

STATE OF CALIFORNIA
TRANSCRIPT OF PROCEEDINGS

CALIFORNIA STATE LOTTERY COMMISSION
COMMISSION MEETING

TIME: 10:00 a.m.
DATE: Thursday, November 18, 2021
PLACE: Held remotely consistent with Executive Orders N-25-20 and N-29-20 using the Microsoft Teams platform

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California State Lottery Commission

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Commissioner

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Vice Chair of the Commission
Commissioner

Nathaniel Kirtman, III
Commissioner

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Commissioner

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Thursday, November 18, 2021

Sacramento, California

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CHAIR AHERN: Welcome to the California State Lottery Commission, November 18th, 2021 meeting. If we have a delay in my sound, please raise your hand to let me know, and I'll try to do better connectivity. With that, we'll call our meeting to order. Please, if you would, join me in the Pledge of Allegiance. And all together:

(The Pledge of Allegiance was recited.)

CHAIR AHERN: Okay, thank you, and thank you to the IT team -- a beautiful flag presentation. Now, we'll go to Item Number 3, Roll Call of Commissioners. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Here.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Here.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Present.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes, here, present. Thank you very much. Item Number 4 is Consider Approval of the Minutes. Do any of the Commissioners have any changes to today's agenda?

COMMISSIONER KIRTMAN: None from me.

CHAIR AHERN: Okay. And excuse me; I said "Minutes;" I should have said "Agenda." I heard Nate said none. Hearing no other comments, do I hear a motion to adopt the Agenda for today?

COMMISSIONER MILLS: I'll move to approve.

CHAIR AHERN: We have a motion; is there a second?

COMMISSIONER KIRTMAN: Second.

CHAIR AHERN: We have a motion and a second. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. All right; the Agenda is set. Moving on to Number 5 is the Approval of the Minutes. Are there any corrections to the Minutes? Hearing none, are there any motions to approve the minutes? These are going to be for the September 23rd, 2021 Commissioner Meeting.

COMMISSIONER STERN: Motion to approve.

CHAIR AHERN: We have a motion; is there a

second?

COMMISSIONER MILLS: I'll second.

CHAIR AHERN: A motion and a second. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. Okay, Item Number 6 of the Agenda for the Informational Items, and I think we'll turn it over to Director Alva Johnson.

DIRECTOR JOHNSON: Thank you, Mr. Chairman. I'm pleased to present our Sales Report for this Commission Meeting on Thursday, November 18th, 2021. We'll start with the first slide. Total Lottery Sales through Saturday, November 6th were over \$3 billion, with sales trending 17 percent higher than Lottery sales over the same time period last fiscal year. We were able to hit the \$3 billion mark a month earlier than last year. Scratchers distribution sales are over \$2.5 billion. This is 11 percent ahead of goal and 13 percent over last fiscal year's sales. This is the first time in Lottery history that Scratchers sales exceeded \$2

billion within just four months of the fiscal year. The Multi-State Games, which include Powerball and Mega Millions, have started this fiscal year with almost \$350 million. This is 18 percent higher than goal, but an amazing 87 percent higher than last fiscal year's sales during the same time of year. So far this year, Powerball has had slightly higher jackpots than Mega Millions, with 11 jackpots over \$400 million. This has led to its year-to-date sales being nearly 50 percent higher than its goal and more than double the sales seen last fiscal year through the same time period. Through early November, sales for California's in-state jackpot game, SuperLotto Plus, are tracking slightly higher than goal and now 13 percent higher than last year's sales. While this game had its own high jackpot of \$62 million in July, it has also seen sales boosts as the Multi-State Games' jackpots rolled. The Daily Games, which include Daily 3, Daily 4, Fantasy 5, and Daily Derby, have combined sales over \$150 million so far, running very close to their category goal. Three of the four Daily Games have year-to-date sales that meet their individual goals and are surpassing last year's sales. Finally, Hot Spot sales through early November are over \$140 million. With over \$7.5 million in sales each week this fiscal year, this game is pacing both above goal and last fiscal year's sales. Next slide, please.

