

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
October 23, 2015**

Chairman Kim Carver called the meeting to order at 10:06 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana.

I. Attendance

- A. Members Present:** Chairman Kim Carver, Vice Chairman Roy Robichaux, and Directors: John Fitzpatrick, Heather Doss, J. T. Taylor, Larry Katz, Verge Ausberry, Jr., and Blake McCaskill.
- B. Members Absent:** Director: Lisa Reardon and First Assistant State Treasurer: Ron Henson.
- 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 Kim Carver asked Director Heather Doss to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman Carver began by asking if anyone had any questions or corrections to the minutes of the August 28, 2015 Board Meeting. Director Fitzpatrick **moved** to approve the August 28, 2015 Board Meeting Minutes and Director Taylor **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 welcoming Natalie Babin Isaacks, Executive Director of the Louisiana Oil Marketers & Convenience Store Association (LOMCSA).

Ms. Hudson informed the Board of Directors as to the progress of the development of a web portal for board documents which is being developed by the Louisiana Lottery Corporation's Management Information Systems Department. She stated that the portal will provide online access to documents reducing the printing of board materials and therefore will reduce costs.

Ms. Hudson announced that the Louisiana Lottery's \$2 Scratch-Off Game, *Spice It Up*, which featured a strategic alliance with Tony Chachere's Creole Foods of Opelousas, was selected as the winner of the "Best Instant Ticket of the Year" by the North American Association of State and Provincial Lotteries (NASPL). She advised that she accepted the award at the NASPL 2015 Annual Conference in Dallas that took place on October 12-16, 2015.

In concluding, Ms. Hudson updated the Board of Directors in regard to the additional charges filed against Eddie Tipton, a former Multi-State Lottery Association (MUSL) employee who was convicted of fraud in August 2015 relating to a jackpot-winning ticket for Hot Lotto, a game administered by the organization. Ms. Hudson stated that Tipton is now being charged with facilitating the winning of two additional jackpots: a 2005 jackpot in Colorado that was claimed by Tipton's brother and a 2007 jackpot claimed in Wisconsin by a friend of Tipton who was also charged in the Iowa Hot Lotto Case. The new charges allege that Tipton helped create the random number generators (RNGs) that were used to select the winning numbers in those state games. Ms. Hudson reiterated to the Board that the Louisiana Lottery Corporation has never utilized RNGs developed or tested by MUSL.

At this time, Ms. Hudson turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet, to present the financial report via Power Point Presentation.

Ms. Fournet began with a look at Powerball sales of \$25 million for the first four months of the fiscal year which is the lowest in five years and \$400,000 less than 2015. Ms. Fournet advised that the Powerball Game is still underperforming, but she is hopeful that the matrix change the game underwent on October 4, 2015, designed to generate larger average jackpots will help the long-term success of the game.

Ms. Fournet noted that the Mega Millions Game has lower brand recognition due to Louisiana being a Powerball legacy state. Mega Millions sales are at \$8.7 million, which is \$2.2 million less than last year and the lowest start since Mega Millions was introduced in the State of Louisiana. Ms. Fournet also stated that player education on the multistate game choices could spur interest.

Ms. Fournet noted that, so far this fiscal year, combined Powerball and Mega Millions sales are at \$33.7 million, \$2.6 million lower than last year.

Ms. Fournet described Lotto as the "shining light" due to the game's performance this fiscal year. Lotto sales of \$13.2 million are up \$3.7 million from October 2014. She stated that the increase can be attributed to the \$3.225 million jackpot that was claimed earlier during the month of October. The jackpot was the largest cash jackpot since 1998 and the fourth highest cash jackpot ever.

In continuing, Ms. Fournet stated that Combined Pick 3 and Pick 4 Sales of \$32.2 million show continued steady growth which is up \$1 million from October 2014. Ms. Fournet added that Pick 3 sales are down slightly while Pick 4 sales are up. Additionally, she noted that Easy 5 with EZmatch sales are \$300,000 higher than 2014 due to a recent jackpot worth \$370,000 that increased player participation.

Ms. Fournet stated that scratch-off sales continue to climb and raise the bar month over month. Instant sales of \$65.3 million are up more than \$3 million from 2014. She concluded that this phenomenal growth can be attributed to the increase in prize payout percentages with prize money strategically distributed through price-point positioning, which has led to an increase in \$10 game sales. Due to the Louisiana State Legislature tapping into the Louisiana Lottery Corporation's unclaimed prize fund and taking \$20 million to plug a state budget gap, Ms. Fournet said the challenge and goal regarding instant games will be to maintain the current 62.75 percent prize structure as long as possible.

Ms. Fournet reported overall fiscal year-to-date sales of \$148.1 million through October which is almost \$6 million higher than last year at this time. In addition, sales are performing \$13.2 million better than budget. She advised that first quarter general operating expenditures were \$600,000 under budget at \$4.4 million.

In concluding, Ms. Fournet announced that the Louisiana Lottery Corporation has transferred \$52 million to the state thus far through October 2015, which is \$4.6 million ahead of budget.

A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – Personnel Committee Chairman Larry Katz informed the Board regarding two resolutions that will be presented to the Board of Directors for consideration at the December 2015 Board Meeting. The first resolution provides for automatic enrollment in the Louisiana Lottery Corporation's 457(b) Retirement Plan at a minimum of the default elective deferral. The second resolution revises the Louisiana Lottery Corporation Personnel Policy's Procedures to clarify the definition of Disability Leave.

Finance Committee – No report at this time.

Bylaws Committee – No report at this time.

VI. Other Business

There was no other business to discuss at this time.

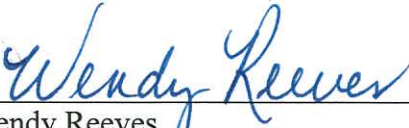
VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Wednesday, December 16, 2015, 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, Chairman Carver invited a motion to adjourn the meeting. Director McCaskill made a **motion** to adjourn the meeting and Director Fitzpatrick **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 10:35 a.m.

Date Approved: December 16, 2015.



Wendy Reeves
Executive Administrative Assistant



Larry Katz
Secretary to the Board of Directors



Kim Carver
Chairman of the Board of Directors

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