

**STATE OF CALIFORNIA
TRANSCRIPT OF PROCEEDINGS**

**CALIFORNIA STATE LOTTERY COMMISSION
COMMISSION MEETING**

TIME: 10:02 a.m.
DATE: Thursday, September 25, 2025
PLACE: California State Lottery Headquarters
700 North 10th Street
Sacramento, California 95811

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A P P E A R A N C E S

California State Lottery Commission

ANTHONY GARRISON-ENGBRECHT
Chair of the Commission
Commissioner

KEETHA MILLS
Vice Chair of the Commission
Commissioner

TIFFANI ALVIDREZ
Commissioner

ALEXANDRE RASOULI
Commissioner

Participating Lottery Commission Staff

HARJINDER K. SHERGILL-CHIMA (attended remotely)
Director

FLORENCE BERNAL
Chief Deputy Director

FERNANDO ACEVES
Chief Counsel

JEAN COOPER
Deputy Director of Operations

NICHOLAS BUCHEN
Deputy Director of Finance

SHARON ALLEN
Deputy Director of Sales & Marketing

FARIDA SARWARI
Assistant to the Director

REBECCA ESTRELLA
Recording Secretary

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1 please call the roll?

2 **MS. SARWARI:** Commissioner Mills?

3 **COMMISSIONER MILLS:** Yes.

4 **MS. SARWARI:** Commissioner Rasouli?

5 **COMMISSIONER RASOULI:** Yes.

6 **MS. SARWARI:** Commissioner Alvidrez?

7 **COMMISSIONER ALVIDREZ:** Yes.

8 **MS. SARWARI:** Chairman Garrison-Engbrecht?

9 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. The next item
10 on the agenda is Item 6, Approval of the Minutes. Are there
11 any corrections to the minutes? Hearing none, do I hear a
12 motion to approve the minutes of the May 13, 2025,
13 Commission Meeting?

14 **COMMISSIONER ALVIDREZ:** Motion to approve.

15 **COMMISSIONER RASOULI:** Second.

16 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
17 please call the roll?

18 **MS. SARWARI:** Commissioner Mills?

19 **COMMISSIONER MILLS:** Yes.

20 **MS. SARWARI:** Commissioner Rasouli?

21 **COMMISSIONER RASOULI:** Yes.

22 **MS. SARWARI:** Commissioner Alvidrez?

23 **COMMISSIONER ALVIDREZ:** Yes.

24 **MS. SARWARI:** Chairman Garrison-Engbrecht?

25 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. Next item will

1 be nominations for vice chair and chair of the California
2 Lottery Commission.

3 **COMMISSIONER RASOULI:** The California State
4 Lottery Act provides that the commission shall elect
5 annually from its membership a chairperson; Government Code
6 §8880.19. The Commission may also elect a vice chair of the
7 Commission.

8 Any commissioner can put the name of any
9 commissioner into nomination, and a commissioner can
10 nominate himself or herself to serve as a chairperson or
11 vice chairperson. The Lottery Act does not require a
12 particular method of making nominations.

13 Once nominations have been made, Chair Garrison-
14 Engbrecht shall declare the nominations closed. The votes
15 are asked of each commissioner on the nomination, as with
16 all commission votes under The Lottery Act, and it takes
17 three votes to take an action. Chair Garrison-Engbrecht
18 will then declare the results of the election.

19 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you. We shall
20 have open nominations for the positions of chairperson and
21 vice chairperson of the commission. I did not receive any
22 advance nominations, so I'll open in-person nominations at
23 this moment.

24 **COMMISSIONER MILLS:** I'd like to nominate Chair
25 Anthony Garrison for chair.

1 **COMMISSIONER ALVIDREZ:** I second.

2 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you. I would
3 also like to nominate Commissioner Keetha Mills to remain as
4 vice chair of The Lottery Commission.

5 **COMMISSIONER ALVIDREZ:** Second.

6 **CHAIRMAN GARRISON-ENGBRECHT:** Any additional
7 nominations?

8 **COMMISSIONER RASOULI:** Thank you.

9 **CHAIRMAN GARRISON-ENGBRECHT:** We'll close the
10 nominations.

11 **COMMISSIONER RASOULI:** Thank you, Chair. I would
12 like to note, for the record, that we have Commissioner --
13 Chair Garrison-Engbrecht has received a nomination for
14 commission chair, and Commissioner Mills has received a
15 nomination for commission vice chair.

16 Now, other than Chair Garrison-Engbrecht, are
17 there any other nominations for the position of chair of the
18 commission? Seeing none. Is that closed, chair?

19 **CHAIRMAN GARRISON-ENGBRECHT:** Yes.

20 **COMMISSIONER RASOULI:** Okay. Very well. Ready
21 for a vote.

22 **CHAIRMAN GARRISON-ENGBRECHT:** Can we please have
23 the secretary call a roll call vote?

24 **MS. SARWARI:** Sure. Commissioner Mills?

25 **COMMISSIONER MILLS:** Yes.

