

STATE OF CALIFORNIA
TRANSCRIPT OF PROCEEDINGS

CALIFORNIA STATE LOTTERY COMMISSION
COMMISSION MEETING

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Thursday, September 24, 2020

Sacramento, California

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MALE: It is now 10:00 a.m.

VICE CHAIR STERN: Okay. Good morning, everyone. This is Commissioner Stern. I'm going to go ahead and call to order the California State Lottery Commission September 24th, 2020. If everyone would please rise, and we'll proceed with the Pledge of Allegiance.

(The Pledge of Allegiance was recited.)

VICE CHAIR STERN: Thank you. Now, Item Number 3, Roll Call of Commissioners. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Here.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Here.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Here.

MS. TOPETE: Chairman Ahern?

VICE CHAIR STERN: All right, not present. So, we will move to Item Number 4, Consider Approval of the Agenda. Commissioners, does anyone have any suggested changes to today's agenda with any (inaudible)?

COMMISSIONER KIRTMAN: None from me.

COMMISSIONER MILLS: Nothing for me. I move to approve.

VICE CHAIR STERN: Okay, hearing none --

COMMISSIONER KIRTMAN: Second.

VICE CHAIR STERN: -- we have a motion and a second. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes. Item Number 5, Approval of the Minutes of June 25th, 2020, a Commission meeting. Are there any corrections to the minutes today?

COMMISSIONER KIRTMAN: No corrections from me.

COMMISSIONER MILLS: No corrections from me. I move to approve.

COMMISSIONER KIRTMAN: Second.

VICE CHAIR STERN: Thank you. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes. Thank you. Now moving to Item Number 6. We have some informational items. The floor is yours, Director Johnson.

DIRECTOR JOHNSON: Thank you, Mr. Chairman, Commissioner Stern and Commissioners Kirtman and Mills. We are presenting to you today three informational items. We're going to be presenting more and more in upcoming meetings, informational items that tell the story about what the Lottery is doing. This is part of our Strategic Plan, to provide more information to the public and to the Commission about Lottery operations. So, I'm going to lead off with this section today, first talking about our sales for the most recent period, and I want to direct your attention to the PowerPoint presentation that we have prepared for you. Beginning with the first slide, this talks about our year-to-date sales above goal and last year. Let's move that to the next slide, please. There we go; thank you. Total Lottery sales through September 19th were just shy of \$1.78 billion. This is 16 percent higher, or about \$240 million above the sales goal through the first two-and-a-half months of this fiscal year and 31 percent higher than sales through this same time period last fiscal year. The table before you uses one different metric than what this table has typically displayed in past meetings. For Scratcher sales, we are now showing sales based on

ticket distribution to our retailers minus the returns from those retailers. This is the same methodology as used in our financials. Previously, this table used a measurement of consumer sales; that is, tickets bought at Lottery retailers by customers. In a typical year, consumer sales and distribution sales are roughly the same, as the Lottery ships Scratchers tickets to retailers that will replenish their inventory based on the amount consumers have purchased. However, we are not in normal times. The last few months of Fiscal Year 2019-20 saw consumer sales being significantly higher than distribution sales, as Lottery operations in our distribution centers had to be modified to accommodate social distancing protocols, resulting in a reduced capacity. The strong sales we have enjoyed so far this year comes from stellar performances from Scratchers, dealing games and Hot Spot. Over the course of the next several slides, I will provide some details on why Scratcher sales are now doing very well, why our jackpot games are below goal, and how the COVID-19 pandemic has impacted sales. In terms of an overview by product, Scratcher sales based on ticket distribution is at \$1.44 billion through mid-September. Year-to-date sales in this product category is 22 percent ahead of its goal through this time period and is 44 percent higher than last year's Scratchers distribution sales during the first two-and-a-half months of

last fiscal year. The Scratchers launch schedule of new games has begun to return to normal. While there was only one month between March and June that had a new game instruction period, this fiscal year has already seen three sets of Scratchers games being launched. Powerball and Mega Millions sales combined total \$115 million to date. These games are below goal largely due to below-average jackpots. The largest jackpot seen in the first two-and-a-half months of this fiscal year is \$169 million for Powerball and \$124 million for Mega Millions. SuperLotto Plus sales currently stand at just under \$50 million for the fiscal year and are very close to the pace needed to achieve its annual sales goal. This game's year-to-date sales being 23 percent behind last year's figure can be traced to a big jackpot sequence occurring last July and August, where the jackpot reached \$72 million in mid-August before being won. Daily Games, which is composed of Daily 3, Daily 4, Fantasy 5 and Daily Derby, has seen strong sales this fiscal year. With nearly \$95 million in sales, this category is currently running 12 percent ahead of goal and 15 percent higher than last year's sales through the same time period. Staff believe that one potential reason for this year's higher sales stems from Scratchers inventory shortages occurring in several retailers. As loyal players come to buy Scratchers tickets and not find their favorite, they may be buying some

of the Daily Games. Through early June, Hot Spot was the game most negatively impacted by the COVID-19 pandemic. However, as some restrictions on bars, restaurants and other social locations were lifted in many parts of the State, and players migrated to buying Hot Spot in convenience stores and grocery stores, sales began to improve. As a result, through the first two-and-a-half months of this fiscal year, Hot Spot sales totaled more than \$78 million and are above goal as well as outpacing last year's sales. Moving on to Slide Two. This table resembles the last one, except it uses Scratchers consumer sales. Even with that change, year-to-date Lottery sales, as well as year-to-date Scratchers sales, are still ahead of our sales goal and still stronger than last year's sales through the first two-and-a-half months. Next slide, please. In addition to sales, we also assessed how the Lottery is performing in terms of its contributions to our beneficiary, public education. These calculations are based on the Lottery's monthly financials through August. Over the first two months, our sales were running 15 percent ahead of its goal, while our contributions to education were about 8 percent ahead of our goal over that same time period. Because our Scratchers sales are well above their sales goal, and jackpot game sales are behind their goal, our contributions to education have a more modest increase than sales, due to

the fact that Scratchers have lower profit margins than jackpot games. Next slide, please. This chart shows estimated Scratchers purchases by consumers for each week since early January. From this, you can see the ups and downs that Scratchers sales have experienced during the pandemic. In January, February, and March, prior to the pandemic, consumer sales of Scratchers were typically around \$100 million per week or higher. As the stay-at-home orders began during the week ending March 21st, Scratchers sales declined to \$87 million. Consumer demand remained low, around \$80 million per week through the middle of April. After the initial weeks of the stay-at-home order, and consumers had stocked their pantries with food, toilet paper and other essentials, adults began seeking entertainment options from their homes. That's when sales of Scratchers increased and soon reached their pre-pandemic levels. Other industries reported gains in sales of items such as TV streaming services, board games and puzzles. However, mid-April and May, as consumer demand for Scratchers rose, our capabilities to ship ticket inventory to retailers were not at the level to meet this demand. Ticket supplies at retail became depleted, and by June, this started to impact consumer purchases, as more and more retailers were out of stock of many Scratchers games. Additional adjustments to Lottery operations in the distribution centers were made

that increased our ability to ship tickets to our retailers. As the supply of tickets at retail grew, consumer purchases also started to rebound during the summer. Later in the Director's Report, Sharon Allen will detail some of the efforts taken in the distribution centers during the pandemic. And I want to close this section on Scratchers to talk about the outstanding sales we experienced just last week. After having back-to-back weeks with brand new Scratchers games being introduced, including last week's launch of the Pac-Man family of games, sales broke an all-time record, with nearly \$120 million worth of tickets being sold in one week. I want to point out that the record that was broken dates back to the start of the Lottery back in October 1985, when Scratchers was our only product available for sale. Next month, October 3rd, will mark the Lottery's 35th anniversary. While there was just one Scratchers ticket for sale back then, our average retailer now carries more than two dozen different Scratchers games and eight different Draw Games. A lot has changed in 35 years, and I would like to acknowledge and thank the several hundred staff members who've been with the Lottery these entire 35 years for their dedicated service. Next slide, please. The negative impact on jackpot game sales has continued to retreat, so that sales are nearly back to what we would normally expect. This chart compares the week's sales in

Powerball, Mega Millions and SuperLotto Plus to a previous week prior to the COVID-19 pandemic that contained similar jackpot levels for that particular game. When the pandemic arrived in California, and the stay-at-home orders occurred, sales dropped by about 25 percent to more than 30 percent relative to prior levels. Beginning in May and continuing through the summer, jackpot game sales began to rebound. As you can see from the chart, the lines in late August and September are much shorter, with one week even being above the pre-pandemic levels. On average, sales since August have been down by only 10 percent relative to sales for comparable jackpots before the pandemic. Finally, although it is only two-and-a-half months into this fiscal year, early signs are very positive in terms of our sales rebounding from the decrease seen last year due to the pandemic. That concludes this portion of the presentation for informational items. I want to thank our Business Planning and Research Unit for preparation of these remarks.

VICE CHAIR STERN: Terrific. Thank you for those updates, and do we have any questions from any of the Commissioners?

COMMISSIONER MILLS: Commissioner Stern, this is Commissioner Mills. I have a question for Director Johnson.

VICE CHAIR STERN: Yes.

COMMISSIONER MILLS: Great, thanks. So, first of

all, I want to say, Happy Anniversary. That is a huge milestone, 35 years, and congratulations to all of those employees who have been there since the beginning. That's really big. You guys have come a long way over the 35-year life of the Lottery, and congratulations on the new record, the record-breaking sales; that's super-exciting. I've been seeing the advertisements for the new Pac-Man product, and it's really fun. I come from the Pac-Man era. I played Pac-Man as a little girl with my mother, and so there it is. So, I love it; I think it's really clever, and I'm really happy that that's going well for you guys. I had a question about -- I wanted to go back to the beginning where you talked about sales, and you talked about the two different ways that you're reporting sales and that it's different. I just want to make sure I understand that. I was listening intently, but I don't know that I quite caught it. Like, what was the difference between the two ways that you presented sales, and which one ultimately gets reported in our public-facing financial statements? And then, why the change -- why we felt that change was important to present?

DIRECTOR JOHNSON: Well, I'm going to start the answer, and I'd like Jim Hasegawa from our Business Planning and Research team to explain a little bit more in detail about this. Essentially, the discussion here, the charts here, provide a better way of showing the activity since

we've had disruptions in our distribution, and we're trying to show exactly what's going on with respect to the how the product is pushed out to retailers and how they're able to sell their product, as compared to consumers buying the products, which is the way it's been typically presented in the past, but what we show in our financials is the retailers minus the returns. So, Jim, can you add any more to that?

MR. HASEGAWA: Sure. Yes. So, the distribution sales are really based on what we have in our financials. So it is, like most manufacturers, it's the inventory that is shipped out to our retailers less anything that comes back. The reason why we previously used consumer sales is because consumer sales, particularly in shorter periods of time, they actually track better to movement and popularity and appeal of our different products, and that's why, traditionally, we've shown consumer sales. Obviously, distribution sales, if consumer sales take off, then distribution sales need to grow as well, so that way, retailers have inventory of tickets of Scratchers. And this difference is only with the Scratchers products. As you will notice between those two slides, the sales for our Draw Games, they were inconsistent, and we don't have any change there, so it's just for the Scratchers product. And the reason why we're this year wanting to show the distribution

sales is because of the upheaval from the pandemic and the impact it had on our distribution of tickets, and so we need to show that since that is the actual measure of what our financials will ultimately show.

COMMISSIONER MILLS: Okay, thank you. That's super-helpful, and just to make sure I'm clear, the first slide we saw was the distribution sales, and the second slide we saw was the consumer sales?

MR. HASEGAWA: Correct, and this is the only month that we'll be showing both. We wanted to do it to just show to you, you know, what the differences were, and all. In subsequent months, you will be seeing the equivalent of the first slide.

COMMISSIONER MILLS: Okay, perfect. Thank you very much. That's very helpful.

MR. HASEGAWA: You're welcome.

COMMISSIONER MILLS: No other questions.

VICE CHAIR STERN: Great, thank you.

DIRECTOR JOHNSON: Thanks, Jim.

MR. HASEGAWA: Uh-huh. You're welcome.

VICE CHAIR STERN: If no additional questions, comments, or feedback, we'll move to the next informational item, b) the overview of the Lottery Audit Committee. Roberto, the floor is yours.

MR. ZAVALA: Good morning, Commissioners. Thank

you for giving me the opportunity to give you a quick overview about the Lottery Audit Committee. I am assuming that the slide is going to be up in a second here. Great, thank you. Could we go ahead and move forward to the next slide, please? Thank you. So I want to give a very quick overview about the following items, just, what the purpose is of the Committee, who's on the Committee, how often they meet, and some specific functions and additional roles for the Commission. Please move to the next slide. So, the purpose of the Committee is to certainly provide the Lottery Commission with some independence and support the internal audits of the California Lottery. The Committee was established back in 2008. This was to ensure audit findings are reported to the appropriate levels of government. The Committee was established to satisfy Government Code Sections 1388.6 and 1388.7 The Committee provides the Lottery Commission additional guidance on financial statements, compliance with the statutory and regulatory requirements and qualifications and performance of audit personnel. The Committee also ensures that audits be conducted in the most ethical, professional, and efficient manner to protect the people of the State of California. Please move forward. So, who is on the Committee? Two members are appointed by the Lottery Commission and serve at the pleasure of the Commission. Members may resign after

notice to the Commission or certainly after their appointments to the Commission have expired. The Audit Committee shall have a member with financial experience, and today we currently fulfill these requirements. Next slide, please. How often does the Committee meet? The Committee meets at least two times per year and additional times as necessary. The Committee has met so far three times -- January, March, and May of this year. The Committee also meets with the Chief Internal Auditor, myself, the Chief Counsel or any other Lottery staff that they deem necessary. Please move forward. So, some of the specific functions of the Committee include reporting to the Lottery Commission at least once a year on significant findings, the effectiveness of the Internal Audit Office, the adequacy of the Internal Audit budget, and significant issues and conflicts. Secondly, they also review with the Audit Chief the Annual Audit Plan and any revisions and provide input as appropriate regarding focus, scope, or any other relevant considerations. They convey concerns regarding the Final Audit Plan and revisions to the Lottery Commission. Thirdly, they are available to meet with the Internal Audit Chief to assist him or her in addressing problems encountered in the course of an audit, including restrictions on the scope of work or access to required information. Any issues that are not resolved to the

satisfaction of the Committee shall be brought forward to the Lottery Commission. Fourth, they promptly and thoroughly consider reports from the Internal Audit Office and/or the Chief Counsel, pursuant to Government Code Sections 1388.7, .5(a) or (b) and forward them to the Audit Committee Recommendations to the Commission. A copy of the Government Code Sections is attached. This is something that I gave early on to the Committee itself, so they are familiar with the requirements that are in Government Code Sections. Five, they review the management decisions relating to the appointment, replacement, reassignment or dismissal to the Internal Audit Chief or any other Audit personnel, to ensure that such decisions do not compromise the independence or integrity of the Internal Audit function. They also report concerns to the Lottery Commission in this matter. Six, at the request of the Internal Audit Chief, they review and make recommendations for policies and procedures relating to the receipt, retention and handling of internal or external complaints regarding accounting, internal auditing controls, auditing matters, suspicions of fraud or other wrongdoing that may be the appropriate subject of an accounting or audit. At the request of the Internal Audit Chief, they also review specific complaints and their dispositions. Next slide, please. A few more specific functions from the Audit

Committee: they include periodically reviewing significant correspondence between the Internal Audit Chief and management, as the Committee deems appropriate. This includes also meeting with outside personnel such as the State Controller's Office or any other parties that they deem appropriate. They review all Internal Audit reports, as mentioned, and responses thereto. They work with the Internal Audit Chief and management to identify significant risks to the Lottery, establish steps to address those risks and monitor compliance with those steps. They report on unresolved concerns to the Commission as well. With the assistance of the Internal Audit Chief and the Chief Counsel, they monitor the statutory and regulatory changes that might impact Internal Audit's office to ensure compliance. And lastly, they periodically review the Lottery's Incompatible Activities and Ethical Conduct and Standards to establish that they are adequate, effective, and consistent with current law and that it is properly implemented. They suggest modifications as appropriate in this area and inform the Lottery Commission of concerns that are not addressed. Next slide, please. Some additional roles that were established with the Committee include the following four items: they provide input to Lottery management and the Internal Auditor in charge in connection with their coordination of audit functions to ensure the

effective and efficient use of audit resources and to maximize coverage and minimize redundancies. They provide input to the Lottery management and the Internal Audit Chief regarding decisions to employ audit firms and other principal independent auditors for services that the Lottery or the principal auditor determines would be appropriate for the principal independent auditor to perform. Third, to the extent authorized by the Lottery Commission, and in coordination with the Director, they serve as liaison, facilitator between the Lottery and the State Controller's Office in connection with the State Controller's Office post-audit functions and disbursements of the function itself of the State Controller's Office. Last, they, to the extent authorized by the Commission, they provide input to the Lottery management and the Internal Audit Chief in connection with the engagement of independent or external auditors. That completes my brief overview. I will be happy to answer any questions from the Commission.

VICE CHAIR STERN: Roberto, thank you so much for the overview. I personally very much appreciate the team's insights and information that you've served up as a member of the Audit Committee, but with that, any additional questions or comments from the Commission?

COMMISSIONER MILLS: Commissioner Stern, this is Commissioner Mills. I have a couple comments and a

question.

VICE CHAIR STERN: Sure, (inaudible).

COMMISSIONER MILLS: Thanks. So, I want to echo Commissioner Stern's appreciation, Roberto, for your leadership over this function. So, I come from an auditing background. I started my career in the Audit Department of Arthur Andersen, and, so I know firsthand that the auditors aren't always the most favorite people in an organization, and I will say that in working with you, I had the pleasure of serving as the Chair of the Audit Committee and have been able to work with you, you know, over the last several months of being on the Commission, and it's clear that you have established yourself as a really respected core member of the Lottery team and really elevated the importance of this work in the organization. This audit work is really, really important for, really, any organization, but I think, you know, especially, given our Strategic Plan and one of our core pillars about making sure that our operations are running, you know, efficiently and that we are being good stewards of public funds and really meeting our mission. So, the work that you do is really core in helping us meet that kind of core strategic goal of the Lottery. I would also say that in my experience coming up in the accounting and auditing world, this organization probably has the most audit activity (inaudible) associated with, which gives me

bit of comfort, so, you know, in addition to the work that you and your team are doing from an Internal Audit perspective, I know you're also dealing with external auditors, with our Independent Auditor, KPMG, and also from the State Controller's Office is in auditing all the time, so I've learned very quickly that at any point in time at the Lottery, there are a gaggle of auditors auditing a gaggle of things throughout the organization, and so, again, I really appreciate not only the work that you're doing within the organization, but also managing these external parties that are coming in and looking under the hood and checking under the rocks and that sort of thing. So, I wondered if you could say a few words about, in your work, as you guys identify -- and really, you're about making sure that processes and procedures and controls are happening the way that they're supposed to be happening, and then identifying areas for continuous improvement. So can you talk about those times when you and your team or our external auditors or the State Controller's Office may identify areas of continuous improvement and how your department partners with the specific operating units to show those results, come up with solutions on the suggestions for areas of improvement and then kind of the follow up to ensure that those improvements were in fact made and were the proper improvements to make in the

organization?

