

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
JUNE 22, 2012**

Chairman Verge Ausberry, Jr. 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 Verge Ausberry, Vice Chairman John Fitzpatrick, and Secretary Kim Carver, Directors: J.T. Taylor, Heather Doss, Lisa Reardon, Larry Katz, and Ron Henson.
- B. Members Absent:** Roy Robichaux.
- C. Staff:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet and Senior Vice President/General Counsel, John Carruth.

II. Approval of the Minutes of Prior Board Meetings

Director Taylor **moved** to approve the April 20, 2012, Board Meeting Minutes. Director Fitzpatrick **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.

III. President's Report

President Hudson began by introducing and welcoming our newest Board of Director, Larry Katz. Ms. Hudson also announced that Director Fitzpatrick had been selected to serve another term on the board. Ms. Hudson advised that Brad Menard has accepted the position of Vice President of Sales and will be joining the Management Team on July 1, 2012.

Ms. Hudson briefly discussed that the Louisiana Lottery had an exceptionally good year financially and this would be discussed in detail later by our Sr. Vice President & Secretary-Treasurer, Karen Fournet.

Ms. Hudson reported regarding a recent retailer fraud case in New Orleans and briefly outlined the details. Ms. Hudson thanked Christine Little, Regional Office Assistant at the Lottery's New Orleans Office, as she is the person who initially realized that fraud had been committed and alerted Charles Armstrong, Vice President of Security. Ms. Hudson also thanked Charles Armstrong for going "above and beyond" in his efforts to track down the rightful owner of the winning Mega Millions Ticket. Ms. Hudson advised that as a result of this fraudulent matter, four retailer locations that were affiliated with the person arrested had their Lottery licenses suspended.

Ms. Hudson provided an update on the recent legislative session that just concluded. She noted that Governor Bobby Jindal signed into law Senate Bill 652 which requires the Lottery to provide a schedule of Lottery positions and salaries as part of its budget.

Ms. Hudson showcased several of the Lottery's strategic alliances. Among those strategic alliances were Baumer Foods, maker of Crystal Hot Sauce, *Louisiana Sportsman*, a publication that has been the leading authority on Louisiana fishing and hunting for the past twenty (20) years, and the New Orleans Saints. Additionally, Ms. Hudson thanked Dwain Richard, Art Director for the Louisiana Lottery, and his team for their excellent work on recent ticket designs and marketing materials.

Ms. Hudson announced the rollout of the Louisiana Lottery's mobile site on June 25, 2012. This mobile site gives easy-to-view choices for information most requested by players on the go.

Furthermore, Ms. Hudson advised that a copy of proposed changes to the bylaws was distributed to the Board of Directors for review and directors will vote on the revisions at the August Board Meeting.

At this point, Ms. Hudson turned the meeting over to Steve Rosales, Vice President of Internal Audit. He advised that a copy of proposed revisions to the Internal Audit Charter was distributed to the Board of Directors for review. Mr. Rosales advised that the Internal Audit Charter has not been amended since the Louisiana Lottery's inception. The revisions are being proposed in order to include consulting services and activities in policies and rules. The Board of Directors will vote on the revisions at the August Board Meeting. The meeting was then turned back over to Ms. Hudson.

Ms. Hudson welcomed two representatives from Intralot, Steve Beck and John Aquilino, as well as Fran Cash from Scientific Games. She also introduced and welcomed Kandyse Aube, the Louisiana Lottery's new Community Relations Coordinator.

Lastly, Ms. Hudson recognized the Louisiana Lottery's Management Team and thanked all employees for their exemplary work on a number of significant projects this year.

