

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

October 28, 2022

Chairperson Sheridan Shamburg called the meeting to order at 10:00 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:** Chairperson Sheridan Shamburg; Directors: Whalen Gibbs, Blake McCaskill, Sean Wells, Carmen Jones, Thomas Brumfield and Louisiana Deputy State Treasurer Rachel Kincaid
- B. Members Absent:** Director: Cynthia Hedge-Morrell, Anna Jones, Roman Banks
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Mrs. Karen Fournet, Senior Vice President/General Counsel, John Carruth.

II. Pledge of Allegiance

Chairperson Sheridan Shamburg asked Rose Hudson to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairperson Shamburg began by asking if anyone had any questions or corrections to the minutes of the June 3, 2022, Board Meeting. Director McCaskill **moved** to approve the August 26, 2022, Board Meeting Minutes and Director Wells **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 board member Thomas Brumfield to the meeting and thanking him for agreeing to serve. She then expressed her appreciation to board members who attended World Lottery Summit 2022, which was held Oct. 16-22 in Vancouver, Canada. She told board members that the Lottery team returned with new knowledge from the summit and has already begun meeting internally about some of the information learned there.

Ms. Hudson then showed board members a video on the lifecycle of a scratch-off game. The video covered all aspects of a scratch-off game's development from printing to distribution to selling at retail.

After the video concluded, Ms. Hudson provided the board with an update on strategic initiatives. She said that two of the Lottery's core values that the team has decided to focus on after holding strategic planning meetings are innovation and communication.

Ms. Hudson said there have been multiple initiatives put in place recently to help improve communication within the organization, including Town Hall events she is hosting quarterly and the Living It Up! employee feature spotlight newsletter. In addition, she said that the Lottery is planning a survey to gain more feedback from employees regarding internal communications. Innovation is also a key focus as the Lottery's player base ages and staying relevant becomes more challenging. She believes iLottery would be a strategic move in this direction, but it is currently statutorily forbidden. Hence, it will be a legislative initiative, which will take some internal work.

Ms. Hudson also shared that the Lottery's financial goal is to ultimately generate \$700 million per year. In an effort to get there, she said the executive team decided to focus on four areas, including iLottery as mentioned, as well as data analytics, organizational efficiency and finance. From a data analytics perspective, the Lottery is meeting with an external party to assist in defining how to use the wealth of data we collect in a more targeted way to predict trends and strategically respond to them.

Organizational efficiency is being addressed through succession planning and streamlining product ordering. She shared with the board that the Lottery is phasing out Tel-Sell as a department within Sales and transitioning ticket ordering oversight to the Sales Representatives as part of the evolution of the Lottery's predictive ordering and inventory management program that began about 10 years ago. The change would be complete by the beginning of next fiscal year and current Tel-Sell employees are being folded into other areas of the organization as they can.

Next, she provided the board an update on the Lottery's sports betting efforts. After months of contract negotiations with BetMGM, they made the business decision to withdraw from the sports betting project due to the challenges of the current economy and future uncertainties. The Lottery will continue to work to find a creative and advantageous sports betting solution that meets the needs of the state. Ms. Hudson said that she is meeting with legislative leaders to help determine a path forward

She then provided board members with a preview of the upcoming \$5 Living Lucky with Luke Combs scratch-off ticket the Lottery plans to launch on March 13, 2023. The game is being offered in several states and features top prizes of \$100,000 along with second-chance trip experience prizes to Nashville for a private concert at the Ryman Auditorium where Luke Combs will award one concert goer a \$500,000 cash prize.

Ms. Hudson updated the board on the Powerball First Millionaire of the Year Promotion. The Lottery received more than 12,000 entries during the promotional period, and a drawing to select the finalist was held on Friday, Oct. 21. Marcel Breaux of New Iberia was selected as the winner. Breaux will receive round-trip airfare for two, three nights' hotel accommodations at a Times Square hotel (one room), all meals and event ground transportation during the trip with a welcome dinner and an exclusive entertainment experience in the city, plus a premium gift package and \$1,000 spending money. The trip will culminate with an exclusive New Year's Eve dinner and

entertainment celebration for all finalists and their guests before the Finalists all appear live on TV for the chance to win \$1 million in a special drawing just after midnight.