MR. ZAVALA: Sure. Thank you for all the kind words, by the way; I'll try to live up to the expectations of the Committee and certainly the Commission itself. Yes, we have a very good working relationship with the State Controller's Office today. In fact, I think what we try to do is help each other. We share our work to make sure that 1) there's no redundancies of additional audit work that needs to occur, but certainly, any kind of findings that are brought forward to the Commission itself, we have, currently, a process. We track every single finding. We track every single audit report, of course, but we also track the solutions to those findings, even if they're not my findings specifically, whether it's the State Controller's Office, the State Auditor, and certainly the external auditors that are numerous that the Commission has at any given time. We certainly look at -- my audit plan will cover certain highly significant items that we need to follow up on during our follow-up process. But we definitely sit down with the different audit parties to go over additional areas that they, for example, the State Controller's Office, if they start an engagement, we always work with them to give them any other past audit findings that perhaps may not have been resolved, and we also follow up with them and say, we looked at this. This is what we

found. Please consider it in your audit planning. And that's I think one of the key things that this organization needs more of is those kinds of partnerships, because auditing is not an inexpensive kind of activity. It requires a lot of effort, and I appreciate the guidance that the Committee gives me when it goes through the process of identifying the different audits that we go through. And I think that moving forward, thank you for approving an additional position for the external audits. This position's going to be a key person who's going to be able to stay on top of all the audits that we have. It's not to suggest we're not doing it today, but it certainly is something that I'm handling personally, and I hope to be able to have someone else help us in gathering that information and certainly do even a better job for the Committee itself and the Commission, so.

COMMISSIONER MILLS: Thank you, Roberto.

MR. ZAVALA: Yep, thank you.

VICE CHAIR STERN: Thank you, Roberto. We will move to our last informational item, 6c, Field Operations Update. Sharon, the floor is yours.

MS. ALLEN: Good morning, Commissioners. All right. I don't think my -- I have very low bandwidth, so I'm not going to turn on my camera. I'm having some Internet issues. I apologize for that. Today I will be

providing an update on our Field Operations, specifically, the impact of COVID-19 and the modifications we've made to continue operations while prioritizing the health and safety of our team members, retailers, and the public. In March, when the health crisis emerged and stay-at-home orders were first implemented, we immediately began strategizing how to pivot our operation safely, focusing on our employees' health while fulfilling our essential mission of providing supplemental funding to public education. We decided to delay one of our biggest initiatives of the fiscal year, the release of the new games scheduled for March 24th. This release included the Pac-Man family of games and its large, supporting marketing campaigning. Launching something with such a focus on fun and entertainment would have been insensitive at best and unsafe at worst. The games remained packed and were held in the warehouse, and as we've all just discussed, they were released last week. When the stay-at-home orders were first issued, we also closed all of our district offices to the public, and staff shifted to teleworking. In a normal environment, the district offices accept completed claim forms from players for prizes over \$600. Anything under that can be claimed at retailers. While players can still file claim forms via mail during the pandemic, we knew that some players were not comfortable mailing their claims, particularly for large prizes. In

July, we implemented a secure drop-off process at all district offices, which allowed claimants to drop off their completed claim forms safely and without person-to-person contact. As with normal operations, this allowed the initial processing to be done at the district level before being sent to Headquarters for final processing and payment. This has been a smooth process, and in the nine weeks of this program, we have received nearly 9,000 claims. Additionally, in the Sacramento District Office, Finance has been successfully piloting a program where qualified claimants can receive checks for prizes of up to \$1,000 on the spot. In the modified process, claimants now receive their checks in the mail in less than a week, which is still much quicker than claiming by mail. To date, over 1,100 checks have been issued by the Sacramento District Office. We are working on a plan now to resume in-person assistance in an environment that still prioritizes the health and safety for everyone as long as this pandemic continues. As Director Johnson discussed earlier, we have experienced the biggest challenges with Scratchers distribution. Again, in an effort to ensure the health and safety of our team, strict social-distancing protocols were implemented in our two distribution centers, which are responsible for shipping Scratchers to our over 23,000 retailers. This reduced production capacity and our ability to timely fulfill

Scratchers orders, and in turn, it resulted in significant disruption to our players and our retailers. Since then, we have implemented a number of strategies to help mitigate the impasse, while still maximizing health and safety. Instead of our usual monthly new-game releases, we completely reworked the Scratchers schedules. As I previously mentioned, the April games, including Pac-Man, were postponed, and game distribution was adjusted, with new games shipping only in June and July through a combination of new boxes and re-orders. We shifted messaging to focus on Draw Games to encourage Scratcher players to check out one of our eight Draw Games. We made facility modifications, including adding new stations and installing acrylic dividers to allow staff to work safely side by side. We utilized overtime and standardized orders to maximize efficient packing. We reassigned warehouse staff from nearby district offices and solicited volunteers to assist. And finally, we have added multiple new positions in each warehouse. While we are not back to pre-pandemic production levels, I am pleased to report that we have made tremendous progress. This month we shipped two new game releases for the first time ever back to back on September 8th and 14th. The distribution centers resumed daily order for fulfillment on September 4th and are keeping on track with only slight delays, and we are back to scheduled monthly new game

releases. We are extremely appreciative of our retailers' and players' patience and understanding over the last several months, and we understand this has been disruptive to their business and their lives -- their entertainment lives, that is. In terms of our Field Sales operations, in order to ensure the health of our team, we have not been providing in-person service to our retailers since mid-March when the stay-at-home orders began. Our Sales team has been servicing our retailers remotely while we have been working to develop plans to safely return our team to the field. Following the guidance of State and local health officials, this includes securing appropriate PPE, modifying procedures, and extensive training. We are on track to have DSRs to resume in-person visits to retailers next week, and we have taken steps to ensure their health and safety. Initially, the focus will be on high-priority activities only. This includes supplemental ticket distribution, drop-off of point-of-sale materials, and picking up ticket returns. Retailers must meet our safety requirements in order to get service. This includes face coverings, installation of acrylic barriers at the counter, and the ability for DSRs to maintain physical distance from customers and clerks. DSRs will have the discretion to avoid serving retailers that are deemed not safe. As field activities resume, we will closely monitor and adjust as

necessary, always prioritizing health and safety first and foremost for our staff but also for our retail partners. With this region beginning to normalize, the release of Pac-Man and the other games over the last two weeks, and resumption of field service, we are starting to overcome the challenges we have been experiencing due to COVID. As the Director shared the sales figures earlier, it's exciting to see the players enthusiastically embrace Pac-Man Scratchers and the other new games released this month. Our next big initiative will be Holiday Scratchers. We have a strong slate of products and are planning an extensive marketing effort that should continue this positive momentum. We remain dedicated to our mission, providing much needed and critical supplemental funding to public schools across California. Thank you to our players and our retailers and also, to my amazing leadership team in Sales and Marketing and our team members who had to pivot and everyone across the Lottery. We appreciate their amazing dedication, hard work and flexibility during these extraordinary times. And that concludes my remarks. I would be happy to answer any questions.

VICE CHAIR STERN: Great. Thank you, Sharon. Appreciate the update. Any questions or comments from the Commission? I do have one comment as well.

COMMISSIONER KIRTMAN: None from me.

VICE CHAIR STERN: Thank you. So, hearing none, so, Sharon, just a comment and would be interested in your insight kind of longer term . So one of the trends that I'm actually seeing with COVID, it's forcing many organizations to do things more efficiently or do better regardless of COVID or not. Being that COVID has put us in this situation to reassess our field operations and do things differently, are there any process improvements that you're finding that might be relevant in a non-COVID era that we can adopt and continue to evolve?

MS. ALLEN: We have been looking at all of those things across the Division, and a lot of the activities, we've been very reactionary, but as we've gone through it and found solutions, we certainly have identified that. I think just working remotely in many ways, particularly on the Marketing side, their 100 percent telework has been amazing. On the Field Sales side, you know, it's very important that we have that in-person contact, but we're looking at ways that we can re-evaluate our process and particularly serve our players as their consumer behavior shifts. So, we're in development, and I can report back perhaps at a later meeting as we get through some of these pieces over the next several months.

VICE CHAIR STERN: Great, thank you. Yeah, it's interesting times, and it's forcing a lot of organizations

to go through digital transformation, and it might force an organization to do it sooner rather than later, but I think there's a lot of process-improvement learnings that we're finding through these times, so appreciate the update there.

MS. ALLEN: Thank you. Absolutely, in the Distribution Center, too, we've had to solve those immediate pieces, but really want to see longer term where we can be more efficient. So, more to come on that. Thank you.

VICE CHAIR STERN: Perfect. Thank you. So, if no further questions or comments on the Informational Items -- appreciate all the updates and the insights there -- we can move to Item Number Seven, the Consent Calendar. There are no items under Consent in the calendar, so we can move to Item Eight, our Action Items. So, we'll move to Item 8a, the Lottery Investment Strategy and Investment Policy. Nick, the floor is yours.

MR. BUCHEN: All right, thank you. I'll try this with my camera on but let me know if I look like Max Headroom. That's a reference to the '80s, consistent with our Pac-Man marketing campaign. Okay, so Action Item 8a, the Lottery's Investment Strategy and Investment Policy ensures sufficient cash flow to make scheduled payments to certain Lottery prizewinners. Specifically, these payments are for our top prizewinners who choose the annuity payout option in SuperLotto Plus, Mega Millions, Powerball and

Scratchers games that offer an annuity payout option. The Lottery's Investment Policy requires both our investment strategy and policy to be reviewed and approved by the Commission annually. And we'll split this issue into two separate votes since we're proposing changes to our Investment Policy, but we are recommending that our Investment Strategy remain unchanged. I went over both our Investment Strategy and Policy in depth at the May Commission meeting, so I'll not rehash every single detail again today, and instead, I'll start by walking through the proposed changes to our Investment Policy, which are designed to provide clarity and to result in greater transparency. So the first substantive change would clarify that the Lottery should generally maintain a buy-and-hold investment strategy, and this means that securities are purchased and held until maturity to ensure timely payment to Lottery winners who elect the annuity payout option. The next two proposed changes pertain to the criteria determining permitted investments. The Lottery's investment policy requires State and local government municipal securities to meet specified credit ratings at the time of purchase. The Investment Policy also requires the Lottery to determine the course of action to be followed in the event that such a security held by the Lottery is subject to a rating change that brings it below the minimum credit

rating. So, the proposed change in this area would now require the Lottery to notify the condition in writing within 15 days of a particular security falling below the minimum credit rating that was required at the time of purchase. And similarly, the Lottery's Investment Policy prevents certain securities, again, at the time of purchase, from exceeding specified percentages of the overall portfolio to promote diversification and to reduce risk. So, the proposed change in this area would now require the Lottery to notify the Commission in writing within 15 days if a given security subsequently exceeds the applicable investment allocation limit. And the Investment Policy also allows the Lottery an avenue to restructure its investment portfolio to increase investment returns. Now several changes are proposed in this area of the policy. First, the proposed change would clarify that the ultimate purpose of an investment portfolio restructuring is to generate more funding for education. The proposed changes would require the Lottery to competitively procure a financial consultant to assist with any such restructuring and to notify the Commission regardless of the cost to procure the consultant. The proposed changes would also require the Lottery to notify the Commission prior to approving any portfolio restructuring transactions that are recommended by the Lottery's financial consultant. And lastly, the proposed

changes would define the responsibilities of the financial consultant relative to the Lottery choosing to restructure its investment portfolio. And beyond all of these changes, we have incorporated some minor technical cleanup as well, since we truly took a fresh look at this entire policy. And the Lottery's Investment Policy requires our review annually to ensure that its guidelines remain consistent with current principles and standards for the investment of funds managed by a public entity. In addition, we review all investments within the Lottery's portfolio to verify that each continues to be in compliance with the provisions of our Investment Policy. So, we have reviewed and verified everything relating to our Investment Policy for this year and request that the Commission approve the Lottery's Investment Policy with the proposed changes that I just discussed. And I'd be happy to answer any questions on the Lottery's Investment Policy.

VICE CHAIR STERN: Thank you, Nick. Do any of the Commissioners have any questions or comments relating to Action Item 8a?

COMMISSIONER MILLS: No questions. I just want to express my appreciation for the increased transparency that's been included in the Policy. You know, those parameters are kind of important parameters to kind of keep us in line with our strategy, and so I think it is really

important that if there are occasions where we get off kilter with the Policy that the Commission is alerted and that we know that it happened; we know why it happened, and how the staff plan to get back in compliance, so I really appreciate that. And with that, I would just make a motion to -- well, which one is it? Am I approving the Policy?

MR. BUCHEN: Yes.

COMMISSIONER MILLS: Yes. Okay. I make a motion to approve the Investment Policy.

VICE CHAIR STERN: Actually, prior to doing that, we want to address the public and see if there's anyone who wants to address the Commission regarding Action Item 8a before we take a motion. Is there any comment from the public? Okay, hearing none, now we can go ahead, and do I hear a motion to approve Action Item 8a?

COMMISSIONER MILLS: I move to approve.

COMMISSIONER KIRTMAN: Second.

VICE CHAIR STERN: Perfect. Okay, will the Secretary please call roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes.

MR. BUCHEN: Okay. So, with that half of this action item behind us, now I'll move on to the Lottery's Investment Strategy, which also requires annual Commission approval. So, the Lottery's Investment Strategy focuses on two main areas -- activity and maintenance. The investment activity ensures sufficient cash flow to make scheduled payments to our top prizewinners who choose the annuity payout option. The maintenance of our investment portfolio includes ongoing monitoring and mitigation of potential investment risk, and this strategy goes back to the inception of the Lottery's investment program. The Commission at that time made a conscious decision to focus on safety rather than yield, as the investments were primarily intended to provide security for annuity prizewinners. With that said, we do look for opportunities to leverage higher-yielding investments with slightly greater risk to ultimately provide more funding for public education when it clearly makes sense to do so. And this is an allowance in our Investment Policy to restructure the investment portfolio that I spoke of earlier. So, with no portfolio restructuring on the horizon, our current Investment Strategy, which has remained unchanged for approximately ten years, is to purchase United States Treasury Bonds for new annuity prizewinners. And we do this because these investments are backed by a repayment pledge

from the United States government, which means they are essentially risk-free. Under our Investment Strategy, we time the maturity of our investments with the scheduled payments of the annuity prizes. Our Investment Strategy continues to focus on keeping our investment portfolio safe and secure, and we therefore recommend the Commission approve without modification the Lottery's existing Investment Strategy. I'd be happy to answer any questions on that piece.

VICE CHAIR STERN: Terrific. Any questions or comments from the Commission on the Lottery Investment Strategy specifically?

COMMISSIONER KIRTMAN: None from me.

VICE CHAIR STERN: Hearing none, does any member of the public want to address the Commission at this time regarding Action Item 8a, the Lottery Investment Strategy? Hearing none, do I hear a motion to approve Action Item 8a, the Lottery Investment Strategy?

COMMISSIONER KIRTMAN: Motion to approve.

COMMISSIONER MILLS: Second.

VICE CHAIR STERN: Perfect. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes. Okay, thank you. Now we'll move to Agenda Number, under Action Items, 8b. This is Changes to Stolen Tickets Regulations and Policy. Nick, the floor remains yours.

MR. BUCHEN: Okay. Well, thank you. So, for the last several years, the theft of Scratchers tickets for retail locations has been on the rise throughout the State. And during this time, many retailers have expressed displeasure with the stolen ticket process and view the reimbursement they receive for the stolen tickets as being unfair. In addition, the current process of investigating the thefts and determining how much to reimburse the retailers for the losses is time-consuming and drives high workload in multiple Lottery divisions. And before I go further, let me explain what it means when we say that a retailer receives reimbursement or credit for stolen tickets. So when one or more Scratchers tickets within a given pack are reported as stolen, the Lottery flags the pack as stolen in the Lottery's dealing system, and this would automatically charge the retailer for the face value of all the tickets in the pack. The Lottery generally puts the retailer on manual billing to prevent the retailer from being charged for all the tickets until the stolen ticket

investigation is completed. Once the investigation is complete, and the Lottery determines how much the retailer will be reimbursed for the stolen tickets based on the specific criteria within the Lottery's stolen ticket policy that the retailer met, the retailer's put back on automated billing, and at that point, the retailer is charged for all of the stolen tickets, less any reimbursement they receive for those tickets. So, Director Johnson asked for thoughtful action to address the challenges associated with the Lottery's stolen ticket process, so a work group was formed to explore improvements. In addition, an executive-level Ticket Theft Committee was established to guide enterprise-wide research for the creation and recommendation of adjustments to the Lottery Act, Lottery Regulations, and policies and procedures relating to the theft of Lottery products. And both the work group and the executive committee have representatives from several Lottery divisions, including Security and Law Enforcement, Sales and Marketing, Finance, Legal, and Information Technology Services. The objective of these teams is to strengthen the relationship between the Lottery and its retailers, deter the theft of Lottery products, provide more timely resolution to retailers experiencing ticket theft, and to better protect both retailers and the Lottery from financial loss. And over the last several months, the teams have

conducted a 360-degree review of what is causing the thefts of Lottery products, as well as how to best deter thefts and strengthen our partnership with our retailers. The teams have already recommended and instituted improvements to the stolen tickets procedures between Lottery divisions, thus improving the retailer's understanding of the Lottery's current reimbursement model for stolen tickets. But these internal improvements have highlighted the need for changes to the Lottery's stolen ticket policy, and this in turn also requires amending the Lottery regulations. So, our recommendation to update the Lottery's stolen ticket policy and regulations is based on several key principles. The first is to strengthen the retailer relationship. Maintaining good relationships with retailers is essential to maximizing supplemental funding for education, because retail sales are fundamental to the Lottery's business model. And theft is not something a retailer can easily control, and some retailers operate in high-crime areas. A 50-percent or zero-percent credit on a stolen tickets claim has the potential to negate a significant amount of profits from Lottery sales for a given retailer. Another key principle is the need to better protect the Lottery. Under the current stolen tickets policy, the retailer must decide if they want to utilize their stolen ticket claim or save it for a more substantial theft in the future. When a retailer

feels compelled to save their claim, the Lottery becomes subject to underreporting of stolen tickets. When Lottery thefts go unreported, the stolen tickets are not deactivated by our Security and Law Enforcement Division, and this leads to criminal profiteering from claiming prizes. The final core principle is the need to gather more complete stolen-ticket data. Since the current policy can create an incentive for retailers to save their claim for a more significant future theft, the Lottery's potentially missing large amounts of data that are relevant to not only clarifying the true nature of Scratchers thefts, but also for making further improvements to a stolen tickets process. So to help remedy each of these issues, the Lottery proposes the following changes to its stolen tickets policy: First, it would allow retailers to receive reimbursement for three claims within the allowable period instead of only two claims, as is the current policy. The next change would shorten the period to determine whether or not the retailer is allowed to make those claims from 36 months in the current policy to 24 months. So combined, these two changes would result in more retailers being eligible to submit a claim for stolen tickets. It would allow 100 percent reimbursement when a retailer meets all criteria, regardless if it is the retailer's first, second or third claim in the period. The current policy limits reimbursement for the

second claim to 50 percent and doesn't allow any reimbursement for the third claim. Another change is the policy would allow 100 percent reimbursement when a retailer meets partial criteria on their first claim in the period, and the current policy limits reimbursement in this situation to just 50 percent. And the final proposed change to the stolen tickets policy is to not allow any reimbursement when a retailer does not meet any required criteria, regardless if it is the first, second or third claim in the period. The current policy allows 50 percent reimbursement to retailers not meeting any criteria on their first or second claim. So that criteria for determining reimbursement would remain unchanged from the current policy. Specifically, the retailer must report the theft to the Lottery within four hours of its discovery. The retailer must maintain accurate inventory so that the stolen tickets can be readily identified at the time that the theft is reported, and third, the retailer must comply with all requests regarding the investigation. Now these proposed changes to the stolen ticket policy demonstrate a willingness of the Lottery to build a stronger partnership with retailers while better incentivizing them to maintain Scratchers ticket inventory and to report stolen tickets to us in a timely manner. As I discussed earlier, the proposed policy changes will encourage retailers to report more

thefts to the Lottery, which has the dual benefit of mitigating the number of stolen tickets for which thieves are successfully able to claim prizes and allowing for more robust data that can inform the Lottery in making additional process changes in this area in the future. To allow the Lottery to be more efficient in making future changes to the stolen ticket process, we are proposing to amend Section 7.5.8 of the Lottery Regulations to be less prescriptive in defining what constitutes the various maximum levels for stolen ticket reimbursement. And the proposed policy changes to this section of the regulations will more broadly provide the Lottery's expectations of retailers in handling stolen tickets and would now refer to the Lottery's stolen ticket policy for the detailed requirements for reimbursement. And I want to be clear that these proposed changes to the stolen ticket policy and regulations do not mean that the work is completed for both the executive-level Ticket Theft Committee and the associated work group. These teams are actively exploring other ways to deter theft of Lottery products and to make the stolen-ticket process more efficient. As I said earlier, these groups are guided by the principle of better protecting Lottery retailers and the Lottery itself from financial loss. Our goal is to both retain retailers and build a stronger partnership with our retailers, since

having successful and engaged retailers is critical to the Lottery's ability to generate maximum supplemental funding for education. And this is consistent with the strategic objective to transform the corporate culture in the Lottery, which is part of our current strategic plan, and one component of that particular objective is prioritizing quality customer experiences, and retailers obviously are our front-line customers. So, with that, I'd be happy to answer any questions you may have on our proposed changes to the stolen ticket policy or the associated changes to Lottery regulations.

VICE CHAIR STERN: Thank you, Nick. Appreciate the update here. Do any of the Commissioners have any questions or comments relating to Action Item 8b?

COMMISSIONER KIRTMAN: None from me.

COMMISSIONER MILLS: None from me.

VICE CHAIR STERN: All right, thank you. Hearing none, does any member of the public want to address the Commission regarding Action Item 8b?

UNKNOWN CALLER: Question.

VICE CHAIR STERN: I'm sorry; was there a comment or a question?

UNKNOWN CALLER: There is. It's more of a question. Where might we find the data? I'm looking at two data points specifically. What is the percentage of Lottery

tickets that are stolen each year, and what are also the number of retailers out of the total number of retailers licensed to sell that have experienced theft this year? Is that data available anywhere?

MR. BUCHEN: So, I don't have that specific data in front of me, but I believe we do have the ability to provide that based on the data that we currently collect.

UNKNOWN CALLER: I'm just trying to understand the depth and the breadth of the problem.

MR. BUCHEN: The overall number of retailers, given that there's, you know, more than 23,000 retailers, it's not an insignificant amount of retailers that have experienced theft. I don't know that it's, you know, half, but it's a significant number, and then, as far as the actual amount, we'll have to look deeper into that area, and I see that Jeremy, the Deputy Director of Security and Law Enforcement is going to phone our friend here and help me out.

MR. LINSON: Hello, good morning, once again. My name is Jeremy Linson. I work with the Security and Law Enforcement Division; I'm the Deputy Director. We have, with the newly created Ticket Theft Committee, we have begun taking a closer look at all these numbers. We had experienced at times one theft within a hundred retailers at some point, and we are closely monitoring that every month.

We are happy to see some steady decline in the last month, to where we're in about one in every 200 retailers right now. Because this data is fairly new, with the directive of Director Johnson, we will hopefully, within a year, be able to come up with a total loss for the Lottery. But as for right now, that is the percentage is where we sit.

UNKNOWN CALLER: Thank you. That's super-helpful. I have just one more question; I'm sorry. So, has there been a study, as far as, like, looking at root cause access? So, are there any commonalities around how folks access? It seems like Lottery tickets are generally pretty secure. So, is there any sort of evaluation on any commonalities around access?

MR. LINSON: Outstanding question. We are looking at all the aspects on which the majority of people get to our Lottery Scratchers in general. The majority, in our very short time that we've been collecting this data, it looks like the majority of the thefts occur after hours through broken glass into the retailer. So, with that, like I said, we've only been collecting this information since April, so with that, we will continue to collect the information and analyze it and get this information out to the retailers the best we can to protect themselves and all of their products within.

UNKNOWN CALLER: Thank you. Just trying to

understand the problem. Sounds like you're doing a great job of addressing it.

VICE CHAIR STERN: Great, thank you for your questions. Does any other member of the public want to address the Commission at this time regarding Action Item 8b? Hearing none, do I hear a motion to approve Action Item 8b, to approve changes to stolen tickets regulation and policy?