Ms. Hudson then turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet to present the financial report via Power Point Presentation (hard copy attached). Ms. Fournet began her report by sharing weekly sales trends over the last 52 weeks. Ms. Fournet noted that there were nine (9) jackpots over \$100 million for the first time in the Louisiana Lottery's history. Ms. Fournet briefly summarized the Powerball sales and the Mega Millions sales and emphasized that the combination of these two games is the success story of the fiscal year. The two games brought in \$140.1 million in combined sales this fiscal year (\$107.3 million in Powerball and \$32.8 million in Mega Millions) as compared to \$98.5 million in Powerball sales alone last fiscal year. Ms. Fournet also reported that instant ticket sales continue to set records topping \$158.2 million. Ms. Fournet announced that projected sales for this fiscal year are \$429.8 million. She noted that the Louisiana Lottery has seen \$153 million in growth since 2000. Ms. Hudson interjected that the Louisiana Lottery's success story is a standalone in the industry, as other lotteries are experiencing a decrease in sales. Ms. Fournet concluded by reporting that the state transfers for this fiscal year are \$151.3 million which is \$19 million more than budgeted, excluding any surplus and that general and administrative expenses of \$16.5 million as of May 31, 2012 are about \$1.1 million below budget.

IV. Board Committee Reports

Retirement Investment Committee – No report at this time. (See other business.)

Finance Committee - No report at this time.

Personnel Committee - No report at this time.

By-Laws Committee - No report at this time.

V. Executive Session

At this time, Chairman Ausberry asked for a motion to go into Executive Session to discuss the performance evaluation of the president. Director Fitzpatrick made the **motion** and Director Carver **seconded** the motion. There being no objection, the motion was **approved** and the Board of Directors went into Executive Session at 10:45 a.m.

Director Carver made a **motion** to adjourn the Executive Session and Director Reardon **seconded** the motion. There being no objection, the motion was **approved**.

VI. Other Business

Chairman Ausberry called the regular meeting of the Board of Directors back to order at 11:10 a.m.

At this time, Jimmy Goodrum, Vice President of Finance and Controller, gave a presentation regarding the Supplemental Retirement Plan. He explained that executive management is recommending a discretionary contribution of two (2%) percent to the Supplement Retirement Plan for the benefit of the employees. A detailed explanation of the recommendation was distributed to the Board of Directors. Based on the positive results, Mr. Goodrum recommended the approval of the full two (2%) percent discretionary contribution and asked for the Board's consideration of this benefit.

Chairman Ausberry requested a motion to approve **Resolution No. 2012-6-22-1** whereby approving the two (2%) percent discretionary contribution. Director Carver made the **motion** and Director Taylor **seconded** the motion. There being no objection, the motion was **approved** and **Resolution No. 2012-6-22-1** was passed.

VII. Election of Officers

Chairman Ausberry opened the floor for nominations for the Office of Chairman. Director Fitzgerald made a **motion** for Chairman Ausberry to serve a second term as Chairman and Director Carver **seconded** that motion. There being no objection, the motion was **approved**. Chairman Ausberry thanked the Board of Directors for entrusting him to the role of Chairman for another term.

Chairman Ausberry opened the floor for nominations for the Office of Vice Chairman. Director Carver made a **motion** for Vice Chairman Fitzpatrick to serve a second term as Vice Chairman and Director Reardon **seconded** that motion. There being no objection, the

motion was **approved**. Vice Chairman Fitzpatrick thanked the Board of Directors for re-electing him for another term.

Chairman Ausberry opened the floor for nominations for the Office of Secretary. Director Reardon made a **motion** for Secretary Carver to serve a second term as Secretary and Director Katz **seconded** that motion. There being no objection, the motion was **approved**. Secretary Carver thanked the Board of Directors for re-electing him for another term.

Chairman Ausberry thanked the Lottery staff for their hard work, dedication and integrity. He also thanked fellow board members for their service.

VIII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, August 24, 2012, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

IX. Adjournment

There being no further business, Chairman Ausberry invited a motion to adjourn the meeting. Secretary Carver made a **motion** and Director Taylor **seconded** the motion. There being no objection, the motion **approved** and Chairman Ausberry adjourned the meeting at 11:22 a.m.

Date Approved: August 24, 2012.

Wendy Reeves
Wendy Reeves
Executive Administrative Assistant

Kim Carver
Kim Carver
Secretary to the Board of Directors

FOR: Verge Ausberry, Jr.
Verge Ausberry, Jr.
Chairman of the Board of Directors

Attachment(s): (1) Hard Copy Financial PowerPoint Presentation
(2) Financials
(3) Memorandum Re: Supplemental Retirement Plan
(4) Resolution No. 2012-6-22-1 (Relative to Discretionary Contribution)