

WYOMING LOTTERY CORPORATION

Board Meeting Minutes

Monday, November 1, 2021

In Person and Zoom Video Conference

Big Horn Federal Savings Bank

Thermopolis, Wyoming

Board Members in person: Jim Willox-Chairman, Gina Monk- Vice Chairwoman, Ed Liebrecht-Secretary, Dave Bonner-Treasurer, Dave Snyder, Sandra Wallop and Todd Peterson.

Board Members via Zoom: Mary Throne

Staff Members Present: Jon Clontz-CEO, Robin Medina-COO, Loy Jackson-CFO, and Jessica Baldwin- Executive Assistant.

Staff Members via Telephone/Zoom: David Stevens-Enforcement and Security Director, Sarah Shoden-Digital Marketing Manager

Guests Present via Zoom: Matt Kaufman-Legal Counsel, and Brandy Marrou-MH&P Auditor

Establish Quorum:

Chairman Jim Willox called the meeting to order at 8:30 a.m. with a roll call of board members and staff members.

Agenda Approval:

Chairman Willox presented there were no additions or changes requested to the agenda.

Approval of the Minutes:

Minutes from July 27, 2021

Following a Motion from Board Secretary Ed Liebrecht and seconded by Vice Chairwoman Gina Monk, the minutes were approved by a unanimous vote.

CEO Report:

Wyoming Lottery Corporation (WLC) CEO Jon Clontz reported and discussed the following:

- Continuing the Legislative Tour
- Keno training for WLC staff
- Intralot and WLC staff will be meeting and discussing Keno
- Scratch ticket bill
- WLC staff continuing to work with UW and the Bogos

Questions / Comments from Board Members:

- Board Treasurer Dave Bonner had a few questions regarding scratch tickets in the legislature.

Budget:

Brandy Marrou from MH&P presented the FY'21 Audit.

- No significant issues in performing this audit
- Will be reviewing Intralot's SOC report as it had not been received before the board meeting
 - The SOC report from Intralot is a significant piece for the WLC Audit
- There were only 2 audit adjustments that were finalized with the CFO's approval
- There were no audit findings
- No violations of state statutes

Following a Motion from Board Treasurer Bonner and seconded by Board Secretary Liebzeit, the Draft FY'21 Audit Report was approved by a unanimous vote.

Mrs. Jackson presented an overview of the Financials. All directors had received detailed statements prior to the board meeting.

Balance Sheet (as of September 30, 2021)

- \$4.7 Million in the checking account
- Unclaimed Prize Account
 - \$1 Million
 - Utilized \$500,000 in August for the Cowboy Draw Jackpot
- Total checking and savings account is \$5.9 Million.
- Total assets of \$6.8 Million

Profit and Loss Report for the Quarter

- Total Income
 - \$7.6 Million
 - \$2.5 Million decrease in Cowboy Draw sales from the prior year
- Prizes Paid Out
 - \$4 Million
- COGS (Cost of Goods Sold)
 - \$5.5 Million
- Gross Profit
 - \$2 Million

No unusual operating expenses – However, more active this year than last year due to Covid but under budget

- Operating Expenses of Note
 - Net Income before the transfer
 - \$1.2 Million
 - State Transfer

- \$1 Million
- Net Income
 - \$162,000
 - Added to savings account for the upcoming Keno expenses
- Total Operating Expenses
 - \$874,000 (\$291,000 over the prior year)
 - Multiple factors with this gap as listed below – New game totals \$137,600.
 - Dues
 - Marketing
 - New game
 - Salaries
 - Travel
- State Transfer Percent of Net Income
 - 86.7%

Profit and Loss Budget vs. Actual

- Total Income
 - \$7.6 Million
- Gross Profit
 - \$2 Million

Board Member Sandra Wallop questioned the WLC staff regarding a tracker study for problem gambling.

- Ms. Medina spoke regarding this tracker study
 - WLC’s goal is to get the tracker study out before the legislative session starts due to the change in gaming in the state
 - Bringing this tracker study to the Coalition (which also includes Board Member Wallop)
 - Board Member Wallop requested the study should include:
 - Working with providers
 - Working with the VA
 - Working with treatment centers
 - The Board agreed that if more money is required to complete this accurate study, the budget would need to reflect so. However, Ms. Medina does not believe that any more money will be needed.
 - Chairman Willox would like the board members to be kept apprised as to the findings of the study
 - Once the tracker is complete, WLC will present it to the board. WLC will work with the Coalition and find a strategy regarding the issues surrounding problem gambling and will work to execute it

Board Secretary Liebrecht made a motion to approve the financials as presented. The motion was seconded by Vice Chairwoman Monk, and the motion passed by a unanimous vote.

