

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
December 14, 2016**

Chairman Kim Carver called the meeting to order at 10:04 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 Kim Carver; Vice Chairman Roy Robichaux and Directors: Verge Ausberry, Jr., J. T. Taylor, Heather Doss, Lisa Reardon, Blake McCaskill, Sean Wells, Butch Gautreaux and Deputy State Treasurer Renee Ellender Roberie.
- B. **Members Absent:** None
- 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 Kim Carver asked Director Verge Ausberry to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman Carver began by asking if anyone had any questions or corrections to the minutes of the October 28, 2016 Board Meeting. Vice Chairman Roy Robichaux **moved** to approve the October 28, 2016 Board Meeting Minutes and Director Taylor **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 Louisiana Deputy State Treasurer Renee Roberie as she attended the meeting on behalf of the Louisiana Department of the Treasury.

Additionally, Ms. Hudson welcomed Antonios Kerastaris, Group Chief Executive Officer of Intralot. She stated that she had productive conversations with him about the Louisiana Lottery Corporation's business partnership with his company while in Atlanta, Georgia attending the NASPL Conference and at the World Lottery Summit in Singapore. Mr. Kerastaris thanked Ms.

Hudson for the invitation to visit and added that he looks forward to making the Louisiana Lottery Corporation the first place Intralot brings new offerings from the industry in the future.

In continuing, Ms. Hudson thanked the Board of Directors for giving her the opportunity to attend the World Lottery Summit, where she participated in a panel, moderated a session and presented a State of the Industry Address representing the North American Association of State and Provincial Lotteries. She noted that it was an eye-opening experience to speak to lottery directors from around the world about the opportunities that exist in the industry.

Ms. Hudson advised the Board of Directors that she recently traveled to Alabama to address a commission assembled by the governor to study gaming. Alabama is in the process of deciding whether or not to pursue the creation of a state lottery. The commission sought Ms. Hudson's insights into Louisiana's enabling legislation as the Louisiana Lottery Corporation's President and the industry as a whole in her current role as NASPL President.

Additionally, Ms. Hudson advised the Board of Directors that she will be asking for approval for the procurement of a new air conditioning system for the headquarters building at the February 2017 Board Meeting.

In concluding, Ms. Hudson spoke about formulating fiscal year 2018's budget. She announced that the proposed budget will be discussed at the Board's Finance Committee Meeting which is scheduled for February 17, 2017 at 10:30 a.m. She added that the budget will conservatively reflect the uncertainty of scratch-off prize payouts and their effect on sales.

At this time, Ms. Hudson turned the floor over to Vice President of Finance, Jimmy Goodrum, to present the financial report via Power Point Presentation.

Mr. Goodrum began by analyzing monthly sales for fiscal years 2014-2017 for the first six months of the years. He stated that sales for the current year in July started out strong at \$43.4 million with two large multistate jackpots, but dropped to \$33.3 million during August due to the flooding. Since that time, sales have climbed to \$37 million projected for December which is slightly behind previous years.

Mr. Goodrum reported that Powerball sales for the first six months of fiscal year 2017 are \$43.4 million, which is \$4.8 million more than last year. The increase in sales can be attributed to the \$487 million jackpot in August. However, our current sales level lags behind previous years with similarly sized jackpots indicating players' jackpot fatigue.

Mr. Goodrum reported Mega Millions sales for the first six months of fiscal year 2017 are \$14.8 million which is \$1.3 million more than last year. This increase can be attributed to the \$540 million jackpot in August. Combined Powerball and Mega Millions sales through the first six months of the fiscal year 2017 are \$58.2 million which is \$6.2 million higher than this time last year. This is also due to the high jackpots for each game.

Mr. Goodrum stated that Lotto sales are at \$13 million. He added that sales are down \$3.9 million from this time last year due to lower jackpots. Additionally, he stated that fiscal year 2016 saw a jackpot of over \$3 million, the highest jackpot in six years.

Regarding sales of Pick 3 and Pick 4, Mr. Goodrum stated that these games are holding steady at \$48.5 million. He continued by stating that Pick 3 and Pick 4 are the most stable games in the Louisiana Lottery Corporation's mix, with an annual growth rate of five (5%) percent. Players enjoy the ease of play and lower odds with these games even when the games experience years of average payouts.

Mr. Goodrum noted that scratch-off sales are beginning to level off compared to past years. Instant sales of \$98 million are down \$4.9 million from last year. He attributed about \$1 million to the flood, but the rest of the drop is due to changes in the prize payout strategy necessitated by the legislature's \$20 million sweep of the Louisiana Lottery Corporation's unclaimed prize fund during the 2015 legislative session. Although the Louisiana Lottery Corporation's long-term plan was to continue inching up the payout to 66 percent to maximize sales utilizing the unclaimed prize fund, the goal now is to maintain the current prize payout percentage which is about 63 percent.

Mr. Goodrum reported an overall estimated end of fiscal year sales of \$222.8 million through December 2016 which is \$3.1 million lower than last year at this time.

Before concluding, Mr. Goodrum reported that general and administrative expenses are running \$300,000 under budget at \$6.5 million through the end of October 2016.

Lastly, Mr. Goodrum reported that the Louisiana Lottery Corporation treasury transfers are projected to be \$78 million through December 2016 which is \$1.3 million or 1.7 percent higher than budget.

A copy of the financial presentation is attached.

At this time, Mr. Goodrum turned the meeting back over to Ms. Hudson.

In concluding, Ms. Hudson alerted the Board of Directors to a Chicago Tribune investigative report into the Illinois Lottery regarding the premature closing of scratch-off games and noted that problems presented in the article did not apply to the Louisiana Lottery Corporation.

V. Board Committee Reports

Personnel Committee – Secretary Blake McCaskill advised that there is no Personnel Committee Report at this time.

Finance Committee – Director Verge Ausberry advised that there is no Finance Committee Report at this time. He announced that the Board of Directors' Finance Committee Meeting is scheduled for Friday, February 17, 2017 at 10:30 a.m. He added that this meeting will be to review the Louisiana Lottery Corporation's budget for fiscal year 2018 that will be presented to the full Board of Directors for approval at the Board Meeting on February 24, 2017.

Bylaws Committee – Vice Chairman Robichaux advised that there is no Bylaws Committee Report at this time.

VI. Other Business

There was no other business to discuss at this time.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, February 24, 2017, 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 Carver invited a motion to adjourn the meeting. Director Lisa Reardon made a **motion** to adjourn the meeting and Vice Chairman Robichaux **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 10:28 a.m.

Date Approved: February 24, 2017.



Wendy Reeves
Executive Administrative Assistant



Blake McCaskill
Secretary to the Board of Directors



Roy Robichaux
Vice Chairman of the Board of Directors