

Kirk, Vernon (Lottery)

From: Grief, Gary <Gary.Grief@lottery.state.tx.us>
Sent: Wednesday, August 12, 2015, 2:00 PM
To: Kirk, Vernon (Lottery)
Cc: Sanchez, Sheila
Subject: Visit to Delaware



Vernon,

Hope all is well in the great state of Delaware.

I have mentioned to you previously my interest in understanding more about the sports betting and fantasy sports betting possibilities for lotteries. I am in the early stages of putting information together on this subject for possible discussion here in Texas under the umbrella of the Texas Lottery. This topic may be of interest to our legislature in the next session here in our state.

To that end, I have tasked two members of my staff, Ami Smith and Ed Rogers, to research this project. Part of that research would involve visits to the two states, Montana and Delaware, that have made the most progress in this area.

I'll be accompanying my staff on these visits and was hoping you might make available to us the right Delaware Lottery and vendor staff on October 6th through the 8th to thoroughly learn about the programs that Delaware has in place.

Please let me know if those dates might work for our visit.

Warm regards,
Gary

PS: If they do work, would appreciate any recommendations on hotels and/or restaurants in the area. Perhaps you could join us for dinner one night?

Kirk, Vernon (Lottery)

From: Kirk, Vernon (Lottery)
Sent: Wednesday, August 12, 2015 6:08 PM
To: 'Grief, Gary'
Cc: Sanchez, Sheila
Subject: RE: Visit to Delaware

②

Gary, great to hear from you. And, what timing! Our Sports Lottery opened for business today for the first week of pre-season games that begin tomorrow. We are good for the dates you mention, but there are some nuances that we should discuss so that you and your team can make the most of the time you are here. May I give you a call? I am slammed tomorrow, but perhaps Friday? We can definitely get you situated re hotel and restaurants. Just a heads-up, Delaware does not have a commercial airport, so you would fly into Philly or Baltimore and rent a car. The Lottery Office (there is only one) is located in central Delaware in the capital, Dover. From Baltimore-Washington International (BWI) it is about 1hr 45min to Dover and from Philadelphia International (PHL) it is about 1hr 15min. Just off the top of my head I might suggest staying at Dover Downs Hotel and Casino. The Lottery is responsible for administrative and regulatory oversight of Delaware's 3 casinos and each of them is also a Sportsbook. Not to mention it is 5 minutes from our office.

My best, Vern

Vernon A. Kirk, Director
Delaware Lottery
Office (302) 744-1601
Cell (302) 362-5581
Fax (302) 622-4464
vernon.kirk@state.de.us



This email and any attachments are confidential or legally privileged. Any dissemination, copying or use of this communication by or to anyone other than the designated and intended recipient(s) is unauthorized. If you are not the intended recipient, please delete or destroy this communication immediately.

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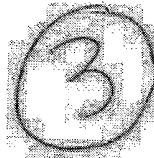
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Kirk, Vernon (Lottery)

From: Grief, Gary <Gary.Grief@lottery.state.tx.us>
Sent: Wednesday, August 12, 2015 7:21 PM
To: Kirk, Vernon (Lottery)
Cc: Sanchez, Sheila
Subject: Re: Visit to Delaware
Attachments: image003.jpg



Vernon,

A Friday call would be perfect. I'm available anytime after 1:00 central time. 512-344-5160
Just let me a know a time that works for you.

Thanks,
Gary

On Aug 12, 2015, at 5:08 PM, Kirk, Vernon (Lottery) <Vernon.Kirk@state.de.us> wrote:

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Kirk, Vernon (Lottery)

From: Kirk, Vernon (Lottery)
Sent: Friday, August 14, 2015 9:14 AM
To: 'Grief, Gary'
Cc: Sanchez, Sheila
Subject: RE: Visit to Delaware



Gary, Let's make it 1:30 your time. Look forward to talking with you. Vern

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From: Grief, Gary <Gary.Grief@lottery.state.tx.us>
Sent: Friday, August 14, 2015 9:28 AM
To: Kirk, Vernon (Lottery)
Cc: Sanchez, Sheila; Simpson, MaryBeth
Subject: Re: Visit to Delaware
Attachments: image001.jpg



Same here.

