

WYOMING LOTTERY CORPORATION
Board Meeting Minutes
Friday, April 26, 2024

Little America Hotel & Resort – Cheyenne
2800 W. Lincolnway
Cheyenne, WY 82009
In Person and Zoom Video Conference

Board Members in person: Gina Monk- Chairwoman, Todd Peterson- Vice Chairman, Dave Snyder- Secretary, Frosty Williams, and Jim Willox.

Board Members via Zoom: Sandra Wallop and Gerry Marburger- Treasurer

Board Members not present: Mary Throne

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

Staff Members via Telephone/Zoom: David Stevens- Chief Security Officer

Guests Present: Matt Kaufman-Legal Counsel and Jessie Dafoe- Governmental Affairs Consultant

Establish Quorum:

Chairwoman Gina Monk called the meeting to order at 8:31 a.m. with a roll call of board members and staff members.

Agenda Approval:

Chairwoman Monk presented there were no additions or changes requested to the agenda.

Approval of the Minutes:

Minutes from January 25, 2024

It was noted that Lori Brennan was not included in the “Board Member Present” section however, she did attend via Zoom for the January 25, 2024 Board Meeting.

Following a Motion from Jim Willox and seconded by Board Secretary David Snyder, the minutes were approved by a unanimous vote.

CEO Report:

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

- Transfer to the State of Wyoming
 - Over \$1.3 Million
 - This transfer includes money being added to the reserve fund and the purchase of the building
 - The KTD Sales have also picked up which helps add money to the transfer
 - Mega Millions Changes
 - Significant Changes – WLC will start development in September and the change will go live on April 8, 2025. WLC will publicly announce the changes January 1, 2025, to allow players to understand the changes before it goes live
 - \$5 Price Point
 - Embedded Multiplier
 - Product will grow quickly and potentially add more billion-dollar jackpots (5-6 a year)
 - Odds are better for the high tier winners
 - Could cost around \$500K due to:
 - 3rd Party Testing
 - Intralot tests their side of the system
 - WLC must test our side of the system through a 3rd party test
 - WLC has discussed bringing the “testing” side of the system “in-house” due to the amount of money that is spent however, WLC will also take on the liability if something goes wrong
 - Announcements
 - Training
 - Cowboy Draw could hurt because of the \$5 price point
 - It is possible to change the price point of Cowboy Draw
 - Add a multiplier or do something to draw players back to Cowboy Draw
 - However, the odds are better to win \$1,000 with Cowboy Draw
 - WLC will not be adding a new game this year due to the changes with Mega Millions, i.e. perfect pick
 - Adding all games to the KTD machines to maximize efficiency and having players get access to all the games on one machine
 - Getting debit cards approved would also help maximize efficiency
- New Building Update
 - WLC has closed on the new building and is moving forward
 - One of the tenants will be out in October
 - The other set of tenants will be out in the next few months
 - Inspections have been completed
 - First Phase
 - Build Server Room and make it secure
 - Sign out front will be updated
 - Security for Elaine’s area so it can be opened as a retail location

- May 1st WLC will start collection rent from Taco John's which will be \$8,000 a month. They have 2 months left on their lease with an option to renew their lease
- WLC is exploring options on building a secured enclosed carport to bring the vehicles from storage to the new building and not have to pay storage fees anymore
- No additional storage will be needed
- A lot of items (i.e. office furniture, kitchen appliances, cubicles) will need to be sold, thrown away, given away, or sent to state surplus
- WLC has 17 months to get construction done and moved in before the lease at the current WLC building ends
- \$695,000 in the new building fund will be used for the remodel
- The WLC still owns the land as well and can be sold when the Board authorizes the sale
- There has been zero activity within the legislative area but there are some things to note:
 - Two-year study with the JAC
 - Studying gaming as a whole
 - Jessie Dafoe and Matt Kaufman will be attending the meetings with talking points and will have a plan in place if any questions arise.
 - This study does not directly involve the WLC, but we will keep a close eye on the activities
- Special projects over the summer
 - Jackson Rodeo – Campaign on giving back commercial
 - Outreach plan
 - Visiting smaller areas over the state and attending special events

Financial Report:

WLC CFO Loy Jackson presented an overview of the Financials. All Directors had received detailed statements prior to the board meeting. Statements are attached.

Questions from Board Members:

1. Board Member Jim Wilox
 - a. Can we use unclaimed prize funds for the Mega Millions testing?
 - i. No – These funds can only be used for prizes or responsible gambling
2. Vice Chairman Todd Peterson
 - a. What is the insurance for the New Building?
 - i. We will get back to him with the number
3. Vice Chairman Todd Peterson
 - a. What is the Gaming Retail Validation Bonus?
 - i. 1% bonus when the retailer pays out a winning ticket

Vice Chairman Peterson made a motion to approve the financials as presented. The motion was seconded by Board Member Sandra Wallop, and the motion passed by a unanimous vote.

Marketing Report:

WLC COO Robin Medina presented the Marketing Report.

Sales Update Report

FY'24 Actual vs. Projection

- FY'24 Actual Sales YTD: \$32 Million
- FY'24 Projected Sales YTD: \$22.3 Million
- Sales were over projection YTD: 43.04% and \$9.6 Million

FY'24 vs. FY'23

- Total sales for FY'24 was \$32 Million
- Total sales for FY'23 was \$35.6 Million

Actual Weekly Sales FY'24 vs. Actual Weekly Sales FY'23

- FY'24 Average weekly sales: \$818,000
- FY'24 Weekly pace amount: \$572,000
- FY'23 Average weekly sales: 912,000

3rd Quarter FY'24 Actuals vs. Projections

- FY'24 Quarter 3 Actual Sales: \$8.9 Million
- FY'24 Quarter 3 Projected Sales: \$7.4 Million

Powerball FY'24 vs. FY'23

- FY'24 sales to date: \$10.7 Million
- FY'23 sales to date: \$9.9 Million

Mega Millions FY'24 vs. FY'23

- FY'24 sales to date: \$7.2 Million
- FY'23 sales to date: \$8.5 Million

Cowboy Draw Sales FY'24 vs. FY'23

- FY'24 sales to date: \$7 Million
- FY'23 sales to date: \$11 Million

Lucky for Life Sales FY'24 vs. FY'23

- Total sales for FY'24: \$2.1 Million
- Total sales for FY'23: \$2.1 Million

2by2 Sales FY'24 vs. FY'23

- Total sales for FY'24: \$862,000
- Total sales for FY'23: \$1 Million

Keno Sales FY'24 vs. FY'23

- Total sales for FY'24: \$4.1 Million
- Total sales for FY'23: \$2.9 Million

WyoLotto Product sales YTD

- Total Sales YTD for Powerball: \$10.8 Million
- Total Sales YTD for Mega Millions: \$7.2 Million
- Total Sales YTD for Cowboy Draw: \$7 Million
- Total Sales YTD for Lucky for Life: \$2.1 Million
- Total Sales YTD for 2by2: \$862,000
- Total Sales YTD for Keno: \$4.1 Million
- Total Round Up Sales: \$2.8 Million

Round Up Sales FY'24 vs. FY'23

- Round Up total sales FY'24 YTD: \$2.8 Million
- Round Up total sales FY'23 YTD: \$3.2 Million

Marketing Update

Freebie Friday results

- Ran 5 BOGOs, one on each Friday of March
- Promotion is building awareness of KENO since it is still a new game
- Promotion also encourages more spend per transaction because of the \$5 price point to get the \$2 free
 - Promoted through digital ads, social, email, app, pads, KENO monitors and the website
 - Average Friday net sales during non-BOGO: \$20,000
 - Average Friday net sales during BOGO: \$30,000
 - Total Net: \$150,363

KENO Brand Campaign

Campaign materials from original launch campaign, featuring new character. Goal is raise awareness of KENO in Wyoming.

- Digital ads
- Social media ads
- Billboards
- Radio
- YouTube
- Website
- Email
- Social
- App
- Pads

- Bitmap
- Terminal messages

KENO Research

Conducted follow-up research in two Keno jurisdictions (OH/NH) that have seen great success with the product. Primary research focus was on gaining insights into maximizing KTD's sales performance. Research also includes lottery visits and retailer/customer interactions.

Key Insights:

- Average of 80 – 85% of Keno sales are generated from KTD's in both OH/NH
- Adding all products to the KTD adds excitement and more options of play
- Evaluate new POS materials drawing attention to the KTD, i.e. neon signs, KTD instructional inserts and help screens, and new horizon screens that are more dynamic and draw attention to the KTD
- Keno parties transitioning to KTD focused incentivize with free play
- Keno BOGO promotion only on KTD. (KTD sales increase during the Freebie Friday promotion)

Jackpots:

Promoted through app, PR, social and player emails

- Mega Millions reached \$1.13 Billion
- Powerball reached \$935 Million
- Cowboy Draw reached \$615,000

Responsible Gambling Planning Verification

This verification validates the commitment WyoLotto has to promotion responsible gambling in Wyoming. Our plan demonstrates our commitment through employee training, retailer training, research, public awareness and advertising. The plan is a two-year execution strategy to complete tasks

- We have completed the submission and passed the verification
- Next Steps:
 - Present the plan to employees
 - Develop structure for Employee Training
 - Attend NCPG Annual Conference in July
 - Develop structure for Retailer Training
 - Work with WRGC on research

What comes next...

- UW Rodeo Event, April
- Marking Plan, February – June
- Corporate Campaign, August

Governance Report:

CEO Clontz and Matt Kaufman presented the Governance Report.

Matt Kaufman reiterated CEO Clontz's statement regarding the 2-year study that the JAC was conducting regarding gambling in the state of Wyoming. He stated that the gaming commission is trying to slow down the expansion of gaming in the state however, the WLC has not been brought into this issue. These issues are solely regarding skills games, online sports betting and horse racing games. The JAC is wanting to restructure the gaming commission at some point. Matt Kaufman would like some board members to be present at the JAC meetings, if necessary.

Matt Kaufman also discussed multiple state lottery trademark issues and there has been some litigation regarding this.

Executive Session:

The motion was made by Board Member Jim Willox to move into Executive Session. The motion was seconded by Vice Chairman Peterson, and the motion passed by a unanimous vote.

Meeting Adjournment: Chairwoman Gina Monk announced the closure of the meeting with the motion to adjourn by Board Treasurer Marburger, seconded by Chairwoman Monk, and passed with a unanimous vote.