

VIRGINIA LOTTERY
Board Meeting
July 30, 2025

The Virginia Lottery Board met on July 30, 2025, at 9:30 a.m. at The Sessions Hotel, 833 State St., Bristol, Va.

MEMBERS PRESENT: Ferhan Hamid, Chairman
Adam Tolbert, Vice Chairman
Jonathan Comer
Orrin Gallop
Scott Price

MEMBERS ABSENT: Charles King
Rebecca Tres

STAFF PRESENT: Khalid R. Jones, Executive Director
Amy Dilworth, General Counsel
Deborah Courtney, Deputy Executive Director of Finance and
Administration
Ray Dunkle, Deputy Executive Director of Gaming Compliance
Robert Fontaine, Deputy General Counsel - Gaming Compliance
Jennifer Mullen, Deputy Executive Director of Communications
and Customer Relations
Jo Murphy, Executive Assistant

Mr. Hamid, chairman, presided, and Jo Murphy was the recording secretary.

CALL TO ORDER

Mr. Hamid called the meeting to order and noted that a quorum was present.

GAMING COMPLIANCE COMMITTEE REPORT

Mr. Comer said that the Gaming Compliance Committee met on May 20, 2025.

On motion duly made by Mr. Comer and seconded by Mr. Price, the minutes of the Gaming Compliance Committee meeting held on February 5, 2025, were approved as recommended by the committee.

OPERATIONS COMMITTEE REPORT

Mr. Comer said that the Operations Committee met on May 20, 2025.

Mr. Comer reported that Ms. Whitney presented the revised Internal Audit Charter at the February 5, 2025, meeting.

OPERATIONS COMMITTEE REPORT (continued)

On motion duly made by Mr. Comer and seconded by Chief Gallop, the minutes from the Operations Committee meeting held on February 5, 2025, were approved as recommended by the committee.

MINUTES OF LAST MEETING

On motion duly made by Mr. Tolbert and seconded by Mr. Comer, the minutes from the regular Board meeting held on April 9, 2025, were approved as distributed.

DIRECTOR'S REPORT

Mr. Jones started off his report with a quote from John F. Kennedy. He provided a review of Lottery accomplishments in FY25. Regarding the games portfolio, he mentioned the Mega Millions game change, virtual sports, licensed properties and the offering of no-breakeven games. Mr. Jones shared that growth through innovation included the system conversion, the social-establishment team and the establishment of the AI Pilot and Task Force. He talked about our relationship with players through sports sponsorships and the Lottery Rewards program. Mr. Jones said that, once again, the Virginia Lottery was named a Richmond Times-Dispatch 2025 Top Workplace and had the highest employee-satisfaction rating in the Lottery's history. Regarding employee development, he described the LEAD Program and said that several employees are currently attending the NASPL Professional Development seminar. He also said that two Lottery employees are recent industry-award winners (Courtney Shearer - Ott Brown Award; John Hagerty - RG award). Mr. Jones described the success of our volunteer program. Lastly, he discussed succession planning. He gave examples of two employees that were promoted to new roles.

Mr. Jones provided an update on the Lottery's financial highlights including sales, online sales, retailer compensation, expense ratio and our transfer to the Lottery Proceeds Fund.

Mr. Jones provided a brief gaming-compliance update for FY25. Two casinos went from temporary facilities to permanent facilities, and work continues with Norfolk and Boyd Gaming. Work also is ongoing on the Petersburg application. The Lottery's sports betting team recently was named to an international sports betting integrity task force. Discussions are ongoing on the regulatory review. Lastly, he discussed responsible-gaming developments and national voluntary exclusion program discussions.

Mr. Jones shared the FY26 strategy. Lottery: Expand games offering, personalized player experiences and growth through innovation. Employees: Culture, employee development and succession planning. Gaming Compliance: Monitor industry for risks/new offerings, ensure

DIRECTOR'S REPORT (continued)

successful casino openings, and enhance regulatory capabilities. He said that our mission, vision and core values never change.

Mr. Jones ended his report with a quote from Theodore Roosevelt.

