

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
August 26, 2016**

Chairman Kim Carver called the meeting to order at 10:00 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana. Chairman Carver took a moment to offer the board's thoughts and prayers to Louisiana Lottery Corporation Employees affected by the Great Flood of 2016.

I. Attendance

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

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 June 24, 2016 Board Meeting. Director Taylor **moved** to approve the June 24, 2016 Board Meeting Minutes and Vice Chairman Robichaux **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 thanking the Board of Directors for their kindness and support during the recovery process after the flood. Additionally, she thanked Charles Armstrong, Vice President of Security and all employees that worked drawings during the flood to ensure that the Louisiana Lottery Corporation continued to hold drawings as the Baton Rouge Region was inundated by water. Due to the flooding, Ms. Hudson advised the Board of Directors that the Louisiana Lottery Corporation was closed on the following dates: August 12, 2016, August 15, 2016 and August 16, 2016.

Ms. Hudson reminded the Board of Directors of the 2016 NASPL Annual Conference that will be held in Atlanta, Georgia beginning on October 3, 2016 and ending on October 7, 2016. She invited directors to attend in order to learn more about the industry and the successes of lotteries around the country.

At this time, the Board of Directors viewed the SAINTS GOLD and Petro TV Commercials. Afterwards, Ms. Hudson thanked Quinn Dossett, Vice President of Marketing, and Jeff Jackson, Broadcast Producer, for their creative work on these commercials and stated that she is very proud of the finished product.

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 advising that this is the first board meeting of the new fiscal year and by analyzing monthly sales for fiscal years 2014 through 2016. She advised that sales in July started out strong at \$43.4 million, but dropped to \$33.3 million during August due to the flooding and sluggish scratch-off sales.

Ms. Fournet estimates that the flooding caused a sales decrease of \$800,000 to \$1 million. She showed a slide containing a map from the Baton Rouge Area Chamber of Commerce depicting the Lafayette and Baton Rouge Regions that were severely affected from the flood. Ms. Fournet stated that there are approximately 600 retailers in the Lafayette Region and another 580 retailers in the Baton Rouge Region. Of this group of retailers, approximately 109 were affected by the flooding --- six (6) are located in Lafayette and the remaining are in Baton Rouge, representing about 18 percent of the Lottery's Region 2 retailer base. Approximately 35-40 retailers were temporarily disabled as a result of the flooding and the Louisiana Lottery Corporation will continue to work with them to get them back online and ready to sell tickets again.

Additionally, Ms. Fournet provided more details about the economic impact of the flood in the nine-parish Greater Baton Rouge Area. She advised that roughly a third of businesses and 41 percent of homes were affected. In regard to the homes affected, only 15 percent of them had flood insurance. This economic loss could have a negative impact to residents' discretionary dollars and hence Louisiana Lottery Corporation sales in the long term.

Ms. Fournet reported that Powerball sales for the first two months of fiscal year 2017 are at \$17.1 million, which is \$6.2 million more than last year. The increase in sales can be attributed to the \$487 million jackpot in August.

Ms. Fournet reported Mega Millions sales for the first two months of fiscal year 2017 are \$7.1 million which is \$2.7 million more than last year. This increase is due to the \$540 million jackpot in August. Combined Powerball and Mega Millions sales through the first two months of the fiscal year 2017 are \$24.2 million which is \$8.9 million higher than this time last year. This is also due to the high jackpots for each game.

Ms. Fournet stated that Lotto sales are holding steady at \$4.5 million, down \$2 million from this time last year. However, she conveyed that Lotto is Louisiana Lottery Corporation's longest running draw-style game and it continues to perform well as sales are back to 2012 levels due to higher jackpots.

In continuing, Ms. Fournet stated that Pick 3 and Pick 4 sales are flat thus far at \$16.1 million, but continue to be the most stable games in the Louisiana Lottery Corporation's product mix, with an annual growth rate of five (5%) percent. Players enjoy the ease of play and lower odds of the games, even when the games experience years of average payouts.

Ms. Fournet noted that scratch-off sales are beginning to level off compared to past years. Instant sales of \$30.1 million are down \$1.8 million from last year. She attributed about \$800,000 to the flood, but the rest of the drop is due to the gradual decrease in prize payout percentages. While the Lottery's long-term plan was to continue inching up the payout to 66 percent to maximize sales, those plans are on hold as we monitor the unclaimed prize fund, which was swept to the tune of \$20 million during the 2015 Legislative Session. Current scratch-off prize payout levels are at 62.75 percent compared to last year's 62.99 percent. Ms. Fournet stated that she hopes to inch the payout to 62.9 percent to keep sales momentum and will continue to monitor the impact on sales.

Ms. Fournet reported an overall estimated end of fiscal year sales of \$76.8 million through August 2016 which is \$5.3 million higher than last year at this time.

Lastly, Ms. Fournet reported that the Louisiana Lottery Corporation has transferred \$26.9 million to the State of Louisiana through August which is \$2.1 million better than budget.

In concluding, Ms. Fournet reported an overall end of fiscal year 2016 sales of \$507 million which is almost \$54.5 million higher than the prior year and the best sales year in the Louisiana Lottery Corporation's history, eclipsing even the Louisiana Lottery Corporation's first year of sales which were \$493 million. Additionally, general and administrative expenses came in \$1 million under budget.

A copy of the financial presentation is attached.

V. Board Committee Reports

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

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

Bylaws Committee – Vice Chairman Robichaux advised that there is no Bylaws Committee Report at this time.

VI. Other Business

As part of the Louisiana Lottery Corporation's year-long 25th Anniversary Celebration, Ms. Hudson took a moment to recognize the corporation's 25 year employees, many of whom were in attendance at the Board Meeting. The 25-year employees include Willie Mae Autrey, Gilda Bobb, Sue Bonacorso (who retired this month), John Carruth, Susan Clayton, Brian Darouse, Mike Donahue, Stephanie Fonte', Karen Fournet, Victor Gray, Ann Guzzardo, Anne-Marie Hayden,

Sonya Jackson, Jackie Mehl, Beth Money, Regina Nixon, Rosemary O'Connor, Barbara Ransome, Jerry Richard and Sam Thomson. An in-house commemorative video of these employees' memories was presented to the Board of Directors.

**VII.
Announcements**

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 28, 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 Ausberry made a **motion** to adjourn the meeting and Vice Chairman Robichaux **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 10:44 a.m.

Date Approved: October 28, 2016.



Wendy Reeves
Executive Administrative Assistant



Blake McCaskill
Secretary to the Board of Directors



Kim Carver
Chairman of the Board of Directors