

LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
August 24, 2012

Acting Chairman John Fitzpatrick called the meeting to order at 10:03 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana. He began by noting the death of a former board member, Albert F. "Pete" Cole, who passed away on July 17, 2012. The board observed a moment of silence in his honor.

I. Attendance

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

II. Approval of the Minutes of Prior Board Meetings

Director Taylor **moved** to approve the June 22, 2012, Board Meeting Minutes. Director Katz **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.

III. President's Report

President Hudson began by noting that a tribute to Albert F. "Pete" Cole will be included in the September/October issue of the *Exchange*.

Ms. Hudson introduced and welcomed Brad Menard who joined the lottery staff in July 2012 as the Vice President of Sales.

Ms. Hudson announced that she will be traveling to Jonesboro, Louisiana to meet with Representative James Fannin, who is chairman of the Louisiana House of Representatives Appropriations Committee. Also she announced that she is scheduled to meet with Senator Dan Claitor, who filed Senate Bill 652, which requires the Louisiana Lottery Corporation to provide a schedule of Lottery positions and salaries as part of its budget. The bill was signed into law by Governor Bobby Jindal this past legislative session.

Ms. Hudson informed the board that the Lottery's *Choot 'Em*TM scratch-off is one of the three finalists for the Best New Instant Game Award to be announced at the upcoming World Lottery Summit in Montreal in September. The other finalists are *Cadillac Riches* by the D.C. Lottery and *\$100,000 Cashword* by the Michigan Lottery. She will make a brief presentation on *Choot 'Em*TM at the summit before the judges select the winner.

Ms. Hudson announced that the Louisiana Lottery is researching a possible strategic alliance with Duck Commander, a North Louisiana-based business that makes duck calls and whose owners are featured on the reality television show *Duck Dynasty*. Ms. Hudson noted that Duck Commander has expressed interest in a partnership with the Louisiana Lottery to be featured on an upcoming scratch-off, which

could improve the company's brand awareness in South Louisiana. After research is completed, a determination will be made as to whether or not the partnership makes financial sense for the Lottery.

Ms. Hudson also showcased the Louisiana Lottery's two current strategic alliances – *Louisiana Sportsman* and *I LOVE MY SAINTS*. The board viewed brief presentations on each alliance which included radio and television commercials, examples of promotional items and point-of-sale materials for each scratch-off ticket. Ms. Hudson noted that the television commercial for *I LOVE MY SAINTS* is the first commercial created and produced entirely in-house by members of the Louisiana Lottery's Marketing Department and commended the Marketing Department for a job well done. She stated that a commercial such as this would normally cost the corporation approximately \$24,000.00.

Ms. Hudson then turned the floor over to Sr. Vice President & Secretary-Treasurer, Karen Fournet to present the financial report Power Point presentation (hard copy attached).

Ms. Fournet began her report by sharing weekly sales trends over the last 52 weeks. Ms. Fournet gave a comparison of the overall sales figures for the time frames surrounding the two large Powerball jackpots. These jackpots consisted of a \$337 million jackpot in August 2012 and a \$336 million jackpot in February 2012. Ms. Fournet emphasized that the combination of Mega Millions and Powerball continues to be a financial success story, boosting overall sales. The two games brought in \$24.9 million in combined sales for the two months ending August 31, 2012 (\$19.5 million in Powerball and \$5.4 million in Mega Millions), compared to last year's \$19 million with Powerball alone. Ms. Fournet also discussed that the Lotto sales of \$4.5 million for the first two months of the fiscal year are down \$700,000 from last year. She attributes the drop off to a cannibalization effect from the introduction of Mega millions, but noted the loss continues to be made up by the overall increase for draw-style games. Ms. Fournet added that Pick 3 sales of \$8.3 million and Pick 4 sales of \$6.5 million are solid and steady and running very close to last year. Ms. Fournet also reported that Instant Ticket sales also continue to be a success story, topping \$24.9 million for the two months ending August 31, 2012, which is \$400,000 better than the same time last year, our second most successful year ever. She noted that since changes were made to the instant products prize structure in 2010, sales have been consistently high. Ms. Fournet informed the board that overall sales for the two months ending August 31, 2012 are \$71.2 million, compared to \$65.8 million last year. She added that the state transfers for the same time frame are \$25.1 million which is \$4 million better than budgeted. Lastly, Ms. Fournet shared the 2011 State Gaming Receipts Summary prepared by Greg Albrecht, Chief Economist for the Legislative Fiscal Office. She noted that \$3.7 billion dollars were spent on gaming in Louisiana in 2011 (net of prizes), with 4.9 percent of that coming from Lottery games. Riverboat casinos took in the largest share which equaled to 44.29 percent of the total. However, Ms. Fournet pointed out that more than 16 percent of gaming proceeds sent to the state come from the Lottery which is the third highest amount behind video poker and riverboat casinos and is three times our share of the spending.

IV. Board Committee Reports

Personnel Committee - No report at this time.

Finance Committee - No report at this time.

By-Laws Committee – Director Robichaux, Chairman of the By-Laws Committee reported that the committee reviewed proposed changes to the Bylaws and Rules of Procedure circulated at the June board meeting. A motion was requested to approve **Resolution 2012-08-24-1**. Director Robichaux so **moved** and Director Carver **seconded** the motion. There being no objection, the motion was **approved**.

V. Other Business

Acting Chairman Fitzpatrick asked for a motion to approve **Resolution 2012-08-24-2** which would adopt revisions to the Continuous Internal Auditing System Policies and Rules. Director Carver so **moved** and Director Robichaux **seconded** the motion. There being no objection, the motion was **approved**.

VI. Adjournment

The next meeting of the Board of Directors was set for October 26, 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. There being no further business, Acting Chairman John Fitzpatrick invited a motion to adjourn the meeting; Director Robichaux **moved**; Director Taylor **seconded**. There being no objection, the motion **carried** and Acting Chairman Fitzpatrick adjourned the meeting at 10:46 a.m.

Date Approved: October 26, 2012.

Wendy Reeves
Wendy Reeves
Executive Administrative Assistant

Kim Carver
Kim Carver
Secretary to the Board of Directors

John Fitzpatrick
John Fitzpatrick
Acting Chairman of the Board of Directors

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

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