1 **MS. SARWARI:** Commissioner Rasouli?
2 **COMMISSIONER RASOULI:** Yes.
3 **MS. SARWARI:** Commissioner Alvidrez?
4 **COMMISSIONER ALVIDREZ:** Yes.
5 **MS. SARWARI:** Chairman Garrison-Engbrecht?
6 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. The election
7 of Commissioner Garrison-Engbrecht as chair of the
8 California State Lottery Commission is approved.
9 **COMMISSIONER RASOULI:** And other than Commissioner
10 Mills, are there any other nominations for the position of
11 vice chair of the commission?
12 **CHAIRMAN GARRISON-ENGBRECHT:** I declare the vice
13 chair nomination is closed. Can we please have a vote by
14 roll call?
15 **MS. SARWARI:** Sure. Commissioner Mills?
16 **COMMISSIONER MILLS:** Yes.
17 **MS. SARWARI:** Commissioner Rasouli?
18 **COMMISSIONER RASOULI:** Yes.
19 **MS. SARWARI:** Commissioner Alvidrez?
20 **COMMISSIONER ALVIDREZ:** Yes.
21 **MS. SARWARI:** Chairman Garrison-Engbrecht?
22 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. Thank you,
23 all. The next item on the agenda are the informational
24 items. We'll start with the director's comments.
25 **DIRECTOR CHIMA:** Good morning, Commissioners. My

1 apologies --

2 **CHAIRMAN GARRISON-ENGBRECHT:** Good morning.

3 **DIRECTOR CHIMA:** -- that I couldn't be there with
4 you in person. This illness had other ideas, but,
5 nonetheless, it is a pleasure to see you all for the first
6 meeting of the new fiscal year, and it's a pleasure to be
7 able to try to use our new system to see how it all works.

8 It will hopefully be another year of excitement,
9 innovation, and billions more for education. Through mid-
10 September, we are off to a great start. We have -- we are
11 sitting at over \$2 billion in total game sales, and that's
12 12 percent more than the goal approved back in May and
13 almost 20 percent better than last year.

14 The summer was full of excitement for our players.
15 Scratchers® sales are exceeding goal, supported by new gains
16 like the NFL Scratchers® that showcase the three California
17 teams, as well as the return of fan favorites, like
18 California Black Premium.

19 The \$40 40th Anniversary game also had -- has
20 brought in around \$10 million or more each week in sales,
21 since launching in January.

22 And thanks to Powerball, players got the chance to
23 chase after our first billion dollar jackpot of this year.
24 This caused a surge in our multi-state jackpot game sales,
25 which are almost double where they were at this time last

1 year.

2 As is typical during high jackpot periods, Super
3 Lotto Plus also saw a bit of a halo effect, as players spent
4 an extra dollar for their chance to win our in-state game,
5 which also has similar draw days as Powerball.

6 The Daily Games are hovering just under goal and
7 last year's sales, while Hot Spot sales of \$86 million are
8 coming in just as expected.

9 As I mentioned, we saw our first \$1 billion plus
10 jackpots this fiscal year. Powerball rolled 42 times from
11 June to reach the \$1.8 billion jackpot on September 6 of
12 this year. According to survey data from our Communications
13 Effectiveness Tracking Study, we estimate that over 8.5
14 million California adults took (inaudible) almost \$2 billion
15 jackpot.

16 While the jackpot was won by tickets in Texas and
17 Missouri, California still had notable wins of its own.
18 Over the roughly two-month period when the jackpot was
19 rolling, 6.8 million winning tickets were sold in
20 California. Seventeen of those matched five out of six
21 numbers, just missing the Powerball number, winning prizes
22 that range from \$50,000 to \$1.5 million.

23 Our retail partners earned \$19.8 million in
24 bonuses, and California Public Schools won as well with more
25 than \$135 million in contributions to education coming from

1 this one Powerball sequence.

2 The last fiscal year, we only had two multi-state
3 game jackpots reaching \$1 billion or more over the entire
4 year. With four draws so far this year over \$1 billion,
5 Powerball has already reached half its annual goal.

6 Through an exclusive partnership with the Los
7 Angeles Rams, San Francisco 49ers, and the Los Angeles
8 Chargers, players also now have a chance to play like a pro
9 with our game day Scratchers®. We are able to tap into the
10 huge NFL fandom and offer players once in a lifetime
11 excitement and prizes that also happen to benefit their
12 community and public education.

13 Three games launched last month and are being
14 promoted across mass media channels and at retail. We are
15 also reaching the team fans with extensive advertising and
16 promotions at each of the California stadiums and via the
17 teams' media channels including social, email, and game
18 broadcasts all season long.

19 These games and promotions brought in the reach
20 and relevance of the Lottery, while demonstrating the fun
21 and excitement you can have with the Scratchers® game. And
22 the play goes a step further with the special second chance
23 promotion where players can win team merchandise and tickets
24 to the Superbowl, which will be held at Levi Stadium in
25 Santa Clara in February.

1 With the luck of the draw, combined with stronger
2 than anticipated Scratchers®, we estimate \$302 million will
3 be going to education from sales generated over the past two
4 months. That not only exceeds what we anticipated, but it
5 is also 12 percent more than provided at the start of last
6 fiscal year.