We also assess how the Lottery is performing in terms of its most important measure, the contributions to Public Education. These figures are based on the Lottery's monthly cumulative financial sales report through September 30th, as the October financials were not yet available when preparing for this meeting today. At the end of the first quarter, total sales are running 13 percent ahead of goal. Estimated contributions to Education are over \$523 million or about 16 percent ahead of our goal through the end of September. Next slide, please.

After rolling through the first quarter of the fiscal year, the Powerball jackpot hit \$699.8 million on Monday, October 2nd, and even more exciting for us, one winning ticket was sold in Morro Bay, California. This was the fifth-largest Powerball jackpot and the seventh-biggest jackpot in the nation for any game. Powerball launched Monday draws on August 23rd this year, and this was also the first jackpot won on the newest draw day. California sales for this entire Powerball sequence, which consisted of 41 draws starting in June, totaled \$195.6 million. Overall, the sales from this sequence in just this fiscal year totaled almost 44 percent of the total Powerball sales goal for the entire fiscal year. Besides the nearly \$700 million jackpot win, the Albertson's store which sold the winning ticket will receive the maximum bonus of \$1 million.

Additionally, more than 3.8 million winning tickets were sold over the course of the 41 draws, with a total prize value of more than \$30 million, of which four Californians get five of six numbers worth \$8.9 million combined.

Lastly, the contribution to Education from sales for all 41 draws in this sequence is estimated to be more than \$78 million. The next slide, please.

I'm going to talk next a little bit about our Scratchers performance. Our Scratchers games are another big reason why total Lottery sales are outpacing goal. As mentioned earlier, the Scratchers games that are bringing in the strongest sales are the \$10, \$20, and \$30 games. This has been a consistent trend since last fiscal year. Currently, the \$10, \$20, and \$30 games make up over 70 percent of total Scratchers sales this fiscal year, as seen in the stacked column on the left. However, since these price points offer higher prize payouts, which resulted in lower overall profits, they are contributing 60 percent of total Scratchers profits. Despite disproportionality between sales and profits at the price-point level, total estimated profits from Scratchers through October are pacing 17 percent higher than last fiscal year through that same time period. Next slide, please.

Switching gears, it is common at this time of year for us to share the results of the national lottery sales

from the prior fiscal year. Specifically, at this time, we are presenting Fiscal Year 2021 sales of traditional Lottery products. These figures exclude revenue from Video Lottery terminals. There have been some changes in the rankings among the top-selling U.S. lotteries. New York, which has held the top spot for many years, dropped to fourth place, and Florida surpassed \$9 billion in sales last year to claim the top position among U.S. lotteries. With unaudited total sales of \$8.4 billion, California became the state with the second-highest sales in the United States. We had a one-year hiatus from this position as Fiscal Year 2019-20 saw us drop to fourth place. Texas is close behind us in third place with \$8.1 billion in sales last fiscal year. And rounding out the top five, Georgia moves past Massachusetts to become the fifth-largest lottery in terms of sales. This table also shows per capita sales among the highest-selling lotteries in the nation. California's annual per capita sales rate was \$214. Massachusetts had the highest per capita sales figure of \$841, with Georgia having the second-highest rate at \$563. Of the larger lotteries, Texas had a per capita sales figure more similar to California at \$276. To put these figures in perspective, if California had the per capita sales rate that Texas experienced, then our annual sales would be over \$10 billion. If we had per capita sales like New York, our annual sales would be over

\$15 billion, and if our per capita sales figure matched what Massachusetts experienced last year, our annual sales would be over \$33 billion. Next slide, please.

This slide talks a little bit about our Lottery sales growth. Most U.S. lotteries saw sales gains this past fiscal year. Only Michigan and New York experienced sales declines. California saw a Fiscal Year 2020-21 sales increase by 26 percent when compared to sales from the prior fiscal year. This growth rate is higher than the average U.S. lottery, which experienced about a 21 percent increase in sales. Next slide, please.

