

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
February 11, 2022**

Chairperson Sheridan Shamburg 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:** Chairperson Sheridan Shamburg; Directors: Roman Banks, Cynthia Hedge-Morrell, Anna Jones, Whalen Gibbs, Blake McCaskill, Beau Black, Carmen Jones, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Director Sean Wells
- 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 December 15, 2021, Board Meeting. Director McCaskill **moved** to approve the December 15, 2021, 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 reminding the board that the 2022 legislative session convenes March 14 and ends June 6. To date, no bills have been prefilled pertaining to the Lottery. She said there may be the potential for bills pertaining to iLottery to be filed and will keep the board apprised of any developments.

She then gave the board an update on the Lottery's efforts to implement sports betting. The Lottery issued a Request for Information (RFI) to solicit turnkey solutions from potential partners in December. Rose said she is encouraged by the amount of interest received thus far. The original deadline for vendors to submit responses was Feb. 15, but the deadline has been extended an additional two weeks to allow them more time. Rose said she hopes to be able to come to a contractual agreement with a vendor in the coming weeks and present it for approval during the April 22 board meeting.

Also at that time, she said she would speak more to the Lottery's business plan for the coming year including adding ticket cashing to the Lottery mobile app, and updates to our central gaming system.

Lastly, Ms. Hudson told the board that the Lottery recently shot a TV spot for their upcoming partnership

with Tony Chachere's Creole Seasoning on the \$3 *Spice It Up!* scratch-off game. She said the partnership will open up a lot of opportunities for the Lottery to participate in promotions as well as attend fairs and festivals across the state with its promotional vehicle, LOLA. The game is scheduled to launch on Feb. 28.

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. Since then, sales have leveled off and are projected to reach \$45.2 million to end February. She said she expects sales to pick up as they typically do in the spring, although she noted that with additional gaming and entertainment venues opening, it may not reach the same levels as 2021. Still, the launches of Fast Play and Pick 5 as well as a \$700 million Powerball jackpot this year have helped shore up sales. In December, sales reached \$55.3 million, with our highest scratch-off sales for the month since December of 1991.

Powerball fiscal-year sales through the end of February are projected to be \$47.9 million, which is \$2.6 million higher than last year thanks to a \$700 million jackpot in October and a \$632 million jackpot in January. 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. Karen noted significant jackpot fatigue with this game by comparing this year's results with 2015's sales of \$62.8 – over \$14 million better—with only one large jackpot of \$564 million.

Mega Millions' story is slightly different as it took the \$1 billion record jackpot in 2019 for it to gain recognition and traction among players. Fiscal-year sales through the end of February are projected to be \$22.2 million, which is \$12 million less than last year when another \$1 billion roll occurred.

Lotto fiscal year sales through February are projected to be at \$14.1 million, which is \$3.1 million lower than this time last year. Changes to boost player interest in the game went into effect on Aug. 2, 2020. The changes were designed so the Lotto jackpot could reach \$1 million more quickly and frequently which has helped to sustain sales with three jackpots above that marker so far, this fiscal year. She expects there has been some cannibalization of the Lotto game with new products being introduced, but the game brings in \$19-20 million annually.

Sales of Easy 5 and ezmatch™ are projected to reach \$6.2 million, which is \$1.3 million lower than last year. Sales of Easy 5 and ezmatch™ have declined since the introduction of Fast Play games in June, which are very similar in nature. 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. Easy 5 with ezmatch™ brings in about \$10-11 million annually.

Fiscal year Pick 3, Pick 4 and Pick 5 sales, are currently projected to reach \$91.9 million, running \$100,000 less than last year's totals through February 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 experiencing 3.5% growth annually until 2021 when we saw a 26%

increase. The Lottery added Pick 5 to the lineup on Aug. 1, which should help drive sales up further. Pick 5 has produced \$6.8 million in sales since being released on Aug. 1.

Scratch-off sales, which exploded during pandemic restrictions, are projected to be \$193.7 million to end February, a decrease of \$11.7 million from last year but still at levels that are more than \$90 million higher than what they were a decade ago. Over the next few years, the Lottery plans to increase the payout percentage of these games from 66% to 68% (67% for next year's budget) 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. In addition, the Lottery hopes to introduce a \$20 scratch-off game to its portfolio in August, which will also help to boost 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 \$450,000 per week with an average payout of 70%. The games have beaten the Lottery's \$154,000 per-week projection each week since the games launched. The Lottery introduced a new family of progressive jackpot Fast Play games, *Louisiana Jackpot*, at the \$2, \$5 and \$10 price points on January 9 along with two additional traditional games in an effort to build on this momentum. Sales from the three games contribute to the progressive jackpot. The \$2 game can win up to 20% of the jackpot; the \$5 game offers a top prize of 50% of the jackpot and the \$10 game can win 100% of the progressive jackpot. Plans are to add more traditional games this summer.

Mrs. Fournet reported overall fiscal year 2022 sales through the end of February are projected to be \$389.6 million, \$12.2 million lower than last year, but \$10.6 million higher than budget.

General and administrative expenses through December are running approximately \$700,000 under budget at \$9.7 million.

She reported that transfers to the state treasury through the end of February are projected at \$127.4 million, which is \$2.8 million higher than budget.

Mrs. Fournet then compared the proposed fiscal year 2023 budget with fiscal year 2021 actual results and 2022 projected results. The proposed budget for next fiscal year is conservative and in line with this year's projections.

Lastly, she overviewed the Lottery's proposed fiscal year 2023 budget of \$600 million: \$320 from scratch-offs; \$138.5 million from daily games; \$60 million from Powerball; \$32.2 million from Mega Millions; \$19 million from Lotto, \$21.9 million from Fast Play and \$8.4 million from Easy 5 with ezmatch™. She also showed how fiscal year 2023 revenue would be distributed: \$343.7 million for prizes (57.2%); \$191.5 million for the state (31.9%); \$34.2 million for retailers (5.7%); \$9.8 million for vendor fees (1.6%) and \$21.5 million for operations/administration (3.6%).

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

V. Board Committee Reports

Chairperson Shamburg presented board members with Resolution No. 2022-02-11-1, relative to the 2022/2023 fiscal year budget for approval. Director Black made the **motion** to approve Resolution No. 2022-02-11-1, relative to the 2022/2023 fiscal year budget and Director Banks **seconded** the motion. There being no objection, Resolution No. 2022-02-11-1, relative to the 2022/2023 fiscal year budget was **approved**.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 22, 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.

VII. Adjournment

There being no further business, Chairperson Shamburg invited a **motion** to adjourn the meeting. Director Morrell 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: _____

Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors