

VIRGINIA LOTTERY  
Board Meeting  
January 10, 2024

The Virginia Lottery Board met on January 10, 2024, at 9:30 a.m. at Lottery Headquarters in Richmond, Va. A livestream link to the meeting was available on the Virginia Regulatory Town Hall website. A video recording of the meeting can be viewed here:  
<https://youtu.be/br3mFoZ9ZCY>

MEMBERS PRESENT: Ferhan Hamid, Chairman  
Cynthia Lawrence, Vice Chairwoman  
Vonda Collins  
Jonathan Comer  
Orrin Gallop  
Adam Tolbert  
Scott Price

STAFF PRESENT: Tony R. Russell, Interim Director  
Amy Dilworth, General Counsel  
Deborah Courtney, Deputy Executive Director of Finance and Administration  
Gina Smith, Deputy Executive Director of Gaming Compliance  
Scott Kenyon, Director of Marketing  
Prudence Milligan, Customer Strategy Manager  
Jennifer Mullen, 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.

REPORT OF NOMINATING COMMITTEE

The Nominating Committee, Ms. Collins and Mr. Price, met on January 7, 2024, and propose the following slate of officers for calendar year 2024:

Board:

Chairman	Ferhan Hamid
Vice Chairwoman	Cynthia Lawrence

ELECTION OF OFFICERS

Mr. Hamid opened the floor for further nominations. There were none. On motion duly made by Mr. Tolbert and seconded by Mr. Comer, the members of the Board unanimously elected the slate of officers for calendar year 2024 as presented.

Mr. Hamid presided over the remainder of the meeting.

Mr. Hamid noted that this would be Ms. Collins's last meeting because her term expires on January 14, 2024. Ms. Lawrence read a resolution on behalf of the Board recognizing Ms. Collins for her service as a Lottery Board member. The resolution is attached to and made a part of the minutes.

GAMING COMPLIANCE COMMITTEE REPORT

Chief Gallop said that the Gaming Compliance Committee met on December 19, 2023. The discussion topics included the appeals process, current sanctions and sports betting fines and how they are determined, and the role of the Board members in relation to casinos. The committee also reviewed the proposed Gaming Compliance Committee Charter. Mr. Comer and Mr. Tolbert said they look forward to continuing to serve on the committee. Mr. Tolbert also said that he thinks the committee will be beneficial to the Board.

Chief Gallop read the Board's statutory responsibilities from the charter.

On motion duly made by Chief Gallop and seconded by Mr. Price, the Gaming Compliance Committee Charter was approved as presented.

OPERATIONS COMMITTEE REPORT

Ms. Lawrence said that the Operations Committee met on December 19, 2023. She said that the meeting allowed them to delve deeper into how things are organized under the administrative umbrella. As stated at the previous Board meeting, the Lottery has taken on sports betting and casinos, and things are happening at a rapid pace. The committee serves as a way outside of the regular Board meetings to understand these activities at a deeper level. She said that the information presented was informative. Ms. Lawrence said that the committee will ensure that the newer Board members are up to speed on things that occurred before their arrival. The committee also reviewed the proposed Gaming Compliance Committee Charter. Ms. Lawrence said that the Audit Committee, previously a stand-alone committee under the Board, will be rolled into the Operations Committee.

On motion duly made by Ms. Lawrence and seconded by Ms. Collins, the Operations Committee Charter was approved as presented.

OPERATIONS COMMITTEE REPORT (Continued)

Ms. Lawrence said that the work done by the audit staff is of high integrity. She said that staff is to be commended for the level of oversight.

On motion duly made by Ms. Lawrence and seconded by Mr. Tolbert, the 2024 Internal Audit Plan dated December 19, 2023, was approved as presented.

MINUTES OF LAST MEETING

On motion duly made by Ms. Lawrence and seconded by Mr. Comer, the minutes from the regular meeting held on October 25, 2023, were approved as distributed.

DIRECTOR'S REPORT

Mr. Russell introduced Tiffany Robinson, who is the Deputy Chief of Staff in the Governor's office. He said that, in the first half of FY24, sales were approximately \$2.66 billion, and profits were approximately \$458 million. He also said that Mega Millions and Powerball both experienced jackpots over \$1 billion. He said that \$58.4 million was generated in casino tax revenue in the first half of FY24. Sports betting activity produced \$33.28 million in that same period. Mr. Russell said that iLottery sales set a one-week record the week of December 25, 2023, when they hit \$68,324,230. Virginia's New Year's Millionaire Raffle sold out early again this year. There were five \$1 million winning tickets, and seven tickets each won \$100,000.

Mr. Russell introduced Meir Amar, who is the new Director of Information Technology Services. Mr. Amar joined the Lottery in November 2023, and he has over 15 years of state experience, most recently with the Virginia Community College System. Mr. Russell also introduced Scott Kenyon, who was recently promoted to the position of Director of Marketing. Mr. Kenyon has been in the lottery industry for over a decade.

Ms. Mullen provided an update on what her team is working on to remind Virginians about the Lottery's important mission. She said that this year marks the fifth year of partnership with The Tommy + Kelly Show in Northern Virginia to sponsor the Virginia Lottery Fall Teacher Tour. So far, we have had the chance to bring our own special Lottery brand of fun and excitement to seven schools, and there are three more set for January 2024. She shared a video of the impact we have made in this region over the past five years.

Ms. Mullen said that we have a multipronged strategy to remind Virginians about our important mission. Now through May 2024, we will be running a paid digital media campaign that will link back to a video produced by our in-house creative team. Virginians will be reminded of our mission through our presence on social media via streaming video and programmatic ads. Ms. Mullen said that we are about to award our three 2024 Thank a Teacher Art Contest winners, and their artwork will be featured on this year's Teacher Appreciation Week thank-you notes.

DIRECTOR'S REPORT (Continued)

Ms. Milligan, Customer Strategy Manager, said that the loyalty program will be launching soon. She said that the purpose of the program is to build business and relationships. She said that the eXTRA Chances/ 2nd Chance program will sunset as it currently exists. The retail and online product-specific promotions will fall outside of loyalty to drive individual product sales. Players who redeem product-specific promotions will not be rewarded again for loyalty. The loyalty program will have regular, smaller rewards such as Lottery Vending Machine credits, game-specific coupons and online bonus credits that players get by redeeming points. Ms. Milligan said that the loyalty program is an all-inclusive, uncomplicated, and fun way to engage with the Lottery.

Mr. Russell said that the General Assembly goes into session today (January 10, 2024) through March 9, 2024. He said that we will be monitoring the following potential areas for bills: Gaming Commission Feasibility Study, skill games, casino and sports betting.

Mr. Hamid requested that Mr. Amar potentially present to the Operations Committee at a future meeting on the topics of cybersecurity and AI.

BOARD ISSUES

Financial Update

Ms. Courtney provided preliminary results for the first half of FY24. She said that total sales were a record \$2,662.5 million. Mega Millions and Powerball had a tremendous first half.

Ms. Courtney reviewed sales versus prior years. She also reviewed expense rates versus the prior year. Prize expense was 76.8%, which was 3.4% more than last year (73.4%) and 0.7% more than expected (76.1%). Retailer compensation was 5.6%, which was 0.1% less than last year (5.7%) and 0.1% less than expected (5.7%). Operating expenses were 3.7%, which was 0.5% less than last year (4.2%) and 0.8% less than expected (4.5%).

Ms. Courtney said that the first half profits were \$458,000,000.

Ms. Courtney provided an update on taxes from sports betting. Total FY24 taxes through December were \$33,281,420.

Ms. Courtney provided an update on taxes from casinos. The statutory tax rate on casino gaming is a graduated rate of 18% on the first \$200 million of annual adjusted gaming revenue (AGR). Approximately one-third of the tax (6% of AGR) goes to the host locality, 0.8% of the tax goes to the Problem Gambling Treatment and Support Fund, and 0.2% of the tax goes to the Family and Children's Trust Fund. The remaining tax revenue goes to the Gaming Proceeds Fund to be appropriated for public school construction, renovations or upgrades.

BOARD ISSUES (Continued)

Ms. Courtney said that Hard Rock Bristol (HR Bristol) opened in July 2022, Rivers Casino Portsmouth opened in January 2023, and Caesars Virginia (Danville) opened in May 2023. She reviewed the tax breakdown for the three casinos.

Ms. Courtney provided an update on the budget process.

Gaming Compliance Update

Ms. Smith provided an update on sports betting. She shared the list of approved operators.

Ms. Smith said that WSI US, LLC (Wynn) has completed its closure in Virginia. In November 2023, Unibet informed the Lottery that they intended to close their sportsbook in March 2024. Ms. Smith and her team are currently working with Unibet on their closing plan. Two permits will become available as a result of these closures. The application period begins on May 15, 2024.

Ms. Smith provided an update on sports betting renewals. Two permit holders have had their permits renewed, and five permit holders have their permits under review. Three suppliers have been renewed, three suppliers are under review, and we are awaiting applications from two suppliers. Ms. Smith said that there are 78 vendors up for renewal during the first four months of calendar year 2024. Failure to renew registration will result in the vendor not being able to conduct business in Virginia with licensed permit holders. Mr. Hamid said that it would be a good idea to have the permit holders attend a future meeting. Ms. Smith said that several of the permit holders are foreign entities and located outside the U.S. Mr. Hamid said that they could attend virtually.

Ms. Smith provided the market share by operator. She also provided a breakdown of total wagers by sport.

Ms. Smith provided an update on the Voluntary Exclusion program. As of December 31, 2023, there are 936 individuals currently enrolled in the program. At this point, 869 individuals are active, and 67 individuals are inactive because their enrollment period ended. Ms. Smith also provided a breakdown of enrollees by gender and by age. Most of the enrollees are between the ages of 31 and 40.

Ms. Smith provided an update on casinos. The following casino-related permits have been issued as of January 6, 2024:

BOARD ISSUES (Continued)

Service Permits:

Gaming and non-gaming	5,431
Vendors	559

Supplier Permits:

Key Manager	106
Manufacturers	20

Ms. Smith provided an update on HR Bristol. She said that, during the last quarter, her department approved the receipt of 25 new games and approved 11 change requests, which involved a total of 225 games. She also said that her team is meeting monthly with HR Bristol to prepare for the opening of the permanent casino in the summer of 2024.

Ms. Smith provided an update on Rivers Casino. She said that her team is continuing to work with them on day-to-day operations. During the last quarter, her department approved the receipt of 25 new games and approved nine change requests, which involved a total of 370 games.

Ms. Smith provided an update on Caesars Danville. She said that, during the last quarter, her department approved the addition of 4 new games and approved 15 change requests, which involved a total of 277 games.

Bristol Casino Update

Ms. Allie Evangelista, President of HR Bristol, shared the total number of jackpots paid in 2023 as well as since the opening of the property in July 2022, gaming taxes paid in 2023 as well as since the opening in July 2022, and charitable contributions made in 2023 as well as since the opening in 2022. She provided an update on team-member engagement. Ms. Evangelista also provided an update on the successful New Year's Eve event at the casino.

Ms. Evangelista provided an update on recruiting and the workforce demographics. She said that data shows that approximately 33% of total hires are from Virginia, and 63% are from Tennessee. She also shared regional demographics. Ms. Evangelista said that Karen Hewitt was recently hired as the Director of DEI Strategic Partnerships to target areas outside of Bristol. Ms. Evangelista shared an overview of Ms. Hewitt's role and how she plans to accomplish her goal of hiring a diverse workforce. She also shared a list of 35 community partnerships.

Ms. Evangelista provided statistics on the permanent facility including the hotel, gaming area, dining venues, entertainment venue and retail. She also shared construction pictures.

BOARD ISSUES (Continued)

Ms. Collins thanked Ms. Evangelista for the work she has done regarding the Board's concern about diversity. Mr. Hamid asked when the permanent casino would be opening. She said July 2024.

Portsmouth Casino Update

Mr. Roy Corby, General Manager of Rivers Casino Portsmouth, said that January 23, 2024, marks one year of Rivers Casino Portsmouth. He said that they welcomed their 2 millionth guest on January 4, 2024.

He shared the total gaming revenue produced, food and beverage revenue, entertainment-admission revenue and the amount of taxes (state, local, real estate, personal property and local business) generated. He also shared building-permit and business-license costs. Mr. Corby provided a breakdown of guest origination. He also provided the total amount of vendor and supplier expenditures including expenditures to Small, Women & Minority-Owned businesses and Portsmouth-based businesses.

Mr. Corby said that Rivers Portsmouth Casino has created 1,300 jobs. He also said that Rivers Casino Portsmouth was honored as a 2024 Best Place to Work by CoVa BIZ Magazine. Mr. Corby provided an overview of volunteerism, donation drives and in-kind contributions and corporate giving. He said the Civic 50 Hampton Roads honored Rivers Casino Portsmouth as one of the most community-minded companies in Hampton Roads.

Mr. Corby provided an update on Rivers Casino Portsmouth's entertainment lineup. He said that Rivers Casino Portsmouth regularly hosts local bands and events in the Sound Bar.

Ms. Lawrence asked for an update on workforce development. Mr. Corby said that they have relationships with Tidewater Community College (TCC) and other area schools. He said that TCC hosts the casino's dealer school, and the attendees also enroll in TCC.

Danville Casino Update

Mr. Chris Albrecht, Senior Vice President and General Manager of Caesars Virginia, said that they recently hit the seven-and-a-half month mark in December 2023, and the excitement continues to build.