Here are some other highlights and rankings from the most recent fiscal year's industry update. California continued to have the highest sales for Mega Millions and for Powerball, and we had the second highest in-state Lotto sales with our SuperLotto Plus game. California had the third-highest Scratchers sales out of the 48 U.S. jurisdictions that sell lottery products. Only Florida and Texas had higher Scratchers sales. Our annual per capita sales of \$214 was in the middle of all U.S. jurisdictions. California paid out the second most prizes, with over \$5.6 billion won by lucky winners in our state. And lastly, our estimated contributions to Education were the third highest in the nation, with over \$1.88 billion. New York's figure of more than \$3.5 billion included funds going to their

beneficiary from Video Lottery terminals. That is the reason why it led all U.S. lotteries. In closing, our contribution to Education this past fiscal year is more than \$300 million higher than the amount from the prior year, and when all the numbers are finalized and audited, it will likely be our all-time record in terms of dollars going to California Public Education. Given the challenges resulting from the pandemic that we have all faced, both professionally and personally, we think this achievement is a testament to the tremendous dedication and hard work put forth by every Lottery employee. I want to thank our Business Planning and Research Division for putting these notes together for us and all of our Lottery team members for their contributions to this success.

CHAIR AHERN: All right, thank you very much, Alva. Do any of our Commissioners have any comments or questions regarding the presentation? Okay, hearing none, I too, would like to thank Lottery staff. You know, when you run an organization like you're running, Alva, I'm sure you're aware that every position is important to make sure the entire operation continues to run smoothly, so thank you for your direction, and thanks to all your workers who are doing such a great job.

DIRECTOR JOHNSON: Thank you.

CHAIR AHERN: Okay, Item Number 7 is Consent

Calendar. There are no items on Consent Calendar, so we can proceed to Action Items, and that goes to Action Item 8a. It's the Approval of a Two-Year Contract Amendment with Securitas Security Services, and I think we're going to call on Jeremy.

MR. LINSON: Hi, good morning, Commissioners.

CHAIR AHERN: Good morning.

MR. LINSON: I'm really happy to be here today.

I'm here to request a two-year extension to the Securitas Security Services Contract. The current contract began on December 28th, 2016 and is scheduled to expire on December 27th, 2021. The contract allowed the option to extend the services for an additional two years. This extension is requested to ensure continuous uniform security-guard coverage at all Lottery facilities. Since 1985, the Lottery has contracted for security guard services. These services include monitoring and controlling access to Lottery facilities; responding to alarms; escorting visitors; providing security services at special events; and protecting Lottery assets. Since the signing of this contract, the need for Securitas has expanded exponentially. This expansion now includes uniform security guard presence at all nine Lottery district offices and 24-hour coverage at our Northern Distribution Center. The current five-year contract was funded for \$7,759,550. It is anticipated

security guard services costs will result in an expenditure of approximately \$5,598,301 for the additional two-year contract term. Additionally, to ensure all costs are covered under this agreement and to avoid future amendments, an additional \$58,000 will be necessary. This amount will allow the Lottery to be flexible with unknown benefit increases as controlled by CAL HR. This brings the requested extension amount to a total of \$5,656,301 for the additional two-year contract term. I'd also like to add that Securitas has been flexible as Lottery security and operational needs have grown and accommodating when issues needed to be addressed, especially during the COVID-19 Pandemic. Extending this partnership for two more years will ensure the Lottery's security requirements are met without disruption of operations. Lottery staff recommends that the Commission approve to extend the Lottery's contract for the uniform security-guard services through December 27th of 2023. The total increase of this agreement will include the initial \$7.7 million, as discussed earlier. The approved amendment amount of over \$1.4 million and the requested two-year increase of \$5,656,301, making the total maximum agreement amount \$14,872,962.92. Thank you for allowing me this opportunity, and I will take any questions, if you have any.

CHAIR AHERN: All right, do any members of our

Commission have questions regarding Action Item 8a?

COMMISSIONER MILLS: This is Commissioner Mills. I do have a question.

CHAIR AHERN: Go ahead.

COMMISSIONER MILLS: Thank you. Hi, Jeremy. Thank you for the presentation.

MR. LINSON: Thank you.

COMMISSIONER MILLS: I think I'm remembering that we had a similar item come before us maybe at the last meeting around the Securitas contract, and I wondered if you could just take a minute to kind of differentiate what we approved last time versus what we're approving now? And then also, I just wanted to confirm the work that's been done around, to ensure, kind of best-price, best-value for the Lottery dollars.

MR. LINSON: All right. Thank you for your question. The reason why we had to come to the Commission during our last meeting was simply because the contract that was signed in 2016, we completely ran out of money, and the reason why the contract ran out of funds was because of the expanded services that we've been using with Securitas. Like I said, they've been a fantastic partner for us, and during the COVID-19 Pandemic, we needed to have security services at all nine of our district offices, which was new. That, with the ever-changing of minimum wages within

California, some of these unforeseen actions really caused us to run out of funds that were initially assigned in 2016. So for the meeting the last Commission was simply just to get us to the end of this contract term, which is at the end of this month. The difference with that now, now that we have received that amendment, now we would like to extend an additional two years utilizing their services. And to answer your -- hopefully, that answers your first question?

COMMISSIONER MILLS: It does; thank you.

MR. LINSON: Okay. And to answer the second question, the majority of the rates are controlled by, you know, minimum wage amounts that are controlled by CAL HR in the State of California, so there are some fluctuations with, you know, different geographical locations, but the majority of this contract is run and controlled by the State of California.

COMMISSIONER MILLS: Great, thank you.

CHAIR AHERN: All right, do any other Commissioners have any questions? All right, I understand we have some public members on the call today. Does any member of the public want to address the Commission at this time regarding Action Item 8a? Hearing none, do I hear a motion to approve Action Item 8a, Approval of the Two-Year Contract Amendment with Securitas Security Services, Inc.?

COMMISSIONER STERN: Move Item 8a.

CHAIR AHERN: We have a motion to move Action Item 8a. Is there a second?

COMMISSIONER MILLS: I'll second.

CHAIR AHERN: We have a motion and a second. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. All right, the motion passes. Thank you very much, Jeremy, very well done.

MR. LINSON: Thank you very much.

CHAIR AHERN: We'll move on to Action Item 8b., the Audit Committee Charter Approval. We have Sara.

MS. SHEIKHOLISLAM: Good morning, Commissioners.

CHAIR AHERN: Good morning.

MS. SHEIKHOLISLAM: I'll be speaking on Item 8b, Audit Committee Charter Approval. With the re-establishment of the Audit Committee in 2020, the revised Audit Committee Charter requires review and approval. Government Code Section 13886a requires governing bodies overseeing a State agency that performs internal audits to establish an Audit

Committee. The Audit Committee should generally meet the framework recommended by the American Institute of Certified Public Accountants, Audit Committee Toolkit, Government Organizations. Part of this framework includes establishing a charter. On December 3rd, 2008, the Audit Committee was established, and a charter was approved by the Audit Committee. In September 2019, the California Association of State Auditors performed a Peer Review of the Lottery's Internal Audits Office to ensure conformance with the International Standards for the Professional Practice of Internal Auditing. The Peer Review identified the last Audit Committee was held in May 2016. They recommended to re-establish the Audit Committee. At the September 24th, 2020 Commission Meeting, the Audit Committee was re-established; however, the revised charter was never finalized and approved. The AICPA and the Institute of Internal Auditors recommended the Audit Committee Formation and Activity be formalized in a charter. Therefore, for transparency and accountability, Internal Audits is seeking the Commission's approval of the revised Charter. Once approved by the Commission, the Audit Committee shall approve the Charter. The Charter includes the following components: the Purpose, which is to assist the Lottery in fulfilling its oversight responsibilities; Authority, Government Code Sections 13886a and 13887b; Membership:

Appointments are made by the Commission and will consist of two members. Two members are required to reach a quorum, and two votes are required to pass action items. Meetings: The Audit Committee will meet at least two times per year and additional times, as necessary. The Charter: The Audit Committee will review the Charter and revise it as necessary each year. And Responsibilities: The Audit Committee Members will carry out various responsibilities to provide oversight, input, and assistance to ensure compliance and accountability. The revised Charter contains updated information to provide clarity to the Commission and the Audit Committee. Lottery staff recommends that the California State Lottery Commission approve the revised Audit Committee Charter. I can answer any questions you may have.

