

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
October 25, 2019**

Chairman Blake McCaskill called the meeting to order at 10:00 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, Vice Chairman Butch Gautreaux; Directors: Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones, Roman Banks, Sean Wells, and Cynthia Hedge-Morrell; and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** None.
- 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 August 23, 2019 Board Meeting. Director Shamburg **moved** to approve the August 23, 2019 Board Meeting Minutes and Director Banks **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 who attended the NASPL 2019 Annual Conference in Little Rock, Arkansas. She stated that she hopes those who attended found the experience to be both informative and beneficial to their roles as members of the board.

Ms. Hudson congratulated Christina Price, Louisiana Lottery Corporation Director of Accounting, for recently being selected as one of the three recipients of the 2019 Women's Initiative in Lottery Leadership (WILL) Scholarship Award. For receiving this honor, Christina has been invited to attend the WILL Lottery Leadership Seminar on October 30, 2019 in New York City. Ms. Hudson added that she will be joining Christina on the trip and will participate in a panel discussion.

Additionally, Ms. Hudson reminded Board Members to complete their annual ethics and sexual harassment training and directed them to the Louisiana Lottery Corporation's HR Department if any assistance is needed.

Lastly, Ms. Hudson presented the Board Members with a high-level overview presentation on all games in the Louisiana Lottery Corporation's draw-style and instant portfolio and the tactics used to market them. She then spoke briefly about campaigns for the Louisiana Lottery's holiday and Mardi Gras scratch-offs and gave an update on the mobile app for players.

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 through 2020. Sales in July started out at \$38.5 million and are projected to dip slightly to \$38.3 million to end October. She noted that sales started out slower this year due to the lower advertised jackpots during an already slower part of our seasonal sales cycle.

Powerball fiscal-year sales through the end of October are projected to be \$19.6 million, which is \$13.9 million less than last year due to lower advertised jackpots. She then compared sales for the first two draws in each jackpot run since May 2018 and demonstrated that it is taking longer for sales to increase due to player jackpot fatigue.

Mega Millions fiscal-year sales through the end of October are projected to be \$12.1 million, which is \$26.3 million lower than last year due to lower advertised jackpots. However, this is still better than prior years with similar jackpots, thanks to more awareness for the game following last year's record \$1.5 billion jackpot.

Ms. Fournet plotted Powerball and Mega Millions jackpots of over \$400 million since July 2015, showing a lull in their size and frequency since the spring and none occurring so far this fiscal year.

Lotto fiscal year sales through October are at \$7.4 million, which is \$500,000 less than this time last year. Lotto has experienced a slight decline in sales since the Mega Millions price increase in October 2017. Louisiana Lottery Corporation staff are in the process of finalizing a player survey to gauge interest in several options being considered to boost interest in the game.

Additionally, Ms. Fournet reported that sales of Easy 5 and ezmatch are holding steady at \$3.7 million, down about \$500,000 from last year.

Ms. Fournet advised that fiscal year sales of Pick 3 and Pick 4 are still strong at \$34.8 million with a slight increase of \$300,000 through October. These games continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generally over 20 percent of overall sales, which is vital to support the instant ticket prize structure. Louisiana Lottery staff are in the process of identifying options to further enhance these games for players.

Ms. Fournet then showed the Board Members charts demonstrating how the success of the Louisiana Lottery's draw games are key in supporting the instant ticket prize fund since draw games average prize expense is 50.1 percent while scratch-offs require 58.1 percent of operating expense. She also demonstrated how the instant game prize pool is funded both from operations and from unclaimed prizes. In order to set the print budget for games being launched this year, \$12.4 million is projected to be used from the fund and \$144.2 million is estimated to come from operations.

Ms. Fournet reported that scratch-off sales so far this fiscal year are up through the end of October at \$71.9 million, an increase of \$2.1 million over last year with average prize payouts at 63.11 percent.

Ms. Fournet reported overall sales through the end of October are projected to be \$149.5 million, \$38.9 million lower than last year and \$6.5 million less than budget, although she expects to make up this deficit over time as jackpot levels increase.

Additionally, Ms. Fournet stated that general and administrative expenses through the end of September are running \$100,000 over budget at \$5.2 million due to the early fiscal year advertising cycle.

In concluding, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of October are projected at \$52.5 million, which is \$2.3 million less than budget.

A copy of the financial presentation is attached.

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

V. Other Business

Ms. Hudson referenced copies of the Louisiana Lottery Corporation's Marketing and Communications Dashboard for the first quarter of fiscal year 2020. This report was created to give Board Members and Louisiana Lottery Staff a quarterly snapshot of the Lottery's communications and marketing activities and performance.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Wednesday, December 18, 2019, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

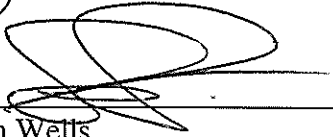
VII. Adjournment

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 11:20 a.m.

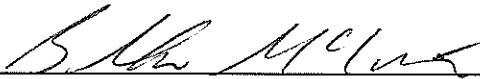
Date Approved: 12-18-19



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Blake McCaskill
Chairman of the Board of Directors