

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
August 28, 2015**

Chairman Kim Carver called the meeting to order at 10:04 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 Kim Carver, and Directors: John Fitzpatrick, Heather Doss, J. T. Taylor, Larry Katz, Lisa Reardon, Blake McCaskill and Ron Henson.
- B. Members Absent:** Directors: Verge Ausberry, Jr. and Vice Chairman Roy Robichaux
- 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 Kim Carver asked Director John Fitzpatrick to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman Carver began by asking if anyone had any questions or corrections to the minutes of the June 26, 2015 Board Meeting. Director Taylor **moved** to approve the June 26, 2015 Board Meeting Minutes and Director Reardon **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 introducing Jeff Zehnder, CEO of Zehnder Communications, which is the new agency of record for media placement for the Louisiana Lottery Corporation. Mr. Zehnder then introduced Lindsay Falgoust, Media Supervisor, and Joann Habisreitingner, Media Director, both of whom have been working the Louisiana Lottery Corporation Marketing Department since the beginning of the fiscal year in July, 2015.

Ms. Hudson congratulated Kimberly Chopin, Louisiana Lottery Corporation's Director of Communications, for winning a North American Association of State and Provincial Lotteries (NASPL) Powers Award at the NASPL Professional Development Conference held in Seattle, Washington in July 2015. Ms. Chopin received the award for her exceptional job performance that included leading Louisiana Lottery Corporation Communications initiatives and offering counsel to Ms. Hudson, who served as Board President of the Multi-State Lottery Association (MUSL).

Ms. Hudson advised that the Louisiana Lottery Corporation is one of two finalists for the "Best Instant Ticket of the Year," recognized by NASPL. The Louisiana Lottery Corporation's \$2 game, *Spice it Up*, featured a partnership with Tony Chachere's Creole Foods of Opelousas. The winner will be announced at the NASPL 2015 Annual Conference in Dallas, Texas, which will be held on October 12-16, 2015.

Ms. Hudson updated the Board of Directors in regard to the trial of Eddie Tipton, a former MUSL employee, in conjunction with fraud charges involving a winning ticket for Hot Lotto, a game administered by the organization. Ms. Hudson advised that the case demanded much of her attention when she was MUSL President. She stated that Eddie Tipton was found guilty and will be sentenced in September, 2015. Additionally, Ms. Hudson said that an appeal is expected.

In concluding, Ms. Hudson updated the Board of Directors on the new \$5 Saints-themed scratch-off ticket, *SAINTS FEVER!*, which launched on August 10, 2015. The game offers players the chance to win up to \$100,000.00, as well as enter non-winning tickets into second-chance drawings to win Saints prizes. Ms. Hudson then showed the Board of Directors the *2015 SAINTS FEVER!* Commercial.

At this time, Ms. Hudson turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet, to present the financial report via Power Point Presentation.

Ms. Fournet began with a look at Powerball sales of \$10.8 million for the first two months of the fiscal year and advised that these sales are the lowest in five (5) years. She advised that Powerball is underperforming and attributed this to jackpot fatigue as players have come to expect consistently larger jackpots. In an attempt to remedy the jackpot fatigue and to increase player participation, Powerball is undergoing a matrix change on October 4, 2015 in order to offer larger average jackpots of about \$300 million and more winners. Ms. Fournet explained that ten (10) numbers will be added to the field of white-ball numbers for a total of 69 and nine (9) Powerball numbers from the field of red-balls will be removed for a total of 26. These game matrix changes result in higher odds of winning the jackpot, which will go from 1 in 175.2 million to 1 in 292.2 million. She advised that with a playing population of approximately 300 million, those odds will line up more evenly with that population. Ms. Fournet stated that future jackpots could reach as high as \$1 billion. The odds of winning any prize will improve from 1 in 32 to 1 in 25. The prize for matching four (4) white-ball numbers, plus the red Powerball, will climb from \$10,000 to \$50,000. Additionally, Ms. Fournet advised that these changes will create more significant winning experiences.

In continuing, Ms. Fournet noted that Mega Millions has lower brand recognition due to the State of Louisiana being a Powerball legacy state. Despite that, she added that Mega Millions sales are doing well at \$4.4 million through August, down just slightly from 2015. Additionally, combined Powerball and Mega Millions sales are \$1.6 million lower than last year at \$15.2 million so far this fiscal year. Ms. Fournet explained that both games have lower sales in 2015 than a year ago and this is a trend that has held across the nation.

Ms. Fournet disclosed that Lotto sales are doing exceptionally well at \$6.5 million which is up \$2 million from August 2014. She said the increase in sales can be largely attributed to the \$2.3 million jackpot that has been growing since March 2015. This jackpot is the largest cash jackpot since 1998 and among the top five (5) highest in the game's history since the Lotto was converted to a cash jackpot.

Ms. Fournet explained that Combined Pick 3 and Pick 4 Sales of \$16 million show continued growth which has been the most consistent rise in sales over the years. Easy 5 with EZmatch sales are about \$100,000 below 2014 sales with some cannibalization effect of Mega Millions and Powerball persisting.

Ms. Fournet stated that scratch-off sales continue to soar. Instant sales are at \$32 million which is higher than all previous years through August and up more than \$2 million from 2014. Ms. Fournet noted that sales are double what they were in the early 2000's. This phenomenal growth can be attributed to the additional prize money in the games. She added that due to the Louisiana State Legislature tapping into the Louisiana Lottery Corporation's unclaimed prize fund and taking \$20 million to plug a state budget gap, the Louisiana Lottery Corporation will be looking to the short-term to continue growing sales. Additionally, Ms. Fournet said that money from operational efficiencies will be used to maintain the prize percentage and the corresponding higher sales level.

Overall, Ms. Fournet reported fiscal year-to-date sales of \$71.4 million through August, 2015 which is almost \$3 million higher than last year at this time. In addition, sales are performing \$3.7 million better than budget which is 5.4 percent higher than budget for the first two months of the fiscal year.

In concluding, Ms. Fournet noted the Louisiana Lottery Corporation has transferred \$24.9 million to the State of Louisiana so far through August 2015, which is \$1.1 million ahead of budget.

A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – No report at this time.

Finance Committee – No report at this time.

Bylaws Committee – No report at this time.

VI. Other Business

There was no other business to discuss at this time.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 23, 2015, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

Ms. Hudson advised the Board of Directors that the NASPL Annual Convention is scheduled for October 12-16, 2015 and should their schedule permit, they were welcome to attend.

VIII. Adjournment

There being no further business, Chairman Carver invited a motion to adjourn the meeting. Director Katz made a **motion** to adjourn the meeting and Director Taylor **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 10:35 a.m.

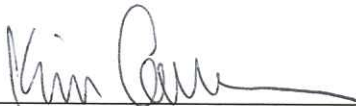
Date Approved: October 23, 2015.



Wendy Reeves
Executive Administrative Assistant



Larry Katz
Secretary to the Board of Directors



Kim Carver
Chairman of the Board of Directors