

VIRGINIA LOTTERY

Board Meeting

July 15, 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 July 15, 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/1w60u9OJpO4>

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
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
Amy Dilworth, General Counsel
Bob Fontaine, Deputy General Counsel - Gaming Compliance
Kelly Gee, Manager of Government Relations
Ted Maxwell, Director of Information Technology Services
Jennifer Mullen, Public Affairs and Community Relations
Manager
Tony Russell, Director of Administration
Tom Sawyer, Director of Sales
Beth Smith, Director of Audit and Security
Jo Murphy, Executive Assistant

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 Mr. Price and seconded by Mr. Tsui, the minutes from the regular meeting held on May 13, 2020, were approved as distributed.

DIRECTOR'S REPORT

Mr. Hall said we sent our 300 employees home with cellphones, laptops and secure VPN access 115 days ago, and it is working better than any of us could have imagined. We have figured out a way to keep the business running successfully while also planning for the future. We have also figured out a way to interact safely with our customers and reopened Customer Service Centers using strict new public health protocols. We continue working effectively with our retail partners. Our Sales team continues to work remotely, and they are cautiously easing into once-a-month store visits rather than the usual once-a-week visits. Mr. Hall said the governor continues to urge state agencies to telework. At the end of July, we will see where things stand from a health and safety perspective.

Mr. Hall provided a recap of the FY20 business plan and performance. At this time last year, the Lottery was coming off a record year for sales and revenues generated for K-12 public schools. A robust conversation was underway about expanded gaming in Virginia and who might regulate it. Historical horse racing was gaining traction in the market, and the Lottery was warning about the impact of unregulated skill machines flooding into the market.

Mr. Hall said the FY20 strategy plan was built on a renewed focus on the basics. In a newly competitive environment, we committed to put ourselves in the strongest possible position through a renewed focus on games, customers and retailers. In FY20, we worked to strengthen the product portfolio, improve the customer experience, clean up our player data and make better use of it, and to grow the retailer base.

Mr. Hall said, over the course of FY20, we had extensive conversations with other lottery states and with our own customers to get a better understanding of what works, what does not and why. We used these insights to recalibrate and fine-tune the products we put into the market. We went through a lengthy RFP process to select a new vendor. This new multiyear contract includes additional strategic support and promises significant savings. We moved ahead with the development of game add-ons and new games. We saw success by moving Cash4Life® from twice-a-week to daily. We also saw success with the Print 'n Play Rolling Jackpot product. We continued working to bring a keno-style game to the market, which has been very successful in every adjoining lottery state. Our Keno launch scheduled for April was pushed to August due to

DIRECTOR'S REPORT (Continued)

the economic uncertainty surrounding the pandemic. We continued working aggressively to expand our reach at retail and ended the fiscal year with just under 5,500 licensed retailers. We added self-service vending machines at more than 100 Walmart stores, and we are now preparing to introduce vending at another major retail chain with 200 locations across Virginia. Our IT department cleaned up years' worth of player data, which was in different places and in different formats, and we now have 1 million registered customer accounts in our database. We focused on improvements to the customer's experience on both the website and our mobile app. Customer-satisfaction scores for both improved dramatically throughout FY20.

Mr. Hall said Lottery sales continued to be negatively affected during FY20 by the growing presence of 7,000 of the so-called skill machines in more than one-third of our retail locations. We also saw some impacts from historical horse racing. Virginians wagered a combined \$1 billion at Colonial Downs and its three Rosie's locations over the course of the fiscal year. Mr. Hall said the lack of blockbuster jackpots depressed sales in Powerball and Mega Millions for most of the year. The unexpected COVID-19 pandemic triggered a sudden and dramatic drop in Lottery sales between March and April when stay-at-home orders first took effect. Since then, as Virginians have gotten more comfortable navigating restrictions in the retail environment, we have seen a stronger than expected rebound in Lottery sales in May and June.

Mr. Hall said we closed the books on FY20 just two weeks ago, so results are still preliminary. It appears we reached our sales goal of \$2.1 billion. It also appears we reached our profit goal of \$587 million. While we are authorized to spend up to 10% of revenue on administrative costs, it appears we landed at 5.5%.

Mr. Hall said that, considering all the uncertainty in the economy, the competitive pressures, the global pandemic and its deep impact on the overall economy, he is very pleased with the strong performance in FY20. He said it is due to the hard work and adaptability of everybody on the Lottery team. Mr. Hall said he appreciated the Board's support as we navigated this remarkable year.

Mr. Hall shared the FY21 Strategy Map that was presented to the entire agency on July 1. He said it reflects a lot of discussion and planning by the Leadership Team. We have set an FY21 goal of \$2.4 billion in sales and \$635 million in revenue, which is 8% higher than the FY20 goal. Mr. Hall said the staff of the legislative money committees and members of the administration's budget team that monitor these meetings will recognize that the \$635 million revenue goal for FY21 is less than the amount included in the state budget enacted by the General Assembly and signed by the governor. He said the budget assumed a rebound in Lottery sales due to the ban on skill machines. That ban has now been delayed for at least one year. Mr. Hall said we will work with the money committees and the governor's office to make sure they understand why there is a discrepancy between those two numbers.

DIRECTOR'S REPORT (Continued)

Mr. Hall said the Lottery plans to reach \$2.4 billion in sales and \$635 million in revenue by constant and continued refinement of the product portfolio. There will be new games and new game add-ons that reflect customer preferences. There will be expanded product-delivery channels including more self-service vending and our new iLottery platform. There also will be further refinements to our traditional advertising and marketing efforts, which have changed dramatically in the COVID-19 environment. The plan also includes a continued focus on strengthening our relationships with existing retail partners while continuing to grow the overall number of licensed retailers.

Mr. Hall noted that the FY21 Strategy Map has two new categories. Compliance is the new division created to license sports betting and regulate casino gaming. iLottery is the new online-lottery platform.

Mr. Hall said that, after many years of effort, we were pleased to win broad, bipartisan legislative support this year to begin selling many of our products online. The governor signed the iLottery bill on March 3, and, thanks to intense work by our Digital team and many others, we were able to offer online lottery sales in Virginia on July 1. Typically, it would take a year or more to design, test and launch an online-lottery platform. Mr. Hall said that he is proud our team managed to get it done in less than four months. He said we had a strong head start due to all the effort we put into the MobilePlay product, which was the smartphone app that provided limited online functions through a Bluetooth® connection. Mr. Wesley headed up our effort to get iLottery into the marketplace.

Mr. Wesley provided an update on the FY20 digital efforts. There were two platforms for digital sales - subscriptions and MobilePlay. Total digital sales, without iLottery, were up 54%. The draw games available, Cash4Life®, Mega Millions and Powerball, accounted for approximately 9% of total draw game sales.

Mr. Wesley said the decision was made on March 26 to move forward with NeoPollard Interactive, who previously ran our subscriptions system. He also said we were able to go live with iLottery on July 1, which was the very first day we were legally able to do so. A lot of work was done by people inside and outside of the organization. He said he is very proud of the amount of work done in such a short period of time.

Mr. Wesley said it is important to note when comparing ourselves to other states that we started iLottery with a solid mobile platform and a large player database. He also noted that he is sharing only two weeks' worth of data. Total activity through July 14 was \$16 million. This activity represents total draw game sales on iLottery (Cash4Life®, Mega Millions and Powerball) plus the total amount wagered on instants. Instant products represent 94% of the total activity on the iLottery platform. The instant product will be measured by Gross Gaming Revenue (GGR)

DIRECTOR'S REPORT (Continued)

because that is more reflective of the money that is taken in. The instant GGR was \$2 million. A total of 29,039 players made a wager during the month of July (16,057 on instants and 21,352 on draw games). Instant first-time depositors (FTDs) totaled 14,770.

Mr. Wesley shared the FY21 timeline for iLottery. An important part of the program is the omnichannel efforts. These efforts will ensure that our 5,500 retailers know they are still an important part of our business and that our players receive a good customer experience both at retail and online. A Print 'n Play omnichannel program was launched on July 1. A scratch crossover promotion will launch in September, will be included in the holiday program and will also run in February. Online Cash provides the ability for players to make a cash purchase at retail to fund a digital wallet. Retailers will receive a 5% commission on these sales in their store, and the players can participate in iLottery without sharing their banking information. This program is slated to begin between the end of October and the end of the calendar year. He said we are in the process of hiring an Affiliate Program Manager to help with our acquisition efforts through third parties including our existing retailer base.

Mr. Wesley said we are working to integrate two digital instant-win game providers into our iLottery platform. The IWG integration is scheduled to be completed the first week of August. The IGT integration is scheduled to be completed by the end of the calendar year. This is important because we will have three companies to leverage digital instant-win game libraries for our iLottery platform.

Mr. Wesley said the plan is to have all draw games, except for draw-based Keno, available on the iLottery platform by the end of the fiscal year. He will share the schedule for the individual games at the next Board meeting.

Mr. Hall congratulated Mr. Wesley and his team for their remarkable work in a short amount of time. They conducted extensive product research, negotiated a contract, tested the product and launched with a full digital strategy.

Mr. Hamid congratulated the team on the incredible launch. He said the participation rate is amazing. He asked how retailers are reacting to iLottery. Mr. Wesley said that, due to COVID-19, the Sales team has been in the field only once, so we are not receiving the usual level of feedback. He said other iLottery states have shared that the retail side of the lottery business increased post-iLottery. Mr. Wesley said the Sales team did a great job communicating that information to retailers prior to the launch of iLottery. He has not heard any negative feedback, and the retail business is doing well.

Mr. Hamid said the Lottery expected a significant decline in sales due to COVID-19, but it appears that the Lottery has done a good job in terms of sales. He asked Mr. Hall to what he attributes the continued sales. Mr. Hall said that when everything locked down in mid-March, we

DIRECTOR'S REPORT (Continued)

saw a dramatic decline in retail sales. Virginia and other lottery states saw sales snap back three or four weeks later. The industry consensus is that players got comfortable navigating the new reality and working through new restrictions at retail. It also is significant that during this period there was limited access to skill machines, casinos were closed, and historical horse racing was not available, all of which made competitive gaming opportunities limited.

Mr. Hamid said he is aware that some sports-betting states, including Tennessee, are putting a 10% hold to ensure there is enough money to pay winning bets. He asked if Virginia plans to do something similar. Mr. Hall said Tennessee's model is closest to what is envisioned in Virginia. In Tennessee, the Lottery is licensing mobile-only sports betting. He said we are still working through operational details, but it is safe to say we will not do that. Tennessee mandates a 10% hold by the sportsbooks to ensure they have the funds to pay winners. Many sportsbook operators argue that a 10% hold will make Tennessee's licensed sportsbooks less competitive. This would result in them offering less-competitive odds, which will not pull players away from the existing illegal offshore sportsbooks. We intend to take a different approach.

Mr. Hall introduced Deputy Director for Gaming Compliance Gina Smith. Ms. Smith spent nearly two decades as deputy director and CFO at the Maryland Lottery and Gaming Control Agency. She was Acting Executive Director of the Maryland Lottery when casino gaming was introduced. He said we are very fortunate to have her in this new position, and she hit the ground running four weeks ago.

Ms. Smith said she is excited to join the Lottery, and things are moving quickly. One of her major goals is to recruit experienced talent for the Gaming Compliance division. She envisions the following five divisions: Licensing and Investigations, Responsible Gambling, Audit, Operations and Compliance. Recruitment is underway for positions in the Licensing and Investigations division. An experienced candidate is slated to start at the end of July as the Director of Licensing and Investigations. Recruitment will pick up later in the year.

Ms. Smith said the second goal is to procure and develop the necessary systems to begin in an automated fashion. She said we are working to establish a system for sports-betting operators and those applying for the license to do so online. Another system the Lottery needs will handle the voluntary self-exclusion program and the exchange of information in a secure manner. Eventually, there will be a case management system to track all activities, complaints and concerns that are received. As casino implementation gets closer, we will procure a central-monitoring system much like what is used on the Lottery side.

The final goal Ms. Smith discussed was developing necessary relationships (i.e. State Police, FBI, SEC). Once she has her director on board, they will begin reaching out and establishing relationships to make the licensing process efficient.

DIRECTOR'S REPORT (Continued)

Ms. Smith stated that the department reached a major milestone this month (July) by pre-certifying the four casino-development projects to move to referendum.

