

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
April 22, 2016**

Chairman Kim Carver called the meeting to order at 10:04 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana.

I. Attendance

- A. Members Present:** Chairman Kim Carver and Directors: Verge Ausberry, Jr., J. T. Taylor, Heather Doss, Blake McCaskill, Sean Wells and Butch Gautreaux.
- B. Members Absent:** Directors: Lisa Reardon, Vice Chairman Roy Robichaux and First Assistant State Treasurer: Ron Henson.
- 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 Kim Carver asked Director Blake McCaskill to lead the Board of Directors and all attendees in our Pledge of Allegiance.

Prior to requesting approval of the minutes, Chairman Carver welcomed Butch Gautreaux and Sean Wells to the Louisiana Lottery Corporation Board of Directors. Butch Gautreaux is from Morgan City, Louisiana and was appointed as an at-large member. Sean Wells is from Covington, Louisiana and was appointed to represent the First Congressional District. Mr. Gautreaux has a background in retail and is a 16-year veteran of the Louisiana Legislature. Mr. Wells has extensive experience in sales and currently works in the pharmaceutical industry.

Chairman Carver also recognized President Rose Hudson for being highlighted in the print and video feature that appeared in the *Baton Rouge Business Report*.

III. Approval of the Minutes of Prior Board Meeting

Chairman Carver began by asking if anyone had any questions or corrections to the minutes of the February 12, 2016 Board Meeting. Director Ausberry **moved** to approve the February 12, 2016 Board Meeting Minutes and Director Taylor **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 also welcomed Butch Gautreaux and Sean Wells to the Louisiana Lottery Corporation Board of Directors. She also thanked members of the board, especially Chairman Carver and Director Ausberry, and recognized former board member Senator Ronnie Johns for their assistance in educating members of the Joint Legislative Committee on the Budget about the Louisiana Lottery Corporation. Their efforts were helpful in obtaining passage of the Louisiana Lottery Corporation's Fiscal Year 2017 Budget that the committee approved last month, including pay raises for eligible employees.

Additionally, Ms. Hudson recognized Art Director Dwain Richard who was recently featured in the North American Association of State and Provincial Lotteries' magazine *Lottery Insights*.

Ms. Hudson informed the Board of Directors that she attended the Public Gaming Research Institute's SMART-Tech Conference in New York earlier this month and accepted the organization's Sharon Sharp Award for Good Causes on behalf of the Louisiana Lottery Corporation. This award is for having the highest percentage increase in funds contributed to its beneficiary.

Ms. Hudson introduced a policy amendment that will be discussed during the June Board Meeting. The amendment pertains to updating the Louisiana Lottery Corporation's policy to state that the corporation does not discriminate based on genetic information to ensure compliance with equal employment opportunity law.

Before concluding, Ms. Hudson introduced the Louisiana Lottery Corporation's new Senior Communications Specialist, Dustin Annison. She also welcomed staff from Zehnder Communications, the Louisiana Lottery Corporation's advertising placement agency.

At this time, Ms. Hudson turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet, to present the financial report via Power Point Presentation.

Ms. Fournet began by analyzing monthly sales for fiscal years 2013 through 2016. She estimated the sales total for April 2016 to be approximately \$38.4 million. She added that January's sales reached the highest level ever at \$85.6 million due to the \$1.6 billion Powerball jackpot during that month

Ms. Fournet reported that Powerball sales for the first 10 months of the fiscal year were \$110.8 million, which is \$36.3 million more than last year and the highest Powerball sales ever recorded for that timeframe. She stated that the occurrence of larger average jackpots and January's world-record is due to the matrix change made in October of 2015 to keep up with the growth in player population. She said that changing the odds made the jackpot harder to win and a greater

percentage of sales are now allocated to the jackpot prize pool, all of which contribute to its growing substantially faster in a shorter amount of time.

Ms. Fournet reported that Mega Millions sales are at \$22.3 million for the first ten months of fiscal year 2016 which is \$4.6 million less than last year. However, she noted that combined Powerball and Mega Millions sales through April are \$133.1 million which is \$31.7 million higher than this time last, due to the record Powerball jackpot in January. She advised that Mega Millions was added to the Lottery's portfolio as a \$1 mega-jackpot game option a few months before Powerball moved to the \$2 price point. She concluded that the two games working together has resulted in more cumulative multi-state game sales than Powerball alone.

Ms. Fournet advised that Lotto sales of \$25.8 million are up \$3.6 million from April 2015. Additionally, she said that Lotto continues to perform well as sales are back to 2012 levels due to higher jackpots, namely the \$3.2 million cash jackpot that occurred this fiscal year.

In continuing, Ms. Fournet stated that steady growth of combined Pick 3 and Pick 4 sales to \$81.9 million demonstrate that these two games are the most stable in the Louisiana Lottery Corporation's product mix.

Ms. Fournet stated that scratch-off sales continue to soar and exceed sales from the previous three fiscal years. Instant sales of \$179.8 million through April are up 7 percent or more than \$11.4 million from 2015. This continued growth can be attributed to the increase in prize payout percentages over the last five years from 59.91 percent to 62.75 percent and strategically utilizing the unclaimed prize fund. Ms. Fournet advised that while the Louisiana Lottery Corporation's long-term plan was to continue inching up the payout to upwards of 66 percent to maximize sales, those plans are on hold as the unclaimed prize fund is being monitored due to it being swept in the amount of \$20 million during last year's legislative session.

While further discussing this new reality, Ms. Fournet noted that only Oklahoma Lottery Commission has a transfer mandate of 35 percent like the Louisiana Lottery Corporation; however, the Louisiana Lottery Corporation's prize payout percentage is one of the lowest in the nation. She reported overall fiscal year-to-date sales of \$429.8 million through April which is almost \$50.8 million higher than last year. In addition, general and administrative expenses are running \$700,000 under budget at \$12.5 million through February 2016.

Additionally, Ms. Fournet reported that the Louisiana Lottery Corporation has transferred \$150.7 million to the State of Louisiana through April which is \$24.9 million better than budget.

Ms. Fournet illustrated for board members how much revenue the Louisiana Lottery Corporation takes in and how much is contributed to the State of Louisiana in comparison with other forms of gaming. The Louisiana Lottery Corporation takes in only 6.53 percent of all dollars spent on gaming in Louisiana, but contributes about three times its share to the State of Louisiana which is at 19 percent and the third highest of all forms of gaming.

In concluding, Ms. Fournet conservatively estimated that the Louisiana Lottery Corporation is projected to reach \$499 million in total sales by the end of fiscal year 2016 and added that it is possible that sales could reach half a billion. Either way, the Louisiana Lottery Corporation should finish with the best year of sales in its history, beating even the first full year of operations when it recorded sales of \$493 million.

A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – No Personnel Committee Report at this time. Chairman Carver reported that Director Blake McCaskill will chair this committee.

Finance Committee – Director Verge Ausberry advised that there is no Finance Committee Report at this time.

Bylaws Committee – No Bylaws Committee Report at this time.

VI. Other Business

At this time, Chairman Carver made a **motion** to go into Executive Session and Director Ausberry **seconded** the motion. There being no objection, the motion was **approved** and the Board of Directors went into Executive Session at 10:50 a.m.

Director Ausberry made a **motion** to adjourn the Executive Session and Director Doss **seconded** the motion. There being no objection, the motion was **approved**.

After adjourning from the Executive Session, Chairman Carver called the regular meeting of the Board of Directors back to order at 11:05 a.m.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, June 24, 2016, 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 Carver invited a motion to adjourn the meeting. Director Taylor made a **motion** to adjourn the meeting and Director Doss **seconded** the motion.

There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 11:11 a.m.

Date Approved: June 24, 2016.

Wendy Reeves
Wendy Reeves
Executive Administrative Assistant

Roy Robichaux
Roy Robichaux
Vice Chairman to the Board of Directors

Kim Carver
Kim Carver
Chairman of the Board of Directors

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