

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
December 18, 2019**

Chairman Blake McCaskill called the meeting to order at 10:45 a.m. in the Board of Directors Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana.

I. Attendance

- A. Members Present:** Chairman Blake McCaskill; Directors: Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones, Roman Banks, and Sean Wells; Louisiana State Treasurer John Schroder, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Vice Chairman Butch Gautreaux and Director Cynthia Hedge-Morrell
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet and Senior Vice President/General Counsel, John Carruth.

II. Pledge of Allegiance

Chairman Blake McCaskill asked Rose Hudson to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman McCaskill began by asking if anyone had any questions or corrections to the minutes of the October 25, 2019 Board Meeting. Director Cager **moved** to approve the October 25, 2019 Board Meeting Minutes and Director Wells **seconded** the motion. There being no objection, the minutes were **approved**. The meeting was then turned over to President Rose Hudson for the President's Report.

IV. President's Report

Ms. Hudson began by thanking the Board Members for being present at the board meeting and noting that Chairman McCaskill and Director Shamburg could attest to the value of attending the 2019 Annual Conference in Little Rock, Arkansas. She stated that every few years the NASPL conference is combined with the World Lottery Conference, which will be the case in 2020 when

the conference is held in Vancouver, October 26-30. She stated that the Louisiana Lottery does receive a couple of complementary registrations due to our NASPL membership, that we try to use for staff.

Ms. Hudson discussed that the Lottery has a policy regarding a Continuous Internal Auditing System and that Steve Rosales, VP Internal Audit, has amendments to the policy needed to comply with the governing body of internal audit standards. Ms. Hudson explained that this information is on the board portal for review and will be on the agenda to approve at the February board meeting.

Additionally, Ms. Hudson reminded the Board Members that approximately six year ago the Lottery went through a fairly vigorous strategic planning process and one of the goals that came out of that process was to break the half million dollar mark on gross revenue, which has been done a couple of times. Ms. Hudson let the Board Members know that it is time to engage in that process again, to be completed for rollout with our new budget on July 1, 2020. She informed the Board that there will be necessary feedback and engagement from them during the process, about which she will keep them posted.

Lastly, Ms. Hudson informed the Board Members that there will be a tight timeline for the budget review and approval, so that will necessitate a January 31, 2020 finance committee meeting. She also let the Board know that the Board Meeting would have to be moved up to February 7, 2020 because the regular date falls after the mandated date to submit the budget to the Legislature.

At the conclusion of Ms. Hudson's overview, she turned the floor over to Karen Fournet, Senior Vice President/Secretary/Treasurer, to present the financial report via Power Point Presentation.

Ms. Fournet began by analyzing total monthly sales for fiscal years 2017-2020. Sales in July started out at \$38.5 million and are projected to reach \$40.5 million in December.

Powerball fiscal-year sales through the end of December are projected to be \$29.1 million. Ms. Fournet noted that we have not had a jackpot above \$200 million yet this year.

Mega Millions, on the other hand, has had a few decent jackpots with the current jackpot at 372 million. Sales for the first six months of this fiscal year are projected to reach \$19.9 million. The sales total for the same time period last year reached \$47.1 million with a \$522 million jackpot along with the record \$1.5 billion jackpot in October of 2018.

Ms. Fournet indicated that the sales totals for the large jackpot product line are projected to reach 49 million for the first six months of this fiscal year compared to \$93.2 million in December of 2018. Since the \$1.5 billion jackpot in October of 2018, we have seen increased player participation in the Mega Millions game even at lower jackpot levels, making our large jackpot product line more diversified.

Lotto sales are projected at \$11.5 million, which is \$300,000 higher than this time last year. Ms. Fournet noted this is good performance despite competition from the multistate games. She also

stated that we have had two very good jackpots so far this year with jackpots exceeding \$1 million twice.

Ms. Fournet continued with the Easy 5/ez match game explaining to the Board that it is a smaller product line, but very consistent in total sales. Ms. Fournet reported that sales through the end of December are projected to reach \$5.7 million

Ms. Fournet advised that sales of Pick 3 and Pick 4 continue to hold steady and are projected to end December at \$52.7 million, \$1.2 million higher than the same time period last year. These continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generating over 20 percent of overall sales.

Ms. Fournet began discussing the Instant product line by presenting the monthly sales totals for the current fiscal year compared to the most recent three fiscal years. She stated that sales are doing very well, especially under the constraints of the overall prize structure. Sales for July of the current fiscal year totaled \$18.6 million. This represents the highest July sales amount since June 1992. Scratch-off sales for the first six months of this fiscal year are projected to end December at \$110 million, up \$2 million from last year with average prize payouts holding steady at 63.09 percent.

In continuing, Ms. Fournet reported that total sales are \$4 million below budget for the first six months of this fiscal year. Instant sales are \$5.3 million higher than budget with online sales \$9.3 million below budget due to the lack of large jackpots.

Ms. Fournet noted that the Board was provided with the financial statements for the four months ending October 31, 2019. She reviewed the general and administrative expenses compared to budget for this time period noting that total G&A expenses were \$40,000 over budget. Advertising expense was \$310,000 over budget, representing a timing difference. Salaries and Wages and Other G&A were \$130,000 and \$140,000 under budget, respectively.

Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of December are projected at \$80.3 million, which is \$1.4 million below budget. She added that she provides the projections on a quarterly basis to the state's Revenue Estimating Conference.

Lastly, Ms. Fournet provided the Board with a series of slides comparing state lotteries throughout the United States and those of similar populations to Louisiana. With a 35% transfer percentage, Louisiana ranks first in the nation amount traditional lotteries.

Comparing lotteries of similar populations, the Louisiana Lottery Corporation not only has the highest transfer percentage of revenue, we also have the highest dollar amount transferred when factoring out states that do not have as many forms of legalized gaming in their respective states (Connecticut, Kentucky and South Carolina).

A copy of the financial presentation is attached.

At this time, the meeting was turned back over to Chairman McCaskill.

V. Other Business

There was no other business to discuss at this time.

VI. Announcements

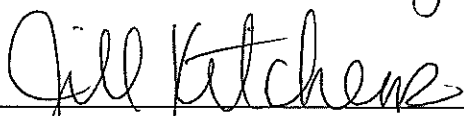
A Finance Committee Meeting is tentatively scheduled for Friday, January 31, 2020.

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, February 7, 2020, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

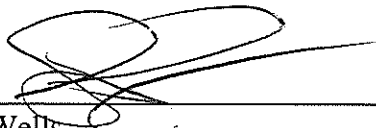
VII. Adjournment

There being no further business, Chairman McCaskill invited a **motion** to adjourn the meeting. Director Wells made a **motion** to adjourn the meeting and Director Shamburg **seconded** the motion. There being no objection, the motion was **approved**, and Chairman McCaskill adjourned the meeting at 11:30 a.m.

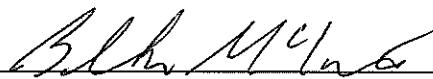
Date Approved: February 7, 2020



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Blake McCaskill
Chairman of the Board of Directors