

VIRGINIA LOTTERY

Board Meeting

April 22, 2026

The Virginia Lottery Board met on April 22, 2026, 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/KDhvQe_b7y0

MEMBERS PRESENT: Ferhan Hamid, Chairman
Harshad Barot
Jonathan Comer
Robert Mathieson
Rebecca Tres

MEMBER ABSENT: Adam Tolbert, Vice Chairman

STAFF PRESENT:

Khalid R. Jones, Executive Director
Amy Dilworth, General Counsel
Ray Dunkle, Deputy Executive Director of Gaming Compliance
Scott Kenyon, Deputy Executive Director of Marketing
Jennifer Mullen, Deputy Executive Director of Communications
and Customer Relations
Tony Russell, Deputy Executive Director of ITS and Operations
Bobby Stahler, Deputy Executive Director of Finance and
Administration
Jo Murphy, Executive Office Manager

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. He welcomed newly appointed Board members Harshad Barot and Robert Mathieson. Each new member introduced himself and briefly summarized his professional backgrounds and interest in public service.

GAMING COMPLIANCE COMMITTEE REPORT

Mr. Comer said that the Gaming Compliance Committee met on February 25, 2026. During the Gaming Compliance Committee meeting, First Sergeant Kevin Johnson, Gaming Enforcement Unit Coordinator, Virginia State Police (VSP), Bureau of Criminal Investigation, Special Investigations & Programs Division, presented, the members received a legislative update, and the members discussed the operational status of licensed casinos. Mr. Comer said that previously identified compliance matters had largely been resolved, and recently opened casinos were operating without significant issues.

GAMING COMPLIANCE COMMITTEE REPORT (continued)

On motion duly made by Mr. Comer and seconded by Mr. Hamid, the minutes from the Gaming Compliance Committee meeting held on December 3, 2025, were approved as recommended by the committee.

Mr. Hamid said that the next meeting date will be determined later. He also said that he will talk to the new members later to determine each member's committee assignment.

OPERATIONS COMMITTEE REPORT

Mr. Comer provided the report of the Operations Committee in Mr. Tolbert's absence. Mr. Comer said that the Operations Committee met on February 25, 2026. During the meeting, the committee reviewed audit findings applicable to the Lottery and confirmed that issues identified had either been corrected or were in the process of being corrected. No material operational risks were noted.

On motion duly made by Mr. Comer and seconded by Mr. Mathieson, the minutes from the Operations Committee meeting held on December 3, 2025, were approved as recommended by the committee.

MINUTES OF LAST MEETING

On motion duly made by Mr. Barot and seconded by Ms. Tres, the minutes from the regular Board meeting held on January 13, 2026, and the Special Meeting to Consider Casino Operator License Application for PPE Casino Resorts Petersburg LLC, which was held on January 14, 2026, were approved as distributed.

DIRECTOR'S REPORT

Mr. Jones welcomed the new Board members. He presented an overview of Lottery operations and performance for the current fiscal year. Mr. Jones reported that fiscal year-to-date sales were just under \$5 billion, which exceeds prior year performance and closely tracks to forecast. While Scratcher sales declined year-over-year, significant growth was reported in Powerball sales driven by jackpot activity. He said that iLottery continued to post double-digit growth and remained the largest iLottery program in the nation. Mr. Jones said that FY26 profits were approaching \$700 million, which exceeds forecast and prior-year comparisons.

Mr. Jones asked Tony Russell to summarize the recent leadership conference for Lottery managers. Mr. Russell noted its importance for succession planning, culture and leadership development. Mr. Comer said that he attended, and he thought it was well-structured and beneficial.

DIRECTOR'S REPORT (continued)

Mr. Jones discussed sports betting tax revenues, which continued to increase, and overall casino performance, which remained strong.

Mr. Jones provided an update on regulatory matters such as an overview of prediction markets and their potential classification as sports betting, and pending litigation at the federal level. He provided a legislative update summarizing enacted and vetoed legislation affecting fantasy sports, casino service permits and other gaming-related matters.

BOARD ISSUES

Financial Report

Mr. Stahler provided a high-level overview of current sales compared with the prior fiscal year and forecast. Overall sales were approximately \$580 million over the prior year and were slightly below goal, essentially tracking flat to forecast. The strongest growth continued to come from iLottery instants, which was up nearly \$550 million over the prior year and slightly above goal. Powerball also contributed to growth; the contribution was driven by exceptionally high jackpots in the first and second quarters that generated additional player interest and activity across other game categories.

Mr. Stahler said that Scratchers remained below both the prior year and forecast by about \$70 million, which is consistent with broader industry trends. He noted some positive signs, which included strong ticket-activation activity by retailers, but also pointed to external factors such as the January 2026 snowstorm that negatively affected retail sales. Daily games were slightly below forecast but ahead of the prior year, and jackpot games were above both forecast and the prior year. Print 'n Play, New Year's Millionaire Raffle, Keno, and CASH POP remained relatively flat.

Mr. Hamid asked how the Lottery plans to address the decline in Scratcher performance. Mr. Jones said that recent declines in Scratcher performance may reflect a new normal in the current retail environment. While efforts will continue to enhance Scratcher sales, staff also are exploring opportunities to expand into new retail channels and product categories. That includes outreach to social establishments and early exploration of partnerships with fast-casual or fast-food restaurant chains. Mr. Jones said that Lottery products historically have been concentrated in grocery and convenience stores, and the current strategy is to consider new types of retailers and products that could broaden the definition of Lottery retail locations.

BOARD ISSUES (continued)

Mr. Stahler reviewed the Lottery's expense rates and noted that prize expense remains the largest category. Prize expense increased slightly from the prior year largely due to higher payouts in daily games, including the Pick games, after unusually low payouts last year. Retailer compensation remained consistent, and operating expenses were stable, within forecast and well below the 10% allowance.

Mr. Stahler said that sports betting revenue is reported on a one-month delay with activity from the annual spring college basketball tournament expected to appear in the next quarter. Fiscal year-to-date wagers totaled about \$5.3 billion, which generated just over \$547 million in adjusted gross revenue and nearly \$82 million in taxes. Most of the tax figure goes to the General Fund (97.5%) and a portion of the tax figure goes to the Problem Gambling Treatment and Support Fund (2.5%).

Mr. Stahler said that casino taxes totaled just over \$153 million fiscal year to date, which is up 36% from the prior year and helped by the addition of new casinos and continued overall growth. Hard Rock Bristol (HR Bristol), Rivers Portsmouth (Rivers), and Caesars Virginia Danville (Caesars) remained the primary contributors, and Norfolk and Live! Casino® Virginia (Live! Virginia) are still early in operations.

Lastly, Mr. Stahler provided an update on the budget process.

Gaming Compliance Update

Mr. Dunkle provided an update on sports betting activity and noted that there are currently 11 active operators accepting wagers and 12 permits issued with one permit holder in the renewal process. The upcoming application window will be posted on www.valottery.com, and, though there were inquiries last year, no formal submissions were received. Several supplier and vendor renewals are pending, but some may not renew. Mr. Dunkle also noted that FanDuel and Draft Kings continue to hold the largest share of the market with several others making up most of the remaining activity. Retail sports books at the casinos were briefly reviewed, with HR Bristol and Caesars continuing to generate the highest level of activity.

Mr. Dunkle provided an update on casino activity including service permits for gaming and nongaming employees, vendors and construction-related work. A total of 663 permits were issued, which was driven largely by the opening of Live! Virginia. Vendor permitting continues to be reviewed through the casinos as part of the regular submission and monthly-spend reporting process.

Mr. Dunkle said that casino operators also completed updates to slot machine configurations following the IRS reporting-threshold increase from \$1,200 to \$2,000. HR Bristol, Rivers, Caesars, Norfolk and Live! Virginia were all impacted to varying degrees. Live! Virginia was

BOARD ISSUES (continued)

able to complete most changes before opening. Quarterly meetings were held with several operators, and Mr. Dunkle reported that both the Norfolk and Petersburg projects are progressing as expected. Regular meetings are planned to monitor construction progress, spend projections and overall timelines.

Mr. Dunkle also provided a responsible gaming update on the Voluntary Exclusion Program (VEP), which now has nearly 2,600 participants and is running about 30 percent ahead of last year's sign-ups. The program continues to see strong participation across age groups. Some individuals re-enroll more quickly after completing the chosen exclusion period, and others move to a longer exclusion period. Mr. Dunkle noted that Virginia's voluntary exclusion program is gaining regional and national attention with participants from surrounding states and across the country.

Communications Update

Ms. Mullen provided an update on communications and public education initiatives including the Thank a Teacher campaign, the student art contest and the inaugural Teachers' Lounge Makeover program. She highlighted the Lottery's continued emphasis on public education support, responsible gaming messaging and employee volunteer outreach.

Procurement Transparency

Ms. Dilworth provided a briefing on procurement governance and transparency and emphasized the Board's role as a policy body and the importance of avoiding communications with vendors during procurement processes. The briefing addressed confidentiality, ethical safeguards and procedures designed to protect the integrity of major procurements anticipated in the coming years.

Ms. Dilworth explained that these rules are designed to protect Board members, Lottery employees and vendors observing the meeting. She emphasized that Board members can support the integrity of the procurement process by exercising caution in any communications with vendors involved in an active Request for Proposal (RFP). She noted that confidentiality is essential, and that the identities of RFP panel members are not disclosed. When a significant RFP is issued, it is posted on the Lottery's website, and Board members are notified.

PUBLIC COMMENT

None.

OTHER BUSINESS

Mr. Hamid said that the next regular meeting will be held on July 22, 2026, in Danville, Va., and includes a site visit to Caesars Virginia Danville. He also reminded the Board members about the upcoming sales conference scheduled for August 12–14, 2026, in Roanoke.

BOARD MEMBERS' OPEN DISCUSSION

Mr. Comer encouraged the new Board members to attend the Lottery Sales and Marketing Conference. He said that the conference provides valuable insight into Lottery operations including how sales efforts are managed, how products such as Scratchers are developed and presented, and how frontline teams contribute to the organization's overall performance.

CLOSED MEETING

Ms. Tres made the following motion, which was seconded by Mr. Comer:

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. Comer 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.

RECONVENED MEETING (continued)

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

On motion duly made by Mr. Mathieson and seconded by Mr. Barot, the prize structure and odds for Virtual Sports (Virtual Horse Racing Multiplier, Virtual Soccer, Virtual Stock-Car Racing, and Virtual NHL®-Branded Ice Hockey) were approved as presented.

ADJOURNMENT

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

Kevin Hall, Secretary

Ferhan Hamid, Chairman