

LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
April 27, 2018

Chairman Roy Robichaux called the meeting to order at 10:01 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., Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Carmen Jones, Sean Wells, Buch 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 Roy Robichaux led 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 February 9, 2018 Board Meeting. Director Ausberry **moved** to approve the February 9, 2018 Board Meeting Minutes and Director Sheridan **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 she testified before the Joint Legislative Committee on the Budget to ask for approval of the Louisiana Lottery Corporation's fiscal year 2018-2019 Budget. She reported that the budget was passed by the committee with no objections.

Ms. Hudson then informed Board Members of a Request for Proposals (RFP) issued for advertising services that was recently uploaded to the Board Portal for their review. The Louisiana Lottery Corporation's current advertising services vendor, Zehnder Communications, declined to renew the contract for the upcoming fiscal year. Proposals from companies wishing to become the Louisiana Lottery Corporation's new vendor are due May 18, 2018.

Ms. Hudson advised Board Members that the Louisiana Lottery Corporation is in the process of renewing its contract with AT&T. The new contract will include cost savings and should be ready for the June Board Meeting.

In concluding, Ms. Hudson pointed to copies of the Louisiana Lottery Corporation's "MarComm" marketing and communications dashboard for the third quarter of fiscal year 2018. 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.

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 monthly sales for fiscal years 2015-2018. She advised that sales in July started out at \$37.9 million and jumped to \$52.1 million in August due to the historic \$758.7 million Powerball Jackpot. Since then, sales have seasonally leveled off and are projected to reach \$38.3 million to end April.

Ms. Fournet reported that Powerball fiscal-year sales through the end of April are projected to be at \$83.7 million, which is \$13.9 million higher than last year due to the recent \$758.7 million jackpot in August and the \$560 million jackpot in January. She added that jackpot fatigue continues to impact sales levels, pointing to 2013 sales which were \$17.3 million higher with only one jackpot above \$500 million.

Ms. Fournet stated that Mega Millions fiscal-year sales through the end of April are projected to be at \$35.4 million, which is \$7.1 million higher than last year thanks to three jackpots around or above \$400 million. She stated that this is the best 10-month fiscal-year start since 2014 when Mega Millions experienced a historic \$636 million jackpot. Since the Mega Millions matrix and price change, the Louisiana Lottery Corporation is seeing a fifty (50%) percent increase in sales at the opening jackpot level.

Ms. Fournet advised that combined Powerball and Mega Millions sales through the end of April are projected to be \$119.1 million which is up \$25.4 million from last year. The Louisiana Lottery Corporation continues to monitor the impact of October's Mega Millions game changes to sales of its games. So far, the change has been very positive for the multistate game mix giving players more opportunities during the week to play for eye-popping jackpots.

Ms. Fournet reported that Lotto sales are at \$18.9 million, down \$2.7 million from last year due to lower jackpots and recent changes to the Mega Millions game.

Ms. Fournet informed the Board Members that sales of Pick 3 and Pick 4 are holding steady with a slight increase at \$83.5 million through April, up \$800,000 from this time last year. Sales for the daily games have grown 12.8 percent since 2013 with Pick 4 being responsible for most of that

growth. These games continue to be the most stable games in the Louisiana Lottery Corporation's product mix, generating over twenty (20%) percent of overall sales, which is vital to support the instant ticket prize structure.

In continuing, Ms. Fournet advised that scratch-off sales remain strong through April at \$181.2 million, up \$9.8 million from last year, even with a comparable average prize payout percentage. March's sales of \$21.5 million were at their highest since 1992. Results represent a \$46.8 million swing since fiscal year 2013 when the Louisiana Lottery Corporation was at the very beginning of its increased prize structure strategy. However, the Louisiana Lottery Corporation must continue to monitor its unclaimed prize fund and evaluate decisions to maintain this momentum.

Ms. Fournet reported overall sales though the end of April are projected to be \$411.6 million which is \$33.2 million higher than last year and 11.3 percent better than budget.

