

VIRGINIA LOTTERY
Operations Committee
June 18, 2024

The Virginia Lottery Operations Committee met on June 18, 2024, at 10:30 a.m. at Lottery Headquarters in Richmond, Va.

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

Absent: Scott Price
Sherry Williams

Staff Present: Khalid Jones, Executive Director
Amy Dilworth, General Counsel
Paul Battle, Director of Information Security
Deborah Courtney, Deputy Executive Director of Finance and
Administration
Jennifer Mullen, Director of Communications and Customer
Relations
Tony Russell, Deputy Executive Director of ITS and Operations
Jo Murphy, Executive Assistant

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

Call To Order

Mr. Hamid called the meeting to order due to Ms. Lawrence's absence and noted that a quorum was present. Ms. Lawrence was delayed in traffic but participated remotely with the permission of the Board Chairman under the provisions of the Virginia Lottery Board Remote Participation Policy for Board and Committee Meetings.

Procurement Manual and Procedures Revisions Study

Mr. Jones provided an update on the procurement process. The update was in response to the Board Chairman's request at the May 1, 2024, Board meeting. At that time, the Board Chairman requested that staff review the Lottery's procurement procedures for areas of potential improvement and look at best practices. Mr. Jones said that the current regulation provides that "the Virginia Lottery will purchase goods or services in accordance with procedures established by the board, after consultation with the director." He noted changes that were made in 2021. Mr. Jones also noted that there were no formal procurement protests in the past five years. He shared the expense ratio (operating expenses/revenue) for fiscal years 2020 - 2024 (year to date). Lastly, he provided a history of the reporting structure.

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Mr. Jones said that the Board Chairman previously asked us to review best practices amongst other state agencies. Mr. Jones also said that our review is focusing on state agencies that are not required to follow the state procurement process. He also said that we are researching other state lotteries like the Virginia Lottery in that regard. Mr. Jones said that the research results will be presented at the next Board meeting.

Mr. Jones noted another request from the Board Chairman related to the Board's notification of open procurements and evaluation panels with a focus on when members of the Legal department should be included on a panel. He shared suggested language to be included in the Procurement Manual. In short, when the Procurement team posts a Request for Proposal (RFP) on valottery.com, they will give notice of such posting to the Lottery Board. In addition, this notice shall include the titles/positions of the persons serving on the RFP panel. Mr. Hamid clarified that the Board does not need to know the names, but they want to be sure that various departments with areas of expertise are represented. He asked Mr. Jones to make a recommendation on those areas. Mr. Hamid asked who is involved in price negotiations. Ms. Courtney explained that the RFP panel can call in subject-matter experts for complexities or questions. Mr. Hamid said that he and Mr. Jones can discuss this in more detail before the next Board meeting.

Mr. Jones said that the organizational structure of procurement within the agency also was a topic of question from the Board Chairman. Mr. Jones said that the subject also is a part of the ongoing best-practices studies, and we will have our findings by the next Board meeting. Mr. Jones said that the final issue raised by the Board Chairman was SWAM (Small, Women-owned and Minority-owned) businesses reporting. The Board Chairman had noted that the Board used to be provided with a SWAM report annually before the first Board meeting of each fiscal year. Mr. Jones said that we will be providing this information to the Board on an annual basis going forward. He further said that there are only four companies that provide the services we need for our three largest contracts. They are not SWAM vendors. Mr. Jones said that there is still an opportunity to leverage SWAM vendors outside of those companies. Mr. Hamid noted that this issue is of particular interest to Mr. Price, and Mr. Hamid would like to get Mr. Price's input before the next Board meeting.

In closing, Mr. Jones said that the NPi (NeoPollard Interactive) iLottery renewal is the only current major procurement/renewal in process.

Lottery's Education Mission – follow-up discussion

Ms. Lawrence, chairwoman, arrived and presided over the remainder of the meeting.

Ms. Mullen provided a history of sharing the Lottery's mission. She said that the Lottery Proceeds Fund was established in 1999, Super Teacher was launched in 2008, Thank a Teacher was launched in 2016, and the Thank a Teacher Art Contest was launched in 2018. She provided the number of legislative invitations issued and the subsequent attendance at events. Ms. Mullen said that, in addition to providing direct funding to Virginia's K-12 public schools, the Lottery partners with more than 50 education-focused organizations and community groups whose mission positively impacts K-12 public education in Virginia. She shared a map that noted mission-related activities in FY24. Lastly, Ms. Mullen said that the Thank a

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Teacher program is now 10 years old, and the Thank a Teacher Art Contest is now seven years old. She said that she and her team are working with experiential-marketing partners on some enhancements to both programs. Ms. Mullen provided notebooks for each member that contained additional information.

Ms. Lawrence asked if there is an opportunity, in partnership with the Department of Education (DOE), to recognize educators' work in the most critically needed areas of education. Ms. Mullen said that we have good contacts and communication with DOE. She also said that there are DOE-sponsored events where we have a presence. Ms. Mullen encouraged Ms. Lawrence to send her more information via email. Ms. Lawrence said that she wants to see the Lottery's mission stay front and center. Ms. Mullen said that we are always looking at new and exciting ways to engage with key stakeholders. Ms. Lawrence said that it might be worth preparing a one-pager of some of the accomplishments that Ms. Mullen shared today to give to legislators.

Closed Meeting

Mr. Comer made the following motion, which was seconded by Mr. Tolbert.

In accordance with the provisions of Virginia Code section 2.2-3711.A.19, I move that the Committee convene a closed meeting for the purpose of discussion, consideration or review of:

- briefings by staff members and legal counsel concerning actions taken to respond to specific cybersecurity threats or vulnerabilities; and discussion of reports or plans related to the design, function, operation, or access control features of an information security system, where discussion in an open meeting would jeopardize the safety and security of an information technology system.

Reconvened Meeting

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

WHEREAS, the Virginia Lottery Operations Committee 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 Committee that such closed meeting was conducted in conformity with Virginia law.

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NOW, THEREFORE, BE IT RESOLVED that the Virginia Lottery Operations Committee 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 Committee.

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

Next meeting

Mr. Hamid stated that the next Board meeting will take place at Lottery headquarters on August 7, 2024, and not at the Sales and Marketing conference as previously discussed. Ms. Lawrence said that the next Operations Committee meeting will take place before the October 2024 Board meeting. She asked Jo Murphy to poll the Committee members via email to determine a date in early October 2024.

Minutes

On motion duly made by Mr. Hamid and seconded by Mr. Tolbert, the Committee recommended that the Board approve the minutes from the Operations Committee meeting held on March 19, 2024, as presented.

Adjournment

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

Khalid R. Jones, Secretary

Cynthia Lawrence, Chairwoman