

**WYOMING LOTTERY CORPORATION**  
**Board Meeting Minutes**  
Wednesday, January 25, 2023  
Zoom Video Conference

**Board Members Present (via Zoom):** Jim Willox- Chairman, Gina Monk- Vice Chairwoman, Ed Liebzeit- Secretary, Gerry Marburger- Treasurer, Dave Snyder, Todd Peterson, Lori Brennan, Sandra Wallop and Mary Throne.

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

**Guests Present via Zoom:** Matt Kaufman- Legal Counsel

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**Establish Quorum:**

Chairman Jim Willox called the meeting to order at 8:36 a.m. with a roll call of board members and staff members.

**Agenda Approval:**

Chairman Willox presented there were no additions or changes requested.

**Approval of the Minutes:**

Minutes from Tuesday, October 25, 2022

- Board Vice Chairwoman Gina Monk made a correction to the 8<sup>th</sup> page.
  - “Gina Mink” needs to be changed to Gina Monk.
- Board Secretary Ed Liebzeit made a correction to the 8<sup>th</sup> page.
  - “Ticking dispensing machine” needs to be changed to ticket dispensing machine.
- With the clarifications made, Board Secretary Liebzeit moved to approve the Minutes from October 25, 2022, and it was seconded by Board Member Todd Peterson.

**CEO Report:**

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

- Main happenings
  - **Keno**
    - Will be meeting with Intralot and going over Keno progression ideas
    - Start working on the roll out plan
  - **Legislative Session**
    - Monitoring everyday
    - Lobbyist from Hathaway & Kunz is filling in until WLC can find a new full time lobbyist
    - Low key and low impact session for WLC
    - No scratch bill this year

- **MUSL Audit**
  - Coming up
  - Dave Stevens is spearheading this and is prepared
- **Spring Retailer Forums**
  - In the planning and scheduling process
    - Keno Parties
    - Keno Visits
  - Temporary Keno Manager (Mark Delphy) is back with us for a month
    - Making a positive difference
    - Still out on the road but due to weather, he hasn't been able to get out as much
  - Working with Intralot
    - Trying to fill a vacant spot for an LSR in Natrona County
    - LSR wages are lower and filling the vacant spot has been a challenge. Jon Clontz will be speaking to the Intralot CEO regarding the low wage offer
    - Vlad (Intralot Manager for Wyoming) has been doing the installs in Natrona County
  - Product Keno Manager
    - Great response with applications
    - Interviews are being conducted
    - Mark Delphy will be able to help with the transition and train the permanent employee
- **Board Retreat**
  - Planning committee is being put together
  - Location for this retreat is being investigated
  - Will meet with Chairman Willox and Vice chairwoman Monk regarding the agenda
    - We are being mindful of expense, location and timing
- **State Transfer**
  - Great transfer of over \$2 Million (Record transfer is \$2.8 Million)
    - Second highest transfer
    - 3 major jackpots this fiscal year
    - High Cowboy Draw jackpot
    - Keno has helped with the transfer
- **Capping the Jackpot on Powerball**
  - Will be up for discussion in the Director's Meeting
  - Would like to ask the Wyoming players what they think
    - Surveys
  - Ask the Board their opinion
    - Chairman Jim Willox's idea
      - Double the lower tier jackpots
        - Slow the growth of the biggest jackpot
    - Secretary Liebrecht's idea
      - Agreed with Chairman Willox's idea

- However, he believes it could impact player activity
    - Would like to see the jackpots more reasonable
  - Board Treasurer Gerry Marburger stated
    - If it is capped too low
      - Lose media attention
      - Could be designed to fail if that happens
  - CEO Clontz
    - Could potentially anger players
    - Need to see what the players reactions are to overseas sales first
      - MUSL will be notifying players about this change soon
  - CEO Clontz will take the Board's advice to the Director's Meeting
- **Building Purchase**
  - Still looking for a building
    - Market has slowed down for commercial real estate
    - Having issues with squatters in commercial real estate and rental properties
    - Looking at the old airport building
      - Cannot find anyone to give any information regarding this building as it is federally owned
    - Still putting money into the building fund

### **Financial Presentation:**

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WLC CFO Loy Jackson presented an overview of the Financials.

