

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
February 22, 2019**

Chairman Roy Robichaux called the meeting to order at 10:01 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., Butch Gautreaux, Carmen Jones, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Director: Sean Wells.
- 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 Senior Vice President Karen Fournet 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 19, 2018 Board Meeting. Director Ausberry **moved** to approve the December 19, 2018 Board Meeting Minutes and Vice Chairman McCaskill **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 advising Board Members that the 2019 legislative session begins on April 8, 2019. To date, no bills have been prefiled pertaining to the Louisiana Lottery Corporation. She added that she will continue to monitor bills being prefiled and will keep the Board Members up-to-date on any bills involving the Louisiana Lottery Corporation.

Ms. Hudson additionally advised the Board of Directors that she will be sending select Louisiana Lottery Corporation staff members to attend NASPL's Lottery Leadership Institute in April 2019. This year's conference is being held in Cleveland, Ohio and will give team members the opportunity to learn valuable skills to use during day-to-day operations at the Louisiana Lottery Corporation. She also encouraged Board Members to consider attending the NASPL 2019 Annual Conference which will be held in Little Rock, Arkansas from September 7-10, 2019.

Ms. Hudson informed Board Members that Louisiana Lottery Corporation Staff recently spent a day meeting with representatives from Spectrum Gaming Group, who are conducting a gaming study for State Department of Economic Development. She stated she believes there will be a recommendation pertaining to the 35 percent mandated state transfer requirement in the final report and that she would keep Board Members posted.

On a related note, Ms. Hudson advised Board Members that the New Mexico State Senate approved a bill that would eliminate their thirty (30%) percent transfer requirement in hopes of increasing overall revenue. The bill now moves to the house. She stated that she will continue to monitor the bill's progress.

In concluding, Ms. Hudson told Board Members that a \$1 million Powerball prize won during the August 25, 2018 drawing went unclaimed. The deadline to claim the prize was Thursday, February 21, 2019. The \$1 million in prize money now goes to the unclaimed prize fund, which is much needed to fund the Louisiana Lottery Corporation's current instant prize payout level.

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 total monthly sales for fiscal years 2016-2019. Sales in July started out at \$40 million and jumped to \$72.1 million in October due to the historic \$1.537 billion Mega Millions jackpot. Since then, monthly sales have followed the seasonal cycle and are projected to reach \$36.8 million for February.

Mega Millions fiscal-year sales through the end of February are projected to be \$53.9 million, which is \$27.6 million higher than last year due to the record jackpot hit at the end of October, as well as the matrix change in 2017. This sales performance is more than double the sales of the same time period for any other year.

Ms. Fournet then showed a comparison of Mega Millions draw sales since October's \$1.537 billion jackpot. Sales for the first drawing of the current jackpot run were \$55,000 million higher than they were for the first drawing of the historic jackpot run and remained at or higher in comparison for each subsequent drawing. The increase in sales can be attributed to the residual player excitement and strong brand recognition of the Mega Millions game since the record jackpot.

Powerball fiscal-year sales through the end of February are projected to be \$57.4 million, which is \$12.1 million less than last year. Ms. Fournet noted that jackpot fatigue continues to impact sales levels, due to the number of large jackpots occurring within a brief period of time and the Powerball game's competition with the Mega Millions jackpot.

Combined Powerball and Mega Millions fiscal-year sales through the end of February are projected to be \$111.3 million, up \$15.5 million from last year due to large advertised jackpots, the occurrence of which are completely random and difficult to predict.

Lotto sales are at \$14.7 million, which is \$200,000 higher than this time last year. Ms. Fournet stated that the Lotto has experienced a decline in sales since Mega Millions changes took effect in October 2017, giving players more choices. The Louisiana Lottery Corporation is continuing to monitor the game's performance and is exploring options to boost player interest.

Ms. Fournet advised that sales of Pick 3 and Pick 4 continue to hold steady with a slight increase at \$68.5 million through February, up \$2.5 million from this time last year. These continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generating over 20 percent of overall sales. The increase in all online sales as a percentage of total sales is vital to support the instant ticket prize structure.

Ms. Fournet stated that sales of Easy 5 and ezmatch remain consistent at \$7.4 million, which is \$200,000 higher than last year.

Scratch-off sales have increased through the end of February to \$143.8 million, up \$2.7 million from last year with average prize payouts holding steady at 63.35 percent. Ms. Fournet said in the past we have worked to improve efficiencies in inventory management. Now we will turn our focus to studying prize distribution within each price point to maximize sales since increasing prize payouts is not currently feasible.

