



WYOMING LOTTERY CORPORATION

Special Session Board Meeting Minutes

March 17, 2016
Teleconference

Board Members Present:

Erin Taylor-Vice Chairman, Gerry Marburger-Treasurer, Dave Bonner-Secretary, Sandi Chitwood, Ross Newman, and Brian Gamroth

Board Members Absent: Mark Macy-Chairman, Sandra Wallop, and Jim Whalen

Staff Members Present:

Jon Clontz-CEO, Macy Holmes-Administrative Assistant, Mike Scissons-CFO, Kayla Runkel-Product Marketing/Retail Specialist, Dave Stevens-Security Manager, Alisha Pineda-Player Services Specialist, Justin Ballard-Sr. Research Analyst

Guests: Matt Kaufman-Lawyer, Michelle Panos-Governor's Office, Jennifer Bohlig-Intralot, Mary Lou Chapman-RMFIA, Jody Levine, Bob Moen-AP, Laura Lewis, Mark Larson-Wyoming Petroleum Marketers Association, Tim Monroe-AP

Vice Chairman Erin Taylor called the meeting to order at 10:04 a.m. with a roll call of board members and welcomed guests.

New Game Presentation & Statistics:

Mr. Clontz provided information to include:

Lucky for Life proposal presentation sent to board and asked for more details

Highlights of states on map that have Lucky for Life game already - 19

Colorado to pick up the game in July and Wyoming will be 21st state to add Lucky for Life
Game details given in the way of matrix, winnings, and draw details

Payout percentage higher than most games, ensures productivity and turning out more winners

Multi-state game but not a MUSL game; works the same as Mega Millions, but administered by a Connecticut-based consortium

Prize breakdown in detail outlined with amounts and odds

Mr. Ballard discussed the detailed information regarding the prize levels and funding as a percentage of sales

Gave comparisons in odds of winning at each prize level; better odds than Powerball and Mega Millions

Discussed higher prize payouts in other states since the game has been added to each state

Mrs. Runkel presented the impact of the new game on our Lottery in regards to Marketing

No additional costs in rebranding a new game as it is already branded
Website will be linked to a live drawing, which is something players have asked questions about
Advertising & Marketing campaign will have to be created for Lucky for Life
Training will need to be provided for retailers and players; point of purchase marketing will be important for sales and marketing
Looking to add button on our terminals called “round up” to get tickets for every game at once \$12 price point for one of each game
Mr. Clontz continued to discuss impact on our Lottery in terms of security, game draw duties, and claims
Potentially going to hire a part time draw coordinator for this new game and back up for other draw games
Reiterated being able to watch live drawing over the internet linked to our website
Confident no other position will need to be added outside of the part time draw coordinator
Mr. Ballard discussed the impact in regards to accounting, data analysis, and research
Monitoring the interaction with our current games will be an important part of this addition
Gross sales estimates provided with research of surrounding states’ research data; only an estimate for our state
Will have to see how it interacts with other games we already have in place
Provided revenue estimations from a weekly standpoint against our liabilities in adding a game
Mr. Clontz concluded the presentation with this being the best game available at this time for our state
Reality of the population of our state, this game rose to the top with that in mind
Don’t want players going to Colorado to buy this product and possibly others
Liability is spread out across participating lotteries which is a benefit to this addition
Prize payout is less than Cowboy Draw; less winners but more revenue for the Lottery
More games for retailers to sell equals more commissions for them to achieve
Placed on existing machines so no new software or materials will need to be added
6-7 months to get the Lucky for Life game in the market
Fall launch discussed, but still in discussion on that detail at this time
Looking for authority to go forward with development of this game after today
Looped back to TRW and Senator Burns on this new game launch; no negative pushback
Only comment was to make sure it is a draw game and a few game details asked
Followed up on Board’s directive with what they requested at the last meeting
*Question Dave Bonner-Do we have prize liability exposure to other state’s payouts?
*Answer Jon Clontz-We will pay a percentage into a prize pool based on sales and population, like other multi-state games; direct function of our sales
*Question Dave Bonner-Is this an insured entity that carries the game?
*Answer Jon Clontz-They don’t have insurance; they will manage the prize pool and the proper amount of money is there for jackpots. They are responsible for making sure their reserve is funded appropriately, just like other multi-state games
*Question Ross Newman-Finds the game problematic in life expectancy; how do they underwrite this game based on those variables?

*Answer Jon Clontz-Prize liability has to be funded over the average lifetime of a person; anticipated and funded according to that. Also an opportunity to do a cash payout instead for \$5.5 million

*Responded Kayla Runkel-On the Lucky for Life website, the minimum is a 20 year guarantee of payment, so a trust can be set up to continue payments to family even after death

*Question Gerry Marburger-We expect that our payout from Wyoming would be 59%, but would we ever have a liability that would exceed that?

*Answer Justin Ballard-It works exactly like MUSL games in that we are only responsible for the amount per capita

*Question Erin Taylor-\$5000 prize point says more funding availability. Can I have clarification on what that means?

*Answer Justin Ballard-Funding will come from our prize pool liability account, like our Cowboy Draw game already does

*Question Erin Taylor-And what exactly did you mean with bundling games?

*Answer Justin Ballard-A ‘round up’ is for all games to be purchased at once to make it easier for our players and retailers

*Input Ross Newman-We may want to move our launch of this game until after Colorado launch for better impact

*Response Jon Clontz-We will track the impact and can possibly piggy back on the excitement that Colorado will build

Price point was discussed as an attractive feature of this game as well

Confident it will produce and not cannibalize our other games, otherwise it wouldn't have been recommended

*Question Brian Gamroth-Is the same oversight in place for this game like our other games?

*Answer Jon Clontz-Yes; draw is inspected like other games in alignment with MUSL; more involvement and travel will be required for us to regulate this as well, but there haven't been any problems at this stage for the game itself

*Question Brian Gamroth-After time, processes put in place for when all liability does fall on us, are all of our bases covered?

*Answer Jon Clontz-Yes and we will be double checking through development; rules and oversight in place and the checks and balances are there as a well-established game also Multi-state game is a good choice to keep from developing rules and regulating liability while we stabilize, but with board approval, we will consider adding another game in state down the line

*Response Dave Stevens-We will be checking the security features of this game, adding that the public can see it live to add an additional feature

*Question Brian Gamroth-Do we have room on our photons for a new game, and how much room do we have?

*Answer Jon Clontz-We can have three (3) more games, including this one, without having to add additional equipment

*Question Brian Gamroth-Has there been a grand prize paid at this point?

*Answer Justin Ballard-They have added new states, but only had two (2) jackpot winners in 2016; less in the past, but they've added more states and as those continue to add, they will have more jackpot winners

*Question Gerry Marburger-What is the net cost for implementation and do we have money on reserve for those costs?

*Answer Justin Ballard-The testing will cost around \$100k, marketing & advertising at around \$50k; money in the reserve account is funded for this, but it is already branded so we just have to add our logo to this game

*Response Jon Clontz-The game will probably cost more than this and we do have the reserves for this, but we wouldn't want to burden ourselves with another in-state game so having the liability spread out is beneficial for us. We also don't want to under promote Lucky for Life, but will not promote as much as we did Cowboy Draw, especially with our newly cut marketing budget

*Question Erin Taylor-How will this add to what we'll be able to give back to the state?

*Answer Jon Clontz-If we hit somewhere in the middle of where we anticipate, it will add about \$75,000 to \$140,000 each quarter, which doesn't sound like much in comparison to larger states but will help.

Motion for authority to move forward with game development and research by Brian Gamroth. The motion seconded by Dave Bonner and the motion passed by a unanimous 6/0 vote.

Executive Session: Motion to move to an executive session by Brian Gamroth, seconded by Sandi Chitwood. Vice Chairman Taylor called the executive session to order at 10:59 a.m. with a roll call of board members and clarified that guests had exited the conference line. Executive discussion conducted and called to adjourn at 11:26 a.m.

Closing:

Vice Chairman Erin Taylor announced closure of meeting. Meeting was adjourned at 11:26 a.m. by a unanimous 6/0 vote.