

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
February 7, 2014**

Chairman John Fitzpatrick called the meeting to order at 10:02 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., Lisa Reardon, Roy Robichaux and Ron Henson.
- B. **Members Absent:** Heather Doss and Larry Katz.
- 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 John Fitzpatrick requested Kimberly Chopin to lead 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 October 25, 2013, Board Meeting Minutes and 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 addressing the office closures that occurred due to the inclement weather during January, 2014. Although there was a concern that the retailers would not have ample inventory during the closures, Ms. Hudson was pleased to report that processes continued to run smoothly during that time.

Ms. Hudson advised that the NASPL Directors Meeting scheduled for June 2015 will be hosted by the Louisiana Lottery Corporation and held in New Orleans, Louisiana. She explained that it is customary for the host to provide mementos and a social itinerary to the attendees. Ms. Hudson added that she and her staff will work together to plan the event.

Additionally, Ms. Hudson announced to the Board of Directors that she has been elected as the Vice President of MUSL and Powerball Game Group Chair for MUSL. She also advised that the MUSL Marketing Committee is scheduled to meet in New Orleans, Louisiana to discuss marketing tactics for the Powerball game. The MUSL directors are scheduled to meet on March 27, 2014 in Phoenix, Arizona as a follow-up to the Marketing Meeting.

Ms. Hudson also informed the Board of Directors that the NASPL Conference will be held in Atlantic City, New Jersey beginning September 30, 2014 through October 3, 2014.

Addressing the recent controversies surrounding the Duck Dynasty brand, Ms. Hudson noted that the Louisiana Lottery was neither involved nor affected. The scratch-off ticket is currently thirty (30%) percent sold with five (5) out of six (6) top prizes remaining. The ticket has proven to be very successful and falls in line with the success of previous Louisiana licensed properties. Using an average sales index of 100, Duck Dynasty has an index of 194.

In regard to the 2014 Legislative Session, Ms. Hudson advised that the legislative session will begin on March 10, 2014 and she will be appearing before the Joint Legislative Committee on the Budget in March or April to present the Lottery FY2015 Budget. Additionally, she informed the Board of Directors that there are currently no pre-filed bills slated for the upcoming session that will affect the Louisiana Lottery Corporation. Ms. Hudson did note that one legislator is interested in filing a bill that would allow winners to remain anonymous. Currently, winners' claim forms are subject to public record law. The impetus for the legislation came from the South Carolina Education Lottery's corporate policy that allows winners to file a temporary restraining order in order to remain anonymous. She expressed concern that a policy such as this one would result in issues with the press. Furthermore, Ms. Hudson added that the Communications Staff at the Louisiana Lottery Corporation is very respectful of players who do not wish to be publicized while still adhering to public records requests.

Ms. Hudson advised that she attended a joint committee meeting of the Senate Judiciary B and House Criminal Justice last month wherein the topic of online gambling was discussed. In general, she stated that the group was receptive to the online gambling information received during the meeting.

In concluding the President's Report, Ms. Hudson announced that she was being inducted into the Louisiana State University's E. J. Ourso College of Business' Hall of Distinction on Friday, March 28, 2014.

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 provided a presentation of the financial performance of the Corporation for the first seven months of the current fiscal year. Ms. Fournet advised that sales are five (5%) higher this year than this time last year due in part to the \$636 million Mega Millions Jackpot in December and two Powerball Jackpots that were over \$400 million. Additionally, Ms. Fournet noted that Mega Millions sales are \$7.4 million higher than the previous year at this time due to the record \$636 million Mega Millions Jackpot in December, 2013. Ms. Fournet advised that the combination of Powerball and Mega Millions continues to prove to be a strong driver of sales by offering the players a choice.

Ms. Fournet advised the Board of Directors that Lotto saw an improvement in sales compared to the previous year due to a high jackpot. Sales increased \$1.5 million and the game saw its

highest jackpot in five years. Overall for the last five years, the Lotto experienced a drop in sales due to the Mega Millions and Powerball game changes. Ms. Fournet explained that Lotto Lagniappe, an upcoming promotion for the Lotto Game, is being rolled out next month. She advised that this promotion will begin on March 1 and continue through June 30 wherein players who purchase a single-draw \$5 Lotto ticket will receive an entry ticket into a raffle drawing for cash prizes valued up to \$50,000. Ms. Fournet stated that the promotion will draw attention to the game and show players the ease of winning.

Ms. Fournet said that instant ticket sales continue to reach record heights. She noted that sales are currently higher than every month of the last three years, peaking at \$16.1 million for December and bringing total sales to \$99.5 for the fiscal year as of January 31, 2014. While sales are high, Ms. Fournet does not expect to continue to see such large increases in sales year over year. Sales will eventually start to level off which is to be expected given the recent exponential growth due to the success of the Louisiana Lottery Corporation's inventory management program.

Additionally, Ms. Fournet reported that overall fiscal year-to-date sales of \$262.3 million are up 5.4 percent over last year. In addition, general and administrative expenses through the end of December 2013 are \$300,000 below budget. She noted that the advertising budget is higher than normal, but this can be attributed to the advertising calendar and will level off in the following months.

Finally, Ms. Fournet stated that the Louisiana Lottery Corporation is projected to transfer \$91.9 million to the State of Louisiana for the seven (7) months ending January 31, 2014 which was \$13.3 million better than budgeted.

In concluding, Ms. Fournet compared 2013 and 2014 projected sales to the proposed 2015 Budget. She explained that when planning budgets rather than predicting jackpots, the staff looks at historical averages. The 2015 budgeted sales of \$425 million represent the highest amount the Louisiana Lottery has ever budgeted. For FYE June 30, 2014, sales are projected to reach \$430 million. Ms. Fournet demonstrated how next fiscal year's revenue would be distributed with prizes at 53 percent, state transfers at 35 percent, retailer compensation of 5.58 percent, operational/administration expenses at 4.69 percent and vendor fees of 1.8 percent.

A copy of the financial presentation is attached.

## **V. Board Committee Reports**

**Finance Committee** – Committee Chairman Verge Ausberry stated that the Finance Committee met on Friday, January 31, 2014. He presented to the Board of Directors **Resolution No. 2014-2-07-1** relative to the approval of 2014/2015 Fiscal Year Budget which included an average four (4%) percent salary increase for the employees of the Louisiana Lottery Corporation. 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. 2014-2-07-1** and Director Reardon **seconded** the motion. There being no objections, the motion was **approved** and **passed**.

#### VI. Other Business

No other business at this time.

#### VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 25, 2014, 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 Fitzpatrick invited a motion to adjourn the meeting. Vice Chairman Carver made a **motion** to adjourn the meeting and Director Taylor **seconded** the motion. There being no objection, the motion was **approved** and Chairman Fitzpatrick adjourned the meeting at 10:34 a.m.

Date Approved: April 25, 2014.

Wendy Reeves  
Wendy Reeves  
Executive Administrative Assistant

Kim Carver  
Kim Carver  
Vice Chairman for Secretary to the Board of Directors

John Fitzpatrick  
John Fitzpatrick  
Chairman of the Board of Directors