In continuing, Ms. Fournet reported overall sales through the end of February are projected to be \$345.6 million, \$21 million higher than last year and \$33.3 million better than budget. Additionally, she noted the Louisiana Lottery Corporation budgets conservatively to manage operating expenses which do not increase with the volume of sales.

Toward that end, general and administrative expenses through the end of December are running \$800,000 under budget at \$9.4 million.

Lastly, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of February are projected at \$121.4 million, which is \$11.8 million better than budget.

A copy of the financial presentation is attached.

At this time, the meeting was turned back over to Ms. Hudson.

Ms. Hudson called attention to the Louisiana Lottery Corporation's new "MarComm" marketing and communications dashboard. She explained that this 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 advised Board Members that members of the Louisiana Lottery Corporation's marketing and communications team recently met with staff members from Louisiana State Treasurer John Schroder's office to offer input on ways to improve their marketing efforts involving the State of Louisiana's Unclaimed Property Program. Ms. Hudson added that she recently received a letter from the treasurer thanking the Louisiana Lottery Corporation Team for their assistance.

## V. Board Committee Reports

**Finance Committee** – Finance Committee Chairman Verge Ausberry reported that the Finance Committee met on Friday February 15, 2019, to discuss Resolution 2019-2-22-1 which is the proposed Fiscal Year 2020 Budget. Director Ausberry presented to the Board of Directors

**Resolution No. 2019-2-22-1** relative to the approval of the 2020 Fiscal Year Budget. Chairman Robichaud asked for any internal and/or public comments relative to this agenda item.

At this time, Director Jones **moved** to go into Executive Session. Ms. Hudson and Mr. Carruth explained the pertinent provisions of Open Meetings Laws regarding executive sessions. Director Jones requested a copy of the statute. Chairman Robichaux **moved** for a recess at 10:27 a.m. in order for Mr. Carruth to obtain a copy for Director Jones.

The Board of Directors Meeting reconvened at 10:32 a.m. Mr. Carruth provided a copy of Sections 14, 16, 17 and 19 of the Open Meetings Law to all Board Members and explained those provisions of the statute in detail.

After an in-depth discussion, Chairman Robichaux asked for any internal and/or public comments relative to **Resolution No. 2019-2-22-1**. There being no comments, Director Ausberry made a **motion** to approve **Resolution No. 2019-2-22-1** and Director Cager **seconded** the motion. With one (1) Board Member voting “no” and the remaining seven (7) Board Members voting “yes”, the motion was **approved** and **passed**.

## VI. Other Business

Chairman Robichaux announced that officers need to be elected for the Louisiana Lottery Corporation Board of Directors as his term will be ending at the end of this month. He began by taking nominations for the position of Chairman of the Board.

Chairman Robichaux nominated Blake McCaskill and Board Member Jones nominated Sheridan Shamburg for the position of Chairman of the Board. Director Gautreaux made a **motion** to close the nominations. Director Ausberry **seconded** the motion. There being no objections, the nomination process was closed. A roll call vote was taken; Blake McCaskill received six (6) votes and Sheridan Shamburg received two (2) votes. A **motion** was made by Chairman Robichaux to approve Blake McCaskill as Chairman of the Board. Director Gautreaux **seconded** the motion. By board majority, Blake McCaskill was **elected** as Chairman of the Board of Directors for the Louisiana Lottery Corporation.

Director Ausberry nominated Butch Gautreaux for the position of Vice Chairman of the Board. Chairman Robichaux made a **motion** to approve Butch Gautreaux as Vice Chairman of the Board of Directors. Director Gibbs **seconded** the motion. There being no objections, Butch Gautreaux was **elected** as Vice Chairman of the Board of Directors for the Louisiana Lottery Corporation.

Chairman Robichaux asked for nominations for the position of Secretary of the Board. Vice Chairman McCaskill made a **motion** to keep Sean Wells as the Secretary of the Board. Director Ausberry **seconded** the motion. There being no objections, Sean Wells was **re-elected** as Secretary of the Board of Directors for the Louisiana Lottery Corporation.

Chairman Robichaux thanked Director Ausberry for his many years of service on the Louisiana Lottery Corporation Board of Directors. Additionally, Director Gautreaux thanked Chairman

Robichaux and Director Ausberry for their service on the Louisiana Lottery Corporation Board of Directors as their terms will be ending on March 1, 2019.

### VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 26, 2019, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

### VII. 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 Vice Chairman McCaskill **seconded** the motion. There being no objection, the motion was **approved**, and Chairman Robichaux adjourned the meeting at 11:22 a.m.

Date Approved: April 26, 2019

  
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Wendy Reeves  
Executive Administrative Assistant

  
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Sean Wells  
Secretary to the Board of Directors

  
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Blake McCaskill  
Chairman of the Board of Directors