

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
December 15, 2021**

Chairperson Sheridan Shamburg called the meeting to order at 10:02 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:** Chairperson Sheridan Shamburg; Directors: Roman Banks, Cynthia Hedge-Morrell, Anna Jones, Whalen Gibbs, Blake McCaskill, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. **Members Absent:** Directors: Sean Wells, Beau Black, Carmen Jones
- C. **Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet, Senior Vice President/General Counsel, John Carruth

II. Pledge of Allegiance

Chairperson Sheridan Shamburg 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

Chairperson Shamburg began by asking if anyone had any questions or corrections to the minutes of the October 29, 2021, Board Meeting. Director Banks **moved** to approve the October 29, 2021, Board Meeting Minutes and Director Anna Jones **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 introducing Intralot Vice President Steve Beck and General Manager John Aquilino to the board and thanked them for being in attendance.

Ms. Hudson explained to the board that the Lottery recently partnered with a class from LSU's Master's in Statistical Analysis program on a project to identify significant indicators that impact the sales of instant games and possible opportunities for scheduling of our instant games. She said that Lottery staff attended a presentation given by the group on Friday, Dec. 10 and hopes to use information presented there to kickstart future Lottery initiatives. Rose said she was pleased with the partnership and will look for other opportunities to work with Baton Rouge universities in the future.

Ms. Hudson then mentioned that she is planning to bring back educational presentations to board meetings in 2022. To begin, she is planning a presentation for the April meeting on the responsibilities board members have regarding the retail licensing process. Other educational presentations for future meetings include board governance training and the lifecycle of a scratch-off ticket.

Lastly, Ms. Hudson provided the board an update on the Lottery's efforts to implement sports betting. She said the Lottery could not come to an agreement with Intralot on sports betting operations and plans to issue a Request for Proposals to solicit proposals from other vendors before the holidays. In addition, she told the board that retailers interested in sports betting can sign up to receive information from the Lottery as it becomes available by visiting <https://louisianalottery.com/sports-betting>.

The meeting was then turned over to Senior VP, Secretary/Treasurer Karen Fournet.

Mrs. Fournet began by analyzing total monthly sales for fiscal years 2019-2022. Sales in July started out at \$52.4 million but took a dip in the aftermath of Hurricane Ida when approximately 40% of the Lottery's retailers were down due to power and utility outages as well as storm damage. Karen estimates that this caused approximately \$5 million in lost sales. Since then, sales have leveled off and are projected to reach \$47.8 million to end December.

Powerball fiscal-year sales through the end of December are projected to be \$33.1 million, which is \$5.5 million higher than last year thanks to a \$700 million jackpot in October. However, lower overall, comparable sales levels continue and are due to a long span of smaller advertised jackpots. During the pandemic, The Multi-State Lottery Association that operates Powerball reduced guaranteed starting jackpots and increases between drawings. While unfortunate, these changes were necessitated by declining participation that reached all-time lows during pandemic-related stay-at-home orders. Powerball introduced a third drawing night to the schedule on Aug. 23 in an attempt to increase sales and grow the jackpot faster. The additional drawing has not resulted in a sales bump for the Lottery so far.

Mega Millions fiscal-year sales through the end of December are projected to be \$15.7 million, which is \$1.5 million less than last year.

Combined Powerball and Mega Millions sales through December are projected to reach \$48.8 million, up \$4 million from last year.

Lotto fiscal year sales through December are projected to be at \$10.5 million, which is \$600,000 lower than this time last year. Changes to boost player interest in the game went into effect Aug. 2, 2020. The changes were designed so the Lotto jackpot could reach \$1 million more quickly and frequently, which has helped to increase sales with two jackpots above that marker so far, this fiscal year.

Sales of Easy 5 and ezmatch are \$4.6 million, which is \$1 million lower than last year. The Lottery plans to monitor sales of this game during the fiscal year and will work to identify possible enhancements that could be made to increase player participation.

Fiscal year Pick 3, Pick 4 and Pick 5 sales, currently at \$69.4 million, are running \$300,000 less than last year's totals through December due to Hurricane Ida and players having more gaming options since casinos reopened at full capacity. Still, these daily games continue to be a star in the Lottery's draw-game portfolio. The Lottery added Pick 5 to the lineup on Aug. 1, which should help drive sales up further. Pick 5 has produced \$5 million in sales since being released on Aug. 1. So far, cannibalization of Pick 3 and Pick 4 since introducing the new game is as expected.

Scratch-off sales are projected to be \$141.3 million to end December, a decrease of \$8.1 million from last year. Over the next few years, the Lottery plans to increase the payout percentage of these games from 66% to 68% to boost sales. The Lottery's ability to increase prize payouts is due to its transfer mandate of 35% being reduced to 25% by the 2020 legislature. The Lottery continues to work closely with its instant ticket vendor to place additional prizes within each price point and to introduce additional higher price-point games to maximize sales.

The Lottery's first Fast Play games launched June 28 and have proven to be very popular. They produced \$780,000 in sales during the first week of availability and are now running \$330,000 per week. The games have beaten the Lottery's \$154,000 per-week projection each week since the games launched.

The Lottery plans to introduce a new family of progressive jackpot Fast Play games on Jan. 9 along with two additional traditional games, which should increase sales further.

Mrs. Fournet reported overall fiscal year 2022 sales through the end of December are projected to be \$284.7 million, \$4.1 million higher than last year and \$1.2 million less than budget. General and administrative expenses through October are running approximately \$800,000 under budget at \$6.2 million.

Lastly, Mrs. Fournet reported that transfers to the state treasury through the end of December are projected at \$93.6 million, which is \$400,000 less than budget.

At this time, the meeting was turned back over to Chairperson Shamburg.

V. Other Business

Chairperson Shamburg made a motion to make minor changes to the Oct. 29, 2021, meeting minutes. Director Banks **moved** to approve the October 29, 2021, Board Meeting Minutes and Director Anna Jones **seconded** the motion. There being no objection, the motion was **approved**.

Chairperson Shamburg asked if the board had any questions regarding Resolution No. 2021-12-15-1 (relative to Lottery Sports Wagering Rules). After minor discussion, Chairperson Shamburg called for a motion, Director Banks **moved** to approve the motion and Director Anna Jones **seconded** the motion. There being no objection, the motion was **approved**.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, February 11, 2022, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

VIII. Adjournment

There being no further business, Chairperson Shamburg invited a **motion** to adjourn the meeting. Director McCaskill made a **motion** to adjourn the meeting and Director Banks **seconded** the motion. There being no objection, the motion was **approved**, and Chairperson Shamburg adjourned the meeting at 10:45 a.m.

Date Approved: 2-11-22

Jill Kitchens

Jill Kitchens
Executive Administrative Assistant

Roman P. Banks
Sean Wells
Secretary to the Board of Directors

Vice Chair of Board

Sheridan Shamburg
Sheridan Shamburg
Chairperson of the Board of Directors