

DRAFT
MONTANA LOTTERY COMMISSION MEETING MINUTES
2525 North Montana Avenue
Helena, Montana 59601
March 24, 2022 @ 9:00 – 12:18 a.m.

COMMISSION MEMBERS

Leo Prigge, Commission Chair
Tony Harbaugh, Commissioner
Steve Morris, Commissioner
Jon Metropoulos, Commissioner
Dwayne Iverson, Commissioner
Denise Blankenship, Commission Secretary

MONTANA LOTTERY STAFF

Scott Sales, Lottery Director
Bryan Costigan, Security Director
Armond Sergeant, Finance Services Director
Anne Charpentier, Marketing and Sales Director
Phil Charpentier, IT Services Director
Mike Arnell, Network Administrator
Jay Boughn, Instant Product Manager
Daniel Iverson, Communications Manager
Logan Jackson, Sales Manager
Chase Peaslee, Online Creative Services Manager
Debbie Sebens, Region 4 Sales Rep.
Jolene Boyd, Quality Assurance Analyst

INTRALOT

Ben Kamerzel, Intralot General Manager
Paul Ostendorf, Intralot Regional Director
Byron Boothe, Intralot Chief Executive Officer
Patrick Johnston, Intralot Business Analyst
Jillian Nash, Intralot Events Specialist

MONTANA COIN MACHINE OPERATOR'S ASSOCIATION

Ronda Wiggers, Wiggers Consulting

MONTANA TAVERN ASSOCIATION

John Iverson, Government Affairs Consultant

GAMING INDUSTRY ASSOCIATION OF MONTANA

Sauna Helfert, Executive Director

MONTANA COUNCIL ON PROBLEM GAMBLING

Brad Longcake, Executive Director

MT PETROLEUM MARKETERS AND CONVENIENCE STORE ASSOCIATION

Brad Longcake, Longcake Consulting

WENDT AGENCY

Jennifer Fritz, Senior Account Manager

406 MT SPORTS / COLLEGE BIG SKY CONFERENCE

Reggie Tillerman

DEPARTMENT OF ADMINISTRATION

Don Harris, Chief Legal Counsel

GAMBLING CONTROL DIVISION

Rusty Gackle, Administrator

Jason Johnson, Compliance Manager

UNIDENTIFIED PARTICIPANTS

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Inaudible Participant

GENERAL BUSINESS

INTRODUCTION AND CALL TO ORDER: (0:12 – 3:09) Commissioner Prigge called the meeting to order at 9:00 a.m. and took roll call to ensure there was a quorum to conduct business. All Commissioners were present. The Lottery Director's and Lottery staff introduced themselves. Phil Charpentier, IT Director identified those participants who dialed into the Zoom meeting.

VOTE – ELECTION OF COMMISSION CHAIR: (3:10 – 4:15) Commissioner Prigge noted the next item of business is to elect a new Commission Chair. Commissioner Prigge offered to continue as Commission Chair for the duration of his term. Commissioner Iverson made a motion to elect Leo Prigge to chair the Commission. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to elect Leo Prigge as the next Commission Chair.

INTRODUCTION OF NEW STAFF: (4:21 – 8:23) Director Sales introduced the new Commissioners Jon Metropoulos and Dwight Iverson who were appointed to the Commission in January and new Lottery employees. "The Lottery has two new employees. LuAnn Gleed began working for Finance Services as the Accounts Payable Clerk on January 3, 2022. LuAnn has worked for the State of Montana for eight years, previously with the Department of Health and Human Services. Before that she worked at Heritage Propane in the Accounting Department until they closed. LuAnn was born and raised in Montana, and she raised a family of three boys in Helena. In her free time, she enjoys working on home improvement projects and in her yard. Dan Iverson joined the marketing team as the Communications Manager, replacing Jennifer McKee. Dan previously worked for the Lottery from 2010–2014 and has returned after eight years at the Department of Commerce, where he worked primarily for the business development and tourism divisions. Most recently he managed the state's tribal tourism program. Dan is a transplant from Utah, where he studied communication at Westminster College."

VOTE – APPROVAL OF PRIOR MEETING MINUTES: (8:46 – 9:19) Chairman Prigge asked if there were any objections, comments, or corrections to the past meeting minutes of December 9, 2021. Commissioner Morris made a motion to approve the minutes. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to approve the prior meeting minutes.

ARMOND SERGEANT, FINANCE SERVICES DIRECTOR: (9:24 – 26:09)

**Financial Statements
December 31, 2021**

Statement of Net Position – Page 2

Current Assets: The total current assets of \$12,180,000 are \$3,014,000 higher than last year at this time. The main differences are our increase in Cash and Cash Equivalents and our Net Receivables:

- Our Cash and Cash Equivalents were \$1,030,000 higher than last year which is due to the higher sales and Montana Millionaire, which created the large transfer that Lottery was still holding onto at that time.
- Our Net Receivables have increased by \$2,147,000 compared to last year at this time. This is due to larger sweeps that are due to Sports Bet activity compared to last year. Also, we were in the middle of two large jackpots with Powerball and Mega Millions.

Non-Current Assets: Total non-current assets of \$1,203,000 have decreased by \$55,000 between this year and last year. The reasons for this decrease are a decrease in our Multi-State Reserve Fund and a decrease in our capital assets, i.e., our vehicles.

- The Multi-State Reserve Fund decreased by \$46,000, which is adjustments MUSL makes on behalf of all lotteries. The capital asset account decreased by \$41,000, which was the lottery sending two vehicles and a trailer to surplus property to be sold.

Current Liabilities: Current liabilities of \$12,311,000 have increased by \$3,000,000 between this year and last year. This difference is due to the increase in our Estimated Prizes Payable and our transfer obligations.

- There was an increase in our Estimated Prize Liability of \$1,316,000 due to the increase in sales activity, which was due to the two jackpots running and the receivables directly related to what we may owe in prizes. Also, we had an increase in our liability for Montana Millionaire. The transfer obligations are related to our bottom line each quarter, which increased by \$1,596,000.

Non-Current Liabilities: Non-Current liabilities of \$3,904,000 is approximately \$899,000 higher than last year at this time. Most of the increase was due to our pension liability.

- The net pension liability increased by \$676,000 compared to last fiscal year. This is a calculation that state accounting makes on our behalf using actuarial information they receive.

All of the above increases and decreases resulted in total assets and deferred outflows of \$14.2 million, which is \$3,470,000 higher than last year at this time.

Statement of Revenues, Expenses and Changes in Net Position –Page 3

Operating Revenues: For the six months ended December 31, 2021, operating revenue was \$60,691,000, which is an increase of \$8,634,000 compared to last year or an increase of 16.6%. For the six months ended: Powerball Revenue increased by 46.8%; Montana Millionaire increased by 38.9%; Mega Millions increased by 11.7%; Treasure Play increased by 12.3%; Lucky for Life increased by 38.6%; Big Sky Bonus increased by 28.4%; and Sports Bet increased by 25.1%. While: Scratch Revenue decreased by 4.7%; Montana Cash decreased by 30.7%; and Lotto America Revenue decreased by 0.6%.

Direct Game Costs: Direct game costs increased approximately \$6,803,000 or a 15.7% increase compared to last year at this time, which is in direct relation to sales and increases and decreases in ticket and prize cost. The increase in operating revenues and the increase in direct game costs resulted in Net Operating Revenue of \$10,495,000, which is approximately \$1,831,000 higher than last year at this time.

Operating Expenses: Overall operating expenses of \$2,381,000 have increased by approximately \$276,000 or 13.1% between this year and last. The variances are due to a combination of increases and decreases. Bigger changes include an increase in Lottery’s advertising and advertising production and our supplies expense.

- Advertising and Advertising Production costs increased by \$167,000 compared to last year. This line item fluctuates each year, based on quarterly needs, promotions, and high running jackpots.
- Supplies Expense increased by \$125,000 compared to last year. There are several factors to this increase. One is a large purchase of bags/boxes that was needed and hadn’t been ordered in years. Others are a decrease in inventory due to no events and getting Sports Bet promos out in the field.

Total Non-Operating Revenue and Expenses: Our overall non-operating revenue/expenses have increased by \$3,050. This is due to our sale of a vehicle at this time. The others were sold in the next quarter. The combination of the 21.1% increase in net operating revenue and a 13.1% increase in total operating expenses resulted in a quarterly transfer of \$5,261,000. This is \$1,596,000 higher than last year or a 43.6% increase. The percent of the transfers to revenue is 14.7% for the six months ended compared to 12.4% for last year at this time.

Statement of Revenues, Expenditures, and Changes in Net Position and Reconciliation of Budget and Actual – Page 4

This statement for the quarter ended December 31, 2021, shows:

- Total Revenues are 54.36% of budget.
- Total Direct Game Costs are at 55.55% of the budget, which are in direct relation to revenue.
- Total Operating Expenses are at 44.91% of the budget.
- Net Income (GAAP Basis) is 50.69% of the budget.

