
7	TEXAS DEPARTMENT OF PUBLIC SAFETY	\$287,561,567	\$45,980,129	15.99%
8	THE UNIVERSITY OF TEXAS AT AUSTIN	\$355,018,930	\$54,512,109	15.35%
9	UT SOUTHWESTERN MEDICAL CENTER - DALLAS	\$433,180,413	\$56,278,894	12.99%
10	DEPARTMENT OF STATE HEALTH SERVICES	\$331,934,564	\$41,679,273	12.56%
11	TEXAS DEPARTMENT OF TRANSPORTATION	\$4,966,597,845	\$533,368,649	10.74%
12	TEXAS DEPARTMENT OF CRIMINAL JUSTICE	\$349,317,470	\$36,383,792	10.42%
13	UT MD ANDERSON CANCER CENTER	\$1,078,741,662	\$92,166,215	8.54%
14	UT MEDICAL BRANCH - GALVESTON	\$324,239,803	\$25,031,424	7.72%
15	TEXAS GENERAL LAND OFFICE	\$196,188,655	\$2,018,807	1.03%

Note: The largest-spending agencies are determined by total expenditures made for object codes which are reportable in the CPA's Fiscal Year 2009 Annual Historically Underutilized Business (HUB) Report. The state does not have an overall HUB goal, but utilizes six procurement category goals, in accordance with the State Disparity Study. These figures are for HUB utilization only, and do not include expenditures made to uncertified minority or woman-owned businesses, which are included in the Texas Lottery Commission's totals elsewhere in this report. These figures are unaudited.

MINORITY RETAILERS

The Texas Lottery Commission's minority retailer base consistently exceeds its statutory goal of 20 percent. In FY 2009, the agency's minority retailers numbered 6,953, which represented 41.77 percent of the Texas Lottery's total retailer base (see Figure 4 and Appendix B). This represents a slight increase from the previous fiscal year. In addition, the agency has maintained a minority retailer percentage of more than 40 percent for the past three fiscal years. The percentage of minority retailers exceeds 20 percent in eight of the Texas Lottery's 10 individual sales districts.

FISCAL YEAR 2010 RECOMMENDED IMPROVEMENTS

- Focus on performance in the two procurement categories where goals were not attained in FY 2009 (Special Trade Construction and Other Services).
- Develop more detailed training and other methods to assist vendors with HUB subcontracting plan preparation.
- Continue to improve the Commission's Mentor-Protégé Program; develop new relationships during FY 2010.
- Develop ideas for new ways in which prime contractors can interact with potential minority/HUB subcontractors.
- Continue to improve the agency's Annual HUB Forum.
- Increase HUB Program visibility by providing information and training opportunities to TLC staff.
- Maintain a leadership role in the HUB Discussion Workgroup.



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DEFINITIONS

MINORITY BUSINESS

As defined in Texas Government Code §466.107 (b), "Minority Business" means a business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares are owned by minority group members, and that:

- 1) is managed and, in daily operations, is controlled by minority group members; and
- 2) is a domestic business entity with a home or branch office located in this state and is not a branch or subsidiary of a foreign corporation, firm or other business entity.

"MINORITY GROUP MEMBERS" include African Americans, American Indians, Asian Americans, and Mexican Americans and other Americans of Hispanic origin.

HISTORICALLY UNDERUTILIZED BUSINESS (HUB): As defined in Texas Government Code, §2161.001 subdivisions (2) and (3), "historically underutilized business" means an entity with its principal place of business in the state of Texas that is:

- a corporation formed for the purpose of making a profit in which 51 percent or more of all classes of the shares of stock or other equitable securities are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation and management;
- 2) a sole proprietorship created for the purpose of making a profit that is completely owned, operated, and controlled by an economically disadvantaged person;
- 3) a partnership formed for the purpose of making a profit in which 51 percent or more of the assets and interest in the partnership are owned by one or more economically disadvantaged persons who have a proportionate interest and actively participate in the control, operation and management;
- 4) a joint venture in which each entity in the venture is a historically underutilized business, as determined under another paragraph of this subdivision; or
- 5) a supplier contract between a historically underutilized business determined under another paragraph of this subdivision and a prime contractor under which the historically underutilized business is directly involved in the manufacture or distribution of the goods or otherwise warehouses and ships the goods.

"ECONOMICALLY DISADVANTAGED" PERSON means a person who is economically disadvantaged because of the person's identification as a member of a certain group, including Black Americans, Hispanic Americans, women, Asian Pacific Americans, and Native Americans, and who has suffered the effects of discriminatory practices or other similar insidious circumstances over which the person has no control.

APPENDIX A

DEFINITIONS

COMMISSION: As defined in Texas Government Code, §466.002(1), "Commission" means the Texas Lottery Commission.

HUB SUBCONTRACTING PLAN: As defined by Texas Administrative Code Title 34, Part 1, Chapter 20, Subchapter B, Rule §20.12, a HUB subcontracting plan is "written documentation regarding the use of HUB subcontractors, which is required by a state agency in procurements with an expected value of \$100,000 or more which a potential contractor/vendor must prepare and return with their bid, proposal, offer, or other applicable expression of interest. The HUB subcontracting plan subsequently becomes a provision of the contract awarded as a result of the procurement process."

LOTTERY: As defined in Texas Government Code, §466.002(5), "lottery" means the procedures operated by the state under this chapter through which prizes are awarded or distributed by chance among persons who have paid, or unconditionally agreed to pay, for a chance or other opportunity to receive a prize.

SALES AGENT OR SALES AGENCY: As defined in Texas Government Code §466.002(9), "sales agent" or "sales agency" means a person licensed under this chapter to sell tickets.

SUBCONTRACTOR: As defined in Texas Government Code §2251.001, "subcontractor" means a person who contracts with a vendor to work or contribute toward completing work for a governmental entity.

LOTTERY OPERATOR: As defined in §466.002(7), "lottery operator" means a person selected under §466.014(b) to operate a lottery.

VENDOR: As defined in Texas Government Code §2251.001, "vendor" means a person who supplies goods or a service to a governmental entity or another person directed by the entity.

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
ANDERSON	39	9	23.08%
ANDREWS	9	0	0.00%
ANGELINA	59	12	20.34%
ARANSAS	23	8	34.78%
ARCHER	8	0	0.00%
ARMSTRONG	2	0	0.00%
ATASCOSA	33	16	48.48%
AUSTIN	32	20	62.50%
BAILEY	6	0	0.00%
BANDERA	12	3	25.00%
BASTROP	57	20	35.09%
BAYLOR	4	0	0.00%
BEE	17	5	29.41%
BELL	193	62	32.12%
BEXAR	900	456	50.67%
BLANCO	12	5	41.67%
BORDEN	0	0	0.00%
BOSQUE	28	9	32.14%
BOWIE	53	9	16.98%
BRAZORIA	181	113	62.43%
BRAZOS	129	80	62.02%
BREWSTER	10	2	20.00%
BRISCOE	2	0	0.00%
BROOKS	6	2	33.33%
BROWN	34	1	2.94%
BURLESON	22	11	50.00%
BURNET	37	13	35.14%
CALDWELL	21	5	23.81%
CALHOUN	17	9	52.94%
CALLAHAN	10	1	10.00%
CAMERON	198	54	27.27%
CAMP	11	2	18.18%
CARSON	6	1	16.67%
CASS	24	4	16.67%
CASTRO	8	0	0.00%
CHAMBERS	30	11	36.67%
CHEROKEE	40	13	32.50%
CHILDRESS	6	1	16.67%
CLAY	6	0	0.00%
COCHRAN	5	0	0.00%
COKE	4	1	25.00%
COLEMAN	9	0	0.00%
COLLIN	299	117	39.13%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
COLLINGSWORTH	3	0	0.00%
COLORADO	28	11	39.29%
COMAL	72	7	9.72%
COMANCHE	14	1	7.14%
CONCHO	5	0	0.00%
COOKE	39	13	33.33%
CORYELL	30	9	30.00%
COTTLE	1	0	0.00%
CRANE	5	0	0.00%
CROCKETT	7	2	28.57%
CROSBY	7	0	0.00%
CULBERSON	8	2	25.00%
DALLAM	10	0	0.00%
DALLAS	1634	816	49.94%
DAWSON	8	1	12.50%
DEAF SMITH	15	1	6.67%
DELTA	3	2	66.67%
DENTON	263	94	35.74%
DE WITT	15	1	6.67%
DICKENS	3	0	0.00%
DIMMIT	9	6	66.67%
DONLEY	6	0	0.00%
DUVAL	12	7	58.33%
EASTLAND	24	2	8.33%
ECTOR	94	12	12.77%
EDWARDS	3	1	33.33%
ELLIS	94	23	24.47%
EL PASO	386	92	23.83%
ERATH	25	4	16.00%
FALLS	14	4	28.57%
FANNIN	24	8	33.33%
FAYETTE	26	6	23.08%
FISHER	2	0	0.00%
FLOYD	5	0	20.00%
FOARD			0.00%
FORT BEND FRANKLIN	222 6	140	63.06%
FREESTONE	26	5	16.67% 19.23%
FREESTOINE	17	3	17.65%
GAINES	10	1	
GAINES	264	171	10.00% 64.77 %
GARZA	6	0	0.00%
GILLESPIE	14	1	7.14%
GILLLOFIL	14	1	7.14/0

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
GLASSCOCK	1	0	0.00%
GOLIAD	5	1	20.00%
GONZALES	18	8	44.44%
GRAY	17	2	11.76%
GRAYSON	104	35	33.65%
GREGG	150	29	19.33%
GRIMES	26	14	53.85%
GUADALUPE	74	25	33.78%
HALE	24	3	12.50%
HALL	8	0	0.00%
HAMILTON	9	0	0.00%
HANSFORD	4	0	0.00%
HARDEMAN	7	0	0.00%
HARDIN	55	7	12.73%
HARRIS	3187	2204	69.16%
HARRISON	46	6	13.04%
HARTLEY	0	0	0.00%
HASKELL	5	0	0.00%
HAYS	77	14	18.18%
HEMPHILL	5	0	0.00%
HENDERSON	56	19	33.93%
HIDALGO	364	168	46.15%
HILL	41	2	4.88%
HOCKLEY	13	3	23.08%
HOOD	46	8	17.39%
HOPKINS	27	6	22.22%
HOUSTON	21	2	9.52%
HOWARD	30	3	10.00%
HUDSPETH	3	2	66.67%
HUNT	71	30	42.25%
HUTCHINSON	19	1	5.26%
IRION	4	0	0.00%
JACK	9	1	11.11%
JACKSON	1 <i>7</i>	4	23.53%
JASPER	38	5	13.16%
JEFF DAVIS	2	0	0.00%
JEFFERSON	239	65	27.20%
JIM HOGG	7	5	71.43%
JIM WELLS	47	17	36.17%
JOHNSON	101	27	26.73%
JONES	9	0	0.00%
KARNES	14	1	7.14%
KAUFMAN	87	40	45.98%

VENIDALI			
KENDALL	24	8	33.33%
KENEDY	0	0	0.00%
KENT	1	0	0.00%
KERR	36	2	5.56%
KIMBLE	12	1	8.33%
KING	0	0	0.00%
KINNEY	3	0	0.00%
KLEBERG	31	13	41.94%
KNOX	4	0	0.00%
LAMAR	46	18	39.13%
LAMB	14	0	0.00%
LAMPASAS	13	2	15.38%
LA SALLE	7	1	14.29%
LAVACA	20	1	5.00%
LEE	19	8	42.11%
LEON	25	4	16.00%
LIBERTY	73	35	47.95%
LIMESTONE	24	2	8.33%
LIPSCOMB	5	0	0.00%
LIVE OAK	17	3	17.65%
LLANO	20	4	20.00%
LOVING	0	0	0.00%
LUBBOCK	152	19	12.50%
LYNN	3	0	0.00%
MADISON	10	6	60.00%
MARION	18	4	22.22%
MARTIN	1	0	0.00%
MASON	5	2	40.00%
MATAGORDA	41	21	51.22%
MAVERICK	27	12	44.44%
MCCULLOCH	9	0	0.00%
MCLENNAN	187	64	34.22%
MCMULLEN	2	0	0.00%
MEDINA	30	6	20.00%
MENARD	3	0	0.00%
MIDLAND	72	3	4.17%
MILAM	23	3	13.04%
MILLS	5	1	20.00%
MITCHELL	6	0	0.00%
MONTAGUE	21	5	23.81%
MONTGOMERY	281	165	58.72%
MOORE	19	2	10.53%
MORRIS	12	3	25.00%
		-	

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
MOTLEY	3	0	0.00%
NACOGDOCHES	53	14	26.42%
NAVARRO	44	18	40.91%
NEWTON	14	2	14.29%
NOLAN	19	0	0.00%
NUECES	227	63	27.75%
OCHILTREE	7	0	0.00%
OLDHAM	2	1	50.00%
ORANGE	67	7	10.45%
PALO PINTO	37	4	10.81%
PANOLA	14	3	21.43%
PARKER	57	12	21.05%
PARMER	8	0	0.00%
PECOS	23	8	34.78%
POLK	34	15	44.12%
POTTER	95	32	33.68%
PRESIDIO	6	2	33.33%
RAINS	13	6	46.15%
RANDALL	41	7	17.07%
REAGAN	3	0	0.00%
REAL	4	1	25.00%
RED RIVER	15	7	46.67%
REEVES	8	2	25.00%
REFUGIO	10	2	20.00%
ROBERTS	2	0	0.00%
ROBERTSON	23	8	34.78%
ROCKWALL	31	12	38.71%
RUNNELS	15	0	0.00%
RUSK	32	11	34.38%
SABINE	11	0	0.00%
SAN AUGUSTINE	10	2	20.00%
SAN JACINTO	16	13	81.25%
SAN PATRICIO	66	12	18.18%
SAN SABA	7	0	0.00%
SCHLEICHER	3	0	0.00%
SCURRY	12	0	0.00%
SHACKELFORD	5	0	0.00%
SHELBY	17	3	17.65%
SHERMAN	2	0	0.00%
SMITH	140	57	40.71%
SOMERVELL	11	2	18.18%
STARR	37	21	56.76%
STEPHENS	6	1	16.67%

COUNTY	TOTAL RETAILERS	MINORITY RETAILERS	PERCENTAGE
STERLING	1	0	0.00%
STONEWALL	2	0	0.00%
SUTTON	9	0	0.00%
SWISHER	5	0	0.00%
TARRANT	1122	404	36.01%
TAYLOR	104	3	2.88%
TERRELL	1	0	0.00%
TERRY	9	0	0.00%
THROCKMORTON	2	0	0.00%
TITUS	27	8	29.63%
TOM GREEN	71	3	4.23%
TRAVIS	595	168	28.24%
TRINITY	17	6	35.29%
TYLER	15	0	0.00%
UPSHUR	20	5	25.00%
UPTON	4	0	0.00%
UVALDE	25	5	20.00%
VAL VERDE	25	7	28.00%
VAN ZANDT	38	13	34.21%
VICTORIA	61	16	26.23%
WALKER	49	31	63.27%
WALLER	36	22	61.11%
WARD	12	0	0.00%
Washington	31	10	32.26%
WEBB	141	43	30.50%
WHARTON	49	27	55.10%
WHEELER	7	1	14.29%
WICHITA	105	23	21.90%
WILBARGER	10	1	10.00%
WILLACY	11	5	45.45%
WILLIAMSON	167	52	31.14%
WILSON	26	9	34.62%
WINKLER	8	0	0.00%
WISE	43	16	37.21%
WOOD	29	8	27.59%
YOAKUM	8	0	0.00%
YOUNG	17	3	17.65%
ZAPATA	12	8	66.67%
ZAVALA	13	10	76.92%
TOTAL	16,647	6,953	41.77%

FISCAL YEAR 2009 HUB, MINORITY AND SMALL BUSINESS OUTREACH EVENTS

I. STATE ECONOMIC OPPORTUNITY FORUMS	LOCATION
SOUTH TEXAS BORDER BUSINESS CONTRACTING EXPO	MCALLEN
TEXAS DEPARTMENT OF TRANSPORTATION SMALL BUSINESS BRIEFING	AUSTIN
"SELLING YOUR PROFESSIONAL AND OTHER SERVICES TO THE STATE OF TEXAS"*	DALLAS
TEXAS PROCUREMENT AND SUPPORT SERVICES 2009 PROCUREMENT CONNECTION SEMINAR AND EXPO**	AMARILLO
TEXAS PROCUREMENT AND SUPPORT SERVICES 2009 PROCUREMENT CONNECTION SEMINAR AND EXPO	TYLER
THE UNIVERSITY OF TEXAS SYSTEM AND UNIVERSITY OF TEXAS AT AUSTIN HUB VENDOR FAIR	AUSTIN
TEXAS PROCUREMENT AND SUPPORT SERVICES 2009 PROCUREMENT CONNECTION SEMINAR AND EXPO	AUSTIN
II. TEXAS LOTTERY COMMISSION FORUMS	
TEXAS LOTTERY COMMISSION ANNUAL HUB FORM	AUSTIN
III. VENDOR FAIRS, CONFERENCES & PROCUREMENT EVENTS	
HOUSTON MINORITY BUSINESS COUNCIL EXPO 2008	HOUSTON
THE CITY OF SAN ANTONIO AND BEXAR COUNTY'S 8TH ANNUAL SMALL, MINORITY AND WOMAN BUSINESS OWNER'S CONFERENCE	SAN ANTONIO
GOVERNMENT PROCUREMENT CONNECTIONS 2009	HOUSTON
ACCESS 2009*	ARLINGTON

^{*}The TLC HUB Coordinator served on the planning committee for this event.

^{**}The TLC HUB Coordinator served on a speaker's panel for this event.

APPENDIX D

TEXAS LOTTERY COMMISSION MENTOR-PROTÉGÉ RELATIONSHIPS

MENTOR	PROTÉGÉ	EFFECTIVE DATE	TERMINATION DATE
TLP INC.	CREATIVE PRINTING, LTD.	12/05/07	12/05/09
GTECH CORPORATION	BUSINESSS ASSETS ENTERPRISES, LP	12/05/07	12/05/09
GTECH CORPORATION	FLORES AND ASSOCIATES	12/05/07	12/05/09
GTECH CORPORATION	C-SERV COMMERCIAL MOVING SERVICES	12/05/07	12/05/09
SCIENTIFIC GAMES	BUSINESSS ASSETS ENTERPRISES, LP	12/05/07	12/05/09

WORKFORCE DIVERSITY HUMAN RESOURCES STATEMENT

The Texas Lottery Commission (TLC) strives to ensure that its employee population reflects the ethnic and gender composition of the state of Texas. A workforce comprising nearly 63 percent women and just over 42 percent minorities is the result of our aggressive approach to equal opportunity practices (see table below).

The TLC takes great pride in its workforce diversity. Efforts to maintain and enhance this diversity are apparent in the open and fair availability of employment opportunities to all members of the public, as well as to Commission employees. Commission staff is expected to treat others with respect, regardless of individual differences and lifestyle choices. The Commission recognizes that maintaining a diverse workforce plays a role in reaching our goal of increased minority participation. This recognition of the value of employee uniqueness is an important factor in the Commission's overall effectiveness.

