

LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
June 23, 2017

Chairman Roy Robichaux called the meeting to order at 10:00 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 Roy Robichaux, Vice Chairman Blake McCaskill and Directors: J. T. Taylor, Verge Ausberry, Jr., Sean Wells, and Larry Cager.
- B. Members Absent:** Secretary Lisa Reardon; Directors: Heather Doss, Butch Gautreaux, and Deputy State Treasurer Renee Ellender Roberie.
- 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 Roy Robichaux led the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman Robichaux began by asking if anyone had any questions or corrections to the minutes of the April 28, 2017 Board Meeting. Director Taylor **moved** to approve the April 28, 2017 Board Meeting Minutes and Director Ausberry **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 congratulating Director Larry Cager on his confirmation by the Senate to serve on the Louisiana Lottery Board of Directors. Mr. Cager had previously served on the Lottery's Board.

In continuing, Ms. Hudson informed the Board that the hearing before the Joint Legislative Committee on the Budget to approve our budget was held on Friday, June 16, 2017, and our budget was approved as submitted. She mentioned that The Joint Legislative Committee on the Budget did ask if we had raises included in our budget, to which Ms. Hudson responded that raises are not included.

Ms. Hudson informed the Board of Directors about visitors from the Mississippi State Legislature and Mississippi Gaming Commission that she and John Carruth met with to answer questions regarding starting and operating a lottery.

In addition, Ms. Hudson informed the Board about a recent lottery directors meeting held in Denver where changes to the Powerball Game were approved. The changes will become effective in April 2018, allowing players to purchase a bonus draw option which would include an extra draw to be held on additional nights during the week. She stated that our marketing department has been working on a message entitled "winner take all" to help players understand the changes to the game.

In concluding, Ms. Hudson informed the Board that there will be a NASPL conference in Portland, Oregon the week of September 13, 2017. At this meeting, NASPL will consider changing its bylaws to extend the terms of the executive committee members from a one year term to a two year term.

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 monthly sales for fiscal years 2014-2017. Sales for the current year started out strong at \$43.4 million in July with two (2) large multi-state jackpots, but dropped to \$33.5 million during August following the flood. Since that time, monthly sales have fluctuated with seasonal trends. Sales are projected to be \$38 million for June, which will be the highest sales total for the month of June in the history of the Lottery.

Ms. Fournet reported that Powerball sales through the end of Fiscal Year 2017 are projected to be \$85 million, which is \$41.1 million less than this time last year. She advised that this decrease can be attributed to the sales spike leading up to the \$1.6 billion jackpot in January 2016. However, it is also \$17.3 million lower than 2014 when we experienced similar jackpots which is a clear indication of jackpot fatigue.

Ms. Fournet stated that Mega Millions sales for Fiscal Year 2017 are \$28.1 million which is \$1.6 million less than last year.

In continuing, Ms. Fournet advised that combined Powerball and Mega Millions sales for Fiscal Year 2017 are \$113.1 million which is \$42.7 million behind last year and at their lowest level in six (6) fiscal years. Nevertheless, the sales are higher than when we offered the Powerball Game alone.

Ms. Fournet reported that Lotto sales remain fairly solid at \$25.1 million but are down \$5.2 million from last year due to lower jackpots. Ms. Fournet reiterated that Lotto sales may be impacted by the changes to the Mega Millions Game.

Ms. Fournet informed that sales of Pick 3 and Pick 4 are holding steady with a slight increase at \$99.7 million for Fiscal Year 2017. These games continue to be the most stable games in the Louisiana Lottery Corporation's product mix. Pick 3 is relatively flat while Pick 4 is seeing some growth as Pick 3 players have migrated to that game. In looking at today's values, these games represent a \$12.2 million increase since 2012.

Sales of Easy 5 and EzMatch have maintained the same level of sales at \$10.7 million for each of the last three fiscal years.

In continuing, Scratch-off sales for Fiscal Year 2017 are projected to finish at \$206.3 million, down \$5.9 million from last year. Scratch-off game performance this year has slowed substantially due to a number of factors, including the economic toll of the decline of the oil and gas industry, particularly in South Louisiana and having to manage prize payouts with a lower unclaimed prize pool.

Ms. Fournet reported overall Fiscal Year 2017 sales of \$454.8 million, which is \$52.2 million lower than last year. However, fiscal year 2017 sales are the third highest in the Lottery's history.

Ms. Fournet stated that general and administrative expenses are running \$1.8 million under budget at \$16.8 million through June, which is good news as it is very important to manage expenses with sales down.

In conclusion, Ms. Fournet noted that Louisiana Lottery treasury transfers for Fiscal Year 2017 are projected to reach \$159.2 million, which is \$1 million short of budget. A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – Personnel Committee Chairman Blake McCaskill advised that there was no Personnel Committee Report at this time.

Finance Committee – Chairman Robichaux advised that there was no Finance Committee Report at this time.

Bylaws Committee – Bylaws Committee Chairman Robichaux advised that there was no report at this time.

VI. Other Business

Chairman Robichaux advised the Board that he would make Committee Appointments as follows: Directors Sean Wells and Larry Cager were appointed to serve on the Personnel Committee; Director Butch Gautreaux was appointed to serve on the Finance Committee; and Directors Sean Wells and Butch Gautreaux were appointed to serve on the By-Laws Committee.

Ms. Fournet then took the floor and presented a brief summary of Resolution No. 2017-06-23-1, relative to a four (4%) percent discretionary contribution to lottery employees' Supplemental Retirement Plan. Ms. Fournet recommended the full contribution due to fiscal performance and affordability.

Chairman Robichaux presented to the Board of Directors **Resolution No. 2017-06-23-1** relative to the Supplemental Retirement Plan. Chairman Robichaux asked for any public comments relative to this resolution. There being no public comments, Vice Chairman McCaskill made a **motion** to approve **Resolution No. 2017-06-23-1** and Director Wells **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

The Board also discussed the recommendation made by Lottery staff to renew the Advertising Placement Services Contract with Zehnder Communications for one year. After consideration by the Board, Chairman Robichaux asked for a motion to approve renewing the Advertising Placement Services Contract with Zehnder Communications for one year. Director Wells made a **motion** and Director Taylor **seconded** the motion. There being no objections, the motion was **approved** and **passed**.

VII. Executive Session to Discuss the Performance of the President

At this time Chairman Robichaux asked for a motion to go into Executive Session to discuss the performance evaluation of the president. Director Ausberry made the **motion** and Director Taylor **seconded** the motion. There being no objection, the motion was **approved** and the Board of Directors went into Executive Session at 10:34 a.m.

Vice Chairman McCaskill made a **motion** to adjourn the Executive Session and Director Cager **seconded** the motion. There being no objection, the motion was **approved** and Executive Session adjourned at 10:55 a.m.

VIII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, August 25, 2017 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 Robichaux invited a motion to adjourn the meeting. Director Wells made a **motion** to adjourn the meeting and Taylor **seconded** the motion. There being no objection, the motion was **approved** and Chairman Robichaux adjourned the meeting at 11:15 a.m.

Date Approved: _____

August 25, 2017

Stephanie Fonte

Stephanie Fonte
Executive Administrative Assistant

Lisa Reardon

Lisa Reardon
Secretary to the Board of Directors

Roy Robichaux

Roy Robichaux
Chairman of the Board of Directors