Analysis of Revenues and Expenses by Product – Page 5

This statement shows the revenue, game costs, and operating expenses, and finally net income and the profit as a percent of revenue for each game. The profit as a percent of revenue at the bottom of the schedule shows:

	As of <u>12/31/21</u>	As of <u>12/31/20</u>
Scratch	11.34%	12.32%
Powerball	35.08%	33.69%
Montana Cash	28.04%	27.39%
Montana Millionaire	26.07%	24.30%
Mega Millions	40.05%	32.95%
Treasure Play	7.66%	4.48%
Lucky for Life	21.00%	37.84%
Big Sky Bonus	15.17%	10.70%
Lotto America	35.03%	30.15%
Sports Bet	4.02%	2.34%

Montana Sports Action shows a loss because revenue for this game is shown as our 3% administrative fee only. The following 28 pages contain notes to the financial statements.

VOTE – APPROVAL OF QUARTERLY FINANCIAL STATEMENTS: (26:10 – 26:33) Chairman Prigge asked if there were any objections, comments, or corrections to the quarterly financial statements for December 2021. There being none, Commissioner Iverson made a motion to approve the financial statements. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to approve the December 2021, financial statements.

PHIL CHARPENTIER, IT DIRECTOR: (26:37 – 34:50) “Since the last meeting Lottery has deployed several updates for the sports betting environment, including the enhancements to the sales agent shift report on the sports betting terminals. This upgrade included all the details to help an agent balance their bill acceptor, but it also provides details on the number of and amounts from Payout Receipts and Credit Balance payout receipts during the shift timeframe. It provides the agents with financial data from the backend system for the exact timeframe of the shift. This provides agents with real-time assurances that terminal activity: bills into the machine, plus validations for credit, minus credit balance cash outs, equals what the backend has recorded for sales and cashing activity. Other updates and enhancements include software upgrades to improve communications, backend reporting updates, enhancements for security, mobile app improvements, and a few updates to the DUO monitor feeds. The DUOs are the large screen advertising units at sports betting locations. One notable update to the DUO screen is the reduction of markets that scroll in the ODDs dynamic slides. Lottery has updated the feed to only include U.S. markets on these screens just to clean them up for the players. Players can always view odds for all markets on the terminal betting screen, or the mobile app at will, but these advertising units will only display US markets now to streamline the slide-deck. Lottery also tested and deployed a few promotions including the March Madness risk free bet promotion. Mobile app players can opt into this promotion with a special code, then wager from 10-dollars or more on any March Madness qualifying market. If they don’t win, they will receive credit for that non-winning bet back into their account, to be used on any other sports bet, (from 10 to 20 dollars max). Lottery also restarted the March Madness Bracket Challenge promotion, where our mobile app players can attempt to select their own March Madness bracket to win a \$5,000-dollar promotional top-prize. Lottery also tested and deployed the “Lucky Every Day” promotion. This promo was geared toward traditional lotto ticket players where participating lotto tickets included a “Lucky Every Day” web code. Players Club members could use that web code to enter into the “Lucky Every Day” raffle drawings, held weekdays in Early March, culminating with the final promotional raffle drawing worth \$25,000 dollars held last Friday. Lottery also performed a Central System switchover from its Duluth primary site facility to its Helena secondary site facility back in February. The Helena site central system is now running as the primary system while the Duluth systems are acting as the backup system. Data is being replicated from the

Helena servers to the Duluth servers as system transactions are being processed. Lottery will run this configuration for another five months, and then switch back to the original configuration. This is done every six months. Not to be confused with the Sport Betting system configuration, which follows a different path for primary and secondary servers. Servers used for our Sports Betting products must reside within Montana. Our primary system configuration is located in Helena, Montana. The secondary system configuration is located in Billings, Montana. Lottery doesn't need to test this system configuring switchover from site to site. However, best practice is to do so to ensure you can. Lottery is planning this switchover in April. Switching the traffic to point to the Billings servers that will act as the primary environment, and transactional data will replicate over to the Helena sports betting servers. This will be our first attempt switching primary facilities for these servers so we will stretch our legs for a few days minimally to identify pinch points. If successful, Lottery will extend the test for up to six months just like the central system switchover schedule. Prior to this sports betting switchover in April, Lottery is planning to deploy an operating system upgrade on several of its central system servers this month. Lottery is updating the OS on those servers to the latest version. Lottery has been testing with updated OS servers for months now in its User Acceptance Testing (UAT) environment, they are finally ready for primetime later this month. After this meeting, Lottery has the Director of Information Security from the Multi-State Lottery Association, (MUSL) Bob Nitz on site for a MUSL Rule 2 on-site review and walkthrough. This review has been delayed and re-scheduled due to the pandemic. Lottery is happy to have Bob finally on-site for this review, to wrap up the remote review that was held last fall."

BYRON BOOTHE, INTRALOT CHIEF EXECUTIVE OFFICER: (34:54 – 51:14) Byron Booth is the CEO for the U.S. project. Byron reported, "I've been servicing this account since 2007-2008. It's always nice to come to a slice of heaven. Although I recognize the secret is out and there are more and more people here now when I come back. First and foremost, you have an unbelievably professional staff, they are tough, their expectations are high, but they are fair. Intralot is privileged to serve here, we serve you all of course, and we're very appreciative. It's a fantastic account, we see a lot of potential here, our investments are here, and our future investments are coming here. To give you an indication of what we perceive not only now in this market but in the wider markets and some of the risks that we're looking at. Currently in this market we think the State of Montana made a wise decision in diversifying the lottery into Sports Betting. It is bleeding edge; it is not cutting edge. The learning curve is vertical. And I say that because you are and remain the largest retail wide area network of sports betting in the United States. That is a wonderful designation, but it is also one that the whole U.S. is looking at and learning from and we are too. I think your staff has done a terrific job in holding our feet to the fire. I think your retailers have done an amazing job, not only assisting the state in learning about this practice but also policing the practice. Because of this wide area, we say that I don't want to understate that. Typically, as we've all been in casinos there is one eye looking at everything. Here it is impossible for one eye to look at everything because you have 480 plus retailers. There are things going on in a wagering environment that we all have to make sure is done correctly and done transparently. Again, the learning curve has been terrific it's been straight up and it's going to be that way for some time as this market grows and matures. The retailers are a key component here. I think for the retailer base we are interested in learning how many butts do you get in the seat? How many butts stay in the seat? What does that revenue increase look like for having this alternative to gaming? That is something now that we are starting to really get a handle on coming out of the pandemic. Unfortunately, we launched during the pandemic. Now that we are out, open, and free and doing business the way we did in 2019, we're going to hopefully see the benefits. That stated, what we're doing for this market, we are anticipating about a \$3.4 million dollar upgrade for your user experience. We anticipate that to drop before football season of 2022. Part of that is going to also be user experience regarding your self-service devices. So that will be a part of that context and how that integrates both with Sports Betting and Lottery, obviously, the input from the retailer is key. We understand the digitization that is going on throughout the United States. We understand the move to mobile that a lot of states have grasped on with sports betting operators. The key

to our business and Mr. Commissioner I know you were talking about money back to the state and investment to the state... We think that key is with the retailer. We think they have proven it time and time again. We think they are the number one, if not one of the number ones, of employment and economy for a given state. We are all in with the retailer. And I know that is where the lottery is, and we work with the lottery. In terms of digitization of that mobile model, we want to try to improve that within the retail environment. We're not trying to exclude the retailer from that, they are a part of that as we go forward. Very valuable for what we do going forward. We are not an operator, we service lotteries. We're not in this for Intralot, we don't have our own brand as far as Sports Books are concerned. We are in the lottery business and we're here to serve the state not ourselves. So, our position is to work for the Lottery, which works for the state, which provides the best economic growth. That's our goal, that's our perspective. We certainly are looking forward as we move forward with our retail partners telling the lottery what they need and then provide the technology to try and improve that experience with the retailer and player. Some of the risks that we are seeing going forward, we think the state was extremely smart in diversifying with sports betting. We see inflation as being problematic here. The price in gas for instance, now our consumers are paying \$2 more in some places per gallon. So, if you have a 15-gallon tank that's \$30.00 more, you're not going to spend on lottery. The impact on lottery going forward if this maintains is going to be a negative impact. And probably we're going to face it fairly quickly. Sports Betting is a different animal, its guided through a different process, it's a different buyer, a different player. So having that diversification is going to be necessary for the state as it moves forward. So, we think the state made a very shrewd and bold move and we think the lottery did a tremendous job in picking that up. There are other states that have not made that move and I think to their detriment. So, we do see some risks on the economic front. Again, they haven't manifested themselves. Congratulations on your latest quarter, but we think they will, they very much will over the coming weeks. So that diversification is going to be necessary and the technology that we keep improving on is going to be necessary. We understand the lottery's focus is going to be coming back to us asking for more technology. We have to be on the ready to deliver. We are going to continue investing here. We think it is a terrific market. We are made better every day by the folks we work for. Again, it is tough, getting on those phone calls with Phil and the Director. But they are professional, they are fair, and we are very appreciative of the opportunity." Questions and discussion from the Commissioners regarding this presentation may be accessed on the recording at the above timestamp.

ANNE CHARPENTIER, MARKETING AND SALES DIRECTOR: (51:45 – 1:59:28)

Sales Performance Overview: The next chart shows all product sales through week 37 for this fiscal year as compared to last fiscal year for the same time frame. Notable differences would be Powerball at the top of the list with a 16% change due to the large Powerball jackpot that drove higher sales earlier this fiscal year.

