

California State Lottery Commission

Minutes – March 27, 2025

Sacramento, California

1. Call to Order

Commissioner Chair Anthony Garrison-Engbrecht called the meeting of the California State Lottery Commission to order at 10:01 a.m.

2. Pledge of Allegiance

Chairman Garrison-Engbrecht led the Pledge of Allegiance.

3. Roll Call

Chairman Garrison-Engbrecht asked Farida Sarwari to call the roll.

Commission Members Present:

Chairman Anthony Garrison-Engbrecht

Vice Chair Keetha Mills

Commissioner Tiffani Alvidrez

California State Lottery Staff and Presenters:

Harjinder K. Shergill-Chima, Director

Fernando Aceves, Chief Counsel

Sara Sheikholislam, Deputy Director, Internal Audits

Jean Cooper, Deputy Director, Operations Division

Chris Lopez, Acting Deputy Director, Information Technology Services Division

Jim Hasegawa, Deputy Director, Business Planning & Research

Nicholas Buchen, Deputy Director, Finance

Rebecca Estrella, Recording Secretary

Farida Sarwari, Assistant to the Commission

4. Consider Approval of the Agenda

Chairman Garrison-Engbrecht asked if the Commissioners had any suggestions or changes to today's agenda. There were no changes, so Commissioner Mills made the motion to approve the agenda, and it was seconded by Commissioner Alvidrez. The motion passed unanimously.

5. Approval of Minutes

Chairman Garrison-Engbrecht asked if there were any corrections to the minutes of the January 23, 2025, Commission meeting. No corrections were noted.

Commissioner Alvidrez made the motion to approve the minutes, and it was seconded by Commissioner Mills. The motion passed unanimously.

6. Informational Items

a. Directors Comments:

Director Chima provided an update on the Lottery sales, stating California has provided over \$1 billion in supplemental education funding for the 25th consecutive year, with \$1.28 billion contributed so far this fiscal year—just \$11 million short of the mid-year goal toward the \$2.08 billion annual target. Sales through mid-March totaled over \$6.2 billion, slightly behind projections due to underperforming Powerball sales, although this is expected to improve as jackpots grow. Other games like Mega Millions, Daily Games, and Scratchers are outperforming goals, with Scratchers up 3% compared to last year.

In industry rankings, California is now second in total lottery sales for Q2, just \$11 million behind Florida, closing a gap that was \$133 million the previous year. California led all U.S. states in Scratchers sales for Q2, overtaking Texas and Florida thanks to faster growth (5% increase vs. 3–4% in other states). For draw games, California ranked third behind New York and Florida, boosted by a \$1.2 billion Mega Millions jackpot won in-state. California also led the nation in sales for Mega Millions and Powerball in Q2. Hot Spot sales ranked sixth nationally.

Overall, for the first half of the fiscal year, California holds second place in total sales, narrowly trailing Florida. Put into perspective, California sells over \$160 million worth of lottery tickets in a typical week. So, \$13 million represents less than one day of sales for California, so we can overtake Florida.

Director Chima also stated that five new Scratchers games were launched, including the popular Monopoly-themed series at the \$2, \$5, and \$20 price points. These games have consistently ranked among the top sellers each year they've been released.

Additionally, enhancements to the Mega Millions game—approved by the commission in January—will go live on April 5, 2025. These changes aim to differentiate Mega Millions from other draw games, increase player interest, and drive higher sales to boost public education funding. To support the launch, the National Mega Millions Consortium issued a press release and an integrated marketing campaign is underway. This

campaign will officially roll out with the game update and include paid advertising, player communications, and in-store signage at retail locations.

Commissioner Mills asked what the estimated contribution to education was as a result of all these sales successes, and Director Chima responded with an estimate of \$2.08 billion for this year.

7. Consent Calendar

There were no items on the consent calendar.

8. Action Items

- a. Interagency Agreement with the Department of Rehabilitation
The California Lottery is seeking approval for a five-year, \$2.14 million Interagency Agreement with the Department of Rehabilitation to continue providing accessibility inspections and consulting services through its Retailer Access Program. This program ensures lottery retailers comply with disability access requirements.

The Department of Rehabilitation has provided these services since 2013, offering high-quality inspections and customer service. The current agreement expires on June 30, 2025. The proposed new agreement would run from July 1, 2025, to June 30, 2030, with an optional three-year extension.