7 And lastly, next week, October 3, will mark the
8 14,610th day retailers across California have sold lottery
9 tickets in support of providing additional funds to
10 education. That's 40 years of play, 40 years of
11 celebrating, and 40 years of supporting public education.
12 To celebrate this milestone, since January, we have launched
13 Scratchers® games highlighting the anniversary and our
14 mission, along with re-releasing fan favorites.

15 We've shared special communications and videos,
16 showcasing the Lottery's appreciation for our players and
17 retail partners. And our monthly employee newsletter has
18 included archival footage of Lottery history, while
19 highlighting the staff's longstanding dedication to our
20 mission.

21 I'm honored to be part of the California Lottery's
22 history and dedication to public education. What we've
23 accomplished together is no small feat. It's taken
24 teamwork, creativity, and a real commitment to our mission.

25 I want to take this moment to express my gratitude

1 to our commissioners. I'm so grateful for your guidance and
2 your steady leadership. To our retail partners, thank you
3 for standing with us and promoting the responsible sale of
4 lottery tickets every day. To our players, we don't take
5 your trust or playership for granted. We are here because
6 of you and thank you for 40 wonderful years of play. And
7 most of all, to every single one of our employees, past and
8 present, your hard work and passion are the heart of our
9 success. I couldn't be prouder to stand here before you
10 today and say thank you.

11 To close out my update, I'd like to share a video
12 that was created by our social media team and video
13 production team that star our very own Lottery staff. It
14 was produced in June and posted on our 40th Anniversary
15 public website page to celebrate National Lottery Week.
16 It's an excellent highlight of what the Lottery has
17 accomplished over the past 40 years.

18 **(Video Played)**

19 **DIRECTOR CHIMA:** That's our update for you today,
20 but I'm happy to answer any questions that you might have.

21 **CHAIRMAN GARRISON-ENGBRECHT:** Are there any
22 questions?

23 **COMMISSIONER ALVIDREZ:** Where do we find the
24 merch? Where is that cute Lottery logo shirt? Where do we
25 find that?

1 **DIRECTOR CHIMA:** Actually, we do have some stuff
2 -- the 40th Anniversary merchandise that we are selling, so I
3 would invite you to speak with a member of our 40th
4 Anniversary team. Florence can direct you to who those
5 people are.

6 **CHAIRMAN GARRISON-ENGBRECHT:** Any questions? All
7 right. I just want to say congratulations to you, our
8 vendors, our staff, every partner across the state. I'm
9 really proud. That video is really inspiring. Those
10 members should get maybe Oscars. I don't know what you get
11 for a commercial. So, well done coms team and the
12 production. But it's an honor. And I'll speak on behalf of
13 the commission to support the mission of the California
14 Lottery and the great work that you all are doing, so well
15 done.

16 **DIRECTOR CHIMA:** Thank you. And actually, if I
17 may just take one more moment. You did remind me something
18 that I wanted to bring up, Chair. We just got back, a
19 number of us, from our National Association of State and
20 Provincial Lotteries Conference that was held in Niagara
21 Falls in Ontario, Canada. And I'm very proud to share that
22 our sales and marketing team won four awards at that event,
23 and that is a very prestigious thing. And so, we are being
24 recognized on a national stage for the work that our team
25 does, so I just wanted to bring that up. Thank you.

1 **CHAIRMAN GARRISON-ENGBRECHT:** Congratulations,
2 team. Thank you, Harj.

3 The next item on the agenda is the Consent
4 Calendar. There are no items under the Consent Calendar, so
5 we'll proceed to the Action Items.

6 The first Action Item is Ratification of Amendment
7 to Add Funds to Z Squared Construction Agreement for the
8 Northern Distribution Center Remodel. Jean will be --

9 **DEPUTY DIRECTOR COOPER:** Good morning,
10 Commissioners.

11 **CHAIRMAN GARRISON-ENGBRECHT:** -- (overlapping).
12 We're very excited about this project.

13 **DEPUTY DIRECTOR COOPER:** Yes, absolutely. And
14 actually, I have a lot of good news to share. So, today, I
15 come in front of you to request your approval for these two
16 items.

17 The first item, like you said, is for the NDC
18 project, and this is to request ratification of Amendment 03
19 to the service agreement that we have with our construction
20 vendor, Z Squared. So, this request is to add funds in the
21 amount of \$824,133 for our phase two of the project after
22 the successful completion of phase one.

23 And phase two of the NDC project is to address the
24 items that the state fire marshal identified upon completion
25 of the phase one project. I'm very happy to report that the

1 current status of the phase two project is on scope, on
2 schedule, and on budget. I'm happy to answer any questions
3 that you may have.

4 **CHAIRMAN GARRISON-ENGBRECHT:** Does any member of
5 the public want to address the commission at this time
6 regarding Action Item 9a? Do any of the commissioners have
7 any questions or comments regarding this action item? I'll
8 just make a comment that I love on time, in scope, and on
9 budget.

10 **DEPUTY DIRECTOR COOPER:** Thank you.

11 **CHAIRMAN GARRISON-ENGBRECHT:** Do I hear a motion
12 to approve Action Item 9a, Ratification of Amendment to Add
13 Funds to Z Squared Construction Agreement for the Northern
14 Distribution Center Remodel?

15 **COMMISSIONER MILLS:** Move to approve.

16 **COMMISSIONER RASOULI:** Second.

