

WYOMING LOTTERY CORPORATION

Board Meeting Minutes

April 27, 2020

Zoom Video Conference

Board Members Present: N/A

Board Members via Zoom: Sandi Chitwood-Chairman, Gerry Marburger-Vice Chairman, Dave Bonner-Secretary, Gina Monk-Treasurer, Sandra Wallop, Jim Willox, Todd Peterson, Mary Throne and Ed Liebrecht.

Staff Members Present: Jon Clontz-CEO, Robin Medina-COO, Loy Jackson-CFO, Dave Stevens-Security Manager, and Sarah Shoden- Executive Assistant and Social Media/ Events Coordinator.

Staff Members Absent: Ashley Pexton- Marketing Manager and Arin Schlensker- Player Services Specialist.

Guests Present: n/a

Guests Present via Zoom: Matt Kaufman-Legal Counsel, Gale Geringer- Gale Geringer, LLC, Todd McGlaun-Park Avenue Games, Jack Saltiel- Park Avenue Games, Laura Lewis- Intralot and Jennifer Bohlig-Intralot

Establish Quorum:

Chairman Sandi Chitwood called the meeting to order at 8:34 a.m. with a roll call of board members and staff members. All guests were welcomed.

Approval of Meeting Minutes:

The motion was made by Board Secretary Dave Bonner to approve the minutes from the January 27 Board Meeting with amendments. The motion was seconded by Board Member Jim Willox and the motion passed by a unanimous 9/9 vote.

Amendments made by Board Treasurer Gina Monk and Vice Chairman Gerry Marburger for the minutes for January 27:

- Update the wording on page 8 to include “actual revenue budget”
- Update page 4, update the word “council” to “counsel” in regard to the legal support of Matt Kaufman

CEO Report:

Wyolotto CEO Jon Clontz presented the following Quarter Three (Q3) overview report:

Mr. Clontz began by noting the current COVID-19 virus contingency plans and that the office was currently following the guidelines set forth by Governor Gordon. He explained that this included his staff primarily working from home and staggering their times within the office. He also noted that a large majority of meetings were taking place virtually and that the Draw Coordinators were coming in to conduct the draws as normal. He concluded that the Wyoming Lottery Corporation (WLC) planned to continue these actions until it was deemed safe to make new accommodations.

He then made mention of the Wyolotto App that is in production and that later on in the meeting it would be further reviewed with a live demo. He then noted that most of the events that Lottery had planned to sponsor had been either canceled or postponed. He included that a majority of the planned promotions had also been either canceled or postponed. He stated that their focus is on what the WLC can do both in the fall as well as next year.

Mr. Clontz then shared the results of the recent Second Chance Drawing promotion for Cowboy Draw. He shared that the drawing had just taken place and that the WLC had received over 16,000 entries. He shared his excitement by the number of participants referencing the growth of interest in comparison to the initial giveaway promotions for the Wyoming Lottery.

He then noted that sales were beginning to see an upward growth, which would be covered further during the Marketing presentation. Mr. Clontz then noted their recent opportunity to help donate to First Lady Gordon’s Food Initiative. He shared with the board that the WLC had been hopeful to do their own community efforts to help assist others, but after consultation from several health experts they were advised to hold off at this time due to safety and distance regulations.

He concluded that his team would continue their work to monitor sales and create promotions that worked best within the current situation.

This concludes the CEO Report for Q3.

Board Member Ed Liebzeit then asked if Governor Gordon had been conducting any meetings specifically with the Lottery to discuss plans, next steps and budgets. Mr. Clontz responded that no specific meetings had taken place with the Governor and the Lottery, but that Mr. Clontz had been watching the virtual press updates and monitoring all safety updates for Wyoming. He then noted that the WLC staff does receive the emails sent out to all state agencies which contain the recommended guidelines, which he utilized to decide the specific guidelines for the Wyoming Lottery since they are a quasi state agency.

Board Secretary Bonner then commended the Lottery for assisting in First Lady Gordon's food initiative program and then asked if the program had a presence across the state, to which Mr. Clontz responded that it does. Mr. Clontz then noted that the idea came from Mrs. Gale Geringer and he thanked her for the recommendation.

