

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
February 9, 2018**

Chairman Roy Robichaux called the meeting to order at 10:02 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 Roy Robichaux, Vice Chairman Blake McCaskill; Directors: Verge Ausberry, Jr., Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones and Deputy State Treasurer Renee Ellender Roberie.
- B. **Members Absent:** Directors: Sean Wells and 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 Roy Robichaux asked Vice Chairman Blake McCaskill to lead 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 December 20, 2017 Board Meeting. Vice Chairman McCaskill **moved** to approve the December 20, 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 welcoming Whalen Gibbs, Jr. and Sheridan Shamburg to the meeting. They were recently appointed to serve on the Louisiana Lottery Corporation Board of Directors by Governor John Bel Edwards.

Ms. Hudson advised Board Members that she will be sending select Louisiana Lottery staff members to attend NASPL's Lottery Leadership Institute in April. This year's conference is being held in Des Moines, Iowa and will give team members the opportunity to learn valuable skills to use during day-to-day operations at the Louisiana Lottery Corporation.

Ms. Hudson reminded Board Members that the 2018 Legislative Session is scheduled to begin on March 12, 2018. She advised that no bills have been pre-filed pertaining to the Louisiana Lottery Corporation at this time. Louisiana Lottery Corporation staff are working to be placed on the agenda to present the proposed Fiscal Year 2019 Budget to the Joint Legislative Committee on the Budget prior to the start of the session.

In continuing, Ms. Hudson congratulated the Louisiana Lottery Corporation's Finance Team for receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) of the United States and Canada. The Louisiana Lottery Corporation was recognized for its 2016 Retirement Annual Financial Report for the tenth consecutive year.

Ms. Hudson introduced the Louisiana Lottery Corporation's new "MarComm" marketing and communications dashboard. She explained that this new report was created to give Board Members and Lottery Staff a quarterly snapshot of the Louisiana Lottery Corporation's communications and marketing efforts.

In concluding, Ms. Hudson asked Quinn Dossett, the Louisiana Lottery Corporation's Vice President of Marketing, to give Board Members an overview of the upcoming advertising campaign for Mega Millions and Powerball. Mr. Dossett explained that the Louisiana Lottery Corporation will begin airing a series of ten (10) television spots beginning the week of February 19, 2018 that will be asking players to "pick a team," either Team Mega Millions or Team Powerball. The spots are being produced in-house utilizing Louisiana Lottery Corporation Staff. Mr. Dossett then showed Board Members the Team Mega Millions vs. Team Powerball "race" spot that was posted to the Louisiana Lottery Corporation's social media pages and the new teaser for the upcoming campaign.

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 2015-2018. She advised that sales in July started out at \$37.9 million and jumped to \$52.1 million to end August due to the historic \$758.7 million Powerball Jackpot. Since then, sales have seasonally leveled off and are projected to reach \$35.6 million to end February.

Ms. Fournet reported that Powerball fiscal-year sales through the end of February are projected to be at \$68.3 million, which is \$9.7 million higher than last year due to the recent \$758.7 million jackpot in August and the \$560 million jackpot in January. She added that jackpot fatigue continues to impact sales levels.

Ms. Fournet stated that Mega Millions fiscal-year sales through the end of February are projected to be at \$25.9 million, which is \$6.4 million higher than last year. She stated that this is the best 8-month fiscal-year start since 2014 when Mega Millions experienced a historic \$636 million jackpot.

Ms. Fournet advised that combined Powerball and Mega Millions sales through the end of February are projected to be \$94.2 million which is up \$16.1 million from last year. The Louisiana Lottery Corporation continues to monitor the impact of October's Mega Millions game changes to sales for both Mega Millions and Powerball. So far, The Louisiana Lottery Corporation has experienced a fifty (50%) percent increase in Mega Millions weekly sales since the changes were implemented. Powerball sales have not been impacted.

Ms. Fournet reported that Lotto sales are at \$14.3 million, down \$2.5 million from last year due to lower jackpots. In addition, Lotto has experienced a ten (10%) percent decline in weekly sales since Mega Millions changes took effect in October. The Louisiana Lottery Corporation is continuing to monitor the game's performance and is exploring options to boost player interest in the game.

Ms. Fournet informed the Board Members that sales of Pick 3 and Pick 4 are holding steady with a slight increase at \$65.5 million through February, up \$600,000 from this time last year. Pick 4 is accounting for the modest growth. These games continue to be the most stable games in the Louisiana Lottery Corporation's product mix, which is vital to support the instant ticket prize structure.

In continuing, Ms. Fournet advised that scratch-off sales remain strong through February at \$141.1 million, up \$8.2 million from last year, even with a comparable average prize payout percentage. December's sales of \$20.1 million were at their highest since 1992. Year to date results represent a \$38.5 million swing since fiscal year 2012 when the Louisiana Lottery Corporation began its increased prize structure strategy. However, Ms. Fournet stated that the Louisiana Lottery Corporation must continue to monitor its unclaimed prize fund and evaluate decisions to maintain this momentum.

Ms. Fournet reported overall sales though the end of February are projected to be \$322.3 million which is \$22.2 million higher than last year and 8.5 percent better than budget.

Ms. Fournet stated that general and administrative expenses are running \$400,000 under budget at \$9.7 million through December.

Additionally, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of February 2018 are projected at \$112.9 million. She added that this amount is \$8.7 million better than budget.

In concluding, Ms. Fournet gave the Board Members a breakdown of the proposed fiscal year 2019 budget. The proposed total sales budget is \$465 million, which consists of \$250 million in online games and \$215 million in instant games. The proposed revenue distribution budget includes \$248 million in prizes, \$163.1 million in treasury transfers, \$26.2 million in retailer compensation, \$20.4 million in administrative cost and \$8.4 million in vendor payments.

A copy of the financial presentation is attached.

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

V. Board Committee Reports

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

Finance Committee – Finance Committee Chairman Verge Ausberry reported that the Finance Committee met on Thursday, February 1, 2018, to discuss Resolution 2018-2-9-1 which is the proposed Fiscal Year 2019 Budget. Director Ausberry presented to the Board of Directors **Resolution No. 2018-2-9-1** relative to the approval of the 2019 Fiscal Year Budget. Vice Chairman Robichaux asked for any internal and/or public comments relative to this agenda item. There being no comments, Director Ausberry made a **motion** to approve **Resolution No. 2018-2-9-1** and Director Shamburg **seconded** the motion. There being no objections, the motion was **approved** and **passed with no opposition**.

Bylaws Committee – On behalf of Bylaws Committee Chairman Butch Gautreaux, Chairman Robichaux advised that there was no report at this time.

VI. Other Business

Ms. Hudson advised that she will be in contact with Board Members once a meeting is scheduled with the Joint Legislative Committee on the Budget.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 27, 2018 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 Robichaux invited a motion to adjourn the meeting. Director Ausberry made a **motion** to adjourn the meeting and Director Cager **seconded** the motion. There being no objection, the motion was **approved** and Chairman Robichaux adjourned the meeting at 10:42 a.m.

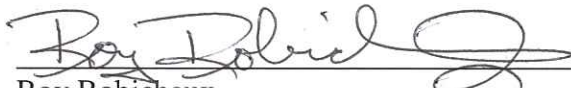
Date Approved: April 27, 2018



Wendy Reeves
Executive Administrative Assistant



Blake McCaskill
Vice Chairman to the Board of Directors



Roy Robichaux
Chairman of the Board of Directors

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