### **Balance Sheet / As of December 31<sup>st</sup>**

- FY'23 / Quarter 2
  - Total Checking and Savings
    - \$9 Million
  - Unclaimed Prizes
    - \$561,000
  - Responsible Gambling Fund
    - \$207,000
  - Total Assets
    - \$10.7 Million
  - Accounts Payable
    - \$725,000
  - State Transfer
    - \$2.2 Million
  - Prizes Payable
    - \$2.9 Million

- Net Income
  - \$846,000
- Total Liabilities and Equity
  - \$10.8 Million

### **Profit and Loss Report for the Quarter**

- Income / Revenues
  - Mega Millions Sales
    - \$1.8 Million
  - Powerball
    - \$5.8 Million
  - Cowboy Draw
    - \$3.9 Million
  - Lucky for Life
    - \$709,000
  - Keno
    - \$1.3 Million
  - 2by2
    - 336,000
  - Total Gaming Sales
    - \$13.8 Million
- Total COGS
  - \$9.9 Million
- Gross Profit
  - \$3.8 Million

### **Operating Expenses**

- Total Operating Expenses
  - \$978,000
- Net Operating Income
  - \$2.9 Million
- Net Income Before Transfer
  - \$2.9 Million
- State Transfer
  - \$2.2 Million
- Net income after the transfer
  - \$674,000

### **Profit/Loss - July 2022 through December 2022**

- Total income / Revenues
  - \$23.5 Million
    - Increase of \$9.2 Million over the prior year
- Total COGS
  - \$16.6 Million
    - Increase of \$6 Million over the prior year

- Gross Profit
  - \$6.9 Million
    - Increase of \$3.2 Million over the prior year
- Total Operating Expenses
  - \$2.4 Million
    - Increase of \$742,000 over the prior year
- Net Operating Income
  - \$4.4 Million
    - Increase of \$2.5 Million over the prior year
- Net Income Before the State Transfer
  - \$4.5 Million
    - Increase of \$2.5 Million over the prior year

**Profit & Loss / Budget vs. Actual / October 2022 through December 2022**

- Total Income
  - \$13.8 Million
    - Budgeted Amount / \$8.2 Million
- Total COGS
  - \$10 Million
    - Budgeted Amount / \$6.3 Million
- Gross Profit
  - \$3.8 Million
    - Budgeted Amount / \$1.9 Million
- Total Expense
  - \$977,000
    - Budgeted Amount / \$1 Million
- Net Income
  - \$2.9 Million
    - Budgeted Amount / \$867,000
- Net Income Before Transfer to the State of Wyoming
  - \$2.9 Million
    - Budgeted Amount / \$867,000
  - Transfer to the State of Wyoming \$2.2 Million
  - Net Income After Transfer
    - \$674,000

**Profit & Loss Budget vs. Actual / July 2022 through December 2022**

- Total Income
  - \$23.5 Million
    - Budgeted Amount / \$14.5 Million
- Total COGS
  - \$16.7 Million
    - Budgeted Amount / \$11 Million
- Gross Profit
  - \$6.9 Million
    - Budgeted Amount / \$3.5 Million

- Total Expense
  - \$2.4 Million
    - Budgeted Amount / \$2.5 Million
- Net Income
  - \$4.4 Million
    - Budgeted Amount / \$923,000
- Net Income Before Transfer to the State of Wyoming
  - \$4.5 Million
- Transfers to the State of Wyoming
  - \$3.6 Million
- Net Income After Transfer to the State of Wyoming
  - \$846,000

**Profit & Loss Responsible Gambling Budget vs. Actual / July 2022 through December 2022**

- Total Responsible Gambling Expenses
  - \$7,256.00
- Responsible Gambling Balance
  - \$200,000
- Unclaimed Prize Fund Balance
  - \$561,000

**Responsible Gambling / Gaming Commission discussion**

- Not a lot of momentum with Gaming Commission when it comes to responsible gambling
- Sports Betting puts in \$300,000 annually for responsible gaming
  - Goes to the Department of Health
    - Department of Health team is unsure of the allocation details
- The WLC contributes to responsible gaming
  - Would like to spend money on commercial regarding responsible gambling
- Horse racing establishments and Skillz game establishments do not contribute to this fund

Board Member 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 Presentation:**

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WLC COO Robin Medina presented an overview of the Sales Update

**Total Sales: FY'23 Actual vs. Projection**

- FY'23 Actual sales
  - \$23 Million
- FY'23 Projected sales
  - \$14 Million

**Total Sales: FY'23 vs. FY'22**

- Total sales FY'23
  - \$23 Million
- Total sales FY'22
  - \$14 Million

**Actual Weekly Sales: FY'23 vs. FY'22**

- FY'23 Average weekly sales
  - \$883,000
- FY'23 Weekly pace amount with Keno
  - \$616,000
- FY'22 Average weekly sales
  - \$536,000

