

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
February 26, 2021**

Chairman Blake McCaskill called the meeting to order at 10:02 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., Cynthia Hedge-Morrell, Anna Jones, Carmen Jones, Sean Wells; Beau Black and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Director Roman Banks
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet, Senior Vice President/General Counsel, John Carruth and Director of Communications, Kimberly Chopin.

**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 December 16, 2020 Board Meeting. Director Shamburg **moved** to approve the December 16, 2020 Board Meeting Minutes and Director Anna Jones **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 welcoming William J. "Beau" Black Jr. of Belle Chasse to the board and thanked him for agreeing to serve after being appointed by Governor John Bel Edwards.

She then told the board that the Lottery's strategic planning process is ongoing. The executive team is working to plan for the next 18 months, instead of the usual 3-5 years, since the pandemic has changed the way business is conducted. The group is analyzing organizational change, operational efficiencies, and business/data analytics. She said that she plans to provide the board with an update on the process during the April 2021 board meeting.

Rose then reminded the board that the 2021 legislative session convenes April 12 and ends June 10. To date, no bills have been pre-filed pertaining to the Lottery.

Ms. Hudson then told the board that MUSL recently completed an audit of the Lottery's internal drawing controls and identified low-level risk items that staff members are working to resolve.

Lastly, she mentioned that the Lottery's offices were closed during recent winter weather conditions across the state to ensure safety for employees and players. She also noted that sales were slightly impacted during this time due to retailer closures, but most have resumed operating.

Ms. Hudson prefaced the financial report by noting that the increased demand for our products during the pandemic coupled with the reduction of the Lottery's transfer mandate have contributed to sales being up an amazing 30% over last year.

The meeting was then turned over to Senior VP, Secretary/Treasurer Karen Fournet.

Mrs. Fournet began by analyzing total monthly sales for fiscal years 2018-2021. 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 \$44.4 million to end February.

Powerball fiscal-year sales through the end of February are projected to be \$45.3 million, which is just \$3.8 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 the starting jackpot from \$40 million to \$20 million, which was necessitated by declining participation during the pandemic-related stay-at-home orders. To illustrate the impact of jackpot fatigue, year-to-date sales in 2015 were higher at \$62.8 million even though the one large jackpot of \$564 million was lower than this year's. In another example, Karen illustrated that it took 36 draws to reach a \$731 million jackpot in January with run sales of \$28.5 million, whereas the March 2019 jackpot run produced \$26 million in just 26 draws with a jackpot of \$768 million.

Mega Millions has experienced a similar story with sales projected to end February at \$34.2 million, which is just \$8.6 million higher than last year, despite the \$1 billion jackpot in January!

Combined Powerball and Mega Millions sales through February are projected to reach \$79.5 million, up \$12.4 million from last year.

Lotto fiscal year sales through February are at \$17.2 million, which is \$2.5 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.

Sales of Easy 5 and ezmatch are up slightly at \$7.5 million, a \$100,000 increase from the same time last year.

Fiscal year Pick 3 and Pick 4 sales, currently at \$92 million, have exploded, running \$18.9 million more than last year's totals through February. 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 will help to continue to build on the success of the numbers-game product line.

Monthly scratch-off sales have beat previous years every month so far, this fiscal year. Scratch-off sales are up considerably through the end of February at \$204.9 million, an increase of \$53.4 million over last year. Karen noted that scratch-off sales experienced a huge surge since March with COVID-19 limiting other gambling options for players.

Also aiding 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 compared scratch-off sales by price point through January for the last two fiscal years demonstrating the most growth in the \$3, \$5 and \$10 price points.

The Lottery's ability to increase prize payouts is due to its transfer mandate of 35% being reduced to 25% by the 2020 legislature. The Lottery continues to work closely with its instant ticket vendor to place additional prizes within each price point and to introduce additional higher price-point games to maximize sales.

Karen reported overall fiscal year 2020 sales through the end of February of \$400.9 million, a whopping \$87.3 million higher than last year and \$92.8 million more 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.

General and administrative expenses through the end of February are running approximately \$1 million under budget at \$10.7 million.

Karen then reported that transfers to the state treasury through the end of February are projected at \$136.8 million, which is \$28.7 million better than budget.

Lastly, Karen overviewed the Lottery's proposed fiscal year 2022 budget of \$587.2 million: \$311 from scratch-offs; \$134.5 million from daily games; \$57 million from Powerball; \$38 million from Mega Millions; \$23 million from Lotto, \$12.6 million from Fast Play and \$11.1 million from Easy 5 with ezmatch. She also showed how fiscal year 2022 revenue would be distributed: \$331.2 million for prizes; \$192.9 million for the state; \$33.5 million for retailers; \$9.3 million for vendor fees and \$20.9 million for operations/administration.

In conclusion, Karen compared the proposed budget with fiscal year 2020 actual results and 2021 projected results. The proposed budget is conservative and in line with this year's projections.

## V. Board Committee Reports

Chairman McCaskill presented board members with Resolution No. 2021-02-26-1, relative to the 2021/2022 fiscal year budget for approval. Finance Committee Chairperson Sheridan Shamburg made the **motion** to approve Resolution No. 2021-02-26-1, relative to the 2021/2022 fiscal year budget. As the motion came from the committee chair, there was no need for a second. There being no objection, Resolution No. 2021-02-26-1, relative to the 2021/2022 fiscal year budget was **approved**.

## VII. Other Business

Chairman McCaskill asked if anyone had any questions regarding Resolution No. 2021-02-26-2, in relation to On-Line Games and Instant Games General rules. Director Wells **moved** to approve Resolution No. 2021-02-26-2 and Director Cynthia Hedge-Morrell **seconded** the motion. There being no objection, Resolution No. 2021-02-26-2, in relation to On-Line Games and Instant Games General rules **approved**.

Chairman McCaskill presented board members with the final draft of the CEO Employment contract. There being no questions or comments, Director Anna Jones **moved** to approve the CEO Employment Contract and Director Gibbs **seconded** the motion. There being no objection, the CEO Employment Contract was **approved**.

## VIII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 23, 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.

## IX. Adjournment

There being no further business, Chairman McCaskill invited a **motion** to adjourn the meeting. Director Wells made a **motion** to adjourn the meeting and Director Black **seconded** the motion. There being no objection, the motion was **approved**, and Chairman McCaskill adjourned the meeting at 10:46 a.m.

Date Approved: 4-23-2021



Jill Kitchens  
Executive Administrative Assistant



Sean Wells  
Secretary to the Board of Directors



Blake McCaskill  
Chairman of the Board of Directors