Mega Millions is low with a 34% decrease from last year, as it has not had the large jackpot this year as it experienced last year in comparison.

Lucky for Life sales have been substantially higher due to the game change from last year where it went from two draws a week to daily draws.

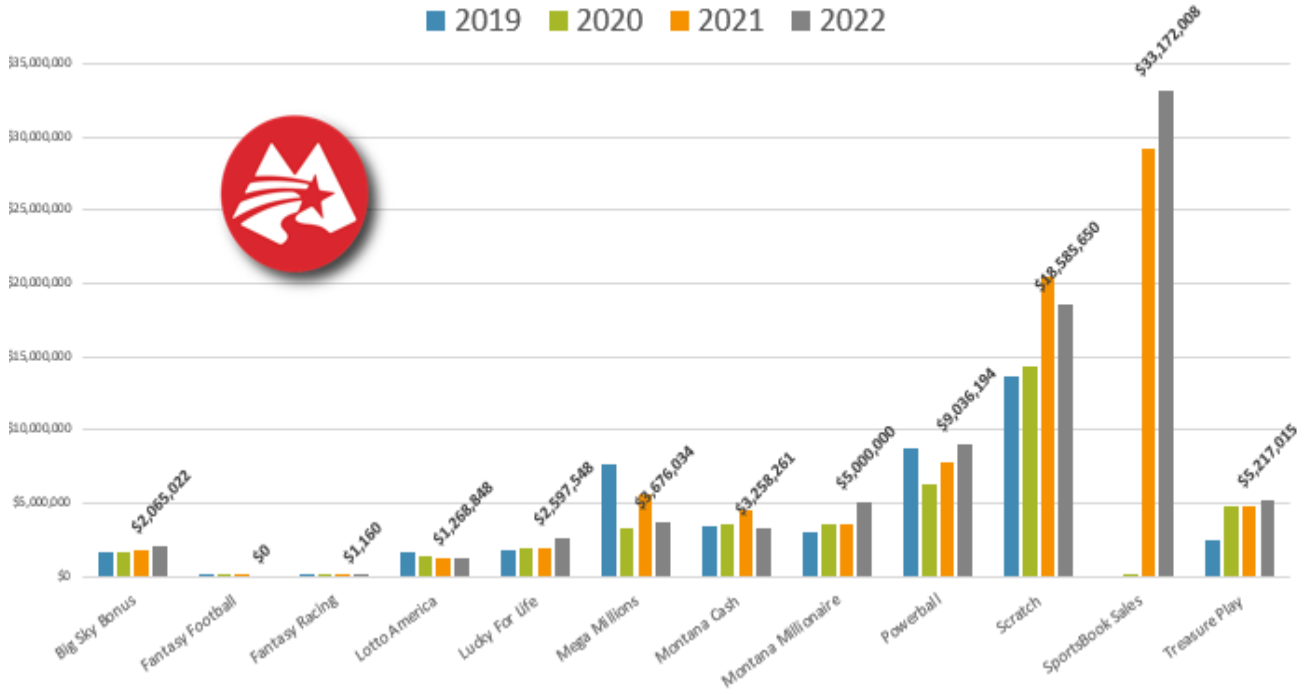
Montana Cash is showing a negative due to the fact that last year the game had a large jackpot, that this year's sales are being compared to.

Scratch sales are being compared to the higher than usual pandemic sales in FY21.

Product Sales <small>Through Week 37, March 12, 2022</small>				
Product	FY22	FY21	\$ Change	% Change
Powerball	\$9,036,194.00	\$7,748,401.00	\$1,287,793.00	16.6%
Mega Millions	\$3,676,034.00	\$5,633,771.00	-\$1,957,737.00	-34.8%
Lotto America	\$1,268,848.00	\$1,235,190.00	\$33,658.00	2.7%
Montana Cash	\$3,258,261.00	\$4,468,164.00	-\$1,209,903.00	-27.1%
Lucky For Life	\$2,597,548.00	\$1,914,638.00	\$682,910.00	35.7%
Big Sky Bonus	\$2,065,022.00	\$1,795,762.00	\$269,260.00	15.0%
Scratch	\$18,585,650.00	\$20,491,815.00	-\$1,906,165.00	-9.3%
Treasure Play	\$5,217,015.00	\$4,782,789.00	\$434,226.00	9.1%
Fantasy Racing	\$1,160.00	\$13,385.00	-\$12,225.00	-91.3%
Sports Bet Montana	\$33,172,008.00	\$29,250,577.22	\$3,921,430.78	13.4%
Montana Millionaire	\$5,000,000.00	\$3,600,000.00	\$1,400,000.00	38.9%
Grand Total	\$83,877,740.00	\$80,934,492.22	\$2,943,247.78	3.6%

This next chart shows how each product sales have performed for the first 37 weeks for the past four fiscal years. Sports Bet Montana is seeing a significant increase at this same time last year. Many of these products will be discussed in detail further in this presentation.

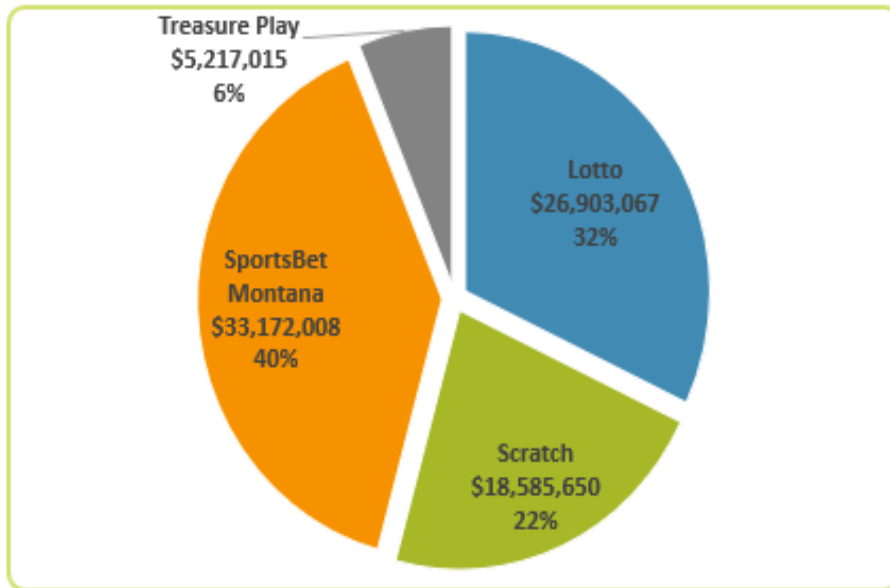
Product Sales by Fiscal Year Through Week 37



Fiscal year 22 sales by product category pie chart compartmentalizes our products into their major categories and allows us to see how they make up our sales overall. Sports Wagering so far, this fiscal year makes up most of the chart with \$33 million or 40 percent, with Lotto in second with 32 percent of the sales into our 37th week.

FY22 Sales by Product Category

Through Week 37 (ending 3/12/22)

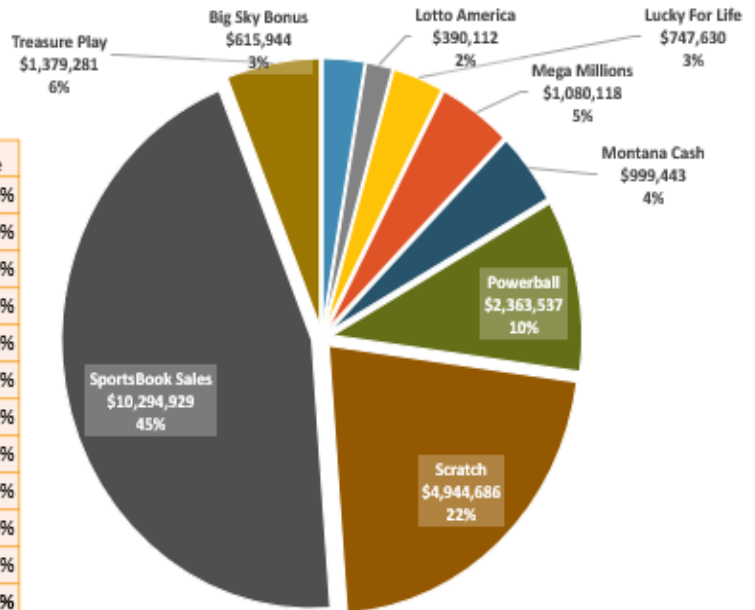


Below are the third quarter sales by product, last year's totals are included for comparison purposes. Negatives for Lotto games can be attributed to high jackpots for the similar time period last year. Pandemic sales were considerably higher primarily for the Scratch product.

FY22 Quarter 3 Sales

Weeks 24 – 37

Product	2022	2021	% Difference
Big Sky Bonus	\$615,944	\$666,504	-8%
Fantasy Football	0	\$16,860	-100%
Fantasy Racing	0	\$3,930	-100%
Lotto America	\$390,112	\$368,908	6%
Lucky For Life	\$747,630	\$582,060	28%
Mega Millions	\$1,080,118	\$3,240,193	-67%
Montana Cash	\$999,443	\$1,267,401	-21%
Powerball	\$2,363,537	\$3,321,817	-29%
Scratch	\$4,944,686	\$6,067,495	-19%
SportsBook Sales	\$10,294,929	\$10,737,212	-4%
Treasure Play	\$1,379,281	\$1,368,737	1%
Total	\$22,815,680	\$27,641,117	-17.5%



Montana Millionaire 2022: (55:48 – 1:10:15) The public survey has been completed and Lottery has gained more perspective on what occurred with the Montana Millionaire Raffle game this past year. Lottery has met to review the results internally and had meetings with key staff members to discuss game designs for the 2022 raffle game specifications for this year. Once those game specifications are determined, lottery will be asking for the Commission's approval on the game design. A special meeting request will be made shortly after this commission meeting, to discuss and vote on this in the beginning of April. Questions and discussion from the Commissioners regarding this presentation may be accessed on the recording at the above timestamp.

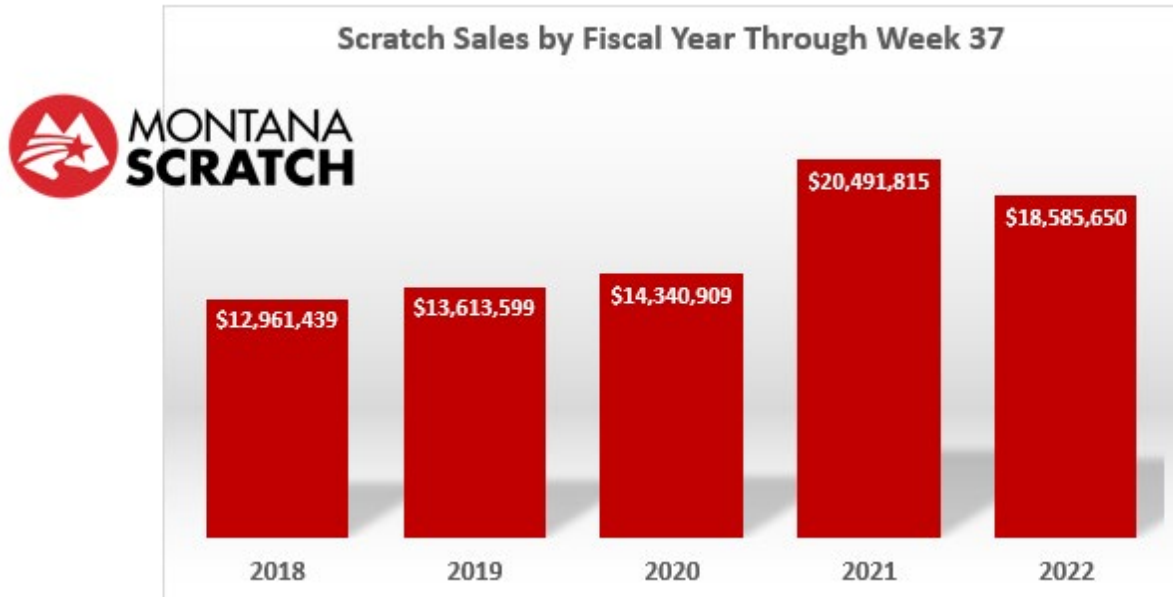
Montana Millionaire 2022

Where are we at with this year's game design?

- Research just completed by Leger Marketing, Inc.
- Staff is currently reviewing research results
- Potential raffle prize structures are being developed based on survey results
- These will be reviewed, and a final design will be determined.
- A special commission meeting will be scheduled to present the final design and gain commission approval for the 2022 Montana Millionaire raffle game.
- Launch date will be November 1.

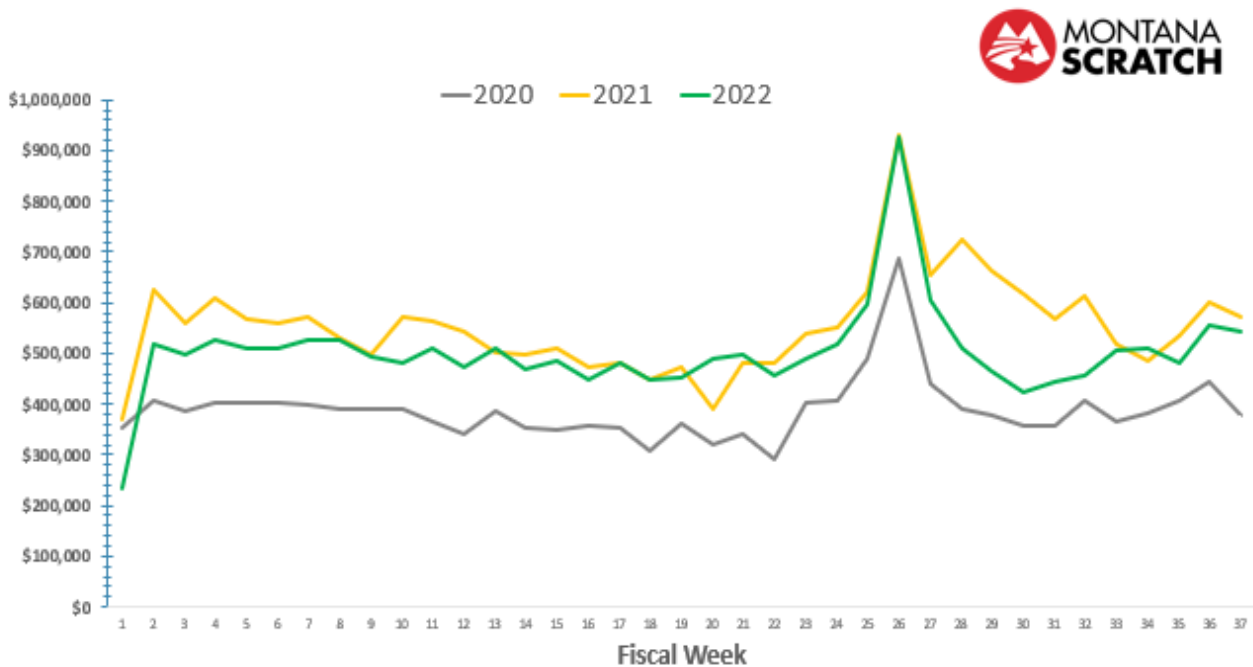


Scratch Product Update: (1:10:16 – 1:11:18) Lottery had a very successful fiscal year, so far, for the Scratch product. Fiscal year 21 was an anomaly for the product, as the pandemic sales were extraordinarily high for tickets at all price points. In comparison to this unexpected performance, FY22 sales into week 37 are 36% higher than the average for the fiscal years prior to FY21.



Historical Scratch Sales: (1:11:19 – 1:11:45) Excluding week 1 - average weekly Scratch sales in FY22 are \$510,000/week. FY22's average weekly sales are 31% higher than the weekly average in FY20.

Weekly Scratch Sales by Fiscal Year through Week 37



Proposed Scratch Games: (1:12:13 – 1:16:37) Jay Boughn, Scratch Product Manager introduced five new scratch games he would like to introduce into the market during the second quarter of 2022. Barnyard Bucks, is a \$1 dollar price point, which is a typical symbol match game with a payout of 56.13% and overall odds of 1:4:76. Cash Vault, is a \$2 dollar price point, which is a typical crossword game with a payout of 61.25% and overall odds of 1:4:25. Blingo Bingo, is a \$3 dollar price point, which is a bingo playstyle with a payout of 61.08% and overall odds of 1:4:53. Lucky Stars, is a \$3 dollar price point, which is a key number match with instant win bonus playstyle with a payout of 65.57% and overall odds of 1:199. Finally, \$14,000 Montana Crossword printed in green, purple, and orange, is a \$2 dollar price point, which is a typical crossword style with a payout of 61.25% and overall odds of 1:4:48. This particular game is very popular and is on its twelfth printing.

Pending Commission Approval

Scratch games for 2nd quarter 2022 approval



\$1 - Barnyard Bucks
Playstyle - key symbol match
Payout = 56.13%
Overall game odds = 1:4:76



\$2 - Cash Vault Crossword
Playstyle - Crossword
Payout = 61.25%
Overall game odds = 1:4:25



\$3 - Blingo Bingo
Playstyle - Bingo
Payout = 61.08%
Overall game odds = 1:4:53



\$3 - Lucky Stars
Playstyle - key number match
with instant win bonus
Payout = 65.57%
Overall game odds = 1:1:99

Pending Commission Approval

Scratch games for 2nd quarter 2022 approval



Scene 1 - green fluorescent



Scene 1 - purple fluorescent



Scene 1 - orange fluorescent

\$2 - The \$14,000 Montana Crossword / 3 scenes
Playstyle - crossword
Payout = 61.25%
Overall game odds = 1:4:48

Questions and discussion from the Commissioners regarding this presentation may be accessed on the recording at the above timestamp.

VOTE – APPROVAL OF FIVE SCRATCH GAMES: (1:16:38 – 1:18:39) Chairman Prigge asked if there were any objections, comments, discussion, or public comment regarding the above scratch games. There being none, Commissioner Harbaugh made a motion to approve the suite of scratch games. Commissioner Morris seconded the motion. The motion carried. The Commission voted unanimously to approve the proposed five scratch games for the second quarter of 2022. Jay announced at the next Commission Meeting he will present an overview of his proposed scratch plan for fiscal year 2023.