Mr. Hall said the agency completed a required preliminary review of the casino partners preferred by the cities of Bristol, Danville, Norfolk and Portsmouth earlier in July. This initial review was required by the statute before each city could move forward to schedule a voter referendum this November. On July 9, we notified Bristol, Danville, Norfolk and Portsmouth that their submissions for pre-certification met the minimum requirements of the statute. The statute required each city to consider factors including capital investment and economic impact and to consider the experience of its preferred casino partner. The statute required the Lottery to conduct a preliminary assessment of the financial viability of each city's preferred partner and its experience in operating a casino in a regulated environment. Pre-certification was not an endorsement of any of the four casino proposals or any of the casino partners selected by the cities. More importantly, pre-certification does not entitle anyone to a casino license. A significantly more in-depth financial vetting and suitability review of each city's chosen casino partner will come after a successful referendum and as part of the license application and review process.

Mr. Hall said the City of Richmond is the fifth locality defined in the statute as eligible to host a casino project. Richmond is on a different timeline than the other four cities, so Richmond did not, nor was it required to, submit a casino proposal for preliminary review at this time.

Mr. Hall said the General Assembly placed sports betting on a much faster timeline than casinos. A normal rulemaking process usually takes considerable time; typically, it can take up to 18 months. The General Assembly plainly recognized that the ordinary rulemaking process could not apply here if the sports betting program were to get off the ground quickly. The legislation effectively required us to have a regulatory infrastructure in place less than three months after the bill's July 1 effective date.

Mr. Hall reminded the Board of some of the important elements already specified in the statute. There will be at least four, but no more than 12, mobile sports betting licenses. The \$250,000 application fee is for a three-year license. Professional sports will have two tiers of wagers allowed. Tier 1 is pre-game, and Tier 2 is in-game. Only Tier 1 wagers are permitted for college sports, and no wagers are allowed on Virginia college sports. There is a 15% tax rate on net revenue. The General Fund will receive 12.5% and 2.5% will go to the Virginia Department of Behavioral Health for the Problem Gambling Treatment & Support Fund. Lastly, the statute states that the Lottery Board must adopt the initial regulations by September 15, 2020.

Mr. Hall said the sports betting legislation was drafted, debated and approved before the COVID-19 pandemic. It anticipated we would have a sports betting program up and running in Virginia in time for football season this fall. Obviously, the coronavirus has disrupted sports

DIRECTOR'S REPORT (Continued)

schedules and seasons, but the Lottery is still required to meet that aggressive timeline built into the statute. For that reason, we started work on the regulations before the bill became law on July 1. We proactively set up a path for interested stakeholders to submit their written ideas and suggestions back in early June. Several sportsbook operators took advantage of that opportunity, and that was helpful as we began turning legislative language into regulatory language.

Mr. Hall reported that, at the conclusion of today's meeting, we will post a significant portion of the initial regulations on Virginia's Regulatory Town Hall for public comment. There is no action required by the Board today (July 15).

Mr. Hall said the draft regulations will be released today (July 15) for a 60-day public comment period. Additional draft regulations will be released on August 10 for a 30-day public comment period. The deadline for the Board to review and vote on the initial regulations is September 15. We anticipate accepting the first license applications in the second half of October. We will review completed applications for 90 days. That is the timeframe specified by the statute, and we expect to issue the first licenses for legal online sports betting in Virginia early in 2021.

Mr. Hall said that the July 15 initial draft includes regulatory language about how the license application process will work. It sets a specific timeframe for when and how applications will be accepted. It spells out how we will evaluate applications in deciding which applicants will be granted the privilege of a permit. He said it is important for all of us, as a Board and as an agency, to remember that a state gaming license is a privilege, not a right.

Mr. Hall said that the July 15 initial regulations define the types of competitive sports on which Virginians will be allowed to wager. It also includes regulatory requirements for permit holders to conduct age and ID verifications. The statute makes clear that online customers must be at least 21 and be physically located in Virginia to place a wager. The July 15 initial draft also includes clear rules on how and where sports betting platforms can advertise. The initial regulations also include the permit holder's responsibilities in managing player funds and a player's online account.

