

Louisiana Lottery Corporation
BOARD OF DIRECTORS MEETING
December 15, 2010

Chairman Ronnie Johns called the meeting to order at 10:00 a.m. in the Board Conference Room located at the Louisiana Lottery Corporation Headquarters, 555 Laurel Street, Baton Rouge, Louisiana. All stood to recite the Pledge of Allegiance.

I. Attendance (A quorum was noted)

- A. Members Present:** Chairman Ronnie Johns, Vice-Chairman John Fitzpatrick, Directors: Pete Cole, Verge Ausberry, Eva Breaux, Kim Carver, Lisa Reardon, Roy Robichaux and J.T. Taylor
- B. Members Absent:** None
- C. Staff:** President Rose Hudson, Senior Vice President and Secretary/Treasurer Karen Fournet, and Senior Vice President and General Counsel John Carruth.

II. Approval of the Minutes of Prior Board Meetings

Chairman Johns proposed to approve the Oct. 15, 2010 Board meeting minutes; Kim Carver **moved**, Roy Robichaux **seconded**. There being no objection, the motion **carried**. Chairman Johns introduced two new Board members, Lisa Reardon of Oak Grove and J.T. Taylor of Haynesville. Chairman Johns relayed the meeting to President Rose Hudson.

III. President's Report

President Hudson informed the Board that she will be attending another Multi-State Lottery Association (MUSL) meeting concerning changes to the Powerball game. The Lottery has consulted and contracted with LSU's Dr. James Richardson and Dr. Jared Llorens to analyze the sales impact of potential game changes. President Hudson acknowledged that Powerball sales are down but noted there are other business opportunities to revive the game.

President Hudson also informed the Board of Senator Harry Reid's (D-Nevada) attempt to advance an internet poker instrument supporting casino interests by tacking its language to a tax bill. Ms. Hudson indicated that while U.S. entry into internet gambling is inevitable, its implementation should be well thought out and supportive of states' rights.

President Hudson addressed inquiries as to whether the Lottery was "for sale", triggered by media reports stating that the Governor's office was exploring various ways to generate additional revenue by securitizing future proceeds. Ms. Hudson emphasized, as written in the constitution, that Lottery proceeds will continue to be used for K-12 public education, not to offset debt, as some have misinterpreted.

President Hudson reported the contents of a Bill passed by the 2009 Legislature that requires the disclosure and promulgation of financial information for employees of state organizations and members of state boards and commissions on a special website, including notices of meetings.

President Hudson made a request to Chairman Johns to add a **discussion item to the agenda** regarding contract negotiations with Scientific Games. Chairman Johns asked the Board for any objections to the addition; the Board had none and the item was added. President Hudson reported that in negotiations with Scientific Games regarding the Instant Ticket Contract, all terms requested by the Lottery were agreed upon by Scientific Games and they proposed the Lottery lock into a rate for a full 10 year term. She opined that the offer by Scientific Games may be an effort to demonstrate long-term income on their books. President Hudson assured the Board that the contract language had not changed. Chairman Johns invited a motion to approve; Ms. Breaux **moved**; Mr. Ausberry **seconded**. The Board adopted the motion to change the Instant Ticket Contract terms from a three-year contract with seven one-year renewal options to a 10-year contract.

President Hudson explained Act 850 of the 2010 Legislative Session which requires a period for public comment before any action requiring a Board vote. Language was suggested for the Board to adopt for this process: 1) All comments must be germane to the subject matter of the vote and 2) Each person wishing to make comments must limit their comments to two minutes, unless prior permission for a longer comment period is granted by the Board Chairman, in his discretion. Chairman Johns asked the Board for questions or comments regarding the Act 850. John Fitzpatrick suggested upon the invitation for public comment, to specify and separate those who want to speak in favor of or against an item/subject. Chairman Johns invited motion to approve the suggested language: Mr. Robichaux **moved**; Mr. Cole **seconded**. There being no objection, the motion carried.

Karen Fournet, Senior Vice President, Secretary/Treasurer, then presented the financial report via PowerPoint presentation (hard copy attached).

VI. Board Committee Reports

Personnel Committee Chairman Kim Carver presented two resolutions for the Board to approve: Resolution 10-12-15-1, relative to the corporation's employee Flexible Spending Plan which is necessary to comply with national healthcare reform. Resolution 10-12-15-2 brings the corporation's retirement plan in compliance with IRS regulations; one change eliminates the waiting period for employee participation and grants immediate vesting. Chairman Johns proposed to approve Resolution 10-12-15-1 and invited public comment; hearing none, Mr. Fitzpatrick **moved**, Mr. Ausberry **seconded**. Chairman Johns proposed to approve Resolution 10-12-15-2 and invited public comment; hearing none, Mr. Robichaux **moved**; Ms. Reardon **seconded**.