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Kirk, Vernon (Lottery)

From: Smith, Ami <Ami.Smith@lottery.state.tx.us>
Sent: Tuesday, September 22, 2015 1:38 PM
To: Kirk, Vernon (Lottery)
Cc: Sanchez, Sheila; Rogers, Ed
Subject: Texas Lottery Visit--October 6-8--Questions/Discussion Topics
Attachments: Delaware Sports Lottery Questions and Discussion Topics Final.docx

6 W/ATTACHMENT

Hi Vernon,

I hope this email finds you well.

Gary wanted us to share the questions and discussion topics attached just to give you some insight as to what we will be thinking about and taking note of while we are in Delaware. We realize many of these questions may become more clear once we meet with you and visit sports lottery retailers such as Dover Downs. Thank you again for the accommodations and special rate.

Please feel free to contact me if you have any questions or if there is anything that I need to clarify in preparation for our visit in a couple weeks. Our flight lands in Philadelphia at 2:10pm on Tuesday, October 6th.

Thank you for your time.

Ami Smith | 360° Marketing Planning Coordinator
Direct 512.344.5136 | Cell 512.633.4285 | txlottery.org



SUPPORTING TEXAS EDUCATION
AND VETERANS

Delaware Sports Lottery

Questions & Topics of Discussion

9/22
6 ATTACHMENT

October 6-8, 2015

TECHNICAL

What hardware acquisitions or network modifications were required to implement sports lottery wagering?

- What are the requirements beyond baseline telecommunications infrastructure?
- What types of POS devices (sales terminal) are required?
- Is this managed on the general lottery central gaming system or a vendor's gaming system?
- Is an internal control or balancing system used to monitor sales transactions that are recorded in the primary gaming system?
- Is a customer facing monitor used in Sports Lottery sales venues to display detailed wagering activity or results to players (not the sales terminal)?
- Are there access points outside of the licensed venue available to players to create wagers/team details (mobile apps or internet)?
- Generally what costs are associated with becoming a Sports Lottery venue? Who covers the costs?

LICENSING/REGULATORY

How many Sport Lottery sales venues are in Delaware?

- How does a location become a Delaware Sports Lottery venue?
- Do Sports Lottery venues sell traditional lottery games (scratch/draw)?

Do you have any unique licensing or background requirements for licensees that offer the Sports Lottery product?

- What vendors or positions within the Sports Lottery operations require a license or certification?
- Discuss: Background check details.

Have there been any game/draw failures that resulted in player or sales venue operator challenges to draw results or prize payouts?

- Discuss: Legal action against state related to these.

Discuss: Role of risk management vendor and their interaction with Sport Lottery officials.

GAME SPECIFICATIONS

Did your organization utilize a third party (not a lottery operator vendor) to assist in designing your game?

- Please provide information on how price points were determined.
- How were the point systems developed?

What vendor developed the general software requirements for Sports Lottery?

Do you utilize a statistician or other third party to independently validate the design or results?



Delaware Sports Lottery

Questions & Topics of Discussion

October 6-8, 2015

GAME SPECIFICATIONS CONTINUED

What game parameter testing was conducted for odds, outcomes, prize liabilities, skill versus chance or other risk factors associated with Sports Lottery?

Was testing conducted by a third party or the game developer?

How often or under what circumstances do you have the equipment recertified?

What resources are required for ongoing management of the game as the season progresses?

- What organization or vendor monitors the sports league to manage changes in game schedules, update parlay cards and the lines for each week's games?
- How are the game results updated in the gaming system and how quickly are winners identified once the game results are loaded?
- How is the information evaluated for accuracy prior to identifying winning wagers?
- What organization or vendor are the source for games result data and the final point determination (official results)?
- If the game results are provided by a third party vendor is the data in raw form or has it been formatted to meet Delaware Sports Lottery specifications?