17 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
18 please call the roll?

19 **MS. SARWARI:** Commissioner Mills?

20 **COMMISSIONER MILLS:** Yes.

21 **MS. SARWARI:** Commissioner Rasouli?

22 **COMMISSIONER RASOULI:** Yes.

23 **MS. SARWARI:** Commissioner Alvidrez?

24 **COMMISSIONER ALVIDREZ:** Yes.

25 **MS. SARWARI:** Chairman Garrison-Engbrecht?

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CHAIRMAN GARRISON-ENGBRECHT: Yes.

DEPUTY DIRECTOR COOPER: Thank you. I'm very proud of the Operations Team and the Lottery to manage this project for its current status.

CHAIRMAN GARRISON-ENGBRECHT: Thank you so much for your dedication to seeing it through completion.

DEPUTY DIRECTOR COOPER: Absolutely.

CHAIRMAN GARRISON-ENGBRECHT: Action Item 9b, Ratification of the Purchase Order to Expend Funds and Procure Vehicles for the FY '25/'26 Fleet Vehicle Replacement Plan.

DEPUTY DIRECTOR COOPER: Yes. And so, this request is to request ratification of purchase order to procure 30 vehicles at a cost of \$1,580,226 to execute this year's fleet vehicle replacement plan. And the budget for this expenditure has already been allocated and approved by the commission at the May 2025 meeting. I'm happy to answer any questions you may have.

CHAIRMAN GARRISON-ENGBRECHT: Thank you. Does any member of the public want to address the commission at this time regarding this action item? Do any commissioners have any questions regarding Action Item 9b?

COMMISSIONER MILLS: Question, I was wondering if you could talk a little bit about how the Lottery considers the environmental impact of the vehicles that are being

1 purchased. Are we purchasing electric vehicles or low
2 emission vehicles, or how does that play in to the decision
3 making on the type of vehicles that are being purchased?

4 **DEPUTY DIRECTOR COOPER:** And that's all part of
5 the plan that we do take it into consideration; however, at
6 this point, we are unable to just completely replace all of
7 the vehicles into the electrical, like the EV zero emission,
8 because of some constraints, but that is definitely part of
9 the plan.

10 **COMMISSIONER MILLS:** Okay. Thank you.

11 **DEPUTY DIRECTOR COOPER:** You're welcome.

12 **COMMISSIONER ALVIDREZ:** Just to put a finer point
13 on the question, I understand the response about there is
14 some constraints to why we can't transition all of the fleet
15 to kind of EV zero emissions. It'd be helpful after for you
16 to provide us with maybe some examples of what those
17 constraints are --

18 **DEPUTY DIRECTOR COOPER:** Sure.

19 **COMMISSIONER ALVIDREZ:** -- what some of the
20 challenges, blockages are, if there's something that we can
21 do to help loosen some of those blockages and help you think
22 through how we meet California's kind of zero emission
23 goals.

24 **DEPUTY DIRECTOR COOPER:** Absolutely. Thank you.
25 Will do.

1 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you,
2 Commissioner. And then I'll add it to Action Item's follow
3 up.

4 **DEPUTY DIRECTOR COOPER:** Thank you.

5 **CHAIRMAN GARRISON-ENGBRECHT:** Do I hear a motion
6 to approve Action Item 9b, Ratification of the Purchase
7 Order to Expend Funds and Procure Vehicles for the FY
8 '25/'26 Fleet Vehicle Replacement Plan?

9 **COMMISSIONER ALVIDREZ:** Motion to approve.

10 **COMMISSIONER RASOULI:** Second.

11 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
12 please call the roll?

13 **MS. SARWARI:** Commissioner Mills?

14 **COMMISSIONER MILLS:** Yes.

15 **MS. SARWARI:** Commissioner Rasouli?

16 **COMMISSIONER RASOULI:** Yes.

17 **MS. SARWARI:** Commissioner Alvidrez?

18 **COMMISSIONER ALVIDREZ:** Yes.

19 **MS. SARWARI:** Chairman Garrison-Engbrecht?

20 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. Thank you,
21 Jean.

22 **DEPUTY DIRECTOR COOPER:** Thank you.

23 **CHAIRMAN GARRISON-ENGBRECHT:** Action Item 9c,
24 Investment Policy, Investment Strategy via Nick. I was
25 looking for you.

1 **DEPUTY DIRECTOR BUCHEN:** I'm here. All right.
2 Good morning, Commissioners. I'm requesting your approval
3 of the Lottery's Investment Policy and Investment Strategy.
4 These two components work together to ensure sufficient cash
5 flow to make scheduled payments to certain Lottery prize
6 winners.

7 These recurring payments are for our jackpot
8 winners who choose the annuity payout option instead of a
9 lump sum cash payment for Super Lotto Plus, Mega Millions,
10 and Powerball, and for the top prize winners choosing the
11 annuity payout option for Scratchers® games that offer an
12 annuity payout.

13 The Lottery's investment policy requires both our
14 investment strategy and policy to be reviewed and approved
15 by the Commission annually. Our investment policy lays out
16 the requirements of our investment program, which revolve
17 around timeliness of payment to Lottery annuity prize
18 winners and safety of principal. The policy includes
19 permitted investment categories and places limits on certain
20 securities to promote diversification and to reduce risk.
21 The investment policy also includes permitted requirements
22 pertaining to changes in credit ratings, as well as the
23 reinvestment of securities within our portfolio in certain
24 situations.