Ms. Fournet stated that general and administrative expenses are running \$900,000 under budget at \$14.3 million.

Additionally, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of April 2018 are projected at \$144.1 million. She added that this amount is \$14.3 million better than budget.

In concluding, Ms. Fournet gave the Board Members a review of how the Louisiana Lottery Corporation's sales regions are broken down geographically and the percentage of Lottery sales attributed to each for the nine months ending on March 31, 2018.

From a population standpoint, the Louisiana Lottery Corporation's New Orleans Region accounts for approximately thirty-three (33%) percent; Baton Rouge Region and Lafayette/Lake Charles Region each account for approximately twenty (20%) percent; Shreveport Region accounts for approximately ten (10%) percent; Alexandria Region accounts for approximately eight (8%) percent; and Monroe Region accounts for approximately seven (7%) percent. The Louisiana Lottery Corporation's 2,878 retailers are similarly distributed.

Draw-style game sales are accounted for as follows: New Orleans at 42.6 percent; Baton Rouge at 18.1 percent; Lafayette/Lake Charles at 15.4 percent; Monroe at 10.4 percent; Shreveport at 7.7 percent; and Alexandria at 5.8 percent.

Instant game sales are accounted for as follows: New Orleans at 26.4 percent; Lafayette/Lake Charles at 21.4 percent; Baton Rouge at 21.3 percent; Monroe at 13.1 percent; Shreveport at 9.5 percent; and Alexandria at 8.3 percent.

Additionally, Ms. Fournet introduced a map showing the top 10 Louisiana Lottery Corporation Retailers in the state for the same time period and explained that they are all either close to the interstate or high traffic areas. Six of the ten retailers were located in the New Orleans area. Delta Discount, located on Interstate 20 near the Mississippi border, alone, accounts for 1.3 percent of all Louisiana Lottery Corporation sales which is more than double any of the other top 10 retailers.

A copy of the financial presentation is attached.

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

V. Board Committee Reports

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

Finance Committee – Finance Committee Chairman Verge Ausberry advised that there was no Finance Committee Report at this time.

Bylaws Committee – Bylaws Committee Chairman Butch Gautreaux advised that there was no Bylaws Committee Report at this time.

VI. Other Business

Chairman Robichaux presented to the Board of Directors **Resolution No. 2018-04-27-1** relative to the proposed amendments to the Instant Ticket Games and Related Services Contract. Chairman Robichaux asked for any public comments relative to this resolution. There being no public comments, Chairman Robichaux made a **motion** to approve **Resolution No. 2018-04-27-1** and Director Wells **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

Chairman Robichaux presented to the Board of Directors **Resolution No. 2018-04-27-2** relative to the proposed amendments to the On-Line Lottery Games System and Services Contract. Chairman Robichaux asked for any public comments relative to this resolution. There being no public comments, Chairman Robichaux made a **motion** to approve **Resolution No. 2018-04-27-1** and Vice Chairman McCaskill **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, June 22, 2018 to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

Chairman Robichaux reminded board members of the deadline to turn in financial disclosure forms to the Louisiana Board of Ethics is May 15, 2018.

Director Ausberry congratulated Rose Hudson, Karen Fournet and Jimmy Goodrum on their fine job representing the Louisiana Lottery Corporation during the Legislative Budget Hearing.

VIII. Adjournment

There being no further business, Chairman Robichaux invited a motion to adjourn the meeting. Director Ausberry made a **motion** to adjourn the meeting and Director Shamburg **seconded** the motion. There being no objection, the motion was **approved** and Chairman Robichaux adjourned the meeting at 10:33 a.m.

Date Approved: June 22, 2018

Wendy Reeves
Wendy Reeves
Executive Administrative Assistant

Blake McCaskill
Blake McCaskill
Vice Chairman to the Board of Directors

Roy Robichaux
Roy Robichaux
Chairman of the Board of Directors