Ms. Hudson then provided the board with the financial report. She began by analyzing total monthly sales for fiscal years 2019-2022. Monthly sales in July started strong at \$63.4 million due to the historic \$1.28 billion Mega Millions jackpot and are projected to be at \$55.1 million to end October. She said that inflation and rising gas prices have decreased consumers' discretionary dollars, and that has had a detrimental effect on overall Lottery purchases with reduced sales levels in recent months.

Powerball fiscal-year sales through the end of October are projected to be \$24.6 million, which is \$1.9 higher than last year, thanks to the current \$825 million jackpot.

Mega Millions fiscal-year sales through the end of October are projected to reach \$27.4 million, which is an astounding \$16.3 million more than last year due to the historic jackpot run in July.

Lotto fiscal year sales through October are at \$7.4 million, which is \$100,000 lower than this time last year. Changes to boost player interest in the game went into effect Aug. 2, 2020. The changes were designed so the Lotto jackpot could reach \$1 million more quickly and frequently, which has helped to stabilize sales with four jackpots above that marker last fiscal year.

Sales of Easy 5 and ezmatch™ are projected to be at \$3 million, which is \$700,000 less than last year. Sales of Easy 5 and ezmatch™ had declined since the introduction of Fast Play games in June 2021, but players are now coming back to the Easy 5 game, which has enjoyed 10 years of sales consistency.

Fiscal year Pick 3, Pick 4 and Pick 5 sales are currently at \$45 million. While daily game sales have taken a dip since new gaming options have opened since the pandemic, daily games have shown a positive upward trend since 2018 and continue to be a solid performer in the Lottery's draw-game portfolio. The Lottery added Pick 5 to the lineup on Aug. 1, 2021, in response to this product line's popularity. Pick 5 has produced \$3.7 million in sales so far this fiscal year.

Monthly scratch-off sales, which exploded during pandemic restrictions, are projected to reach \$26.7 million to end October. Even with inflationary pressures and Hurricane Ida last year, overall scratch-off sales have had a very positive upward trajectory since hitting \$16.8 million in July 2018. The Lottery continues to work closely with its instant ticket vendor to place additional prizes within each price point and to introduce additional higher price-point games to maximize sales, such as the Lottery's first \$20 scratch-off that was released earlier this month and is performing extremely well.

The Lottery's first set of Fast Play games launched June 28 of 2021 and have proven to be very popular. Monthly sales are projected to reach \$1.5 million to end October. The Lottery plans to launch its next group of Fast Play games in Feb. 2023.

Ms. Hudson reported overall fiscal year sales through the end of October are projected to be \$209.8 million, \$19.4 million higher than last year and \$18.5 million higher than budget.

Lastly, Ms. Hudson reported that transfers to the state treasury through the end of October are projected at \$68.6 million, which is \$7.5 million more than budget.

V. Other Business

Ms. Hudson presented the Board with a Budget Amendment Memo to amend the current fiscal year's budget to allow for the purchase of vehicles through Enterprise Fleet Management. Chairperson Shamburg asked for any public comments relative to this memo. There being no public comments, Director Brumfield made a **motion** to approve the budget amendment and Director Gibbs **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Wednesday, December 14, 2022, 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, Chairperson Shamburg adjourned the meeting at 10:34 a.m.

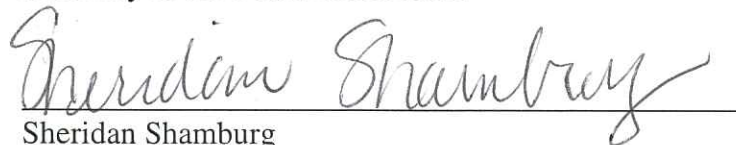
Date Approved: 2-24-23



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors