

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

February 24, 2023

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: Whalen Gibbs, Sean Wells, Carmen Jones, Thomas Brumfield, Terral Jackson, Dan Morrish, Anna Jones, Cynthia Hedge-Morrell and Louisiana Deputy State Treasurer Rachel Kincaid
- B. Members Absent:** None
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Karen Fournet, 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 October 28, 2022, Board Meeting. There being no objections or changes, 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 welcoming board members Dan W. "Blade" Morrish and Terral C. "T.J." Jackson Jr. to the meeting and thanking them for agreeing to serve.

She then reminded the board that the 2023 legislative session convenes April 10 and ends June 10. To date, no bills have been prefiled pertaining to the Lottery. She said she is hopeful that a bill pertaining to iLottery may be filed and will keep the board apprised of any developments.

She then pointed out that board members have been supplied with the results of a recent employee satisfaction survey to review. She said that overall, employees reported great satisfaction with their jobs, giving the Lottery a 4.5/5 rating that demonstrates that company culture is strong. Areas of improvement employees noted included career advancement and pay. She said the Lottery is a small company where employees tend to stay a long time, so advancement opportunities are hard

to come by. However, she noted when internal opportunities open, current employees are afforded access to training desired to fill the positions.

Ms. Hudson then told the board that members of the Lottery team have been working with a company called Vinformatix on a prize elasticity data analytics study, which will help determine how to best craft prize structures and payout percentages for games to maximize revenue for the state of Louisiana.

Ms. Hudson informed the board that North American Association of State & Provincial Lotteries (NASPL) members recently voted to hold the large NASPL tradeshow every two years instead of yearly. She told members that the next conference will be held in Milwaukee from Oct. 30 to Nov. 2 and encouraged those interested to attend because next year the conference will not include a tradeshow.

She mentioned that the Louisiana Legislative Auditor's office recently performed its annual performance audit of the Lottery and found no areas in need of improvement. She then congratulated the Lottery's accounting team for having a "clean" audit for 20+ straight years.

She then informed the board that the Lottery team is exploring avenues to expand sales outside of our traditional convenience and grocery store outlets, including a current project to identify a way to sell tickets at Louis Armstrong New Orleans International Airport.

Lastly, she provided the board with an update on the Lottery's sports betting efforts. After months of contract negotiations with BetMGM, the company made the business decision to withdraw from the sports betting project due to the challenges of the current economy and future uncertainties. As of now, sports betting efforts are on hold with a lack of an interested vendor. She said there has been talk of removing the Lottery from the bill authorizing it to create a sportsbook, but nothing has been filed yet. She said she will keep the board updated on any developments that occur during the upcoming session.

The meeting was then turned over to Karen Fournet, Senior Vice-President, Secretary/Treasurer. She began by analyzing total sales through the end of February for the last two fiscal years. Sales are projected to end February at \$451.6 million, up \$61.9 million from the same time last year due to three jackpots worth over \$1 billion, including the record \$2.04 billion Powerball jackpot hit in November 2022.

Combined Mega Millions and Powerball sales are projected to be \$115.2 million, up a whopping \$45.3 million from last year due to three jackpots worth \$1 billion or more. She then indicated that each draw cycle is longer, and it is taking much higher jackpots to generate the same excitement and sales that the Lottery used to experience due to player jackpot fatigue. By comparison, fiscal year-to-date sales are projected to be \$65.6 million for Powerball alone with the three jackpots above \$1 billion while Powerball sales in 2013 were \$98.3 million with zero billion-dollar jackpots.

February monthly Pick 3, Pick 4 and Pick 5 sales are projected to be \$11 million. While daily game sales have taken a dip since new gaming options have opened since the pandemic and more recent

inflationary pressures, daily games have shown a positive upward trend since 2018 and continue to be a solid performer in the Lottery's draw-game portfolio.

Monthly scratch-off sales, which exploded during pandemic restrictions, are projected to reach \$212.6 million to end February, up \$18.8 million from last year. Even with inflationary pressures and Hurricane Ida last year, overall scratch-off sales have had a very positive upward trajectory since 2018, helped by increases in the prize payout percentage currently at 67.5%. 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, such as the Lottery's first \$20 scratch-off that was released in Oct. 2022. In addition, the Lottery plans to utilize results of the prize elasticity data analytics study being performed by Vinformatix to further grow sales.

General and administrative expenses through December are running approximately \$500,000 under budget at \$10.3 million.

Mrs. Fournet reported that transfers to the state treasury through the end of February are projected at \$150 million, which is \$26 million more than budget.

She then compared the proposed fiscal year 2023 budget with sales of \$610 million to fiscal year 2022 actual results of \$582.9 million and 2023 projected results of \$633.6 million. The proposed budget for next fiscal year is conservative and in line with this year's projections based on the unreliability of record-breaking multistate jackpots.

Lastly, Mrs. Fournet overviewed the Lottery's proposed fiscal year 2024 budget of \$610 million: \$315 million from scratch-offs; \$136.5 million from daily games; \$64 million from Powerball; \$45 million from Mega Millions; \$24 million from Lotto, \$17 million from Fast Play and \$8.5 million from Easy 5 with ezmatch™.

She also showed how fiscal year 2024 revenue would be distributed: \$352.1 million for prizes (57.6%); \$191.5 million for the state (31.3%); \$34.8 million for retailers (5.7%); \$10.2 million for vendor fees (1.7%) and \$22.7 million for operations/administration (3.7%).

V. Board Committee Reports

Finance Committee Chairperson Gibbs presented board members with Resolution No. 2023-02-24-1, relative to the 2023/2024 fiscal year budget for approval. Director Wells made the **motion** to approve Resolution No. 2023-02-24-1, relative to the 2023/2024 fiscal year budget and Director Shamburg **seconded** the motion. There being no objection, Resolution No. 2023-02-24-1, relative to the 2022/2023 fiscal year budget was **approved**.

Personnel Committee Chairperson Gibbs presented board members with Resolution No. 2023-02-24-2, relative to the Retirement Plans' – In-Service Distributions for approval. Director Anna Jones made the **motion** to approve Resolution No. 2023-02-24-2, relative to the Retirement Plans' – In-Service Distributions and Director Brumfield **seconded** the motion. There being no objection, Resolution No. 2023-02-24-2, relative to the Retirement Plans' – In-Service Distributions was **approved**.

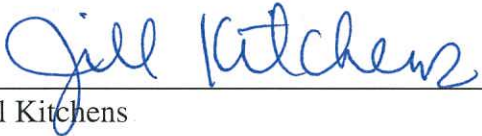
VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, April 28, 2023, to be held in the Board of Directors Conference Room of the Louisiana Lottery Corporation Headquarters located at 555 Laurel Street, Baton Rouge, Louisiana.

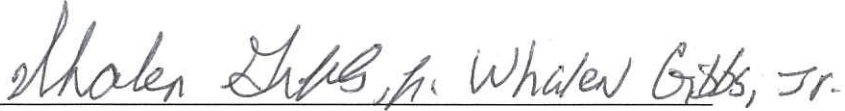
VII. Adjournment

There being no further business, Chairperson Shamburg adjourned the meeting at 10:46 a.m.

Date Approved: 4-28-23



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors