

California State Lottery Commission

Minutes – September 25, 2025

Sacramento, California

1. Call to Order

Commissioner Chair Anthony Garrison-Engbrecht called the meeting of the California State Lottery Commission to order at 10:02 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 Alexandre Rasouli

California State Lottery Staff and Presenters:

Harjinder K. Shergill-Chima, Director

Florence Bernal, Chief Deputy Director

Fernando Aceves, Chief Counsel

Jean Cooper, Deputy Director, Operations Division

Sharon Allen, Deputy Director, Sales and Marketing Division

Nicholas Buchen, Deputy Director, Finance

Farida Sarwari, Assistant to the Commission

Rebecca Estrella, Recording Secretary

4. Election of Chair and Vice Chair of the California Lottery Commission 2025-2026

Chief Counsel Aceves explained that under the California State Lottery Act, the Lottery Commission must annually elect a chairperson and may elect a vice chairperson from among its members. Any commissioner can nominate another commissioner or themselves, and three votes are required to take action.

Chairman Garrison-Engbrecht opened nominations for both positions.

Commissioner Mills nominated Chairman Garrison-Engbrecht to continue as Chairman and Commissioner Alvidrez seconded. Chairman Garrison-Engbrecht nominated Commissioner Mills to continue as Vice Chair and Commissioner Alvidrez seconded.

No additional nominations were made, and nominations were closed. A roll call vote was conducted by Ms. Sarwari. All commissioners unanimously voted yes.

5. 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.

6. Approval of Minutes

Chairman Garrison-Engbrecht asked if there were any corrections to the minutes of the May 13, 2025, Commission meeting. No corrections were noted. Commissioner Alvidrez made the motion to approve the minutes, and it was seconded by Commissioner Rasouli. The motion passed unanimously.

7. Informational Items

Directors Comments:

Director Harj Chima provided an update on the Lottery's performance and key initiatives for the start of the new fiscal year.

California Lottery sales have surpassed \$2 billion as of mid-September, 12% above target and nearly 20% higher than the same period last year. The Lottery is on pace to contribute \$302 million to public education, representing a 12% increase compared to last year's contributions at this time.

Scratchers® sales remain strong, led by new releases such as the NFL Scratchers® featuring California's three NFL teams, and the 40th Anniversary Scratchers®, which alone generates about \$10 million per week. Powerball sales nearly doubled year over year, driven by the \$1.8 billion jackpot in September. The jackpot run contributed \$135 million to education and \$19.8 million in retailer bonuses. Overall, the Lottery's strong start sets a positive trajectory for the remainder of the fiscal year and continues to exceed projections.

The Lottery launched a major NFL partnership campaign with the Rams, 49ers, and Chargers, including in-stadium advertising, mass media outreach, and second-chance promotions offering Super Bowl tickets and team merchandise. The 40th Anniversary campaign also highlights four decades of contributions to California schools through employee stories and historical milestones.

At the NASPL Conference in Niagara Falls in Ontario Canada, the Lottery's sales and marketing team received four national awards recognizing excellence in communications and innovation.

Director Chima concluded by thanking Lottery employees, retail partners, players, and the Commission for their continued commitment to supporting California's public education system. The meeting concluded with a video celebrating the Lottery's 40th anniversary, followed by congratulatory remarks from Chair Garrison-Engbrecht and the Commission.

8. Consent Calendar

There were no items on the consent calendar.

9. Action Items

- a. Ratification of Amendment to Add Funds to Z Squared Construction Agreement for the Northern Distribution Center

Deputy Director Cooper presented a request for approval of two items, beginning with the Northern Distribution Center (NDC) project. The request sought ratification of Amendment 03 to the service agreement with construction vendor Z Squared to add \$824,133 in funding for phase two of the project, following the successful completion of phase one.

Phase two addresses items identified by the State Fire Marshal during the completion of phase one. Deputy Director Cooper reported that the project is currently on scope, on schedule, and on budget.

Chair Garrison-Engbrecht invited public comment and questions from commissioners. No public comments were made. Chair Garrison-Engbrecht commended the team for keeping the project on time, within scope, and on budget.

Commissioner Mills moved to approve Action Item 9a, and Commissioner Rasouli seconded the motion. The motion passed unanimously.

Deputy Director Cooper expressed pride in the Operations Team and thanked the Commission for their continued support. Chair Garrison-Engbrecht thanked Cooper for her dedication to seeing the project through to completion.

- b. Ratification of the Purchase Order to Expend Funds and Procure Vehicles for the FY 2025-2026 Fleet Vehicle Replacement Plan.

Deputy Director Cooper presented Action Item 9b, requesting ratification of a purchase order to procure 30 vehicles for the FY 2025–26 Fleet Vehicle Replacement Plan at a total cost of \$1,580,226. The expenditure

had been previously allocated and approved by the Commission during the May 2025 meeting.