Chief Gallop asked if raising the price of the Mega Millions ticket had any effect on sales. Mr. Jones said that the preliminary data shows yes. Chief Gallop asked if the areas surrounding the casinos are seeing economic growth. Mr. Jones said that we do not track that information nor have we been asked to track that information. They both agreed that it would be interesting to see the data on this topic.

BOARD ISSUES

Financial Report

Ms. Courtney provided preliminary results for FY25. She said that total sales were \$5,770.6 million, which was 4.5% more than last year. Scratcher sales were \$1,277.5 million, which was 2.8% less than last year. Ms. Courtney also provided updates on daily games, Mega Millions and Powerball. Instants (iLottery) continue to experience strong growth.

Ms. Courtney reviewed sales versus prior years. She also reviewed expense rates versus the prior year and versus the forecast. Prize expense was 78.4%, which was 1.5% more than last year (76.9%) and 0.1% less than expected (78.5%). Retailer compensation was 5.8%, which was the same as last year and as expected. Operating expenses were 4.0%, which was 0.2% more than last year (3.8%) and 0.3% less than expected (4.3%).

Ms. Courtney provided an update on the fiscal-year transfers.

Mr. Tolbert asked if any consideration was given to increasing the number of raffle drawings held per year. Ms. Courtney said that we offered more than one raffle drawing in a fiscal year in the past, but it was not successful. She explained the risk if the raffle does not sell out.

Ms. Courtney provided an update on taxes from sports betting. She also provided an update on taxes from casinos. She said that there is a graduated tax rate on the Adjusted Gaming Revenue. The first \$200 million in Adjusted Gaming Revenue in a calendar year is taxed at 18%, and the next \$200 million is taxed at 24%.

Lastly, Ms. Courtney provided the tax breakdown for Hard Rock Bristol (HR Bristol), Rivers Portsmouth (Rivers) and Caesars Virginia Danville (Caesars Virginia).

BOARD ISSUES (continued)

Gaming Compliance Update

Mr. Dunkle provided an update on sports betting. He said that there are currently 14 approved operators, but two operators are nonoperational, and one operator stopped accepting wagers on July 1, 2025.

Mr. Dunkle provided an update on sports betting renewals for permit holders for CY25. He also provided an update on supplier renewals and vendor renewals for CY25.

Mr. Dunkle provided the market share by operator and a timeline of the retail sportsbook handle.

Mr. Dunkle provided an update on casinos. He shared the status of service permits and supplier permits as of June 30, 2025.

Mr. Dunkle provided an update on HR Bristol. He said that, during the last quarter, his department approved 13 scheduled projects, which involved 277 slot machines, and two table projects involving eight tables. He also said that his team is continuing to work with HR Bristol on day-to-day operations.

Mr. Dunkle provided an update on Rivers. He said that, during the last quarter, his department approved 11 scheduled projects, which involved 186 slot machines, and two table projects involving 11 tables. He also said that his team is continuing to work with Rivers on day-to-day operations.

Mr. Dunkle provided an update on Caesars Virginia. He said that, during the last quarter, his department approved 16 scheduled projects, which involved 502 slot machines, and one table project consisting of three tables. He also said that his team is continuing to work with Caesars Virginia on day-to-day operations.

Mr. Dunkle provided an update on the Norfolk casino. He said that his team is working on the Investigative and Executive Licensing reports for our licensing recommendation, and that they will be presented to the Board at a later date. Construction activities at the temporary casino are progressing well. Construction at the permanent casino is underway. Mr. Dunkle said that his team is conducting weekly meetings with the Norfolk team to complete necessary reviews and approvals.

Mr. Dunkle provided an update on the Petersburg casino. He said that the Casino Operator application has been submitted, reviewed and deemed complete. The Licensing and Investigative teams are actively working on all parts of the application. Biweekly meetings are being conducted with the Petersburg team. Mr. Dunkle said that his team toured the project site on July 15, 2025.

BOARD ISSUES (continued)

Mr. Dunkle provided an update on the Voluntary Exclusion Program (VEP). As of July 18, 2025, 1,955 individuals are enrolled in the program. He also provided a breakdown of enrollees by gender. Mr. Dunkle shared the median number of days for patrons who have had their terms expire to reapply, and he shared statistics for online vs. walk-in registrations. Lastly, he shared a map showing active VEP enrollees across the commonwealth.

Caesars Waiver - Security Camera Configuration During Poker Tournaments

Mr. Fontaine presented a request from Caesars Virginia to waive the Lottery regulation that relates to the requirement of a stationary camera for each table game when the facility is holding a poker tournament in its event center. He explained the request and protocol in detail.

On motion duly made by Chief Gallop and seconded by Mr. Comer, pursuant to 11VAC5-30, the request of Caesars Virginia Danville Casino to waive Lottery regulation 11VAC5-90-120.C.1.b.(1), that relates to the requirement of a stationary camera for each table game when the facility is holding a poker tournament in its event center is approved as discussed.

On motion duly made by Chief Gallop and seconded by Mr. Comer, authority is delegated to Lottery staff to approve such a request from any other casino-gaming establishment in the commonwealth. Staff will report any approvals to the Board at its next scheduled meeting.

Periodic Review of Board Regulations

Ms. Dilworth provided the scope of the periodic review of the Lottery regulations. The gaming regulations are reviewed separately. Ms. Dilworth said that there are four chapters in the Lottery regulations: Guidelines for Public Participation in the Regulatory Process, Administration of the Lottery, Retailer Licensing, and Lottery Games. Ms. Dilworth said that, pursuant to Code Section 2.2-4007.1 and 2.2-4017 of the Code of Virginia, agency regulations must undergo periodic review every four years as directed by the governor's Executive Order. She shared the factors that the review will consider. The process was initiated in December 2024, when the *Virginia Register* published it in their Notice of Periodic Review on December 2, 2024. The public comment period was December 2 - 23, 2024, and we did not receive any public comment.

Ms. Dilworth said that the agency's determination to amend the regulations was based on the need for global amendments and specific amendments. Ms. Dilworth said that there were required updates needed to reflect legislative mandates: posting of the illegal-gambling tipline number, posting of the National Problem Gambling Helpline number, and anonymity for claimants of prizes \$1 million or greater in value. Once the attorney general and the governor completed the reviews, the results were certified and approved.

BOARD ISSUES (continued)

On motion duly made by Mr. Price and seconded by Mr. Tolbert, pursuant to Code Section 58.1-4007(A) of the Code of Virginia, the amendments proposed following the agency's periodic review of regulations conducted pursuant to Code Sections 2.2-4007.1 and 2.2-4017 of the Code of Virginia, be approved as presented.

Education Update

Ms. Mullen provided an update on her team's efforts in volunteering through the Lottery Outreach Program. She also provided an update on the support of Virginia K-12 public education to include the Thank a Teacher campaign and teacher-appreciation lunches. Lastly, she provided an update on her team's focus on responsible gaming. During the recent National Council on Problem Gambling (NCPG) conference, the Lottery received an award for its Gift Responsibly campaign that was entitled Scratchers for Kids? Scratch that idea!. She shared a video and photos of recent events.

PUBLIC COMMENT

None.

OTHER BUSINESS

Mr. Hamid said that the next Board meeting is scheduled to take place on November 5, 2025. Mr. Jones said that a lottery-related conference is taking place that week. Mr. Hamid said the meeting can be rescheduled. The next meeting of the Board committees is August 27, 2025.

BOARD MEMBERS' OPEN DISCUSSION

Mr. Tolbert thanked the Board for making the trip to Bristol. He said that he hoped everyone enjoyed their time in his hometown. Mr. Tolbert said that he thinks it is a good idea to sometimes hold the Board meetings in different locations. He also thanked the Lottery staff for their efforts to take the meeting on the road. Mr. Hamid thanked Mr. Tolbert for hosting the meeting.

Mr. Hamid asked the Board members to prepare updated bios for the Lottery's website. He mentioned the upcoming Sales & Marketing Conference and acknowledged that former Board member Cynthia Lawrence will receive a resolution there on behalf of the Board thanking her for her valuable service to the Lottery Board. Mr. Hamid also mentioned that she was the longest-serving Board member in Lottery history.

ADJOURNMENT

There being no further business to come before the Board, the chairman declared the meeting adjourned.

Khalid R. Jones, Secretary

Ferhan Hamid, Chairman