



WYOMING LOTTERY CORPORATION

Board Meeting Minutes

October 20, 2017

Homewood Suites – Rock Springs, WY

Board Members Present: Sandi Chitwood-Chairman, Jim Whalen-Vice Chairman, Gerry Marburger-Treasurer, Dave Bonner-Secretary, Ross Newman, Mary Throne, and Gina Monk

Board Members via Teleconference: Sandra Wallop

Board Members Absent: None

Staff Members Present: Jon Clontz-CEO, Robin Reining-COO, Loy Jackson-CFO, and Macy Holmes-Player Services Specialist/Administrative Assistant

Staff Members via Teleconference: Alisha Pineda-Player Services & Marketing Manager and Dave Stevens-Security Manager

Guests: Jim Willox-New Board Member, Paul Ostendorf-Intralot, Jody Levin-Intralot, Brandy Marrou-MH&P

Guests via Teleconference: Matt Kaufman-Lawyer, Jennifer Bohlig-Intralot, Laura Lewis-Intralot

Establish Quorum: Chairman Chitwood called the meeting to order at 8:03 a.m. with a roll call of board members and staff members. All guests were welcomed. Motion made by Ross Newman to include new board member, Jim Willox, in executive session but will not have voting authority. The motion was seconded by Gerry Marburger and the motion passed by a unanimous 8/0 vote.

Executive Session: Motion made by Dave Bonner to move to an executive session to discuss CEO contract and consider matters of a legal nature. The motion was seconded by Jim Whalen and the motion passed by a unanimous 8/0 vote. After discussion, the board adjourned the executive session at 10:25 a.m. to open the public session.

Approval of Meeting Minutes: The motion was made by Gerry Marburger to approve the minutes from the July 31, 2017 quarterly board meeting with amendments. The motion was seconded by Ross Newman and the motion passed by a unanimous 8/0 vote.

CEO Report: Jon Clontz began with a panoramic photo display from our UW sponsorship and each member will take a photo with them after the meeting. Mr. Clontz continued with a brief discussion of our UW athletic sponsorship, staff promotions and departure including position vacancies and timeframes, outreach campaign and summer promotional tour, Mega Millions game changes, and travel, training, and conference attendance. Discussion closed with debit card

updates, potential retailer forums for education, language in retailer contracts, and the roll out plan. No action taken, no additional discussion from report.

Finance & Accounting Report: Loy Jackson and Jon Clontz introduced Brandy Marrou from MH&P and she proceeded to present the audit results to the board. Highlights from the financial and compliance report showcased the independent auditor's report, management's discussion and analysis, basic financial statements and required supplementary information. Brandy also outlined the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards. Dave Bonner discussed changing the verbiage from "to be used for" to just "for" to allow more flexibility in spending from the financial highlights. Marrou agreed those changes could be made but outlined that with this being the management's delegation to future treatment of and educational programs related to compulsive gambling, not the statutory obligation, it could be changed. In Note 7, the disclosure of our \$500,000 line of credit was not outlined due to this not being finalized. Once finalized, it will be noted on the audit. The primary attributing cause for inconsistencies in internal controls has been due to turnover in the CFO position. Employee bonding was suggested by the auditors to be more in line with regulations. No audit adjustments were needed and Mrs. Marrou commended Loy Jackson for her work in that area.

Motion made by Ross Newman to accept the audit results with amendments. The motion seconded by Dave Bonner and the motion passed by a unanimous 8/0 vote.

Loy Jackson provided the following financial updates:

Q1 Financials:

Loy Jackson presented Q1 financial highlights from the balance sheet, profit & loss, and budget v. actual. New board member, Jim Willox, suggested highlighting extraordinary expenses or budget changes by noting them at the bottom of the budget v. actual report in the future. Ross Newman noted making an asterisk on the problem gambling expenses as well would be beneficial.

Motion made by Gerry Marburger to approve the FY18 Q1 Financials, as presented. The motion seconded by Ross Newman and the motion passed by a unanimous 8/0 vote.

FY18 Budget Addendum:

Loy Jackson presented budget addendum as the new game development for Mega Millions game changes for \$270,000. The cost was anticipated to be covered and not added to our original budget previously presented.

Motion made by Ross Newman to approve the FY18 Budget Addendum, as presented. The motion seconded by Gerry Marburger and the motion passed by a unanimous 8/0 vote.

Marketing & Sales Report: Robin Reining provided the sales updates and discussed the impact jackpot runs have on our sales, along with keeping an eye on cross promotions to increase sales of all of our games. At the request of the board, we will start reporting on our sales updates with

the “Roundup” feature and how that is factoring into our revenue. Campaign updates, along with Mega Millions game change and Wyoming Responsible Gaming Coalition Campaign updates, were outlined. Discussion continued with keeping the old bus even with new vehicle due to dual event utilization and of unclaimed prizes in connection to the “Just the Jackpot” feature release. No action taken.

Closing Remarks: Chairman Chitwood opened the concluding discussion with thanks to the board for getting through her first meeting as chairman. Congratulations were extended from Gerry Marburger to the financial team for a successful audit. The next board meeting is to be tentatively scheduled for January 29, 2018 at 9:00 a.m. via teleconference.

Meeting Adjournment: Chairman Chitwood announced the closure of the meeting, with the motion being made by Jim Whalen and seconded by Dave Bonner. The motion passed with a 8/0 vote and the meeting was adjourned at 12:12 p.m.