

**LOUISIANA LOTTERY CORPORATION**  
**BOARD OF DIRECTORS MEETING**  
**April 22, 2022**

Chairperson Sheridan Shamburg 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 Sheridan Shamburg; Directors: Roman Banks, Whalen Gibbs, Blake McCaskill, Beau Black, Carmen Jones, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Directors: Sean Wells, Cynthia Hedge-Morrell, and Anna Jones
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet, Senior Vice President/General Counsel, John Carruth, Vice President Sports Gaming/Deputy General Counsel, Elizabeth Tranchina.

**II. Pledge of Allegiance**

Chairperson Sheridan Shamburg 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 Shamburg began by asking if anyone had any questions or corrections to the minutes of the February 11, 2022, Board Meeting. Director McCaskill **moved** to approve the February 11, 2022, Board Meeting Minutes and Director Banks **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 introducing Elizabeth Tranchina, the Lottery's new vice president of sports gaming and deputy general counsel. Tranchina boasts more than a 30-year-long career in the gaming industry, most recently as director of compliance at Rush Street Interactive. As vice president of sports gaming and deputy general counsel at the Lottery, Tranchina will manage all aspects of sports gaming operations, including the licensure and regulation of operators, suppliers, and vendors. Other responsibilities include overseeing, drafting, interpreting, and administering the laws, rules, and regulations applicable to sports gaming.

Ms. Hudson told the board that on March 18, she testified before the Joint Legislative Committee on the Budget to ask for approval of the Lottery's fiscal year 2022-2023 budget. She reported that the budget was passed by the committee with no objections from legislators.

Next, she reminded board members the deadline to turn in financial disclosure forms to the Louisiana Board of Ethics is May 15.

Ms. Hudson then gave the board an update on the Lottery's efforts to implement sports betting. The Lottery issued a Request for Information (RFI) to solicit turnkey solutions from potential partners in December with a deadline of late February. The Lottery received interest from two vendors, Caesars Sportsbook and BetMGM. After reviewing information submitted by both, it was decided to move forward with BetMGM. The Lottery team will soon begin putting together a contract to present to the board during a special meeting that will be scheduled for May.

While reviewing information submitted by Caesars Sportsbook, it was discovered that they maintain exclusivity over land-based gaming operations in Orleans Parish. Due to this, the Lottery will not be able to permit any retail establishments in Orleans Parish for sports betting operations.

She then told board members about World Lottery Summit 2022, being held from Oct. 16-22 in Vancouver, Canada. She reminded board members how beneficial these conferences are in growing industry knowledge and asked them to let her know if they are interested in attending.

She pointed to copies of the Lottery's marketing and communications dashboard for the third quarter of fiscal year 2022. This report was created to give board members and Lottery staff a quarterly snapshot of the Lottery's communications and marketing activities and performance.

Lastly, Ms. Hudson introduced Lottery Vice President of Security Charles Armstrong to provide the board an overview of the Lottery's retailer licensing processes.

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

Mrs. Fournet began by telling the board that the Lottery has funding in the budget for next fiscal year to replace the diesel generators currently in use at the headquarters building and distribution center with natural gas generators. Both are antiquated and the natural gas generators will eliminate problems with procuring diesel fuel when hurricanes impact the area. The Lottery is working with its vendor, ACI Facility Support, to put together a bid document that will soon be delivered to board members for review and approval.

She then analyzed total monthly sales for fiscal years 2019-2022. Sales in July started out at \$52.4 million but took a dip in the aftermath of Hurricane Ida when approximately 40% of the Lottery's retailers were down due to power and utility outages as well as storm damage. Since then, sales have leveled off and are projected to reach \$48.7 million to end April. She added that even though inflation, gas prices and the lifting of pandemic-related restrictions has affected the way players are spending their discretionary dollars and increased their options for gaming, sales remain above what they were before the COVID-19 pandemic began.

Powerball fiscal-year sales through the end of April are projected to be \$57.9 million, which is \$3.4 million higher than last year thanks to three jackpots of \$400 million or more. However, lower overall comparable sales levels continue and are due to a long span of smaller advertised jackpots. During the pandemic, the Multi-State Lottery Association that operates Powerball reduced guaranteed starting jackpots and increases between drawings. While unfortunate, these changes were necessitated by declining participation that reached all-time lows during pandemic-related stay-at-home orders. Karen

noted significant jackpot fatigue with this game by comparing this year's results with 2015's sales of \$74.5 – over \$16 million better—but only one jackpot of \$564 million.

Mega Millions' story is slightly different, as it took the \$1 billion record jackpot in 2019 for the game to gain recognition and traction among players. Fiscal-year sales through the end of April are projected to be \$26.5 million, which is \$14.6 million less than last year when another \$1 billion roll occurred.

In total, multistate game sales reached \$84.4 for the fiscal year, \$11.2 million less than the same 10-month period last year.

Lotto fiscal year sales through April are projected to be \$17.4 million, which is \$3.4 million lower than this time last year. Changes to boost player interest in the game went into effect Aug. 2, 2020. The changes were designed so the Lotto jackpot could reach \$1 million more quickly and frequently, which has helped to sustain sales with four jackpots above that marker so far, this fiscal year.

Sales of Easy 5 and ezmatch™ are \$7.8 million, which is \$1.5 million lower than last year. Sales of Easy 5 and ezmatch™ have declined since the introduction of Fast Play games in June, which are very similar in nature to Easy 5's instant-win component. The Lottery plans to monitor sales of this game during the fiscal year and will work to identify possible enhancements that could be made to increase player participation.

Fiscal year Pick 3, Pick 4 and Pick 5 sales, currently at \$116.2 million, are running \$1.4 million less than last year's totals through February due to Hurricane Ida and players having more gaming options since casinos reopened at full capacity. Still, these daily games continue to be a star in the Lottery's draw-game portfolio experiencing 3.5% growth annually with a 26% increase from 2020 to 2021. The Lottery added Pick 5 to the lineup on Aug. 1 in response to this product line's popularity. Pick 5 has produced \$8.7 million in sales since being released on Aug. 1.

Scratch-off sales, which exploded during pandemic restrictions, are projected to be \$247 million to end April, a decrease of \$28.7 million from last year but still at levels almost double what they were a decade ago and much higher than before the pandemic. Over the next few years, the Lottery plans to increase the payout percentage of these games, going from 66% to 68% (67% for next year's budget) to boost sales. 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. In addition, the Lottery hopes to introduce a \$20 scratch-off game to its portfolio in October, which will also help to boost sales.

The Lottery's first Fast Play games launched June 28 and have proven to be very popular. They produced \$780,000 in sales during the first week of availability and are now running \$370,000 per week with an average payout of 70%. The games have beaten the Lottery's projection each week since the games launched. The Lottery introduced a new family of progressive jackpot Fast Play games, Louisiana Jackpot, at the \$2, \$5 and \$10 price points on Jan. 9 along with two additional traditional games in an effort to build on this momentum. Sales from the three games contribute to the progressive jackpot. The \$2 game can win up to 20% of the jackpot; the \$5 game offers a top prize of 50% of the jackpot and the

\$10 game can win 100% of the progressive jackpot. The Lottery plans to launch its next set of Fast Play games in August, which will include a Saints branded option.

Mrs. Fournet reported overall fiscal year 2022 sales through the end of April are projected to be \$489.9 million, \$29.1 million lower than last year, but \$6.4 million better than budget.

General and administrative expenses through February are running approximately \$1 million under budget at \$12.9 million.

Mrs. Fournet reported that transfers to the state treasury through the end of April are projected at \$159.1 million, which is \$200,000 higher than budget.

At this time, the meeting was turned back over to Chairperson Shamburg.

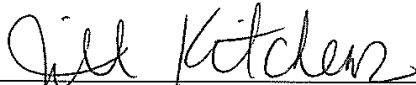
### V. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, June 24, 2022, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

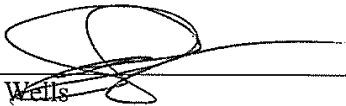
### VI. Adjournment

There being no further business, Chairperson Shamburg invited a **motion** to adjourn the meeting. Director Banks made a **motion** to adjourn the meeting and Director Black **seconded** the motion. There being no objection, the motion was **approved**, and Chairperson Shamburg adjourned the meeting at 11:05 a.m.

Date Approved: 6-3-2022



Jill Kitchens  
Executive Administrative Assistant



Sean Wells  
Secretary to the Board of Directors



Sheridan Shamburg  
Chairperson of the Board of Directors