

WYOMING LOTTERY CORPORATION

Special Session Minutes

June 12th, 2019

Teleconference

Board Members via Teleconference: Sandi Chitwood-Chairman, Gerry Marburger-Vice Chairman, Dave Bonner-Secretary, Ross Newman, Mary Throne, Ed Liebzeit and Todd Peterson.

Board Members Absent: Jim Willox and Gina Monk

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

Staff Members Absent: Alisha Pineda- Marketing Manager and Jessica Pastoriza- Player Services Specialist.

Guests Present via Teleconference: Matt Kaufman-Legal Counsel

Establish Quorum:

Chairman Sandi Chitwood called the meeting to order at 9:05 a.m. with a roll call of board members and staff members. All guests were welcomed.

CEO Report:

Wyolotto CEO Jon Clontz presented the following corporate update:

Mr. Clontz began with the recent board appointments. He made mention that he had the opportunity to meet with both Mr. Todd Peterson and Mr. Ed Liebzeit. He commended the Governor for their appointments and shared his excitement for them joining the board. He then shared that both Mr. Peterson and Mr. Liebzeit had completed and passed all their background security checks; making them full members of the board.

Mr. Clontz then covered the recently launched game, Ragtime Raffle. He made mention that the 10,000th ticket was sold the previous night in Casper. He then covered the promotional prize levels and the tiers for winnings. He then commented that they were currently exceeding their 2,000 tickets per day goal. He concluded that the launch went well and that players seemed to be reacting positively to the game thus far.

Mr. Clontz then covered the upcoming meeting in July that is planned to take place in Cheyenne to coincide with the final drawing for Ragtime Raffle. He then covered the status of the employee evaluations, making note that those would be completed in the upcoming weeks.

Mr. Clontz made mention of the upcoming TRW committee meeting in Gillette, to which he had been invited to attend and present the current status of lottery operations. He added that Mr. Matt Kaufman would be in attendance as well.

This concludes Mr. Clontz's report.

Board Appointments:

Mr. Matt Kaufman, Wyoming Lottery's legal counsel, brought up that due to several circumstances the length and voting for the board officers was slightly off on timing. Due to this his recommendation was to extend the current officer positions until the 2020 spring meeting and then to get back on schedule moving forward. Mr. Kaufman shared that he had already shared this recommendation via email to the board and all were in agreeance with a unanimous approval vote. He noted that this would extend Chairman Chitwood's position.

Vice Chairman Margburger moved to approve the extension of Chairman Chitwood's position until the next regularly scheduled election in 2020. Secretary Bonner seconded the motion. The motion was seconded by Secretary Bonner and the motion passed by a unanimous 7/0 vote.

Mr. Kaufman then brought up the current opening for board Treasurer. He shared his recommendation to open up the opportunity to either self-nominate or nominate another board Member via email to him in the upcoming weeks. He then followed up that similar to previous elections, once the nominations were closed a vote would be done via email prior to the next board meeting on July 29th with his oversight.

FY'20 Budget Review:

Mr. Clontz began by recalling the previous April board meeting in which the budget for fiscal year '20 was presented. During that board meeting it was determined that final approval would take place during this Special Session.

CFO Loy Jackson then presented the updates to the budget. She stated that the only change that had been made was the addition of the \$24,000 interest anticipate income that was recommended by Vice Chairman Marburger.

Mrs. Jackson then opened up the conversation for any questions or follow ups. Secretary Bonner asked for clarification in regards to sponsorships and what all it entailed. COO Robin Medina answered that a large portion of that was the University of Wyoming Sponsorship. He then asked about the increased amount for the Warehouse Twenty One contract. Mrs. Medina followed up that the additional funds were to support the creation, launch and management of

Ragtime Raffle. Board Member Mary Throne then asked about projected revenue as a result of the increase in marketing. Mrs. Jackson answered the anticipated increase would be in the amount of \$2 million dollars based on Ragtime Raffle sales. Mrs. Medina followed up that the additional costs also accommodated for the app development.

Mr. Clontz then followed up that the primary purpose of Ragtime Raffle, was not to gain a large amount of profit, instead to generate excitement. He then stated that the anticipated revenue from Ragtime Raffle would be able to cover those additional costs. Chairman Chitwood then followed up asking that should all the Ragtime Raffle tickets be sold, that there would be roughly \$200,000 potential in profit. Mrs. Medina answered that they were projecting over \$300,000 potential revenue should all Ragtime Raffles sell. Board Member Newman questioned if they did have a successful outcome with Ragtime how would the split occur in accounting for the revenue in both this fiscal and next. Mrs. Jackson answered that Vice Chairman Marburger had brought up this question previously in regards to reporting, and that because the awarding of the prize would not occur until next fiscal, those funds would have to be accounted for in the next fiscal. Board Member Newman then asked about projections being potentially too conservative. To which both Mr. Clontz and Mrs. Medina explained that while this year was very successful, there was a billion dollar jackpot that has skewed the data and that they want to set realistic goals not knowing how jackpot amounts will fluctuate.

Board Member Newman then motion for approval of FY'20 budget as presented. The motion was seconded by Vice Chairman Marburger and the motion passed by a unanimous 7/0 vote.

Wire Act Update:

Mr. Matt Kaufman then gave an update to the Wire Act since the last board meeting. He gave a short summary for the new board Members so that everyone was fully informed on the history of this issue.

Mr. Kaufman then updated the board Members that as of last week the federal judge in New Hampshire issued a ruling on the declaratory action in New Hampshire in favor of the New Hampshire Lottery that the interpretation was too broad and only encompassed sports betting and did not include all forms of gambling. Based on this several lotteries are wondering about next steps to extend this ruling to all states. Mr. Kaufman noted that MUSL was uncomfortable in not taking any action at all and want to take some sort of action. At this time ongoing discussion is happening on what is the best action to take. Mr. Kaufman concluded that he continues to monitor the issue and will update the board as needed.

Board Member Newman asked if there was any movement in congress to change the Wire Act. Mr. Kaufman replied that a few states have taken action and that he had only seen one draft bill to change the Wire Act interpretation.

Executive Session:

Motion to move into executive session was made by Board Secretary Bonner. The motion was seconded by Vice Chairman Marburger and the motion passed by a unanimous 7/0 vote.