

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
April 25, 2014**

Chairman John Fitzpatrick called the meeting to order at 10:02 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 John Fitzpatrick, Vice Chairman Kim Carver, and Directors: Verge Ausberry, Jr., Larry Katz and Heather Doss.
- B. Members Absent:** 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 John Fitzpatrick requested Brad Menard to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Director Ausberry **moved** to approve the February 7, 2014, Board Meeting Minutes and Director Katz **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 discussing the meeting with the Joint Legislative Committee on the Budget which met on April 16, 2014. She was happy to inform the Board of Directors that the Louisiana Lottery Corporation's Budget for the 2014-2015 Fiscal Year was approved. Additionally, she noted that the Louisiana Lottery Corporation received accolades from Senate President John Alario and President Pro Tem Sharon Weston Broome, as well as former board member, Senator Ronnie Johns.

Ms. Hudson informed the Board of Directors regarding Senate Bill 230 sponsored by Senator Dorsey-Colomb wherein this bill would give Louisiana Lottery Corporation winners the option of full anonymity. After a meeting with Senator Dorsey-Colomb wherein Ms. Hudson explained the winner awareness processes and how the public records law affects the Louisiana Lottery

Corporation winners, Ms. Hudson stated that Senator Dorsey-Colomb decided not to pursue the bill any further.

Ms. Hudson additionally gave an update on House Bill 236 sponsored by Representative Chris Broadwater wherein it would give the Louisiana Lottery Corporation collection responsibilities under the Office of Debt Recovery, similar to our legally mandated role in collecting back child support from winnings. The bill would require the Louisiana Lottery Corporation to withhold from Lottery winnings any delinquent debt based on reports to the Louisiana Lottery Corporation from state agencies.

Ms. Hudson informed the Board of Directors that she is working the Governor's Office of Board and Commissions on the appointment process for the Louisiana Lottery Corporation Board Members. She explained that there is a risk of not seeing appointees through the legislative process at this time due to the timing of reappointments.

In concluding, Ms. Hudson introduced Ms. Kenyetta Sewell as the new Director of Human Resources. She added that Ms. Sewell previously served as Deputy Undersecretary for the Louisiana Department of Civil Service.

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.

Before beginning the presentation of the financial performance of the Louisiana Lottery Corporation, Ms. Fournet congratulated Vice President of Finance Jimmy Goodrum and Director of Accounting Christina Price for the Louisiana Lottery receiving the Certificate of Excellence in Financial Reporting for its fiscal year 2013 financial report and calendar year 2012 retirement plan from the Government Finance Officers' Association. The award recognized the Louisiana Lottery Corporation's commitment to full disclosure and transparency. Ms. Fournet added that this makes the 16th year for the Louisiana Lottery Corporation to receive this award and the 6th year for the Retirement Plan.

Additionally, Ms. Fournet also congratulated Quality Assurance Manager Elaina Hilton and Director of Systems Burt Rentz on their role in the Louisiana Lottery Corporation's achieving re-verification of meeting quality assurance best practices under the NASPL Standards Institute. Ms. Fournet explained that the Louisiana Lottery Corporation was the first lottery in the nation to receive the certificate and has now received the renewal certificate twice.

Ms. Fournet provided a presentation of the financial performance of the Corporation for the first ten months of the current fiscal year. Ms. Fournet advised that sales are running \$18 million more than last year at this time which can be attributed in part to a \$636 million Mega Millions Jackpot in December and two Powerball Jackpots over \$400 million each. Powerball sales are currently \$12.4 million below last year which she explained as jackpot fatigue and the fact that jackpots are increasing more rapidly than in previous year due to an increased player base from the additional of California. Ms. Fournet gave an illustration wherein she compared jackpot levels from 2012 and 2014 and pointed out that 2012 sales were higher even though the jackpots were lower.

Furthermore, Ms. Fournet reported that Mega Millions sales are \$11.3 million better than the previous year. She noted that the combination of Powerball and Mega Millions continues to prove to be a strong driver of sales by stabilizing the product mix by giving players options. Combined Powerball and Mega Millions sales are just \$1.1 million below 2013. Ms. Fournet further stated that due to the \$1.7 million jackpot run and the Lotto Lagniappe promotion, Lotto sales are up \$3.3 million as the promotion and high jackpots appear to have countered the effect of cannibalization that the game has experience in recent years.

Ms. Fournet stated that Pick 3 and Pick 4 Games are experiencing slow but steady growth with sales \$800,000 higher than last year. These two games make up 20 percent of the product mix and continue to be popular niche games. Ms. Fournet further reported that Easy 5 Game may be nearing the end of its lifecycle with sales at \$9.4 million.

Ms. Fournet advised that the best news is that instant ticket sales are higher every month this fiscal year than every month since 1995. This success is attributed to the improved distribution, inventory management and strategic prize placement. Instant ticket sales are currently \$150.2 million which is \$15.8 million higher than last year.

Ms. Fournet informed the Board of Directors that overall fiscal year-to-date sales of \$381.6 million are up 5 percent over last year. Additionally, general and administrative expenses are \$800,000 below budget as of March 30, 2014. She noted that the advertising budget is higher than budgeted by \$100,000, but this can be attributed to the advertising calendar and will level off.

Lastly, Ms. Fournet presented fiscal year 2013 data from La Fleur's World Lottery Almanac that calculated the percentage of government transfers relative to consolidated revenue of state lotteries. She noted that compared to other lotteries offering traditional lottery products, the Louisiana Lottery Corporation transferred the second highest percentage of revenue to its government. At 35.8 percent, it is second only behind New Jersey which has nearly double Louisiana's population base.

In concluding, Ms. Fournet announced that the Louisiana Lottery Corporation transferred \$133.9 million to the State of Louisiana for the ten months ending April 30, 2014 which is \$17.2 million better than budgeted.

A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – Committee Chairman Kim Carver stated that he had no report at this time but advised that the Louisiana Lottery Corporation President's evaluation is scheduled for the next board meeting in June.

Finance Committee – Committee Chairman Verge Ausberry stated that he had no report at this time.

Bylaws Committee – No report at this time.

VI. Other Business

Ms. Hudson informed the Board of Directors that financial disclosure reports are due on Thursday, May 15, 2014. An inquiry was made regarding whether or not sexual harassment training, which is mandated for state agency employees, is something required of the Louisiana Lottery Board of Directors. Ms. Hudson asked Senior Vice President/General Counsel John Carruth to research this inquiry.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, June 27, 2014 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 Fitzpatrick invited a motion to adjourn the meeting. Vice Chairman Carver made a **motion** to adjourn the meeting and Director Katz **seconded** the motion. There being no objection, the motion was **approved** and Chairman Fitzpatrick adjourned the meeting at 10:36 a.m.

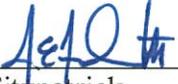
Date Approved: June 13, 2014.



Wendy Reeves
Executive Administrative Assistant



Verge Ausberry, Jr.
Board Member for Secretary to the Board of Directors



John Fitzpatrick
Chairman of the Board of Directors