

## WYOMING LOTTERY CORPORATION

### Board Meeting Minutes

Wednesday, April 26, 2023

Hilton Garden Inn Laramie

2229 Grand Avenue

Laramie, WY 82070

**Board Members Present:** Jim Willox- Chairman, Gina Monk- Vice Chairwoman, Dave Snyder, Todd Peterson, and Lori Brennan

**Board Members Attending via Zoom:** Ed Liebrecht- Secretary, Gerry Marburger- Treasurer, Sandra Wallop and Mary Throne

**Staff Members Present:** Jon Clontz- CEO, Robin Medina- COO, Loy Jackson- CFO, and Dave Stevens

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

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#### **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.

#### **Approval of the Minutes:**

Minutes from Wednesday, January 25, 2023

- Board Vice Chairwoman Gina Monk questioned page 6 of the minutes regarding the Department of Health and the problem gaming funds and where it goes.
  - Minutes will be changed to “Department of Health team is unsure of the allocation details.”
- Minutes were approved with a Motion made by Board Member Dave Snyder.

#### **CEO Report:**

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

- Main happenings
  - **MUSL Directors Meeting in New Orleans next month**
    - Items to be discussed:
      - Powerball sales in Australia will go live June 24<sup>th</sup>
      - MegaMillions price point being raised to \$5.
  - **NASPL Annual Meeting will be held in Milwaukee in October**
    - Board Members are welcome to attend

- WyoLotto will be up for the Sharon Sharp Award (highest revenue in a fiscal year)
        - This was won in 2018
- **Problem Gambling Certification**
  - Robin Medina has been spearheading this effort
  - Confident that we will achieve this by mid-summer
    - NCPG is in Washington DC in July, 2023
- **New Employee / Product Manager**
  - Marty Baker
    - Will be here May 15<sup>th</sup>
    - He has a lot of experience in sales
    - Mark Delphy will not be coming back due to the expense. Mark left detailed notes and is available to speak with Marty over the phone
- **MUSL Audit**
  - Completed and passed with no issues
- **Cowboy Draw and Keno Audit? – Question from Chairman Jim Willox**
  - GLI reviews and tests Cowboy Draw and Keno
- **Meeting with Boards and Commissions Office**
  - Scheduled for Monday with Gabi Farmer from the Governor’s Office regarding reappointments
  - The office has been very efficient
- **Meeting with Sheriff Kozak (Sheriff for Laramie County)**
  - Meeting regarding sponsorships through his department
  - Would like to reengage with the Chief’s of police across the state
    - Wants to reconnect with the law enforcement regarding the expansion of gambling
  - Chairman Willox agreed and stated Mr. Clontz should meet with the new executive director
  - Also is working on getting a meeting with Forrest Williams from DCI
- **Record setting fiscal year**
  - An estimated \$44 Million
    - Driven by jackpots, expansion, marketing and promotions
    - Two transfers in a row to the state consisted of over \$2 Million
    - Many winners and a lot of revenue is going back to the retailers
    - The winner of the \$3.6 Million Cowboy Draw jackpot is still out there. He has reviewed the security footage and knows what the gentleman looks like. We will have a celebration at the store in Casper where the winning ticket was sold.
    - The winner has 180 days to come forward and there is no leeway
- **Player Services Specialist**
  - Temp (Elaine) is doing an excellent job
  - Elaine put in her resume for the front desk job
  - Elaine was by far the best candidate out of 4 interviews, and she accepted the offer to work at the lottery

## **Financial Presentation:**

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WLC CFO Loy Jackson presented an overview of the Financials.

### **Balance Sheet / As of March 31, 2023**

- FY'23 / Quarter 3
  - Total Checking and Savings
    - \$10.8 Million
  - Responsible Gambling Fund
    - \$195,000
  - Total Assets
    - \$12.4 Million
  - Accounts Payable
    - \$548,000
  - State Transfer
    - \$2.1 Million
  - Prizes Payable
    - \$4.3 Million
  - Unclaimed Prizes
    - \$864,000
      - The unclaimed prize fund can only be used for prizes or responsible gambling per statute
  - Net Income
    - \$1.5 Million
  - Total Liabilities and Equity
    - \$12.4 Million

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

- Income / Revenues
  - Mega Millions Sales
    - \$2.6 Million
  - Powerball
    - \$2.1 Million
  - Cowboy Draw
    - \$5.4 Million
  - Lucky for Life
    - \$689,000
  - Keno
    - \$1.5 Million
      - The reserve account has over \$3 Million to use for prize payouts
  - 2by2
    - 319,000
  - Total Income
    - \$12.5 Million
- Total COGS
  - \$8.8 Million
- Gross Profit

