

**SOUTH CAROLINA EDUCATION LOTTERY
BOARD OF COMMISSIONERS MEETING MINUTES
February 11, 2026
10:00 a.m.**

The Board of Commissioners (Board) of the South Carolina Education Lottery (SCEL) met on Wednesday, February 11, 2026, at 1333 Main Street, Columbia, South Carolina, First Floor Conference Room, with the following members participating:

Sam Litchfield, Chairman	Dr. Vareva Evans-Harris
Keith Munson, Secretary/Treasurer <i>via phone</i>	Francie Austin
Dr. Edward Keith	Jack Osteen
Patrick Earle	

The Chairman called the meeting to order at 10:05 a.m. and welcomed guests.

Approval of Minutes

On motion of Commissioner Keith, seconded by Commissioner Osteen, the Board approved the December 3, 2025, Minutes unanimously.

Action Items

a. Quarterly Advertising and Marketing Review

The Chairman recognized Ammie Smith, Chief Product Officer, and Josh Whiteside, Chief Marketing Officer, to present the Quarterly Advertising and Marketing Review. Mr. Whiteside began with an update on the latest *Better U* beneficiary commercials, highlighting the two newest features focused on Caleb, a coach, and Montrel, a teacher.

He then shared the most recent Public Information Display (PID) videos, which play in retail locations without sound, followed by an overview of new billboard and banner advertisements, including those promoting scratch-off games. Mr. Whiteside also presented refreshed jackpot game creative, including updated Powerball and Mega Millions banners, and noted that billboard content has also been refreshed.

Mr. Whiteside concluded his report with photos from Player Appreciation Week, held in conjunction with the Lottery's 24th Anniversary. The event was very well received by players visiting the Claims Center, where guests could bring both winning and non-winning tickets to spin a prize wheel. Staff participation contributed greatly to the event's success. Commissioner Evans-Harris commended the team on their outstanding work in capturing the effort that takes place behind the scenes.

Upon the conclusion of the presentation and discussion, the Chairman stated that, without objection, it is the consensus of the Board that the advertising presented did not, and does not, target or intend to exploit any specific ethnic groups or economic classes, and that all content is accurate and not misleading.

b. Media Buy Plan for FY 2027

The Chairman recognized Anne Huffman, Chief Financial Officer, to present the media buy plan for FY 2027, a summary of which was included in the meeting materials. Ms. Huffman explained that since the FY 2021 budget cycle, the media budget has been brought to the Board for approval during the February meeting to allow the placement team sufficient time to negotiate optimal rates and secure available inventory. She reported that the recommended FY 2027 budget aligns closely with the FY 2026 budget. Minor reallocations were made—shifting funds from areas such as Cable and Sports Sponsorships to offset increases in Broadcast TV, Radio, and Outdoor advertising. These increases are not intended to expand SCEL’s advertising footprint, but rather to maintain its current level of market presence.

The FY 2027 Media Budget Request reflects a 0.87% increase, from \$10,388,200 to \$10,478,200. On a motion by Commissioner Keith, seconded by Commissioner Osteen, the Board unanimously approved the FY 2027 Media Buy Plan.

Reports

a. Financial Update

The Chairman again recognized Ms. Huffman to present the financial update. Ms. Huffman reported that during the first six months of FY 2026, Transfers increased to \$323.1M from \$276.3M, representing a \$46.9M (17%) increase. Overall Game Revenues rose by \$131.2M to \$1.2617 billion (11.6%). These gains were driven by several significant jackpot runs and the continued positive impact of Proviso 3.8, which authorized debit card acceptance beginning July 1, 2025. With few exceptions, SCEL’s product portfolio continues to perform strongly and generate increased sales. Based on current trends, SCEL remains well positioned to exceed the Board of Economic Advisors’ estimate of \$518.2 M.

Scratch-Off Games

Scratch-Off Game Revenues increased by \$65.7 M (8.5%) to \$837.9 M. Revenue from \$1 Scratch-Off Tickets increased by \$0.2 M (1.4%), while revenue from \$2 tickets decreased by \$0.9 M (3.8%). Revenue from \$3 tickets increased by \$3.2 M (12.0%). Revenue from \$5 tickets totaled \$107.1 M, a decrease of \$4.5 M (4.0%) from the prior fiscal year. Revenue from \$10 tickets increased by \$11.7 M (2.8%). Finally, revenue from \$20 tickets rose by \$56.0 M (32.8%). The Debit Card Proviso continues to have a positive impact, enabling SCEL to expand its player base and support overall lottery growth.

The overall game margin on Scratch-Off Revenues increased by \$18.7 M (9.2%). The overall game margin percentage improved to 26.4%, up from 26.2% during the same period last fiscal year.

Terminal Games

Terminal Game Revenues were \$423.8M, an increase of \$65.5M (18.3%). The increase was due, in significant part, to large Jackpot Runs and better than anticipated performance of all Terminal Games except for Mega Millions compared to the prior year.

Pick 3 Revenue increased \$4.5M (3.2%) to \$144.9M through the first six months of FY 2026. Pick 3 Game Margin decreased \$4.5M (5.9%) compared to the previous year. Pick 3 Game Margin Percentage decreased to 49.6% compared to 54.4% last fiscal year. This is significantly a result of SCEL pulling popular triple “trips” number combinations three times in the current period, but only once in the same period during the prior year. Pick 4 Revenue increased \$5.9M (7.4%). Pick 4 Game Margin increased \$10.2M (23.8%). Pick 4 Game Margin Percentage increased 8.2% to 61.7%, up from 53.5% last fiscal year. The increase in both Game Margin and Game Margin Percentage is a product of statistical variation. This is a direct result of SCEL last pulling quadruple “quads” number combinations during November 2024, which decreased the Game Margin Percentage in the first six months of FY 2025.

PC5 Revenue increased by \$.5M (2.4%) and Game Margin increased by \$.6M (7.7%). After a rebrand, matrix change, and new rolling jackpot launched in March 2024, the game continues to perform well.

Powerball Revenue increased \$59.1M (147.4%) through the first six months of FY 2026. The primary reason for this increase was two large jackpot runs that exceeded \$1.5B. These jackpot runs generated \$93.9 in Powerball Revenue and \$40.4M in Transfer Value. The prior year did not have a Powerball Jackpot run above \$500M during the same period. Mega Millions Revenue decreased \$8.4M (20.8%). Mega Millions game changes continue to perform below expectations, especially absent large Jackpot Runs. Powerball and Mega Millions have historically been very dependent on jackpot runs to achieve increased Revenue performance, however SCEL does not plan for jackpot runs above \$400M in the Financial Plan. Cash Pop Revenue increased \$4.0M (10.6%) over the prior year. Cash Pop Game Margin Percentage was 31.4%, down slightly from 32.2% compared to prior year.

The overall Game Margin Percentage on Terminal Games was 50.1% compared to 50.5% during the same period last fiscal year. The decrease of .4% was attributable to statistical variation, especially for Pick 3.

Other Revenues and Game Costs

Other Revenues, which consist primarily of license and telephone fees, were \$1.9M in the first six months of FY 2026 and FY 2025. Other Direct Game Costs were \$14.7M during the period compared to \$12.2M in FY 2025. This increase of \$2.5M is mainly attributable to the new SciQ dispensers (\$1.3M), increased ticket printing costs, and several licensed properties. The other primary components of Other Direct Game Costs are Central Gaming Fees, Digital Engagement, Warehousing, and Product Shipping Expenses.

Advertising and G&A Expenses

Advertising Expense for the first six months of FY 2026 was \$6.1M, compared to \$5.8M during the same period in FY 2025. The \$0.3M increase reflects anticipated rises in advertising placement and production costs.

G&A Expenses, the largest portion of which is employee compensation, were \$10.2M in FY 2026 and \$9.2M in FY 2025. Most of this increase is attributable to higher salaries and benefits (\$0.7 million).

Net Income

Net Income increased \$37.1M (13.3%) to \$315.2M compared to \$278.2M. The primary factor for the increase in Net Income is the increase in both Scratch-Off and Terminal Game Margins.

Actual FY 2026 Results Compared to the FY 2026 Financial Plan

To date, actual Total Game Revenues are above Plan. Total Game Revenues were \$1,261.7M compared to Plan of \$1,077.5M.

The positive variance in Scratch-Off Game Revenue is attributed to all Scratch-Off Ticket price points performing above Plan, except for \$5 Scratch-Off Games. Revenue associated with \$1 Scratch-Off Games and \$2 Scratch-Off Games was \$2.1M and \$.9M above Plan, (14.4% and 4.2%, respectively). The \$3 Scratch-Off Game Revenue was \$7.2M (32.0%) above Plan. Alternatively, \$5 Scratch-Off Games were down \$2.9M (2.6%) from Plan. Revenues associated with \$10 Scratch-Off Games were \$21.5M (5.2%) above Plan. The largest driver of the positive variance to Scratch-Off Game Revenue relates to the \$20 price point, which was \$67.8M (42.7%) above Plan. Total Scratch-Off Ticket Revenues were above Plan by \$96.7M (13.1%).

All Terminal Game Revenues exceeded Plan, except for Mega Millions. Powerball Revenues had the largest increase due primarily to significant Jackpot Runs through the first six months of FY 2026. Powerball performed \$51.6M (108.3%) above Plan due to the positive results of two \$1.5B+ Jackpot Runs, which contributed \$93.9 in Revenue. Additionally, Pick 3 and Pick 4 performed \$14.2M and \$11.9M above Plan (10.9% and 16.0%, respectively). Palmetto Cash 5 (PC5) also performed \$2.6M (14.7%) above Plan. Cash Pop was \$9.2M (28.7%) above Plan. Mega Millions performed \$2.0M (5.8%) below Plan. Total Terminal Game Revenue was above Plan by \$87.5M (26.0%) because of the aforementioned factors.

Gross Profit (Revenues less Prize Expense, Commissions and other game-related costs) was \$331.9M compared to the planned amount of \$263.0M for a positive variance of \$68.9M (2.6%). In terms of aggregate, Operating Expenses were \$16.3M, \$.8M (4.4%) below Plan. Advertising Expense aligned nearly exactly with Plan at \$6.1M. Other Operating Expenses (“G&A”) were \$10.2M, down \$.7M (6.7%) from the planned amount of \$10.9M. SCEL expects that variances will normalize to planned annual amounts as the year progresses.

As a result of the aforementioned factors, Net Income for the six months ending December 31, 2025, was \$315.2M compared to Plan of \$245.6M, a positive variance of \$69.6M (28.3%).

At the request of the Chairman, Antonio Robertson, Director of Corporate Accounts, provided an update on the SciQ rollout. Mr. Robertson explained the SciQ system and its automated process compared to the manual accounting of scratch-off tickets. He reported that SciQ is having a positive impact on sales and has also aided in resolving three loss cases—two involving employee theft and one related to a burglary. Ms. Garfield noted that additional information pertaining to SciQ will be presented at the May Board Meeting.

b. Chief Executive Officer’s Report

Next, the Chairman recognized Ms. Dolly Garfield to present her report. Ms. Garfield stated that SCEL will be entering into several new contracts over the next 24 months, each of which must go through the procurement process. She noted that the Digital Services RFP will be posted soon.

Ms. Garfield also mentioned that SCEL's sole procurement manager, Petrina Marsh, has been managing a significant workload and that SCEL will be securing additional procurement support.

Ms. Garfield reported that Representatives Cobb-Hunter, Ballentine, and Taylor have introduced legislation to authorize vending machines. The bill has been referred to the full Judiciary Committee, and SCEL will continue to monitor its progress.

She further reported that she and David Ross, Deputy Chief Counsel, attended a Senate Judiciary Subcommittee meeting where testimony was taken on skill-based machine legislation, which has since advanced to the full Judiciary Committee. Ms. Garfield stated that SCEL will continue to track this legislation and keep the Board informed. She reminded Commissioners of last year's Court of Appeals ruling that determined *Dragons Ascent* is illegal gambling, regardless of whether it involves skill, because it allows play for a wager. The game's developer is now seeking legislation to classify it as a legal game of skill. She also noted that proponents of *Dragons Ascent* have created confusion by claiming the ruling prohibits any skill-based competition, such as the Heritage Golf Tournament, NASCAR, or fishing tournaments. Ms. Garfield assured the Board that she will continue to provide updates.

For informational purposes, Ms. Garfield stated that MUSL is launching a new national game called *Millionaire for Life*. SCEL will not be participating at this time. After reviewing the game, Ammie Smith determined it was not a strong fit for SCEL's product portfolio. Ms. Garfield noted that SCEL may revisit participation in the future. The game is similar to *Lucky for Life*, a product previously offered by SCEL that did not perform well.

Ms. Garfield then directed Commissioners' attention to materials from SCEL's 24th Anniversary celebration, which the Chairman and Commissioners Keith and Osteen attended. She noted that the event was well received and thanked SCEL's Fun Squad for organizing it.

Ms. Garfield stated that she will be traveling to Fort Lauderdale next month for a MUSL meeting held in conjunction with the Public Gaming Research Institute.

She reminded the Board that their 2026 Statements of Economic Interest are due on March 30th at noon.

Ms. Garfield also highlighted several upcoming events where SCEL will be present and selling tickets—opportunities to market lottery products to new players. She noted that LaKasha Walker, Brand Activation Manager, encourages agency-wide volunteer participation, fostering collaboration among departments. SCEL will be at the Black Expo in Charleston on March 14 and at the Columbia Black Expo in May. SCEL will also participate in the Darlington Raceway event in March, the Heritage Golf Tournament in April, and the Blue Crab Festival in Little River in May.

Finally, Ms. Garfield asked Claire Jones, Human Resources Director, to introduce Ms. Erin Cook, who has joined SCEL as HR Manager.

Other Business

The Chairman noted that the next Board meeting would be held on May 6, 2026. There being no further business, the meeting adjourned at approximately 11:06 a.m.

_____/s/
Sam Litchfield, Chairman

_____/s/
Keith Munson, Secretary/Treasurer

As required by *S.C. Code Ann.* § 30-4-80, SCEL posted notification for this meeting at its administrative offices, 1333 Main Street in Columbia. As provided in the Board Bylaws, SCEL also posted the meeting notice and agenda on its website (sceducationlottery.com), and sent emails pursuant to requests made by individuals, media outlets, and other organizations. These notifications included a link providing the time, date, place, and agenda of the meeting.