

## **A G E N D A**

### **IOWA LOTTERY BOARD**

**November 16th, 2009**

**10:00 a.m.**

1. Call to Order
  - Approval of Minutes
2. Monthly Reports
  - a. Security
  - b. Financial
  - c. Marketing
  - d. Sales
  - e. Legislative session
3. CEO Update
  - a. ILOT Priorities/ Iowa budget update
  - b. Federal Legislation
  - c. Mega Millions/ Raffle
  - d. Request for Proposals - Update
  - e. Lottery trends
4. Retailer Compensation Program
5. Contract Updates
  - a. Instant Tickets
- 6. Closed Session**
  - a. Personnel
  - b. Litigation Update

If you require the assistance of auxiliary aids or services to participate in or attend the meeting because of a disability, please call our ADA coordinator at 515-725-7870, or if you are hearing impaired, call Relay TTY at 1-800-735-2942.

**MINUTES**  
**IOWA LOTTERY BOARD**  
**September 29, 2009**

The Iowa Lottery Board convened at 10:35 a.m., Chairperson Junge presiding. Board members present at Lottery Headquarters: Elaine Baxter, Mary Junge, Thomas Rial, Michael Fitzgerald. Participating by telephone: Michael Klappholz. Absent: Brad Schroeder.

Lottery staff present: Terry Rich, CEO; Kenneth Brickman, Executive Vice President; Joe Diaz, Vice President for Security; Brenda Loy, Chief Financial Officer; Joe Hrdlicka, Vice President for Marketing; Larry Loss, Vice President for Sales; Mary Neubauer, Vice President for External Relations; Sally Robson, Advertising Manager; David Van Compernelle, Assistant Attorney General; Barbara DeHeck, secretary.

Chairperson Junge called the meeting to order and noted that a Board member was present by means of a conference call, with the provisions of Iowa Code section 21.8 governing the conduct of electronic meetings in effect. A meeting with all members in attendance in person was impractical due to the Board member's personal scheduling conflict. The meeting originated from the Lottery central offices in Des Moines and public notice of the meeting had been given pursuant to Iowa Code section 21.4, with public access to the conversation of all participants provided by means of speakerphone for the benefit of all in attendance at the meeting site. Baxter moved to conduct the meeting by electronic means, pursuant to Code section 21.8. The motion was seconded by Rial and carried unanimously.

**Minutes**

Rial moved to approve the minutes of the May 27, 2009 meeting. The motion was seconded by Klappholz and carried unanimously.

**Monthly Reports**

Security: Diaz noted that the agenda package contained security reports for the months of May through October. He also distributed an executive summary showing corrected totals for cases worked and closed. He reported that retailer compliance checks conducted in August, involving 217 stores in 82 towns, had shown 100% ticket compliance and 65% signature requirement compliance. He also indicated the new security database was operational and incorporated many new features, most significantly an enhanced, user-friendly search capability.

Financial: In addition to the May, June, and July financial reports included in the agenda package, Loy distributed the August financial report and a performance

measures report presenting a summary of sales, expenses, and proceeds. FY 09 ended with \$60,600,603 in proceeds; she noted that total transfers to the state were greater than the previous year's and basically equivalent to the budget projections.

Marketing/Sales: Hrdlicka reported that the "Big Beepin' Deal" and "Keep Your Ticket Handy" promotions had been very successful, not only in terms of lottery sales but also in promoting a number of businesses and attractions across the state. The Midwest Millions scratch ticket game continued to be popular, and the staff had begun working with Kansas Lottery on another joint venture to begin later in the year.

Included in the agenda package was a ranking of the 50 top-selling retailers for fiscal year 2009, the top 10 stores in each Lottery region, and the top 3 corporate accounts. Loss reviewed the information, noting that there were few changes in ranking from the previous year.

Rial moved to approve the monthly reports. The motion was seconded by Baxter and carried unanimously.

## **CEO Update**

ILOT Priorities: Rich summarized Lottery management's chief priorities: (1) To exceed proceeds goals; rather than simply increasing sales, increase the funds provided to the state. (2) Maintain and improve the Lottery's image with players, retailers, and state government. He noted that terminals would soon feature a sound when a winning ticket was presented, which should enhance the Lottery's image by providing proof of value to both customers and retailers. (3) Achieve a best in class lottery operation by encouraging employee input and communicating with other lotteries to learn about trends and what has been successful for them. (4) Create a culture of fun energy, with the flexibility to change and take calculated risks, while ensuring that all employees understand the Lottery's finances and budget.

Federal Legislation: Rich reviewed proposed federal legislation relating to Internet gaming and its possible implications for the state. He said he would continue to keep the Board informed of any developments.

New Games: Rich said the staff continued to study possible options for new games, including a national game, and would continue to inform the Board of games being considered.

Request for Proposals: Rich reported that the on-line system RFP had been issued, and four companies had expressed an interest in bidding. The question and answer phase was currently underway, with actual bids to be submitted in January.

Bottom Lines Challenge: The Bottom-Line Challenge contest approved by the Board at its March 25 meeting had concluded, with 33 of the 41 District Sales Representatives exceeding their goals and earning credit toward Lottery apparel. The transfer goal for all other employees was not met and no credit was earned. Rich indicated the total cost for the contest was approximately \$1500.

Overview of Lottery Trends: Neubauer distributed a report on the Lottery's social media efforts. She said social media such as Facebook, YouTube and Twitter had come to be expected by the public and were essential to communicating with customers and connecting with the public, particularly the 21-30 age group which was traditionally difficult for the Lottery to reach. The Iowa Lottery was one of the first lotteries in the country to utilize social media, and had been contacted by many other lotteries for advice in beginning their own efforts.

Rich said a Rockefeller study just issued showed Iowa as the third highest ranked lottery in terms of growth in proceeds for 2009 compared to 2008. The casino industry had experienced a downward trend, and the gaming industry in general would be affected by the downturn in the economy. He said the Lottery staff would continue to study those and other trends and strive to budget accurately and in a socially acceptable manner.

### **Fiscal Policy Changes**

Proposed changes to the Lottery's fiscal policies were included in the agenda package for Board approval. Loy noted that most of the changes were needed to comply with Executive Order 13, which required that actual receipts be submitted for meals and all other work-related expenses, effective July 1, 2009. Also included were several updates to claims processing procedures.

Baxter moved to approve the changes to the Iowa Lottery's fiscal policies, retroactive to July 1, 2009. The motion was seconded by Rial and carried unanimously.

### **2011 Budget**

The proposed 2011 budget was presented for Board approval (Attachment A) Rich noted that the budget anticipated a one percent increase in net proceeds. Loy pointed out the costs for the retail lottery system were lower because of the extension of the on-line contract with Scientific Games. Operating expenses were also lower, primarily because the vending machines were now fully depreciated. Rich indicated additional funds were budgeted for transition to the new on-line system; also, prizes increased along with sales.

Rial moved to approve the budget for 2011. The motion was seconded by Klappholz and carried unanimously.

