

LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
August 27, 2021

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: Blake McCaskill, Roman Banks, Cynthia Hedge-Morrell, Beau Black, Seam Wells and Carmen Jones
- B. Members Absent:** Directors: Whalen Gibbs, Jr, Anna Jones and Louisiana Deputy State Treasurer Rachel Kincaid.
- 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

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 June 25, 2021, Board Meeting. Director Banks **moved** to approve the June 25, 2021, Board Meeting Minutes and Director McCaskill **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

Rose began by telling the board that the Lottery implemented its Mandatory Covid-19 Vaccination Policy on Aug. 3. To date, 81% of all employees have been vaccinated. All employees must receive the vaccination no later than Sept. 15. Employees seeking an exemption from this requirement can submit a request for exemption to the Lottery's Human Resources Department.

Rose then provided the board with an update on its efforts to implement sports betting. The Lottery must develop official rules and promulgate them with the Attorney General's office following the Administrative Procedures Act. At this time, the Lottery is in the process of finalizing rules to submit as part of that process. Lottery staff are pressing forward and plan to submit the draft rules by Sept. 10 for publication on Sept. 20 to solicit public comment. At this time, the Lottery estimates that it will be January before its new sports book is rolled out to the public.

Lastly, Rose told the board that she recently testified before the Joint Legislative Committee on the Budget and presented a revised fiscal year 2021-2022 budget that included employee pay raises. Legislators approved the revised budget and employees should begin seeing their pay increases on paychecks starting in mid-September.

The meeting was then turned over to Senior VP, Secretary/Treasurer Karen Fournet, who began by analyzing total monthly sales for fiscal years 2019-2022. Sales in July started out at \$52.4 million in July and are projected to be at \$48.8 million to end August.

Powerball fiscal-year sales through the end of August are projected to be \$9.6 million, which is \$900,000 higher than last year. Lower sales levels continue and are due to a long span of low advertised jackpots as well as changes made by MUSL that reduced the guaranteed starting jackpots and increases between drawings, which were necessitated by declining participation during the pandemic-related stay-at-home orders. Powerball introduced a third drawing night of Monday to the schedule on Aug. 23, which should help to increase sales and grow the jackpot larger and faster. For the first Monday drawing held on Aug. 23, the Lottery had \$172,000 in sales, approximately double in sales from past Mondays where no drawing was held.

Mega Millions fiscal-year sales through the end of August are projected to be \$6 million, which is \$900,000 million higher than last year.

Combined Powerball and Mega Millions sales through August are projected to reach \$15.6 million, up \$1.8 million from last year.

Lotto fiscal year sales through August are projected to be at \$4 million, which is \$500,000 higher 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 increase sales.

Sales of Easy 5 and ezmatch remain steady at \$1.8 million, which is the same as this time last year.

Fiscal year Pick 3, Pick 4 and Pick 5 sales, currently at \$24.8 million, are running \$100,000 thousand less than last year's totals through August due to players having more gaming options since casinos reopened at full capacity. These daily games continue to be a star in the Lottery's draw-game portfolio. The Lottery added Pick 5 to the lineup on Aug. 1, which should help drive sales up further. In the first month of availability, Pick 5 is projected to produce \$1.1 million in sales. There is a slight cannibalization of the Pick 3 and Pick 4 products as projected.

Scratch-off sales are projected to be \$50.1 million to end August, a decrease of \$3.5 million over last year. In fiscal year 2022, the Lottery plans to increase the payout percentage of these games from 64% to 66% in order 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.

Combined scratch-off and Fast Play sales are projected to be \$55.1 million to end August. Fast Play is projected to produce \$5 million of that total. The Lottery's first Fast Play games launched on June 28 and proved to be very popular. They produced \$780,000 in sales during the first week

of availability and are now at \$450,000 per week. The games have beaten the Lottery's \$154,000 per week projection each week since the games launched. Karen noted that Fast Play games at the \$5 and \$10 price have proven to be popular with players, amounting to 62% of tickets purchased.

Karen reported overall fiscal year 2022 sales through the end of August are projected to be \$101.2 million, \$3.2 million higher than last year and \$6.8 million more than budget.

Karen then reported that transfers to the state treasury through the end of August are projected at \$33.6 million, which is \$2.6 million better than budget.

In conclusion, Karen provided the board with a recap of the results of fiscal year 2021. During fiscal year 2021, the Lottery brought in \$625 million in sales and transferred \$207.2 million to the state treasury for K-12 public education. General and administrative expenses were \$18.6 million, \$1.4 million under budget. This represents the Lottery's best year ever!

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

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 22, 2021, 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, Chairperson Shamburg invited a **motion** to adjourn the meeting. Director Banks made a **motion** to adjourn the meeting and Director Black **seconded** the motion. There being no objection, the motion was **approved**, and Chairperson Shamburg adjourned the meeting at 11:45 a.m.

Date Approved: 10-29-21

Jill Kitchens
Jill Kitchens
Executive Administrative Assistant

Roman F. Banks
Sean Wells
Secretary to the Board of Directors
Vicechair of Board

Sheridan Shamburg
Sheridan Shamburg
Chairperson of the Board of Directors