

## California State Lottery Commission

Minutes – March 26, 2026

Sacramento, California

### 1. Call to Order

Commissioner Chair Anthony Garrison-Engbrecht called the meeting of the California State Lottery Commission to order at 10:05 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

Commissioner Ukau Dungca

#### California State Lottery Staff and Presenters:

Harjinder K. Shergill-Chima, Director

Fernando Aceves, Chief Counsel

Nicholas Buchen, Deputy Director, Finance

Chris Lopez, Deputy Director of Information Technology Services Division

Sharon Allen, Deputy Director, Sales and Marketing Division

Farida Sarwari, Assistant to the Commission

### 4. Consider Approval of the Agenda

Chairman Garrison Engbrecht asked the Commissioners if there were any proposed changes to the day's agenda. Hearing none, Commissioner Alvidrez made a motion to approve the agenda, and Commissioner Mills seconded the motion.

### 5. Approval of Revised Minutes of November 20, 2025

Chairman Garrison-Engbrecht asked if there were any corrections to the revised minutes of November 20, 2025. Hearing none, Commissioner Mills made a motion to approve the agenda, and Commissioner Dunga seconded the motion.

### 6. Approval of Minutes

Chairman Garrison-Engbrecht asked if there were any corrections to the minutes of the January 22, 2026, Commission meeting. Hearing none, Commissioner Dungca made a motion to approve the agenda, and Commissioner Mills

seconded the motion.

**7. Informational Items**

a. Director's Comments

Director Chima reported that fiscal year sales through mid-March exceeded \$6.6 billion, surpassing goals, with most games meeting or exceeding expectations. She noted that Scratchers, Powerball, SuperLotto Plus and Hot Spot are driving year-over-year growth and highlighted a Hot Spot promotion (the first in 10 years) that has led to record weekly sales.

Ms. Chima stated that estimated contributions to education totaled \$1.4 billion through February, \$100 million above the goal and more than \$150 million higher than last year's total. She explained that California ranked #1 in Q1 among U.S. lotteries but dropped to #2 in Q'2, with Florida surpassing it by over \$150 million in sales.

Large Powerball and Mega Millions jackpots drove increased sales nationwide during the fall, with California's overall growth of about 3% aligning with national averages. Ms. Chima noted that Scratcher sales have declined since late November, reflecting a broader nationwide trend likely influenced by economic and competitive factors.

She explained that Florida's stronger performance was largely due to growth in instant ticket sales, potentially driven by the introduction of a new \$50 game. Commissioner Alvidrez commented on competitiveness with Florida, while Director Chima affirmed that overall numbers remain strong despite the ranking shift.

**8. Consent Calendar**

There were no items on the consent calendar.

**9. Action Items**

a. Request to Add Positions to the Finance Division

Deputy Director Buchen requested Commission approval for two permanent positions in the Lottery's Finance Division, one in the tax unit and one in the budget unit.

Mr. Buchen explained that the tax unit is responsible for remitting federal taxes on prize winnings and issuing tax forms. Due to increased claimable prizes and higher-priced Scratchers, the workload has grown while staffing has remained the same, limiting the team's ability to improve processes and efficiency. He stated that adding a new tax analyst position would allow the

team to shift from a reactive to a proactive approach, strengthening tax compliance, reducing risk, improving customer service, and adapting to ongoing changes in tax laws.

Mr. Buchen noted the urgency of filling this position now to allow time for recruitment and training before the 2026 tax year-end process, given the complexity of the role.

Regarding the Budgets Unit, he requested converting an existing limited-term position to permanent, explaining that the work has evolved into an ongoing need due to expanded responsibilities in data analytics, forecasting tools, and system management. He stated that making the position permanent would support stronger financial planning, data management, and allocation of resources.

The total estimated costs is approximately \$110,000 for the current fiscal year and \$238,000 annually thereafter.

Chair Garrison-Engbrecht asked if any member of the public had any questions or comments regarding Action Item 9(a). No public comments were received.

Commissioner Mills made a motion to approve the item, and Commissioner Dungca seconded the motion. The motion passed unanimously following a roll call vote.

b. Statewide Furniture CMAS Contract

This item was removed from the agenda and will be moved to a future meeting.

c. Juniper Network Switch Support Renewal

Deputy Director Lopez requested Commission approval to renew the Juniper Network Switch Support agreement for a three-year term, emphasizing that the switches are a critical part of the Lottery's IT infrastructure, connecting all devices across offices, distribution centers, headquarters, and ancillary sites.

The support services include 24/7 monitoring, premium care, hardware replacement, and security updates, which are essential to maintaining reliable network operations.

Mr. Lopez stated that the renewal will align support for all existing switches through their vendor support dates and as procured through a competitive statewide contract process, Allied Network Solutions submitted the lowest bid.

The total cost of the agreement is \$517, 876.25, covering the period from May 10, 2026, through May 31, 2029.

In response to questions, Mr. Lopez clarified to Commissioner Alvidrez that this renewal aligns with prior approvals and is part of a broader effort to synchronize switch contracts, with future procurement planned to ensure consistent timelines. He also noted that a market analysis around 2027-2028 will evaluate whether to continue with Juniper or consider alternatives. He further explained that equipment in the Rhode Island data center supports security and control systems and is separate from gaming systems, ensuring operational continuity during network outages.

The Chair asked if any member of the public had any questions or comments regarding Action Item 9(c). No public comments were received.

Commissioner Dungca made a motion to approve and seconded by Commissioner Alvidrez. The motion passed unanimously following a roll call vote.

d. Microsoft 365 Renewal

Deputy Director Lopez requested approval of a five-year renewal of the Microsoft 365 (formerly Office 365) Enterprise Agreement (EA), which supports the Lottery's core business operations.

The agreement provides widely used productivity and infrastructure tools, including Windows operating systems, Microsoft Teams, Outlook, Word, Excel, PowerPoint, OneDrive, Microsoft Project, Visio, and Power BI Premium for analytics and reporting. The renewal also adds Microsoft Copilot 365, an AI-powered productivity tool currently in pilot testing.

The agreement is executed through the State Department of Technology's master agreement, with SHI International Corp. identified as the selected vendor. The total five-year cost is \$4,470,127.60 for the term April 1, 2026, through March 31, 2031. It includes annual "true-up" adjustments to account for changes in licensing needs, with a 50% contingency allocated to manage anticipated fluctuations in usage and growth.

Mr. Lopez noted that pricing is generally structured across the term, with some staggered increases for specific products, and that the agreement allows flexibility to add or remove licenses within the established contingency limits.

Discussion focused on the Copilot 365 pilot program, which includes approximately 130 users and incorporates responsible AI training, usage guidelines, and ongoing performance evaluation. The pilot is being assessed for adoption and effectiveness, with potential expansion of functionality (such

as enabling web-based access) to improve usability. A full deployment plan has not yet been determined, and the agency is evaluating both free and licensed versions based on employee roles and needs.

Vice Chair Mills requested a future informational presentation on the Lottery's broader AI strategy beyond the Copilot 365 tool, including operational use cases, opportunities across both back-office and customer-facing functions, and how other agencies are approaching AI adoption. Commissioner Alvidrez supported this request and emphasized the importance of understanding broader AI applications and state-wide context.

The Chair asked if any member of the public had any questions or comments regarding Action Item 9(d). No public comments were received.

Commissioner Mills made a motion to approve the item, and Commissioner Dungca seconded the motion. The motion passed unanimously following a roll call vote.

e. ServiceNow Renewal

Mr. Lopez requested Commission approval requested approval to renew the Lottery's ServiceNow subscription service for a two-year term.

ServiceNow is a critical enterprise platform used to support IT and business service delivery through automation and digitization of workflows, improving operational efficiency across the organization. It currently supports a wide range of functions across multiple divisions, including IT service management (ticketing, incident reporting, and service notifications), as well as Security and Law Enforcement (background tracking and badge access requests), and Public Affairs and Communications (public records requests).

Mr. Lopez noted that ServiceNow is increasingly embedded across business processes and will continue to expand in use to support growing operational demands and efficiency improvements.

The renewal includes current licensing requirements along with modest projected license growth over the two-year term. The procurement was conducted through a leveraged state software licensing agreement, with multiple reseller bids evaluated. Integra LLC submitted the lowest offer.

Deputy Director Lopez recommended approval of the renewal for a total cost of \$1,726,508.25, covering the period May 30, 2026, through May 29, 2028.

The Chair asked if any member of the public had any questions or comments regarding Action Item 9(e). No public comments were received.

Commissioner Mills made a motion to approve the item, and Commissioner Dungca seconded the motion. The motion passed unanimously following a roll call vote.

f. Palo Alto Networks Enterprise Agreement

Mr. Lopez requested Commission approval to purchase a three-year Enterprise Agreement (EA) with Palo Alto Networks to support the Lottery's cybersecurity infrastructure.

Palo Alto firewalls are described as the core component of the Lottery's security architecture, protecting all systems, environments, and sites from external and internal threats. The Lottery currently maintains separate hardware, licensing, and support agreements for its existing firewall infrastructure, all of which are set to expire in 2026. In addition, the current firewall hardware will reach end-of-life in 2028.

Instead of renewing existing support agreements and separately purchasing new hardware later, Mr. Lopez proposed consolidating these needs into a single Enterprise Agreement. The EA would provide ongoing support for current firewalls through the EA term, to include replacement with updated firewall hardware when needed, and cover professional services for installation, configuration, and staff training. This consolidation is expected to generate at least \$600,000 in savings over three years compared to maintaining current support agreements and separately procuring replacement hardware. It also includes access to Palo Alto's broader software suite and future product releases during the term.

The procurement was conducted through a state enterprise contract with multiple reseller bids, with NW Corporation submitting the lowest offer. Mr. Lopez recommended approval of the agreement for a total cost of \$1,999,990.53, covering May 22, 2026, through May 21, 2029. The Chair asked if any member of the public had any questions or comments regarding Action Item 9(f). No public comments were received.

Commissioner Alvidrez made a motion to approve the item, and Commissioner Dungca seconded the motion. The motion passed unanimously following a roll call vote.

g. Go-Getters Delivery, Inc. Contract Extension

Deputy Director Allen requested Commission approval for a one-year extension of the existing agreement with Go-Getters Delivery, Incorporated.

The original agreement was approved in June 2022 as a three-year purchase order with the option for two additional one-year extensions. The first extension has already been exercised, and the current agreement is set to expire in June.

Go-Getters provides bulk delivery services for the Lottery's Northern Distribution Center and four Northern California District Offices, supporting more than 8,900 retailers. Their services include transporting Scratchers tickets and point-of-sale materials, with delivery volume and frequency varying based on sales activity and promotional needs. Over the life of the contract, Go-Getters has completed more than 240 bulk shipments and has maintained consistent performance in terms of reliability, timeliness, and pricing stability.

Ms. Allen noted that while the services could be rebid, staff recommended exercising the existing extension option due to satisfactory vendor performance and to avoid service disruption. The extension ensures continuity of delivery operations in Northern California.

Staff estimates that the remaining \$160,000 in expenditure authority is sufficient for the extension period, maintaining the total contract authority at \$320,000. The proposed extension would run through June 14, 2027.

The Chair asked if any member of the public had any questions or comments regarding Action Item 9(g). No public comments were received.

Commissioner Dungca made a motion to approve the item, and Commissioner Alvidrez seconded the motion. The motion passed unanimously following a roll call vote.

**10. Public Discussion**

There was no public discussion.

**11. Commissioner General Discussion**

There was no general discussion

**12. Scheduling Next Meetings**

The next Commission Meeting dates are tentatively scheduled for May 21, June 16, September 24, and November 19, 2026. All meetings will be held in Sacramento.

**13. Adjournment**

Chairman Garrison-Engbrecht adjourned the meeting at 10:52 a.m.