## **Contract Extensions**

Instant Tickets: Hrdlicka reported that the Lottery's initial two-year contracts with Scientific Games International and Pollard Banknote Limited for instant ticket printing would expire on December 31. He said both vendors had performed capably, and the staff recommended exercising the first of three one-year extensions provided for in the original contracts.

Vending Machines Maintenance: Loss said the staff was very happy with services provided by American Games and recommended exercising the final renewal option, extending the contract through September 30, 2010.

Marketing Research. The final available one-year renewal option (calendar year 2010) for the contract with Johnson & Northcott, Inc., for marketing research projects was presented for Board approval. Hrdlicka said the staff continued to be very satisfied with the company's service and recommended renewal.

Rial moved to approve the four contract extensions: Instant ticket printing and related services with Scientific Games International and Pollard Banknote Limited; the vending machine maintenance program agreement with Pollard Games Inc., dba American Games, Inc.; and marketing research services with Crawford Johnson & Northcott, Inc. The motion was seconded by Baxter and carried unanimously.

## **Personnel**

DeHeck announced that she would retire from the Lottery at the end of October. The Board praised her for her excellent work and years of service.

## **Litigation**

Van Compernelle reported there had been no new developments related to pending litigation.

## **Election of Officers**

The chair called for nominations for Board chairperson and vice chairperson. Rial nominated Klappholz as Board chair. The nomination was seconded by Baxter and carried. Baxter nominated Rial as vice chair. The nomination was seconded by Klappholz and carried.

There being no further business, the meeting adjourned at 12:20 p.m.

## Budget for Lottery Fund

	2009 ACTUAL	2010 BOARD APPROVED BUDGET	2011 PROPOSED BUDGET
<b>Resources</b>			
Lottery sales	243,337,101	245,430,000	250,100,000
Interest income	421,090	570,000	500,000
Application fees	3,680	5,000	5,000
Other	65,449	5,000	5,000
<b>Total resources</b>	<b>243,827,320</b>	<b>246,010,000</b>	<b>250,610,000</b>
<b>Expenses</b>			
Prizes	138,425,341	137,597,684	142,814,120
Retailer compensation	15,298,983	15,088,100	15,606,100
Advertising production and media purchases	6,995,166	9,817,200	10,004,000
Retailer Lottery system/Terminal communications	8,248,110	8,190,000	5,897,595
Instant/Pull-tab ticket expense & machine maintenance	3,194,530	3,022,000	3,235,412
Terminal equipment/Ticket dispensers	81,249	100,000	100,000
Interest expense (ITVM/PTVM/Building)	48,986	50,000	42,500
Lottery operating expense	12,235,787	12,459,423	11,927,095
<b>Total Expenses</b>	<b>184,528,152</b>	<b>186,324,407</b>	<b>189,626,822</b>
<b>Net Income</b>			
Prior to Net Asset Change	59,299,168	59,685,593	60,983,178
Less increase (decrease) in net assets	(1,254,138)	(645,807)	48,341
<b>After Net Asset Change</b>	<b>60,553,306</b>	<b>60,331,400</b>	<b>60,934,837</b>
<b>Proceeds</b>			
Proceeds Transfer to General Fund	56,550,792	57,320,090	58,234,837
Proceeds Transfer to Veterans Trust Fund	2,783,377	3,011,310	2,700,000
Proceeds Transfer to Gamblers Treatment Fund	1,219,137	-	-
<b>Total Proceeds Transfers</b>	<b>60,553,306</b>	<b>60,331,400</b>	<b>60,934,837</b>
<b>Total Expenses and Proceeds</b>	<b>243,827,320</b>	<b>246,010,000</b>	<b>250,610,000</b>

## Increase (Decrease) In Net Assets

	<b>2009 ACTUAL</b>	<b>2010 BOARD APPROVED BUDGET</b>	<b>2011 BOARD APPROVED BUDGET</b>
Bonds payment	100,000	100,000	100,000
Depreciation Expense (ITVM/PTVM/BUILDING)	(1,216,296)	(745,807)	(51,659)
Other adjustments	(137,842)		
Total Change in Net Assets	<u>(1,254,138)</u>	<u>(645,807)</u>	<u>48,341</u>

## Lottery Operations - Budget Detail

	2009 ACTUAL	2010 BOARD APPROVED BUDGET	2011 PROPOSED BUDGET	
Administrative payroll	8,759,206	9,334,541	9,426,178	(1)
Travel	404,876	430,000	430,000	
Supplies	110,739	105,000	105,000	
Printing	9,582	10,000	10,000	
Postage	4,718	5,000	5,000	
Communications	116,920	110,000	110,000	
Rentals	290,254	240,000	240,000	
Utilities	103,240	101,515	101,515	
Professional fees	121,965	136,190	136,190	
Advertising	12,451			
Outside services and repair	166,732	376,730	396,932	
Data processing	40,929	40,000	40,000	
Non-capitalized equipment	123,349	190,330	241,049	
Reimbursement to state agencie	435,976	392,000	392,000	
Depreciation	1,403,051	855,817	160,931	
Other expenses	131,799	132,300	132,300	
<b>Total operating expenses</b>	<b>\$ 12,235,787</b>	<b>\$ 12,459,423</b>	<b>\$ 11,927,095</b>	
Depreciation Expense (ITVM/PTVM/Building)		745,807		
Lottery Operations shown on 2010 Budget		<u>11,713,616</u>		

- (1) The Administrative payroll 2011 proposed budget does not include salary and benefit cost increases. Consistent with prior years, salary and benefit cost increases will be requested as a budget amendment in June 2010. Additionally, the Administrative payroll 2011 proposed budget includes \$40,000 for system conversion costs

## Budget for Lottery Fund

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Depreciation Expense (ITVM/PTVM/Building)

