

REVISED

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

09 ^a
February 02, 2024

Chairperson Whalen Gibbs 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 Whalen Gibbs; Directors: Sheridan Shamburg, Sean Wells, Carmen Jones, Thomas Brumfield, Dan Morrish, Anna Jones, Cynthia Hedge-Morrell and Louisiana Deputy State Treasurer Rachel Kincaid , **Director Gail McKay** ^a
- B. **Members Absent:** None
- C. **Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet, Senior Vice President/General Counsel, John Carruth.

II. Pledge of Allegiance

Chairperson Whalen Gibbs 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 Gibbs began by asking if anyone had any questions or corrections to the minutes of the December 13, 2023, Board Meeting. There being no objections or changes, 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 members and updating them on the Lottery's Headquarters refresh project. The project is on schedule and under budget. Ms. Hudson congratulated the Lottery's Finance team for receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The Lottery was recognized for its retirement plans annual financial report.

Ms. Hudson thanked board members Sean Wells and Anna Jones for their service as their terms have expired and this is their last board meeting.

She then reminded the board that the 2024 legislative session convenes March 11 and ends June 3. To date, no bills have been pre-filed pertaining to the Lottery. She said we are still in a holding pattern pertaining to iLottery and will keep the board apprised of any developments.

Ms. Hudson informed the board about a sensitive issue. Vice President of Security, Charles Armstrong, has spent an inordinate amount of time with a player who feels that she was wronged. The player alleges a clerk took her ticket and has shown up at the home of the person she alleges stole her money. She has filed suit, shown up at multiple lottery offices, gone to the Attorney General's office, and called our national association. She is making allegations against Mr. Armstrong as well as Ms. Hudson. She asked the board that if anyone receives any outreach from the player to direct the calls to herself or Mr. Armstrong. The Lottery's security team is working to determine the next steps it can take.

Ms. Hudson moved onto board education about what the enterprise looks like. She introduced a video about the Distribution Center part of the process and how instant tickets get to the market. The Lottery's Communication and Marketing teams produced the video for the board.

The meeting was then turned over to Senior Vice President, Secretary/Treasurer Karen Fournet. Mrs. Fournet began by analyzing total sales through the end of February for the last five fiscal years, mentioning the tremendous growth the Lottery has experienced. Sales are projected to end February at \$429.7 million, down \$23.1 million from the same time last year. Mrs. Fournet noted that \$18 million of the difference is in the jackpot sales. She indicated that instant win games are 50.5% of the lottery sales, noting that those products have a 69% payout compared to the draw style games payout average of 50%. Mrs. Fournet pointed out that the mix is important for maintaining profitability. Mrs. Fournet presented combined Mega Millions and Powerball projected sales for the current year through the end of February as \$98.4 million, down \$16.9 million from last year in which there were two \$1 Billion Mega Millions jackpots and one \$2 billion Powerball jackpot. She then indicated that each draw cycle is longer, and it is taking much higher jackpots to generate the same excitement and sales that the Lottery used to experience due to player jackpot fatigue.

Mrs. Fournet compared the Lottery's major products lines and their actual fiscal year 2024 sales to budget for the seven months ending February 29, 2024. Sales of instant-win games are \$700,000 under budget, jackpot games are \$26.5 million over budget, and daily numbers games sales are \$4.1 million over budget for a grand total of \$29.6 million better than budget.

Mrs. Fournet projected \$135.6 million, which is \$10.1 million better than the budget, will be transferred to the state treasury.

Mrs. Fournet compared the proposed fiscal year 2025 budget of \$616.8 million with the fiscal year 2024 projected sales of \$626.2 million and the fiscal year 2023 actual results of \$652.4 million. The proposed budget for the next fiscal year is conservative and in line with projections based on the unreliability of record-breaking multistate jackpots.

Mrs. Fournet completed an overview of the Lottery's proposed fiscal year 2025 budget of \$616.8 million; \$315 million from scratch-offs; \$141.6 million from daily numbers games; \$70 million

from Powerball; \$45 million from Mega Millions; \$22.1 million from Lotto; \$15.1 million from Fast Play and \$8 million from Easy 5 with ezmatch™. Mrs. Fournet presented how fiscal year 2025 revenue would be distributed: \$355.9 million for prizes (57.5%); \$194.1 million for the state (31.4%); \$35.1 million for retailers (5.7%); \$10.2 million for vendor fees (1.6%) and \$23.3 million for operations/administration (3.8%). Mrs. Fournet noted the statute requires the Lottery to transfer 25% of revenue, the budgeted percentage demonstrates our mission to maximize revenue for the state resulting in the third highest transfer total ever in our history. She explained that our budget provides the legislature with conservative expectation, but it also serves to control our operation expenses, which stay fixed even if revenue exceeds budget.

V. Board Committee Reports

Finance Committee Chairperson Sheridan Shamburg presented board members with Resolution No. 2024-02-09-1, relative to the 2024/2025 fiscal year budget for approval. Director Blade Morrish made the **motion** to approve Resolution No. 2023-02-24-1, relative to the 2023/2024 fiscal year budget and Director Cynthia Hedge-Morrell **seconded** the motion. There being no objection, Resolution No. 2024-02-09-1, relative to the 2024/2025 fiscal year budget was **approved**.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 26, 2024, 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 Gibbs adjourned the meeting at 10:33 a.m.

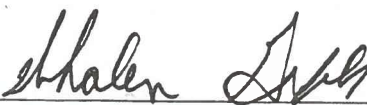
Date Approved: 4/24/24



Adene Schroeder
Executive Administrative Assistant



Cynthia Hedges-Morrell
Secretary to the Board of Directors



Whalen Gibbs
Chairman of the Board of Directors