

**LOUISIANA LOTTERY CORPORATION  
BOARD OF DIRECTORS MEETING  
OCTOBER 26, 2012**

Chairman Verge Ausberry, Jr. called the meeting to order at 10:07 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 Verge Ausberry, Vice Chairman John Fitzpatrick, and Secretary Kim Carver, Directors: J.T. Taylor, Heather Doss, Lisa Reardon, Larry Katz, and Roy Robichaux.
- B. Members Absent:** Ron Henson.
- C. Staff:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet and Senior Vice President/General Counsel, John Carruth.

**II. Pledge of Allegiance**

Director Robichaux 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 August 24, 2012, Board Meeting Minutes. 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**

President Hudson began by thanking everyone for completing the ethics training that is required by the State of Louisiana. She also welcomed Director Robichaux's wife, Denise Robichaux, and Cliff Strider, Director of the Gaming Division for the Attorney General's Office.

Ms. Hudson informed everyone that Kimberly Chopin, Communications Manager, attended the Southern Public Relations Federation (SPRF) Conference in Destin, Florida where the Louisiana Lottery was honored with the following awards: Lantern Award in the Reputation Brand Management; Integrated Marketing Communication Category for Choot 'Em™; an Award of Excellence for Internal Communications Program – Short Term for work on the

Living it Up! Campaign; an Award of Excellence in the Promotional Brochure Category for the Mega Millions Sell-in Kit; and a Certificate of Merit for its retailer newsletter, Exchange. Rose commended the entire marketing team for their hard work and dedication.

Ms. Hudson further informed the Board of Directors of the development of a sales dashboard concept with a mobile application for sales representatives to gain real-time access to retailer-specific sales information, including games, price points and dispensers, while in the field. She advised that she expects to have the application in beta testing by the first quarter of next year.

Ms. Hudson briefly discussed that the Louisiana Lottery is looking to better align marketing efforts of games to respond to instant and draw-style games sales trends. Furthermore, she stated that the Louisiana Lottery will be fine-tuning the measurement of marketing tactics – such as promotional items, radio and TV – to gauge their impact on sales objectives as well as our return on investment.

Ms. Hudson then 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 summarizing weekly sales trends over the last 52 weeks. Ms. Fournet noted that there were eleven (11) Powerball and Mega Millions Jackpots over \$100 million which fueled the Louisiana Lottery's sales successes. Weekly sales during this time period peaked at \$17.3 million during the week of the record Mega Millions Jackpot in March 2012. Ms. Fournet compared that to a significant drop in sales – down to \$5.5 million for the week ending September 1 – due to Hurricane Isaac. She estimates the total sales loss from Hurricane Isaac amounted to between \$1.5 million and \$2 million.

Ms. Fournet continued by presenting a graph that reflected five (5) weeks of sales data before and after Hurricane Isaac for the seven (7) parishes most affected by the storm: Jefferson, Orleans, East Baton Rouge, St. Tammany, Tangipahoa, Terrebonne and St. John. The seven (7) parishes represent almost ninety (90%) percent of the lost sales, especially for draw-style games which are most popular in the southern part of our state. Ms. Fournet pointed out that widespread power outages lasted longer than previous storms due to the storm stalling which ultimately affected sales.

Ms. Fournet reported that combined sales of Powerball and Mega Millions reached \$44.7 million for the first four (4) months of the fiscal year. As expected, Powerball sales have dropped some due to the addition of Mega Millions, but combined sales for both mega jackpot games is the true success story.

Ms. Fournet advised that Lotto is seeing the biggest drop in sales so far this fiscal year, currently at \$8.5 million through October 31, compared to \$10.4 million for the same time period last year. She believes its decline is primarily due to cannibalization as players have more choices for jackpot game spending. Additionally, Lotto also took a \$100,000 sales hit from Hurricane Isaac. Ms. Fournet stated that the Lottery is exploring ways to promote its flagship in-state game, Lotto, to help boost sales and encourage loyalty.

Ms. Fournet stated that Pick 3 and Pick 4 sales of \$16.1 million and \$12.8 million were affected heavily by Hurricane Isaac because the two (2) games are popular in some of the

most affected parishes. There was a \$400,000 combined loss in sales because of the storm. Pre-Isaac sales were ahead of last year's sales.

Ms. Fournet continued stating that Easy 5 sales are also down compared to this time last fiscal year as the game moves through its normal lifecycle. Easy 5 was added to the Lottery's draw-style game lineup in 2007 to replace the niche game, Cash Quest; Easy 5 sales continue to outperform it. She advised that the Lottery is also looking for ways to increase Easy 5 and ezmatch sales.

Additionally, Ms. Fournet advised that the instant games have seen about a \$700,000 loss so far this fiscal year, almost completely due to Hurricane Isaac to reach \$48.2 million for the first four (4) months of this fiscal year. However, with the approaching holidays, Ms. Fournet believes sales will be brisk throughout the rest of the calendar year and are on target based on pre-Isaac performance and strong October results.

Overall, Ms. Fournet reported that the Lottery sales of \$134.1 million is up \$4 million over last fiscal year primarily due to the combination of Powerball and Mega Millions sales and sales are \$13.9 million better than budget.

Ms. Fournet concluded by stating that general and administrative expenses for the first quarter of the fiscal year are \$270,000 under budget; state transfers for the four (4) months ending October 31 are \$47.1 million which is \$4.8 million more than budgeted.

## 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 / Executive Session

At this time, Chairman Ausberry asked for a motion to go into Executive Session to discuss pending litigation. Director Katz made the **motion** and Director Robichaux **seconded** the motion. There being no objection, the motion was **approved** and the Board of Directors went into Executive Session at 10:30 a.m.

Secretary Carver made a **motion** at 10:51 a.m. to adjourn the Executive Session and Director Doss **seconded** the motion. There being no objection, the motion was **approved**.

## VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, December 14, 2012, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

## IX. Adjournment

There being no further business, Chairman Ausberry invited a motion to adjourn the meeting. Director Robichaux made a **motion** and Director Taylor **seconded** the motion. There being no objection, the motion **approved** and Chairman Ausberry adjourned the meeting at 10:53 a.m.

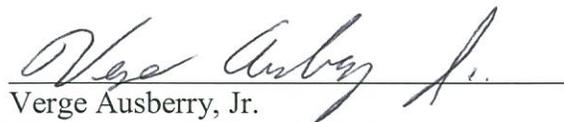
Date Approved: December 14, 2012.



Wendy Reeves  
Executive Administrative Assistant



Kim Carver  
Secretary to the Board of Directors



Verge Ausberry, Jr.  
Chairman of the Board of Directors

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

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