

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

April 28, 2023

Chairperson Sheridan Shamburg called the meeting to order at 10:15 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, Cynthia Hedge-Morrell, Anna Jones, Carmen Jones TomEd Brumfield, Dan “Blade’ Morrish, Terral Jackson, and Louisiana State Treasurer Chief of Staff Renee Free.
- B. Members Absent:** Director: Sean Wells
- 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 February 24, 2023, Board Meeting. Director Brumfield **moved** to approve the February 24, 2023, Board Meeting Minutes and Director A. Jones **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 giving the board an update on two bills filed for the current legislative session pertaining to the Lottery:

HB566 by Rep. Kyle Green removes the authority of the Lottery to run a sports betting operation. The Lottery was given authority during the 2021 legislative session. 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. To date, the bill has not been heard in committee.

SB157 by Sen. Franklin Foil would allow the Lottery to sell tickets for its games via the internet. The original bill allowed the Lottery to sell draw-style and instant game tickets but was amended to include only draw-style games due to concerns from the casino industry. Rose said that she is

in the process of gathering information on the effect online gaming has on convenience store sales after hearing opposition to the bill from the Louisiana Oil Marketers and Convenience Store Association. She said that she will continue to work with Sen. Foil to address the association's concerns.

Ms. Hudson also told the board that Lottery staff is tracking SB201 by Sen. Hewitt. This bill would allow state boards and commissions to hold three virtual meetings per year, instead of requiring them all to be held in person. The bill would provide a convenient way for the public to participate in public meetings. The board would be able to decide if they wanted to take advantage of this if the bill becomes law.

She said she will keep the board updated on any developments for these bills that occur during the session.

Ms. Hudson mentioned that she recently met with an architect and attended a walk-through of the building with them to identify work and storage needs for an upcoming project to refresh the Lottery Headquarters. She said she plans to invite other Lottery team members to the next walk-through to get opinions on what is needed.

She reminded the board that North American Association of State & Provincial Lotteries (NASPL) will be held in Milwaukee from Oct. 30 to Nov. 2 and encouraged those interested to attend.

She then told the board that she hoped to have a contract ready to present to them for a project to redesign the Lottery's website, but there were some items remaining to finalize. She said the contract should be completed soon, and she plans to present it to them for approval during the June board meeting.

Ms. Hudson informed the board that there is a chance that Headquarters will be without power the day the June board meeting is scheduled because the generator is being replaced. She said she is working to identify an alternate location to hold the meeting and will let the board know if relocating is required.

She reminded board members that the deadline to turn in their financial disclosure forms to the Louisiana Board of Ethics is May 15.

Lastly, Ms. Hudson mentioned that legislators asked her to provide an overview of the Lottery at a recent Senate Judiciary B committee meeting. She said that it was the first time she had ever been asked to do this and hopes to do it again next year when new legislators take office.

Mrs. Fournet began by analyzing total sales through the end of April for fiscal years 2019, 2022 and 2023 and demonstrated the tremendous growth the Lottery has experienced since before the pandemic. Sales are projected to end April at \$552.7 million, up \$62.5 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. This year's results also show a gain of more than \$100 million from pre-pandemic sales.

Combined Mega Millions and Powerball sales are projected to be \$130.3 million, up a whopping \$45.1 million from last year due to those billion-dollar jackpots. However, in comparing April 2016's higher sales with only one-billion-dollar jackpot, she noted that it is taking much higher jackpots to generate the same excitement and sales that the Lottery used to experience due to player jackpot fatigue.

Pick 3, Pick 4, and Pick 5 sales are projected to be \$114.3 million. While daily game sales have taken a dip since new gaming options opened post pandemic and with recent inflationary pressures affecting players' discretionary dollars, daily games sales have still shown a positive upward trend since 2019 and continue to be a solid performer in the Lottery's draw-game portfolio. Game sales are heavily impacted by popular numbers being drawn which drives up the games' payout percentages (which normally average 50%) resulting in more play.

Monthly scratch-off sales are projected to reach \$265.7 million by the end of April, up \$19.5 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 plans to utilize results of a prize elasticity data analytics study being performed by Vinformatix to maximize sales by understanding the relationship between sales and prize payout percentages for each type of game and price point. The study should be completed within the next few weeks.

General and administrative expenses through the end of March are running approximately \$700,000 under budget at \$15.5 million.

Mrs. Fournet reported that transfers to the state treasury through the end of April are projected at \$184.1 million, which is \$26.4 million better than budget.

V. Other Business

Ms. Hudson presented a request that the board approve five one-year extensions of the Lottery's advertising and placement services contract with its vendor, The Graham Group, at a 7.4% increase. She noted that the Graham Group has served the Lottery for 24 years without an increase and has done an excellent job for the corporation. Director Morrell **moved** to approve five one-year extensions of the Lottery's advertising and placement services contract with its vendor, The Graham Group, at a 7.4% increase and Director A. Jones **seconded** the motion. There being no objection, the request was **approved**.

VII. Announcements

Ms. Hudson then asked Lottery executive staff in attendance to introduce themselves to new members of the board and announced that Vice President of Sports Gaming and Deputy General Counsel Elizabeth Tranchina has taken a position with a Las Vegas casino and will be leaving the corporation soon.

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, June 23, 2023, location to be determined.

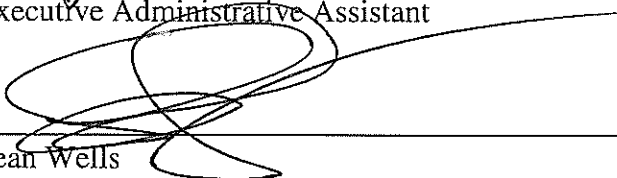
VIII. Adjournment

There being no further business, Chairperson Shamburg adjourned the meeting at 11:45 a.m.

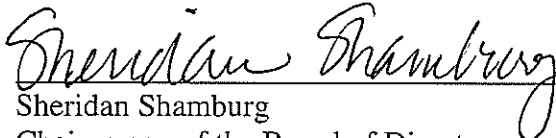
Date Approved: 6-23-23



Jill Kitchens
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Sheridan Shamburg
Chairperson of the Board of Directors