

VIRGINIA LOTTERY
Board Meeting
April 21, 2021

As a result of the state of emergency declared in the Commonwealth of Virginia by order of the governor on March 12, 2020, the Virginia Lottery Board met on April 21, 2021, 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/j5OA9bmyjw8>

PARTICIPATING MEMBERS:

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

Ferhan Hamid, Chairman
Cynthia Lawrence, Vice Chairman
Orrin Gallop
Kimberley Martin
Scott Price

Absent: Vonda Collins

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
John Hagerty, Public Affairs Specialist
Jennifer Mullen, Director of Public Affairs and Community
Relations
Terri Rose, Director of Marketing
Gina Smith, Deputy Director of Gaming Compliance
Rob Wesley, Director of Digital

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
Jo Murphy, Executive Assistant

As required, a livestream link to the meeting was available on the Virginia Regulatory Town Hall (Town Hall) website.

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 February 3, 2021, were approved as distributed.

DIRECTOR'S REPORT

Mr. Hall congratulated Mr. Price on his recent reappointment by Governor Northam for a second five-year term on the Board. Mr. Hall said we appreciate Mr. Price's service and support.

Mr. Hall said that just over a year ago we were in the first days of the pandemic. Since March 20, 2020, most Lottery employees have operated in a remote, work-from-home posture, and that will continue at least through the end of May. Mr. Hall acknowledged several business units who have been reporting in person. The Draw Show team has not missed a single drawing. Customer Service Center (CSC) associates helped us redesign the prize-claim process to make it a safer experience for both staff and customers. That process allowed us to safely reopen CSCs in June 2020. Members of our sales team and our investigators, who initially worked remotely, began returning to some of our retail stores in September 2020. Mr. Hall thanked members of the mail team, the finance team, the new expanded gaming team, and many others who have been doing their jobs on-site at headquarters as needed.

Mr. Hall said that the Lottery, like many public and private-sector organizations, had to adapt and transform how we do our business. We accelerated workplace innovation to keep everyone safe. We incorporated virtual-meeting platforms into everything we do. We have broadened our use of secure digital documents (e-signatures and e-payments) to improve the flow of contracts and other important transactions with retail partners, vendors, players and our employees.

Mr. Hall said we expanded the ways we communicate internally to keep everyone connected and engaged. We have used agencywide virtual meetings and launched regular surveys to help calibrate many of our decisions affecting the Lottery workforce over the past year. The most recent workforce survey took place in early March. Over 90% of all employees said teleworking and virtual meetings have improved communication and collaboration across the agency. A strong majority believes remote work has increased their efficiency and productivity. Mr. Hall said there is concern about returning to in-person work at headquarters as of this meeting, and we

DIRECTOR'S REPORT (Continued)

are continuing to think through what reentry looks like. We are closely monitoring federal and state recommendations and HR and public health guidance on when and how to shift back to in-person work.

Mr. Hall said that, based on what they are currently seeing inside retail stores, our sales reps urge caution before a full return to 100% business-as-usual visits to retailers. Employees across the agency said they would support expanded telework options after the pandemic is in the rearview mirror.

Mr. Hall said that when employees were surveyed in early March only about 10% of the workforce indicated they had been vaccinated, and two-thirds said they were eager to get vaccinated. Across the commonwealth and the country, there has been a positive uptick in vaccine availability and vaccination rates. Over 40% of Virginia's adult population has received at least one dose of the vaccine. In Virginia, we are now seeing close to 80,000 shots administered each day.

Mr. Hall said it feels like we are in the homestretch. In the past four to six weeks, the overall economy has continued to improve. There was another jolt of fiscal stimulus early in the spring. Virginia unemployment has dropped from a high of 11% in April 2020 to just over 5% in April 2021. Consumer spending is increasing as sectors of the economy gradually open. Many economists now forecast record growth in the second half of the year.

Mr. Hall said that, as the agency moves closer to the possible return to in-person work this summer or fall, employees have his commitment to continue listening to their concerns and their suggestions as we work together to determine what comes next. He commended the way our 300 employees have stayed focused and committed throughout this remarkable year. Employees continue to find creative solutions to get the job done in difficult circumstances, and the numbers bear that out.