25 The Lottery's investment policy requires our

1 review annually to ensure that its guidelines remain
2 consistent with current principles and standards for the
3 investment of funds managed by a public entity. We review
4 all investments within the Lottery's portfolio to verify
5 that each continues to comply with the requirements of our
6 investment policy. The Lottery's investment policy provides
7 the framework for the particular investment strategy that we
8 utilize, which is the second part of this agenda item.

9 The Lottery's investment strategy focuses on two
10 key areas; activity and maintenance. The investment
11 activity ensures sufficient cash flow to make scheduled
12 payments to our top prize winners who choose the annuity
13 payout option. And the other aspect of our strategy is
14 maintenance of our investment portfolio, which includes
15 ongoing monitoring and mitigation of potential investment
16 risk.

17 Our current investment strategy, which has
18 remained unchanged for more than 15 years, is to purchase
19 United States Treasury Bonds for new annuity prize winners.
20 And we do this because these investments are backed by a
21 repayment pledge from the United States Government, making
22 them essentially risk-free. Under our investment strategy,
23 we time the maturity of our investments with the scheduled
24 payments of the annuity prizes. And our investment strategy
25 continues to focus on keeping our portfolio safe and secure.

1 The primary function of both our investment
2 strategy and policy is to ensure investments yield what is
3 needed for the scheduled annuity payments, so this is why we
4 typically acquire such conservative securities. However,
5 the investment policy allows us to look for opportunities to
6 leverage other investment types with more risk, to provide
7 more funding to education, when it clearly makes sense to do
8 so.

9 Although we are recommending no changes to our
10 investment strategy, during our comprehensive review of the
11 investment policy for this year, we identified and corrected
12 some minor grammatical errors. I, therefore, request the
13 Commission approve the Lottery's existing investment
14 strategy and our investment policy as amended. And I'm
15 happy to answer any questions.

16 **CHAIRMAN GARRISON-ENGBRECHT:** Does any member of
17 the public want to address the commission at this time
18 regarding Action Item 9c? Are there any questions from the
19 commissioners regarding this action item?

20 **COMMISSIONER MILLS:** Thanks, Nick, for the report.
21 So, I understand our investment policy is very conservative
22 and we're really focused on safety and making sure we have
23 the payouts. Our policy does allow us to be more
24 aggressive, and I just wondered, and if we are more
25 aggressive and we're right, that creates more money for

1 education --

2 **DEPUTY DIRECTOR BUCHEN:** Correct.

3 **COMMISSIONER MILLS:** -- right? So, I was just
4 curious, like how often do we kind of reach out and
5 understand what other lotteries are doing, what other states
6 are doing, other there other best practices? Are there
7 other things we should be thinking about to even further
8 maximize our contribution to education through our
9 investment portfolio?

10 **DEPUTY DIRECTOR BUCHEN:** It's a complicated
11 answer, and so our primary mission is to generate funding
12 for education through the responsible sale of lottery
13 tickets. So, we're not necessarily set up in The Lottery
14 Act to be able to, like, purposefully have a robust
15 investment just for the sake of giving more to education.
16 But like you said, our policy does allow for it when it
17 makes sense to do so.

18 We are typically approached by outside brokers
19 that are in this arena, and they guide us on what the
20 outside market conditions are that would be ripe for
21 opportunities to invest in other higher-risk securities.
22 The last time we did this, it was when we were coming out of
23 the Great Recession in 2008. So, at that time, the market
24 was such that we could purchase at a low cost -- sell off
25 some of our higher cost securities and purchase lower cost,

1 so that freed up the funding for education.

2 The other way we could do it is if the market
3 timing was right, we could actually purchase a lower cost
4 security with higher risk up front and generate that extra
5 money for education. The savings would go to education.
6 So, it's really just a matter of kind of the timing and what
7 the brokers are indicating is the right time.

8 **COMMISSIONER MILLS:** So, I guess in addition to
9 waiting for a broker to call, I would be curious to know
10 what other lotteries are doing, what other states are doing,
11 and if there are any other kind of best practices that we
12 should be thinking about. So, just something for the future
13 if we can do that kind of outreach and research to learn a
14 little bit more about what's happening outside of
15 California. I just think that would be -- it would just be
16 helpful for us to know.

17 **DEPUTY DIRECTOR BUCHEN:** Okay.

18 **COMMISSIONER MILLS:** Thank you.

19 **DEPUTY DIRECTOR BUCHEN:** All right.

20 **COMMISSIONER ALVIDREZ:** I'd also be interested in
21 some sort of schedule for regular assessments given the last
22 time we did that assessment was 2008. That was 15 years
23 ago.

24 **DEPUTY DIRECTOR BUCHEN:** Uh-huh.

25 **COMMISSIONER ALVIDREZ:** The market has experienced

1 a significant amount of change since then, both contractions
2 and some boom and bust periods. So, it would be helpful to
3 have some sort of regular cadence.

4 I appreciate my colleague's interest in other
5 states. I know that California is a bit of a unique beast,
6 given we are a nation state. And so, it's very difficult to
7 kind of do the comparisons and apply what other states do to
8 what California does, but from a best practice perspective,
9 we do do that in a lot of instances. Maybe we broaden that
10 a bit to kind of expand it to maybe some global comparisons,
11 given we're a nation state. But the regular cadence of an
12 assessment, I think, would be very helpful.

13 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you, Nick. Do
14 I hear a motion to approve Action Item 9c, Investment Policy
15 and Investment Strategy?

16 **COMMISSIONER MILLS:** I'll move to approve.

17 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
18 please call the roll?

19 **MS. SARWARI:** Commissioner Mills?

20 **COMMISSIONER MILLS:** Yes.

21 **MS. SARWARI:** Commissioner Rasouli?

22 **COMMISSIONER RASOULI:** Yes.

23 **MS. SARWARI:** Commissioner Alvidrez?

24 **COMMISSIONER ALVIDREZ:** Yes.

25 **MS. SARWARI:** Chairman Garrison-Engbrecht?

1 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. And Nick, I
2 just want to say thank you. I see the monthly financials
3 that you send, so on top of keeping us abreast on monthly
4 changes, things like this, our long term sales goal, just
5 thank you to you and your team for the efforts. I know it's
6 behind the scenes. I can only imagine what it looks like,
7 but I really appreciate the dedication and work that you're
8 putting into this. Thank you.

9 **DEPUTY DIRECTOR BUCHEN:** Thank you. I appreciate
10 that.

11 **CHAIRMAN GARRISON-ENGBRECHT:** And Sharon is up
12 next with Action Item 9d, Scratchers® Products and Related
13 Services Contracts.

14 **DEPUTY DIRECTOR ALLEN:** Good Morning.

15 **CHAIRMAN GARRISON-ENGBRECHT:** Good morning.

16 **DEPUTY DIRECTOR ALLEN:** I'm here today to request
17 approval to enter into a new primary contract with Pollard
18 Banknote Limited and secondary contracts with Scientific
19 Games International and BrightStar Lottery, respectively,
20 for Scratchers® products and related services.

21 Scratchers® play a critical role in the Lottery's
22 product portfolio, representing approximately 75 percent of
23 sales and providing more than \$6.8 billion in sales last
24 fiscal year. The scale of the Lottery's Scratchers®
25 operation requires experience under partners that will help

1 expand the reach of the Lottery brand to drive sales,
2 profits, and brand loyalty.

3 With the Lottery's current contracts about to
4 expire in November, the Lottery released an RFP in May to
5 solicit bids for new contracts. Three companies submitted
6 bids for both primary and secondary contracts; Brightstar,
7 Pollard, and Scientific Games. All three vendors currently
8 have contracts with the Lottery for Scratchers® printing
9 services.

10 The competitive RFP process consisted of four
11 stages; each focused on specific categories. Each stage was
12 conducted with a diverse Lottery evaluation team comprised
13 of members from Sales and Marketing Division, Business
14 Planning and Research, and Finance Division, subject matter
15 experts from Security and Law Enforcement, Information
16 Technology Services, and the Information Security Office, as
17 well as representatives from Procurement Services and
18 Support.

19 In the first stage, the Rated Submittals Team
20 evaluated bidder experience, capabilities, and account
21 personnel to identify vendors that displayed extensive
22 experience throughout the Global Lottery industry, complex
23 capabilities and features, and the ability to support the
24 Lottery's business.

25 In the second stage, the Ticket Samples and

1 Packaging Team focused on evaluating printing capabilities
2 with ticket samples, press sheets, and packaging, as well as
3 performing various tests for product quality.

4 In the third stage, the Pricing Team evaluated the
5 bidders by comparing each bidder's proposed pricing by
6 creating a hypothetical representative Scratchers® product
7 mix. The hypothetical product portfolio included games with
8 the most common special features, as well as potential
9 future variations. The Pricing Team considered both primary
10 and secondary proposals to determine the best proposal for
11 the Lottery's needs.

12 In the final stage, the Best Value Team reviewed
13 the results of the rated panels and pricing assessment to
14 determine which proposal would provide the Lottery with
15 maximum benefits in the areas competence, experience,
16 qualifications, performance, resources, services, and price.
17 The Best Value team also established a competitive range and
18 held discussions with each bidder to identify weaknesses in
19 proposals and allow each bidder to approve their offer in
20 the specific areas identified by the team.

21 All three bidders were given the opportunity to
22 strengthen their proposals in certain areas to provide
23 better value for the Lottery. As a result of this best
24 value analysis, which considered information in the bidders'
25 proposals and the previous stages' ratings, the evaluation

1 team determined that Pollard Banknote Limited would provide
2 the best value in all of the desired areas. Pollard is a
3 global leader in instant ticket printing, with an emphasis
4 on cutting edge technology and innovation. It demonstrated
5 the ability to support the Lottery's existing capacity,
6 while also showcasing its strategic thinking and creativity
7 to continue to support the Lottery's mission and maximize
8 its contribution to public education.

