

WYOMING LOTTERY CORPORATION

Board Meeting Minutes

Thursday, July 28, 2022

In Person and Zoom Video Conference

The Powder Horn Golf Club

Sheridan, Wyoming

Board Members in person: Jim Willox- Chairman, Gina Monk- Vice Chairwoman, Dave Snyder, Todd Peterson, Sandra Wallop and Lori Brennan.

Board Members via Zoom: Mary Throne, Ed Liebrecht- Secretary,

Board Members not present: Dave Bonner- Treasurer

Staff Members Present: Jon Clontz- CEO, Robin Medina- COO, Loy Jackson- CFO, David Stevens- Chief of Security (via Zoom) and Jessica Baldwin- Executive Assistant.

Guests Present via Zoom: Matt Kaufman- Legal Counsel and John Bernard

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. It was noted that Board Member Dave Bonner would not be present and would be resigning from the Wyoming Lottery Corporation Board of Directors as family matters will be taking up most of his time.

Agenda Approval:

Chairman Willox presented there were no additions or changes requested.

Approval of the Minutes:

Minutes from April 29, 2022

- Board Secretary Ed Liebrecht made a correction to the 7th page under “readjournalment”
 - Page 7 corrections
 - Legislation section
 - Appropriates should be changed to Appropriations
 - Add committees after TRW
 - Readjournalment section
 - “No disclosures were made” needs to be changed to “No decisions were made”
 - Combine the two bolded motions regarding Jon’s contract and salary and make one action item
- With the changes made, Board Secretary Liebrecht moved to approve the Minutes from April 29, 2022, and it was seconded by Vice Chairwoman Gina Monk.

Minutes from Special Session, June 27, 2022

- No changes were made
- Board Secretary Liebzeit moved to approve the Minutes from June 27, 2022, and the motion was seconded by Board Member Todd Peterson.

CEO Report:

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

- Main happenings
 - NCPG (Problem Gambling Conference in Boston, MA)
 - WLC staff and Vice Chairwoman Monk attended
 - Conference had updated problem gambling material
 - Conference had updated surveys
 - Chairman Willox requested that the Parimutuel Commission be notified of these conferences
 - Department of Health was also invited, and one person accepted however, due to a family illness, she had to cancel last minute
 - Keno
 - Keno is on track and on time
 - On budget
 - September 18th launch date
 - Details about the launch celebration in Casper will be sent to the board members
 - Intralot will be adding another “field” individual position for Keno
 - Audit
 - Entrance meeting is scheduled for August 18th
 - Things look good and we are prepared for the upcoming audit
 - Director’s Meeting
 - In Nashville and Mr. Clontz leaves Sunday for that
 - MUSL and NASPL meetings
 - MUSL pays for the travel
 - New connections being made with Byron Boothe of Intralot
 - Billion-dollar jackpot with Mega Millions
 - Mr. Clontz addressed a cap being put on it / Secretary Liebzeit’s question regarding the Mega Millions jackpot
 - MUSL Board can put a cap on it, but they say the game is performing the way it was designed
 - Mr. Clontz requested the MUSL Board put out a public survey regarding a cap
 - CEOs and Directors of the MUSL Board did not like the idea of putting a cap on the game
 - It was stated that the high jackpot drives high sales
 - Keno Manager
 - Mr. Clontz is moving forward with hiring Mark for pre and post launch of Keno.

- Matt K. is helping Mr. Clontz with an employment agreement
- Mark is willing to stay in Wyoming for 4 to 5 months
- Mark will be classified as a temporary contracted employee not a full-time employee
- Mr. Clontz will get the details to the board regarding Mark's qualifications
- Mr. Clontz would like to hire a permanent employee to shadow Mark towards the end of his contract
- Building
 - WLC is waiting on the Governor's feedback and opinion on the building
- Operations
 - Running smooth and sales are rising

No questions/comments with the CEO Report.

John Bernard presented the performance management class that the WLC staff participated in and will continue to work on.

Financial Presentation:

WLC CFO Loy Jackson presented an overview of the Financials.

Balance Sheet

- Close of FY'22 / Quarter 4 sales were very average
- A lot of Keno expenses even with a slow year
 - Contingency fund was used to supplement Keno expenses
- The WLC is still in a solid position financially
 - \$3.7 Million in the checking accounts
 - Unclaimed prize fund
 - \$476,000
 - Significantly lower than the prior year
 - Slow sales year
 - 2 Cowboy Draw jackpot hits in the 4th Quarter
 - 7 Cowboy Draw jackpot hits for the fiscal year
 - Responsible Gambling Funds
 - \$7,300
 - Total Assets
 - \$5.8 Million
 - Decrease from the prior year of \$1 Million
 - State Transfer Payable
 - \$700,000
 - Prizes Payable
 - \$1 Million
 - Total Liabilities
 - \$3.8 Million
 - Net Loss

- \$142,000
 - Transferred more than what we took in due to the Keno expenses being supplemented by the contingency fund

Profit and Loss Report for the Quarter

- Total Income
 - \$6.9 Million
- Prizes Paid Out
 - \$4 Million
- Gross Profit
 - \$1.6 Million

Operating Expenses

- Total Operating Expenses
 - \$998,000
 - Chairman Willox questioned Mrs. Jackson regarding the Salaries, Wages & Benefits section noting the increase of \$76,000
 - Mrs. Jackson explained that this line items will be adjusted with the final year end Pension journal entry, which has yet to be added
 - She explained that the Pension expense and the Salaries, Wages & Benefits will change before being posted online due to additional entries
- Net income before the transfer with reimbursements
 - \$901,000
- Net income after the transfer
 - \$200,000

Profit/Loss YTD

- Total income
 - \$27.4 Million
- Prizes paid out
 - \$15.7 Million
- Gross Profit
 - \$6.7 Million

Operating Expenses

- Total Operating Expenses
 - \$3.7 Million
- Net Income before the transfer with reimbursements
 - \$3.7 Million
- Net income after the transfer
 - \$560,000

Quarter 4 Budget vs. Actual

- Actual Total Income / \$6.9 Million
 - Budgeted Amount / \$6.8 Million
- Actual Gross Profit / \$1.6 Million
 - Budgeted Amount / \$1.8 Million
- Actual Operating Expenses / \$998,000
 - Budgeted Amount / \$1.4 Million

YTD Budget vs. Actual

- Actual Total Income / \$27.4 Million
 - Budgeted Amount / \$27.2 Million
- Actual Gross Profit / \$6.7 Million
 - Budgeted Amount / \$7.1 Million
- Actual Operating Expenses / \$3.7 Million
 - Budgeted Amount / \$4.5 Million

Profit and Loss Responsible Gambling Budget

- Total responsible gambling expenses
 - \$48,000
- Mrs. Jackson discussed the need to replenish the responsible gambling fund as it has not been added to since 2018
- WLC asked for the board's approval to add more funds (\$200,000) to the responsible gambling account. This money would come from the unclaimed prize fund
- This responsible gambling money would be used for:
 - The Coalition
 - Tracker study
 - Certification opportunities throughout the state
 - Awareness
 - Resources
 - Commercial

Board Member Sandra Wallop made a motion to approve the problem gambling fund replenishment as presented. The motion was seconded by Board Member Dave Snyder, and the motion passed by a unanimous vote.

Vice Chairwoman Monk made a motion to approve the year end financials as presented. The motion was seconded by Board Member Wallop, and the motion passed by a unanimous vote.

Marketing Presentation:

WLC COO Robin Medina presented an overview of the Sales Update

Total Sales: FY'22 Actual vs. Projection

- FY'22 Actual sales
 - \$27 Million

Total Sales: FY'22 vs. FY'21

- Total sales FY'22
 - \$27.2 Million
- Total sales FY'21
 - \$31.8 Million

Actual weekly sales: FY'22 vs. FY'21

- FY'22 Average weekly sales
 - \$524,000
- FY'21 Average weekly sales
 - \$613,000

Total 4th Quarter Sales: FY'22 Actual vs. Projections

- FY'22 Quarterly Sales Projections: \$6.9 Million
- FY'22 Q4 Actual Sales: \$7 Million

Powerball Sales vs. Jackpot Amounts: FY'22 vs. FY'21

- FY'22 sales to date: \$8.9 Million
- FY'21 sales to date: \$8.8 Million

Mega Millions Sales vs. Jackpot Amounts: FY'22 vs. FY'21

- FY'22 sales to date: \$4.8 Million
- FY'21 sales to date: \$7.1 Million

Cowboy Draw Sales vs. Jackpot Amounts: FY'22 vs. FY'21

- FY'22 sales to date: \$8.7 Million
- FY'21 sales to date: \$10 Million

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

- Total sales for FY'22: \$2.9 Million
- Total sales for FY'21: \$2.7 Million

2by2 Sales: FY'22

- Total sales for FY'22: \$1.8 Million

WLC Product Sales YTD

- Total sales YTD PB: \$8.9 Million
- Total sales YTD MM: \$4.8 Million
- Total sales YTD CD: \$8.7 Million
- Total sales YTD L4L: \$2.9 Million
- Total sales YTD 2by2: \$1.8 Million
- Total sales YTD Round Up: \$3.9 Million

Round Up Sales: FY'22 vs. FY'21

- Round Up total sales FY'22 YTD: \$3.9 Million
- FY'22 total plays: 275,000
- Round Up total sales FY'21: \$4.5 Million
- FY'21 total plays: 340,000

Marketing Update

- Powerball Bogos
 - April & June
 - Results
 - April: \$112,000
 - June: \$70,000
- Winners
 - 6 large winners
 - Cowboy Draw and Powerball
- Keno
 - Training in-person June & July
 - Point of Purchase materials delivering July – September
 - How to play brochures
 - Acrylic play slip holders
 - Posters
 - Coasters
 - Buttons
 - Table Tents
 - Pens
 - Pad Toppers
 - Sandwich Boards
 - SWAG
- Keno Update
 - Pre-launch assets go live August 15th
 - Social posts
 - App news feed
 - Website
 - Player emails
 - Pads
 - September 15th Launch Press Event starts at 2 p.m. in Casper

- Launch campaign September 18th – paid media and corporate communications
 - TV
 - Connected TV
 - Newspaper
 - Billboards
 - Radio
 - Social
 - Digital
 - YouTube
 - Pads
 - Retailer communications
- New website featuring KENO goes live September 18th
- Problem Gambling
 - WRGC
 - Started in 2016
 - Tracker studies
 - 2016
 - 2021
 - Following the latest study, WRGC determined another study will be needed to learn more because of the expansion of sports betting, skills games, and online gaming
- Up Next
 - Keno launch
 - Website
 - FY'23 marketing plan
 - WRGC

Governance Report:

- Nothing to report

Executive Session:

The motion was made by Board Member Todd Peterson to move into Executive Session. The motion was seconded by Board Secretary Liebzeit, and the motion passed by a unanimous vote.

Readjournalment:

Action items after Executive Session:

- Approve the 3 CEO goals as presented by the Governance Subcommittee

The motion was made by Board Member Peterson to approve the 3 CEO goals. The motion was seconded by Board Member Wallop, and the motion passed by a unanimous vote.

- Authorize the Chairman to sign a resolution initiating the acquisition process of the building in Cheyenne, Wyoming

The motion was made by Vice Chairwoman Monk to approve the Chairman to sign a resolution initiating the acquisition process of the building in Cheyenne, Wyoming. The motion was seconded by Board Member Snyder, and the motion passed by a unanimous vote.

Meeting Adjournment: Chairman Willox announced the closure of the meeting at 1:30p.m.