Marketing Report:

WLC COO Robin Medina presented the Marketing Report.

Sales Update Report

FY'22 Actual vs. Projection

- FY'22 Actual Sales were \$7.4 Million
 - Sales were over projection by 6.46%

FY'22 vs. FY'21

- Total sales for FY'22 was \$7.4 Million
- Total sales for FY'21 was \$8.5 Million

Actual Weekly Sales FY'22 vs. Actual Weekly Sales FY'21

- Average weekly sales \$566,000

1st Quarter Actuals vs. Projections

- FY'22 Quarterly Sales Projected Sales were \$6.9 Million
- Quarter 1 Actual Sales were \$7.4 Million

Powerball FY'22 vs. FY'21

- FY'22 sales to date were \$2.2 Million – FY'21 sales to date were \$2.1 Million

Mega Millions FY'22 vs. FY'21

- FY'22 sales to date were \$1.5 Million – FY'21 sales to date were \$1.3 Million

Cowboy Draw Sales FY'22 vs. FY'21

- FY'22 sales to date were \$2.4 Million – FY'21 sales to date were \$4.4 Million

Lucky for Life Sales FY'22 vs. FY'21

- Total sales for FY'22 was \$739,000 – FY'21 sales to date were \$674,000

2by2 Sales FY'22 vs. FY'21

- Total sales for FY'22 was \$559,000

WyoLotto Product sales YTD

- Total Sales YTD for Powerball was 30% of overall sales
- Total Sales YTD for Mega Millions was 19% of overall sales
- Total Sales YTD for Cowboy Draw was 33% of overall sales
- Total Sales YTD for Lucky for Life was 10% of overall sales
- Total Sales YTD for 2by2 was 3% of overall sales

Round Up Sales FY'22 vs. FY'21

- Round Up total sales FY'22 YTD was \$1 Million – FY'21 sales to date were \$990,000

Marketing Update

Cowboy Draw

- BOGO has been the focus due to UW football
- Started the BOGOs on August 23rd and will go until November 27th
- Post season games would also have a BOGO
- BOGOs are averaging about \$100,000 for three hours on Sundays
- Potential UW Basketball BOGO

UW Sponsorship

- WLC staff available for 3 games in the IPF
 - Spin to wins
 - Selling tickets
- Media interviews with TV and radio
- Sales goals of \$1,000
 - Made almost \$2,000 in sales for the first and second game

Current Projects

- Website rebuilt
 - Prepare for Keno and anything that comes next
 - Working with WH21
 - Estimated launch is summer of 2022
- Legislative Tour
 - Begin in August
- Finalist for NASPL best draw game launch
 - 2by2
- Upcoming Governor's Business Forum
 - Chairman Willox will be speaking on the gaming panel
- Keno Development
 - Draft specification mode
 - Number of balls?
 - How many need to be selected?
 - What are the prize tiers?
- Holiday Giving
 - Statewide

Governance Report:

Matt Kaufman presented the Governance Report.

Updated Transfer Policy

- Board policy was never updated after the change in statute a few years ago (the old statute did not have the 75% language)
 - The direct transfer of a minimum of 75% to the State of Wyoming

- Board Treasurer Bonner would like to add “per state statute” in this transfer policy so the readers know it is according to state statute
 - Mr. Kaufman agreed to the suggestion
 - Board Member Throne agreed to the language as well

Board Member Dave Snyder made a motion to approve the updated transfer policy as presented with the addition on the 3rd paragraph, second line, now reads “per state statute the transfer each quarter shall be at least 75%”. The motion was seconded by Vice Chairwoman Monk, and the motion passed by a unanimous vote.

Executive Session:

The motion was made by Board Treasurer Bonner to move into Executive Session. The motion was seconded by Vice Chairwoman Monk, and the motion passed by a unanimous vote.

Readjournment:

Meeting Adjournment: Chairman Willox announced the closure of the meeting with the motion to adjourn by Board Secretary Liebzeit, seconded by Board Treasurer Bonner, and passed with a unanimous vote.