Finance & Accounting Report:

Wyolotto CFO Loy Jackson presented the Quarter Three (Q3) Financials Report.

Q3 Financials:

Mrs. Jackson presented the following financial report:

She began with a review of the balance sheet which compared this quarter to the previous quarter of the last fiscal. She noted that the previous year was a banner year for the Wyoming Lottery and this current fiscal was experiencing a lot of lower jackpots, which will account for a lot of the differences in the comparison. She also mentioned that even with the difference in comparison, the WLC was in a very solid financial position. She noted the checking account with a balance of \$3.4 million which is a decrease of around \$740,000 from the prior year. She noted that within that \$3.4 million the operating account is slightly over \$2 million and the prize account is slightly over \$1.2 million. She then noted the recent payout for the Cowboy Draw jackpot win was paid out on the previous Friday for \$870,470. She summarized that the total savings and checking accounts came to \$4.2 million which was a difference of around \$1.3

million. She noted that another aspect of the decrease was their unclaimed prizes which was sitting at \$715,000 which was a decrease of \$583,000 which was the result of payouts for the Ragtime Raffle prizes. She concluded that without that payout they would have increased the unclaimed prizes account to around \$200,000.

She then reviewed the other current assets noting the accounts receivable which had decreased by around \$400,000. She then noted that within the non-current assets the capital assets did decrease \$111,000 based on depreciation and amortization. She concluded that the total assets were \$5.3 million which was lower than the previous year which had a total of \$7 million. She explained that the \$1.8 million difference was due in large part to a decrease of cash by \$1.3 million, depreciation of \$111,000 and accounts receivable of almost \$400,000. Mrs. Jackson then reviewed the liabilities and equities section. She noted the accounts payable at \$236,784 which was a \$400,000 difference in comparison. She then shared that a major portion of accounts payable are Intralot and MUSL which correlate to sales. She noted the state transfer payable as of March 31st was at \$805,650 and was paid out during the first week of April. She then reviewed the unearned net revenue, which are the future sales that the WLC backs out of their current sales as an accrual entry which totaled \$350,000 which had a decrease of around \$240,000 from the prior year. Mrs. Jackson then covered the prizes payable noting the total of nearly \$1.3 million which had decreased by \$778,000. She explained that a majority of that was Cowboy Draw of \$800,000 while Mega Millions and Powerball were around \$400,000 difference from the previous year.

Mrs. Jackson then reviewed the net income which was at \$241,000 which was a difference of \$637,000 from the prior year. She then noted that even with the difference the WLC still had a positive income after the transfer to the state.

She then went on to the Profit and Loss report for the quarter. She explained that similar to the previous quarter, this quarter did see an impact based on lower sales as a result of lower jackpots. She noted the total game revenue was \$5,370,000 which was a decrease of almost \$1.7 million. She then pointed out that last quarter this difference was over \$8 million, so the gap was easing. She then reviewed the other revenues, noting the \$174,000 balance which included the reimbursement payments from Intralot on the Raffle expenses. She then notes the Cost of Goods Sold noting that in correlation to lower sales, the COGS also reduced as well. She noted that the total prizes paid out were \$2.9 million.

At this time Board Member Liebzeit asked for a clarification on what classifies as a “low tier” win. Mrs. Jackson explained that low tier was anything other than a jackpot win. Board Member Liebzeit then asked if jackpot expenses then went under prize expenses in MUSL. Mrs. Jackson responded that the prize expense in MUSL was actually the percentage the WLC pays towards the jackpot that goes to other jurisdictions. She further explained that since Powerball, Mega Millions and Lucky for Life are multi state games, the WLC pays a percentage out on jackpot wins even if it is not a win within Wyoming. Board Member Liebzeit then asked if there was a specific formula to determine that amount of payment, to which Mrs. Jackson responded yes there was and it was based upon their sales. She went on to explain that each week the WLC makes payments to MUSL based upon sales.

Mrs. Jackson then covered the other gaming expenses which totaled \$955,000. Based on this the total COGS came in at \$3.9 million which was a decrease in comparison to the previous year by \$953,000. She summarized that the gross profit was at \$1.6 million, which in comparison to the sales being under by \$1.6 million has helped narrow the gap to \$568,000 from the prior year. Board Member Liebzeit commended the team for their work on this especially due to such a difficult and unprecedented year.

Mrs. Jackson then covered the operating expenses. She pointed out specific expense lines noting the difference in the Responsible Gambling and that it does get reimbursed out of the unclaimed prize fund. She made note of the decreases in legal fees for the quarter which was down by around \$14,000 from the prior year. Mrs. Jackson then noted the increase in the marketing line item, explaining that a large portion was due to sponsorships for events which would then be reimbursed due to cancelations. Board Secretary Bonner then asked about the Cody Celebrity Softball event and if the WLC had requested a refund or were planning to roll those funds into the next year’s event. Mr. Clontz responded that across all canceled sponsorships and events, he has requested the funds back if possible so they can account for it properly. He then noted that regarding the Cody event specifically, they had already planned to return the funds. Mr. Clontz then concluded that the WLC plans to support next year’s event and looked forward to that partnership.

Mrs. Jackson then covered the new game development line item, noting that no actions had taken place during this fiscal. She made note of the increase within the salaries and benefits sharing that most of that change was due to the benefits cost increases. She also noted there was a difference in salaries due to an employee being on maternity leave the prior year. Mrs.

Jackson then noted the travel increase which was due largely to trips earlier in the year tied to research for the development of Keno, of which a portion was reimbursed by Intralot. Board Member Willox then asked regarding the salaries, wages and benefits if there had been budgeting set in place to account for the increase in costs. Mrs. Jackson responded that the WLC did budget for an increase and came in under the total budgeted amount for that line item. She explained that they do not know what the increase in rates will be year by year but will continue to budget for an increase. She concluded that the total operating expenses at \$639,000 as compared to the \$751,000 the prior year, noting that taking out the \$101,000 expense from Responsible Gambling the amount is under the prior year by \$10,000.

Mrs. Jackson reviewed the state transfer for the quarter which was \$805,650 which was 83% of the net income. She noted that while this percentage is lower than the previous quarter it was still consistent with the amounts given back each quarter. This resulted with a net income after the transfer at \$165,000. She then explained the breakdown of allocations to the infrastructure account as well as the retained net proceeds which resulted in a 17% savings which was below the statute limit of 25%. She concluded that year to date the WLC has given an average of 90% of net proceeds back to the state. Board Member Willox asked for information on what were the percentages before the new statute requirements. Mrs. Jackson responded that the prior percentages were all over 90%, noting that FY19 was at 93% and FY18 was at 97%, and that in FY17 there was an overage on transfers that resulted in 124% of net proceeds transferred. She then noted that FY20 was still in alignment with the previous fiscals with a year to date total of 91%.

Mrs. Jackson then covered the Profit and Loss year to date report. She noted that all of the games were under from the prior year by \$11.5 million. She then continued that based on this all of the COGS were also down. She noted that the total prize payments were \$10.6 million which was a decrease from the prior year by \$5.4 million. She concluded that the total COGS was \$14 million which did close the gap by \$7.5 million, which left the gross profit at \$4.6 million.

She then reviewed the operating expenses noting that their team reacted to the flow of sales and did cut back everywhere possible. She pointed out that membership dues were under by \$32,000 which was due in part to the billing cycle change for NASPL and a dividend from MUSL. She again noted that the Responsible Gambling would be added back in at the end, so it was insignificant to the bottom line. She shared that accounting, legal fees and marketing were both down from the prior year as well. Mrs. Jackson then noted that the outside contract

services were up from the prior year by \$8,500 which reflected server maintenance needs. She made note that while the salaries, wages & benefits line was above the prior year, it is under budget for the year. She concluded for the section that the total operating expenses were \$1.9 million which were under by \$158,000 and that adding back in the Responsible Gambling amount that the WLC was under the prior year by \$53,000.

Board Member Willox then asked if there was any need to differentiate Mr. Matt Kaufman's work between strictly legal versus legislative. Mr. Kaufman responded that on his side of things, they do not differentiate the work between the two and that all actions he does are still considered attorney work and client product. Mrs. Jackson also responded that currently the invoices received in regard to Mr. Kaufman's work does outline specific time tied to work explanations. Chairman Chitwood noted that in the past the specific call outs have been helpful in knowing the true cost breakdowns for specific legal actions should the WLC need to utilize them again in the future. Mr. Kaufman went on to note that the Wire Act was still taking place and that while it had not affected Wyoming Lottery specifically at this time, it would be wise to note those expenses separately should it arise. He explained that the other jurisdictions that were currently taking actions as part of the Wire Act were tracking their expenses should the WLC need to bill it back to MUSL.

Mrs. Jackson then summarized that the net income, before the transfer, was at \$2.7 million which was a decrease of \$3.6 million from the previous year. She concluded the section that after the transfer, the net income was at \$241,000 which was a decrease from the prior year by \$637,000. She then noted the totals within the Retained Net Proceeds as well as the Infrastructure Allocation, noting the transfer percent at 91.07% and the reserves percentage at 8.93%. Board Secretary Bonner then asked for an explanation of the difference between the Retained Net Proceeds and Infrastructure Allocations. Mrs. Jackson responded that she prefers to keep the reserved net proceeds separate so that it can be tracked all in itself. She then explained that the Infrastructure Allocation is their contingency bucket of funds that the WLC set aside knowing that those expenses will arise within the next quarter or two. She concluded that while they are separated out, they are the same bucket of funds that total together of the 8.93% reserves of net income.

Mrs. Jackson then reviewed the Profit and Loss report in regard to the actuals versus the budget. She began with Q3 noting that the budget had been set at \$7.2 million and that they had come in at \$5.5 million. She then noted that the COGS had come in at \$3.9 million which

the budget had been set at \$5.4 million, which resulted in the total gross profit of \$1.6 million which had been budgeted at \$1.7 million. She concluded for the section that the WLC had come in under their goal by \$118,000.

She then covered the expenses noting several areas where the WLC had come in under budget. She noted that contract services were coming in under by \$23,288 which was due to reductions in legal services, marketing and accounting fees. She made note that the total expenses came in under budget by \$44,728 for the quarter. She concluded the report that the total net income for the quarter before the transfer to the state was \$971,377 which was under the budgeted amount by \$76,500 and after the transfer to the state left the net income at \$165,727.

Mrs. Jackson then covered the budget versus actual for the year to date. She began by pointing out that after the nine months, the WLC had an income of \$18.7 million which was under the budgeted amount by \$3.9 million. She noted that for the year to date, the COGS were under budget by \$3 million, leaving their gross profit at \$4.6 million which was under the budgeted amount by \$862,000. She then reviewed the expenses which were under budget in all areas. She explained the differences for the business expenses savings including board expenses as well as dues. She then covered the contract services line noting that this difference was due to several factors including reductions in outside services, retailer investigations, marketing, accounting fees and legal fees. She then reviewed the facilities and equipment line noting the difference was due to IT equipment purchasing being delayed. She noted the decreases in operations as well as benefits, salaries and travel.

Board Member Willox then asked about the decision to delay IT equipment purchasing noting that in this current time he felt that having quality IT equipment was crucial. He then shared his concern in delaying needed updates within IT and that he would encourage that this be taken care of as needed. COO Robin Medina responded that some of that difference in budget is just due to timing and that those updates will likely occur in the next fiscal within the needed time frame.

Mrs. Jackson concluded the report that their total net income before the transfer at \$2.7 million which is a decrease from the budget of \$624,000. She then noted that even with lower sales and the impact of COVID-19, the WLC was only \$624,000 under what they had budgeted for the year. She concluded that after the transfer the WLC was left with a net income of \$241,400.

Mrs. Jackson then covered the profit and loss in regard to the responsible gambling budget versus actual with no major noting's.

She then concluded her financial report for Q3. Board Treasurer Gina Monk motioned that the financials be approved as presented and Vice Chairman Gerry Marburger seconded. It was approved with a unanimous 9/9 vote.

Proposed FY'21 Budget:

Mrs. Jackson presented the following budget proposal for FY'21:

She began by noting that this budget would be approved in the June Special Session. She also noted that this budget had been updated since the subcommittee review based on sales projections and the current events taking place. She noted that based on this, the WLC had a game revenue of \$24 million, which was a decrease from the FY'20 budget by \$6.8 million. Mrs. Medina then noted that she would cover the sales projections in full during the marketing report later in the meeting. Mrs. Jackson then continued to review the report, making note that the first budget report was based upon no addition of Keno and that the secondary did consider the addition of the new game.

