

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
June 25, 2021**

Chairman Blake McCaskill 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:** Chairman Blake McCaskill; Directors: Sheridan Shamburg, Whalen Gibbs, Jr., Roman Banks, Cynthia Hedge-Morrell, Anna Jones, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Directors: Carmen Jones, Sean Wells and Beau Black (Sean Wells and Beau Black both listened in via the Live link)
- 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 Blake McCaskill 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

Chairman McCaskill began by asking if anyone had any questions or corrections to the minutes of the April 23, 2021, Board Meeting. Director Morrell **moved** to approve the April 23, 2021, Board Meeting Minutes and Director Shamburg **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 started by acknowledging that both Director Morrell and Director Black made it through their confirmation process.

Rose informed the board that she was successful in hiring a Vice President of Human Resources. Shantel Richard comes from the chemical plant industry, has experience in the gaming industry and Coca Cola. She has been able to jump right in and take quite a bit of the load off Rose.

She then explained that the state has started a vaccine lottery. We noted that we have received a lot of calls regarding the vaccine lottery and Ms. Hudson explained to the Governor when she spoke to him that we are not in the business of being medical professionals but can certainly provide the state with the technical support for this vaccine lottery.

She reminded the board that Lottery employees have been working remotely with our offices being closed since March of 2020 except for taking in our claimants by appointment only. She stated that employees will be returning to work and opening all offices on July 6th with a hybrid schedule of 3 days in the office and 2 days remote. Any outside parties and all claimants will be required to wear a mask when inside any of our offices. Ms. Hudson explained that Human Resources has a very comprehensive list of employees who have and have not been vaccinated. Any non-vaccinated employees must wear a mask. Our offices will reopen fully on August 17th. We have done this to allow parents who have children that were not able to plan for summer camp, etc.

Next, Ms. Hudson explained how the Legislative Session went for the Lottery.

She first discussed HB401 by Rep. Kyle Green that would allow for the purchase of lottery tickets via the internet and requires the board of directors of the Lottery to adopt rules and regulations necessary to implement, administer, and regulate such purchases. This bill did not make it out of committee, due to information being given at the zero hour to legislators on the committee related to products that exist in Pennsylvania. The committee was very concerned that this would compete with casinos, video poker, etc. We will do more work and come back with more information and a new bill.

HR6 by Rep. Michael Echols requested that the Louisiana Department of Children and Family Services and Louisiana Gaming Control Board develop a data-sharing agreement to identify Lottery winners who receive Supplemental Nutrition Assistance Program (SNAP) benefits. The Louisiana Gaming Control Board currently has no access to the Lottery's databases. This resolution did pass. The database will be updated monthly to check the winners of significant lottery winnings. At this time, we do not know what "significant" winnings would be.

HB697 by Rep. John Stefanski and SB202 by Sen. Patrick Page Cortez (coauthored by Sen. Ronnie Johns and Sen. Rick Ward) both relate to forming the regulation, oversight, and tax/fee structure of sports betting in Louisiana. Both bills involve the Lottery to varying degrees because we offer a direct pathway to making sports wagering available for small businesses to participate through our retail network using kiosks or via a mobile device. All the sports betting bills have passed and been signed by the Governor. Our portion of the bills allow for sports betting in bars or class A establishments, those serving food and alcohol in the 55 of 64 parishes that have approved sports betting. It is not the traditional lottery retailers or convenience stores; it is specific to bars and restaurants. The bills will allow us to place kiosks in these establishments. The kiosk looks like a low-profile ATM where you can place your bets. We have been spending time speaking with our peers from around the country, getting info from them on what is working and what is not. How they set it up and lessons they learned. We are starting two processes. The first is the Administrative Procedures Act. We must prepare a financial impact statement and submit proposed rules to the Louisiana Register. We are working with the Attorney General's office. We are still in the beginning stages of talking about what the rules will look like and will be working with the Attorney General's office to frame those rules out. The second involves Intralot. Intralot operates lottery and sports betting. We will be sending them a letter asking for their best proposal. We will keep you updated as both processes go along.

The meeting was then turned over to Karen Fournet, who began by analyzing total monthly sales for fiscal years 2018-2021.

Mrs. Fournet pointed out that monthly sales started out strong this year due in part to diminishing gaming options, which were closed or had limited capacity due to the pandemic. July sales topped \$50 million and jumped to \$75.9 million in January due to the \$1 billion Mega Millions and \$731 million Powerball jackpots. Since then, sales have leveled off and are projected to reach roughly \$50 million to end June.

Powerball fiscal-year sales through the end of June are projected to be \$64 million, which is just \$6.8 million higher than last year, despite having the \$731 million jackpot in January. Lower sales levels are due to a long span of low advertised jackpots as well as changes made by MUSL that reduced guaranteed starting jackpots and increases between drawings, which were necessitated by declining participation during the pandemic-related stay-at-home orders. To increase player participation and sales, MUSL has decided to add a third drawing each week beginning with the draw to be held on Monday, August 23rd.

Mega Millions has experienced a similar story with sales projected to end June at \$48.3 million, which is just \$10.2 million higher than last year, despite the \$1 billion jackpot in January.

Combined Powerball and Mega Millions sales through June are projected to reach \$112.3 million, up \$17 million from last year and still higher than in 2011 when the Lottery offered only Powerball.

