

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
December 19, 2018**

Chairman Roy Robichaux called the meeting to order at 10:08 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 Roy Robichaux, Vice Chairman Blake McCaskill; Directors: Verge Ausberry, Jr., Sean Wells, Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Butch Gautreaux, Carmen Jones, Louisiana Deputy State Treasurer Rachel Kincaid and Louisiana State Treasurer John Schroder.

- 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 Roy Robichaux asked Vice Chairman Blake McCaskill to lead the Board of Directors and all attendees in our Pledge of Allegiance.

III. Approval of the Minutes of Prior Board Meeting

Chairman Robichaux began by asking if anyone had any questions or corrections to the minutes of the October 26, 2018 Board Meeting. Vice Chairman McCaskill **moved** to approve the October 26, 2018 Board Meeting Minutes and Director Ausberry **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 advising Board Members that meetings to formulate a draft budget for fiscal year 2020 will begin soon. A meeting of the Board of Directors Finance Committee will be scheduled on or before February 15, 2019 to review and recommend the budget for full board approval at the February 22, 2019 Board of Directors Meeting to meet the Louisiana Legislature's March 8, 2019 submission deadline. In addition to the draft budget review, the Board will be supplied with an estimate of impacts the Louisiana Lottery Corporation may experience after the Mississippi Lottery Corporation begins operating next year.

Ms. Hudson additionally advised the Board of Directors that the second order of \$5 *SAINTS* scratch-off tickets is nearly sold out. The Saints had contacted the Louisiana Lottery Corporation about continuing efforts to advertise the ticket during the playoffs, but we declined due to low inventory.

Ms. Hudson acknowledged 27-year Louisiana Lottery Corporation employee, Sam Thomson, and wished him well with his upcoming retirement. Mr. Thomson is responsible for managing fleet and facilities throughout the State of Louisiana and has been with the Louisiana Lottery Corporation since the first day of operations.

In concluding, Ms. Hudson recognized and thanked Board Members, Roy Robichaux, Verge Ausberry and Blake McCaskill for their board service to the Louisiana Lottery Corporation. Their board terms are currently set to expire at the end of the year.

At this time, 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 analyzing total monthly sales for fiscal years 2016-2019. Sales in July started out at \$40 million and reached \$72.1 million in October due to the historic \$1.537 billion Mega Millions jackpot. Since then, monthly sales have leveled off and are projected to reach \$40.5 million in December.

Mega Millions fiscal-year sales through the end of December are projected to be \$45.7 million, which is \$27.5 million higher than last year due to the record jackpot hit at the end of October, as well as the matrix change in 2017. This sales performance is more than double the sales of the same time period for any other year.

Ms. Fournet then showed a comparison of Mega Millions draw sales since October's \$1.537 billion jackpot. Sales for the first drawing of the current jackpot run were 48 percent higher than they were for the first drawing of the historic jackpot run and remained higher in comparison for each subsequent drawing, producing an additional \$898,000 in sales. The increase in sales can be attributed to the residual player excitement and strong brand recognition of the Mega Millions game since the record jackpot.

Powerball fiscal-year sales through the end of December are projected to be \$45.7 million, which is \$6.8 million less than last year. Ms. Fournet noted that jackpot fatigue continues to impact sales levels, due to the number of large jackpots occurring within a brief period of time and the Powerball game's competition with the Mega Millions jackpot.

Combined Powerball and Mega Millions fiscal-year sales through the end of December are projected to be \$91.4 million, up \$20.7 million from last year due to large advertised jackpots. This mid-year sales level is almost double 2010 when Powerball was the only multistate-jackpot game the Louisiana Lottery Corporation offered.

Lotto sales are at \$11.1 million, which is \$200,000 higher than this time last year. Ms. Fournet noted this good performance despite competition from the multistate games.

Ms. Fournet advised that sales of Pick 3 and Pick 4 continue to hold steady with a slight increase at \$51.5 million through December, up \$1.5 million from this time last year. These continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generating over 20 percent of overall sales. The increase in all online sales as a percentage of total sales is vital to support the instant ticket prize structure.

Scratch-off sales have increased through the end of December to \$107 million, up \$1.3 million from last year with average prize payouts holding steady at 63.35 percent. Ms. Fournet credited the current Saints branded game for some of that success. An additional 480,000 tickets were ordered for the game, which included two more top prizes, due to the high demand from players. The ticket is on track to be the highest selling Saints themed scratch-off ever.

In continuing, Ms. Fournet reported overall sales through the end of December are projected to be \$266.6 million, \$23.7 million higher than last year and \$44.6 million higher than budget. Additionally, she noted the Louisiana Lottery Corporation budgets conservatively to manage operating expenses.

Toward that end, general and administrative expenses through the end of November are running \$300,000 under budget at \$8.2 million.

Lastly, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of December are projected at \$93.2 million, which is \$15.3 million better than budget. She added that she provides the projections on a quarterly basis to the state's Revenue Estimating Conference.

A copy of the financial presentation is attached.

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

Ms. Hudson introduced a video created for Board Members on the functions of the Louisiana Lottery Corporation's Distribution Center and how instant tickets get to market. The video was produced in-house by the Louisiana Lottery Corporation's Marketing and Communications Team.

V. Other Business

Ms. Hudson requested that the Board of Directors waive the requirement that prior notice be given to the Board of Directors in order to consider amendments to the Personnel Policies and Rules at this meeting. Vice Chairman McCaskill made a **motion** to waive the notice requirement and Director Ausberry **seconded** the motion. There being no objections, the request to waive the requirement was unanimously **approved** and **passed**.

Chairman Robichaux presented to the Board of Directors **Resolution No. 2018-12-19-1** relative to the Corporation's Personnel Policies and Rules. Ms. Hudson explained that the resolution is to amend the Louisiana Lottery Corporation's policy on sexual harassment in order to bring it in line with state government policy. Chairman Robichaux asked for any public comments relative to this resolution. There being no public comments, Vice Chairman McCaskill made a **motion** to approve **Resolution No. 2018-12-19-1** and Director Shamburg **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

VI. Announcements

A Finance Committee Meeting is tentatively scheduled for Friday, February 15, 2019. This date will be confirmed in January 2019.

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, February 22, 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.

VII. Adjournment

There being no further business, Chairman Robichaux invited a motion to adjourn the meeting. Director Cager made a **motion** to adjourn the meeting and Director Wells **seconded** the motion. There being no objection, the motion was **approved**, and Chairman Robichaux adjourned the meeting at 11:00 a.m.

Date Approved: February 22, 2019



Wendy Reeves
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Roy Robichaux
Chairman of the Board of Directors

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