

# CALIFORNIA STATE LOTTERY COMMISSION

Minutes – March 30, 2023

Sacramento, California

## **1. Call to Order**

Chairman Gregory Ahern called the meeting of the California State Lottery Commission to order at 10:03 a.m.

## **2. Pledge of Allegiance**

Chairman Ahern led the Pledge of Allegiance.

## **3. Roll Call**

Chairman Ahern asked Elisa Topete to call the roll.

Commission Members Present:

Chairman Gregory Ahern

Commissioner Tiffani Alvidrez

Commissioner Anthony Garrison-Engbrecht

California State Lottery staff and presenters:

Alva Johnson, Director

Fernando Aceves, Chief Counsel

Tiffany Donohue, Deputy Director of Operations

Jennifer Chan, Deputy Director of Information Technology Services

Elisa Topete, Assistant to the Commission

Rebecca Estrella, Recording Secretary

## **4. Special Election of Vice Chair of the California State Lottery Commission**

Chairman Ahern called upon Fernando Aceves, Chief Counsel, to review the rules of the Commission elections. Mr. Aceves stated the rules according to the California State Lottery Act. Commissioner Keetha Mills was nominated for the position of Vice Chair and was unanimously approved.

## **5. Consider Approval of the Agenda**

Chairman Ahern asked if any of the Commissioners wanted to make any changes to the March 30, 2023 proposed agenda. Commissioner Alvidrez made the motion to approve the agenda and was seconded by Commissioner Garrison-Engbrecht. The agenda passed unanimously.

## **6. Approval of the Minutes**

Chairman Ahern asked if there were any additions or corrections to the February 2, 2023, minutes. Commissioner Garrison-Engbrecht made the motion to approve the minutes of the February 2, 2023 Commission Meeting and was seconded by Commissioner Alvidrez. The minutes passed unanimously.

## **7. Informational Items**

### a. Director's Comments

Director, Alva Johnson, stated that sales surpassed the \$6 billion mark within eight months. Lottery sales through mid-March are over \$6.7 billion and are pacing well above projections for this year at 14% over goal. The multi-state games of Powerball® and Mega Millions® have sales that exceeded \$1.29 billion, which already surpasses the entire annual goal for these games by more than \$300 million. SuperLotto Plus® continues to pace moderately ahead of goal. While this game does not achieve the same level of jackpots as the multi-state games, its current jackpot is rolling at its highest level in over two and a half years.

Hot Spot® and the daily games are performing moderately better than expected through mid-March, coming in above goal and on par with last year's sales. Lastly, Scratchers® sales contributed a significant portion to total annual sales. With over \$4.7 billion in sales so far, Scratchers are pacing 3% ahead of goal despite trailing behind last fiscal year's sales. While the multi-state games have been getting a lot of well-deserved attention this year due to several billion-dollar jackpots and California winners, Scratchers are still bringing in nearly 70% of total Lottery sales this year.

Director Johnson provided information on the Lottery's Scratchers Category Repositioning effort to defuse barriers to play by repositioning Scratchers products as a small moment of entertainment that provides California adults a great way to add a little play to their day. In addition to this marketing effort, the Lottery has also explored new ways to improve the Scratchers category through diversifying the mix of games and providing games that could appeal to all California adults. He also provided information on some of the newest Scratchers that were being launched.

Director Johnson stated that through February, expected funds for education are significantly exceeding the goal by 31%. Total contributions are estimated at over \$1.5 billion, which is also ahead of last year's estimates through this time. Mr. Johnson concluded with information on the Lottery's efforts supporting National Problem Gambling Awareness month.

### b. Statewide Scratchers Shredding Program and Approach to Address Backlog

Tiffany Donohue, Deputy Director of Operations, stated that the Lottery is entering into two non-competitive bid agreements for urgent, short-duration non-sellable Scratchers ticket shredding to alleviate backlogs impacting statewide operations. Although these agreements do not individually meet the monetary threshold for Commission approval, the Lottery is informing the Commission of this action for transparency. Ms. Donohue provided information on the backlog problems and the solution to address the issues.

## **8. Consent Calendar**

### **9. Action Items**

#### **a. Palo Alto Network Firewall Maintenance Renewal**

Jennifer Chan, Deputy Director of Information Technology Services Division requested Commission approval for the renewal of the maintenance and support services for the Lottery's Palo Alto Networks (PAN) firewalls. The Lottery utilizes PAN firewalls across the entire technology infrastructure to ensure critical business services to Lottery staff, business partners, and players remain uninterrupted.

Chairman Ahern asked if anyone from the audience had any questions on Action Item 9(a). No one came forward, so he proceeded to the motion.

Commissioner Garrison-Engbrecht made the motion to approve Action Item 9(a) and it was seconded by Commissioner Alvidrez. The motion passed unanimously.

#### **b. ServiceNow Human Resources Service Delivery (HRSD) Implementation Services**

Jennifer Chan, Deputy Director of Information Technology Services Division, requested Commission approval to enter into a new contract with KPMG LLP to obtain Information Technology consulting services for the implementation of ServiceNow Human Resources Service Delivery software, which will expand the Lottery's use of the ServiceNow platform to meet specific operational objectives.

Commissioner Garrison-Engbrecht thanked Ms. Chan for the depth of research that was done with the Human Resources Division to put together a comprehensive request. Chairman Ahern asked if the implementation would have an impact on the employees' reporting processes. Ms. Chan stated that essentially, everything will remain the same, but will be an automated process and employees would be provided the necessary training.

Chairman Ahern asked if anyone from the audience had any questions on Action Item 9(b). No one came forward, so he proceeded to the motion.

Commissioner Alvidrez made the motion to approve Action Item 9(b) and was seconded by Commissioner Garrison-Engbrecht. The motion passed unanimously.

## **10. Commissioner General Discussion**

Chairman Ahern asked if the Commissioners had anything they would like to discuss. Commissioner Garrison-Engbrecht stated that there is a vacancy on the

Lottery's Audit Committee (Committee). He volunteered to be on the Committee with Commissioner Keetha Mills to provide support and follow up on statewide regulations and ongoing audits that are currently happening. Chair Ahern welcomed him to the Lottery's Audit Committee.

**11. Scheduling Next Meetings**

The next Commission Meetings are tentatively scheduled for May 25, and June 29, 2023.

**12. Public Discussion**

For Public Discussion, Chairman Ahern sought public comments or questions. No one came forward.

**13. Adjournment**

Meeting adjourned at 10:29 a.m.