

# CALIFORNIA STATE LOTTERY COMMISSION

Minutes – November 18, 2021

Sacramento, California

## 1. **Call to Order**

Chairman Gregory Ahern called the meeting of the California State Lottery Commission to order at 10:00 a.m. The meeting was held via Microsoft Teams and teleconference.

## 2. **Pledge of Allegiance**

Chairman Ahern led the Pledge of Allegiance.

## 3. **Roll Call**

Chairman Ahern asked Elisa Topete to call the roll.

Commission Members Present:

Chairman Gregory Ahern

Commissioner Peter Stern

Commissioner Nathaniel Kirtman

Commissioner Keetha Mills

California State Lottery staff and presenters:

Alva V. Johnson, Director

Fernando Aceves, Chief Counsel

Jeremy Linson, Acting Deputy Director of Security and Law Enforcement

Sara Sheikholislam, Deputy Director of Internal Audits

Jennifer Chan, Deputy Director of Information Technology Services

Tiffany Donohue, Deputy Director of Operations

Elisa Topete, Assistant to the Commission

## 4. **Consider Approval of the Agenda**

Chairman Ahern asked if any of the Commissioners wanted to make changes to the November 18, 2021 proposed agenda. Commissioner Keetha Mills made the motion to approve the agenda and was seconded by Commissioner Nathaniel Kirtman. The agenda passed unanimously.

## 5. **Approval of the Minutes**

Chairman Ahern asked if there were any additions or corrections to the September 23, 2021, minutes. Commissioner Peter Stern made the motion to approve the minutes of the September 23, 2021, 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 Lottery sales through Saturday, November 6<sup>th</sup>, coming in at \$3 billion. Sales trended 17% higher than Lottery sales over the same time period last fiscal year. Scratchers<sup>®</sup> distribution sales are over \$2.5 billion, which is 11% ahead of goal and 13% 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<sup>®</sup> and Mega Millions<sup>®</sup>, have started this fiscal year with almost \$350 million. This is 18% higher than goal but an amazing 87% higher than last fiscal year's sales during the same time of year. SuperLotto Plus is tracking slightly higher than goal and now 13% higher than last year's sales.

The Daily Games, which include Daily 3, Daily 4, Fantasy 5 and Daily Derby<sup>®</sup>, have combined sales over \$150 million and are running very close to their category goal. Hot Spot's<sup>®</sup> sales through early November are over \$140 million and is pacing both above goal and last fiscal year's sales.

Contributions to public education figures are based on the Lottery's monthly cumulative financial sales report through September 30<sup>th</sup>, as the October financials were not yet available when preparing for today's meeting. At the end of the first quarter, total sales are running 13% ahead of its goal. Estimated contributions to education are over \$523 million or about 16% ahead of our goal through the end of September.

The Lottery's 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, will likely be the Lottery's all-time record in terms of dollars going to California public education. Given the challenges resulting from the pandemic that everyone faced both professionally and personally, this achievement is a testament to the tremendous dedication and hard work put forth by every Lottery employee.

Chairman Ahern stated that every position is important in ensuring the entire operation continues to run smoothly and also thanked staff for their hard work and Director Johnson's leadership.

## **7. Consent Calendar**

## **8. Action Items**

### **a. Approval of Two-Year Contract Amendment with Securitas Security Services, Inc.**

Acting Deputy Director of Security and Law Enforcement, Jeremy Linson, requested Commission approval to exercise the option to extend the security guard services contract for an additional two years to ensure continuous uniformed security guard coverage at all California State Lottery facilities.

Commissioner Mills stated that there was a similar item that was presented at the last Commission meeting and asked Mr. Linson to differentiate what was approved at the last meeting versus what was being asked for Commission approval today. Mr. Linson stated that Commission approval was required at the last meeting because the contract that was signed in 2016 ran out of funds because of the expanded services being supplied by Securitas. Because of COVID-19, the Lottery has required security services at all nine of the district offices. Also, the minimum wage, which is controlled by the California Department of Human Resources in the State of California, has been changed over the years. Approval was needed to get the Lottery to the end of the contract term and because of the previously approved amendment, the contract now needs to be extended two additional years to utilize their services.

Chairman 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.

Commissioner Stern made the motion to approve Action Item 8(a) and it was seconded by Commissioner Mills. The motion passed unanimously.

### **b. Audit Committee Charter Approval**

Deputy Director of Internal Audits, Sara Sheikholislam, requested Commission approval to review and approve the revised Audit Committee Charter. The American Institute of Certified Public Accountants and the Institute of Internal Audits recommend the audit committee formation and activity be formalized in a charter for transparency and accountability.

Commissioner Mills stated that the approval of the charter is an important part of the Lottery's compliance structure and as Chair of the Audit Committee, she and Commissioner Stern are looking forward to assisting the committee with putting processes and procedures in place.

Chairman 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.

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

c. DocuSign – Digital Software Technology

Deputy Director of Information Technology Services, Jennifer Chan, requested Commission approval to enter into a one-year agreement to renew the subscription and support services for DocuSign digital signature technology to support enterprise-wide electronic signature processes.

Commissioner Stern asked Ms. Chan to clarify why the Lottery is requesting a one-year renewal term versus a multi-year term. Ms. Chan explained that staff did not want to commit beyond a one-year term to allow the Lottery the opportunity to evaluate other products and competitive technologies next year.

Chairman 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.

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

d. Ratification of Lottery Master Agreement with Enterprise Fleet Management Program to Acquire Leased Vehicles

Deputy Director of Operations, Tiffany Donohue, requested Commission approval for the ratification of the Master Lease Agreement with Enterprise Fleet Management Trust to acquire 88 vehicles for 60-month lease terms to sustain critical Lottery operations.

Chairman Ahern thanked Ms. Donohue for their advance planning of the needed fleet for Lottery staff. Paulina Vasquez, SEIU Union Steward and Lottery District Sales Representative, also thanked Ms. Donohue on her work in acquiring the new fleet to replace aging and high-mileage vehicles.

Chairman 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.

Commissioner Stern made the motion to approve Action Item 8(d) and was seconded by Commissioner Kirtman. The motion passed unanimously.

**9. Commissioner General Discussion**

**10. Scheduling Next Meetings**

The next Commission Meetings are tentatively scheduled for January 27, March 17, May 26 and June 30, 2022.

**11. Public Discussion**

For Public Discussion, Chairman Ahern sought public comments or questions. Russell Sehn, SEIU Union Steward and Lottery District Sales Representative, and Adela Pattison, Lottery District Sales Representative voiced their concerns regarding the Lottery's Equal Employment Opportunity Department and asked that Director Johnson evaluate the effectiveness and efficiency of the department. Ms. Vasquez shared her concerns over the Lottery's new courier service.

**12. Adjournment**

Meeting adjourned at 10:45 a.m.