

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

June 3, 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, Sean Wells, Cynthia Hedge-Morrell, Anna Jones, and Louisiana Deputy State Treasurer Rachel Kincaid.
- B. Members Absent:** Director: Carmen Jones
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Mrs. Karen Fournet, Senior Vice President/General Counsel, John Carruth.

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 April 22, 2022, Board Meeting. There being no objections the minutes were approved by consent. The meeting was turned over to President Rose Hudson for the President's Report.

IV. President's Report

Ms. Hudson began by informing the board that the current legislative session ends on Monday, June 6. No bills were passed pertaining to the Lottery.

She then said that she is planning to provide an update to the board on the Lottery's strategic planning process during the Aug. 26 board meeting.

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

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

Mrs. Fournet began by analyzing 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 reached \$46.4 million to end May. She added that inflation and rising gas prices have decreased consumers' discretionary dollars, and that has had a negative effect on overall Lottery purchases with reduced sales levels in recent months.

Combined Powerball and Mega Millions fiscal-year sales through May reached \$91.8 million, down \$13.7 million from last year. During the pandemic, the groups that operate each game reduced guaranteed starting jackpots and increases between drawings which has slowed jackpot growth. While unfortunate, these changes were necessitated by declining participation that reached all-time lows during pandemic-related stay-at-home orders. Even so, jackpot fatigue continues to play a leading role in lower sales. To illustrate this point, Mrs. Fournet compared current sales levels with 2020 which reached \$87.9 million with only one jackpot over \$400 million. This fiscal year to date we have had five jackpots over that amount!

Lotto fiscal year sales through May are at \$19.5 million, which is \$3.2 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 \$8.4 million, which is \$1.9 million less than last year. Sales of Easy 5 and ezmatch™ have declined since the introduction of Fast Play games in June, which are similar in nature to Easy 5's instant-win component.

The Lottery continues to monitor sales of its in-state jackpot games 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 \$127.9 million, are running \$2.4 million less than last year's totals through May. The slight decline can be contributed to Hurricane Ida, players having more gaming options since casinos reopened at full capacity, inflation and rising gas prices. Still, these daily games continue to be a star in the Lottery's draw-game portfolio experiencing a 49% increase from 2015. The Lottery added Pick 5 to the lineup on Aug. 1 in response to this product line's popularity. Pick 5 has produced \$9.6 million in sales since being released on Aug. 1.

Scratch-off sales, which exploded during pandemic restrictions, reached \$270.1 million to end May, a decrease of \$36.2 million from last year but still at levels almost double what they were a decade ago and significantly higher than before the pandemic. Over the next few years, the Lottery will continue 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 set of Fast Play games launched June 28 of 2021 and have proven to be very popular. They produced \$780,000 in sales during the first week of availability and are now running \$330,000 per week with an average payout of 68%. The games beat the Lottery's \$154,000 per-week projection for traditional Fast Play games. 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 to build on this momentum. However, sales have dipped below the new \$420,000 weekly projection with rising inflation eating into consumer discretionary spending. Fast Play weekly spending for May dipped to \$330,000. 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 May were \$536.6 million, \$38.5 million lower than last year and \$1.5 million less than budget.

General and administrative expenses through April are running approximately \$1.3 million under budget at \$16.1 million.

Mrs. Fournet reported that transfers to the state treasury through the end of May are projected at \$173.3 million, which is \$3.6 million less than budget.

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

V. Other Business

Chairperson Shamburg presented to the Board of Directors the Discussion of Advertising Media Placement Services Contract. Chair Shamburg asked for any public comments relative to this contract. There being no public comments, Director Banks made a **motion** to approve a one-year renewal, and Director McCaskill **seconded** the motion. There being no objections, the motion was unanimously **approved** and **passed**.

Chairperson Shamburg presented to the Board of Directors **Resolution No. 2022-06-03-1** relative to the Draft Agreement on Sports Wagering. Ms. Hudson explained that the resolution will allow the Lottery to move forward with its recommendation to enter into an agreement with BetMGM to be its sports betting operator. Under the draft agreement, BetMGM will be responsible for all aspects of sports betting with the exception of permitting, which the Lottery will oversee. Ms. Hudson hopes to have a contract finalized and signed very soon so BetMGM can move forward with implementation. They are looking to soft launch at 25-30 locations in September and eventually rollout to at least 350 locations statewide. Chair Shamburg asked for any public comments relative to this resolution. After a lengthy discussion, Director Black made a **motion** to approve **Resolution No. 2022-06-03-1** and Director Wells **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

Chairperson Shamburg announced that officers needed to be elected for the Louisiana Lottery Corporation Board of Directors for the upcoming fiscal year.

Director Morrell nominated Director Sean Wells for the position of Secretary of the Board. There being no objections, Sean Wells was **elected** as Secretary of the Board of Directors for the Louisiana Lottery Corporation.

Chairperson Shamburg nominated Director Roman Banks for the position of Vice Chairman of the Board. There being no objections, Roman Banks was **elected** as Vice Chairman of the Board of Directors for the Louisiana Lottery Corporation.

Director McCaskill nominated Chairperson Sheridan Shamburg for the position of Chairman of the Board. There being no objections, Sheridan Shamburg was **elected** as Chairman of the Board of Directors for the Louisiana Lottery Corporation.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, August 26, 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.

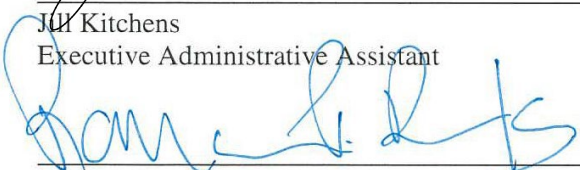
VII. Adjournment

There being no further business, Chairperson Shamburg adjourned the meeting at 11:22 a.m.

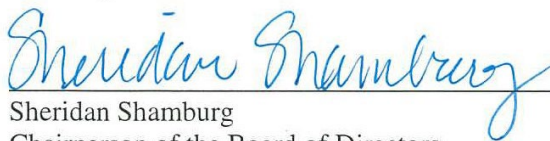
Date Approved: 8-26-2022



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors