

CALIFORNIA STATE LOTTERY COMMISSION

Minutes – December 8, 2022

Sacramento, California

1. Call to Order

Vice Chair Peter Stern called the meeting of the California State Lottery Commission to order at 10:00 a.m.

2. Pledge of Allegiance

Vice Chair Stern led the Pledge of Allegiance.

3. Roll Call

Vice Chair Stern asked Rebecca Estrella to call the roll.

Commission Members Present:

Vice Chair Peter Stern

Commissioner Keetha Mills

Commissioner Tiffani Alvidrez

Commissioner Anthony Garrison-Engbrecht

California State Lottery staff and presenters:

Alva Johnson, Director

Fernando Aceves, Chief Counsel

Jennifer Chan, Deputy Director of Information Technology Services

Rebecca Estrella, Recording Secretary

4. Consider Approval of the Agenda

Vice Chair Stern asked if any of the Commissioners wanted to make any changes to the December 8, 2022, proposed agenda. Commissioner Mills made the motion to approve the agenda and was seconded by Commissioner Garrison-Engbrecht. The agenda passed unanimously.

5. Approval of the Minutes

Vice Chair Stern asked if there were any additions or corrections to the September 29, 2022, minutes. Commissioner Alvidrez made the motion to approve the minutes of the September 29, 2022, Commission Meeting and was seconded by Commissioner Mills. The minutes passed unanimously.

6. Informational Items

a. Director's Comments

Director, Alva Johnson, provided an estimate of over \$3.8 billion in sales through November 28th, outperforming the sales goal by 18%. Scratchers[®] distribution sales through late November are totaling \$2.5 billion, which is 4% ahead of goal. The multi-state games, which include Powerball[®] and Mega Millions[®], have offered

jackpots over \$1 billion since June. With the exceptional jackpots, both games have sales well above goal and last year's sales. Total sales for Powerball are now just \$20 million shy of its full annual goal this year, and Mega Millions is roughly \$50 million short.

Through late November, sales for California's in-state jackpot game, SuperLotto Plus®, are over \$100 million. Hot Spot®, and the Daily Games, which include Daily 3, Daily 4, Fantasy 5, and Daily Derby® are pacing 6% ahead of goal so far this year.

The contribution to public education figures are based on the Lottery's monthly cumulative financial sales report through October 31st and four months into the fiscal year, total sales are running 12% ahead of its goal. While it doesn't include sales for the week when the Powerball jackpot was over \$2 billion, the strong sales and profits from jackpot games so far this year have pushed the contributions to education estimate to 28% over expected. Estimated contributions are currently over \$700 million.

Director Johnson provided information on the record-setting \$2.04 billion Powerball jackpot, with the only winning ticket coming from California. Mr. Johnson also shared results of the national lottery sales from the prior fiscal year and stated that California remained the state with the second highest sales in the U.S. In terms of lottery sales growth, California had the 3rd best sales growth rate, with a 5% increase in total sales. Approximately 60% of the U.S. lotteries in Fiscal Year 2022 saw a decline in total sales compared to the prior fiscal year. He also provided some other highlights and rankings from the most recent fiscal year's lottery industry.

Director Johnson thanked the entire Lottery team for the hard work from each and every employee and stated he was proud of the teamwork from every division that made all of these successes possible. Lastly, Mr. Johnson paid tribute to Lottery Sales Manager Mike Vaday, who was going to be retiring at the end of the year. Mr. Vaday was an original Lottery employee, beginning in August of 1985.

Commissioner Keetha Mills asked what the Lottery's contribution to education was in 2022. Director Johnson stated that it was close to \$2 billion and before that it was \$1.8 billion. Ms. Mills asked if there were any best practices that staff could learn from other states to continue to increase our contribution to education. Mr. Johnson invited Jim Hasegawa, Deputy Director of Business Planning, to speak on that point. Mr. Hasegawa stated that sales from other states are of traditional lottery products, such as the ones from California. However, New York is number one in the U.S. because their financials for the contributions to their beneficiary are not broken out by just traditional lottery products, but also video lottery terminals. Video lottery terminals are essentially like slot machines that are run in New York at various racetrack venues.

7. Consent Calendar

8. Action Items

a. DocuSign Renewal

Jennifer Chan, Deputy Director of Information Technology Services, requested Commission approval to renew the subscription and support services for DocuSign, Inc.'s digital signature technology to support enterprise-wide electronic signature processes and implementation and customization services.

Commissioner Mills made the motion to approve Action Item 8(a) and it was seconded by Commissioner Garrison-Engbrecht. Vice Chair Stern abstained from voting and the motion passed 3-0.

b. Juniper Network Hardware Refresh

Jennifer Chan, Deputy Director of Information Technology Services, requested Commission approval to replace the aging Juniper network infrastructure and to procure Juniper network software and support before the current Juniper equipment and support is no longer available from the manufacturer.

Commissioner Mills made the motion to approve Action Item 8(b) and was seconded by Commissioner Garrison-Engbrecht. The motion passed unanimously.

c. Microsoft Enterprise Licensing Agreement Renewal

Jennifer Chan, Deputy Director of Information Technology Services, requested Commission approval to enter a new three-year agreement to renew the Microsoft Enterprise Licensing Agreement (MELA) subscription. The MELA program is an agreement that allows the Lottery to manage and forecast software technology costs in advance.

Commissioner Mills stated that she appreciated the fact that staff are utilizing contracts that have already gone through the public bidding process by the State of California. It creates efficiencies for the Lottery in many ways. The Lottery doesn't have to go out to their own bid process as an agency and it can also stay focused on creating additional funding for public education. Lastly, it also helps save costs because the State of California can get a much better price than the Lottery Commission would be able to get going out on their own.

Vice Chair Stern stated that he forgot to ask for public comment on the two previous Action Items and asked if anyone from the audience had any questions on Action Items 8(a), 8(b) and 8(c). No one came forward, so he proceeded to the motion.

Commissioner Mills made the motion to approve Action Item 8(c) and was seconded by Commissioner Garrison-Engbrecht. The motion passed unanimously.

9. Commissioner General Discussion

Vice Chair Stern stated that he would be stepping down from the California State Lottery Commission. He thanked the Lottery staff and Director Johnson on doing an incredible job and also thanked his fellow Commissioners.

10. Scheduling Next Meetings

The next Commission Meetings are tentatively scheduled for February 2, March 30, May 25, and June 29, 2023.

11. Public Discussion

For Public Discussion, Vice Chair Stern sought public comments or questions. No one came forward.

12. Adjournment

Meeting adjourned at 10:28 a.m.