Scratch RFP: (1:18:50 – 1:20:28) The Scratch department has been working on preparing the Scratch Printing and Related Services Request for Proposal. Lottery is required to complete this process through the Department of Administration’s State Procurement Bureau. After exhausting all the years of the contract and all the extensions, Lottery must obtain bids. The current contract with Scientific Games ends in August 2022. The RFP process is lengthy, so Lottery begins this process now, so a recommendation of a successful contractor can be brought to the Commission for its approval in June. The State Procurement Bureau will ensure Lottery follows the proper steps of the procurement process and Lottery will keep the commission apprised of any schedule changes going forward.

Scratch Printing & Related Services Request for Proposal (RFP)

- Current Scratch contract with Scientific Games – expires August 2022.
- The Request for Proposal was drafted with the direction of the State Procurement Bureau at the Department of Administration
- Significant dates:
 - Deadline for Questions from Interested Parties: March 25
 - Deadline for responses from MTL to Questions: April 6
 - RFP Responses Due Date: May 11
 - Evaluation committee recommendation for contract award: June Commission meeting (TBD)



Summer Scratch Summer 2022: (1:20:29 – 1:21:36) Lottery is in the final planning stages for the launch of its Monopoly games. These are the main focus of the summer promotion this year and will launch May 4. As with all our summer promotions, Lottery offers second chance opportunities to help drive sales throughout the summer months. Community Chest drawings will multiply up from June through August.

Commission Approved December 2021



MONOPOLY® Multiplier Games! Coming May 2022

Commission Approved December 2021



Scratch Monopoly multiplier games for Summer 2022...

- Supported by a full ad campaign – TV, radio, outdoor, digital and featured on all social channels
- Price points offered - \$1 (5X), \$2 (10X), \$5 (20X) and \$10 (50X)
- Launch date – May 4, 2022
- Key number match with prize multipliers
- Three 2nd chance drawings, titled COMMUNITY CHEST
 - June - \$10,000 drawing
 - July - \$20,000 drawing
 - August - \$30,000 drawing



Sports Wagering Update: (1:21:37 – 1:22:23) This chart shows how the various sports being offered are being wagered on, either through mobile devices using the app, or by the terminal in sales agent locations. Basketball, football, ice hockey and baseball are the most popular, which has been the case since the start of the product.

As of 3/21/2022

Sport	Mobile	PCT	Retail	PCT	Total
Football	\$2,727,528	11.7%	\$20,510,099	88.3%	\$23,237,626
Basketball	\$2,353,056	9.5%	\$22,371,196	90.5%	\$24,724,252
Baseball	\$817,257	6.7%	\$11,457,927	93.3%	\$12,275,184
Ice Hockey	\$269,414	8.5%	\$2,884,661	91.5%	\$3,154,075
Golf	\$226,002	20.0%	\$905,783	80.0%	\$1,131,785
Specials	\$216,108	16.0%	\$1,137,775	84.0%	\$1,353,883
MMA	\$145,415	11.2%	\$1,150,509	88.8%	\$1,295,924
Soccer	\$143,941	1.7%	\$8,161,589	98.3%	\$8,305,530
Tennis	\$36,771	2.2%	\$1,659,381	97.8%	\$1,696,152
Nascar	\$34,644	11.3%	\$270,596	88.7%	\$305,240
Boxing	\$3,423	3.9%	\$83,466	96.1%	\$86,889
Athletics	\$2,977	52.7%	\$2,677	47.3%	\$5,654
Formula	\$2,087	12.2%	\$15,044	87.8%	\$17,131
Rugby	\$664	6.3%	\$9,804	93.7%	\$10,468
Indycar	\$449	20.9%	\$1,702	79.1%	\$2,151
Olympics	\$364	7.8%	\$4,284	92.2%	\$4,648
Handball	\$309	84.1%	\$58	15.9%	\$368
Beach Volley	\$271	70.6%	\$113	29.4%	\$384
Volleyball	\$251	67.0%	\$123	33.0%	\$375
Football	\$1,044	7.2%	\$20,510,099	92.8%	\$14,562
Total	\$6,981,975	9%	\$70,640,305	91%	\$77,622,281



Handle By Week: (1:22:27 – 1:23:26) The handle by week chart shows those particular times since the start of Sports Bet Montana where sales have performed very well. As we learn more about this product’s performance, these spikes and lulls are key to reacting sufficiently through messaging and advertising. Wagers over the 2020 and 2021 NFL season were especially popular and continued to the Super Bowl in February. There was a downturn between March Madness and when NBA Playoffs and Hockey Stanley Cup Play Offs started last year. MLB also played a significant role in sustaining sales. March Madness maintains a stronghold on betting popularity and ensuring strong messaging during this time is essential to driving revenue.

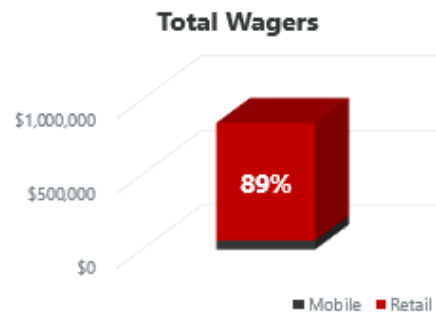
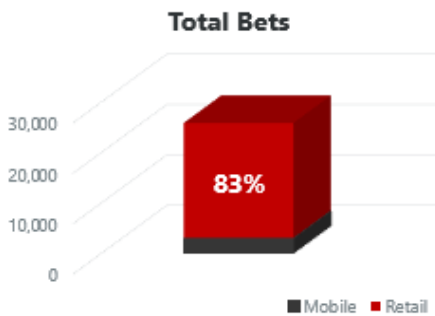
Handle by Week Since Launch



Mobile vs. Retail: (1:23:32 – 1:24:06) Players have two ways to purchase bets, through the terminal in sales agent locations or through their mobile phone using the app in a licensed location. The favorite still remains to be the terminal with an average of over 90% of bets placed on those devices, which are now located in over 460 locations across the state. Lottery continues to grow its account player base with well over 9,400 accounts to date.

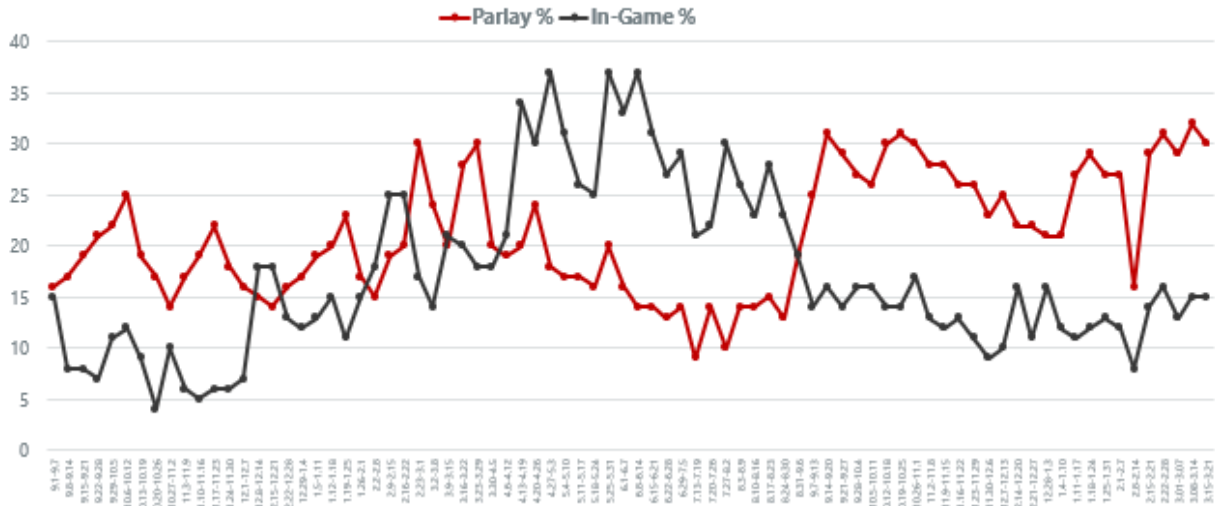
Mobile vs. Retail – 3/15 – 3/21/2022

Type	Bets	Total Wager Amt
Mobile	6,831	\$128.3K
Retail	32,318	\$1,064M



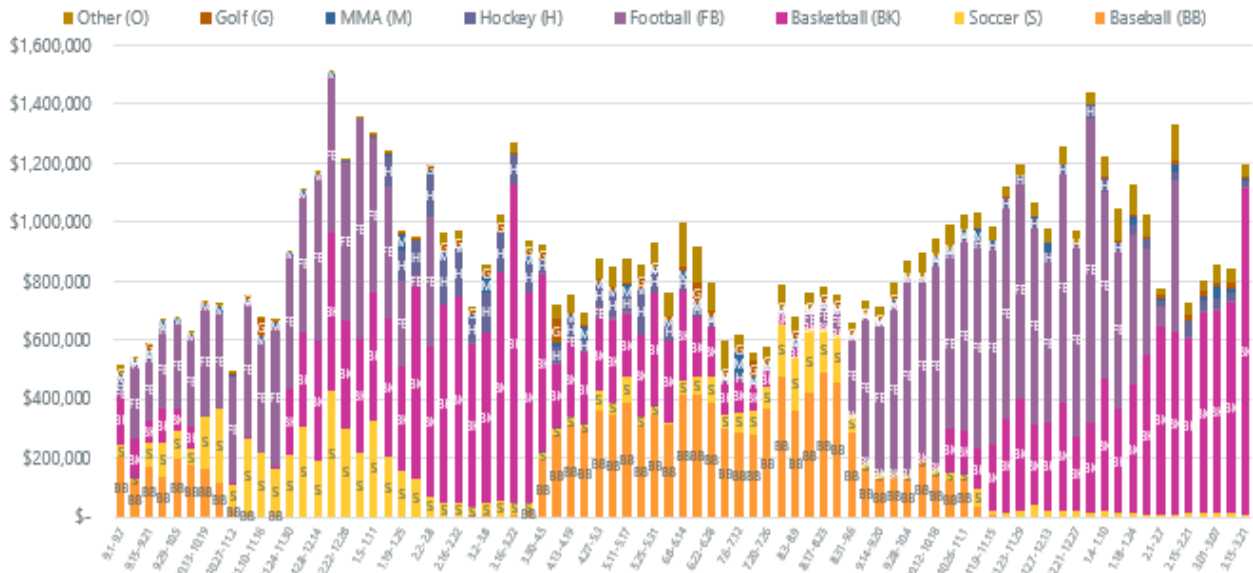
Parlay and In-Game Betting: (1:24:12 – 1:24:46) Tracking parlay and in-game betting since the product launch shows what sports promote more of one betting type versus another. As businesses opened after the pandemic, Lottery was able to see in-game betting increase and become more popular. Parlay has seen a decline over the late spring and summer months, but as NFL and collegiate football started last fall, parlay betting has been the dominate betting type and has sustained that level.

Parlay & In-Game Percentage by Week Wagers



Weekly Handle by Sport: (1:24:53 – 1:30:00) This chart demonstrates the performance of handle by sport. The “BK” being Basketball in purple is shown that it will likely be the dominate betting category until the NBA playoffs.

Weekly Handle by Sport



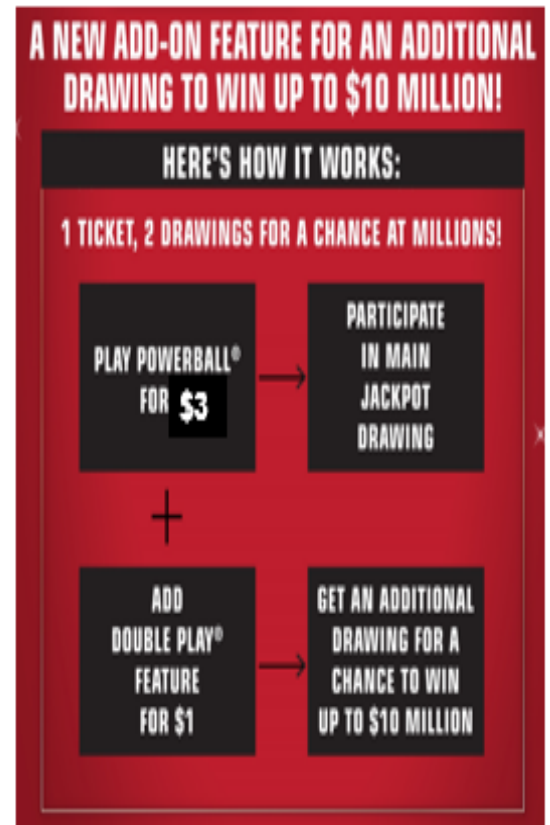
Revised Powerball Game Rules: (1:30:20 – 1:39:32) Lottery is proposing to make two changes to the Powerball game that will ensure revenue growth. These changes would take place July 17 of 2022. Power Play, which is currently an optional purchase for players, would become a permanent part of the base price of the game. So, the base price for a Powerball ticket would be \$3 instead of a \$2. The other change would be to add a new optional purchase called Double Play. This proven option offered by the Powerball Game

group has been offered in other states and has shown to be a good added value. Adding this to the base Powerball purchase would make the purchase price \$4.

Pending Commission Approval

Powerball with Power Play and optional Double Play®

- Proposed game change: **July 17, 2022**
- Two changes to the game are proposed for commission consideration:
 - The addition of the Double Play® option for an additional \$1 per play
 - Including Power Play as part of the base price for all Powerball purchases; increasing the base price from \$2 to \$3.
- Requires a new Powerball play slip for sales agents and players
- Marketing efforts will support the game change as well as a proposed promotion that will be presented later in this meeting.



Double Play: Double Play is a second drawing that would take place after the primary Powerball drawing. It has a second matrix, the same numbers a player has for the primary drawing are good for the double play drawing. For their extra \$1, players can win up to \$10 million and many other prizes. Players get an extra drawing for an extra dollar.

Pending Commission Approval

A NEW WAY TO PLAY POWERBALL

Introducing Double Play* - For an extra \$1, play your Powerball numbers in an additional drawing with a top prize of \$10 million.

\$1 EXTRA 1 TICKET, SAME NUMBERS 2 CHANCES TO WIN

Now Powerball offers multiple ways to win:

Purchase	Cost
Base Play: Powerball/Power Play	\$3
Powerball/Power Play with Double Play	\$4

Prize	Prize Amount
5 White Balls + 1 Red Ball	\$10,000,000
5 White Balls	\$500,000
4 White Balls + 1 Red Ball	\$50,000
4 White Balls	\$500
3 White Balls + 1 Red Ball	\$500
3 White Balls	\$20
2 White Balls + 1 Red Ball	\$20
1 White Ball + 1 Red Ball	\$10
1 Red Ball	\$7

Powerball Double Play / Power Play: This change will require a new play slip for our sales agents and players, and new training materials. Lottery would support this effort with a new product campaign to ensure the new price point and optional feature was known by the retailers, public, and sales agents. Included in Lottery handouts were the marked up and clean versions of the Powerball game rules that have been approved by the game group. These are provided for your review and adoption today.

Pending Commission Approval



- Provided for your consideration as a handout
 - Revised game rules from the MUSL Powerball game group
 - Includes language for managing Double Play
 - Marked up version of rules provided



VOTE – APPROVAL OF NEW POWERBALL GAME GROUP RULES: (1:38:51 – 1:39:32) Chairman Prigge asked if there were any comments or additional discussion regarding the Powerball Game Group Rules. Chairman Prigge asked if there was any public comment. There being none, Commissioner Iverson made a motion to approve the new group game rules. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to approve the new Powerball Game Group Rules.

VOTE – APPROVAL OF POWER PLAY AS PART OF THE BASE PRICE OF THE GAME: (1:39:34 – 1:40:17)

Chairman Prigge asked if there were any comments or additional discussion regarding adding Power Play as part of the base price of the game for \$3.00. Chairman Prigge asked if there was any public comment. There being none, Commissioner Iverson made a motion to approve. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to approve the Power Play option as part of the base price of the game.

VOTE – APPROVAL OF NEW POWERBALL DOUBLE PLAY OPTION: (1:40:19 – 1:41:09) Chairman Prigge asked if there were any comments or additional discussion regarding the Double Play option for \$4.00. Chairman Prigge asked if there was any public comment. There being none, Commissioner Harbaugh made a motion to approve the new game rules. Commissioner Iverson seconded the motion. The motion carried. The Commission voted unanimously to approve the Double Play Option.

Lotto America Game Changes: (1:41:19 – 1:43:26) The Lotto America game group has decided to add a third drawing day to the week. As of July 17, Monday will be added to Lotto America's drawing days. This is the only change to the game proposed at this time. This will require new play slips and all the training and promotion efforts that surround game changes. The Lottery handouts are the clean and marked up version of the game rules for Lotto America for your review and adoption.

Pending Commission Approval

Lotto America with All Star Bonus – Adding Monday Drawing

- Proposed game change: **July 17, 2022**
- One change to the game is proposed for commission consideration:
 - **Adding a Monday drawing** to the already established Wednesday and Saturday drawings for the game.
 - Three draws a week instead of just two
- Requires a new Lotto America play slip for sales agents and players
- Marketing efforts will support the game change
 - Revised game rules from the MUSL Lotto America game group
 - Marked up version of rules provided



VOTE – APPROVAL OF LOTTO AMERICA WITH ALL STAR BONUS ADDING A MONDAY DRAWING: 1:43:27 – 1:43:55) Chairman Prigge asked if there were any comments or additional discussion regarding adding an additional draw day to Lotto America. Chairman Prigge asked if there was any public comment. There being none, Commissioner Iverson made a motion to approve the new game rules for Lotto America. Commissioner Harbaugh seconded the motion. The motion carried. The Commission voted unanimously to approve the change to the game rules.

Powerball x NYRE Promo and Trips: (1:45:40 – 1:57:12) The next item on the list is a promotion for the commission's consideration. For a few years now the National Powerball group has offered all participating states the opportunity to be part of a promotion in association with New Years' Rockin Eve. It sends a lucky winner to possibly be crowned the first millionaire of the new year in Times Square when the ball drops just after midnight. Montana did not do this for the past few years for the following reasons: Lottery questioned the value of the promo package when it first came out; Lottery's ability to devote resources necessary to promote it properly; the pandemic played a big part in the last couple years; and finally, the cost was a big factor sending one winner to New York.



NYRE VIP Experience: There was considerable thought given to smaller states' budgets for this year, while still making sure the value of the prize package was kept intact. The list of prizes is shown below. With a total cost of \$20,000 for the prize package, Lottery views this as a great value; especially in comparison to what the prize cost was in previous years and for the experience many consider to be bucket list worthy.


Pending Commission Approval

NYRE VIP EXPERIENCE
2022

VIP trip to Times Square for a memory of a lifetime:

- Each jurisdiction can offer one or many trips
- Opportunity to win \$1 million (one finalist per participating lottery)
- Round trip transportation (air, train, car service)
- Three nights at a Times Square hotel
- All meals included
- Opening night welcome reception
- Commemorative Powerball First Millionaire of the Year on NYRE swag bag
- Broadway show or cruise on the Hudson River
- NYRE dinner and party
- Gift card for spending money in the city

TRIP COST: \$20,000 (2 PEOPLE)



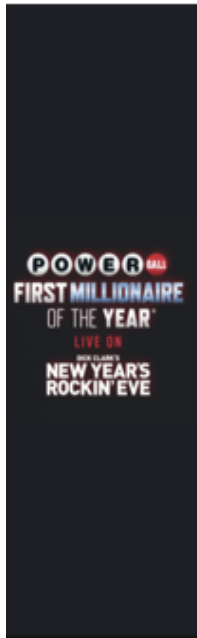
Showcase of Finalists: The high production value of this prize is something that has been refined for this year in particular. Powerball works closely with Dick Clark Productions to televise and promote this first millionaire. Along with Jessie Decker and Ryan Seacrest, they continually endorse the Powerball brand throughout the night until the final millionaire prize is awarded just after midnight.

Pending Commission Approval

Promotional Package: The game group has refined the messaging and marketing assets. Lottery has a variety of video and digital assets to use to help promote the prize package and incorporate its promotion to help drive sales of its own Powerball game. All while fulfilling some one's dream of being at Times Square during New Year's Eve.

Pending Commission Approval

Powerball Promotion: Chase Peaslee, Lottery's Online Product Manager, will work with the marketing team to build a Powerball promotion to drive sales and promote Player's Club participation, while allowing players to enter their eligible Powerball tickets into a drawing to be selected as Montana's winner to go to New York and possibly be the first Millionaire of 2023. The Commission has been provided with the rules and terms and conditions for this promotion as part of your handouts.



Pending Commission Approval

- Proposed promotion timeline – September-October 2022
- One winner + one guest and one back up winner selected for Montana
- Promotion managed through a Player's Club second chance drawing with eligible Powerball with Double Play option tickets
- Use of promotional assets planned as provided by production company and MUSL
- Rules and terms and conditions provided for review
- Promotion presented for commission consideration



VOTE – APPROVAL OF POWERBALL x NYRE PROMOTION AND TRIPS: (1:57:13 – 1:58:05) Chairman Prigge asked if there were any comments or additional discussion regarding the Powerball x NYRE Promotion and Trips. Chairman Prigge asked if there was any public comment. There being none, Commissioner Morris made a motion to approve the Powerball x NYRE promotion. Commissioner Iverson seconded the motion. The motion carried. The Commission voted unanimously to approve the Powerball x NYRE Promotion and Trips.

The Marketing Department will be working on the following Marketing Initiatives during the fourth quarter:

A graphic with a light gray background featuring a calendar grid with dates 20, 21, 22, 23, 27, 29, and 30. A red pencil lies horizontally across the bottom. A red circular logo with a white stylized mountain and star is in the upper right.

Quarter 4 Marketing Initiatives...

- **Game design for 2022 Montana Millionaire**
- **Sports Bet Montana – March Madness, NBA, NHL Playoffs, MLB kicks off**
- **Scratch RFP Evaluation**
- **Media planning for next year**
- **Prepping for game changes**
- **...and much more!**

BRYIAN COSTIGAN, SECURITY DIRECTOR:

Large Supply Expenditure: (1:59:41 – 2:00:59) “Armond mentioned a large expenditure for supplies. During the pandemic a lot of product and scratch tickets went out the door and were shipped by UPS. Lottery’s supplies were diminished, and it required that we order more. We order larger quantities to get a better price. The company we ordered from was out of Quebec. We had to order a huge quantity of bags which should last the Lottery about three years. Boxes are another story; prices have gone through the roof and in particular paper products.”

Sports Betting Terms and Conditions: (2:01:02 – 2:01:48) “There are some changes in terms and conditions for Sports Betting. Just like any other lottery product after a certain amount of time the prize expires. Lottery is calling any winnings in Sports Bet prizes. Lottery wants to make sure that was in there, we hadn’t had that in our terms and conditions for Sports Bet. It is the highlighted language below. It’s not a big change but we want to be consistent between all our lottery products.”

Terms and Conditions Changes

- 1.) Inform players that refunded/voided bets purge after 184 days when left uncashed, identical to a winning bet left uncashed. For reference: MCA 23-7-311, Drawings For And Payment Of Prizes - Unclaimed Prizes, (4) Prizes not claimed within 6 months are forfeited and must be paid into the state lottery fund. No interest is due on a prize when a claim is delayed but made within 6 months.

Update:

TERMS AND CONDITIONS

Claiming Prizes

8. **Failure to Claim a Prize.** **Winning or refunded bets are considered a prize.** A prize must be claimed within 184 days of the date that it was won. Any prize that is not claimed within 184 days will be deemed unclaimed and disposed of following state law. It is your responsibility to properly claim your prize within 184 days. We are not liable for any damages, losses or liabilities resulting from your failure to properly claim your prize.

VOTE – APPROVAL OF TERMS AND CONDITIONS CHANGES: (2:01:50 – 2:02:20) Chairman Prigge asked if there were any objections, further discussion, or public comment regarding the proposed language change under Terms and Conditions. There being none, Commissioner Iverson made a motion to approve the change. Commissioner Metropoulos seconded the motion. The motion carried. The Commission voted unanimously to approve the to the Terms and Conditions.

Game Parameters #1: (2:02:22 – 2:02:40) “Under game parameters this is an update regarding an effective date. It is a housekeeping change, which needs to be approved by the Commission because it is a change to the actual document.”

Game Parameters Updates

- 1.) Add the revision date at top of Game Parameters, per section: Introduction, last paragraph: "Montana Lottery reserves the right to amend the sports wagering parameters..." This will also align with the same update to be made to the Terms and Conditions.

Update:

General Game Parameters

Effective: March 2022

Introduction

The Montana sports wagering game parameters are part of the Montana Lottery terms and conditions, which are incorporated by this reference.

VOTE – APPROVAL OF FIRST GAME PARAMETER UPDATE: (2:02:42 – 2:02:59) Chairman Prigge asked if there were any objections, further discussion, or public comments to the proposed effective date under Game Parameters. There being none, Commissioner Metropoulos made a motion to approve the change. Commissioner Iverson seconded the motion. The motion carried. The Commission voted unanimously to approve the effective date to the Game Parameters.

Game Parameters #2: (2:03:00 – 2:03:59) "This is an update to the game parameters. It addresses a resettlement of a call that is in contention. Lottery wants to add the additional language in yellow below."

Game Parameters Updates

- 2.) The addition of a General Parameter to address the potential of a resettlement of a wager due to several possible reasons.

Update:

Winning Wagers and Payout of Winnings

6. Where the Organizer determines errors have occurred with the settlement of a wager, the Organizer reserves the right to correct those errors and resettle the wager. Errors for purposes of resettlement include, operator errors, the competition's Governing Body changes a call on a particular play or final score or a system malfunction.

VOTE – APPROVAL OF SECOND GAME PARAMETER UPDATE: (2:04:00 – 2:04:22) Chairman Prigge asked if there were any objections, further discussion, or public comments to the proposed addition of number 6 under Game Parameters. There being none, Commissioner Harbaugh made a motion to approve the

addition. Commissioner Iverson seconded the motion. The motion carried. The Commission voted unanimously to approve the additional language to the Game Parameters.

Staffing Changes: (2:04:26 – 2:04:59) “Within the Security and Warehouse there have been some recent staff changes. Mike Sanders who was a retired DEA Supervisor has accepted a position as the Chief of Police in East Helena. Pat McCarthy who is a retired Highway Patrolman who was working in the warehouse has now moved into Mike’s position. There is now a vacancy in the warehouse.”

Vehicle Purchases: (2:05:02 – 2:07:07) “Lottery vehicles are on a rotation schedule of 130,000 miles when they are rotated out and Lottery purchases a new one. Lottery is in the process of bidding for three vehicles, which is over a year out, if we are able to get them. As a result, Lottery may be running vehicles at a higher rate, (more than 130,000 miles). Lottery had a couple vehicles hit deer on the road within the last six months. If Lottery continues to run into issues, it may incur extra costs if the Sales Reps. end up using state vehicles from the State Motor Vehicle pool. Lottery’s Sales Reps are scattered around the state and the motor pool charges by the day for vehicles to be off their lot. For example, using a vehicle in Miles City, Lottery will be paying for it on Saturday and Sunday, which is the added expense.”

SCOTT SALES, LOTTERY DIRECTOR:

Director’s Report: “I continue to be impressed with the quality of work and the dedication the staff exhibits at the Lottery. As you can tell from the results of the audits, whether it be sales volumes or money transferred to the state they are moving in the right direction. I want to continue to express my appreciation in that area for the hard work that gets done at the Lottery.”

Intralot 6th Amendment to the Contract: (2:07:10 – 2:36:50) “In an effort to try to make ourselves more competitive Lottery has been working with Intralot and our retailers through the Montana Tavern Association, to make changes to the payout. In order to do that everybody is going to feel a little pain. We would like to operate the book so that the payout is around 88%. If you look at the lifetime payout since its inception in March 2020, if you look at all the bets that have been placed and payouts, it’s been closer to 85% to 86%. Intralot is going to manage the book at 88%, to try to make our Sports Gambling more competitive within the marketplace. If we do that, we need to make some changes to the contract. Intralot’s current contract with the lottery is through 2025. They have one more one-year extension available to them. We have agreed to grant them the one final year extension to the contract. In return, Lottery will get some continuity with a vendor we’ve had on board for a long, long period of time. There is some value to that especially in this inflationary market. If we were to go out for bid again, prices would go up in terms of what they charge us to manage the back-end for us. The amendment extends the Contract to March 2026. In addition, Lottery will get \$50,000 a year to spend on promotions for sports betting. Primarily it would be to entice people by giving them \$5 or \$10 to wager a bet, which is extremely common in the marketplace. If you look at Draft Kings or FanDuel they have promotions and teasers going on continually. That will give us some opportunity to market the product every year. We also wanted the ability to place a bet on our Kiosk with a debit card. At Intralot’s expense we will do a pilot program on cashless betting on the Kiosk at two locations within the state (Kalispell and Helena) to test it to determine its viability. Other states have done this. Other states allow credit card gambling we don’t. There will be some costs associated up front with retrofitting machines, but also in the transactions, there will be some expense for that as well. Intralot will finance the pilot program for us to see if this is the direction we want to go. The weak link in all these machines is bill feeders. They are very problematic. If the machine goes down, we’re basically out of business. This will give us the opportunity to see if the cost is worth the added value that the customer might see from having this option. Those are the two major changes Lottery gets in

addition to the extension for Intralot. Besides being able to retain a vendor we've had a good relationship with for a long, long time. To protect the Lottery, there is language in the contract that holds Intralot accountable to manage the book."

"Under 4.1 Guarantee of Payout – Intralot's original guarantee and reimbursement requirement of payout for anything above the average 80% payout on winning wagers for sports betting from the start of sports betting through January 31, 2022, shall exclude March 2020 through January 31, 2021, due to unforeseen circumstances related to the pandemic. The adjusted full payment amount owed by Intralot for anything above 80% APP, excluding March 2020 through January 2021 is \$1,552,201.23. Payment shall be made directly by Intralot or credited to the monthly Intralot invoices through twelve (12) monthly reductions of \$129,350.10 starting with the April 2022 invoice, with any outstanding amount owed to be received before June 30, 2023."

"Intralot guarantees and shall reimburse the Lottery those payout amounts that exceed an average 88% payout on winning wagers for sports betting, as calculated starting from February 01, 2022, through March 31, 2023, and thereafter, every year going forward from April 1 through March 31, for the remainder of the contract."

Questions and full discussion from the Commissioners regarding this presentation may be accessed on the recording at the above timestamp.

PUBLIC COMMENT – INTRALOT CONTRACT AMENDMENT: Chairman Prigge asked if there was any public comment.

Rhonda Wiggers, Montana Coin Machine Operators Association: (2:37:10 – 2:39:12) "Good morning, Mr. Chairman. Thanks for the opportunity to comment. Rhonda Wiggers with the Montana Coin Machine Operators Association. I only want to comment on one small portion of this contract. And that is the part about the debit cards. We have debated this and worked on this extensively at Gambling Advisory Council and with the Attorney General's Office. And we have been told, our bar owners can't even accept a debit card. If you go to the bar, order a beer, and use your debit card, and ask for \$40.00 cash that can go in the machines, they have to tell you no you need to go over to the ATM and get cash. We deemed that you can take those debit cards and run them into the whole with the bank and the bank will usually cover them. So, we're not allowed to use them. So, it seems to me it is going to be really confusing for our customers and a little odd that you could use...; If you try to use the debit card even at the bar to get cash so you don't have to pay the fees at the ATM, we're told no. But if you then go over to your machine, it will accept a debit card, when the state has ruled that can't be accepted. So, we have some concerns about that. I would argue that even the bill that was brought forward in the end did require everything to be on location on both of those bills. The bill that was even contemplated said all money in and all money out has to be at a local tavern establishment. So, I understand a bill acceptor getting jammed, we have to keep almost 20,000 of those things going all the time. So, I understand they get jammed. But it doesn't seem logical or correct that our machines can't use debit cards, nor can the bar use a debit card to even give cash to put in our machine, that they would be able to be used in this. So, I would ask that not be included going forward on this contract. Thank you."

John Iverson, Montana Tavern Association: (2:39:26 – 2:40:43) "John Iverson, representing the Montana Tavern Association. As it's been stated widely, we are supporters of this change to the 88%. We believe it will create a more competitive product. One of the biggest complaints we hear from our customers, is they see the line, it's on the internet, it's on their sports shows they watch, it's in the newspaper and then they

look at the line that they're being offered in Montana, and they see there's a strike there, there's a difference. I think this will get us to where we have a better product. I think, when I say competitive product, one thing people don't realize, although there is a monopoly in this state, there are a lot of other providers of this service in the State of Montana. There is a vast black market that's operating and has been for years. I believe by getting the legitimate, regulated, and taxed product at a more competitive price we're going to more closely compete with those black-market operators and invite those people that are participating in that marketplace to the light. So, we fully support that. Second thing I wanted to compliment the Director, compliment the Chair, and the Lottery staff, as you well know I've been pounding my fist on the table about properly holding a public process and allowing me public comment and we're seeing that and I appreciate it, so thank you."

VOTE – APPROVAL OF AMENDMENT TO THE INTRALOT CONTRACT: (2:49:53 – 2:57:00) Chairman Prigge asked if there were any objections, further discussion, or public comments to the amendment to the Intralot Contract. After some discussion, Commissioner Morris made a motion to approve. Commissioner Harbaugh seconded the motion, Chairman Prigge voted yes. Commissioner Metropoulos and Commissioner Iverson abstained. The motion carried. The Commission voted to approve the amendment to the Intralot Contract. There was no additional public comment regarding the contract.

NEXT REGULAR MEETING DATE: (2:57:17 – 2:57:35) Director Sales proposed the next regular Commission Meeting be held on Thursday, June 9, 2022. Bryan will instruct Denise to canvas the Commission closer to the date to confirm there is a quorum. The commission meeting was recorded using Zoom. Pursuant to Section 2-3-212, MCA, the audio recording is designated as the official record of the meeting. A copy of the recording may be obtained upon request from the Lottery.

OTHER PUBLIC COMMENT:

Brad Longcake, Executive Director for Montana Council on Problem Gambling: (2:57:43 – 3:00:31)

"Members of the Committee, my name is Brad Longcake, I am the Executive Director for the Montana Council on Problem Gambling. I wanted to make sure I was here today because we've had a lot of comments about how the council works and operates. Just to give you a perspective, we are one of the few organizations in the country that solely operates on industry funding and donations. So, we take a significant amount of pride in that because it allows us, like Commissioner Morrison said, to operate on a razor's edge. Every dollar we get is put towards counseling for those individuals that might need extra assistance. We're not for gambling, we're not against gambling. We're just here to help those individuals who maybe can't help themselves. And that's up to you guys to put the side boards on what games you choose, to allow these games to operate and continue to move forward. So, the challenging part that we have is any time you run an organization solely on donations we really try to strive to have consistency in the revenue dollars that we bring in. And our industry partners have been very valuable in continuing that funding. And that's why we've worked with Intralot in the past and it sounds like we are going to be able to continue to do that as we move forward. I want to thank Mr. Booth for the support of that especially at the level of what our current Montana partners are doing. So those dollars that we use go to those people that just sometimes can't help themselves. And our counselors across the state are very good at teasing out ... because often times a lot of people don't show up with just a gambling problem, they have other addictive tendencies. So, our counselors through these interactions dig those things out. We provide services on many levels whether it's just you, whether it's just you and your spouse, whether it's your family we also approve settings. So, we really try to cater to those people in an environment that's safe to help them to move forward to continue to become good citizens of Montana. We really appreciate our industry partners because we couldn't do it without them. I think we provide a value service to the citizens of Montana, especially when we continue to engage in new activities and new games. This is just an opportunity for us to

make sure that we're maintaining and taking care of individuals and its gaming taking care of gaming. And we think that's a good system to do."

ADJOURNMENT: (3:00:36) Chairman Prigge asked for a motion to adjourn the meeting. There being no further business, Commissioner Iverson made a motion to adjourn. The meeting adjourned at 12:18 p.m.