

LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
August 23, 2019

Chairman Blake McCaskill 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:** Chairman Blake McCaskill, Vice Chairman Butch Gautreaux; Directors: Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones, Sean Wells, and Cynthia Hedge-Morrell; 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 and Senior Vice President/General Counsel, John Carruth.

II. Pledge of Allegiance

Chairman Blake McCaskill asked Director Wells 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 June 28, 2019 Board Meeting. Director Wells **moved** to approve the June 28, 2019 Board Meeting Minutes and Director Shamburg **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 informing the Board Members about the Louisiana Lottery Corporation's new promotional vehicle and mentioned that a contest was recently held among employees to name

it. The name that was chosen was LOLA (Louisiana's Onsite Lottery Attraction). The winner of the contest was Paula Plaisance in the Accounting Department. As the winner, she received a trip to the NASPL/World Lottery Summit being held in Vancouver, British Columbia in October 2020.

Ms. Hudson informed the Board Members that the 11th Annual Saints Scratch-Off Ticket was released on August 13, 2019 and that the commercial for the ticket is currently being aired on television.

Ms. Hudson thanked Director Shamburg, Vice Chairman Gautreaux and Chairman McCaskill for their interest in attending the NASPL 2019 Annual Conference that is being held in Little Rock, Arkansas in September. She stated that she thinks all of them will find the experience to be beneficial.

In continuing, Ms. Hudson pointed to copies of the Louisiana Lottery Corporation's Marketing and Communications Dashboard for the fourth quarter of fiscal year 2019. She advised that this report was created to give Board Members and Lottery Staff a quarterly snapshot of the Louisiana Lottery Corporation's communications and marketing activities and performance.

Lastly, Ms. Hudson introduced Louisiana Lottery Corporation Vice President of Internal Audit Steve Rosales. Mr. Rosales began by introducing the employees in Internal Audit Department, Hans Bourgeois and Hannah Deshotel. Mr. Rosales provided the Board Members with an overview of the Louisiana Lottery Corporation's internal audit processes.

At the conclusion of Mr. Rosales' overview, Ms. Hudson turned the floor over to Karen Fournet, Senior Vice President/Secretary/Treasurer, to present the financial report via Power Point Presentation.

Ms. Fournet began by giving the Board Members a final recap of 2019 Fiscal Year. The Louisiana Lottery Corporation ended the fiscal year with \$524 million in sales resulting in \$59 million better than budget. General and administrative costs were \$19 million which was \$1.4 million under budget. Transfers to the Louisiana State Treasury were \$184.3 million which was \$21.2 million more than budget.

Ms. Fournet then turned to the current fiscal year sales by analyzing total monthly sales for fiscal years 2017-2020. Sales in July started out at \$38.5 million and are projected to be \$36.9 million to end August. She noted that sales started out slower this year due to lower advertised jackpots during an already slower part of our seasonal sales cycle.

Powerball fiscal-year sales through the end of August are projected to be \$10.6 million, which is \$1 million less than last year due to lower advertised jackpots. She then compared sales for the first two draws in each jackpot run since May 2018 and demonstrated that it is taking longer for sales to increase due to player jackpot fatigue.

Mega Millions fiscal-year sales though the end of August is projected to be \$6 million, which is \$3.3 million lower than last year due to lower advertised jackpots. However, this is still better

than prior years with similar jackpots, thanks to more awareness for the game following last year's record \$1.5 billion jackpot.

Combined Powerball and Mega Millions fiscal-year sales through the end of August are projected to be \$16.6 million, down \$4.3 million from last year.

Lotto sales are projected to be \$3.9 million, which is \$200,000 less than this time last year. The Lotto Game has experienced a slight decline since the Mega Millions price increase in October 2017 and a lack of jackpots of \$1 million or more.

Ms. Fournet advised that sales of Pick 3 and Pick 4 are holding steady at \$17.6 million with a slight increase of \$200,000 through August. These games continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generating over 20 percent of overall sales, which is vital to support the instant ticket prize structure.

Additionally, Ms. Fournet stated that sales of Easy 4 and ezmatch games remain consistent at \$1.6 million, which is \$300,000 less than this time last year.

Ms. Fournet reported that scratch-off sales have increased through the end of August to \$35.7 million, up \$1.9 million from last year with average prize payouts at 63.11 percent. She also noted that with lower inventory of \$5 and \$10 games, players are migrating to lower priced games.

In concluding, Ms. Fournet reported overall sales through the end of August are projected to be \$75.4 million, \$2.7 million lower than last year. Transfers to the Louisiana State Treasury through the end of August are projected at \$26.4 million, which is \$600,000 less than budget. She added that she is confident that we will meet budget projections as the fiscal year moves forward, but the timing of large jackpots cannot be predicted.

A copy of the financial presentation is attached.

At this time, the meeting was turned back over to Chairman McCaskill.

V. Other Business

There was no other business to discuss at this time.

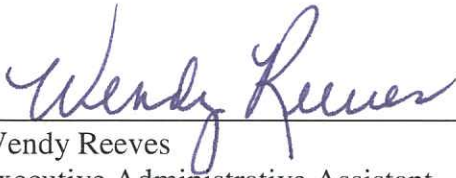
VI.

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 25, 2019, 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 McCaskill invited a **motion** to adjourn the meeting. Director Wells made a **motion** to adjourn the meeting and Director Shamburg **seconded** the motion. There being no objection, the motion was **approved**, and Chairman McCaskill adjourned the meeting at 10:56 a.m.

Date Approved: Oct. 25, 2019



Wendy Reeves
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Blake McCaskill
Chairman of the Board of Directors