9 Pollard demonstrated a high level of detailed
10 security procedures that met the Lottery's strict standards,
11 while also providing exceptional ticket designs and
12 packaging capabilities with its portfolio of unique printing
13 techniques. Pollard's dedicated lottery team rated the
14 highest overall in terms of the total number of account
15 personnel, the percentage of time dedicated to the Lottery,
16 and then the quality and level of relevant experience.

17 Additionally, Pollard expanded its manufacturing
18 capability and can accommodate the Lottery's production
19 needs now and in the future. Pollard also offers
20 proprietary innovations to create and enhance games and will
21 provide multiple unique retail solutions to support the
22 games at retailers. Its expertise, capabilities, and
23 pricing combine to provide the best value for the Lottery.

24 The evaluation panel also determined that having
25 multiple secondary vendors would provide a benefit to the

1 Lottery by increasing the diversity of the Scratchers®
2 product portfolio and providing flexibility within the
3 fast-paced consumer landscape. These vendors met the
4 Lottery's requirements and showed strategic knowledge,
5 critical analytics, and creative designs that provide value
6 to the Lottery.

7 Scientific Games and Brightstar are also global
8 leaders in the instant ticket industry, with a track record
9 of successful games. Scientific Games is the Lottery's
10 current primary vendor and has a vast library of licensed
11 properties, such as Loteria and Monopoly, that the Lottery
12 will continue to have the ability to utilize, which is
13 reflected in the size of the expenditure amount requested as
14 compared to the other secondary vendor.

15 The term for all three contracts would be for
16 initial term of six years, with the option to extend for one
17 additional three-year term and three additional one-year
18 terms. All three contracts include protections for the
19 Lottery, such as a process for financial assessments if
20 needed.

21 The expenditure authority for each contract was
22 developed based on an analysis of historical expenditures,
23 the pricing model developed in the pricing assessment phase,
24 as well as projected sales growth, which also allows for
25 product innovations and potential new price points to reach

1 more Californians and support the Lottery's mission.

2 Before concluding, I would like to sincerely thank
3 the many Lottery staff members who worked on this project.
4 These large RFPs are a massive effort and take an extensive
5 amount of time, above and beyond the day-to-day work.
6 Research and development for this RFP began well over a year
7 ago.

8 Specifically, I would like to extend a special
9 thank you to our chief of product, Alyssa Thrasher,
10 Scratchers® Manager Agnese Cramer, and our RFP chairperson,
11 Ryan Fowler, for their dedication and hard work throughout
12 this process.

13 And with that, I'd be happy to answer questions
14 now or we can go into each specific recommendation.

15 **CHAIRMAN GARRISON-ENGBRECHT:** We'll start with
16 questions from the public. Are there any questions
17 regarding Action Item 9d?

18 Commissioners, do you have any questions regarding
19 Action Item 9d?

20 **COMMISSIONER MILLS:** Hi, Sharon. Thanks for --

21 **DEPUTY DIRECTOR ALLEN:** Hi.

22 **COMMISSIONER MILLS:** -- the presentation. Do
23 these awards represent a change to our current providers?

24 **DEPUTY DIRECTOR ALLEN:** The three vendors are the
25 same three vendors, but it is a change in terms of the

1 primary and secondary. Our current primary vendor is
2 Scientific Games, with Pollard and Brightstar, formerly IGT,
3 as secondary vendors. With these new contracts, we are
4 recommending Pollard will be the primary contract and
5 Scientific Games will remain as a valuable partner as
6 secondary, along with Brightstar as the other secondary.

7 **COMMISSIONER MILLS:** Okay. Great. So, a new
8 primary, but a primary that we have extensive experience.

9 **DEPUTY DIRECTOR ALLEN:** Absolutely. Yeah.

10 **COMMISSIONER MILLS:** Okay. Okay, great. And then
11 can you talk a little bit about the pricing? Was there a
12 significant pricing differential on these new contracts
13 compared to what we're currently paying?

14 **DEPUTY DIRECTOR ALLEN:** It is. It's an increase.
15 We expected an increase. The last contracts went out to bid
16 in 2012 and began in 2013. And we have been operating under
17 that pricing term for quite some time. As we looked at the
18 cost of doing business across the board has gone up in all
19 industries and all categories. These increases and through
20 the competitive bidding process and the competitive range,
21 we were able to secure better pricing. It's still an
22 increase but less than the consumer price index average over
23 that same time period.

24 **COMMISSIONER MILLS:** Okay, great. Thanks. And
25 I'm just thinking about our current year budget, if we don't

1 know whether we anticipated that or not, but that will
2 certainly -- the increased costs will, you know, cut into
3 our contributions to education. So, I'm hopeful that across
4 the Lottery we could find other savings to help keep our
5 contributions as high as possible --

6 **DEPUTY DIRECTOR ALLEN:** Absolutely.

7 **COMMISSIONER MILLS:** -- (overlapping) these costs.

8 **DEPUTY DIRECTOR ALLEN:** And we did know. We
9 didn't know the exact amount, but our research, as well as
10 our vendor partners, had indicated that there would be some
11 changes. And so, we did our best, but they're also
12 realistic about the environment that we're working in.

13 **COMMISSIONER MILLS:** Of course. Thank you.

14 **DEPUTY DIRECTOR ALLEN:** Thank you.

