

**LOUISIANA LOTTERY CORPORATION
BOARD OF DIRECTORS MEETING**

August 26, 2022

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: Roman Banks, Whalen Gibbs, Blake McCaskill, Cynthia Hedge-Morrell, Anna Jones, Carmen Jones and Louisiana Deputy State Treasurer Renee Free.
- B. Members Absent:** Director: Sean Wells
- C. Staff Present:** President/CEO, Rose Hudson, Senior Vice President/Secretary/Treasurer, Mrs. 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 June 3, 2022, Board Meeting. Director Banks **moved** to approve the June 3, 2022, Board Meeting Minutes and Director 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 informing the board that member Beau Black had resigned and taken a position with the Louisiana Department of Transportation and Development. She then introduced the Lottery's Director of Finance Christina Price. Christina introduced Sierra Sessions, who recently joined the Lottery as an accounting intern.

Ms. Hudson then told the board that the Lottery is close to signing a contract with BetMGM to be its sports betting operator. Under the agreement, BetMGM will be responsible for all aspects of sports betting except permitting, which the Lottery will oversee. Rose said she hopes to have a contract finalized and signed within the next two weeks, so BetMGM can move forward with implementation. She said that BetMGM has already identified the first group of retailers for the Lottery's sports betting operation.

Next, Ms. Hudson told the board that her executive team recently met to discuss progress made regarding the Lottery's strategic planning process and to discuss future operations. She said she plans to put the results of the meeting together in a report to provide to board members soon.

Ms. Hudson then told the board that the Lottery is scheduled to release its first-ever \$20 scratch-off ticket in October, which is sure to generate excitement amongst players. In addition, she said that the Lottery is exploring offering more experiential prizes in the future, including a scratch-off ticket featuring country singer Luke Combs that provides players the chance to win a trip to Nashville as well as possible partnerships with the NFL and NASCAR through Powerball and the Multistate Lottery Association. She said other states have had success with experiential prizes and the Lottery is looking to offer more of them going forward.

Lastly, Ms. Hudson reminded board members about the World Lottery Summit 2022, being held from Oct. 16- 22 in Vancouver, Canada. She told board members how beneficial these conferences are in growing industry knowledge.

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 strong at \$63.4 million due to the historic \$1.28 billion Mega Millions jackpot and are projected to be at \$46.7 million to end August. She said that inflation and rising gas prices have decreased consumers' discretionary dollars, and that has had a negative effect on overall Lottery purchases with reduced sales levels in recent months. Even still, compared to monthly sales of \$40 million in July 2018, the Lottery's overall sales trajectory has steadily increased.

Powerball fiscal-year sales through the end of August are projected to be \$10.1 million, which is \$700,000 higher than last year. However, lower overall sales levels continue and are due to a long span of smaller advertised jackpots. She said that the Multi-State Lottery Association that operates Powerball is exploring options to increase player participation in the game.

Mega Millions fiscal-year sales through the end of August are projected to reach \$21.2 million, which is an astounding \$15.4 million more than last year due to the historic jackpot run in July. Karen then showed a graph to demonstrate that players became excited about the rising jackpot earlier (in the recent jackpot run when compared to the last \$1 billion jackpot run in January 2021 (drawing 27 versus draw 32), which is good news regarding player behavior toward jackpot runs.

Lotto fiscal year sales through August are at \$3.8 million, which is \$100,000 million lower 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 stabilize sales.

Sales of Easy 5 and ezmatch™ are holding steady at \$1.7 million, which is \$100,000 less than last year. Sales of Easy 5 and ezmatch™ had declined since the introduction of Fast Play games in June 2021, but players are now coming back to the Easy 5 game, which has enjoyed 10 years

of sales consistency.

The Lottery continues to monitor sales of its in-state jackpot games 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 are currently at \$11.5 million. Combined, daily games continue to be a star in the Lottery's draw-game portfolio experiencing a steady 35% increase since 2018. The Lottery added Pick 5 to the lineup on Aug. 1, 2021, in response to this product line's popularity. Pick 5 has produced \$1 million in sales so far, this fiscal year.

Monthly scratch-off sales, which exploded during pandemic restrictions, are projected to reach \$24.3 million to end August. Even with inflationary pressures and Hurricane Ida last year, overall scratch-off sales have had an incredibly positive upward trajectory since hitting \$16.8 million in 2018. Over the next few years, the Lottery will continue to increase the payout percentage of these games, going from 66% to 68% (67% for this year's budget) 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. In addition, the Lottery plans to introduce a \$20 scratch-off game to its portfolio in October, which will also help to boost sales.

The Lottery's first set of Fast Play games launched June 28 of 2021 and have proven to be extremely popular. Monthly sales are projected to reach \$1.4 million to end August. On Aug. 21, the Lottery introduced five modern traditional Fast Play games. Sales of Fast Play have been running from \$50,000 to \$55,000 per day since they were launched, beating the launch figures of \$35,000 to 38,000 per day.

Mrs. Fournet reported overall fiscal year sales through the end of August are projected to be \$110.1 million, \$12.2 million higher than last year and \$16.7 million higher than budget.

Mrs. Fournet reported that transfers to the state treasury through the end of August are projected at \$37.5 million, which is \$7.7 million more than budget. She then provided an update on the Lottery's fiscal year 2022 finish.

Mrs. Fournet reported overall fiscal year 2022 sales through the end of June of \$582.9 million, which was \$4.3 million below budget but still the Lottery's second-best ever fiscal year finish!

General and administrative expenses through the end of June were \$1.3 million under budget at \$19.6 million.

Lastly, Mrs. Fournet reported that transfers to the state treasury through the end of June were at

\$191.2 million, which was \$1.8 million less than the Lottery's original budget estimate but \$800,000 more than the last budget estimate AND the second-largest total transfer in the Lottery's history!

V. Other Business

Chairperson Shamburg presented to the Board of Directors **Resolution No. 2022-08-26-1** relative to the Supplemental Retirement Plan. Chairperson Shamburg asked for any public comments relative to this resolution. There being no public comments, Director Banks made a **motion** to approve **Resolution No. 2022-08-26-1** and Director McCaskill **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

Chairperson Shamburg presented to the Board of Directors the Discussion of Generator Bid. Chairperson Shamburg asked for any public comments relative to this contract. There being no public comments, Director McCaskill made a **motion** to approve the Generator Bid, and Director Anna Jones **seconded** the motion. There being no objections, the resolution was unanimously **approved** and **passed**.

VI. Executive Session to Discuss the Performance of the President

Chairperson Shamburg asked for a motion to go into Executive Session to discuss the performance evaluation of the president. Director Banks made the **motion** and Director McCaskill **seconded** the motion. There being no objection, the motion was **approved**, and the Board of Directors went into Executive Session at 10:51 a.m.

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 11:30 a.m.

After adjourning from the Executive Session, Chairman Shamburg called the regular meeting of the Board of Directors back to order at 11:31 a.m.

Director Anna Jones made a **motion** to increase President Rose Hudson's salary by four (4%) effective as of August 26, 2022. Director Morrell **seconded** the motion. There being no objection, the motion was unanimously **approved**.

VII. Announcements

The next meeting of the Louisiana Lottery Board of Directors is scheduled for Friday, October 28, 2022, 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 adjourned the meeting at 11:39 a.m.

Date Approved: 10-28-22

Jill Kitchens

Jill Kitchens
Executive Administrative Assistant

[Signature]

Sean Wells
Secretary to the Board of Directors

Sheridan Shamburg

Sheridan Shamburg
Chairperson of the Board of Directors