What factors were used to determine prize payout percentages for each type of Sports Lottery wager?

What factors were used to set the prize tier levels and share levels?

PERFORMANCE METRICS

What are the percentages for prizes, sales venue commissions, vendor commissions and lottery revenue?

Are there any sales venue bonuses, incentives or contest programs tied to Sports Lottery?

MERCHANDISING

What activities or programs were used to launch the game?

- Player/Sales Venue/Sales Force Education
- Promotions/Player or special events related to the game
- Advertising

What Sports Lottery and winner awareness pieces are used in venues and outside of the venues?

- Maintain player interest during the off-season?
- Maintain player awareness of winners during season?

What activities/tools have been used to bring new players to the game as a new season approaches?



Delaware Sports Lottery

Questions & Topics of Discussion

October 6-8, 2015

SALES

Did you see cannibalization of other lottery games when the Sports Lottery was implemented?
If yes, what were the games with greatest cannibalization impact?

Is overall sales/share data available to players during time where wagering is allowed?

LOTTERY ORGANIZATION AND STAFFING ISSUES

How many Delaware Lottery full-time employees are responsible for Sports Lottery?

Were any new skill sets required in relation to development or ongoing operation of Sports Lottery?

Discuss: Vendor Organization and Staffing Issues

- New skill sets required for vendors and staff.
- New vendors and implementation.

How many individual vendor contracts are involved in offering Sports Lottery?

- What services do they provide?
- Are any sole source?

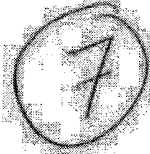
We are interested in any detailed financial data you can share related to Sports Lottery.



SUPPORTING TEXAS EDUCATION
AND VETERANS

Kirk, Vernon (Lottery)

From: Kirk, Vernon (Lottery)
Sent: Friday, October 02, 2015 4:57 PM
To: 'Grief, Gary'
Subject: Congratulations



Texas Lottery makes record breaking contributions to education and veterans' programs.

Now, that's a nice headline for a lottery if I ever saw one!

Gary, just wanted to touch base before your visit next week. I understand you will be arriving in Philly a little after 2 on Tuesday. I'm sure you'll check out map quest and/or have GPS with you and will have several options heading down to Dover, Delaware, but I wanted to suggest the one that I think is the least complicated. Leaving the airport take I-95 South (no rush, but move to the left lanes when you can); after about 13 miles take I-495 South (it will be a two lane exit on your right); after about 10 miles take Exit 1 on your right onto US 13 South. Stay on this road (it turns into DE-1) for about 30 miles and then take Exit 104 on your right. At the light, turn left onto US-13 South. Dover Downs is about 1/2 mile on the left.

After you get settled call me (302) 362-5581, I'd like to come over and say hello, meet everyone, maybe have a beer. For dinner, there are choices inside Dover Downs if you've traveled enough. Doc Magrogan's Oyster House would be a good choice. They have plenty of things besides oysters. They also have an Italian restaurant, Frankie's, but if you favor Italian, there is a very good spot 15 minutes away called Trevi's. Not on the menu but a must try is snapping turtle soup. There is also the Sports Book, but I plan on us having lunch there Wednesday. Speaking of Wednesday, I would suggest dinner at Sambos for crabs and beer. Talk about quaint, this is a local place that sits on the waterfront and salt marsh, very casual, old newspapers instead of tablecloths and wooden mallets to crack your crabs. If it's ok with you I would like to join you both evenings as your Delaware guide.

Itinerary for Wednesday is flexible and can go where your interests lie. We can start at the Lottery Office (less than 10 minutes from Dover Downs) say at 9:00. I can give you a brief tour (we are very small) and then take you next door to Scientific Games (we cohabitate as part of our contract with them) for another brief tour. One of the highlights is their video lottery lab where they test slot machines before they go on a casino floor. Then we will return to the Lottery's side where I will give a history of sports betting in Delaware, kind of how we got to where we are today. We will follow that with a general Q and A centered on the questions you sent. Around noon it will be over to Dover Downs sports book for lunch. Parlay cards should arrive about noon and there is usually a bit of wagering activity then. If you are interested, we can also go upstairs to one of our satellite offices (we have one in each casino) to see our gaming inspector set-up. After lunch we have planned for you to visit a couple of sports lottery retailers to observe and have an opportunity to ask the owners questions if you wish. Depending on time, we could go back to the Lottery to recap or, you guys may have had enough and may just want to head back to the hotel.

In between, as time permits, I will be happy to answer questions about any of our products in our rather diverse portfolio. My agency is responsible for video lottery, sports betting, table games, Keno, and iGaming (slots, table games, and peer to peer poker).

One last thing, we are generally pretty casual in attire at the Lottery, unless business dictates otherwise. You may see some SGI staff in ties, but no suits, sports coats or ties on the Lottery's side. Dress comfortably and you will fit right in. If you have any questions just call or email.

Looking forward to seeing you and team Grief.

Regards, Vern

From: MUSL News [mailto:muslnews@musl.com]
Sent: Friday, October 02, 2015 11:33 AM
To: Chuck Strutt
Subject: NEWS - TX Makes Record Transfer Topping \$1 Billion

Texas Lottery makes record breaking contribution

FOX 29

Monday, September 21 2015, 10:09 PM CDT

SAN ANTONIO- The Texas Lottery says it has broken a record making its largest contribution ever to education and veterans' programs.

The lottery gave more than a billion dollars to Texas Education this year.

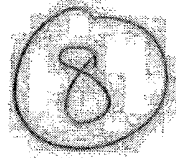
That money helps pay for teacher salaries, equipment, special education, the gifted programs and more.

Record lottery tickets sales also helped the lottery contribute more than 13 million to help Texas Veterans.

Different programs help veterans with transportation, PTSD, counseling, and housing.

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Vernon,

Thanks so much for your incredible hospitality.

We will follow your directions and plan to the letter. I would be delighted if you could join us both evenings!

Your plan sounds perfect. We are really looking forward to our visit. And thanks very much for the tips on the dress code!

Warm regards,
Gary

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Sent: Friday, October 02, 2015 5:02 PM
To: Kirk, Vernon (Lottery)
Subject: Texas Lottery-Touch base

9

Importance: High

Good Afternoon Vernon-

Sorry to bother you so late in the day. I left a voicemail at your office. Just wanted to touch base and make sure Gary, Ed, Tom and myself are at the right place and the right time next week. We will probably arrive at the hotel around 4 or 4:30 on Tuesday, Oct. 6th. I recall Gary mentioning something about meeting you for dinner one night. I wanted to follow up to see which evening you had in mind if you were still available.

I also wanted to ask where and what time do we need to meet on Wednesday, Oct. 7th.

I look forward to meeting you.

Thank you Vernon.

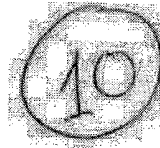
Ami Smith | 360° Marketing Planning Coordinator
Direct 512.344.5136 | Cell 512.633.4285 | txlottery.org



SUPPORTING TEXAS EDUCATION
AND VETERANS

Kirk, Vernon (Lottery)

From: Kirk, Vernon (Lottery)
Sent: Friday, October 02, 2015 5:07 PM
To: 'Smith, Ami'
Subject: FW: Congratulations



My telephone feeds into my Secretary's phone and she's gone for the day (it's after 5 on a Friday, the place clears out at 4:30!). As fate would have it, I just sent this to Gary. Let me know if you need more. Vern

From: Kirk, Vernon (Lottery)
Sent: Friday, October 02, 2015 4:57 PM
To: 'Grief, Gary'
Subject: Congratulations

Texas Lottery makes record breaking contributions to education and veterans' programs.

Now, that's a nice headline for a lottery if I ever saw one!

Gary, just wanted to touch base before your visit next week. I understand you will be arriving in Philly a little after 2 on Tuesday. I'm sure you'll checkout map quest and/or have GPS with you and will have several options heading down to Dover, Delaware, but I wanted to suggest the one that I think is the least complicated. Leaving the airport take I-95 South (no rush, but move to the left lanes when you can); after about 13 miles take I-495 South (it will be a two lane exit on your right); after about 10 miles take Exit 1 on your right onto US 13 South. Stay on this road (it turns into DE-1) for about 30 miles and then take Exit 104 on your right. At the light, turn left onto US-13 South. Dover Downs is about 1/2 mile on the left.

After you get settled call me (302) 362-5581, I'd like to come over and say hello, meet everyone, maybe have a beer. For dinner, there are choices inside Dover Downs if you've traveled enough. Doe Magrogan's Oyster House would be a good choice. They have plenty of things besides oysters. They also have an Italian restaurant, Frankie's, but if you favor Italian, there is a very good spot 15 minutes away called Trevi's. Not on the menu but a must try is snapping turtle soup. There is also the Sports Book, but I plan on us having lunch there Wednesday. Speaking of Wednesday, I would suggest dinner at Sambos for crabs and beer. Talk about quaint, this is a local place that sits on the waterfront and salt marsh, very casual, old newspapers instead of tablecloths and wooden mallets to crack your crabs. If it's ok with you I would like to join you both evenings as your Delaware guide.

Itinerary for Wednesday is flexible and can go where your interests lie. We can start at the Lottery Office (less than 10 minutes from Dover Downs) say at 9:00. I can give you a brief tour (we are very small) and then take you next door to Scientific Games (we cohabitate as part of our contract with them) for another brief tour. One of the highlights is their video lottery lab where they test slot machines before they go on a casino floor. Then we will return to the Lottery's side where I will give a history of sports betting in Delaware, kind of how we got to where we are today. We will follow that with a general Q and A centered on the questions you sent. Around noon it will be over to Dover Downs sports book for lunch. Parlay cards should arrive about noon and there is usually a bit of wagering activity then. If you are interested, we can also go upstairs to one of our satellite offices (we have one in each casino) to see our gaming inspector set-up. After lunch we have planned for you to visit a couple of sports lottery retailers to observe and have an opportunity to ask the owners

questions if you wish. Depending on time, we could go back to the Lottery to recap or, you guys may have had enough and may just want to head back to the hotel.

In between, as time permits, I will be happy to answer questions about any of our products in our rather diverse portfolio. My agency is responsible for video lottery, sports betting, table games, Keno, and iGaming (slots, table games, and peer to peer poker).

One last thing, we are generally pretty casual in attire at the Lottery, unless business dictates otherwise. You may see some SGI staff in ties, but no suits, sports coats or ties on the Lottery's side. Dress comfortably and you will fit right in. If you have any questions just call or email.

Looking forward to seeing you and team Grief.

Regards, Vern

From: MUSL News [<mailto:muslnews@musl.com>]
Sent: Friday, October 02, 2015 11:33 AM
To: Chuck Strutt
Subject: NEWS - TX Makes Record Transfer Topping \$1 Billion

Texas Lottery makes record breaking contribution

FOX 29

Monday, September 21 2015, 10:09 PM CDT

SAN ANTONIO- The Texas Lottery says it has broken a record making its largest contribution ever to education and veterans' programs.

The lottery gave more than a billion dollars to Texas Education this year.

That money helps pay for teacher salaries, equipment, special education, the gifted programs and more.

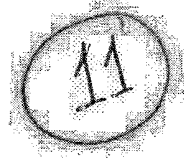
Record lottery tickets sales also helped the lottery contribute more than 13 million to help Texas Veterans.

Different programs help veterans with transportation, PTSD, counseling, and housing.

Kirk, Vernon (Lottery)

From: Smith, Ami <Ami.Smith@lottery.state.tx.us>
Sent: Friday, October 02, 2015 6:14 PM
To: Kirk, Vernon (Lottery)
Subject: RE: Congratulations

Wow! This is so great! Thank you so much.



Ami Smith | 360° Marketing Planning Coordinator
Direct 512.344.5136 | Cell 512.633.4285 | txlottery.org



**SUPPORTING TEXAS EDUCATION
AND VETERANS**

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Different programs help veterans with transportation, PTSD, counseling, and housing.

VISIT with TEXAS 10.7.15

AGENDA

TOUR

DSL facility

SIG facility

SPORTS HISTORY

Legislation

Books vs. Retailers

Structure

DSL; SIG; Risk Management

Growth

Terminals

SPORTS WAGERING DEMO

Parlay Cards

Results

Q and A

LUNCH

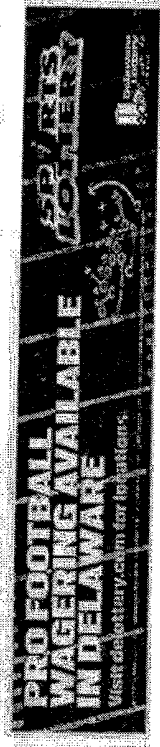
Dover Downs Sports Book

RETAILER VISITS

Mike's Food Mart

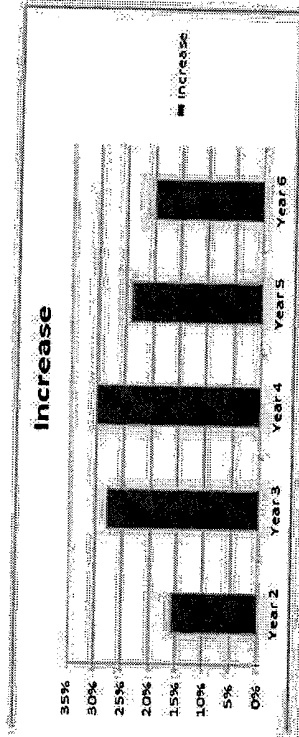
Frazier's

DE SPORTS LOTTERY



Sales by Channel:

2014 season Track sales - \$17,431,700 / Retailer sales - \$20,425,348 / Total - \$37,857,043
 2013 season Track Sales - \$19,225,289 / Retailer sales - \$12,286,591 / Total - \$31,511,876
 2012 season Track Sales - \$19,035,302 / Retailer sales - \$6,387,625 / Total - \$25,422,923
 2011 season Track Sales - \$17,846,827
 2010 season Track Sales - \$12,867,374
 2009 season Track Sales - \$10,817,302



Commissioners:

J. Winston Krause,
Chairman

Carmen Arrieta-Candelaria

Peggy A. Heeg

Doug Lowe

Robert Rivera



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Alfonso D. Royal III, *Charitable Bingo Operations Director*

October 8, 2015

Mr. Vernon Kirk
Director
Delaware Lottery
McKee Business Park
1575 McKee Rd., Suite 102
Dover, DE 19904

Dear Vernon:

Thank you so much for the hospitality you showed to my staff and me this week during our visit to your great state.

We were extremely impressed with your operation. As I mentioned to you during our visit, the Delaware Lottery is conducting advanced types of lottery games as compared to the rest of the country. We were particularly interested to learn about your sports betting, Internet wagering and casino games. I know you must be proud of the significant revenue your operation has generated for the state of Delaware.

I know your time is valuable and I can't thank you enough for giving so much of it to us during our stay. Likewise, please pass along our appreciation to Kathy, Jim and Lloyd for their time as well. We came away from our visit with an amazing amount of information, information that I know will be very helpful as our state begins to consider other forms of lottery games in the future.

Again, I greatly appreciate the time given to us by you and your team. I look forward to seeing you and Jan at the NASPL conference next week.

Sincerely,

A handwritten signature in cursive script that reads "Gary Grief".

Gary Grief
Executive Director

cc: Ed Rogers, Retailer Services Manager, TLC
Ami Smith, 360° Marketing Planning Coordinator, TLC
Tom Stanek, Sr. Director of Sales & Marketing, IGT