

LOUISIANA LOTTERY CORPORATION BOARD OF DIRECTORS' MEETING

February 28, 2025

Chairperson Mickey Parenton 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 Mickey Parenton; Directors: Whalen Gibbs, Sheridan Shamburg, Thomas Brumfield, Dan Morrish, Anna Jones, Cynthia Hedge-Morrell, Gail McKay, Carmen Jones
- B. **Members Absent:** Louisiana State Department of Treasury Executive Counsel Rachel Kincaid
- 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 Parenton asked President 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 Parenton began by asking if anyone had any questions or corrections to the minutes of December 18, 2024, Board Meeting. Director Brumfield **moved** to approve December 18, 2024, Board Meeting Minutes and Director Morrish **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 presenting preliminary activity leading up to the legislative session in April. Ms. Hudson had been in contact with a representative of one bill interested in creating a scratch-off ticket to benefit veteran affairs. Ms. Hudson shared that these "special cause" games have been sold in other states; however, there are hurdles for their sales in Louisiana. The first hurdle, our state transfers are dedicated to K-12 public education by our constitution which would require a vote of the people to be changed. The second hurdle, all bills require a fiscal note which would demonstrate a negative impact to Minimum Foundation Program contributions from the Lottery should a game divert funds to a different cause. Ms. Hudson met with the bill's supporters to explain the legislative path such a bill would need to take. Ms. Hudson will also meet with another bill author after Mardi Gras to discuss an iLottery bill to see if there is a path forward.

Ms. Hudson announced to the board members the next NASPL conference will be held September 8-11, 2025 in Niagara Falls, Canada reminding them it is an opportunity to learn more about the industry.

Ms. Hudson ended her report by directing their attention to the Marketing Dashboard to review the Lottery marketing/communications performance over the last quarter. She recognized the efforts by the team in particular the use of social media influencers for marketing for our holiday and Mardi Gras games.

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

Mrs. Fournet began by analyzing total sales through the end of February for the last five fiscal years. Sales are projected to reach \$385.5 million by the end of February, the lowest level since 2020. She noted that decline is attributed to lower sales of the Lottery's jackpot games at \$80 million as jackpot fatigue and economic pressures continue to impact sales. This year we have had only one jackpot above \$1 billion, while in 2023 and 2024 there were three each. In 2020 sales were higher even without a \$1 billion jackpot due to jackpot fatigue.

Mega Millions will be changing, moving from a \$2 price point to a \$5 price with larger starting jackpots and faster growing jackpots. The game consortium hopes this will help increase sales.

Mrs. Fournet stated inflation has had an impact on daily numbers game sales of \$88 million \$6 million lower than last year as payouts have been statistically lower than the 50% average. Instant-win game sales are at \$217 million running neck and neck for the same time period last year. In April, the Lottery plans to launch new Hasbro themed scratch-offs and Fast Play games to reinvigorate the product line's offering. Mrs. Fournet noted that although starting the year down, since October, scratch-offs sales have increased due to the implementation of prize structure strategies as a result of our Vinformatix data analytics partnership. She noted that in February, the Lottery received an updated study that includes the optimization of prize dollars per price point that will help us dive deeper into designing game prize structures. Mrs. Fournet said Instant-win games represent over 56% of total game sales and include both Fast Play and scratch-off games, and due to their payouts being higher, they provide an important balance the mix.

Mrs. Fournet then compared the Lottery's major product lines projected fiscal year 2025 sales to budget for the eight months ending Feb. 28, 2025. The sales of instant-win and daily numbers games are down slightly, but jackpot games show a significant shortfall compared to the budget, with a difference of \$17.2 million. She stated sales of the Lottery's instant-win games are running \$4.1 million under budget, while daily numbers game sales are \$6.5 million lower, resulting in a total shortfall of \$27.8 million compared to the budget. Mrs. Fournet pointed to the general and administrative expenses through the end of December were approximately \$1 million under budget at \$10.6 million.

Mrs. Fournet reported that transfers to the state treasury through the end of February are projected at \$116.4 million, which is \$13.6 million less than budget due to decreased sales. She remains optimistic the gap could be closed, noting the health of our unclaimed prize pool and flexibility with our operating budget and prize payouts.

Mrs. Fournet shared the proposed budget for fiscal year 2026 sales compared to our projected fiscal year finish and fiscal year 2024. The Lottery proposed budget is set for \$602 million compared to this year's projected finish of \$583 million and last year's finish of \$639.6 million. She said that while this budget is slightly below our 10-year average for our multistate jackpot games, that our budget is not a sales target but a way to cap our operating expenses.

Mrs. Fournet then presented the proposed budgeted sales for fiscal year 2026. The sales include \$320 million for scratch-offs, \$138.2 million for daily pick games, \$60 million for Powerball, \$45 million for Mega Millions, \$18 million for Lotto, \$7.8 Million for Easy 5/EZmatch and \$13 million for Fast Play.

Mrs. Fournet completed an overview of the Lottery's proposed fiscal year 2026 includes \$348.9 million for prizes at a payout of 57.8%; retailer compensation of \$34.3 (5.7%); administrative expenses of \$24 million (4.0%); vendor expenses of \$9.7 million (1.6%); and state transfers of \$186.8 (30.9%). This totals \$603.7 million which includes interest income in addition to sales.

V. Board Committee Report

Chairperson Parenton thanked the Finance Committee Chairperson Shamburg for their presentation of Resolution No. 2025-02-28-1, relative to the 2025/2026 fiscal year budget. Chairperson Parenton asked for comments, with no comments he requested motion to approve. Director A. Jones made the **motion** to approve Resolution No. 2025-02-28-1, relative to the 2025/2026 fiscal year budget and Director Shamburg **seconded** the motion. There being no objection, Chairperson Parenton called for a vote on Resolution No. 2025-02-28-1, and it was unanimously approved.


VI. Announcements


The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 25, 2025, to be held at 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 Parenton asked for a motion to adjourn. Director Shamburg made the **motion**, and Director Morrish **seconded** the motion. The meeting was adjourned by Chairperson Parenton at 10:21 am.

Date Approved: 4/25/2025


Adene Schroeder
Executive Administrative Assistant


Dan "Blade" Morrish
Secretary to the Board of Directors


Mickey Parenton
Chairman of the Board of Directors