Commissioner Mills inquired about the environmental considerations involved in vehicle selection, specifically regarding the purchase of electric or low-emission vehicles. Deputy Director Cooper confirmed that environmental impact is part of the Lottery's long-term fleet plan, though current constraints prevent a full transition to electric vehicles at this time.

Commissioner Alvidrez requested that staff provide a follow-up detailing the specific constraints and challenges limiting the transition to zero-emission vehicles, and how the Commission might support efforts to align with California's clean energy goals. Chairman Garrison-Engbrecht added this to the Action Item's follow-up list.

Commissioner Alvidrez moved to approve the item, seconded by Commissioner Rasouli. The motion passed unanimously following a roll call vote.

c. Investment Policy and Investment Strategy

Deputy Director Buchen requested Commission approval of the Lottery's Investment Policy and Investment Strategy. These ensure sufficient cash flow to make scheduled payments to annuity prize winners from games such as Super Lotto Plus, Mega Millions, Powerball, and select Scratchers®.

The investment policy emphasizes timely payments and safety of principal, outlining permitted investment categories, diversification limits, and reinvestment rules. The strategy focuses on maintaining adequate liquidity and managing risk, with the Lottery continuing its long-standing practice of purchasing U.S. Treasury Bonds for new annuity winners due to their security and government backing.

No changes were proposed to the investment strategy this year, aside from correcting minor grammatical errors in the policy. Commissioner Mills asked about opportunities to explore higher-yield investments and best practices from other lotteries. Deputy Director Buchen explained that while the Lottery's primary mission is to fund education through responsible ticket sales—not aggressive investments—the policy allows flexibility when market conditions make sense. He added that brokers periodically advise on opportunities, noting the last such investment adjustment occurred after the 2008 recession.

Commissioner Alvidrez supported reviewing best practices and suggested establishing a regular assessment schedule for evaluating the investment

approach, noting that market conditions have significantly changed since 2008.

Commissioner Mills moved to approve the item, seconded by Commissioner Alvidrez. The motion passed unanimously following a roll call vote. Chair Garrison-Engbrecht thanked Deputy Director Buchen and his team for their diligence and ongoing financial reporting.

d. Scratchers® Products and Related Services Contracts

Deputy Director Allen explained that Scratchers® account for approximately 75 percent of Lottery sales, generating \$6.8 billion in the previous fiscal year. With current contracts set to expire in November, the Lottery issued a Request for Proposals (RFP) in May and received bids from the three existing vendors. The evaluation process included four stages—Rated Submittals, Ticket Samples and Packaging, Pricing, and Best Value—conducted by a diverse internal evaluation team.

After review, Pollard Banknote was determined to provide the best overall value, offering advanced technology, manufacturing capacity, high security standards, and innovative retail solutions. Scientific Games and Brightstar were also recommended as secondary vendors to provide flexibility and product diversity.

The new contracts are structured for an initial six-year term, with options to extend for one additional three-year term and three one-year renewals. Expenditure authority was determined based on historical expenditures, projected sales growth, and anticipated product innovations.

Commissioner Mills asked whether the vendor awards represented a change from current providers. Deputy Director Allen clarified that while the same three vendors will continue, Pollard will become the new primary vendor, replacing Scientific Games. Commissioner Mills also inquired about pricing changes, and Allen confirmed that an increase was expected since the last contracts began in 2013. Despite higher costs, the competitive process resulted in pricing below the consumer price index growth over the same period. Mills emphasized the importance of maintaining contributions to education and identifying cost savings in other areas.

Each contract was approved separately by unanimous roll call vote:

- Pollard Banknote Limited – \$358 million | Commissioner Mills moved to approve the item and was seconded by Commissioner

Rasouli. The motion passed unanimously following a roll call vote.

- Scientific Games International – \$164 million | Commissioner Alvidrez moved to approve the item and was seconded by Commissioner Mills. The motion passed unanimously following a roll call vote.
- Brightstar Lottery – \$44 million | Commissioner Mills moved to approve the item and was seconded by Commissioner Alvidrez. The motion passed unanimously following a roll call vote.

Chairman Garrison-Engbrecht commended Deputy Director Allen, her team, and the evaluation committee for their extensive work on the RFP process, noting the significant effort required to complete it successfully. Deputy Director Allen thanked her team and acknowledged the vendors' representatives attending both in person and online.

During the Commissioner's General Discussion, Commissioner Mills requested that staff continue providing informational and educational updates to the Commission to enhance understanding of Lottery operations and strengthen fiduciary oversight.

10. Commissioner General Discussion

The were no items brought up for discussion.

11. Scheduling Next Meetings

The next Commission Meeting date is tentatively scheduled for November 20th, to be held in Sacramento.

12. Public Discussion

There was no public discussion.

13. Adjournment

Chairman Garrison-Engbrecht adjourned the meeting at 10:46 a.m.