**Total 2<sup>nd</sup> Quarter Sales: FY'23 Actual vs. Projections**

- FY'23 Quarterly Sales Projections: \$8 Million
- FY'23 Q2 Actual Sales: \$13 Million

**Powerball Sales vs. Jackpot Amounts: FY'23 vs. FY'22**

- FY'23 sales to date: \$7.7 Million
- FY'22 sales to date: \$4.6 Million

**Mega Millions Sales vs. Jackpot Amounts: FY'23 vs. FY'22**

- FY'23 sales to date: \$5.8 Million
- FY'22 sales to date: \$2.5 Million

**Cowboy Draw Sales vs. Jackpot Amounts: FY'23 vs. FY'22**

- FY'23 sales to date: \$5.9 Million
- FY'22 sales to date: \$4.4 Million

**Lucky for Life Sales: FY'23 vs. FY'22**

- Total sales for FY'23: \$1.4 Million
- Total sales for FY'22: \$1.4 Million

**2by2 Sales: FY'23**

- Total sales for FY'23: \$700,000
- Total sales for FY'22: \$1 Million

**Keno Sales FY'23**

- Total sales for FY'23: \$1.4 Million

**WLC Product Sales YTD**

- Total sales YTD PB: \$7.7 Million
- Total sales YTD MM: \$5.8 Million

- Total sales YTD CD: \$5.9 Million
- Total sales YTD L4L: \$1.4 Million
- Total sales YTD 2by2: \$700,000
- Total sales YTD Round Up: \$2.1 Million

### **Round Up Sales: FY'23 vs. FY'22**

- Round Up total sales FY'23 YTD: \$2.1 Million
- FY'23 total plays: 151,000
- Round Up total sales FY'22: \$1.9 Million
- FY'22 total plays: 142,000

### **Marketing Update**

- Keno
  - Campaign Results
    - 2 weeks on, 2 weeks off strategy to avoid advertising fatigue
  - Achieved above average performance
  - Impressions are above expectations due to targeting strategy
  - Retailer Party Pilot
    - Party Goal
      - Educate and entertain
    - December 15<sup>th</sup> at Alf's Pub
      - 2 weeks before party
        - \$580 Keno sales
      - 2 weeks after party
        - \$2,358 Keno sales
    - December 23<sup>rd</sup> at Four Winds
      - 2 weeks before party
        - \$1,608 Keno sales
      - 2 weeks after party
        - \$2,003 Keno sales
    - Recruitment
      - Current retailer count
        - 100 Hang n Plays
        - 11 Pending
      - Keno Winners
        - \$1,036,151 total
        - 251,931
      - Top Sales Counties
        - Laramie
        - Sweetwater
        - Campbell
        - Uinta
        - Natrona
  - **Holiday Giving**
    - Gave \$6,000 in items which are matched by friends and family



- 3<sup>rd</sup> year of supporting Wyoming’s seniors
- Partnership with Alf’s Pub
- **Cowboy Draw Bogo**
  - Average Sunday Sales
    - \$25,000
  - Total Net Sales after BOGO
    - \$931,000
  - Looking at doing other sports as well (Board Member Gerry Marburger inquiry)
- **Up Next**
  - Keno parties and promotions
  - Powerball BOGO April 2023
  - Marketing Plan FY’24
  - Will investigate advertising in different states (Board Member Gerry Marburger inquiry)

**Governance Report:** Matt Kauffman and CEO Jon Clontz

- Legislative Updates / Not a lot of activity / Moving slow
  - Temporary lobbyist for WLC who works with Matt Kauffman
- Right now, there are only 3 meaningful bills in the legislature
  - Amendments to online sports wagering
  - Amendments to Parimutuel
  - Skills Games
- There is scrutiny on the Gaming Commission
- This is not the year to push anything with respect to gaming
  - Heavy topic
  - Fatigue
  - Scrutiny

**Executive Session:** Vice Chairwoman Monk made a motion to move into Executive Session. The motion was seconded by Board Secretary Liebzeit, and the motion passed by a unanimous vote.

**Reconvene after Executive Session:** Chairman Willox stated to “Move forward with full deployment of the Keno ticket dispensing machines under the timeline of reliability and practicality”. Vice Chairwoman Monk made a motion to move forward with this action. The motion was seconded by Board Secretary Liebzeit and the motion passed by a unanimous vote.

**Meeting Adjournment:** Chairman Willox announced the closure of the meeting at 12:00p.m.