- \$3.7 Million

### **Operating Expenses**

- Total Operating Expenses
  - \$951,000
- Net Operating Income
  - \$2.7 Million
- Net Income Before Transfer
  - \$2.7 Million
- State Transfer
  - \$2.1 Million
- Net income after the transfer
  - \$653,000

### **Profit/Loss - July 2022 through March 2023**

- Total income / Revenues
  - \$36 Million
    - Increase of \$15.6 Million over the prior year
- Total COGS
  - \$25 Million
    - Increase of \$5 Million over the prior year
- Gross Profit
  - \$10.5 Million
    - Increase of \$5.4 Million over the prior year
- Total Operating Expenses
  - \$3.4 Million
    - Increase of \$641,000 over the prior year
- Net Operating Income
  - \$7.1 Million
    - Increase of \$4.7 Million over the prior year
- Net Income Before the State Transfer
  - \$7.2 Million
    - Increase of \$4.8 Million over the prior year

### **Profit & Loss / Budget vs. Actual / January 2023 through March 2023**

- Total Income
  - \$12.5 Million
    - Budgeted Amount / \$8.8 Million
- Total COGS
  - \$8.8 Million
    - Budgeted Amount / \$6.8 Million
- Gross Profit
  - \$3.7 Million

- Budgeted Amount / \$2 Million
  - Total Expense
    - \$951,000
      - Budgeted Amount / \$940,000
  - Net Income
    - \$2.7 Million
      - Budgeted Amount / \$1 Million
  - Net Income Before Transfer to the State of Wyoming
    - \$2.7 Million
      - Budgeted Amount / \$1 Million
    - Transfer to the State of Wyoming \$2.1 Million
    - Net Income After Transfer
      - \$674,000

**Profit & Loss Budget vs. Actual / July 2022 through March 2023**

- Total Income
  - \$36 Million
    - Budgeted Amount / \$23.2 Million
- Total COGS
  - \$25.5 Million
    - Budgeted Amount / \$17.8 Million
- Gross Profit
  - \$10.5 Million
    - Budgeted Amount / \$5.4 Million
- Total Expense
  - \$3.4 Million
    - Budgeted Amount / \$3.5 Million
- Net Income
  - \$7.2 Million
    - Budgeted Amount / \$1.9 Million
- Net Income Before Transfer to the State of Wyoming
  - \$7.2 Million
- Transfers to the State of Wyoming
  - \$5.7 Million
- Net Income After Transfer to the State of Wyoming
  - \$1.5 Million

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

- Total Responsible Gambling Expenses
  - \$12,756.00
- Responsible Gambling Balance
  - \$195,000
- Unclaimed Prize Fund Balance as of 3/31/2023
  - \$864,000

Retained net proceeds balance report included discussion of a total of \$2.7 Million that is internally allocated to the new building fund. The board members would like to see what the allocation is between the building fund and the reserved prize fund. Ms. Jackson will include the report regarding the building fund in the financials from now on.

Board Member Ed Liebzeit questioned whether the money in the accounts is insured. Board Member Lori Brennan explained that \$250,000 is insured by FDIC. Board Member Liebzeit would like to see all the money fully insured. Chairman Willox stated we will continue to investigate this more in depth.

Vice Chairwoman Gina Monk made a motion to approve the financials as presented. The motion was seconded by Board Member Todd Peterson, 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
  - \$35.6 Million
- FY'23 Projected sales
  - \$23 Million

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

- Total sales FY'23
  - \$35.6 Million
- Total sales FY'22
  - \$20.2 Million

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

- FY'23 Average weekly sales
  - \$912,000
- FY'23 Weekly pace amount with Keno
  - \$616,000
- FY'22 Average weekly sales
  - \$519,000

#### **Total 3<sup>rd</sup> Quarter Sales: FY'23 Actual vs. Projections**

- FY'23 Q3 Actual Sales: \$12.6 Million
- FY'23 Q3 Projected Sales: \$8.8 Million

#### **Powerball Sales: FY'23 vs. FY'22**

- FY'23 sales to date: \$9.9 Million
- FY'22 sales to date: \$4.5 Million

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

- FY'23 sales to date: \$8.5 Million
- FY'22 sales to date: \$3.8 Million

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

- FY'23 sales to date: \$11.1 Million
- FY'22 sales to date: \$6.1 Million

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

- Total sales for FY'23: \$2.1 Million
- Total sales for FY'22: \$2.2 Million

**2by2 Sales: FY'23 vs. FY'22**

- Total sales for FY'23: \$1 Million
- Total sales for FY'22: \$1.4 Million

**Keno Sales FY'23**

- Total sales for FY'23: \$2.9 Million

**WLC Product Sales YTD**

- Total sales YTD PB: \$9.9 Million
- Total sales YTD MM: \$8.5 Million
- Total sales YTD CD: \$11.1 Million
- Total sales YTD L4L: \$2.1 Million
- Total sales YTD 2by2: \$1 Million
- Total sales YTD Keno: \$2.9 Million
- Total sales YTD Round Up: \$3.2 Million

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

- Round Up total sales FY'23 YTD: \$3.2 Million
- FY'23 total plays: 229,000
- Round Up total sales FY'22: \$3 Million
- FY'22 total plays: 207,000

**Marketing Update**

- Keno Campaign
  - Campaign Impressions – Goal of Awareness
    - Billboards – 1.8M impressions
    - Radio – 815K impressions
    - TV – 5.8M impressions
    - Print – 921K impressions
    - Social – 3.6M impressions

- YouTube – 502K impressions
    - Programmatic – 2.9M impressions
    - Wyoming websites – 824K impressions
  - Results
    - Exceeded awareness goal by meeting and/or exceeding impression goals
- **Keno Parties**
  - Testing phase of KENO Parties
    - Focus on supporting retails by providing education and increasing awareness
    - February 14<sup>th</sup>
      - AmVets Post 10 in Cheyenne
    - March 17<sup>th</sup>
      - Hank’s Roadside Bar & Grill in Wrght
    - March 24<sup>th</sup>
      - One Eyed Buffalo Saloon in Thermopolis
    - March 31<sup>st</sup>
      - Johnny Mac’s in Rock Springs
- **Upcoming KENO Promotion #1**
  - June 1 – Keno Bogo
    - Increase awareness for non-players and motivate trial play
    - Incentivize an increase in play by existing players
  - How the promo works
    - Buy \$5 KENO ticket and get a \$2, 4-spot ticket for free
    - During “happy hour” 5pm to 7pm every Friday in June and October
    - Statewide push at all locations
    - Marketing will be in all retailers with an extra focus at Hang n’Play locations
- **Upcoming KENO Promotion #2**
  - July 1 – August 19<sup>th</sup>
    - Partnerhsip with Atlas Experiences
    - Second changes promotion for any KENO ticket purchased during dates
    - One winner and guest will go to a private concert in Nashville in February 2024
      - 3 days in Nashville
      - \$10,000
      - \$500 spending cash
      - Flight and meals
      - Chance to win \$500,000
- **Player Appreciation**
  - Ran from March 13<sup>th</sup> to March 17<sup>th</sup>
  - Celebrated Cowboy Draw and 2by2 Anniversaries



- App exclusive Starbucks Coffee Card Promotion
  - Covered coffee tab for all players over the state including Casper, Rock Springs, Sheridan, etc.
  - Utah players participated as well
- **Big Jackpot Support**
  - July: Mega Millions jackpot - \$1.34B
  - November: Powerball jackpot- \$2.01B
  - January: Mega Millions jackpot – 1.35B
  - April: Cowboy Draw jackpot growing to highest ever at \$3.5M
  - Seeing media jackpot fatigue, so extra efforts included:
    - Social posts
      - Facebook
      - Instagram
    - Player emails
      - CD Jackpot and Roundup messaging
    - Media alerts
      - CD Jackpot and Roundup messaging
- **Up next**
  - Responsible gambling:
    - Verifications and Coalition
    - FY24 Marketing Plan
    - Keno Revenue Generating Tactics

**Governance Report:** Matt Kauffman, Jon Clontz and Dave Stevens

- Matt Kaufman reported that many lotteries have launched a brand-new program and are promoting responsible gaming and people to save money. Lotteries have partnered with local banks for people to open a special savings account, where if you deposit money into that account, all the participants with that type of account a portion of the interest is pooled to buy lottery tickets. If the pool of people wins, the winnings will be shared amongst those account holders.
  - Promotes saving money
  - Promotes the lottery and the money given back to the state
- Mr. Kaufman will discuss bank account diversification and will be talked about in executive session
- Mr. Kaufman will be sending an email asking for nominations for officers
- Mr. Kaufman also addressed the lottery emails
  - Would like to have all of the Board Members use their lottery email instead of their private email
    - Due to public records requests reasons
- Dave Stevens addressed the request from DCI on our background check procedure
  - There is language in our statute that prohibits DCI from giving us criminal history information on retailers, vendors and employees

○ He would like to try and get that language changed in the statute with Matt's help

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

**Meeting Adjournment:** Chairman Willox announced the closure of the meeting at 12:28p.m.