

CALIFORNIA STATE LOTTERY COMMISSION

Minutes – September 26, 2019

Sacramento, California

1. Call to Order

Chairman Gregory Ahern called the public meeting of the California State Lottery Commission to order at 10:02 a.m. at California State Lottery Headquarters, 700 North 10th Street, Sacramento, CA 95811.

2. Pledge of Allegiance

Ahern led the Pledge of Allegiance.

3. Roll Call

Ahern asked Elisa Topete to call the roll.

Commission Members Present:

Chairman Gregory Ahern
Commissioner Rowena Libang-Bobila
Commissioner Nathaniel Kirtman III
Commissioner Peter Stern

CSL Staff and Presenters:

Alva V. Johnson, Director
Fernando Aceves, Chief Counsel
Sharon Allen, Deputy Director of Sales and Marketing
Jon Schlusser, Deputy Director of Information Technology Services
Roberto Zavala, Deputy Director of Internal Audits
Vincent Espinosa, Chief Enterprise Risk Officer
Elisa Topete, Assistant to the Commission
Rebecca Estrella, Recording Secretary

4. Election of Chair and Vice Chair of the California State Lottery Commission 2019-20

Chairman Ahern called upon Fernando Aceves, Chief Counsel, to review the rules and commission elections. Aceves stated the rules according to the California State Lottery Act. Ahern stated that he would like to continue as Commission Chair and that there was a self-nomination from Libang-Bobila for Vice Chair. With no other nominations for both positions, Ahern was approved as Chairperson (4-0) and Libang-Bobila was approved as Vice Chairperson (4-0)

5. Consider Approval of the Agenda

Ahern asked if any of the Commissioners wanted to make changes to the June 20, 2019 agenda as proposed. Kirtman made the motion to approve the agenda; seconded by Libang-Bobila. The agenda passed unanimously (4-0).

6. Approval of Minutes

Ahern asked if there were any additions or corrections to the June 20, 2019 minutes. Kirtman made the motion to approve the minutes; seconded by Libang-Bobila. The minutes passed unanimously (4-0).

7. Director's Report

- a. Director's Comments

8. Consent Calendar

9. Action Items

- a. Hispanic Market Advertising Services Contract

Staff requested approval to award a contract to Circus Marketing to provide Hispanic agency advertising services for five years with the Lottery's unilateral option to extend the contract for up to two additional one-year terms. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

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 of approval.

Libang-Bobila made the motion to approve Action Item 9(a); seconded by Kirtman. The motion passed unanimously (4-0).

- b. Extension of African American Advertising Services Contract

Staff requested approval for a one-year extension to Quantasy and Associates, LLC – DBA Muse Communications for African American advertising services with a new contract end date of October 31, 2020. No additional funds are needed. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

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 of approval.

Stern made the motion to approve Action Item 9(b); seconded by Libang-Bobila. The motion passed unanimously (4-0).

- c. Request to Add Positions for the Sales and Marketing Division

Staff requested approval of two new Office Technician positions to provide support to process the high-volume, time sensitive administrative tasks for the Assistant

Deputy Director of Sales and the Assistant Deputy Director of Marketing. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

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

Libang-Bobila made the motion to approve Action Item 9(c); seconded by Stern. The motion passed unanimously (4-0).

d. Amendment for Internal Control System Contract

Staff requested approval of an amendment to extend the contract term with Elsym Consulting, Inc. by four years, add funds, and provide a one-time hardware and software upgrade to the Lottery's ICS Servers, which is needed to ensure compatibility with the new IGT Global Solutions Corporation gaming system platform, Aurora. Presented by Jon Schlussler, Deputy Director of Information Technology Services.

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

Stern made the motion to approve Action Item 9(d); seconded by Libang-Bobila. The motion passed unanimously (4-0).

e. Windows 10 Refresh Project

Staff requested approval for the Windows 10 Refresh Project which will be to replace aging desktop and laptop computers to avoid any disruption to business operations. The base operating system (OS) for desktop and laptop computers, Windows 7, will reach "end-of-life" in January 2020 and the Lottery is transitioning to Windows 10 as the new OS. Presented by Jon Schlussler, Deputy Director of Information Technology Services.

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

Libang-Bobila made the motion to approve Action Item 9(e); seconded by Stern. The motion passed unanimously (4-0).

f. Consolidated Communications Enterprise Services, Inc. (CCI) Contract Amendment

Staff requested approval of an amendment to the CCI Agreement to increase the total authorized expenditures to cover telecommunication services through July 31, 2020. The Lottery utilizes CCI as its primary telecommunications carrier and basic digital business class TV provider. Presented by Jon Schlussler, Deputy Director of Information Technology Services.

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

Stern made the motion to approve Action Item 9(f); seconded by Libang-Bobila. The motion passed unanimously (4-0).

g. Extension of KPMG Financial Audit Contract

Staff requested approval to extend the contract term with KPMG LLP by one year, from March 30, 2020 to March 29, 2021. The Lottery Act requires the California State Lottery to hire an independent firm to conduct an annual audit of accounts

and transactions of the Lottery. Presented by Roberto Zavala, Deputy Director of Internal Audits.

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

Libang-Bobila made the motion to approve Action Item 9(g); seconded by Stern. The motion passed unanimously (4-0).

h. Request to Add Positions to Support the Risk & Process Evaluation Section

Staff requested approval of four positions for the remainder of the fiscal year to perform ongoing monitoring of internal controls to reduce risk, evaluation of process and maintenance of uniformed documentation practices across the enterprise. Presented by Vincent Espinosa, Chief Enterprise Risk Officer.

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

Kirtman made the motion to approve Action Item 9(h); seconded by Libang-Bobila. The motion passed unanimously (4-0).

10. Commissioner General Discussion

11. Scheduling Next Meetings

The next Commission Meeting is tentatively scheduled for November 21, 2019, in Sacramento.

12. Public Discussion

Ahern asked if anyone from the public had anything to discuss. No one came forward, so he proceeded to the next item on the agenda.

13. Adjournment

Meeting adjourned at 10:43 a.m.