745,807

Lottery Operations shown on 2010 Budget

11,713,616

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## Capital Expenses

Category	Fiscal Year			
	2009	2010	2011	2012
<b>Property Upkeep</b>				
Tuck Point exterior 1/2 '09, 1/2 '10	\$ -	\$ 190,000		
Exterior Windows			\$ 165,000	
Vinyl wall coverings			\$ 4,000	
Security Camera	\$ 5,000			
Lighting upgrade			\$ 12,000	
Cafeteria lighting upgrade			\$ 5,500	
Halon fire suppression replacement			\$ 28,000	
Elevator control panel				\$ 85,000
Rest room upgrades				\$ 6,500
Carpeting				\$ 42,120
Repair roof	\$ 3,500			
Repair concrete and fix sidewalk heaed areas	\$ 12,900			
Hallway painting general M&R		\$ 5,000		
Outdoor upkeep/ repair	\$ 7,500	\$ 5,000	\$ 5,000	\$ 5,000
<b>TOTAL</b>	<b>\$ 28,900</b>	<b>\$ 200,000</b>	<b>\$ 219,500</b>	<b>\$ 138,620</b>
<b>Outside Service &amp; Repairs</b>				
Maintenance Contract on Statement Printers			\$ 4,200	
Remodel of Test Area			\$ 6,500	
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,700</b>	<b>\$ -</b>
<b>Computer Hardware</b>				
VM Ware. Server Replacement	\$ 55,526	\$ 20,000		
PC Replacement	\$ 20,374	\$ 3,626	\$ 24,000	\$ 24,000
Printer replacement		\$ 17,500	\$ 29,600	
<b>TOTAL</b>	<b>\$ 75,900</b>	<b>\$ 41,126</b>	<b>\$ 53,600</b>	<b>\$ 24,000</b>
<b>Computer Software</b>				
WLA Security/ ISO 27001 Services	\$ -	\$ 28,800	\$ 10,400	\$ 10,400
UTM Firewall Replacement	\$ 20,000	\$ 6,104		
Software upgrade- Chrystal '10; Office '11		\$ 10,000	\$ 49,700	
Software upgrade- Office/ Adobe	\$ 1,500			
Microsoft Maintenance- Cisco/Nortel/ Symantec, etc.		\$ 11,800		
Skype access	\$ 1,000			
<b>TOTAL</b>	<b>\$ 22,500</b>	<b>\$ 56,704</b>	<b>\$ 60,100</b>	<b>\$ 10,400</b>
<b>Various</b>				
Badge/ ID	\$ 4,000			
Sign at Storm Lake Office	\$ 5,031			
Photo printer replacements	\$ 5,000			
Security equipment			\$ 4,000	
<b>TOTAL</b>	<b>\$ 14,031</b>	<b>\$ -</b>	<b>\$ 4,000</b>	<b>\$ -</b>
<b>GRAND TOTAL</b>	<b>\$ 141,331</b>	<b>\$ 297,830</b>	<b>\$ 347,900</b>	<b>\$ 173,020</b>

**SECURITY REPORT  
SEPTEMBER 2009**

**INVESTIGATIONS**

Cases Opened: 5      Types: 5 Thefts  
Cases Closed      1  
Record of Contact: 15

**EVENTS**

Provide Security for the \$100,000.00 Cash Game and all second chance and promotional drawings. Total 28 drawings.

**WAREHOUSING AND DISTRIBUTION**

See attached report

**MISCELLANEOUS**

22 Assist Validation Department  
04 Days monitoring production of Pull-Tabs.  
09 Days monitoring production of Instant tickets.  
19 Law enforcement contacts.

**TOTAL RETAILERS**

**2451**

Date: September 30<sup>th</sup>, 2009

To: Joe Diaz  
Vice President Security

From: Kevin Jones  
Central Warehouse

Re.: **WAREHOUSING & DISTRIBUTION – SEPTEMBER 2009**

**WAREHOUSING**

1. Received and stored the following Instant Games:
  - Game # 657 – Jingle Bell Crossword
  - Game # 658 - Snowman Bingo
  - Game # 661 – Nut Cracker
  - Game # 662 - Holly Jolly Jackpot

**DISTRIBUTION**

1. Shipped Tickets, Marketing materials and supplies to all Regional Distribution Centers as required.

**SECURITY REPORT  
OCTOBER 2009**

**INVESTIGATIONS**

Cases Opened:       5                   Types: 5 Thefts  
Cases Closed:       0  
Record of Contact:  18

**EVENTS**

Provide Security for the \$100,000.00 Cash Game and all second chance and promotional drawings. Total 28 drawings.

**WAREHOUSING AND DISTRIBUTION**

See attached report.

**MISCELLANEOUS**

20 Assist Validation Department.  
03 Days monitoring production of Pull-Tabs.  
05 Days monitoring production of Instant Tickets.  
16 Law enforcement contacts.

**Total Retailers**  
**2451**

Date: October 30<sup>th</sup>, 2009

To: Joe Diaz  
Vice President Security

From: Kevin Jones  
Central Warehouse

Re.: **WAREHOUSING & DISTRIBUTION – OCTOBER 2009**

**WAREHOUSING**

1. Received and stored the following Instant Games:

Game No. 660- Bingo Nights

Game No. 663 – Oh Deer

Game No. 664 – Seasons Delight

Game No. 665 – Dough Plow

Game No. 668 – Sherlock Holmes

2. Received and stored the following Pull-Tab Game:

Game No. 34 – Knead Some Dough

**DISTRIBUTION**

1. Shipped Tickets, Marketing materials and supplies to all Regional Distribution Centers as required.

DATE: October 27, 2009

TO: Board Members of the Iowa Lottery Authority

FROM: Brenda Loy, Chief Financial Officer

Attached are the financial statements for September 2009. During September, we had revenue of \$19,615,875. This sales level resulted in \$4,347,444 of proceeds payable to the State General Fund and \$211,064 of proceeds payable to the Veterans Trust Fund.

Attachments

**IOWA LOTTERY AUTHORITY**  
**SCHEDULE OF ECONOMIC BENEFITS**

**September 30, 2009**

<b>Proceeds to Iowa Plan</b>		\$170,318,439
<b>Proceeds to CLEAN fund</b>		\$35,894,355
<b>Proceeds to Special Appropriations</b>		\$13,773,572
<b>Proceeds to Gambler's Treatment Program</b>		15,732,208
<b>Proceeds to the State General Fund:</b>		
Prior to Fiscal Year 2010	\$952,253,908	
Fiscal Year 2010		
Transferred	0	
Payable	13,507,123	
	<hr/>	965,761,031
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2010	\$2,783,377	
Fiscal Year 2010		
Transferred	0	
Payable	822,825	
	<hr/>	<hr/> 3,606,202
<b>Total</b>		<hr/> <b>\$1,205,085,807</b> <hr/>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED SEPTEMBER 30, 2009**

	<u>Month ended September 30, 2009</u>	<u>Month ended September 30, 2008</u>	<u>Year-to-date September 30, 2009</u>	<u>Year-to-date September 30, 2008</u>
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$9,958,326	\$9,884,537	\$31,231,327	\$30,828,107
Pick 3 sales	537,059	512,213	1,635,120	1,579,598
Powerball sales	5,703,697	6,372,470	17,104,489	14,886,577
Hot Lotto sales	1,147,088	1,482,061	4,309,828	3,457,771
Pick 4 sales	214,791	191,974	628,253	601,915
\$100,000 Cash Game sales	344,882	329,875	1,027,847	1,015,221
Pull-tab sales	1,708,772	1,813,678	5,003,327	5,482,568
Application fees	475	330	1,050	1,055
Other revenue	785	240	3,415	990
<b>Total operating revenues</b>	<b>19,615,875</b>	<b>20,587,378</b>	<b>60,944,656</b>	<b>57,853,802</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	6,382,946	6,384,479	19,799,366	18,606,512
Pick 3 prize expense	315,575	291,347	965,142	923,978
Powerball prize expense	2,752,619	3,117,963	8,327,418	7,150,031
Hot Lotto prize expense	546,758	729,879	2,100,827	1,693,767
Raffle Prize Expense	0	(10,500)	0	(10,500)
Pick 4 prize expense	126,970	113,219	357,605	353,629
\$100,000 Cash Game prize expense	248,915	155,097	608,562	477,790
Pull-tab prize expense	1,075,564	1,137,881	3,139,286	3,441,725
Promotional prize expense	8,345	105,336	54,173	226,892
Advertising/publicity	562,770	681,900	1,718,650	1,831,697
Retailer compensation expense	1,210,432	1,307,415	3,765,490	3,605,281
Ticket expense	182,273	181,750	609,282	603,328
Vendor compensation expense	623,405	665,124	1,948,186	1,826,267
Administrative payroll	663,742	770,219	2,123,956	2,251,191
Travel	22,242	43,948	83,136	136,995
Supplies	6,394	5,991	40,087	31,313
Printing	450	336	5,708	1,214
Postage	424	65	1,372	66
Communications	52,038	52,445	141,916	142,529
Rentals	23,592	22,706	70,817	67,455
Utilities	7,195	5,884	18,671	19,073
Professional fees	20,275	8,427	36,694	30,203
Vending machine maintenance	39,502	40,825	122,181	122,563
Outside services and repairs	17,519	18,928	33,854	41,523
Data processing	3,075	3,198	9,895	9,868
Equipment	33,780	12,351	58,547	24,556
Reimbursement to other				

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED SEPTEMBER 30, 2009**

	<u>Month ended September 30, 2009</u>	<u>Month ended September 30, 2008</u>	<u>Year-to-date September 30, 2009</u>	<u>Year-to-date September 30, 2008</u>
state agencies	41,734	29,941	99,127	90,063
Depreciation	114,942	114,677	349,911	345,883
Other	24,483	14,350	46,502	39,176
<b>Total operating expenses</b>	<b>15,107,959</b>	<b>16,005,181</b>	<b>46,636,361</b>	<b>44,084,068</b>
<b>Operating income (loss)</b>	<b>4,507,916</b>	<b>4,582,197</b>	<b>14,308,295</b>	<b>13,769,734</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED SEPTEMBER 30, 2009**

	<u>Month ended September 30, 2009</u>	<u>Month ended September 30, 2008</u>	<u>Year-to-date September 30, 2009</u>	<u>Year-to-date September 30, 2008</u>
Interest Income	22,391	53,446	40,970	90,144
Interest expense	(3,831)	(4,105)	(11,494)	(12,315)
<b>Income before transfers</b>	<b>4,526,476</b>	<b>4,631,538</b>	<b>14,337,771</b>	<b>13,847,563</b>
Transfer to:				
Gambler's Treatment Program	0	(103,151)	0	(289,493)
Veterans Trust Fund	(211,064)	(296,863)	(822,825)	(992,773)
State General Fund	(4,347,444)	(4,151,258)	(13,507,123)	(12,773,996)
	<u>(4,558,508)</u>	<u>(4,551,272)</u>	<u>(14,329,948)</u>	<u>(14,056,262)</u>
<b>Change in net assets</b>	<b>(32,032)</b>	<b>80,266</b>	<b>7,823</b>	<b>(208,699)</b>
Net assets, beginning of period	<u>4,453,498</u>	<u>5,378,816</u>	<u>4,413,643</u>	<u>5,667,781</u>
<b>Net assets, end of period</b>	<b><u><u>\$4,421,466</u></u></b>	<b><u><u>\$5,459,082</u></u></b>	<b><u><u>\$4,421,466</u></u></b>	<b><u><u>\$5,459,082</u></u></b>

**IOWA LOTTERY AUTHORITY  
1ST QUARTER FY 2010  
CONFERENCE/SEMINAR OUT OF STATE TRAVEL**

<b>DATES</b>	<b>NAME</b>	<b>DESTINATION</b>	<b>TOTAL EXPENSES</b>
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**THERE WAS NO OUT OF STATE TRAVEL FOR THE 1ST QUARTER OF FY2010**

TOTAL	\$0.00
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IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2010

September 2009 Actual (unaudited)

		JUL	AUG	SEP		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Month</b>														
Gross Sales	Budget 10	18,333,332	20,211,277	19,360,538		21,262,049	19,570,807	20,555,531	21,096,497	21,488,295	22,040,647	20,705,211	21,343,583	19,462,233
	Actual 09	18,582,307	18,682,642	20,586,808		19,749,090	19,082,468	20,256,054	21,513,631	21,277,161	20,902,169	21,367,006	22,479,059	18,858,705
	Actual 10	19,040,396	22,285,181	19,614,614		-	-	-	-	-	-	-	-	-
Prize Expense	Budget 10	10,278,385	11,331,234	10,854,277		11,920,339	10,972,162	11,524,237	11,827,524	12,047,181	12,356,851	11,608,153	11,966,050	10,911,291
	Actual 09	10,446,069	10,393,054	12,024,701		11,111,666	10,494,213	12,190,611	12,518,090	12,468,084	11,580,186	12,145,365	12,721,036	10,332,262
	Actual 10	11,008,744	12,885,945	11,457,691		-	-	-	-	-	-	-	-	-
Operating Expenses	Budget 10	641,321	919,588	919,587		919,587	919,587	1,226,047	919,587	919,587	919,587	919,587	919,587	1,569,960
	Actual 09	689,978	764,399	869,773		854,976	875,339	1,264,886	756,387	795,741	790,285	878,546	792,522	1,540,153
	Actual 10	542,134	833,390	814,169		-	-	-	-	-	-	-	-	-
Proceeds Transfer-General	Budget 10	4,515,415	4,765,371	4,526,078		5,060,929	4,585,222	4,555,742	5,014,363	5,124,566	5,279,930	4,904,303	5,083,862	3,904,309
	* Actual 09	4,425,921	4,383,158	4,254,409		4,979,410	4,994,240	3,710,269	5,132,617	5,065,767	5,069,658	5,473,578	5,584,362	4,696,539
	Actual 10	4,216,491	4,943,188	4,347,444		-	-	-	-	-	-	-	-	-
Proceeds Transfer-Veterans	Budget 10	250,943	250,943	250,943		250,943	250,943	250,943	250,943	250,943	250,943	250,943	250,943	250,943
	Actual 09	110,916	584,994	296,863		171,861	150,898	127,193	196,152	279,052	460,079	172,841	139,233	93,294
	Actual 10	69,484	542,277	211,064		-	-	-	-	-	-	-	-	-
Total Proceeds Transfers	Budget 10	4,766,358	5,016,314	4,777,021		5,311,872	4,836,165	4,806,685	5,265,306	5,375,509	5,530,873	5,155,246	5,334,805	4,155,252
	Actual 09	4,536,837	4,968,152	4,551,272		5,151,271	5,145,138	3,837,462	5,328,769	5,344,819	5,529,737	5,646,419	5,723,595	4,789,833
	Actual 10	4,285,975	5,485,465	4,558,508		-	-	-	-	-	-	-	-	-