CHAIR AHERN: Coming off of mute, do any of our Commissioners have any questions or comments regarding Action Item 8b?

COMMISSIONER MILLS: This is Commissioner Mills.

CHAIR AHERN: Go ahead.

COMMISSIONER MILLS: I do have a comment. I just wanted to say thank you to Sara for bringing this forward and helping get us into compliance. This is a really important part of our compliance structure, and as Chair of the Audit Committee, I appreciate you bringing this forward

and also look forward to working with you on helping, with myself and Peter, who sit on the Audit Committee, to put processes and procedures in place to make sure that we can stay in compliance with what we're approving today and meet all of these requirements. So again, thank you for your leadership in bringing this forward. And with that, I'll make a motion to approve the Audit Committee Charter.

CHAIR AHERN: Okay, we have a motion. I'd like to first ask, does any member of the public want to address the Commission at this time regarding Action Item 8b? Hearing none, we have a motion to approve Action Item 8b; is there a second?

COMMISSIONER STERN: Second.

CHAIR AHERN: We have a motion and a second. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. All right, the motion passes. Thank you very much, Sara. Appreciate it.

MS. SHEIKHOLISLAM: Thank you.

CHAIR AHERN: All right. We'll move on to Jennifer for Action Item 8c, the DocuSign Digital Software Technology.

MS. CHAN: Good morning, Chairman and Commissioners.

CHAIR AHERN: And good morning.

MS. CHAN: Item 8c is to request to enter into a one-year agreement to renew our existing subscription and support services for DocuSign Digital Signature Technology. The Lottery implemented the use of DocuSign in 2020 after completing a comprehensive product-capability analysis and review on digital signature technologies. The analysis focused on four functions that were of the most importance to enhance the Lottery's operations: The first is electronic signature. This is the ability to uniquely validate and authenticate the signer through the secure functionality of an electronic signature. The second is life-cycle management. This allows the Lottery to leverage the use of automatic workflows while also providing a permanent audit trail. The third is application programming interface and iteration. This provides the Lottery the flexibility to continually build on the business capabilities of the electronic signature functionality while ensuring it can integrate with existing and new and IT systems. And the fourth is cloud security. The Lottery

requires a solution that the Federal Risk and Authorization Management Program (FedRAMP certified) that meets cloud security requirements. The implementation of DocuSign in 2020 also coincided with critical business needs to support the transition to emergency telework due to the pandemic. Since that implementation, the Lottery has deployed over 50 DocuSign eSignature templates and automated workflows, and we continue to add more. Additionally, the Lottery is routing and signing over 3,500 electronic documents a month and continues to expand the use. The need for electronic signature functionality has been identified as a requirement to meet ongoing business needs, to increase operational efficiencies and effectiveness, while continuing to reduce paper-based and manual processes. To date, the Lottery has implemented electronic signature workflows for signing and routing of important documents such as time sheets, State Controller Office prize payment claim schedules and voice approvals, procurement packages, and internal transmittal and approval folders. This is a request to renew the DocuSign Digital Signature Technology to support enterprise-wide electronic signature processes. The maximum contract amount for DocuSign is \$268,400 for a one-year term beginning January 31st of 2022. And I am happy to answer any questions you may have.

CHAIR AHERN: All right. Do any of our

Commissioners have any questions for Jennifer regarding Action Item 8c, DocuSign?

COMMISSIONER STERN: This is Commissioner Stern. Just a quick question on the renewal process. We're actually getting a one-year renewal term versus a multi-year term. Can you just comment briefly on that?

MS. CHAN: That is correct, and we are doing a one-year term because our intent is to evaluate better Enterprise products and to look at potential Enterprise Platform and Solutions, so we don't want to lock ourselves down beyond this one-year term to allow us the opportunity to evaluate other products and competitive technologies next year.

COMMISSIONER STERN: :Thank you for your update there.

MS. CHAN: Thank you.

CHAIR AHERN: All right, any other questions from the Commission? All right, Commissioners, we'll go to the public. Does any member of the public want to address the Commission at this time regarding Action Item 8c? Hearing none, do I hear a motion to approved Action Item 8c, DocuSign Digital Software Technology?

COMMISSIONER KIRTMAN: Motion to approve.

CHAIR AHERN: We have a motion. Is there a second?

COMMISSIONER MILLS: I'll second.

CHAIR AHERN: We have a motion and a second.

Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. All right, motion passes.

Thank you, Jennifer.

MS. CHAN: Thank you.

CHAIR AHERN: We'll now move on to Tiffany, Action Item 8d, Ratification of the Lottery Master Agreement with Enterprise Fleet Management Program to Acquire Leased Vehicles.

MS. DONOHUE: Good morning, Commissioners.

CHAIR AHERN: Good morning.

MS. DONOHUE: I'm requesting the Commission's ratification of the Lottery's Master Vehicle Lease Agreement with Enterprise FM Trust to Acquire Leased Vehicles in order to sustain critical Lottery operations. The Lottery entered into a Master Lease Agreement with Enterprise FM Trust on November 5th, 2021, pursuant to Lottery regulation,

competitive bidding exceptions, and the Director authorized the execution of the agreement subject to Commission ratification as permitted under Lottery regulations. As part of the annual budget approval process, the Lottery allocated funding for the purchase of 88 new vehicles. Due to the supply-chain impact, transportation, and manufacturing delays, the Lottery was unable to submit orders directly to manufacturers. Once the Lottery determined it was unable to source vehicles for this year, we entered into negotiations with Enterprise FM Trust to determine if leasing vehicles through their program would be of benefit to the Lottery. As Enterprise FM is a top-tier international buyer, they were able to submit an order on behalf of the Lottery with manufacturers guaranteeing the vehicles that the Lottery requires, and the execution of a master lease agreement occurred soon after. Due to manufacturer order cutoff dates, the Lottery was unable to seek Commission approval prior to taking action with Enterprise FM Trust. Failure to take action would have resulted in the Lottery unable to source any vehicles this year and would likely result in costly, long-term vehicle leases through the Department of General Services' Statewide Leasing Program. The Lottery determined that the monthly lease costs are fair and reasonable when compared to historical costs paid for the rental and long-term vehicle

leases through Enterprise Rent-a-Car as part of the State's leasing program, which is in some cases two to three times higher than the costs that are offered by FM Trust directly to the Lottery. The cost for leased vehicles will begin as monthly costs after the Lottery takes delivery, which is anticipated to be in August of 2022. Each vehicle would be under a 60-month lease, and at the conclusion of the lease, the Lottery can work with Enterprise FM Trust to continue the lease or sell the vehicles. The full cost and benefits of the leased-vehicle program will be assessed throughout the lease period and will be fully known as the vehicle approaches the end of the lease cycle. There will be no vehicle lease cost for the Lottery in this current fiscal year, 2021-22. In summary, the Lottery recommends the Commission ratify this Master Lease Agreement with Enterprise FM Trust to acquire 88 vehicles for 60-month lease terms at the estimated cost of \$2,181,870 plus taxes and fees, with costs payable beginning in Fiscal Year 2022-23. I can answer any questions you may have.

CHAIR AHERN: Okay, do any of our Commissioners have any questions or comments regarding Action Item 8d? All right, I'd just like to comment that in my other line of work, we have to purchase a great number of vehicles, and we're being told by the car manufacturers that we're a year out from purchasing a vehicle, so this looks like a very

wise and good deal for us and the Lottery, and the 60-month term looks very pleasing to me, so thank you for all your work, Tiffany. Does any member of the public want to address the Commission at this time regarding Action Item 8d? Hearing none, do we have a motion to approve Action Item 8d, Ratification of Lottery Master Agreement with Enterprise Fleet Management Program to Acquire Leased Vehicles?

MS. DONOHUE: There was a hand raised.

MR. BEASLEY: Yeah.

CHAIR AHERN: Say again?

MS. DONOHUE: There's a hand raised.

CHAIR AHERN: Oh, who has a hand raised?

MS. DONOHUE: Someone has a question.

MR. BEASLEY: It's Paulina. Paulina, your mic is enabled. Please press *6 to unmute your phone. You have three minutes to speak.