Mr. Hall said we also are releasing initial regulations today (July 15) to create a Sports Bettor's Bill of Rights, which was specifically required by the statute. The regulatory language contains several important consumer protections including a customer's expectations for fairness, integrity and transparency in how the betting platforms operate. These consumer protections also require permit holders to provide a credible dispute-resolution process. The initial regulations also include the framework for the creation of a voluntary self-exclusion program. This also is specifically required in the statute. We are creating a process for individuals to opt-out of sports betting, account-based Lottery play, charitable gaming, fantasy sports, and pari-mutuel and historical horse race wagering, if they choose, for a set period or forever. This voluntary self-exclusion program will be expanded at the appropriate time to include casino gaming.

DIRECTOR'S REPORT (Continued)

Mr. Hall said we are posting a significant portion of the regulations today (July 15). We will continue working for several more weeks on some additional language around operational and enforcement activities, technical issues around system requirements for betting platforms plus minimum financial controls and system security and internal controls that will be required. We anticipate releasing those additional draft regulations by August 10, and they also will be posted for public review and stakeholder comments for at least 30 days. At the end of the public comment period, the agency will review all comments and suggestions on these initial regulations. We may choose to incorporate those suggestions that improve or provide greater clarity to our initial draft. We will place the entire package before the Board for your consideration and approval by the statutory deadline of September 15.

Mr. Hall said our primary goal throughout this rulemaking process is to construct responsible regulations in a transparent way to protect consumers while providing clear and reasonable rules for sportsbook operators. He is confident we are on that path.

Mr. Price asked about the size of the sports betting market. Mr. Hall said sports betting is occurring now on illegal offshore platforms. Experts say U.S. sports betting is a \$150 billion a year industry. The General Assembly worked with estimates that sports betting could be a \$350 to \$400 million a year industry here in Virginia. It is important to remember that the margins are relatively thin in sports betting. Most of what comes in as wagers goes right back out in winnings. The legislation was built on estimates that annual tax revenue from legal sports betting in Virginia could reach \$45 million by Year 5. That presumes we have licensed several platforms that offer competitive odds and products on a full slate of sports.

Ms. Lawrence asked if any funds would flow through the Lottery or only the taxes paid by the licensees. Ms. Smith responded that the taxes paid will flow through the Lottery; then they will be dispersed. Ms. Courtney confirmed that the funds will be in the Lottery account briefly and not long enough to earn any interest.

FINANCIAL REPORT

Ms. Courtney provided preliminary results for FY20. She reiterated that the results are not final, nor have they been audited, but we are actively working to close the books.

Ms. Courtney was happy to announce that total sales for FY20 met the goal set with the Board in the fall. Sales were less than a tenth of a percent ahead of those projections. Sales slipped in March due to the COVID-19 pandemic, but we saw strength in all product lines in May and June.

Total sales were \$2,148.8 million, \$144.8 million (6.3%) less than last year and \$1.9 million (0.1%) more than expected. Scratcher sales were \$1,167.0 million, \$55.0 million (4.5%) less than

FINANCIAL REPORT (Continued)

last year and \$7.9 million (0.7%) more than expected. Print 'n Play sales were \$75.5 million, \$24.9 million (49.3%) more than last year and \$2.0 million (2.6%) less than expected. Print 'n Play experienced growth with the introduction of Print 'n Play Rolling Jackpot. Sales of e-games were \$2.3 million, which was just under the \$3 million target. Daily games sales were \$691.6 million, \$2.2 million (0.3%) more than last year and \$17.2 million (2.5%) more than expected. Jackpot games sales were \$204.9 million, \$118.8 million (36.7%) less than last year and \$20.5 million (9.1%) less than expected. Jackpot games sales were affected nationally by the pandemic due to lower foot traffic in retail stores. The subscriptions program saw good growth, which helped even in times of low jackpots. Cash4Life® had the highest percent growth over last year. Moving that product from twice weekly draws to daily draws and its availability online through the subscriptions program helped it perform well. Raffle sales were \$7.5 million, and that product sold out.

Ms. Courtney reviewed the unaudited FY20 sales versus forecast and versus prior years. She also reviewed expense rates versus the prior year and versus forecast. Prize expense was 61.4%, which was 0.3% more than last year (61.1%) and as expected. Retailer compensation was 5.6%, which was the same as last year and as expected. Operating expenses were 5.4%, which was 0.4% more than last year (5.0%) and 0.3% less than expected (5.7%).

Ms. Courtney said Lottery Proceeds Fund transfers totaled \$613.4 million. This represented the expected profits included in the budget from sales that occurred in FY20 (\$587 million) plus the residual transfer (excess profits earned in FY19) above the expected FY19 budget. We met our expected transfers, and the funds will be distributed by the Department of Education to the local school districts. Other contributions to the state budget from the Lottery are the Literary Fund (\$14,054,551 million), the Debt Setoff Fund (\$2,016,961 million) and Virginia tax withholdings from prize winnings (\$4,012,089). This amount does not represent the full tax liability of the winners. It is the required withholdings that we submit to the Department of Taxation based on when those winnings are paid to our players. The auditors must complete their review and certify the results by August 15. Our residual transfer for FY20 will become part of our estimated total transfers for FY21. As soon as we have that information, we will share it with the money committees and the administration to make sure that everyone is aligned.

Mr. Hamid asked for an update on Small, Women-owned, and Minority-owned Business (SWaM) spending in FY20 and the plans for the future. Mr. Hall said he is pleased with the steady growth in SWaM spending. In FY19, SWaM spending was 34%, and it improved to 38% in FY20. He set an ambitious goal of 42% for FY21. He noted that the recent improvement was in the small-business category. Minority-owned Business spending has remained relatively flat. The strategy for improvement includes ensuring that existing SWaM eligible vendors also are SWaM certified. We will become more intentional with smaller day-to-day purchases. For larger contracts, we will assign additional credit when scoring the proposals from bidders who include a SWaM subcontractor. We will continue to partner with local and state business organizations

FINANCIAL REPORT (Continued)

that offer SWaM networking and tradeshow. Mr. Hall said that this is a priority, and we have a plan in place for improvement. Ms. Lawrence suggested that the Lottery look at SWaM media source outlets for its media buys. Mr. Hamid commended the efforts and said he thinks it is important to reach out to underserved businesses in the community.

BOARD ISSUES

Marketing Promotion

Ms. Rose said the current Cash 5 game is being updated in October. The top prize will change from \$100,000 to a rolling-jackpot prize that begins at \$100,000 and grows. Players also will have an additional chance to win up to \$500 instantly with the EZ Match add-on.

Ms. Rose presented three EZ Match promotions to support the launch. The goal of the Website Video Watch Promotion is to educate those coming to the website on how to play Cash 5 With EZ Match and to promote trial play. The first 25,000 players that fully watch the How to Play video on our website will win a coupon for a free \$2 Easy Pick Cash 5 with EZ Match ticket. The goal of the Daily Wins - Second Chance Promotion is to spark initial interest and incremental sales from current players using daily prizes. For the month of November, players can enter non-winning Cash 5 tickets into a daily drawing. The goal of the Cash 5 With EZ Match Daily Games Promotion is to encourage purchase and trial from daily games players. Players that buy \$5 worth of daily games get a free Cash 5 With EZ Match ticket.

On motion duly made by Mr. Price and seconded by Mr. Tsui, the Board approved the promotional-prize funding for three Cash 5 With EZ Match promotions: C5P1, C5P2 and C5P3 as presented.

OTHER BUSINESS

Mr. Hamid said the next meeting date has not yet been determined. It will be made public as soon as it is finalized.

BOARD MEMBERS' OPEN DISCUSSION

Ms. Lawrence asked about the status of the Super Teacher program. Mr. Hall said a lot of the planning for that program is currently on hold due to the COVID-19 pandemic. He said we have talked with a great partner about a possible marketing partnership that will extend over the school year. We are discussing several other ideas, but we need more clarity as to what the fall will look like before we make firm plans. Mr. Hall said we have the opportunity to highlight our support for educators at this remarkable time.

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. Mr. Tsui 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 Ms. Lawrence and seconded by Mr. Price, the Board approved, as presented in the closed meeting, the prize structures for Scratcher Games 2050 and 2052 through 2072 including the 0.5% prize-structure variance.

On motion duly made by Ms. Lawrence and seconded by Mr. Price, the Board approved, as presented in the closed meeting, the prize structures for Instant Games 419, 1107, 1111, 1122, 1159, 1173, 1781, 1789, 1790 and 1794.

ADJOURNMENT

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

Kevin Hall, Secretary

Ferhan Hamid, Chairman