15 **CHAIRMAN GARRISON-ENGBRECHT:** Additional
16 questions? Commissioners, just for the record, we will vote
17 on each contract separately.

18 Do I hear a motion to approve Action Item 9d,
19 Scratchers® Products and Related Services Contracts for
20 Pollard Banknote Contract in the amount of \$358 million?

21 **COMMISSIONER MILLS:** Move to approve.

22 **COMMISSIONER RASOULI:** Second.

23 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
24 please call the roll?

25 **MS. SARWARI:** Commissioner Mills?

1 **COMMISSIONER MILLS:** Yes.

2 **MS. SARWARI:** Commissioner Rasouli?

3 **COMMISSIONER RASOULI:** Yes.

4 **MS. SARWARI:** Commissioner Alvidrez?

5 **COMMISSIONER ALVIDREZ:** Yes.

6 **MS. SARWARI:** Chairman Garrison-Engbrecht?

7 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. Do I hear a
8 motion to approve Action Item 9d, Scratchers® Products and
9 Related Services Contracts for Scientific Games
10 International Contract in the amount of \$164 million?

11 **COMMISSIONER ALVIDREZ:** Motion to approve.

12 **CHAIRMAN GARRISON-ENGBRECHT:** Second?

13 **COMMISSIONER MILLS:** Second.

14 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
15 please call the roll?

16 **MS. SARWARI:** Commissioner Mills?

17 **COMMISSIONER MILLS:** Yes.

18 **MS. SARWARI:** Commissioner Rasouli?

19 **COMMISSIONER RASOULI:** Yes.

20 **MS. SARWARI:** Commissioner Alvidrez?

21 **COMMISSIONER ALVIDREZ:** Yes.

22 **MS. SARWARI:** Chairman Garrison-Engbrecht?

23 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. And last but
24 not least, do I hear a motion to approve Action Item 9d,
25 Scratchers® Products and Related Services Contracts for

1 Brightstar Lottery Contract in the amount of \$44 million?

2 **COMMISSIONER MILLS:** Motion to approve.

3 **CHAIRMAN GARRISON-ENGBRECHT:** Second?

4 **COMMISSIONER ALVIDREZ:** Second.

5 **CHAIRMAN GARRISON-ENGBRECHT:** Will the secretary
6 please call the roll?

7 **MS. SARWARI:** Commissioner Mills?

8 **COMMISSIONER MILLS:** Yes.

9 **MS. SARWARI:** Commissioner Rasouli?

10 **COMMISSIONER RASOULI:** Yes.

11 **MS. SARWARI:** Commissioner Alvidrez?

12 **COMMISSIONER ALVIDREZ:** Yes.

13 **MS. SARWARI:** Chairman Garrison-Engbrecht?

14 **CHAIRMAN GARRISON-ENGBRECHT:** Yes. Well done,
15 Sharon.

16 **DEPUTY DIRECTOR ALLEN:** Thank you so much.

17 **CHAIRMAN GARRISON-ENGBRECHT:** I just want to make
18 a comment. I know that the RFP process is quite extensive,
19 and I think this initial RFP for this contract process
20 opened in late May. Congratulations to you, your team, the
21 evaluation team, to our vendors for turning this around in
22 quite a pretty significant RFP process and having it
23 prepared for us to vote on today. I know it's not an easy
24 feat to accomplish, so well done to you, the teams, the
25 evaluation team, everyone who was a part of the process, so

1 congratulations.

2 **DEPUTY DIRECTOR ALLEN:** Thank you so much. We
3 have members of the team here in attendance today and
4 virtually online, as well as representatives from all of our
5 vendors, and it takes a lot of work, and we appreciate the
6 recognition and acknowledgement of that. Thank you so much.

7 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you. The next
8 item on the agenda is Item 10, Public Discussion.
9 Secretary, have we received any prior public discussion
10 cards? Okay. Thank you. Does anyone wish to address the
11 commission at this time?

12 Seeing none, we will move to the next item, 11.
13 The next item on the agenda is Commissioner's General
14 Discussion. Do any of the commissioners have anything to
15 bring up at this time for discussion?

16 **COMMISSIONER MILLS:** Thank you. So, I just want
17 to make another plug for if there is an opportunity to bring
18 more informational items to the Commission to help along our
19 learning journey. I mean, we just approved a massive
20 contract, so this is a massive organization where we're
21 approving large amounts of money going out, and I think it's
22 really important that we understand the business of the
23 Lottery as much as possible.

24 So, I just want to ask again that leadership and
25 staff kind of think about those types of informational,

1 educational items that you could bring to us to help us be
2 even better commissioners and good fiduciaries of the
3 Lottery funding. Thanks.

4 **CHAIRMAN GARRISON-ENGBRECHT:** Thank you,
5 Commissioner Mills.

6 **COMMISSIONER MILLS:** Uh-huh.

7 **CHAIRMAN GARRISON-ENGBRECHT:** The next item is the
8 scheduling of the next meeting. We have tentatively
9 scheduled the next commission for November 20, 2025. It
10 will be held here in Sacramento.

11 Seeing no more agenda items, I will adjourn
12 today's commission meeting. Thank you all for being here.

13 (End of Recording)

14 **(MEETING ADJOURNED)**

15 --o0o--

