

WYOMING LOTTERY CORPORATION
Board Meeting Minutes
Friday, June 28, 2024
In Person and Zoom Video Conference

Board Members in person: Gina Monk- Chairwoman, Lori Brennan, and Frosty Williams

Board Members via Zoom: Todd Peterson- Vice Chairman, Gerry Marburger- Treasurer, Dave Snyder- Secretary, Jim Willox

Board Members not present: Sandra Wallop and Mary Throne

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

Guests Present via Zoom: Matt Kaufman-Legal Counsel and Jessie Dafoe- Government Affairs Consultant

Establish Quorum:

Chairwoman Gina Monk called the meeting to order at 8:30 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.

CEO Report:

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

- COO Robin Medina and Mr. Clontz just returned from Georgia regarding a meeting with Intralot.
 - Discuss strategy with Intralot
 - WLC has seen a slow decline in strategy and direction
 - Intralot's structure needs to be tightened up otherwise WLC will look for a different vendor or bring everything "in-house"
 - Byron Boothe (old Intralot CEO) will be helping to put together a strategy plan for Intralot regarding the needs of the WLC
 - New Intralot CEO discussion
 - Intralot will be getting another CEO
 - This will be the 5th CEO in 11 years
 - Other jurisdictions are having the same issues with Intralot
 - Operation and government affairs are the 2 operations that needs to be focused on with Intralot
 - Government Affairs project would be:
 - Debit Cards
 - Scratch Products
 - And putting all games on the KTD machines

- Operations
 - Intralot will come out and meet with WLC
 - Back to the fundamentals
 - Set a direction
 - List of items they must do with retailers and employees
 - Better reports and more returned
 - Need to be out in the field more with players and retailers
 - KENO
 - Parties and interactions with players need to happen more
- KENO KTD Machines
 - They are working great in retailers
 - Numbers are rising
- Sales
 - Over \$1.3 Million will be transferred to the State
- New Building
 - RFP is almost ready to be sent out
 - \$650,000 is the cap on the RFP
 - Meeting with Taco John's staff went well
 - Will be working with them on improvements to their floor
- New CFO
 - CFO Loy Jackson has announced her retirement for February of 2025.
 - Will be looking for a new person to fill her position
 - Loy will be helping in any way when the new hire takes place

Questions / Comments from Board Members:

NONE

FY'25 Sales Projections and Budget Proposal

COO Robin Medina and CFO Loy Jackson presented the Sales Projections and Budget Proposal. All directors had received detailed statements prior to the board meeting. Statements are attached.

Questions from Board Members:

Board Member Jim Willox: Mega Millions change seems to be extremely expensive.

CEO Clontz and COO Medina explained that there are not enough companies that do the testing and WLC needs to have a third party to test and verify the change. A big portion of this amount for the Mega Millions change is Media Buy. It is very expensive to advertise in Wyoming and inform the players of the change. WLC will work with the company to negotiate costs and if possible WLC will do what we can to lower the costs for the media buy.

Board Member Frosty Williams: The building renovation is set at \$650,000 but why is the roof repair, concrete repair, window repair and gutter repair in a different line item and separate from the building renovation?

CFO Jackson: The \$650,000 is for the RFP only and it is very specific on what needs to be done in the building. Roof, concrete, window and gutter repairs are not included in the RFP.

CEO Clontz expressed his desire to make sure that only the necessary renovations needed to be completed before WLC moves to the new building. A lot of renovations could wait if needed and could be completed afterwards. Taco John's and Intralot will be renting from the WLC so that will help pay for the monthly expenses.

Board Treasurer Gerry Marburger: How much of the costs of the new building will be capitalized?

CFO Jackson: \$935,000 will be capitalized.

Board Treasurer Marburger: Will that be paid for by using the cash reserves?

CFO Jackson: Yes, it will come out of the new building fund that WLC has.

CEO Clontz: We are going to work with Charlie McIntyre, who is the CEO of the New Hampshire Lottery who just went through this, and Jon will ask for his opinion and advice on how to maneuver through showing the costs.

Board Member Willox: Doesn't think making a separate budget for the building would be necessary. Another line item to state the transfer from "reserves" would accomplish what is needed, which would be able to communicate the capitalizations.

Board Secretary Marburger: Agreed. If it gives a clear picture of the operations for the year, that will suffice.

Chairwoman Gina Monk: Would like to see more of a "footnote" to explain what is happening with the reserve fund/new building so it is communicated through the Governor's office correctly.

CFO Jackson: Suggests adding the notation and sending it to the Board for their review before it goes to the Governor's Office. She will note at the bottom that all capitalized line items will follow the \$935,000. She will not add the reserve as an income.

*She will take those line items out and build a memorandum to the budget for the Board

Board Member Willox: What is CFO Jackson going to call "net income before transfers" on the information presented?

CFO Jackson: She will take out the \$935,800 regarding the building. That will be put into a memorandum in a separate schedule for the building expenses. The \$935,800 would be in addition to \$692,000 which would come up to almost \$1.7 Million.

Board Member Frosty Williams made a motion to approve the Sales Projections and Budget Proposal with the change to remove the building portion that will be capitalized to show the bottom line to be \$1.7 Million. The motion was seconded by Board Member Lori Brennan, and the motion passed by a unanimous vote.

Short Term Investment Strategy:

CFO Jackson helped present information regarding a potential investment strategy.

Currently earning interest through savings accounts at Jonah Bank at 2.25%

- Investment Opportunities
 - Jonah Bank Wildcatters
 - Earning 2.6%
 - Charles Schwab
 - Treasury Money Market Fund
 - Earning approximately 5%
 - Not FDIC Insured
 - CD's
 - 3 – 18 months
 - Earning approximately 5.40% to 4.95%
- Available investment funds include:
 - Original Reserve Fund - \$800,000
 - Unclaimed Prize Fund - \$1.5 Million
 - Retained Net Proceeds – Up to \$1 Million
 - Fidelity Account - \$250,000

Matt Kaufman added that his recommendation would be to have a written consent resolution that the board would approve, and this could be done on an annual basis. The primary reason for this is that the auditors have something to compare against and look at what CFO Jackson is doing with excess cash in comparison to any Board directives. WLC does not currently have an investment policy and there is no requirement to have one. This could be something that the Board revisits as needed or on an annual basis. WLC can take what the Board has directed today summarize that in a corporate resolution and circulate to all the board members. He would just like to have direction from the Board on how to proceed with the policy. The auditors need the information to be shown that the Board approved investment strategies.

Vice Chairman Todd Peterson: Because we are not required to have a policy, he believes the resolution would work fine.

Treasurer Marburger: Likes the concept and each year the members of the lottery would make a recommendation to the Board regarding the investment strategy.

Board Member Willox: Likes the ideas of CD's.

Matt Kaufman: Would just like to see the Board come to a consensus and he would work with Loy to get a simple written resolution together and to the Board. This would then be worked on through the finance subcommittee.

Chairwoman Monk: Agreed with the recommendation from Matt.

Other News:

Chairwoman Monk: Sandra Wallop has resigned from the Board effective immediately.

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