**YEAR TO DATE**

Gross Sales	Budget 10	18,333,332	38,544,608	57,905,147	5.24% 1)	79,167,196	98,738,003	119,293,534	140,390,031	161,878,325	183,918,973	204,624,184	225,967,767	245,430,000
	Actual 09	18,582,307	37,264,949	57,851,757	5.34% 2)	77,600,847	96,683,315	116,939,369	138,453,000	159,730,161	180,632,330	201,999,336	224,478,395	243,337,101
	Actual 10	19,040,396	41,325,577	60,940,191										
Prize Expense	Budget 10	10,278,385	21,609,619	32,463,896	56.06% 3)	44,384,235	55,356,397	66,880,634	78,708,158	90,755,338	103,112,190	114,720,343	126,686,393	137,597,684
	Actual 09	10,446,069	20,839,123	32,863,824	56.81% 4)	43,975,490	54,469,703	66,660,314	79,178,404	91,646,488	103,226,674	115,372,039	128,093,075	138,425,341
	Actual 10	11,008,744	23,894,689	35,352,380	58.01% 5)									
Operating Expenses	Budget 10	641,321	1,560,909	2,480,496		3,400,084	4,319,671	5,545,719	6,465,306	7,384,894	8,304,481	9,224,068	10,143,656	11,713,616
	Actual 09	689,978	1,454,377	2,324,150		3,179,126	4,054,465	5,319,351	6,075,738	6,871,479	7,661,764	8,540,310	9,332,832	10,872,985
	Actual 10	542,134	1,375,524	2,189,693										
Proceeds Transfer-General	Budget 10	4,515,415	9,280,786	13,806,864		18,867,793	23,453,015	28,008,757	33,023,120	38,147,686	43,427,616	48,331,919	53,415,781	57,320,090
	* Actual 09	4,425,921	8,809,079	13,063,488		18,042,898	23,037,138	26,747,407	31,880,024	36,945,791	42,015,449	47,489,027	53,073,389	57,769,929
	Actual 10	4,216,491	9,159,679	13,507,123										
Proceeds Transfer-Veterans	Budget 10	250,943	501,885	752,828		1,003,770	1,254,713	1,505,655	1,756,598	2,007,540	2,258,483	2,509,425	2,760,368	3,011,310
	Actual 09	110,916	695,910	992,773		1,164,634	1,315,532	1,442,725	1,638,877	1,917,929	2,378,008	2,550,849	2,690,082	2,783,377
	Actual 10	69,484	611,761	822,825										
Total Proceeds Transfers	Budget 10	4,766,358	9,782,671	14,559,692	-1.58% 1)	19,871,563	24,707,728	29,514,412	34,779,718	40,155,226	45,686,099	50,841,344	56,176,149	60,331,400
	Actual 09	4,536,837	9,504,989	14,056,261	1.95% 2)	19,207,532	24,352,670	28,190,132	33,518,901	38,863,720	44,393,457	50,039,876	55,763,471	60,553,306
	Actual 10	4,285,975	9,771,440	14,329,948										

\* 2009 Gambler's Treatment Fund transfer included with General Fund transfer

- 1) Actual FY10 compared to Budget FY10
- 2) Actual FY10 compared to Actual FY09
- 3) Budget FY10 Prize Expense as a % of Budget FY10 Sales
- 4) Actual FY09 Prize Expense as a % of Actual FY09 Sales
- 5) Actual FY10 Prize Expense as a % of Actual FY10 Sales



# Marketing/Sales Board Report, August 2009

Game	Details	August Sales	August Weekly Per Capita*	Fiscal YTD Sales			FY2010 YTD Goal	
				FY2009	FY2010	Change	\$	%
	There was one \$100,000 prize won in the \$100,000 Cash Game in August: Sue Britton from Davenport (08.05.09).	\$339,558	\$0.03	\$685,346	<b>\$682,965</b>	<b>-0.35%</b>	\$666,666	102.44%
	There was one \$200,000 prize won in Powerball in August: Peggy Burchett from Moline, Ill. (08.18.09). And there was one \$1 million Powerball prize won in August: Rick Hamilton from Chariton (08.21.09). The jackpot reached its peak for August on Aug. 19 at \$259.9 million and ended the month at \$34.5 million on Aug. 31.	\$7,058,234	\$0.54	\$8,514,107	<b>\$11,400,792</b>	<b>33.90%</b>	\$10,488,334	108.70%
	There were two \$10,000 prizes won in Hot Lotto in August: Donald Knudsen from Eagle Grove (08.13.09) and James Anderson from Spencer (08.24.09). There was one \$30,000 Hot Lotto prize won in August: Linda Hugen from Indianola (08.24.09). The jackpot was at its highest level for August on Aug. 22 at \$16.69 million and ended the month at \$1.05 million on Aug. 31.	\$1,703,541	\$0.13	\$1,975,710	<b>\$3,162,740</b>	<b>60.08%</b>	\$2,000,000	158.14%
	Pick 4 sales for August averaged <b>\$46,894</b> per week.*	\$207,672	\$0.02	\$409,941	<b>\$413,462</b>	<b>0.86%</b>	\$366,666	112.76%
	Pick 3 sales for August averaged <b>\$126,504</b> per week.*	\$560,232	\$0.04	\$1,067,385	<b>\$1,098,061</b>	<b>2.87%</b>	\$1,050,000	104.58%

Game	Details	August Sales	August Weekly Per Capita*	Fiscal YTD Sales			FY2010 YTD Goal	
				FY2009	FY2010	Change	\$	%
	Instant sales for August averaged <b>\$2,441,378</b> per week.† Four instant games were introduced in August: “10K Payday” (\$2) and “Cash Splash” (\$1) were introduced on Aug. 3; “Flying Aces” (\$2) and “Blackjack” (\$1) were introduced on Aug. 24.	\$10,811,818	\$0.83	\$20,943,570	<b>\$21,273,001</b>	<b>1.57%</b>	\$22,916,666	92.83%
	Pull-tab sales for August averaged <b>\$362,222</b> per week.† Three new pull-tab games were introduced in August: “Deal With It” (\$.25) and “Loot Pursuit” (\$2) were introduced on Aug. 10; “Fantastic Fortunes” (\$1) was introduced on Aug. 31.	\$1,604,126	\$0.12	\$3,668,890	<b>\$3,294,555</b>	<b>-10.20%</b>	\$3,416,666	96.43%
<b>Totals</b>		<b>\$22,285,181</b>		<b>\$37,264,949</b>	<b>\$41,325,576</b>	<b>10.90%</b>	<b>\$40,904,998</b>	<b>101.03%</b>

\*Based on the state population of 3 million people.

†Monthly sales divided by the number of days in the month, multiplied times seven (days).

**PROMOTIONS FOR AUGUST 2009**

	<p>The Iowa Tourism Office and the Iowa Lottery teamed up to help encourage people to “Experience Iowa” starting in May. Attractions and retailers were encouraged to participate in the promotion by offering tickets, discounts and coupon “offers” during the months of May through August – “Keep Your Powerball® Ticket Handy!” The Keep Your Powerball Ticket Handy bonus offers were redeemed at Iowa destinations, attractions and retailers accompanied by an Iowa Powerball ticket.</p> <p>There were two components to this bonus offer promotion: Powerball “Pod Offers” that were available at ialottery.com and Powerball Patrol offers that were handed out by lottery Powerball Patrol personnel. To obtain a Pod Offer, the player must have legally acquired a specified, nonwinning Iowa Powerball ticket. To receive a Powerball Patrol offer, a specified Iowa Powerball ticket must have been shown by the player to the lottery Powerball Patrol personnel.</p> <p>Pod Offers explained: When players went to ialottery.com to check the winning numbers from the previous Powerball drawing, there was an icon for Keep Your Ticket Handy with exclusive bonus offers for players with a nonwinning Powerball ticket. The Pod Offers changed periodically. The Pod Offers were in a PDF coupon that could be printed by the players or a redemption method approved by the Iowa Lottery. To redeem, the players used their nonwinning Powerball tickets with the Pod Offers and presented them to the attractions and/or retailers in accordance with the terms and conditions listed on the coupons. The player then picked which bonus offer to redeem and only one bonus offer was allowed per Powerball ticket.</p> <p>The Powerball Patrol attended events across Iowa that had agreed to participate in the promotion. While at the events, the Powerball Patrol personnel asked individuals if they had a Powerball ticket handy. Those players that had a specified Powerball ticket were given one of the offers.</p>
	<p>The Win Big or Go Home! second-chance promotion was a mail-in promotion that gave entrants a chance to win four tickets to an Iowa Cubs baseball game, picnic lunch and entry in a reverse drawing for a grand prize of four tickets to a professional baseball game in Chicago. The Win Big or Go Home! second-chance promotion began Monday, June 15, 2009 and ran through Monday, Aug. 17, 2009.</p> <p>Entry into the promotion was accomplished by mailing three or more nonwinning \$2 Win Big or Go Home! scratch tickets that had to be signed and the back of the tickets completed with the entrant’s name, address and phone number. Entries had to include the correct postage and be mailed in pink or yellow Iowa Lottery second-chance drawing envelopes. All entries had to be received at the Lottery address on the pre-printed pink and yellow second-chance drawing envelopes by Monday, Aug. 17, 2009 to be entered in the promotion.</p> <p>The nine semifinalists each received four tickets to the I-Cubs game on Aug. 30, along with one parking pass, four picnic lunch tickets and \$100 spending cash for a combined prize package worth \$210.</p> <p>At the I-Cubs game, Carmen Davenport of Des Moines was named "MVP," winning four tickets to see a professional baseball game in Chicago on Sept. 12. As the grand prize winner, she also received \$1,000 cash for a combined prize package worth \$1,316.34. All other semifinalist team members won baseball and lottery merchandise.</p>
	<p>The “Win the Powerball® Patrol Car” promotion began July 2, 2009. The promotion gave players the chance to win a red, 2009 Volkswagen Beetle, the same car that was being used to promote the “Keep Your Ticket Handy” campaign. Players entered the Powerball Patrol Car second-chance drawing with the serial number from a nonwinning \$5 Powerball with \$5 Power Play ticket from the Iowa Lottery. Players entered the serial numbers online at our Web site starting at noon on July 2 until noon on Aug. 24, 2009. To be eligible, tickets must have been purchased between June 28, 2009 and Aug. 22, 2009. The drawing dates on the ticket had to be between July 1, 2009 and Aug. 22, 2009. Players had to keep all nonwinning Powerball/Power Play tickets they entered and they could use each ticket only once as an eligible entry. Players could enter as many times as they wished. After the final drawing on Aug. 26, 2009, the winner was contacted and they presented the nonwinning \$10 Powerball/Power Play ticket to the Iowa Lottery to claim the prize. Susan Dryden of Clarence was selected as the grand prize winner in the Iowa Lottery’s “Powerball Patrol Car” promotion, and received a prize package worth \$28,004.28.</p>

	<p>The “Rock the Stadium for Veterans” promotion is a Web-based, second-chance promotion that gives entrants a chance to win two season tickets to the 2010 Iowa State University home football games, plus \$1,000 spending cash. The promotion runs from Aug. 12 to Sept. 9. Entry to the promotion is accomplished by purchasing a \$2 “The Freedom Rock™” scratch ticket. If the ticket is a nonwinner, the player can visit the Iowa Lottery Web site and enter with his/her name, address, phone and the serial number from his/her nonwinning The Freedom Rock scratch ticket.</p> <p>The lottery will draw ten semifinalists who will each win four tickets to the Iowa State versus Army game on Saturday, Sept. 26, 2009. From this group of ten a grand-prize winner will be drawn prior to the game to win the two 2010 ISU season tickets and \$1,000 cash. The grand-prize package is worth \$2,125.00.</p>
	<p>The “Winning Wheel” promotion was set up in the Lottery’s booth at the Iowa State Fair inside the Varied Industries Building from Aug. 13 through Aug. 23.</p> <p>To participate, players submitted nonwinning scratch tickets priced at \$5 or more into an entry box at the Lottery booth. Three times daily, three participants’ names were drawn and they each spun the Winning Wheel twice to win up to \$200 in Lottery Bucks. Players had to be present when their names were called in order to play, otherwise another name was drawn. The participant who won the greatest amount from each round was then entered into the grand prize drawing.</p> <p>The grand prize drawing for \$500 cash was held on Aug. 23. Steve Bruns of Alexander was the grand prize winner.</p>



# Marketing/Sales Board Report, September 2009

Game	Details	September Sales	September Weekly Per Capita*	Fiscal YTD Sales			FY2010 YTD Goal	
				FY2009	FY2010	Change	\$	%
	There were two \$100,000 prizes won in the \$100,000 Cash Game in September: Jerry Aherns from Council Bluffs (09.04.09) and Jeanette Steiner from Waterloo (09.14.09).	\$344,882	\$0.03	\$1,015,221	<b>\$1,027,847</b>	<b>1.24%</b>	\$999,999	102.78%
	There was one \$200,000 prize won in Powerball in September: J. David Gentry from Ollie (09.21.09). The jackpot reached its peak for September and ended the month at \$171.5 million on Sept. 30.	\$5,703,697	\$0.44	\$14,886,577	<b>\$17,104,489</b>	<b>14.90%</b>	\$15,732,501	108.72%
	There was one \$10,000 prize won in Hot Lotto in September: Aaron McDermott from Growrie (09.30.09). The jackpot was at its highest level for September and ended the month at \$3.18 million on Sept. 30.	\$1,147,088	\$0.09	\$3,457,771	<b>\$4,309,828</b>	<b>24.64%</b>	\$3,000,000	143.66%
	Pick 4 sales for September averaged <b>\$50,118</b> per week.*	\$214,791	\$0.02	\$601,915	<b>\$628,253</b>	<b>4.38%</b>	\$549,999	114.23%
	Pick 3 sales for September averaged <b>\$125,314</b> per week.*	\$537,059	\$0.04	\$1,579,598	<b>\$1,635,120</b>	<b>3.51%</b>	\$1,575,000	103.82%

