

**LOUISIANA LOTTERY CORPORATION**  
**BOARD OF DIRECTORS MEETING**  
**August 23, 2013**

Chairman John Fitzpatrick 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.

**I. Attendance**

- A. **Members Present:** Chairman John Fitzpatrick, Vice Chairman Kim Carver, and Secretary J. T. Taylor, Directors: Lisa Reardon, Larry Katz, Heather Doss, and Roy Robichaux.
- B. **Members Absent:** Verge Ausberry, Jr.
- 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**

Karen Fournet led the Board of Directors and all attendees in our Pledge of Allegiance.

**III. Approval of the Minutes of Prior Board Meeting**

Director Robichaux **moved** to approve the June 28, 2013, Board Meeting Minutes. Director Reardon **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 reporting that the Louisiana Lottery Corporation ended its second-best fiscal year ever. Revenue reached more than \$447.4 million, resulting in a transfer of \$160.2 million to the Louisiana State Treasury. She thanked the Lottery's Communications Team for getting out positive messages about the Lottery's success in the midst of Powerball Jackpot buzz.

Ms. Hudson reminded Board Members that Mega Millions' matrix will change on October 19. In addition, the game's starting jackpot will rise from \$12 million to \$15 million, and the Match-5 Prize will increase from \$250,000 to \$1 million. She stated that she is in hopes that these changes will lead to an increase in larger jackpots for Mega Millions in order to help drive sales.

Ms. Hudson showcased the new BLACK & GOLD SAINTS Scratch-Off Game, which went on sale August 5, 2013. She reported that a few members of the Marketing Department hosted last year's final second-chance drawing winner, Michael Bicknell, as he toured the Saints training facilities and had lunch with the head coach. She thanked the marketing team for taking great care of the Lottery's winners.

Lastly, Ms. Hudson announced two "new additions" to the Louisiana Lottery family. Accounting Director Christina Price gave birth to Keri Elise Price on Wednesday, August 14, 2013. On that same day, Vice President of Marketing Quinn Dossett's wife gave birth to Harper Frances Dossett.

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 (hard copy attached).

Ms. Fournet began her report by showing final sales figures for fiscal year 2013, which were \$17.8 million higher than last year. Instant sales alone were \$5.1 million higher than last year.

In addition, the Louisiana Lottery Corporation's General & Administrative Expenses demonstrated the Lottery's fiscal efficiency coming in at \$1.38 million below budget for 2013.

Ms. Fournet explained that for the first two months of fiscal year 2014, sales are off to a great start, outperforming the previous three years. However, Ms. Fournet pointed out the record jackpots from last year and noted the Lottery has quite a few hills to climb this year.

When comparing Powerball jackpots, Ms. Fournet showed how jackpots are getting hit in fewer draws. Much of this is due to California being added to the game and the increase in potential player population reaching 298 million people. She also found that player participation in New York and New Jersey accelerates in these big jackpot runs at a pace that exceeds other states.

Ms. Fournet then showed how large jackpots have been the key to our Powerball sales success. In the years 2008 and 2010, there were no large jackpots, and sales were in the lower \$15 million range for each year, compared to \$19-\$23 million range for surrounding years, for the first two months of the fiscal year.

Ms. Fournet stated that Mega Millions sales slumped for the first two months of fiscal year 2014 compared to 2013. She said the Lottery is looking to see what sales impact the new matrix changes will have.

However, with Mega Millions and Powerball functioning together as one product line, Ms. Fournet demonstrated how the games have been a success over the last two years. The two games combined experienced consistent sales growth, reaching \$26.8 million for the first two months of fiscal year 2014.

Additionally, when looking at the Lottery's flagship game Lotto, Ms. Fournet said it appears that cannibalization of the game has leveled off. The Lottery lost about \$100,000 in Lotto sales last year due to Hurricane Isaac; however, the game is performing \$100,000 better than it did last fiscal year. She stated that the same could be said about Easy 5, where sales as of August 31, 2013 match last year's sales. Pick 3 and Pick 4 experienced about a \$400,000 impact from

Hurricane Isaac, but Pick 4 still managed to match last year's sales and Pick 3 exceeded last year's sales by about \$320,000 for the first two months of the fiscal year.

Ms. Fournet showed a sales summary for instant games, which have experienced continued growth and a new record level of \$3.4 million more than last year. Ms. Fournet pointed to three important factors that are driving these results which include the following: 1) product development; 2) our new ordering system; and 3) the new Lottery app which allows the sales teams to make more informed decisions.

In concluding, Ms. Fournet reported that the Louisiana Lottery Corporation is up \$5.7 million over last year when comparing overall sales for the first two months of this fiscal year.

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

Ms. Hudson reminded Board Members about the upcoming NASPL Conference in Rhode Island, Pennsylvania. She advised them that the Louisiana Lottery Corporation recently held a competition on Innovation Station to reward an employee who presented the best idea with a trip to the conference. Lafayette Regional Manager Michelle Roger was selected as the winner for her idea regarding a training video that could be used to consistently train new retailers.

Ms. Hudson also reported that Scientific Games is in the process of securing a new press to be installed by the beginning of 2014 to keep up with greater demand for tickets. The company has promised to continue to meet our needs in the interim.

## **V. Board Committee Reports**

**Personnel Committee** – No report at this time.

**Finance Committee** – No report at this time.

**By-Laws Committee** - No report at this time.

## **VI. Other Business**

No other business.

## **VII. Announcements**

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 25, 2013, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

## XI. Adjournment

There being no further business, Chairman Fitzpatrick invited a motion to adjourn the meeting. Director/Vice Chairman Carver made a **motion** and Director/Secretary Taylor **seconded** the motion. There being no objection, the motion was **approved** and Chairman Fitzpatrick adjourned the meeting at 10:25 a.m.

Date Approved: October 25, 2013.

  
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Wendy Reeves  
Executive Administrative Assistant

  
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J. T. Taylor  
Secretary to the Board of Directors

  
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John Fitzpatrick  
Chairman of the Board of Directors

Attachment(s): (1) Hard Copy Financial PowerPoint Presentation  
(2) Financials

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