Mr. Hall said the past year has been very difficult for so many families and businesses. Our workforce hunkered down, stayed safe and adapted quickly. We are seeing record performance by the Lottery. Through the third quarter of the fiscal year, sales are up 50%, and the profit turnover for K-12 public schools is up nearly 30% over last year. Much of the growth over the fiscal year is due to the successful July 1 launch of iLottery. Virginia had the strongest iLottery launch in the country, and the entire U.S. lottery industry noticed. This new digital sales channel allows us to engage with our customers anytime, anywhere and on any device.

Mr. Hall said that equally important are the strong sales increases for traditional Lottery products sold only at the retail counter. Scratch ticket sales are up 11% over last year, and sales of daily draw games (Pick 3, Pick 4, Cash 5 with EZ Match) are up nearly 21% from last year. Those products are not sold online. Mr. Hall said it has been reassuring to see strong sales increases at

DIRECTOR'S REPORT (Continued)

retail even after the launch of online sales. We continue to work to build bridges between the traditional and digital sides of our business with cross-promotion and Online Cash vouchers sold for commission at retail.

To provide some perspective on our growth, Mr. Hall shared monthly sales over the past three fiscal years. FY19 was a record year. There was a spike in October 2018 when we had a \$1.5 billion Mega Millions jackpot. There was another spike in March of FY19, which is typically a strong seasonal period. Mr. Hall said that across FY20 we were seeing the impact of thousands of skill machines flooding into the market. In addition, FY20 did not feature a single headline-grabbing jackpot roll. We did not see the traditional seasonal spike in the spring of 2020 because of the onset of the pandemic, but we saw a strong rebound in May and June. While FY20 trended behind FY19, it was the Lottery's second-best fiscal year in sales.

Mr. Hall said that so far in FY21 we are getting a substantial lift from introducing iLottery. We also soft-launched a Keno product, added new features to some draw games and worked hard to optimize performance in the scratch category. In December 2020 and January 2021, we benefitted from big Powerball and Mega Millions jackpots. In FY21, we saw the seasonal spike in March that we typically have that time of year.

Mr. Hall said we also have been laser-focused on using player research and data analytics to fine-tune our core products and strike a better balance with game themes, price points and prize structure. We also have improved scratch distribution through a successful new incentive for retailers. In January, we rolled out a targeted boost in retailer commissions on scratch products. That has incentivized more retailers to push out the new scratch products at the beginning of each month and helped boost scratch sales, which represents more than half of the retail portfolio.

Mr. Hall said research shows that players really like periodic improvements to core draw games, so we are working to launch new play features and add-ons. We recently introduced an EZ Match add-on to Cash 5. We are launching a FIREBALL add-on to the Pick 3 and Pick 4 games in May. This August, Powerball will add a third drawing each week by adding Mondays to the current Wednesday and Saturday draws.

Mr. Hall said that once the economy fully reopens we will relaunch Keno. It is holding its own, but it is underperforming because of restrictions on gatherings inside stores and restaurants. After a relaunch early next year, we expect steady growth in Keno.

Mr. Hall said we will strengthen our digital footprint next calendar year with a new custom-built app that should strengthen both the online and traditional sides of our business. We just signed the contract and expect to launch the new app in about a year.

DIRECTOR'S REPORT (Continued)

Mr. Hall said that all this planning, research and analytics, and the new products and focus on product delivery are aimed at upgrading and supporting our core business. That certainly strengthens and supports our core mission, which is to generate significant annual revenue for Virginia's K-12 public schools. In the past 20 years, Lottery players have helped generate a combined \$10 billion in financial support for public education. Mr. Hall said another obligation we take seriously is our commitment to responsible gaming. Jennifer Mullen, Director of Public Affairs and Community Relations (PACR), and John Hagerty, Public Affairs Specialist, will provide updates on both initiatives.

Ms. Mullen said that we work throughout the year to remind Virginians that we have an important mission to raise revenue for K-12 public schools. Besides all the great education partnerships we have, we also have our own special way to highlight and honor outstanding students and educators across Virginia. For the sixth year, and with our partners at The Supply Room and Virginia PTA, we have once again launched our Thank a Teacher campaign. There is an art contest in which judges select artwork submitted by students to be featured on the thank-you notes distributed to teachers in conjunction with National Teacher Appreciation Week in May. For the second year in a row, we could not conduct in-person surprise presentations. That did not stop us from recognizing these talented young students. The PACR team did a phenomenal job working with the schools and families of the winners to create a special moment for each of them. Ms. Mullen shared a video of the presentations. She also shared a call-to-action video that encourages Virginians to send thank-you notes to their favorite teachers. Ms. Mullen was pleased to report that 500 notes had already been sent as of the Board meeting with a little over two weeks still to go.