Game	Details	September Sales	September Weekly Per Capita*	Fiscal YTD Sales			FY2010 YTD Goal	
				FY2009	FY2010	Change	\$	%
	Instant sales for September averaged <b>\$2,323,609</b> per week.† Three instant games were introduced in September: "Harvest Moon" (\$1), "Roll 'Em" (\$2) and "Midwest Millions" (\$10) were introduced on Sept. 14.	\$9,958,326	\$0.77	\$30,828,107	<b>\$31,231,327</b>	<b>1.31%</b>	\$34,374,999	90.85%
	Pull-tab sales for September averaged <b>\$398,713</b> per week.† No new pull-tab games were introduced in September.	\$1,708,772	\$0.13	\$5,482,568	<b>\$5,003,327</b>	<b>-8.74%</b>	\$5,124,999	97.63%
<b>Totals</b>		<b>\$19,614,615</b>		<b>\$57,851,757</b>	<b>\$60,940,191</b>	<b>5.34%</b>	<b>\$61,357,497</b>	<b>99.32%</b>

\*Based on the state population of 3 million people.

†Monthly sales divided by the number of days in the month, multiplied times seven (days).

## PROMOTIONS FOR SEPTEMBER 2009

	<p>The Win Big or Go Home! second-chance promotion was a mail-in promotion that gave entrants a chance to win four tickets to an Iowa Cubs baseball game, a picnic lunch, \$100 spending cash, a parking pass and entry in a reverse drawing for a grand-prize of four tickets to a professional baseball game in Chicago. The Win Big or Go Home! second-chance promotion began Monday, June 15, 2009 and ran through Monday, Aug. 17, 2009.</p> <p>Entry into the promotion was accomplished by mailing to the Lottery three or more nonwinning \$2 Win Big or Go Home! scratch tickets that had to be signed and the back of the tickets completed with the entrant's name, address and phone number. All entries had to be received by Monday, Aug. 17, 2009 to be entered in the promotion.</p> <p>The nine semifinalists each received four tickets to the I-Cubs game on Aug. 30, along with one parking pass, four picnic lunch tickets and \$100 spending cash for a combined prize package worth \$210. The nine semifinalists who attended the reverse drawing to determine the grand-prize winner were: Carmen Davenport of Des Moines, Karen Showalter of Newton, Linda Trimble of Ottumwa, Nancy Hoy of Union, Mike Ricchio of Oelwein, Marlin Butz of Garner, Garry Novak of Charles City, Chris Elsner of Ogden and Kent Sansone of Algona.</p> <p>At the I-Cubs game, Carmen Davenport of Des Moines was named the promotion's "MVP," winning four tickets to see a professional baseball game in Chicago on Sept. 12. As the grand prize winner, she also received \$1,000 cash for a combined prize package worth \$1,316.34. All other semifinalist team members won baseball and lottery merchandise.</p>
	<p>The "Rock the Stadium for Veterans" promotion was a Web-based, second-chance promotion that gave entrants a chance to win two season tickets to the 2010 Iowa State University home football games, plus \$1,000 spending cash. The promotion ran from Wednesday, Aug. 12 to Wednesday, Sept. 9. Entry to the promotion was accomplished by purchasing a \$2 "The Freedom Rock™" scratch ticket. If the ticket was a nonwinner, the player then visited the Iowa Lottery Web site and entered with his/her name, address, phone and the serial number from his/her nonwinning The Freedom Rock scratch ticket.</p> <p>The lottery drew ten semifinalists who each won four tickets to the Iowa State versus Army game in Ames on Saturday, Sept. 26, 2009. The ten semifinalist winners of the "Rock The Stadium For Veterans" second-chance promotion were: Lacy Anderson of Ames, Joseph "Howard" Cox of Grimes, Andrea Aylsworth of Urbandale, Thomas Debner of Swisher, Susan Peavler of Prescott, Ken Hron of Ankeny, Lois Koster of Storm Lake, Todd Hassebrock of Williams, Kelly Roach of Grimes and Julia Goodale of Ellsworth.</p> <p>From this group of ten a grand-prize winner was drawn prior to the game to win the two 2010 ISU season tickets and \$1,000 cash. Joseph "Howard" Cox of Grimes was the grand-prize winner, winning the prize package worth \$2,125.00.</p>
	<p>The popularity of the nation's first instant-scratch game sold jointly in two states has led the Kansas and Iowa lotteries to release a third version of "Midwest Millions." Tickets in this year's version of Midwest Millions have a retro-postcard design and feature different scenes of outdoor activities and attractions in both Iowa and Kansas. Players in both states will again buy tickets in this year's game and compete for prizes as part of one big pool. Midwest Millions ticket sales began Monday, Sept. 14.</p> <p>Tickets in Midwest Millions cost \$10 and the game offers instant prizes ranging from \$10 to \$50,000. There also will be two second-chance drawings that each will offer a top prize of \$500,000 along with five prizes of \$10,000. The overall odds of winning in the game are some of the best the lotteries have offered: 1 in 2.84. The game's first drawing will be Friday, Jan. 15 in Kansas, with the second drawing on Friday, April 16 in Iowa. Entries in the second-chance drawings will be determined as a percentage of sales (e.g. if one state sells 60 percent of the tickets in the game, it will get 60 percent of the entries in the second-chance drawing).</p>

# **IOWA LOTTERY PRIORITIES**

- 1. Exceed Proceeds Goals- \$60.33M**
  - a. Maximize revenue
  - b. Minimize expenses
  
- 2. Lottery Image**
  - a. Customers- fun and trusted
  - b. Government/ Retailers- show proof of value
  
- 3. Best in Class Lottery Operations**
  - a. Encourage employee input of knowledge from the field
  - b. Encourage management knowledge of national trends and successes
  
- 4. Create Culture of Fun Energy**
  - a. “Nimbleness” of sales from base business
  - b. Calculated risks- continuous testing of new products
  - c. Communicate information for employee knowledge of finances/ budget

To: ILOT Board of Directors  
From: Terry Rich, CEO Iowa Lottery  
Date: November 5, 2009  
RE: Mega Millions

As you've heard, we plan to add the Mega Millions game to our Lotto line-up late winter. This multi-state game looks and plays like Powerball. Due to a recent agreement, both Powerball and Mega Millions will be available to cross-sell in all states.

Attached is the matrix of the game. The agreement will be handled through our arrangement with the Multi-State Lottery Association (MUSL).