She then went on to review the COGS section noting that the amounts were based on historical data and payout percentages. She noted that the total prize payouts were being budgeted at \$13.8 million which is a decrease in comparison to FY'20 budget by \$3.8 million. She then reviewed gaming expenses and concluded that the total COGS are being budgeted at \$18 million in comparison to the previous year at \$23 million.

Mrs. Jackson then reviewed the expenses budget prefacing that based on current sales trends as well as the uncertainty of the future with the current pandemic that the budget had been edited multiple times to best reflect those matters. She then noted that their hope is that things will begin to turn around for the positive and that future amendments can be proposed to grow the budget if needed. She made note of the reduction in board expenses with the subtraction of the board retreat and strategic planning. She further explained that based on the current situation the WLC did not foresee a large gathering of the board to take place in the upcoming fiscal. She summarized that the total business expenses were at \$111,000 which was a reduction in comparison to the prior year by \$49,000. Mrs. Jackson then reviewed the reduction in the marketing budget, noting that with the decision to bring some of the marketing capabilities in house is reflective in the reduction of the contracted marketing budget to \$550,000 which is a

savings of \$70,000. Mrs. Medina then noted the reduction in the events and sponsorships budget noting a large portion were tied to summer events which were not going to take place this season. Mrs. Jackson then concluded the section by noting the \$15,000 reduction in swag purchasing and an overall reduction in the total marketing budget by \$110,000.

She then reviewed the other expense budget lines noting the IT equipment increase to ensure the server was updated. She concluded the facilities and equipment section noting the decrease in comparison to the previous year by \$35,000.

Mrs. Jackson then reviewed the salaries and benefits section noting the plan to cover increases within the benefits costs and the increase to bring the marketing capabilities in house. She summarized that the total expenses came to \$2.9 million in comparison to the \$3.1 million the year before. She then noted that this results in the total net income at \$3.2 million which is under the prior year by \$1.5 million. She shared that based on these numbers the transfer to the state would be just over \$2.5 million. Mrs. Jackson then concluded the presentation of this budget scenario. Mrs. Medina also made mention that this budget would receive final approval during the Special Session in June and that the WLC staff would continue to monitor all the current trends in sales prior to that meeting to ensure the budget was accurate. Mrs. Medina then noted that all of the budget decreases were carefully and precisely done ensuring that it would not impact the operations of the company. Mr. Clontz also made note that the WLC staff had worked carefully to find the right balance on the marketing outside budget to ensure they do not negatively impact the brand. He then noted that he felt confident with the plan to bring some marketing capabilities in house while still working closely with Warehouse Twenty One. Mr. Clontz concluded that after hearing feedback during the subcommittees, the WLC staff had assessed the sales projections and felt confident with where things were sitting.

Board Member Liebzeit then emphasized his concern that a close review of sales should be done between this meeting and special session where the budget and sales projections would be approved. He then shared that he felt that the current sales projections felt a bit high to him. Mr. Clontz then responded that since the subcommittee presentation, the WLC staff had reviewed the sales projections and had reduced them. Mrs. Medina responded that she agreed with Board Member Liebzeit's concerns with the uncertainty of sales and that the WLC staff plans to review the trends. She concluded that within the last week the WLC had seen a positive increase.

Mrs. Jackson then began her review of the alternative budget proposal which did include the addition of Keno to the Wyolotto game portfolio. At this time Board Member Willox asked about the labeling regarding the state transfer percent and suggested the update to include the word “minimum” to ensure it covers all the percentages that are being utilized. Mrs. Jackson agreed and would update.