Mrs. Martin congratulated Ms. Mullen and her team on the success of the Thank a Teacher campaign. She has seen it across many social media platforms. She said it is wonderful to see that we continuously recognize teachers for a job well done.

Mr. Hagerty shared our recent efforts to support another very important initiative - responsible gaming. He said the Lottery's Play Responsibly program has been growing exponentially for several years. March is National Problem Gambling Awareness Month, and that is typically when we roll out new initiatives. He stressed that this is a year-long effort and isn't limited to March.

Mr. Hagerty said most people can play games of chance without addiction issues. Our objectives are to raise public awareness of problem gambling and gambling addiction, and to raise awareness regarding the resources available in Virginia, particularly the Virginia Problem Gambling Helpline. We created the helpline over two decades ago, and it is such an important part of our awareness efforts that we have incorporated the phone number into the campaign logo. Mr. Hagerty said we are neither addiction experts nor mental health professionals. But the Lottery has a big megaphone, and, in this campaign, we use it to inform people who may have a gambling problem, or their loved ones or people who have questions.

DIRECTOR'S REPORT (Continued)

Mr. Hagerty said we had a Governor's Proclamation denoting March as Problem Gambling Awareness Month. It called attention to problem gambling, the fact that it is treatable and the efforts by the Lottery and our partners at the Virginia Council on Problem Gambling (VCPG) and the Virginia Department of Behavioral Health and Developmental Services.

Mr. Hagerty said one of the most effective public-awareness tools we have is a public service announcement. He shared the PSA that was produced in-house last year by the media production team. It was distributed to broadcast and cable media outlets statewide to air beginning March 1, 2021. It also was used extensively on our social media platforms, and it was produced in English and Spanish. We asked media outlets to air it for free, which many of them did.

Mr. Hagerty said we also had a paid media strategy on National Public Radio stations in the largest media markets in Virginia. He played the audio. He also said we had an op-ed, signed by Mr. Hall, that ran in the Virginian-Pilot and the Daily Press. Here are some of the other initiatives we employed to raise awareness:

- Employee and retailer education
- Joint news release with VCPG
- Digital billboards
- In-store display on self-service terminals and ESMM screens
- Television and radio interviews
- Ticket messages
- Digital campaign
- Social media
- Website homepage and blog
- E-mail to approximately 400,000 addresses in database

Mr. Hagerty was proud to announce that in 2020 the Lottery was certified under the Responsible Gaming Verification Standards program, a joint venture by the North American Association of State and Provincial Lotteries, and the National Council on Problem Gambling (NCPG).

Mr. Hagerty said the only statutory requirement is that our tickets contain a phone number where people can call for help. He said we go beyond that. Our Play Responsibly campaign exists because we believe it is the right thing to do from a social-responsibility standpoint.

Ms. Lawrence asked if Mr. Hagerty has followed up with Keith Whyte, Executive Director of the NCPG, to determine if there has been an increase in phone calls since the launch of iLottery. Mr. Hagerty said the calls are routed to the Lottery's system. We do not have the March numbers yet. Typically, there is an increase during March because of the NCAA Division I Men's Basketball Tournament. He said he hopes any increase in the numbers is because we are getting the message out. He will share the numbers once he receives them.

DIRECTOR'S REPORT (Continued)

Mr. Hall provided an update on the 2021 legislative session. The General Assembly accepted technical fixes, including several that we recommended, to the sports betting legislation. He reminded the Board that our reading of the original statute appeared not to allow legal wagering on the Olympics. That has been clarified. Another fix clarifies that mobile sports betting permits awarded to the operators of the five casinos will not count against our statutory cap of 12 permits. The practical effect of that will be to free up five additional sports betting operator permits. Mr. Hall said we are in active discussions with several applicants who voluntarily withdrew their applications as we bumped up against the cap. The legislature also added language to promote minority-business participation in sports betting.

Mr. Hall said the General Assembly also accepted technical fixes to the casino gaming statute. The fixes provide clarity on a series of tax and accounting provisions that we requested. They adopted language clarifying that casinos can provide in-person, retail sports betting once they open for business. The legislature also added language that strengthens the General Assembly's expectations that casino developers and operators will actively seek minority equity participation.

Mr. Hall said the General Assembly reenacted its ban on skill machines. After July 1, 2021, up to 10,000 skill machines still in the market must be removed.

