

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
October 29, 2021**

Chairperson Sheridan Shamburg called the meeting to order at 10:08 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: Roman Banks, Cynthia Hedge-Morrell, Anna Jones, Whalen Gibbs, and Carmen Jones
- B. **Members Absent:** Directors: Sean Wells, Beau Black, Blake McCaskill, 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 August 27, 2021, Board Meeting. Director Gibbs **moved** to approve the August 27, 2021, Board Meeting Minutes and Director Morrell **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 introducing Louisiana Lottery Corporation Vice President of Internal Audit Steve Rosales. Mr. Rosales gave an overview of the Louisiana Lottery Corporation's internal audit department and processes.

At the conclusion of Mr. Rosales' overview, the meeting was turned back over to Ms. Hudson for the President's Report.

Ms. Hudson informed the board that Lottery staff have returned to the office and are working a hybrid schedule, depending on their job function. She explained that the hybrid schedule consists of employees working in the office 3 days and remotely 2 days a week.

She let the board know that approximately 95% of staff members have been vaccinated against COVID-19. The remaining staff members have been granted religious or medical exemptions by

Human Resources and are on a weekly testing protocol for the virus.

The meeting was then turned over to Senior VP, Secretary/Treasurer Karen Fournet.

Mrs. Fournet began by analyzing total monthly sales for fiscal years 2019-2022. Sales in July started out at \$52.4 million but took a dip in the aftermath of Hurricane Ida when approximately 40% of Lottery retailers were down due to power and utility outages as well as storm damage. She estimates that this caused approximately \$5 million in lost sales. Since then, sales have leveled off and are projected to be at \$49.5 million to end October.

Powerball fiscal-year sales through the end of October are projected to be \$22.7 million, which is \$6.2 million higher than last year thanks to a \$700 million jackpot in October. However, lower sales levels continue and are due to a long span of smaller advertised jackpots as well as changes made by MUSL that eliminated guaranteed starting jackpots and increases between drawings. While unfortunate, these changes were necessitated by declining participation that reached all-time lows during pandemic-related stay-at-home orders. Powerball introduced a third drawing night of Monday to the schedule on Aug. 23, which has helped to increase sales and grow the jackpot faster.

To illustrate the jackpot fatigue in the Powerball game, the most recent \$700M Powerball jackpot in October had 5 more draws in the jackpot run generating \$6.6 million less in sales than the previous \$731 million Powerball jackpot in January of 2021.

Mega Millions fiscal-year sales through the end of October are projected to be \$11.1 million, which is \$1.2 million higher than last year.

Combined Powerball and Mega Millions sales through October are projected to reach \$33.8 million, up \$7.4 million from last year.

Lotto fiscal year sales through October are projected to be at \$7.5 million, which is \$700,000 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 to increase sales with two jackpots above that marker so far, this fiscal year.

Sales of Easy 5 and ezmatch are at \$3.2 million, which is \$700,000 lower than last year. The Lottery plans to monitor sales of this game during the fiscal year and will work to identify possible enhancements that could be made to increase player participation.

Fiscal year Pick 3, Pick 4 and Pick 5 sales, currently at \$45.9 million, are running \$1.8 million less than last year's totals through October due to Hurricane Ida and players having more gaming options since casinos reopened at full capacity. Still, 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. Pick 5 has produced \$3 million in sales since being released on Aug. 1. So far, the cannibalization of the Pick 3 and Pick 4 games is as expected since introduction of the new game.

Scratch-off sales are projected to be \$92.5 million to end October, a decrease of \$7.7 million over last year. Over the next few years, the Lottery plans to increase the payout percentage of these games from 66% to 68% 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.

The Lottery's first Fast Play games launched on June 28 and have proven to be very popular. They produced \$780,000 in sales during the first week of availability and are now at \$340,000 per week. The games have beaten the Lottery's \$154,000 per-week projection each week since the games launched. The Lottery plans to introduce a new family of progressive jackpot Fast Play games early next year, which will help to increase sales further.

Mrs. Fournet reported overall fiscal year 2022 sales through the end of October are projected to be \$190.3 million, \$5.3 million higher than last year and \$1.3 million less than budget. General and administrative expenses through September are running approximately \$500,000 under budget at \$4.7 million.

Lastly, Mrs. Fournet reported that transfers to the state treasury through the end of October are projected at \$62.6 million, which is \$400,000 less than budget due to the impact of Hurricane Ida.

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

V. Other Business

Ms. Hudson informed the board that she and some of the management team have been working with the Lottery's gaming system vendor, INTRALOT, on a proposal regarding sports betting operations. She provided a brief outline of what the proposal currently entails. When operational, it is estimated that sports betting will generate \$65 million over the next eight years, with \$3.6 million of that being transferred to the state treasury. An in-depth presentation will be given to board members during the December meeting as well as a final contract for review and approval.

Chairperson Shamburg asked for a motion to approve the Lottery staff to move forward with requesting a formal contract with Intralot. Director Banks made the **motion** and Director Morrell **seconded** the motion. There being no objection, the motion was **approved**.

VI. Executive Session to Discuss Performance & Compensation of President

Chairperson Shamburg asked for a motion to go into Executive Session to discuss the performance and compensation of the president. Director Banks made the **motion** and Director Morrell **seconded** the motion. There being no objection, the motion was **approved**, and the Board of Directors went into Executive Session at 11:36 a.m.

The Board had discussion regarding a pay raise for the President.

Chairperson Shamburg asked for a motion to adjourn the Executive Session and Director Gibbs made a **motion** to adjourn the Executive Session and Director Anna Jones **seconded** the motion. There being no objection, the motion was **approved**, and Executive Session adjourned at 12:11 p.m.

Chairperson Shamburg called for a motion to award an 8% pay increase to the President & CEO, retro back to July 1. Director A. Jones made the **motion** and Director Morrell **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 Wednesday, December 15, 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 Morrell made a **motion** to adjourn the meeting and Director Banks **seconded** the motion. There being no objection, the motion was **approved**, and Chairperson Shamburg adjourned the meeting at 12:15 p.m.

Date Approved: 12/15/2021



Jill Kitchens
Executive Administrative Assistant



Roman Banks
Vice Chair to the Board of Directors

Sheridan Shamburg

Sheridan Shamburg
Chairperson of the Board of Directors

Signature: 
Sheridan Shamburg (Jan 10, 2012 07:30, CST)

Email: sheridanshamburg@yahoo.com