Mrs. Jackson then continued with the proposed budget that included Keno noting that this total had changed to reflect Keno without kiosks in place. Mrs. Medina also noted that this number could fluctuate based upon several factors which would be discussed in further detail during the executive session. Mrs. Jackson then went on to cover the proposed budget with Keno included noting that prize payouts for Keno were being estimated at \$2.8 million. She then went on to cover the expenses which include the additional costs for Keno at \$747,000, which would leave the gross profit at \$6.5 million. Mrs. Jackson did point out that adding in Keno would come with the new game costs estimated at \$716,500, so the initial year of Keno would take a bigger hit with startup costs. She summarized that based on these costs, it would decrease the overall budget by \$120,000, which would leave a total of \$2.9 million for the proposed budgeted net income. She concluded that this would leave a proposed transfer to the state at \$2.1 million. Board Secretary Bonner then asked based upon the bottom-line net revenue, why he had been under the understanding that the addition of Keno would add \$3 to \$5 million to the state transfer annually and instead he was seeing a reduction. He then continued by asking if this difference was based solely on the upfront costs associated with the game startup and will it improve in the following years after launch. Mr. Clontz responded that there are several factors that will affect Keno noting that the startup costs from the reserves are a factor as are the costs from the vendor. He then continued to explain that typically the WLC has been able to set aside more funds in the reserves to support these costs, but with lower jackpots and the current pandemic they’ve not been able to set aside as much as planned. Mr. Clontz also noted that there are now new legal gaming vendors that will be competing in the same locations for sales, which will impact Keno’s overall revenue. He then continued to note that all of these factors alongside the launch of Keno without kiosks have had an impact on the overall planned revenue from the game. Mr. Clontz then explained that with a game like Keno there is a great deal of in person education required not only to players but to retailers and with the current limitations due to the pandemic this has caused issues and delays. Board Member Mary Throne then asked if there had been discussions around delaying the launch of the game further in this climate. She then went on to ask if the training could take place via teleconference. Mr. Clontz responded that in his past experiences with launching Keno in other states, he felt that while some of the

training could be done via teleconference, he felt that in person training is the most beneficial. Mr. Clontz then noted that the launch delay would be a topic further explored with the board during the executive session. Board Member Throne then followed up with the suggestion that with the Keno launch the WLC could incorporate a small business initiative to assist the smaller retailers. Mr. Clontz responded that he agreed with that recommendation and that several options could be reviewed before the official launch.

Marketing & Sales Report:

Wyolotto COO Robin Medina presented the Quarter Three (Q3) Marketing Report.

Q3 Sales Report & FY21 Sales Projections

Mrs. Medina began with the review of the sales data with the actual versus projection. She noted that overall sales are below projection by 22.1% year to date. She explained that low jackpots have been a factor since Q4 of the last fiscal and that the current pandemic had also affected sales as well. She then reviewed the yearly sales comparison showing the decrease of \$12 million. Mrs. Medina did note that the previous year was a banner year for Wyolotto so the comparison was more dramatic than would typically be seen. She then went on to review game sales reviews noting the lower jackpots across each. Mrs. Medina then noted that based upon the current situation with the pandemic both Powerball and Mega Millions had to change their game structure to lower starting jackpots and stop guaranteed increases for the time being. During the review of Cowboy Draw sales, she noted the spikes in sales associated with the BOGO promotion.

After review of the sales updates, Mrs. Medina then began the review of the sales projections for the upcoming fiscal. She noted that the WLC staff did update these based on feedback during the subcommittees and that they will continue to monitor sales to decide if they need further editing. She then went through the projections by each game, which had been previously reviewed during the budget proposal as well. She noted that within the Cowboy Draw estimates they are figuring that UW will be allowed to have a season to which the BOGO promotion can be tied to. She went on further to explain that their plan for this upcoming season is to increase the promotion from not just home game wins, but to all UW football game wins. She then concluded her review of the sales projections. Board Member Willox then asked if he was looking at the report correctly and that even with taking out the Ragtime Raffle amounts, the WLC was still estimating an increase over the year to date weekly average. He noted that he felt this estimation felt a bit aggressive to him even though it had been reduced already. Mrs.