Lotto fiscal year sales through June are projected to be \$24.8 million, which is \$3.6 million higher than this time last year. Changes to boost player interest in the game went into effect Aug. 5, 2020. The changes were designed so the Lotto jackpot could reach \$1 million more quickly and frequently, which has helped increase sales. This year, Lotto has experienced a \$3.1 million jackpot, a \$1.2 million jackpot, as well as three others approaching the \$1 million mark.

Sales of Easy 5 and ezmatch™ are projected to be at \$11.2 million to end June, an \$800,000 increase from the same time last year.

Fiscal year Pick 3 and Pick 4 sales are projected to be at \$142.6 million and have exploded, running \$25.1 million – over 21% – more than last year's totals through June! These daily games continue to be the star in the Lottery's draw-game portfolio. Karen said that the Lottery's upcoming Pick 5 game scheduled to be launched on August 2 will help to continue to build on the success of the numbers-game product line. Pick 5 will offer players a top prize of \$50,000 and bring six new play styles to the fold, including front pair, back pair, front three, back three, front four and back four.

Monthly scratch-off sales have beat previous years nearly every month this fiscal year. Scratch-off sales are up considerably through the end of June at \$333.9 million, an increase of \$69.3 million over last year and more than DOUBLE what they were in 2012. Scratch-off sales have

experienced a huge surge since March 2020 with COVID-19 limiting other gambling options for players. Fueling the surge are increased average prize payouts of 65% (up from 63.09% last year) impacting every price point but weighted toward the higher priced games.

Karen then reminded the board that the Lottery's new Fast Play instant-win games are scheduled to launch on Monday, June 28. The new games will offer a 68% overall prize payout with tickets available at the \$1, \$2, \$3, \$5 and \$10 price points. The Lottery plans to add to its Fast Play portfolio throughout the year with new games, including a progressive jackpot game that is scheduled to be released in the fall.

Karen reported overall fiscal year 2021 sales through the end of June of \$624.8 million, an incredible \$115.7 million higher than last year and \$164.4 million better than budget due to strong instant game performance, the continued growth of Pick 3 and Pick 4 and the two concurrent, large Powerball and Mega Millions jackpots in January. This represents the Lottery's best sales year ever!

General and administrative expenses through the end of May are running approximately \$1.7 million under budget at \$16.7 million.

Karen reported that transfers to the state treasury through the end of June are projected at \$210 million, which is \$48.4 million better than budget and is the largest total transfer in the Lottery's history!

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

V. Other Business

Chairman McCaskill presented to the Board of Directors **Resolution No. 2021-06-25-1** relative to the Supplemental Retirement Plan. Chairman McCaskill asked for any public comments relative to this resolution. There being no public comments, Director Anna Jones made a **motion** to approve **Resolution No. 2021-06-25-1** and Director Banks **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

Chairman McCaskill presented to the Board of Directors the Discussion of Advertising Media Placement Services Contract. Chairman McCaskill asked for any public comments relative to this contract. There being no public comments, Director Banks made a **motion** to approve a one-year renewal, and Director Shamburg **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

Chairman McCaskill announced that officers need to be elected for the Louisiana Lottery Corporation Board of Directors for the upcoming fiscal year. He began by taking nominations for the position of Chairman of the Board.

Director Banks nominated Director Sheridan Shamburg for the position of Chairman of the Board. A **motion** was made by Director Banks to approve Sheridan Shamburg as Chairman of the Board.

Director Gibbs **seconded** the motion. There being no objections, Sheridan Shamburg was **elected** as Chairman of the Board of Directors for the Louisiana Lottery Corporation.

Director Shamburg nominated Director Roman Banks for the position of Vice Chairman of the Board. Director Shamburg made a **motion** to approve Roman Banks as Vice Chairman of the Board of Directors. There being no objections, Roman Banks was **elected** as Vice Chairman of the Board of Directors for the Louisiana Lottery Corporation.

Director Shamburg nominated Director Sean Wells for the position of Secretary of the Board. Director Shamburg made a **motion** to approve Sean Wells as Secretary of the Board of Directors. There being no objections, Sean Wells was **elected** as Secretary of the Board of Directors for the Louisiana Lottery Corporation.

VI. Executive Session to Discuss the Performance of the President

Chairman McCaskill asked for a motion to go into Executive Session to discuss the performance evaluation of the president. Director Banks made the **motion** and Director Shamburg **seconded** the motion. There being no objection, the motion was **approved**, and the Board of Directors went into Executive Session at 11:18 a.m.

Chairman McCaskill asked for a motion to adjourn the Executive Session and Director Morrell made a **motion** to adjourn the Executive Session and Director Anna Jones **seconded** the motion. There being no objection, the motion was **approved**, and Executive Session adjourned at 11:35 a.m.

After adjourning from the Executive Session, Chairman McCaskill called the regular meeting of the Board of Directors back to order at 11:38 a.m.

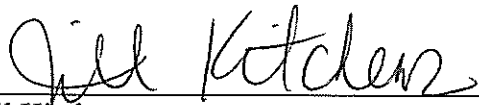
VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, August 27, 2021, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

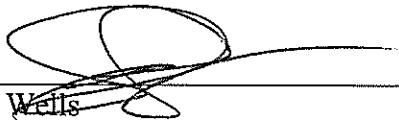
VIII. Adjournment

There being no further business, Chairman McCaskill invited a **motion** to adjourn the meeting. Director Shamburg made a **motion** to adjourn the meeting and Director Banks **seconded** the motion. There being no objection, the motion was **approved**, and Chairman McCaskill adjourned the meeting at 11:45 a.m.

Date Approved: August 27, 2021



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors