

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
February 12, 2016**

Chairman Kim Carver called the meeting to order at 2:05 p.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, Vice Chairman Roy Robichaux, and Directors: Verge Ausberry, Jr., Heather Doss and Blake McCaskill.
- B. Members Absent:** Directors: J. T. Taylor and Lisa Reardon, 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 Heather Doss 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 December 16, 2015 Board Meeting. Vice Chairman Roy Robichaux **moved** to approve the December 16, 2015 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

Due to time restraints, Ms. Hudson requested to immediately begin with the financial presentation and 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 quickly noted that the January 2016 sales which totaled \$85.6 million was the best in the Louisiana Lottery Corporation's history. She stated that \$51 million of that was solely attributed to Powerball sales due to the world record \$1.58 billion jackpot that was shared among three winning tickets during the January 13, 2016 drawing.

Ms. Fournet compared the recent record Powerball jackpot of \$1.58 billion with the largest jackpot of 2015 which was \$564 million. She added that draw sales for the last three draws of the run were much larger in 2016 than in the 2015 jackpot run. The \$1.58 billion jackpot was hit after 20 draws, while the \$564 million jackpot was hit after 21 draws, but the latter drew less sales per draw for comparable jackpots. Ms. Fournet stated this is due to the matrix change. She said changing the odds made the jackpot harder to win and a greater percentage of sales were allocated to the jackpot prize pool, all of which contributed to its growing substantially faster in a shorter amount of time. Powerball sales for the first eight (8) months of the fiscal year totaled \$96.8 million, resulting in \$34 million more than last year and the highest Powerball sales ever recorded for that timeframe. Ms. Fournet advised that Powerball is projected to end the year at \$114.8 million which is a conservative estimate that does not take into account another massive jackpot.

Ms. Fournet reported that Mega Millions sales are at \$18.2 million for the first eight (8) months of fiscal year 2016, resulting in \$4.4 million less than last year. She added that sales continue to do poorly. However, Ms. Fournet stated that combined Powerball and Mega Millions sales through February 2016 are \$115 million, resulting in a \$29.6 million higher total than this time last year which is due to the record Powerball jackpot.

Ms. Fournet noted that Lotto sales of \$21.4 million are up \$3.5 million from year-to-date sales as of February 2015. She added that Lotto continues to perform well and sales are back to 2012 levels due to higher jackpots.

In continuing, Ms. Fournet stated that steady growth of combined Pick 3 and Pick 4 sales to \$64.5 million demonstrate that these two games are the most stable in the Louisiana Lottery Corporation's product mix. Easy 5 sales continue to level off due to it being a niche game for a certain sect of players.

Ms. Fournet stated that scratch-off sales continue to climb and raise the bar month over month. Instant sales of \$140.6 million for the first eight (8) months of the fiscal year are up 6.5 percent or more \$8 million from February 2015. She concluded that this continued growth can be attributed to inventory management, as well as the increase in prize payout percentages over the last five years. She explained that through price-point positioning, prize money has been strategically distributed and has led to an increase in \$10 game sales.

Ms. Fournet reported overall fiscal year-to-date sales of \$348.9 million through February 2016 which is \$44.6 million higher than last year.

Additionally, Ms. Fournet conservatively estimated that the Louisiana Lottery Corporation is projected to reach \$490 million in total sales by the end of fiscal year 2016. Furthermore, she

stated that it is possible the sales could reach \$500 million, which would be the best year of sales since 1993 when the Louisiana Lottery Corporation recorded \$493 million in sales.

Lastly, Ms. Fournet previewed the 2017 budget of \$456.4 million in sales, showing an increase for instant games and a slight decrease for draw-style games when compared to projected results for fiscal year 2016 due to the uncertainty of the size and frequency of large jackpots. She also highlighted the distribution of revenue for fiscal year 2017 with 53.2 percent instant prizes, 5.5 percent retailer compensation, 35 percent transferred to the state and 6.2 percent in operations expenses.

In concluding, Ms. Fournet announced that the Louisiana Lottery Corporation has transferred \$122.3 million to the State of Louisiana thus far through February 29, 2016, which is \$23.3 million ahead of budget.

A copy of the financial presentation is attached.

V. Board Committee Reports

Personnel Committee – No Personnel Committee report at this time.

Finance Committee – Director Verge Ausberry reported that the Finance Committee met on Friday, February 5, 2016, to discuss Resolution 2016-2-12-1 which is the proposed Fiscal Year 2017 Budget. Director Ausberry presented to the Board of Directors **Resolution No. 2016-2-12-1** relative to the approval of the 2016/2017 Fiscal Year Budget. Chairman Carver asked for any internal and/or public comments relative to this agenda item. There being no comments, Director McCaskill made a **motion** to approve **Resolution No. 2016-2-12-1** and Vice Chairman Robichaux **seconded** the motion. There being no objections, the motion was **approved** and **passed with no opposition**.

Bylaws Committee – Bylaws Committee Chairman Roy Robichaux advised that there is no report at this time.

VI. Other Business

At this time, Chairman Kim Carver recognized former Board Member Larry Katz for his service to the Louisiana Lottery Board of Directors and for serving as Personnel Committee Chairman. Mr. Katz was presented with a plaque for his service. Mr. Katz thanked the employees of the Louisiana Lottery Corporation and the Board of Directors. Additionally, Ms. Hudson thanked Mr. Katz for his service.

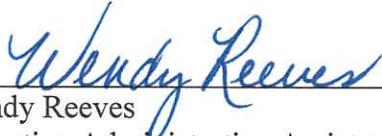
VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 22, 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.

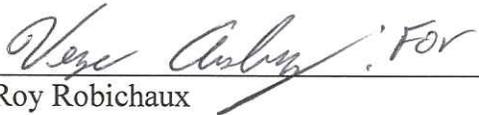
VIII. Adjournment

There being no further business, Chairman Carver invited a motion to adjourn the meeting. Director Ausberry made a **motion** to adjourn the meeting and Director Doss **seconded** the motion. There being no objection, the motion was **approved** and Chairman Carver adjourned the meeting at 2:33 p.m.

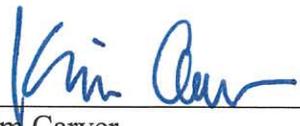
Date Approved: April 22, 2016.



Wendy Reeves
Executive Administrative Assistant



Roy Robichaux
Vice Chairman to the Board of Directors



Kim Carver
Chairman of the Board of Directors

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