Medina responded that their current numbers were based on a thorough review of the pace amounts even during the COVID-19 pandemic thus far, but that the WLC staff would take another look at the amounts. She then noted that the game change for Powerball had impacted sales and they had not been given a date of when it could possibly return to normal rules. She concluded that the WLC staff would take another review of the numbers to ensure they were the most accurate based on the recent trends, but was feeling optimistic with the recent increase in sales they had been seeing. Board Secretary Bonner then asked if the WLC staff had historical data to show what had occurred to lottery sales during the last recession in 2008-2009. Mr. Clontz responded that he did not have that data at this time, but that it depends greatly on what amount of discretionary income players have at the time. Mr. Clontz continued by saying that player behaviour can fluctuate and that the current impact on sales due to the pandemic had fluctuated from high to low and then high again. Mrs. Medina then noted that they've been studying what has occurred for other jurisdictions during this time and that the WLC did not see as large of an impact on the lottery industry as others had. Mr. Clontz noted that jurisdictions with video lottery games have seen more impact because the locations at which they are located have been closed. Board Member Throne then commented that at this time no one knows what this pandemic will trigger, if it will be a large recession or one at all. Chairman Chitwood agreed with Board Member Throne and noted that she appreciated the work that was being done by the lottery staff to keep track of the trends.

Q3 Marketing:

Mrs. Medina began with public relations review noting there was a large emphasis early in the quarter around the Cowboy Draw jackpot winners. She then noted the push around the Powerball jackpot increase, before the COVID-19 pandemic effects began to take effect. She then explained that the WLC had changed their messaging and communications to best support the safety measures that were being put in place. She further explained that the COVID-19 action communications became high priority and that changes were communicated to players daily to ensure they understood what was taking place. She then commended her internal team for their quick reactions to ensuring those communications were given to the players.

She then reviewed the social media platforms for the Wyoming Lottery. She noted that primarily on Facebook the engagement levels did decrease but largely that was due to the previous quarter having the Cowboy Draw BOGO take place. She then noted that based on the current situation with the pandemic the WLC had been seeing a larger increase of people utilizing Facebook, however they were more focused on news media pages than on lottery news. She

then noted the fluctuations on both Twitter and Instagram and that players enjoy both the prior pandemic messaging and appreciate the updates as well. She concluded the social media review by reviewing the most engaging posts, one of which was a small cash giveaway to try to give back to the community during these times.

Mrs. Medina then reviewed the website analytics noting that there were similar fluctuations as social media, where the BOGO brought in larger amounts of viewers in the prior quarter. She did note that while the data shows a larger amount of viewers from Denver, the WLC staff would continue to monitor this data to determine if it was based on cellular data collection or if the recent Ragtime Raffle had brought in new playership.

She then reviewed the email analytics, noting that the email with the largest opening percentage was the announcement of the Powerball game change.

Mrs. Medina then reviewed the internal marketing data for the quarter and began by commending her team for their hard work on winner marketing. She noted that there has been a new approach implemented by the Player Services Specialist Arin Schlensker in regards to speaking to winners about sharing their stories and that it has been highly successful. She then noted the success with the Second Chance Drawing for Cowboy Draw even with the impact of COVID-19. She concluded that this was a great opportunity to test out new ideas as this was the first second chance drawing that the Wyoming Lottery has hosted.

She then covered the UW Sponsorship overview noting that this season the WLC had also sponsored a wrestling match and were able to have their mascot do an appearance there. She also covered the basketball sponsorship and appearances that took place at several games.

She then summarized the planned next steps for marketing including the app development, continued corporate communications and a tracker study.

Mrs. Medina then introduced Mr. Todd McGlaun and Mr. Jake Saltiel from Park Avenue Games. She explained that Park Avenue was the company that was currently developing the Wyolotto App alongside her team and Warehouse Twenty One. She explained that Mr. McGlaun was going to walk through a demo of the app on a testing site to allow the board members to see the current status. Mr. McGlaun then walked through the app to highlight the look and feel as well as the functionalities. He demonstrated the functionality of the ticket scanner as both a way to