Commissioner Mills asked how we know if we're getting the best value? Deputy Director Sara Sheikholislam responded, stating the Lottery considered handling accessibility inspections in-house, but determined that contracting with the Department of Rehabilitation is more cost-effective. The department charges per inspection and by time spent, rather than requiring full-time salaries, making the arrangement a better value.

With no public comment, Commissioner Mills moved to approve action item 8(a) and was seconded by Commissioner Alvidrez. The motion passed unanimously.

- b. Adobe Enterprise Term License Agreement Renewal
The Lottery is requesting approval to renew its Adobe Enterprise Term License Agreement for two years (April 11, 2025 to April 10, 2027) at a total cost of \$514,365. The agreement covers essential software tools, including Adobe Acrobat Pro, Creative Cloud Pro Suite, Stock Enterprise, and Frame IO, which supports multimedia creation and operational efficiency.

Due to business growth, more licenses are needed, pushing costs above the commission approval threshold. Renewing now secures favorable pricing through leveraged procurement and the lowest bid submitted by Allied Network Solutions, Inc.

Commissioner Alvidrez inquired about the procurement process and Acting Deputy Director Lopez explained that the Lottery is using the state's software licensing program, which leverages the states bargaining power to secure competitive rates and ensures the Lottery is getting the best value.

With no public comment, Commissioner Mills moved to approve action item 8(b) and was seconded by Commissioner Alvidrez. The motion passed unanimously.

c. Sharp Copier Maintenance Contract Amendment

The Lottery is requesting approval to increase the expenditure authority of its Sharp Copier Maintenance Contract by \$20,000, raising the total to \$269,554.45. This increase is needed due to higher-than-anticipated copier usage, which is expected to exceed the current overage allowance before the contract ends in May 2027. The amendment will ensure sufficient funds to cover projected costs for the remainder of the contract term.

With no questions from the Commission and no public comment, Commissioner Alvidrez moved to approve action item 8(c) and was seconded by Commissioner Mills. The motion passed unanimously.

d. Communications Effectiveness Tracking Study Contract Extension - Alter Agents

The California Lottery is requesting commission approval for a one-year extension of its Communication Effectiveness Tracking Study contract with Alter Agents, along with a \$300,000 increase in expenditure authority. The extension would cover June 1, 2025, through May 31, 2026, bringing the total contract value to \$1.9 million. This study is a core part of the Lottery's market research, tracking public attitude and player demographics, and helping assess marketing effectiveness. Alter Agents has provided reliable, cost-effective service since the contract began in 2021. Extending the contract will maintain current pricing despite rising research costs elsewhere.

Commissioners discussed the language inclusivity and usefulness of the Lottery's Communication Effectiveness Tracking Study. Commissioner Alvidrez asked if the survey has always been conducted in English and

Spanish (it has, as far as staff can recall) and whether more languages could be added based on player demographics. Staff confirmed the current contract includes options for additional languages (e.g., certain Asian languages), though not used regularly due to cost. They agreed to provide more detailed demographic data and cost comparisons for potential language expansions.

Commissioner Mills added that having more informational items in advance (like language coverage and data usage) would help the Commission make better-informed decisions. Staff acknowledged that much of this data is included in the business plan, though not always labeled by study source, and agreed to consider adding more clarity moving forward.

With no public comment, Commissioner Alvidrez moved to approve action item 8(d) and was seconded by Commissioner Mills. The motion passed unanimously.

e. **Weaver & Tidwell, LLP Contract Extension**

The Lottery is requesting approval to extend its contract with Weaver for one year and increase the contract's expenditure authority by \$178,000. Weaver provides independent financial audit services, as required by the Lottery Act, and has been under contract since 2022. The amendment would extend the contract through March 31, 2026, and raise the total contract amount of \$728,000. Weaver has consistently delivered high-quality service and met all deadlines.

With no questions from the Commission and no public comment, Commissioner Mills moved to approve action item 8(e) and was seconded by Commissioner Alvidrez. The motion passed unanimously.

9. Commissioner General Discussion

The were no items brought up for discussion.

10. Scheduling Next Meetings

The next Commission Meeting dates are tentatively scheduled for May 22nd, June 26th, September 25th and November 20th, all to be held in Sacramento.

11. Public Discussion

Two members of SEIU Local 1000, addressed the Lottery Commission to raise

concerns about leadership and workplace culture within the California State Lottery.

12. Adjournment

Chairman Garrison-Engbrecht adjourned the meeting at 10:43 a.m.