

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
October 25, 2013**

Chairman John Fitzpatrick called the meeting to order at 10:00 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 John Fitzpatrick, Vice Chairman Kim Carver, and Secretary J. T. Taylor, Directors: Verge Ausberry, Jr., Larry Katz, and Roy Robichaux.
- B. **Members Absent:** Lisa Reardon and Heather Doss.
- 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**

Brad Menard led the Board of Directors and all attendees in our Pledge of Allegiance.

**III. Approval of the Minutes of Prior Board Meeting**

Director Robichaux **moved** to approve the August 23, 2013, Board Meeting Minutes. 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 taking the opportunity to acknowledge National "Wear Pink Day." Louisiana Lottery employees participated by wearing pink and making a contribution to the Susan G. Komen Baton Rouge Affiliate.

Additionally, Ms. Hudson acknowledged the Lottery employees who attended the 2013 NASPL Conference. Lafayette Regional Manager, Michelle Roger, was among the attendees. Ms. Roger was chosen as the winner of the "What's the Big Idea?" Innovation Station Contest and was awarded a trip to the NASPL Conference. Her innovative idea was to put together a training video for the retailers.

Ms. Hudson announced that during the NASPL Conference, she was elected Secretary of NASPL, Secretary of MUSL and Vice Chairman of the Powerball Group.

Ms. Hudson congratulated Brad Menard, Vice President of Sales, for his completion of the LSU Executive Development Program.

Ms. Hudson informed the Board of Directors that Blue Cross Blue Shield quoted the Louisiana Lottery Corporation a renewal of its healthcare insurance plan for 2014. The Lottery was approved for a 7.1 percent rate increase, while the increase was budgeted for 18 percent. The renewal includes any coverage changes necessitated by Blue Cross Blue Shield, the state and the Affordable Care Act.

Additionally, Ms. Hudson announced that Reyon McCarthy will join the Lottery on Monday, October 27, 2013, as Vice President of Human Resources. Ms. McCarthy was formerly a District Human Resources Director for Home Depot.

Ms. Hudson wished a farewell to K. K. Blanchard and Michelle Roger. Ms. Blanchard worked in the Accounting Department and is retiring from the Lottery after 17 years of service. Ms. Roger worked as the Lafayette Regional Manager for the past four years. Ms. Hudson wished both ladies good luck on their future endeavors.

Ms. Hudson praised John Acquilino with Intralot for the smooth transition to the new Mega Millions game version that took effect on October 19, 2013.

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 her presentation by addressing a revision to the annual report posted on the Louisiana Lottery's public website. Ms. Fournet explained that there was an error in the statistical section of the report regarding regional sales allocations in which some retailers' sales data defaulted to the New Orleans Region for 2011-2013. The error appeared in one report in the statistical section and did not affect the audited section of the report. However, the auditors were notified and the revision is now available on the Lottery's Website.

Director Larry Katz raised a question about the possibility of Lottery employee salary supplements. Ms. Hudson responded that the Lottery did not participate in supplements. She added that salaries are dictated by the salary administration program document and the topic of salaries will be discussed with the Board of Directors at a later date. Chairman Fitzpatrick asked Director Katz to gather information regarding supplements and report back to the Board.

Ms. Fournet continued her presentation with a look at sales for the first four months of fiscal year 2014 which are 14 percent higher compared to last year.

Additionally, Ms. Fournet reported that Powerball sales are \$9 million higher compared to this time in 2012 and \$12 million higher than in 2010. She attributes these sales to the \$448 million jackpot in August followed by another \$400 million run in September. Although sales are up, Ms. Fournet stated "it's taking more high-level jackpots to reach the same total sales from year".

She supported this statement by comparing jackpot run sales. She pointed out that sales are trending downward for the final day of sales in jackpot runs due to jackpot fatigue.

Furthermore, Ms. Fournet advised that Mega Millions has experienced a decrease in sales. However, the game recently underwent a matrix change that may revitalize interest. The starting jackpot for the game increased from \$12 million to \$15 million with a minimum \$5 million increase for each roll as well as a \$1 million match-5 prize, up from \$250,000.00. The changes also include 19 additional white ball numbers for a total of 75 and 31 fewer Mega Ball numbers for a total of 15. The price of the game remains \$1.00. While the odds of winning the jackpot are longer, the overall odds of winning are better.

With Lotto experiencing its highest jackpot in over four years, Ms. Fournet reported that sales were \$2.1 million better than this time last year. She hinted at possible promotions for the Lotto Game in the spring of 2014.

Continuing, Ms. Fournet advised that Pick 3 and Pick 4 Games continue to have a solid player base. She said the games contribute to one-fifth (1/5<sup>th</sup>) of total sales of which has been quite sustainable. Additionally, Ms. Fournet stated that Easy 5 sales are beginning to level off. Compared to the last five years, the game contributed a smaller portion to overall sales.

Ms. Fournet reported a record level in instant ticket sales for the first quarter of the fiscal year. She stated that so far, sales have surpassed \$13 million every month. Ms. Fournet also announced to the Board the upcoming launch of the licensed property scratch-off Words with Friends™ Game. The Louisiana Lottery is the first lottery in the nation to offer this game to its players. Ms. Fournet commended Brad Menard, Vice President of Sales, and his team for their improvement in inventory management. She reported that instant sales have already surpassed last year's record sales.

Ms. Fournet advised that the total sales for the first quarter of the 2014 fiscal year are higher in every category compared to last year. The total sales ending on October 31, 2013 are estimated at \$152.5 million as compared to \$133.9 million last year.

From an expense standpoint, Ms. Fournet reported that the Lottery is currently \$60,000 over budget for total expenses due to higher than budgeted advertising costs for the first three months of this year. Ms. Fournet explained that periods of higher and lower advertising spending occur throughout the year. However, the budget is still expected to be on target at the end of the year.

In conclusion, Ms. Fournet estimates that the Louisiana Lottery Corporation will transfer \$53.5 million to the State of Louisiana for the first four months of the fiscal year which is \$9.3 million higher than budgeted.

## **V. Board Committee Reports**

**Personnel Committee** – No report at this time.

**Finance Committee** – No report at this time.

**By-Laws Committee** - No report at this time.

## VI. Health Flexible Spending Accounts

Chairman Fitzpatrick presented to the Board of Directors **Resolution No. 2013-10-25-1** relative to the Health Flexible Spending Accounts. Chairman Fitzpatrick asked for any public comments relative to this agenda item. There being no public comments, Vice Chairman Carver made a **motion** to approve **Resolution No. 2013-10-25-1** and Secretary Taylor **seconded** the motion. There being no objections, the motion was **approved** and **passed**.

## VII. Other Business

No other business.

## VIII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Wednesday, December 18, 2013, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

## IX. Adjournment

There being no further business, Chairman Fitzpatrick invited a motion to adjourn the meeting. Director Ausberry made a **motion** and Director Katz **seconded** the motion. There being no objection, the motion was **approved** and Chairman Fitzpatrick adjourned the meeting at 10:34 a.m.

Date Approved: December 18, 2013.

  
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Wendy Reeves  
Executive Administrative Assistant

  
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J. T. Taylor  
Secretary to the Board of Directors

  
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John Fitzpatrick  
Chairman of the Board of Directors