COMMISSIONER MILLS: So moved.

COMMISSIONER KIRTMAN: Second.

VICE CHAIR STERN: Thank you. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes. Okay.

MR. BUCHEN: Thank you very much, and thank you, Jeremy.

VICE CHAIR STERN: Great. Thank you, Nick. Thank you, Jeremy. We're now moving to Item 8c, Action Item 8c, Termination of Stanley Convergent Security Solutions, Inc. Contract. Jeremy, the floor is yours.

MR. LINSON: All right. Good morning,

Commissioners. Thank you so much for this opportunity. I'm very excited to discuss this early contract termination request today. This is a great example of our Lottery team working tirelessly together for a common goal, and that goal would be to provide the best possible safety and security for the best price. This has been a long road to get where we are today. It took a lot of tenacity and hard work from my team in just about every Lottery division. After nearly a year of comprehensive analysis of the performance of the Lottery's security system services, including a cost analysis with the proposed rate increases, the Lottery has decided to create two in-house positions to oversee the Lottery's security system. These created positions were previously approved by the Commission in June of 2020, and it will complete the day-to-day operations that were once completed by Stanley-embedded technicians without a reduction in service or security. A 30-day notice of contract termination with Stanley Convergent Security Solutions was delivered on September 1st, 2020 per our contract requirements. The contract will be terminated on October 1st, 2020 with approval one month before the actual termination date of this contract. I just wanted to briefly provide a little background of how we got to where we are right now. The Lottery released a Request for Proposals on January 21st, 2020. The Lottery only received one formal

proposal, which was from Stanley. A new proposal was for the same services rendered; however, Stanley's bid was for an increased amount of \$66,600 per month, which is approximately \$29,000 over the price the Lottery was paying previously. SLED staff negotiated this increase with Stanley management, and their management team agreed to lower their proposal by 10 percent, which would still be an increase of approximately \$22,000 for the Lottery per month. In good faith, SLED was unable to successfully come to an amicable agreement with Stanley. Following the collaboration with other Lottery divisions, SLED was able to identify that routine maintenance work and services can be performed by civil service classifications within the Lottery. These positions will assist SLED when needed for installations, repair work in our district offices and distribution centers Statewide. Like I said, we conducted a cost analysis, and this analysis was conducted based on the proposed Stanley contract expenses and the annual salary benefit cost of the two internal positions. This analysis revealed the cost of Stanley contract for one year for two embedded technicians was \$720,000. The annual salary and benefits for an Information Technology Specialist I and an Information Technology Specialist II is \$147,732. The Lottery will also save additional money with purchases of equipment upgrades, as SLED will no longer have to pay the

markup as previously outlined in the contract with Stanley. The Lottery elected to terminate the contract before the expiration date of October 30th, 2020 and has complied with the contract. It is our recommendation that the Commission ratify the early termination of this existing contract with Stanley. Selections have been made for the two internal positions, and they will transition to the environment effective October 2nd, 2020. This early termination will save the Lottery over \$25,000 in just one month in support of the Lottery's mission to provide supplemental funding to education. And I'm open to answer any questions if there are any.

VICE CHAIR STERN: Thank you, Jeremy. Do any of the Commissioners have any questions or comments on Action Item 8c?

COMMISSIONER KIRTMAN: None from me.

COMMISSIONER MILLS: All right, Commissioner Stern, this is Commissioner Mills. I just want to comment and express my appreciation for the care and diligence that went into this review and that created the outcome to determine that we can do this ourselves, probably better and certainly much more cost-effectively, and so I think it's -- we're always looking for ways to be good stewards of the public funds and maximize our contribution to education, and I think this is a great example of an organization coming

together it sounds like across many, many divisions within the organization to address an issue and come to what sounds like a really better decision and a better outcome for the Lottery's operations. So, I just thank you for that work.

MR. LINSON: Thank you, Commissioner Mills.

VICE CHAIR STERN: Thank you, Commissioner Mills.

Any additional questions or comments from the Commission? Hearing none, 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 approve Action Item 8c, Termination of Stanley Convergent Security Solutions, Inc. Contract?

COMMISSIONER MILLS: Move to approve.

COMMISSIONER KIRTMAN: Second.

VICE CHAIR STERN: Thank you. Will the Secretary please call the roll?

MS. TOPETE: Commissioner Kirtman?

COMMISSIONER KIRTMAN: Yes.

MS. TOPETE: Commissioner Mills?

COMMISSIONER MILLS: Yes.

MS. TOPETE: Vice Chair Stern?

VICE CHAIR STERN: Yes. Great, thank you. We're now moving to Item Number 10, Commissioner General Discussion. Do any Commissioners have any topics they would like to discuss amongst the group or bring up at this time?

COMMISSIONER MILLS: Nothing from me.

COMMISSIONER KIRTMAN: Nothing from me as well.

VICE CHAIR STERN: Okay. Thank you. Moving to Item 11. This is an informational item. We've tentatively scheduled a Commission Meeting for November 19th, 2020. There is nothing to action or approve here unless there's any objections to that date or comments. Hearing none, we'll move to Item Number 12, the next item on the agenda is Public Discussion. Comments are limited to three minutes per person. Does anyone want to address the Commission at this time? I am hearing none. So, unless there's any other comments from the team here, we can move to Item Number 13, which is adjourn the meeting.

DIRECTOR JOHNSON: Mr. Chairman?

VICE CHAIR STERN: Yes, sir.

DIRECTOR JOHNSON: I just wanted to take a brief opportunity to recognize the tremendous work that the entire Lottery family has been putting in the last several months, dating back to the start of the pandemic but especially through the summer as we've faced challenges we've never seen before, and they've really stepped up to the challenge and helped serve our mission. We are still in the middle of this, and our folks are still working on solutions, but we're working together, and I think the spirit shows in the great work that the whole Lottery family is doing, and I

just want to recognize them for their accomplishments.

VICE CHAIR STERN: Yeah, thank you so much for your comments. I can echo your comments, just with the tremendous work that the team has done to weather these difficult times. So, appreciate all the dedication and hard work, so thank you very much.

COMMISSIONER MILLS: Mr. Stern, I move to adjourn.

VICE CHAIR STERN: Terrific. Okay, well, thank you, everyone. The meeting is adjourned. Have a great day, everyone. (End of Recording)

(MEETING ADJOURNED)

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