

VIRGINIA LOTTERY

Board Meeting

May 13, 2020

As a result of the state of emergency declared in the Commonwealth by order of the governor on March 12, 2020, the Virginia Lottery Board met on May 13, 2020, at 9:30 a.m. by electronic communication means pursuant to Executive Amendment 28 to HB29 (2020). A video recording of the meeting can be viewed here: <https://youtu.be/IZX2GV1nQRU>

PARTICIPATING MEMBERS:

All Board members participated through electronic communication means in separate locations.

Ferhan Hamid, Chairman
Cynthia Lawrence, Vice Chairman
Scott Price
Chris Tsui

PARTICIPATING STAFF: The following Lottery staff participated through electronic communication means in separate locations.

Kevin Hall, Executive Director
Deborah Courtney, Director of Finance
Amy Dilworth, General Counsel
Kelly Gee, Manager of Government Relations
John Hagerty, Public Affairs Specialist
Jennifer Mullen, Public Affairs and Community Relations
Manager
Terri Rose, Director of Marketing
Rob Wesley, Director of Digital
Jo Murphy, Executive Assistant

The following Lottery staff monitored the meeting through electronic communication means in separate locations.

Frank Wagner, Deputy Director
Ted Maxwell, Director of Information Technology Services
Tony Russell, Director of Administration
Tom Sawyer, Director of Sales
Beth Smith, Director of Audit and Security

As required, the meeting was available to the public via livestream on Virginia Regulatory Town Hall.

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.

MINUTES OF LAST MEETING

On motion duly made by Ms. Lawrence and seconded by Mr. Price, the minutes from the regular meeting held on Jan. 8, 2020, were approved as distributed.

DIRECTOR'S REPORT

Mr. Hall thanked everyone for being flexible and joining electronically. The last Board meeting was Jan. 8, and the world has changed since then, especially in the past eight weeks.

Early in March, as awareness of the public health risk from COVID-19 first began to sink in, we loaded up on gloves, hand sanitizer and disinfectant products for employees at the eight Customer Service Centers and across headquarters. By mid-March, it became increasingly clear that we were entering a full-blown public health emergency. The week after the governor closed public schools and a week before restrictions were placed on retail and business operations, we began winding down public-facing activities and shifted into what has become an extended period of remote work for all employees. We pulled our sales team out of the field and began serving our retail partners by phone, email and text. Early on, we recognized our retail partners were operating under extreme stress, and we did not want to add to their challenges. Based on a great suggestion from one of our sales reps, we began waiving the weekly service fee charged to each retailer. We will continue to waive those fees at least through the end of May.

Mr. Hall said our retailers control what occurs inside their stores, and we have been supportive of their decisions about how best to protect their customers and employees at the sales counter. Retailers are free to make their own decisions at any time about whether and how to continue selling our product. There is no fee or penalty for temporarily stopping or terminating a sales contract with the Lottery.

We have been posting helpful information on our website, mobile app and social media platforms for customers about safer ways to engage without placing themselves or retail employees at additional risk. Based on the governor's declaration of a state of emergency, we have extended the period that winners have to claim a prize. We have highlighted the convenience features offered for checking winning numbers and purchasing some of our products through our app and through online subscriptions. April was our strongest month ever for e-games and second-best month ever for subscription sales.

Mr. Hall said since closing our Customer Service Centers in March, we have encouraged players to redeem their winning tickets by mail. In the past eight weeks, our mail team and finance staff have processed nearly 3,000 winning tickets submitted by mail worth a combined \$4 million

DIRECTOR'S REPORT (Continued)

(including a \$1 million winner). We canceled product advertising on radio and TV in March, April and now into May. We canceled scheduled promotional events, and we are now reviewing all our event sponsorships extending into the fall.

Beginning March 20, we limited headquarters staff to essential employees only. Everyone else was sent home with laptops and the technology tools needed to securely access our computer systems remotely. Our 300 employees made it look easy. In the period before COVID-19, the Lottery typically saw an average of 11 remote logins through the secure VPN network each day. Today, it is closer to 170 VPN logins each day. The organization typically used Microsoft Teams for approximately 10 virtual group meetings a day. Today, the number of daily Teams meetings has tripled. Managers have worked with employees during this period of remote work and viewed it as an opportunity to train, retrain and cross-train. Backup teams have been created for key functions to make sure we have the personnel available in key areas.

Mr. Hall reported that to date, not one of the Lottery's 300 employees has become sick from COVID-19.

Mr. Hall said we have sent frequent communications to the staff to keep everyone connected and aware of the latest information. He has conferenced (via video) into dozens of department meetings in recent weeks to address any questions and concerns. He said he is proud of the incredible workforce. He said we are seeing a lot of resiliency and creativity along with greater collaboration and have discovered new efficiencies. He also said our vendor partners have been great at adapting to the current circumstances.

Mr. Hall said we have been thinking through what the eventual return to work looks like and when to begin. We are relying on guidance from public health officials and closely following the guidance issued by the governor's office. We are looking to adopt and adapt to best practices used in other workplaces. We are reconfiguring work schedules and workspaces, mapping out physical-distancing requirements at headquarters and designing controls on foot traffic at our eight Customer Service Centers. We believe we have adequate supplies of masks, gloves, sanitizer and disinfectants for when we reopen our Customer Service Centers and headquarters and for when we send sales reps back into retail stores. The governor has authorized a narrow reopening of some commercial and retail businesses beginning May 15, but Mr. Hall has not yet set a date to begin bringing Lottery employees back to work. He said we will monitor the situation and continue mapping out a methodical, phased-in return. In the meantime, we will continue to make extensive use of telework and virtual group meetings. Most importantly, our managers have spent considerable time listening to all 300 employees. We have listened to everybody's ideas and will try to address their concerns before we pivot to whatever the "new normal" looks like operationally.

DIRECTOR'S REPORT (Continued)

Mr. Hall said the health crisis and economic uncertainty that followed has had an impact on our business during what typically has been a strong sales period. Sales and profits were tracking very close to forecasts until the second week in March when stay-at-home and business restrictions were ordered. This was followed quickly by sharp changes in consumer behavior and consumer spending. In mid-March, sales dropped sharply, but, by mid-April, we began to see a rebound. In recent weeks, sales have approached the pre-COVID goals. Mr. Hall has had conversations with many other lottery directors, and this is in line with what other states are seeing.

Mr. Hall said this sharp and unexpected downturn occurred in the final quarter of the Virginia's fiscal year, which ends June 30. This will place downward pressure on the revenue the Lottery is budgeted to turn over to the state for K-12 programs. We are working closely with the governor's budget team to determine the precise impact on the current budget as well as what it could mean for the new budget period that starts July 1.

Mr. Hall said the health crisis and the economic recession have forced us to move on parallel tracks to address both short-term operational needs and recalibrate our longer-term business strategy. He reminded the Board that we were scheduled to launch Keno in late April. Players have been asking for Keno for years, and lotteries in every surrounding state have seen tremendous success with it. The Board approved the Keno prize structure 18 months ago. Our team has been working hard ever since to get ready for the April launch by recruiting retailers, ordering equipment and designing the marketing and advertising campaign. The pandemic prompted us to place Keno on hold, and we are now looking to launch in early August.

Mr. Hall said we continue to work to broaden the reach for traditional Lottery products at retail through wider deployment of our popular self-serve vending machines. Since the first of the year, we have successfully deployed vending in more than 100 Walmart stores, and we are currently in late-stage discussions to add vending at a national drugstore chain with more than 200 retail stores in Virginia.

Mr. Hall said the pandemic began as the 2020 General Assembly session was ending. He is not aware of any other time in the Lottery's history when the Lottery had as much at stake or this high a profile in the legislature. He said we had a tremendously successful session, and he acknowledged the great work of Deputy Director Frank Wagner and Government Relations Manager Kelly Gee. He noted that, after years of effort, the Lottery finally won legislative approval to sell its products online. The industry calls it iLottery, and we believe a digital platform that allows us to engage with our players anytime they want and anywhere they are will have an increasingly large role in our performance going forward.

DIRECTOR'S REPORT (Continued)

Mr. Hall said the 2020 General Assembly also gave the Lottery important new responsibilities in regulatory oversight of casino gaming and sports betting. The General Assembly agreed that the Lottery was the logical home for regulation of expanded gaming. Our team already has spent more than 18 months analyzing the regulatory models used in other states, identifying best practices and developing strong contacts with state regulators across the country.

Mr. Hall said we are currently recruiting nationally to fill several key positions in our new Gaming Compliance division. We recently interviewed four top-tier candidates to design, build and lead our new Gaming Compliance division, and we are close to making a hiring decision. We have hired an attorney with two decades of experience in both lottery and casino regulation in Maryland, and he is scheduled to start work June 1 and help our General Counsel write the regulations. Openings for several other important positions will be posted soon.

Mr. Hall noted that even though casinos everywhere are closed, and sports betting is virtually nonexistent due to the pandemic, the expanded-gaming legislation that takes effect July 1 still requires the agency and the Board to meet some very aggressive timelines. On May 5, we reached out directly to the mayors and city managers of the five cities eligible for casino projects. We provided each of them with clear guidance about what the casino legislation requires localities to do and by when in order to request preliminary approval from us and then take their casino proposals to local voters in a referendum this November. After a successful local referendum, the legislation gives the agency and the Board close to a year to construct comprehensive casino regulations and set up the complex licensing and audit functions. The sports betting legislation requires the Board to adopt a preliminary set of sports betting regulations by mid-September, including an appropriate period for public comment. The agency will have 90 days to review applicants for one of the 12 sports betting licenses. We have already started writing the regulations and anticipate the first sports betting licenses could be issued at the end of this year or very early in 2021.

Mr. Hall said the Lottery takes these new expanded gaming responsibilities seriously. We are working in a smart, methodical way to recruit and hire the right people, to write appropriate regulations and to begin standing up this important new regulatory division all in a responsible, timely and transparent way. He said we recognize that we must get this right from the very beginning, and we will.

Mr. Hall said we have spent considerable time over the past year discussing gray machines, the unregulated, slot-like devices that have appeared at restaurants, bars and convenience stores in the past two years. Last September, we counted at least 4,000 gray machines at Lottery-licensed retail locations and estimated they were siphoning \$40 million in annual sales away from the Lottery. Since then, the number of gray machines at Lottery-licensed retail locations has increased another 40 percent. The 2020 General Assembly initially voted to ban these devices

DIRECTOR'S REPORT (Continued)

from the market, but, since then, the legislature has agreed to the governor's request for a one-year reprieve in order to generate new revenue that can be directed to Virginia's COVID-19 relief efforts. Beginning July 1, and for one year only, gray machine activity will be legally permitted, tracked by ABC and taxed. The governor has publicly committed to veto any legislative efforts to extend the gray machine reprieve beyond one year.

Mr. Hall said that, throughout the COVID-19 crisis, many of us have been moved by gestures of public support for frontline personnel who put themselves at risk every day during the pandemic. We also have used the Lottery's marketing platforms to salute essential workers. In the coming days, we will slowly return to the marketing and advertising space with this branding message. It reinforces the Lottery's critical responsibility in generating funds for public schools. With the fiscal pressures being placed on state and local government, the Lottery's role in generating K-12 revenue is valued more than ever before.

Mr. Hamid commended Mr. Hall and his staff for the job they have done during these difficult times. He said the fact that the revenue numbers have rebounded to the current levels is amazing. He also said the shift to more subscriptions and eventually iLottery is as timely as ever.

Mr. Hall asked Jennifer Mullen, Public Affairs and Community Relations Manager, to provide an update on the Thank a Teacher campaign. He also asked John Hagerty, Public Affairs Specialist, to provide an update on responsible gaming efforts.

Ms. Mullen said for the fifth year, and with our new sponsor The Supply Room, we launched the Thank a Teacher campaign. The goal is to highlight our mission of supporting K-12 public education by encouraging Virginians to thank as many public school teachers as possible. For the third year, we kicked off with an art contest in January. The contest encourages K-12 public school students across Virginia to submit their artwork for a chance to be featured on the Thank a Teacher notecards that are distributed during National Teacher Appreciation Week. Each of the three winners receives a \$150 gift card from the Lottery and each winner's school's art department receives \$2,000. Ms. Mullen said we always weave in an element of surprise for the winning students and teachers, but, by the time the winners were selected, schools had unexpectedly closed for the year. The Lottery suddenly had to find a more creative way to surprise the winners. Jaqueline Severance, Internal Communications Specialist, did a phenomenal job of coordinating with the families of the winners to create a special moment captured on video. Ms. Mullen shared a video of the three winners. She said it was heartwarming despite not having the opportunity to celebrate in person.

Ms. Mullen said the core campaign launched on April 1 when we began inviting Virginians to submit their thank-you notes to their favorite teachers. We are pleased that each year Governor Northam, the First Lady and Secretary of Education Atif Qarni support this campaign by writing

DIRECTOR'S REPORT (Continued)

their own thank-you notes. They also promoted the campaign on their social media channels. The hard-copy notes always have been the most popular mode of entry, but we also have a digital note entry option. We quickly realized that the digital option would be the only option this year. Ms. Mullen said the tone of the campaign was slightly adjusted to reflect the current environment. As Teacher Appreciation Week wrapped up, more than 6,500 digital notes have been distributed across Virginia. The final component is the random drawing of two teachers who will each win a Virginia-themed trip. In addition, The Supply Room will give the school of each winner a \$5,000 credit.

Mr. Hagerty provided an update on the Lottery's Play Responsibly campaign. For several years, the Lottery has participated in National Problem Gambling Awareness Month. The month of March is designated for this nationwide push to raise awareness of problem gambling and highlight resources where people can find help or get information. The first three weeks of March saw probably the strongest and most effective effort yet for the Play Responsibly campaign. Mr. Hagerty shared the new public service announcement that was produced in-house in both English and Spanish. The PSA was sent to broadcast and cable outlets statewide, and an audio version was sent to radio stations. It also was placed on our website and used on our social media platforms. Other assets included a joint news release with the Virginia Council on Problem Gambling (VACPG), paid sponsorship on NPR stations statewide, and TV and radio interviews. We purposely did not have any product advertising for the first half of the month. There were ticket messages as well as posters in customer-facing areas. Internally, we reached out to our employees on the Lottery's intranet and via Lottery Insider, which is a publication for our field staff. Retailers were reached via the Playbook publication. An email was sent to approximately 288,000 addresses in our database. For the first time, we used digital billboards and gas pump TV.

Mr. Hagerty said the Lottery was recently notified that it had advanced to the next level of Responsible Gaming Verification Standards. This is a joint program with the North American Association of State and Provincial Lotteries (NASPL) and the National Council on Problem Gambling (NCPG). This honor confirms that the Lottery works to present its products responsibly and ethically.

FINANCIAL REPORT

Ms. Courtney provided preliminary results through April 30, 2020.

Total sales were \$1,742.5 million, \$188.4 million (9.8%) less than last year and \$42.0 million (2.4%) less than expected. Scratcher sales were \$947.9 million, \$76.4 million (7.5%) less than last year and \$17.2 million (1.8%) less than expected. Print 'n Play sales were \$62.3 million, \$40.5 million (53.6%) more than last year and \$2.0 million (3.1%) less than expected. The increase in Print 'n Play sales occurred due to the introduction of the Rolling Jackpot game.

FINANCIAL REPORT (Continued)

Sales of e-games were \$1.8 million, \$0.5 million (20.1%) less than expected. Daily games sales were \$553.6 million, \$24.6 million (4.3%) less than last year and \$5.2 million (0.9%) less than expected. Jackpot games sales were \$169.4 million, \$111.0 million (39.6%) less than last year and \$17.1 million (9.2%) less than expected. Jackpot games sales have been affected by the pandemic due to lower foot traffic in retail stores. Historically low interest rates also contributed to lower jackpot games sales because it takes more cash to fund the 30-year-annuity option jackpot prizes.

Ms. Courtney reviewed FY20 sales versus forecast and versus prior years. She also reviewed expense rates versus the prior year and versus forecast. Prize expense was 61.1%, which was 0.4% less than last year (61.5%) and 0.2% less than expected (61.3%). Retailer compensation was 5.6%, which was the same as last year and the same as expected (5.6%). Operating expenses were 5.6%, which was 0.8% more than last year (4.8%) and 0.2% less than expected (5.8%).

Ms. Courtney said year-to-date profits are \$484.5 million compared to \$543.3 million last year and the FY20 forecast of \$488.3 million. The decline in profits is coming directly from the decline in sales. The biggest cause of this decline is the gray machines in market. The current disruption at retail also added to the decline, but most of the decline was anticipated and factored into the forecast that the Board approved last fall. Ms. Courtney said we are staying in touch with the budget office, the money committee staff members and the eventual recipients of Lottery profits. She said we want to provide the best possible estimates.

Mr. Hamid asked about the projections for iLottery. Ms. Courtney said this will be discussed with the Board during the expected accelerated forecast process next year. She also said the Lottery provided some estimates in the impact statements that were introduced when the legislation was being considered. Those estimates were based on an expectation that implementation would be later than the current projected launch date. She said that, while we do not have an official estimate at this time, it will be discussed with the Board during the typical forecast process, in the Board's Closed session.

BOARD ISSUES

Expanded Gaming Briefing

Ms. Gee said the Lottery went into the 2020 General Assembly session with three main goals. She happily reported they were accomplished.

BOARD ISSUES (Continued)

Permission to conduct internet lottery sales, the agency's top priority, was signed into law before the session even adjourned. Throughout the process, we had many productive conversations with our retailers about this new delivery method. As a result of those conversations, the budget also included language that requires a workgroup consisting of Lottery and retail representatives to examine commissions.

Ms. Gee said we were actively involved in discussions around expanded gaming, and several of our suggestions were included in the final bills. The Lottery will oversee regulating land-based casinos and internet sports betting going forward.

Ms. Gee said we wanted some type of action on the gray machines. The legislature sent the governor a bill outright banning them. Given the impact of COVID-19 on our economy, the machines will be allowed to stay in the field for a year before the ban takes effect. However, distributors will now pay a fee on each machine, and ABC will oversee monitoring them.

Ms. Gee explained the timeline for implementation for casinos. Each eligible host city will choose their preferred gaming partner. That selection must undergo a preliminary review by the Lottery before the locality can move to the referendum. The Lottery will begin accepting documentation associated with the preliminary review on June 1. If granted, the Director will issue the preliminary approval for that city to move to referendum. Next, the eligible host city will petition their circuit court to order a local referendum on whether casino gaming will be allowed in that city. The court must order that referendum by Aug. 14. The referendum will appear on the locality's ballot during the Nov. 3 general election. Once the State Board of Elections has certified results of the referendum, and the referendum is approved, the eligible host city will certify to us the name of their gaming operator, and that operator can apply for licensure. The Lottery is given 12 months to do financial and character background investigations to ensure suitability of the operator. Ultimately, the Board will decide whether to issue the license. While these deadlines are being met, General Counsel Amy Dilworth will be leading the team that will draft regulations. Board action on those will likely not occur until the first quarter of 2021.

Ms. Gee said that, at the same time that casino deadlines are being met, we will have different sports betting deadlines. The Board will need to meet in mid-July to approve draft sports betting regulations. Those draft regulations will then have a public-comment period that will last at least 30 days. Once the comments are reviewed, final regulations will then be voted on by the Board no later than Sept. 15. Then, we will begin accepting applications for a sports betting permit. The Lottery has 90 days to act on an application for a permit. A permit allows the business to operate a website, app or other platform accessible via the internet that the public uses to place bets. Ms. Gee noted that the issuance of sports betting licensure is different than casino licensure. Sports betting permits will be issued by the Director, and casino licenses will be issued by the Board.

BOARD ISSUES (Continued)

Ms. Gee said one of the first steps to establish this new program is publishing public information about how the regulatory and licensure process will work. The Lottery has launched a microsite that provides key information as we begin developing appropriate and responsible regulations for casinos and sports betting. The URL for the site is valottery.com/casinosandsportsbetting, and it houses information about the rulemaking process, answers frequently asked questions and provides links to specific forms required to be submitted by casino stakeholders. The site also provides estimated timelines for when expanded gaming will become available to Virginians. The documents will be updated, key dates solidified and new documents added as needed. The launch of casinos and sports betting in Virginia will be followed by entities all over the nation. The microsite is an excellent first step to provide transparency and clarity to the public.

Lottery Online Overview and Promotions

Mr. Wesley provided an overview of Lottery Online. He said the Lottery has partnered with NPI as the platform and game provider for the Lottery Online solution. Powerball, Mega Millions and Cash4Life® will be available when Lottery Online launches. These games are currently available on our subscriptions platform. We also will launch 12 instant games that are like the MobilePlay products, but they will have different themes and game mechanics. There will be a roadmap in place for launching games on an ongoing cadence. Players can make purchases on their desktop, tablet and mobile browsers. Our website will be evolving, and the Digital team is looking to the future. The mobile app will remain active, but it will look slightly different. Players can continue to log in to the app and enter 2nd Chance promotions, but they will not be able to make purchases. Mr. Wesley said we will use the mobile app as an acquisition tool by adding it to the Google Play Store for the first time.

Mr. Wesley said the completion date for the Lottery Online project is July 1, which is also the very first day we are legally allowed to offer online sales. He said this is a big project for a three-month time frame not only on the Lottery side but also for our vendor partners, NPI and IGT.

Mr. Hamid asked if existing games would be used or if new games would be created. Mr. Wesley said the games at launch will be like the games at MobilePlay's launch. The game providers have a library of existing games and game mechanics, which have proven to be successful in other states. Vendors allow us the opportunity to make a variety of changes to the instant games (i.e. reskin, using a different logo).

Mr. Wesley presented the Lottery Online promotional strategy. He said we have learned from other iLottery states that using segmented bonuses to achieve goals has been the most successful approach. Through this approach, we can acquire new players that are not interested in playing at retail and convert players who have already engaged with us on the subscriptions and MobilePlay platforms. We can provide relevant and timely offers to retain existing players and

BOARD ISSUES (Continued)

increase the ability to attract new players by reducing barriers to entry. The segmented bonuses are like what we used for subscriptions and MobilePlay. Welcome bonuses and affiliate programs are a couple of examples of what we will use to acquire new players. We also will use high jackpots and winner awareness. We will look at our subscription players and our MobilePlay players and provide offers to convert them to Lottery Online participants. For those that do play, we are able to leverage information we have about what they like about the platform and offer timely, relevant and personalized offers to retain them. We will look at players that did not have an optimal experience in the purchasing process and offer an encouragement to return. Mr. Wesley said the good thing about the digital world is that we can offer a variety of promotional and bonus activities that can be tested, modified, analyzed and tweaked, and then we can determine what is most relevant.

The promotional period runs July 1, 2020 through June 30, 2021 with a budget of up to 10% of Lottery Online Gross Gaming Revenue (GGR).

Keno Overview and Promotions

Ms. Rose said Keno will launch on Aug. 3. Players can pick up to 10 numbers from a field of 80, and the Lottery will pick 20 numbers. Drawings will occur every four minutes (except during system processing time). Players can win up to \$1 million if they match all 10 numbers on a \$10 wager. To support the launch of this new draw game, we will feature an advertising campaign that begins two weeks after the launch of the game and lasts for 10 weeks.

Ms. Rose said promotions are vital to the success of this game. She presented five promotions, both consumer and retail, to support the launch of Keno. The Retailer Incentive promotion encompasses retailer training with a goal to educate Lottery retailers on how to play the game. Each retail location will receive a free \$1 Keno Easy Pick coupon with educational information about the game. The Player Education promotion consists of watching a video on the Lottery's website. The goal is to educate those coming to our website on how to play Keno and promote trial play. The first 50,000 players to fully watch the How to Play video will receive a \$1 Keno Easy Pick coupon. The goal of the Consumer Coupon promotion is one-on-one direct interaction with players and potential players at live events. Players will receive a free \$1 Keno Easy Pick coupon at live events. The live events are on hold at this time and will be determined later. Once the game has been up and running for a couple months, we would like to offer a Consumer Incentive promotion. The promotion will run on Saturdays. Anyone that purchases \$5 worth of Lottery products will receive a free \$1 Keno Easy Pick coupon. A second Consumer Incentive promotion would launch in January with a postcard mailer sent to select households. The goal is to reach players around non-traditional and traditional Lottery retailers to promote game awareness and trial. The mailer will be an introduction to Keno and include a free \$1 Keno coupon.

BOARD ISSUES (Continued)

On motion duly made by Ms. Lawrence and seconded by Mr. Price, the Board approved the promotional funding for five promotions to support the launch of Keno as presented.

OTHER BUSINESS

Mr. Hamid said future meeting dates are currently being finalized and will be published soon.

BOARD MEMBERS' OPEN DISCUSSION

None.

CLOSED MEETING

Mr. Tsui made the following motion which was seconded by Ms. Lawrence:

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 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 § 2.2-3705.7

RECONVENED MEETING

Following its closed meeting, the Board reconvened in open session. Ms. Lawrence 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, § 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.

RECONVENED MEETING (Continued)

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

On motion duly made by Mr. Price and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the prize structures for Cash 5 with EZ Match.

On motion duly made by Mr. Tsui and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, Virginia's New Year's Millionaire Raffle #051320RF.

On motion duly made by Mr. Tsui and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the prize structures for Scratcher Games 2039, 2040, 2041 and 2043 through 2049 including the 0.5% prize structure variance.

On motion duly made by Mr. Price and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the prize structures for Instant Games 272, 343, 354, 431, 470, 527, 563, 710, 908, 1100, 1120, 1121, 1125, 1130, 1150, 1155, 1166, 1780 and 1781.

ADJOURNMENT

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

Kevin Hall, Secretary

Ferhan Hamid, Chairman