MS. VASQUEZ: Hi. Paulina Vasquez, Union Steward with SEIU Local 1000 and a District Sales Representative. I just wanted to take a moment to commend Tiffany Donohue on the work that our fleet did to get ahead of the concerns we've had regarding our fleets, the excessive mileage, the ages of fleets, and I just would like to say that this sounds really good and commend you for thinking outside the box. So, that was all. Thank you.

CHAIR AHERN: Thank you very much for your comments. We greatly appreciate that. Does any other member of the public wish to comment regarding Action Item 8d? Okay, Tiffany, you got one hand. We'll now go to a motion. Is there a motion to approve Action Item 8d, Ratification of the Lottery Master Agreement with Enterprise Fleet Management Program to Acquire Leased Vehicles?

COMMISSIONER STERN: Motion to approve 8d.

CHAIR AHERN: We have a motion; is there a second?

COMMISSIONER KIRTMAN: Second.

CHAIR AHERN: We have a motion and a second; will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Stern?

COMMISSIONER STERN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Chairman Ahern?

CHAIR AHERN: Yes. All right, Tiffany, thank you very much. Okay. We'll now move on to Item Number 9, which is Commissioner General Discussion. Do any Commissioners have anything they'd like to bring up at this time?

CHAIR AHERN: Okay. We have Scheduling Next

Meetings; it's Item Number 10. We've tentatively scheduled Commission Meetings for January 27th, March 17th, May 26th, and June 30th, all in the year 2022. Hope that meets everybody's calendars. If there are any problems or issues, please contact me, and we'll get that on to Alva. All right, Item Number 11. The next item is for Public Discussion. Your comments are limited to three minutes per person. Is there anyone who wants to address the Commission at this time? We're told we might have somebody -- we have one hand raised. Please go ahead. If you could *6 to unmute your phone, and if you could identify yourself, we'll give you three minutes.

MR. SEHN: Good morning, Commissioners and Chairman. Thank you for allowing me to address you today. My name is Russell Sehn. I'm a Union Steward with SEIU 1000 and a District Sales Representative. Can you hear me?

CHAIR AHERN: We can hear you just fine. Go right ahead, Russell.

MR. SEHN: Oh, wonderful. We, the California State Lottery Union Job Stewards of SEIU 1000 present a unanimous vote of No Confidence on November 18th, 2021 to the Lottery Commission. Unanimous vote of no confidence was reached regarding the California State Lottery EEO Department, who has been ineffective, inefficient, and incapable of investigating and resolving complaints over the last five

years. After receiving numerous complaints regarding the California Lottery EEO Department, we started our own investigation with a Public Records Act request on August 20th, 2021. The stewards received, reviewed data obtained through the PRA, highlighting a number of complaints per year, types of complaints, classifications involved in the complaints, and the time frames to resolve the complaints. The information shows a majority of complaints were filed against someone holding a supervisory position or higher. The total number of increased complaints in the last five years is alarming. It indicates there are serious concerns about continuing management culture at the California Lottery. Despite the increase in staffing at the EEO Department from one staff member to four, and the contracting of some investigations to an external private company, the timelines have not improved. The need to increase resources in this department is a sign that something is wrong with the culture. As EEO works independently without apparent oversight, these complaints are sometimes not investigated or resolved for over a year. Some complaints are approaching two years and are still open. For example, complaints filed in January and February of 2020 have yet to be investigated, although there are two pending lawsuits involving harassment and discrimination against the same manager involved. This indicates a clear

bias from the EEO Department in support of management. Employees distrust the EEO Department, and the process has created an environment in which employees are fearful of filing EEO complaints. It has created an environment that generates fear of retaliation, fear of being blackballed from promotions and has forced many to suffer in silence. This has also resulted in low morale and --

MR. BEASLEY: Seven seconds left.

MR. SEHN: -- and lack of confidence in the leadership. We are calling on you to evaluate the effectiveness and efficiency of the EEO Department and staff, and we are also asking that you uphold your commitments made in your State Senate confirmation hearings. Also, a hard copy of this notice will be delivered to Elisa Topete. Thank you for your time.