Mr. Albrecht said that strong sales volumes continued into the last full quarter of operations. Net Gaming/AGR from the opening on May 15, 2023, through December 31, 2023, was \$145 million. December 2023 finished as the casino's second highest AGR month after July 2023. He

BOARD ISSUES (Continued)

said that Christmas through New Year's Eve was extremely busy. They continue to use local hotel partners.

Mr. Albrecht said that total taxes paid to Virginia per statute were just over \$26 million. The City of Danville receives revenue through state gaming tax and a separate Development Agreement with Caesars.

Mr. Albrecht provided an update on community impact to include donations and team-member engagement. He also provided highlights of hiring, the All-In On Education program and their summer-internship program. Lastly, he gave an update on the permanent facility and shared pictures of the construction progress. He said that the hotel topping ceremony took place on January 18, 2024.

Ms. Collins asked him to share an update on the diversity profile of his team at the next meeting.

PUBLIC COMMENT

None.

OTHER BUSINESS

The next Lottery Board meeting is scheduled to take place on May 1, 2024.

BOARD MEMBERS' OPEN DISCUSSION

Mr. Price said that he is pleased with the progress of the three casinos and what they are doing for their communities. Mr. Tolbert thanked Lottery staff for all they do to make the Lottery, casinos and sports betting successful. He also said that he appreciates the progress reports from the casinos. Ms. Lawrence said that she too appreciates the progress reports from the casinos. She also said that she looks forward to hearing similar updates from our sports betting partners. Ms. Lawrence also said that the more the Board understands their business, the better partners they can be. Mr. Comer asked if the removal of skill games has affected Lottery sales. Mr. Russell said that it is too early to tell and that there are also several variables in place. Mr. Hamid said that the Board should consider having a future Board meeting somewhere besides Richmond and in conjunction with a casino tour. Chief Gallop said that he is amazed at the amount of work completed by staff especially regarding casinos. Ms. Lawrence commended the Communications and Customer Relations team on its hard work on the Thank a Teacher campaign.

CLOSED MEETING

Ms. Collins made the following motion, which was seconded by Chief Gallop.



CLOSED MEETING (Continued)

In accordance with the provisions of Section 2.2-3712 of the Code of Virginia, I move that the Board convene a closed meeting for the purpose of discussion, consideration, or review of:

Pursuant to subdivision A 17 of Section 2.2-3711, matters relating to specific lottery game design, prize structure and odds of winning; and matters related to proprietary lottery game information excluded from disclosure under subdivision 11 of Section 2.2-3705.7.

RECONVENED MEETING

Following its closed meeting, the Board reconvened in open session. Mr. Price read the following certification for the closed meeting:

WHEREAS, the Virginia Lottery Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law and the motion by which the closed meeting was convened;

NOW, THEREFORE, BE IT RESOLVED that the Virginia Lottery Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Board.

By roll call, all members in the room voted in the affirmative that the certification was accurate as read.

On motion duly made by Chief Gallop and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the variations in prize structures for Instant Games 3253 and 11600 and Scratcher Games 2274 and 2277, which are outside the parameters approved by the Board on July 20, 2022.

ADJOURNMENT

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

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Tony R. Russell, Secretary

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Ferhan Hamid, Chairman

**Board Resolution**  
**January 10, 2024**

*WHEREAS*, Governor Ralph Northam appointed Vonda Collins as a member of the Lottery Board, for a term beginning on July 1, 2020, and ending on January 14, 2024; and

*WHEREAS*, Vonda Collins worked diligently to advance the best interests of the Virginia Lottery, to ensure that the Virginia Lottery operated beyond reproach, and to maintain the Virginia Lottery as an industry leader; and

*WHEREAS*, her enthusiasm for, and interest in, the business and affairs of the Virginia Lottery were evident at every Board meeting; and

*WHEREAS*, she served as Chairperson of the Audit Committee in 2022 and 2023, where her professional experience as a licensed CPA provided meaningful contributions; and

*WHEREAS*, she participated in the development and approval of the first Mobile Sports Betting Regulations and the first Casino Gaming Regulations in Virginia, implementing the provisions of the Virginia Sports Betting and Casino Gaming Law as enacted by the 2020 Session of the Virginia General Assembly.

*WHEREAS*, she cast historic votes in the approval of Virginia's first temporary and first permanent casino facilities.

*NOW, THEREFORE, BE IT RESOLVED*, that the Members of the Virginia Lottery Board hereby extend their gratitude and sincere appreciation to Vonda Collins for her dedicated service to the Commonwealth of Virginia and to the Virginia Lottery.

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Ferhan Hamid

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Cynthia Lawrence

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Jonathan Comer

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Orrin Gallop

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Scott Price

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Adam Tolbert