



WYOMING LOTTERY CORPORATION

Board Meeting Minutes

July 31, 2017

Holiday Inn Convention Center – Sheridan, WY

Board Members Present: Mark Macy-Chairman, Gerry Marburger-Treasurer, Dave Bonner-Secretary, Sandi Chitwood-Vice Chairman, Ross Newman, Sandra Wallop, Mary Throne and Gina Monk

Board Members via Teleconference: None

Board Members Absent: Jim Whalen

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

Staff Members via Teleconference: Dave Stevens-Security Manager, Alisha Pineda-Player Services

Guests: Matt Kaufman-Lawyer, Paul Ostendorf-Intralot

Guests via Teleconference: Mark Larson-CWPMA, Laura Lewis-Intralot

Establish Quorum: Chairman Macy called the meeting to order at 8:09 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 Gerry Marburger to approve the minutes from the June 20, 2017 teleconference meeting amendments requested. The motion was seconded by Dave Bonner and the motion passed by a unanimous 7/0 vote.

Sandra Wallop arrived at meeting at 8:18 a.m.

Approval of Amended Document(s): Matt Kaufman stated he recuses himself of any dealings with the lease due to Kaufman Properties being his father's company and owner of the Lottery building. Dave Bonner pointed out language needed for no increase in 2018. Discussion of renter's insurance was presented by Chairman Macy and what it entails for liability purposes. The motion was made by Mary Throne to table this document until research into changes and insurance have been completed. The motion was seconded by Dave Bonner and the motion passed by a unanimous 8/0 vote.

CEO Report: Jon Clontz provided a discussion of the jackpots of each game and jackpot winner details from our May 1 Cowboy Draw. Testing costs associated with Mega Millions and Powerball game changes were outlined, as well as keno rollout assistance from Intralot and details about the plan phases were discussed. Mr. Clontz continued with the third audit beginning

and its process, year-end financials and Georgia lottery visit for verification of compliance, MUSL audit outcomes, retailer data and saturation points, transfer amounts, event attendance and conference updates, CFD contract assessment, UW sponsorship and attendance to the UW v. Oregon game, eclipse event attendance by request of the governor, and recent media interviews. Gerry Marburger asked for an explanation of how we assess the ROI of events and sponsorships and it was provided by Robin Reining. No action taken.

Break taken from 9:17a.m. to 9:44a.m.

Finance & Accounting Report: Loy Jackson presented Q4 financial highlights from the balance sheet, profit & loss, profit & loss YTD, budget v. actual, and budget v. actual YTD. The comparison to last year is not comparable due to the Powerball run up in FY16. Expenses were cut in Q4 to balance out the year end. Mrs. Jackson noted that these are pre-audit numbers and will have adjustments. Unclaimed prizes are not itemized, but included, and Sandra Wallop requested that this be separated in the future. Motion made by Dave Bonner to approve the Q4 Financials and FY17 Financials, as presented. The motion seconded by Sandra Wallop and the motion passed by a unanimous 8/0 vote.

Marketing & Sales Report: Robin Reining provided the sales updates and emphasized the struggle to motivate sales while jackpots have been down and cutting costs to hit our projections before the end of the fiscal year. With Lucky for Life, it was highlighted we had a recent \$25,000 a year for life winner. The Q4 marketing updates, including campaign updates and trigger results, were outlined. The 2018 marketing plan was defined, along with an outline of summer sponsorships and problem gambling updates. New swag items were showcased for board members, along with the Cheyenne anniversary book we are a part of. Mega Millions game change briefly outlined to explain what changes are to be expected. No action taken.

Lottery Activity Update: Dave Stevens presented the MUSL audit report analysis. Due to confidential lottery security being a factor, any questions from the board can be discussed outside of the meeting. No action taken.

Jon Clontz initiated discussion of the addition of keno to the lottery portfolio. Matt Kaufman mentioned the board previously received the legal memo in regards to this addition, as well as the governor by request. Sandi Chitwood questioned the timeline of the rollout being overly extended, which Jon Clontz addressed with our attention needing to be focused on the Powerball and Mega Millions changes first before focusing on keno. Motion made by Dave Bonner to approve the first phase of the project plan for keno and will return to the board before moving forward to the next phase. The motion seconded by Gerry Marburger and the motion passed by a unanimous 8/0 vote.

Jon Clontz began the discussion of the retailer incentive program and it would require the retailers to opt in to the program, as it is a voluntary program and can be removed if they are not compliant. Lucky for Life would not be included in this matrix, but can be considered for top two prize levels. The matrix for the incentive program was outlined and discussed by the board. Motion made by Sandi Chitwood to approve the dollar amounts for the retailer incentive program, with amendment to add Lucky for Life to the matrix. The motion seconded by Gina

Monk and the motion passed by a unanimous 8/0 vote.

Jon Clontz continued with the discussion of debit card use as a means of player payment. This will require an addendum to the retailer contracts. A research memo was previously sent from Matt Kaufman to the board members in regards to statute and the use of debit cards. The board discussed types of debit cards and retailer responsibility for contract violations. Motion made by Gina Monk to modify the agenda to allow for an executive session. The motion was seconded by Sandi Chitwood and the motion passed by a unanimous 8/0 vote. The board convened in executive session at 11:50 a.m. to consult with its attorney for legal advice on the question of allowing debit cards to purchase lottery products. After discussion, the board adjourned the executive session at 12:13 p.m. to return to regular session. Motion made by Gerry Marburger to approve the use of pin-based debit cards as a means of player payment, as presented. The motion seconded by Sandi Chitwood and the motion passed by a unanimous 8/0 vote.

Board executive officer elections began with a motion made by Ross Newman to approve the elections as previously stated, making Sandi Chitwood the Chairman, Jim Whalen the Vice-Chairman, Dave Bonner the Secretary, and Gerry Marburger the Treasurer of the board. The motion seconded by Gina Monk and the motion passed by a unanimous 8/0 vote.

Closing Remarks: Jon Clontz recognized Chairman Macy for his service to the lottery with a gift. Sandra Wallop suggested an advisory board and left that to the consideration of the board. Sandi Chitwood thanked Chairman Macy for his leadership and stated she is excited to continue as Chairman of the board. The next board meeting was decided to be November 6, 2017 at 8:00 a.m. in Rock Springs.

Meeting Adjournment: Chairman Macy announced the closure of the meeting, with the motion being made by Dave Bonner and seconded by Gerry Marburger. The motion passed with a unanimous 8/0 vote and the meeting was adjourned at 12:52 p.m.