

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING
October 26, 2018**

Chairman Roy Robichaux called the meeting to order at 10:02 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:** Chairman Roy Robichaux, Vice Chairman Blake McCaskill; Directors: Larry Cager, Sheridan Shamburg, Whalen Gibbs, Jr., Butch Gautreaux, Carmen Jones and Louisiana Deputy State Treasurer Renee Ellender Roberie.
- B. Members Absent:** Verge Ausberry, Jr. and Sean Wells.
- 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

Chairman Roy Robichaux asked President/CEO 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

Chairman Robichaux began by asking if anyone had any questions or corrections to the minutes of the August 24, 2018 Board Meeting. Director Shamburg **moved** to approve the August 24, 2018 Board Meeting Minutes and Vice Chairman McCaskill **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 advising the Board Members about a business plan developed by Louisiana Lottery Corporation staff to guide the company from 2018-2023. Additionally, she gave a presentation that highlighted a breakdown of what each department of the Louisiana Lottery Corporation will be working on during the first two years of the plan.

The Sales Department will work on managing GCR releases, launching the mobile app, as well as evaluating the need/potential for new hardware in the retail environment (in-lane solutions) and ticket sales at regional offices.

The Marketing Department is exploring succession planning, evaluating its draw game portfolio, as well as looking to enhance the Louisiana Lottery Corporation's Players' Club, website and video production opportunities.

The MIS Department is working on cybersecurity, APIs (Application Programming Interfaces) and continued efficiencies at the Distribution Center.

The Executive Department is tackling business intelligence, professional development and a corporate succession plan.

The Human Resources Department is reviewing policies, enhancing employee and leadership development, as well as evaluating the Louisiana Lottery Corporation's compensation package.

The Finance Department is continuing risk management assessments, reorganizing fleet and facilities functions and expanding e-payment capabilities.

Ms. Hudson acknowledged strategic accomplishments of the Louisiana Lottery Corporation team over the past few years. These accomplishments include the development of the mobile retailer data Lottery app by GCR, auto-enrollment for the retirement plan, increased Distribution Center and Tel-Sell efficiencies, improved retailer licensing process, focused training for staff and an employee web portal for innovation and idea generation.

She concluded the presentation by advising the Board Members that she will keep them posted on the plan's progress.

Lastly, Ms. Hudson informed the Board Members that the Governor of Mississippi recently appointed members to the Board of Directors of the new Mississippi Lottery Corporation. She estimated that the Mississippi Lottery Corporation would be up and running sometime during the next fiscal year.

At this time, Ms. Hudson turned the floor over to Karen Fournet, Senior Vice President/Secretary/Treasurer, to present the financial report via Power Point Presentation.

Ms. Fournet began by analyzing monthly sales for fiscal years 2016-2019. Sales in July started out at \$40 million and are projected to be \$72.5 million to end October. This is a result of the recent \$1.537 billion Mega Millions Jackpot. She added that this amount is still less than January 2016's \$85.6 million finish when the Powerball Jackpot reached \$1.586 billion.

Mega Millions fiscal-year-sales through the end of October are projected to be \$38.2 million, which is \$27.1 million higher than last year thanks to the historic \$1.5 billion jackpot. Ms. Fournet added that this is the best four-month fiscal-year start since Louisiana began participating in the game in 2011.

Powerball fiscal-year sales through the end of October are projected to be \$34.6 million, which is \$2.9 million less than last year. Ms. Fournet noted that jackpot fatigue continues to impact sales levels, due to the number of jackpots over \$400 million occurring within a brief period of time and the current jackpot's competition with the Mega Millions jackpot.

Ms. Fournet compared recent jackpots and demonstrated that it is taking more drawings for jackpots to build. For example, it took only 20 draws to create the record \$1.6 billion jackpot in January of 2016, but 26 drawings occurred to build the \$1.537 billion Mega Millions Jackpot, and sales were only about half that of Powerball. She explained that some of the disparity in sales can also be attributed to the much stronger brand recognition of Powerball.

In analyzing jackpot sales trends, Ms. Fournet noted that a \$500 million jackpot appears to be the new threshold at which sales begin to increase due to the frequency of both games producing these higher jackpot amounts since Powerball's matrix/price change in October 2015 and Mega Millions comparable game change in October 2017.

Combined Powerball and Mega Millions fiscal-year sales through the end of October are projected to be \$72.8 million, up \$24.2 million from last year due to large advertised jackpots.

Lotto fiscal year sales through October 2018 are at \$7.9 million, which is \$500,000 higher than this time last year. Ms. Fournet added this performance is good considering the competition from the multistate games.

Ms. Fournet advised that sales of Pick 3 and Pick 4 are projected to reach \$34.5 million through October, up \$1 million from this time last year. These games continue to be the most stable in the Louisiana Lottery Corporation's product mix, generating over 20 percent of overall sales. The increase in all online sales as a percentage of total sales is vital to support the instant ticket prize structure. Ms. Fournet added that this strong four-month performance is partly due to the Pick 3 game's 53 percent payout during this timeframe. As players win, they play more.

Scratch-off sales have slightly increased through the end of October at \$69.3 million, up \$900,000 from last year, even with a steady prize payout percentage. This represents the highest 4 month total since October 1992. Ms. Fournet credited the current Saints branded game for some of that success. Due to high demand from players, an additional 480,000 tickets were ordered for the game, which includes two more top prizes. The current Saints Scratch-off Game is on track to be the highest selling Saints themed scratch-off ever.

In continuing, Ms. Fournet reported overall sales through the end of October are projected to be \$188.8 million, \$27.3 million higher than last year, and \$42.3 million higher than budget.

Ms. Fournet added that general and administrative expenses through September 30 are running \$300,000 under budget at \$4.8 million.

Lastly, Ms. Fournet reported that transfers to the Louisiana State Treasury through the end of October are projected at \$66.1 million, which is \$14.8 million better than budget.

A copy of the financial presentation is attached.

At this time, the meeting was turned back over to Ms. Hudson.

Ms. Hudson pointed to copies of the Louisiana Lottery Corporation's Marketing and Communications Dashboard for the first quarter of fiscal year 2019. This report was created to

give Board Members and Lottery staff a quarterly snapshot of the Louisiana Lottery Corporation's communications and marketing activities and performance.

Ms. Hudson also advised the Board Members to be on the lookout for an email with a link that will direct them where to go to complete their annual ethics and sexual harassment training. Additionally, she reminded the Board Members that there will be a Finance Committee Meeting and Retirement Investment Committee Meeting prior to the next full board meeting.

V. Other Business

There was no other business to discuss at this time.

VI. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Wednesday, December 19, 2018, 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, Chairman Robichaux invited a motion to adjourn the meeting. Director Cager made a **motion** to adjourn the meeting and Vice Chairman McCaskill **seconded** the motion. There being no objection, the motion was **approved**, and Chairman Robichaux adjourned the meeting at 10:44 a.m.

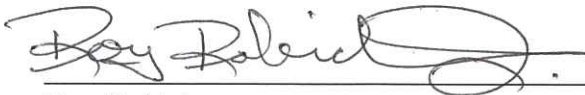
Date Approved: 12/19/2018



Wendy Reeves
Executive Administrative Assistant



Sean Wells
Secretary to the Board of Directors



Roy Robichaux
Chairman of the Board of Directors