MR. SEHN: Okay, Russell, thank you.

MR. BEASLEY: We have another. I'm going to enable the mic for (818) Area Code.

CHAIR AHERN: (818) Area Code, could you identify yourself and address the Commission? *6 to unmute your phone.

MS. PATTISON: Hello, good morning, Commissioners.

CHAIR AHERN: Good morning.

MS. PATTISON: My name is Adela Pattison, and I'm a District Sales Supervisor (inaudible). Unfortunately,

this kind of falls back to the EEO. I have been treated unfairly by the "Boys Club" I was in, and including Randy Forrester, our Chief. During my time as an Acting Manager, I've been hazed during the team meetings. I've been discriminated. I've been demeaned. I've been bullied and continue to be harassed. I was the only female out of ten, and we need some diversity in the Lottery Management. This should never happen again. It's just beyond -- just so -- with 13 years at the Lottery, I just couldn't believe that this has recently occurred, and so I'm hoping that we can make some changes for the future for everybody else. Thank you.

CHAIR AHERN: All right, Adela. Your message is heard; thank you very much. We have another hand up. Can you IT people help me with the identification?

MR. BEASLEY: Yep. (209) Area Code, your mic is now enabled.

CHAIR AHERN: (209). You had your hand up from the (209) Area Code?

MS. VASQUEZ: Hi. Can you hear me (inaudible)?

CHAIR AHERN: Yes, we can. Could you identify yourself, please?

MS. VASQUEZ: Yes, this is Paulina Vasquez again, a Union Steward. I'm sharing concerns today as the voice of our sales members across the State regarding Unity Courier

Services. CSL recently switched courier services from reliable and well-known UPS to Unity Courier, which garners one-star reviews on Yelp! Since the Unity contract started six months ago, we've experienced failure after failure. Unity is unable to fulfill their contractual agreement and obligation. Missed delivery to wrong retailers are occurring daily, as well as missed deliveries of Scratchers packages to private residents, which (inaudible) has had to recover. And packages have even been found abandoned in the middle of the road by Unity couriers. Lottery Sales reps have been struggling to keep up with all of these issues arising from Unity's inadequacies. My Fresno area colleagues have Scratcher packages piled up and sitting in Unity warehouses for nearly two weeks because Unity does not have the resources to meet their contractual agreements. We're asking you, the Commissioners, for accountability and transparency. State workers must meet minimum qualifications to do their jobs. Why was Unity awarded a contract that they clearly cannot fulfill? Who vetted them? Who made this decision? While management has made excuses for Unity, citing growing pains, we are asking you at what cost? How are you quantifying the lost sales and wasted State resources and trying to keep up with Unity's errors? The Sales Team is frustrated. Our retailers are angry at their loss of sales and revenues, which is critical during

this pandemic. There has been little to no communication from our leadership. Many feel the lost sales is not only hurting proceeds to our benefactor, which is Public Education, but it is negatively impacting bonus outcomes, which management seems reluctant to take responsibility for. This tangled mess is not only leaving sales reps feel demoralized, but it is leading them to feel cheated. While sales goals are reported to be doing well, and there has been an increase in contributions to Public Education, imagine how much higher those contributions would have been --

MR. BEASLEY: Thirty seconds.

MS. VASQUEZ: -- would have been without the constant fumbles of our third-rate delivery service. Thank you.

CHAIR AHERN: Okay, Paulina, thank you very much. Your message has been heard. Are there any other comments from the public? Can someone from IT let me know if there are any others?

MR. BEASLEY: No more hands are up.

CHAIR AHERN: No more hands are up. All right, we'll give it one more comment from us. Is there any member of the public who wants to address the Commission at this time? Okay, thank you very much. Moving on, our next item is Number 12. We're up for Adjournment. Thank you all very

much for meeting with us today on November 18th -- a very successful meeting. Appreciate your time and efforts. Thank you, Alva. Thank you to the staff of the Lottery. You guys all have a great day and upcoming Thanksgiving. We wish you all great holidays. Happy Thanksgiving to everybody. See you soon. (End of Recording)

(MEETING ADJOURNED)

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