## MULTI-STATE LOTTERY ASSOCIATION

### Prize Structure for MegaMillions

5/56 + 1/46 Game; One Play for \$1

	<i>Odds</i>	<i>Number of Winners</i>	<i>Prize Levels (30yr GP)</i>	<i>Prize Cost</i>	<i>Prize % Of Sales</i>
Match 5+1	175,711,536.000000	1	\$111,753,296	55,876,648.00	31.8002%
Match 5+0	3,904,700.800000	45	\$250,000	\$11,250,000	6.4025%
Match 4+1	689,064.847059	255	\$10,000	\$2,550,000	1.4512%
Match 4+0	15,312.552157	11,475	\$150	\$1,721,250	0.9796%
Match 3+1	13,781.296941	12,750	\$150	\$1,912,500	1.0884%
Match 3+0	306.251043	573,750	\$7	\$4,016,250	2.2857%
Match 2+1	843.752874	208,250	\$10	\$2,082,500	1.1852%
Match 2+0	18.750064	9,371,250		\$0	0.0000%
Match 1+1	140.625479	1,249,500	\$3	\$3,748,500	2.1333%
Match 1+0	3.125011	56,227,500		\$0	0.0000%
Match 0+1	74.800787	2,349,060	\$2	\$4,698,120	2.6738%
Match 0+0	1.662240	105,707,700		\$0	0.0000%
Totals	1.000000	175,711,536	Total Prize Cost:	\$ 87,855,768	50.0000%
<b>Overall Odds:</b>	<b>39.888333</b>	<b>4,405,086</b>	Return to Lottery:	\$87,855,768	50.0000%

## MULTI-STATE LOTTERY ASSOCIATION

### Prize Structure for MegaPlier

Power Play Number No. on Wheel

5	0	0.00%
4	12	57.14%
3	7	33.33%
2	2	9.52%
Total	21	

<i>Number of Winners</i>	<i>Prize Levels</i>	<i>Power Play</i>			
		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>
45	\$ 250,000	\$ 45,000,000.00	\$ 33,750,000.00	\$ 22,500,000.00	\$ 11,250,000.00
255	\$ 10,000	\$ 10,200,000.00	\$ 7,650,000.00	\$ 5,100,000.00	\$ 2,550,000.00
11,475	\$ 150	\$ 6,885,000.00	\$ 5,163,750.00	\$ 3,442,500.00	\$ 1,721,250.00
12,750	\$ 150	\$ 7,650,000.00	\$ 5,737,500.00	\$ 3,825,000.00	\$ 1,912,500.00
573,750	\$ 7	\$ 16,065,000.00	\$ 12,048,750.00	\$ 8,032,500.00	\$ 4,016,250.00
208,250	\$ 10	\$ 8,330,000.00	\$ 6,247,500.00	\$ 4,165,000.00	\$ 2,082,500.00
1,249,500	\$ 3	\$ 14,994,000.00	\$ 11,245,500.00	\$ 7,497,000.00	\$ 3,748,500.00
2,349,060	\$ 2	\$ 18,792,480.00	\$ 14,094,360.00	\$ 9,396,240.00	\$ 4,698,120.00
Total		\$ 127,916,480.00	\$ 95,937,360.00	\$ 63,958,240.00	\$ 31,979,120.00
Probability		0.00%	57.14%	33.33%	9.52%
Liability		\$ -	\$ 54,821,348.57	\$ 21,319,413.33	\$ 3,045,630.48
Total Liability					\$ 79,186,392.38
Total Sales					\$ 175,711,536.00
Payout Percentage					45.07%

Multi-State Lottery Association  
Calculation of Game Odds

Field of Numbers	56
Number Selected	5
Number of Matches	6
Number Drawn	5
Odds are:	#NUM!

Field of Numbers	56
Number Selected	5
Number of Matches	5
Number Drawn	5
Odds are:	3,819,816.000000000000

Field of Numbers	56
Number Selected	5
Number of Matches	4
Number Drawn	5
Odds are:	14,979.670588235300

Field of Numbers	56
Number Selected	5
Number of Matches	3
Number Drawn	5
Odds are:	299.593411764706

Field of Numbers	56
Number Selected	5
Number of Matches	2
Number Drawn	5
Odds are:	18.342453781513

Field of Numbers	56
Number Selected	5
Number of Matches	1
Number Drawn	5
Odds are:	3.057075630252

Field of Numbers	56
Number Selected	5
Number of Matches	0
Number Drawn	5
Odds are:	1.626104058645

# IOWA LOTTERY

## Retailer Compensation Program

November 16, 2009

### ON-LINE GAMES

Retailers will receive a base commission rate of 5.5% on the sale of all on-line tickets sold.

#### Ticket Allowance:

Retailers will receive an additional 0.1% of the sales of all on-line games added to the base commission rate for tickets that are damaged or produced in error. The Ticket Allowance will become effective with the change in software programming that enables it to be applied.

#### Sliding Scale Incentive

In addition to the base commission, the Lottery will establish an on-line sales base\* for each eligible retailer. Retailer sales will be monitored and retailers who increase their sales will be awarded bonuses as defined by the chart below:

#### Sliding Scale for sales increases:

10-19% increase	1% of increase Bonus
20-29% increase	2% of increase Bonus
30-39% increase	3% of increase Bonus
40%+ increase	4% of increase Bonus

\* Mega Millions sales will be included in this incentive beginning July 1, 2011. Raffle game sales are not included in the sliding scale incentive bonus.

In addition to the sliding scale bonus, retailers will be eligible for these additional bonuses:

#### Additional Bonuses

#### High Tier Prize Sales Bonus:

Powerball Jackpot winning ticket	\$10,000
Mega Millions Jackpot winning ticket	\$10,000
Hot Lotto Jackpot winning ticket	\$ 5,000

All non-jackpot winning on-line game tickets of \$100,000 or more will receive a bonus of 1/10 of 1 percent of the prize amount (e.g. \$100,000 winning ticket earns a \$100 bonus).

### Peak Sales Bonuses:

Retailers will receive a 0.5% sales bonus on all Powerball/Powerplay sales when the Powerball jackpot is equal to or exceeds \$150 million. Sales will be tracked during the jackpot run and the bonuses will be awarded after the jackpot is won.

Retailers will receive a 0.5% sales bonus on all Mega Millions/Megaplier sales when the Mega Millions jackpot is equal to or exceeds \$150 million. Sales will be tracked during the jackpot run and the bonuses will be awarded after the jackpot is won.

### **PULL-TAB GAMES**

Retailers will receive a 5% commission on the sale of all pull-tab tickets sold.

### **INSTANT GAMES**

Retailers will receive 5.5% commission on the sale of all instant tickets sold. Retailers can become GOLD STAR PROGRAM members and will receive a 7% commission on the sale price of tickets sold when they meet the following requirements:

#### **1. Comply with all advertising requirements:**

- A. Lottery Door Decal
- B. Game Brochures
- C. 1 Lottery sign:
  - (16" W X 8"H) Pole mounted "Play Here " sign
  - (20"W X 6½"H) Hanging "Play Here" sign

The sign must be located in the primary sales area adjacent to the cash registers(s).

#### **1. Sell twelve (12) or more different games from dispenser(s). Six (6) of these games must be multi-dollar games. Tickets must be:**

- A. Located in the primary sales area adjacent to the cash registers(s)
- B. Displayed in plain view of the public

Gold Star retailers must be in compliance with the above requirements. If the retailer is not in compliance when the DSR makes the weekly sales call, the DSR must change the retailer back to the 5.5 % commission rate. If the retailer meets the requirements, they will remain at the 7% Gold Star commission rate.