Programs and policies that aid in accomplishing the goal of workforce diversity include:

- Encouraging a TEAM Approach
- Emphasizing employment recruiting and retention
- Monitoring workforce demographics
- Defining management roles and responsibilities
- Equal Employment Opportunity (EEO) training for management

TEXAS LOTTERY COMMISSION WORKFORCE

TEXAS LOTTERY EMPLOYEES BY ETHNICITY FOR FISCAL YEAR 2009

ETHNICITY	NUMBER OF EMPLOYEES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	38	11.21%
HISPANIC AMERICAN	101	29.80%
ASIAN AMERICAN	6	1.77%
OTHER ETHNICITY	1	0.29%
TOTAL MINORITIES	146	43.07%
CAUCASIAN AMERICAN	193	56.93%
TOTAL EMPLOYEES	339	100%

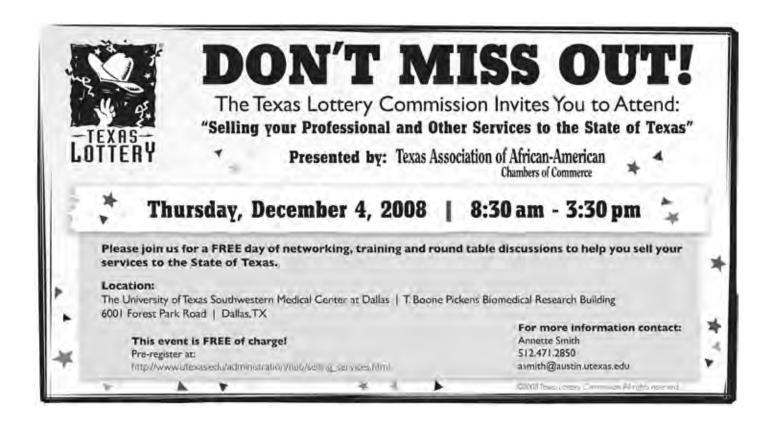
TEXAS LOTTERY EMPLOYEES BY GENDER FOR FISCAL YEAR 2009

ETHNICITY	NUMBER OF MALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	12	3.54%
HISPANIC AMERICAN	33	9.74%
ASIAN AMERICAN	4	1.18%
OTHER ETHNICITY	1	0.29%
CAUCASIAN	77	22.71%
TOTAL MALES	127	37.46%
ETHNICITY	NUMBER OF FEMALES	% OF AGENCY EMPLOYEES
AFRICAN AMERICAN	26	7.67%
AFRICAN AMERICAN HISPANIC AMERICAN	1 200 1220	7.67% 20.06%
7 7 7 7 7	26	1
HISPANIC AMERICAN	26 68	20.06%
HISPANIC AMERICAN ASIAN AMERICAN	26 68 2	20.06% 0.59%
HISPANIC AMERICAN ASIAN AMERICAN OTHER ETHNICITY	26 68 2 0	20.06% 0.59% 0.00%

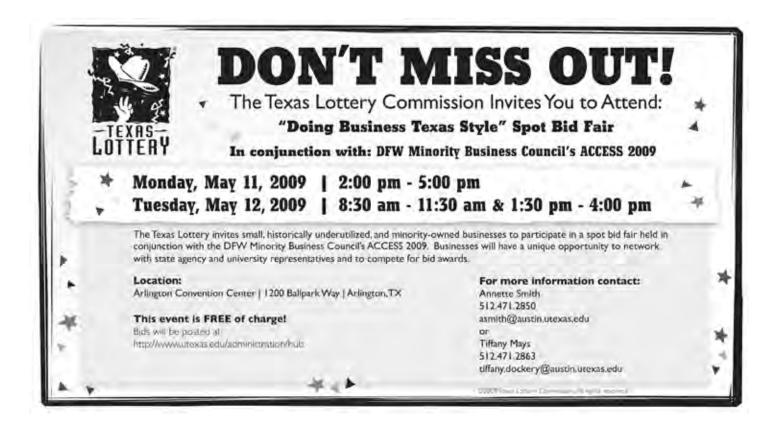
APPENDIX F



















TEXAS LOTTERY COMMISSION

P.O. BOX 16630 AUSTIN, TEXAS 78761-6630 PHONE 512.344.5000 FAX 512.478.3682

W W W.T X L O T T E R Y. O R G W W W.T X B I N G O. O R G



AN AGENCY OF THE STATE OF TEXAS