find out if a ticket was potentially a winner or to be notified after the draw if it may be a winner as well. Board Member Liebzeit asked about the wording within the app after scanning a ticket where it read “you may be a winner” and asked on the reasoning for using the word “may”. Mr. McGlaun responded that because the app is not meant to be a system of record for the Wyoming Lottery. He continued to explain that by using the word “may” the WLC can alleviate the potential for any incorrect information that could result from either user error or data error to be used as grounds for requesting incorrect prize funds. He then noted that due to MUSL regulations they are not able to store the serial numbers from the tickets due to security. Mrs. Medina also noted that the same “may have won” messaging is also utilized on the website for the same reason. Board Member Liebzeit responded that the reasoning behind that made sense to him and then asked what type of notification will occur for the player when they may have a winning ticket on the app. Mr. McGlaun responded that they are looking into options of a possible “winning sound” and that they plan to use the Beta testing to better research how players like to be notified. Mrs. Medina then included that players will receive notifications through their phone of potential wins. Board Secretary Bonner then asked if the “may have won” messaging was going out even for low tier winners to which Mrs. Medina responded that it does. Mrs. Medina concluded that the notification portion of the app was unique to the Wyoming Lottery app and that they were excited to offer this capability to their players. Mr. McGlaun then continued his walkthrough of the other app features including a retailer locator and account management. After his conclusion of the app walkthrough, Vice Chairman Marburger asked if Keno was launched if there were any plans to modify the app to best support it. Mrs. Medina responded that the current view of the app is just phase 1 and that there are plans to continue to update it. She then noted that based on their research of other lotteries the WLC staff had seen just how important the apps are to support Keno sales. She then explained that they are currently working on the plans for phase 2 which could incorporate in app games, one of which could be designed to teach players how to play Keno before it’s officially launched. Mr. McGlaun and Mr. Saltiel then concluded their presentation and thanked the board for their time. Board Member Liebzeit asked on the timing of launch for the app, to which Mrs. Medina responded that they are looking at the end of June for beta testing to begin.

Board Member Willox then asked to back up to the marketing section and asked if there had been a consideration to do more second chance drawings or looking at paying out more to the players during the pandemic. Mr. Clontz responded that they had an analysis of an idea brought up during the marketing subcommittee that they planned to review further during the executive session.

Board Secretary Bonner then took this time to commend the team on the app thus far and then asked what were the costs thus far on the development and if it was all paid for by the lottery or if some of the costs were being funded by Intralot. Mr. Clontz responded that while the WLC did have to have all their contract teams work together on this project the costs were low. He went on to explain that typically an app can cost upwards of \$100k and that even with funds disbursed to Intralot, PAG and Warehouse Twenty One they were looking at a total of \$75k. Mr. Clontz then shared that he felt very confident in the work and investment that was being put into the app. Mrs. Medina included her appreciation of the collaborative work that had taken place between all three vendors. Board Secretary Bonner then asked if the costs had been shared between the vendors, to which Mrs. Medina responded that the work had been done through their existing contracts with both Intralot and Warehouse Twenty One.

This concludes Mrs. Medina's sales and marketing presentation for Q3.

Governance Report:

Security Manager David Stevens presented the terms and conditions of the app to the board for review and approval. He shared that the terms and conditions had been presented and reviewed by the governance subcommittee prior to the board meeting.

Board Member Liebzeit motioned that the terms and conditions be approved as presented and Board Member Todd Peterson seconded. It was approved with a unanimous 9/9 vote.

Mr. Matt Kaufman then gave a brief legislative update to the board. He noted the recent legislative session and that the efforts to bring Keno kiosks did not pass. He shared that based on this being a budget session the voting requirements for a bill to pass were higher. He then noted the bill that pushed the creation of the gaming commission did pass. He concluded by noting that an increase in conversations and movement within the gaming entities in Wyoming during this session and that they would continue to update the board as developments arose. Chairman Chitwood asked if they had decided to put Wyoming Lottery under the gaming commission to which Mr. Kaufman responded that it was not and that it remained separate. Board Member Peterson asked about the push back in regard to kiosks for Keno from the legislators. Mr. Kaufman responded that while there may be several factors that played into that, there is a possibility that it felt like an expansion of gaming to some.

Executive Session:

Motion to move into the Executive Session was made by Board Secretary Bonner. The motion was seconded by Board Member Willox and the motion passed by a unanimous 9/9 vote.

Meeting Adjournment:

Chairman Chitwood announced the closure of the meeting, with the motion being made by Board Secretary Bonner. The motion was seconded by Board Member Willox and passed with a unanimous 9/9 vote. The meeting was adjourned.