

CALIFORNIA STATE LOTTERY COMMISSION
Minutes – June 20, 2019
Sacramento, California

1. Call to Order

Chairman Gregory Ahern called the public meeting of the California State Lottery Commission to order at 10:05 a.m. at California State Lottery Headquarters, 700 North 10th Street, Sacramento, CA 95811.

2. Pledge of Allegiance

Ahern led the Pledge of Allegiance.

3. Roll Call

Ahern asked Elisa Topete to call the roll.

Commission Members Present:

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

CSL Staff and Presenters:

Alva V. Johnson, Director
Roberto Zavala, Deputy Director of Internal Audits
Sharon Allen, Deputy Director of Sales and Marketing
Jim Hasegawa, Deputy Director of Business Planning
Susan Myers, Chief Counsel
Paula Negrete, Deputy Director of External Affairs
Nicholas Buchen, Deputy Director of Finance
Elisa Topete, Assistant to the Commission
Rebecca Estrella, Recording Secretary

4. Consider Approval of the Agenda

Ahern asked if any of the Commissioners wanted to make changes to the June 20, 2019 agenda as proposed. Kirtman made the motion to approve the agenda; seconded by Libang-Bobila. The agenda passed unanimously (3-0).

5. Approval of Minutes

Ahern asked if there were any additions or corrections to the March 28, 2019 minutes. Kirtman made the motion to approve the minutes; seconded by Libang-Bobila. The minutes passed unanimously (3-0).

6. Director's Report

a. Director's Comments

7. Consent Calendar

8. Action Items

a. Department of Rehabilitation Interagency Agreement

Staff requested approval for an interagency agreement with the Department of Rehabilitation to provide accessibility inspections of retail locations and consulting services as part of the Lottery's Retailer Access Program. The interagency agreement would be for three years with an option to extend for an additional three-year period. Presented by Roberto Zavala, Deputy Director of Internal Audits.

Ahern asked if anyone from the audience had any questions on Action Item 8(a). No one came forward, so he proceeded to the motion of approval.

Libang-Bobila made the motion to approve Action Item 8(a); seconded by Kirtman. The motion passed unanimously (3-0).

b. Scientific Games International, Inc. Instant Ticket Printing Contract Amendment

Staff requested approval to increase the expenditure authority for the initial contract term and an extension of Scientific Games International's instant ticket printing contract for three years to November 30, 2022. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

Ahern asked if anyone from the audience had any questions on Action Item 8(b). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(b); seconded by Libang-Bobila. The motion passed unanimously (3-0).

c. IGT Global Solutions Corporation Instant Ticket Printing Contract Amendment

Staff requested approval of the extension of IGT's instant ticket printing contract for three years to November 30, 2022. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

Ahern asked if anyone from the audience had any questions on Action Item 8(c). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(c); seconded by Libang-Bobila. The motion passed unanimously (3-0).

d. Pollard Banknote Limited Instant Ticket Printing Contract Amendment

Staff requested approval of an increase in expenditure authority for the proposed extension of Pollard Banknote Limited's instant ticket printing contract for three

years to November 30, 2022. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

Ahern asked if anyone from the audience had any questions on Action Item 8(d). No one came forward, so he proceeded to the motion of approval.

Libang-Bobila made the motion to approve Action Item 8(d); seconded by Kirtman. The motion passed unanimously (3-0).

e. Marketing Promotions and Point-of-Sale Services Contract Extension and Contract Amendment

Staff requested approval to exercise a second available one-year extension of the Alcone Marketing Group (Alcone) contract to August 31, 2020 and additional funding. Alcone assists the Lottery in the development and design of POS materials and with marketing promotions for Lottery products distributed at more than 23,000 retail locations statewide. Presented by Sharon Allen, Deputy Director of Sales and Marketing.

Ahern asked if anyone from the audience had any questions on Action Item 8(e). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(e); seconded by Libang-Bobila. The motion passed unanimously (3-0).

f. Fiscal Year 2019-20 Business Plan

Staff requested approval of the 2019-20 Business Plan (Plan). The initiatives contained in the FY 2019-20 Plan will allow the Lottery to achieve increased sales and profits. Additionally, the elements of the Plan will prepare the Lottery for future growth. Presented by Jim Hasegawa, Deputy Director of Business Planning.

Ahern asked if anyone from the audience had any questions on Action Item 8(f). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(f); seconded by Libang-Bobila. The motion passed unanimously (3-0).

g. Stanley Convergent Security Solutions Contract Amendment

Staff requested approval for an amendment to the Stanley Convergent Security Solutions (Stanley) contract to exercise the option to extend the term for two years through August 31, 2021, add additional services of a second embedded technician and add funding. Stanley provides maintenance and technical support of the Lottery's physical security systems equipment and software. Presented by Susan Myers, Chief Counsel.

Ahern asked if anyone from the audience had any questions on Action Item 8(g). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(g); seconded by Libang-Bobila. The motion passed unanimously (3-0).

h. Interagency Agreement with the Department of Public Health's Office of Problem Gambling

Staff requested approval of a new two-year Interagency Agreement with the California Department of Public Health's Office of Problem Gambling, effective July 1, 2019 through June 30, 2021. The agreement allows the Lottery to work directly with the state's problem gambling experts, gain insights from their research, and work collaboratively in the promotion of the Helpline. Presented by Paula Negrete, Deputy Director of External Affairs.

Ahern asked if anyone from the audience had any questions on Action Item 8(h). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(h); seconded by Libang-Bobila. The motion passed unanimously (3-0).

i. Fiscal Year 2019-20 Budget

Staff requested approval of the Fiscal Year 2019-20 Budget which contains sales goals of \$7.295 billion and, combined with the other elements in the budget, is estimated to generate \$1.66 billion in contributions to California public schools. Presented by Nicholas Buchen, Deputy Director of Finance.

Ahern asked if anyone from the audience had any questions on Action Item 8(i). No one came forward, so he proceeded to the motion of approval.

Kirtman made the motion to approve Action Item 8(i); seconded by Libang-Bobila. The motion passed unanimously (3-0).

9. Commissioner General Discussion

Ahern stated that the Commission will elect its Chairperson and Vice Chairperson at the September Commission Meeting. A Commissioner can self-nominate or nominate another Commissioner to serve in either role.

10. Scheduling Next Meetings

The next Commission Meetings are tentatively scheduled for September 26, and November 21, 2019, in Sacramento.

11. Public Discussion

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

12. Adjournment

Meeting adjourned at 11:25 a.m.