

VIRGINIA LOTTERY
Operations Committee
March 19, 2024

The Virginia Lottery Operations Committee met on March 19, 2024, at 10:30 a.m. at Lottery Headquarters in Richmond, Va.

Members Present: Cynthia Lawrence, Chairwoman
Jonathan Comer
Scott Price
Adam Tolbert
Ferhan Hamid, Board Chairman

Staff Present: Tony R. Russell, Interim Director
Amy Dilworth, General Counsel
Deborah Courtney, Deputy Executive Director of Finance and
Administration
Jo Murphy, Executive Assistant

Cynthia Lawrence, chairwoman, presided, and Jo Murphy was the recording secretary.

Call To Order

Ms. Lawrence called the meeting to order and noted that a quorum was present.

Minutes

On motion duly made by Mr. Comer and seconded by Mr. Scott, the committee recommended that the Board approve the minutes from the Operations Committee meeting held on December 19, 2023, as presented.

General Assembly Update

Mr. Russell provided an update on the following Senate Bills: SB 222, SB 397, SB 540, SB 212, SB 628, SJ 12, SB 541, SB 344, SB 675, SB 689, SB 307, SB 345, SB 348, SB 124 and SB 429. He also provided an update on the following House Bills: HB 523, HB 991, HB 525, HB 195, HB 590, HJ 10, HB 1478, HB 1095 and HB 298.

Cybersecurity

Ms. Lawrence asked Mr. Russell to provide an update on the measures in place and the planned oversight related to cybersecurity. Mr. Russell said that the Lottery secured a Security Operations Center in the fall of 2023 that provides 24/7 coverage. He also described our relationship with Assura. He said that the Lottery's four-person cybersecurity team may be

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small, but there are more than 50 people on the Lottery's IT team. Mr. Russell said that the Information Security team sets the rules of engagement, and the IT team puts those rules in place.

Mr. Russell provided an update on two areas where changes and improvements were made based on the recommendations from the recent Auditor of Public Accounts (APA) audit. He said that there was already information security language in our boilerplate for contracts, but, going forward, language will be added that includes specific provisions for cloud computing. Mr. Hamid asked if we know how often an attempt is made to hack the Lottery's system. Mr. Russell said that our Information Security team is developing a dashboard to continuously monitor this type of information. He said that the second area where changes and improvements were made relates to "improved system access policies and procedures for critical systems." The current process documents the systems that employee will have access to. Going forward, there will be another layer added that requires defining the role of the person being granted access.

Scratcher Sales

Mr. Russell provided an update on Scratcher sales. He said that sales are currently 4.5% ahead of goal for this fiscal year. Sales have improved since the November 15, 2023, ban on skill games. He said that we launched our second \$50 Scratcher in March 2024. Sales for the March launch week were \$41 million, and it was our highest sales week and launch day was our second-best sales day of the fiscal year. He said that, currently, Scratcher sales look good. Mr. Comer asked if the monthly revenue letter to the governor refers to the status of Scratcher sales. Mr. Russell said that we state the facts about sales and our concerns. Mr. Russell said that the team is looking at product strategies to maintain Scratcher sales. He said that two different game styles may be coming before the Board in May 2024.

Procurement Process

Mr. Russell provided an overview of the procurement process. Typically, purchases over \$100,000 require an RFP (Request for Proposal). Regarding diversity, he said that we strongly encourage our large contracts to use SWaM (Small, Women- and Minority-owned) vendors within their contracts when possible. Mr. Hamid asked who drafts the RFP. Mr. Russell said that the Procurement department meets with the requestors to get their requirements. The Procurement department guides the process. Mr. Hamid asked about the process for large contracts and contract renewals. Mr. Russell said that technology changes and cost are the two major factors in primary contract negotiations. Mr. Russell said that a review by the Legal team takes place, at a minimum, every time a contract modification is made involving a contract of \$1 million or more. Mr. Hamid asked to receive a copy of the procurement manual.

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Thank a Teacher Program

Ms. Lawrence said that, while the Thank a Teacher program has been successful, she would like to discuss expanding and enhancing the program. She said that the Lottery needs to continually remind Virginians why the Lottery exists and that all profits support Virginia K-12 public education. Ms. Lawrence referenced a previous Lottery-sponsored campaign, Super Teacher, and Mr. Russell added that the transition to Thank a Teacher was to broaden the reach across Virginia to recognize more teachers. He said that the Communications and Customer Relations team routinely has a presence at many education-related events. Discussion ensued regarding inviting elected officials to events. Mr. Russell said that elected officials are currently invited to events. Ms. Lawrence recommended devoting a future meeting to further discussing this topic. Several members agreed that Jennifer Mullen should attend the meeting and provide input.

Next meeting

The next meeting date is to be determined.

Adjournment

There being no further business to come before the committee, the chairwoman declared the meeting adjourned.

Tony R. Russell, Secretary

Cynthia Lawrence, Chairwoman