

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
February 7, 2020**

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; Directors: Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones, Roman Banks, Cynthia Hedge-Morrell, and Sean Wells and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Vice Chairman Butch Gautreaux
- 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 December 18, 2019 Board Meeting. Director Wells **moved** to approve the December 18, 2019 Board Meeting Minutes and Director Shamburg **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 updating the board on the five-year strategic planning process that the executive staff will be pursuing. A company has been identified to assist in facilitation, and discussions will begin in a few weeks. At some point in the process, there will be an opportunity for board engagement.

Ms. Hudson additionally advised the board that she and her staff will be meeting with staff of the Joint Legislative Committee on the Budget, which is responsible for approving the Lottery's budget. She believes the budget could be presented to the committee as early as Feb. 21.

She stated that bills have begun to be pre-filed for the next legislative session, but none so far have implications for the Lottery. However, she shared that for the first time, she has been approached by a legislator regarding a bill to remove the restriction regarding internet sales of

Lottery products.

At this time, Ms. Hudson 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. While sales started out slower this year due to lower advertised jackpots, the months of November through February are up over last year.

Powerball fiscal-year sales through the end of February are projected to be \$41.8 million, which is \$15.9 million less than last year and less than half of sales in 2016 when the jackpot reached \$1.6 billion. This lackluster performance is due to a long span of lower advertised jackpots. In addition, players have become more familiar with Mega Millions now and are shifting play depending upon the jackpots.

Mega Millions has experienced a similar story with fiscal-year sales through the end of February projected at \$26.1 million, which is \$28 million lower than last year when the game experienced a \$1.5 billion-plus jackpot. However, this is still better than prior years with similar jackpots, thanks to increased game awareness.

Combined Powerball and Mega Millions fiscal-year sales through the end of February are projected to be \$67.9 million, down \$43.9 million from last year but higher than 2011 when the Lottery offered only Powerball. To demonstrate the power of jackpot size on game sales, she plotted jackpots of greater than or equal to \$400 million on a monthly graph going back to June 2016. The six-month period of July 2019 to February 2020 is the only six-month time period to experience just a single occurrence -the \$397 million jackpot in January.

Ms. Fournet also pointed out that the most recent jackpot run of \$397 million took 25 draws with no real escalation in sales. She compared that to the most recent jackpot run of \$768 million when sales began to increase rapidly at the 21st draw. Players did not buy tickets at the same level in the \$397 million run as the two previous large jackpot runs. This inconsistency in player behavior makes the large jackpots very difficult to estimate.

Lotto fiscal year sales through February are at \$14.7 million, which is right on par with last year. Lottery staff are in the process of evaluating changes to the game to boost interest. These changes will be introduced to the board at its next meeting.

Sales of Easy 5 and Ezmatch are holding steady at \$7.3 million, down about \$100,000 from last year but consistent.

Fiscal year sales of Pick 3 and Pick 4 remain strong at \$72.7 million with an increase of \$4.1million over last year's totals through February. These continue to be the star in the Lottery's draw-game portfolio. Recent Pick 3 sales have averaged close to \$200,000 daily, as a result, weekly sales totals for Pick 3 have exceeded Powerball sales.

Scratch-off sales this fiscal year are up through the end of February projected at \$149.7 million, an increase of \$5.4 million over last year with average prize payouts at 63.09%. Approximately 69% of that growth can be attributed to increases in \$1, \$2 and \$3 game sales, as inventory of higher price points has shrunk due to budgetary constraints. This performance is very promising as the Lottery confronts the challenge of stretching its instant prize structure.

Ms. Fournet reported overall sales through the end of February are projected to be \$312.3 million, \$34.6 million lower than last year and \$7.6 million less than budget due to the multistate jackpot game performance.

General and administrative expenses for the first six months of the fiscal year through December are running \$400,000 under budget at \$9.7 million.

She then reported that transfers to the state treasury through the end of February are projected at \$109.5 million, which is \$2.8 million less than budget. She noted that there is time to make up the deficit, with the potential for a jackpot run, but she is keeping the Revenue Estimating Conference abreast of our progress.

Lastly, Ms. Fournet overviewed the Lottery's proposed fiscal year 2021 sales budget of \$460.4 million: \$219 from scratch-offs; \$106.8 million from daily games; \$62.1 from Powerball; \$39.1 from Mega Millions; \$22.6 from Lotto and \$10.8 million from Easy 5 with Ezmatch. She also showed how fiscal year 2021 revenue would be distributed: 53.5% for prizes; 35% for the state; 5.6% for retailers; 1.5% for vendor fees and 4.3% for operations/administration.

In conclusion, Ms. Fournet compared the proposed budget with fiscal year 2019 actual results and 2020 projected results. The proposed budget is conservative and in line with this year's projections.

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

## V. Board Committee Reports

**Finance Committee** – Board Chair Blake McCaskill reported that the Finance Committee met on Friday, January 31, 2020, to discuss Resolution 2020-02-07-1 which is the proposed Fiscal Year 2020/2021 Budget. Chairman McCaskill presented to the Board of Directors **Resolution No. 2020-02-07-1** relative to the approval of the 2020/2021 Fiscal Year Budget. Chairman McCaskill asked for any internal and/or public comments relative to this agenda item.

There being no comments, Director Wells made a **motion** to approve **Resolution No. 2020-02-07-1** and Director Shamburg **seconded** the motion, with zero (0) Board Members voting “no” and eight (8) Board Members voting “yes”, the motion was **approved and passed**.

## VI. Other Business

Chairman McCaskill presented to the Board of Directors **Resolution No. 2020-02-07-2** relative to the approval of minor wording changes to the Internal Auditing System Policy to conform to new industry recommendations. Chairman McCaskill asked for any internal and/or public comments

relative to this agenda item.

There being no comments, Director Shamburg made a **motion** to approve **Resolution No. 2020-02-07-2** and Director Hedge-Morrell **seconded** the motion, with zero (0) Board Members voting “no” and eight (8) Board Members voting “yes”, the motion was **approved** and **passed**.

Finally, Ms. Hudson pointed out the MarComm Dashboard for the second quarter of the fiscal year highlighting marketing and sales projects and results. She also recognized Karen Fournet, Jimmy Goodrum and Christina Price for being featured on a cover story of the Louisiana CPA society's magazine, which was provided to each board member.


### VII. Announcements


The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 24, 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 Banks made a **motion** to adjourn the meeting and Director Wells **seconded** the motion. There being no objection, the motion was **approved**, and Chairman McCaskill adjourned the meeting at 10:30 a.m.

Date Approved: June 26, 2020

  
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Jill Kitchens  
Executive Administrative Assistant

  
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Sean Wells  
Secretary to the Board of Directors

  
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Blake McCaskill  
Chairman of the Board of Directors