Mr. Hall reported that the General Assembly directed a study of the current regulatory structure around charitable gaming. Charitable gaming is the approximately 300 gaming operators and manufacturers who operate bingo games, poker tournaments and other legal gaming on behalf of veterans' groups, fraternal organizations and other nonprofit groups. The oversight currently is provided by the Department of Agriculture and Consumer Services (VDACS). VDACS licenses, trains and audits charitable gaming operators and vendors. The legislative study will explore whether charitable gaming regulation should be moved from VDACS to the Lottery. We will be closely tracking this study through the end of the calendar year.

Mr. Hall provided a recap on the timeline for casino regulations. At the Board's last meeting on February 3, 2021, Board members walked through 300 pages of initial casino regulations, which the legislature required us to enact on an accelerated timeline outside of the longer, more formal rulemaking process. Those initial regulations are now in effect. The regulations are posted on Town Hall and linked through the Lottery website. With the initial regulations now in effect, our legal team and expanded gaming team are creating a second draft that will be the proposed permanent regulations. The Board will be asked to approve the proposed permanent regulations at its July 21, 2021, meeting. Next, the regulations will undergo Executive Branch review and publication in the Virginia Register. We expect that to occur in November 2021. Throughout this process, the initial regulations in their current form will remain in effect.

DIRECTOR'S REPORT (Continued)

Mr. Hall said that the publication of the proposed permanent regulations in the Virginia Register kicks off a 60-day period for public comment on the Town Hall website. During that time, stakeholders and any member of the public can submit written comments and suggestions for desired changes to the regulations. We are asking all stakeholders to respect that government transparency requires all comments to be accessible to the public on the Town Hall website. At the close of the comment period in January 2022, the agency will evaluate all public feedback and incorporate suggestions into the proposed permanent regulations as appropriate. This process will result in the third and final draft. Mr. Hall said that we hope to present the final draft for the Board's approval in late January 2022; then, the regulations will again undergo Executive Branch review prior to publication in the Virginia Register. If all goes smoothly, we anticipate an effective date in June 2022. At that time, the current initial regulations will be replaced with the permanent regulations. Mr. Hall said that, even though this looks like a long and complicated process, June 2022 still is several months earlier than the September 2022 deadline specified in the original casino legislation.

Mr. Hall said that all of this is well within the construction schedules for each of the proposed casino facilities. Within a matter of weeks, the Lottery will open the casino license application process and begin the in-depth financial and criminal background investigations for casino operators and key executives. These licensing vets are thorough, and each one will take considerable time. The statute provides up to one year for us to complete background reviews of each applicant. We are in conversations with each of the four designated casino operators, and they know that this is our expectation of the path forward.

Mr. Scott said that there has been talk about opening temporary casino facilities prior to the opening of permanent casino facilities. He asked if that is allowed. Mr. Hall said the General Assembly made provisions for gaming in a temporary facility for up to one year before permanent casino facilities are open for business. That is reflected in the interim regulations now in effect. Before temporary gaming can occur, the casino operator must be thoroughly vetted and approved for a license, which can be an intensive process lasting up to one year. Suppliers and vendors must be vetted and licensed, and every employee with access to the gaming area must be fingerprinted and licensed. Temporary facilities, just like permanent casinos, must have the same extensive surveillance and financial accounting systems in place before they can open for business. Every slot machine, even in a temporary facility, must be linked to a central monitoring system. Mr. Hall said we know that at least one of the casino operators has expressed some eagerness to get temporary gaming up and running. The operator has publicly suggested it could occur as soon as December of this year. Mr. Hall said that, considering all these steps required, we believe temporary gaming as early as this December is highly unlikely, largely improbable, and next to impossible.

DIRECTOR'S REPORT (Continued)

Mr. Hall said that, as the regulator, we have a statutory and regulatory duty to make sure casino gaming, whether in a temporary or a permanent facility, is done the correct way with appropriate oversight, licensing, security and audit features in place. As the regulator, we will not take shortcuts.

Mr. Hall said Virginia is about 90 days into regulated online sports betting.

Ms. Smith said a lot has happened in sports betting since the Board last met in February 2021. At that time there were five approved operators:

Betfair Interactive US, LLC (d/b/a FanDuel) in conjunction with the Washington Football Team. Started taking bets on January 20, 2021.

Crown Virginia Gaming, LLC (known as Draft Kings). Started taking bets on January 24, 2021.

BetMGM, LLC. Started taking bets on January 27, 2021.

Rivers Portsmouth Gaming, LLC (d/b/a Rivers Casino Portsmouth). Started taking bets on January 27, 2021.

Caesars Virginia, LLC. Started taking bets in early February 2021.

A sixth operator, Wynn (also known as WSI, US LLC), was approved on March 4, 2021, and began taking bets on March 9.

Three additional operators were approved on March 15. Once they complete their system requirements and submit final documents, we expect they will be up and running in the next couple of months.

Golden Nugget Online VA, LLC
Bally's Corporation
Penn Sports Interactive, LLC

Ms. Smith said all sports betting financial data for the month of March is based on preliminary estimates. A formal press release with the final numbers will be issued on May 1, 2021. Ms. Smith said that, since the inception of the program, there have been \$628 million in wagers made on the various platforms. The operators have given away approximately \$30 million in promotional play and paid taxes in the amount of \$1.5 million.

Ms. Smith shared details of the market share by operator: FanDuel 53%, Draft Kings 24%, BetMGM 14%, followed by William Hill, RSI and Wynn. Promotional play is mostly in line with the market-share percentages. Total tax paid is \$1.5 million. Of that amount, \$1.485 million will go to the General Fund, and \$38,000 will go to the Problem Gambling and Treatment

DIRECTOR'S REPORT (Continued)

Support Fund. Ms. Smith also provided a breakdown of tax payments by operator. BetMGM is the only operator that has been paying taxes since January. In March, FanDuel and Draft Kings began remitting tax.

Ms. Smith showed a breakdown of total wagers by sport. Basketball makes up just over 50% of all wagers. College basketball accounts for 26.30%, and professional basketball accounts for 23.92%.

Ms. Smith said we now have up to five additional sports betting permits that could be awarded. The second application period will run from May 15 through May 31, 2021. We are currently holding scope-of-licensing meetings with interested applicants.

Ms. Smith said that we established a voluntary exclusion program. An application is available on our website that allows individuals to self-exclude for two years, five years or a lifetime. There are 39 individuals currently enrolled in the program. Thirteen selected the two-year exclusion, and 26 selected the five-year exclusion. Thirty are male, and nine are female. No one has selected a lifetime exclusion yet.

Ms. Lawrence thanked Ms. Smith for the informative data. Ms. Lawrence said her interest has been piqued with the arrival of the sports betting companies into the market. She expressed her concern, as a citizen and as a consumer, about their dominance on billboards and television, and the sheer volume of advertising. She said they have been very aggressive in advertising and blanketing communities with their presence. She asked if there is any regulation on that aspect of our relationship with them. Ms. Lawrence said she also has a concern with their corporate citizenship.

Ms. Smith said that the regulations do not restrict the amount of marketing they can do. However, if we believe an operator is saturating the market, we can address that. Ms. Smith said it is very early in the process. The companies are trying to get into the game and advertise their products. She said we are working with the operators to be sure the advertising has the proper messaging. We will continue to monitor this over the next several months.

Mr. Hamid said the financial report overview that Mr. Hall provided was very impressive especially given the current circumstances. He congratulated Mr. Hall and the staff for their hard work and great performance. He also expressed his appreciation for the Thank a Teacher program.

FINANCIAL REPORT

Ms. Courtney provided preliminary results through March 31, 2021. Total sales were \$2,362.1 million, \$788.5 million (50.1%) more than last year and \$212.5 million (9.9%) more than expected. She said we expected significant growth this year because of the addition of iLottery.

FINANCIAL REPORT (Continued)

iLottery sales account for over \$500 million of the nearly \$800 million in sales growth this year. Scratcher sales were \$952.9 million, \$93.9 million (10.9%) more than last year and \$26.3 million (2.8%) more than expected. Print 'n Play sales were \$45.6 million, \$10.2 million (18.3%) less than last year and \$3.3 million (6.7%) less than expected. Daily games sales were \$595.4 million, \$101.5 million (20.5%) more than last year and \$18.9 million (3.3%) more than expected. Daily games products are sold at retail only. The daily games category is typically a third of retail sales. Jackpot games sales were \$214.0 million, \$58.3 million (37.5%) more than last year and \$55.7 million (35.2%) more than expected. Three of the four jackpot games are available on the iLottery platform (Mega Millions, Powerball, and Cash4Life®). Keno sales were \$34.3 million this year and \$3.5 million (9.3%) less than expected. Lower sales were because of establishments not being open. Sales for instant games on the iLottery platform were \$509.8 million and \$118.5 million (30.3 %) more than expected.

Ms. Courtney reviewed FY21 sales versus last year and versus the forecast.

She reviewed expense rates versus the prior year and versus forecast. Prize expense was 67.1%, which was 6.1% more than last year (61.0%) and as expected in the forecast. Retailer compensation was 5.7%, which was the same as last year and 0.1% more than expected (5.6%). This was a deliberate tactic on our part to engage our retail partners and encourage them to put new products out for sale as soon as possible. That tactic is good for our business and their business. Operating expenses were 4.5%, which was 1.1% less than last year (5.6%) and 0.6% less than expected (5.1%). Although the operating expense rate is lower than last year, operating expenses are higher. As a percent of sales, the rate has declined because of stronger sales compared to last year.

In response to an inquiry from Ms. Collins at the previous meeting, Ms. Courtney summarized gross margin and profitability among the different product categories. She acknowledged the payouts are very different.

For every dollar in sales of a scratch ticket, about \$0.71 is returned to players as prizes. Retailers earn \$0.06, and the administrative costs are about \$0.06. That leaves \$0.17, on average, of every sales dollar for scratch going to our bottom-line profit. The breakdown for daily games, Print 'n Play, multistate games and Keno was also noted, with \$0.17 to \$0.40 of each sales dollar contributing to Lottery profits. Instant games on iLottery are designed with a higher prize payout. Approximately \$0.07 of every iLottery Instant sales dollar goes to the bottom line. In the first nine months of offering Instants, the Virginia per capita sales and per capita profit dollars are the highest of any U.S. lottery that has launched this product. Even though the profit margin per dollar appears small, our dollar profits per capita are very strong and are leading in the industry.

FINANCIAL REPORT (Continued)

Ms. Courtney said year-to-date profits are \$569.4 million compared to \$439.8 million last year and a forecast of \$524.6 million. That is \$44.8 million over forecast. The budget approved by the General Assembly and the governor increased our profit estimate by approximately \$23 million. The increase was based on the strength we experienced in the January jackpot runs and the strength of the iLottery offering and profits. This over-forecast estimate takes that into account. Even with the increase in the budgeted profits, we are still trending almost \$45 million ahead of forecast. The final approved budget expects approximately \$708 million in transfers for K-12 public education, and we are on track to reach that goal.

BOARD ISSUES

AUDIT COMMITTEE VACANCY

Because of the recent departure of Board Member Chris Tsui, the Chairman position of the Audit Committee is vacant. Mr. Hamid, as Chairman of the Board, appointed Mr. Price to serve as Chairman of the Audit Committee and Ms. Collins to serve as a member of the committee. Ms. Lawrence is also a member. The changes will take effect immediately.

2021 Audit Committee:

Chairman	Scott Price
Member	Vonda Collins
Member	Cynthia Lawrence

OTHER BUSINESS

The next Lottery Board meeting is scheduled to take place on July 21, 2021.

Chief Gallop asked when we foresee having in-person Board meetings again. Ms. Dilworth said we could hold Board meetings electronically, like other state agencies, when the governor entered his executive order. The order exempts us from the normal FOIA requirement of meeting in person. As long as the order stands, we will continue to meet this way.

BOARD MEMBERS' OPEN DISCUSSION

Ms. Lawrence asked if the pandemic affected Lottery retailers in terms of closings or any other ripple effects. Ms. Courtney said we worked with our retail partners in the early stages of the pandemic and waived some fees to help them. Like our CSCs, retailers have adjusted their business to deliver products and services to customers in a safe way. Our number of retailers remains steady.

CLOSED MEETING

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

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 § 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, § 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 voted in the affirmative that the certification was accurate as read.

On motion duly made by Mrs. Martin and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the prize structures for Scratcher Games 2112 through 2117, 2119 through 2122, 2127 through 2132, 2134 and 2135, as presented, including the 0.5% prize structure variance.

On motion duly made by Chief Gallop and seconded by Ms. Lawrence, the Board approved, as presented in the closed meeting, the prize structures for Instant Games 1171, 1182, 3213 through 3216, and 3430 through 3432, as presented, including up to 10% of gross gaming revenues from iLottery games to be allocated for online lottery promotional activity.

ADJOURNMENT

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

Kevin Hall, Secretary

Ferhan Hamid, Chairman