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Chester J. Culver • Governor  
Patty Judge • Lt. Governor  
Terry Rich • Chief Executive Officer

## AMENDED AGENDA

### IOWA LOTTERY BOARD

June 8, 2010  
10:00 a.m.

### Iowa Lottery Headquarters

1. Call to Order  
Approval of Minutes
2. Monthly Reports
  - a. Financial
    - i. April Financial Report
    - ii. New Fiscal Policy per DAS
  - b. Marketing
    - i. Silver Ticket Celebration
    - ii. Veterans' Tickets
3. CEO Report  
Approve line of succession
4. Contract Amendments
  - a. Pollard Amendment
  - b. Scientific Games Amendment
5. Approval of Annual Budget
6. CLOSED SESSION – Personnel
7. Adjournment

**MINUTES**  
**IOWA LOTTERY BOARD**  
**May 12, 2010**

The meeting of the Iowa Lottery Board was called to order by Chairman Michael Klappholz at 1:03 p.m. at the Iowa Lottery Headquarters in Des Moines. Board members present: Michael Klappholz, and Elaine Baxter, Brad Schroeder, and Thomas Rial by teleconference. Absent: Michael Fitzgerald.

Staff present at Lottery Headquarters: Terry Rich, Chief Executive Officer; Kenneth Brickman, Executive Vice President; Joe Diaz, Vice President for Security; Brenda Loy, Chief Financial Officer; Teri Wood TeBockhorst, Vice President for Marketing; Larry Loss, Vice President for Sales; Mary Neubauer, Vice President for External Affairs; Molly Juffernbruch, Assistant Vice President for Legal Affairs; David Van Compernelle, Assistant Attorney General; and Charles Crivaro, Information Technology Specialist.

Others present: Tim Simonson and Kathy Muenks from GTECH; Lynn Becker from Intralot; and Steve Beason, Mark Hoffman, Dave Berger and Andy Anderson from Scientific Games.

After calling the meeting to order, Schroeder moved allow participation in the meeting by conference call pursuant to Iowa Code section 21.8 governing the conduct of electronic meetings in Iowa. Baxter seconded the motion. A meeting with all members in attendance in person was impracticable due to Board members' personal scheduling conflicts. The meeting originated from the Lottery central offices in Des Moines and public notice of the meeting was 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. The motion to conduct the meeting by electronic means carried unanimously.

**Minutes**

Schroeder moved to approve the minutes of the April 19 meeting. Baxter seconded the motion and it carried unanimously.

**On-Line RFP Committee – Presentation of Findings**

Loss first introduced the vendor representatives present at the meeting. He thanked them and complimented their proposals. Loss then presented the committees' findings to the Board:

The contract for the current On-line Gaming System covered seven years and allowed for three one-year extensions. The Lottery has exercised all of the extensions associated with the existing contract and was required to go out to bid

for a new gaming system. Lottery staff members spent numerous hours developing and writing a Request For Proposal (RFP) for an On-line Gaming System. The process of procuring an On-line Gaming System culminated on August 28, 2009 when RFP IL 10-01 was issued.

System and services under this RFP include, but are not limited to:

On-line games; Instant ticket validation capabilities; Instant and Pull-Tab games management system, Combined Instant/Pull-Tab/On-line Accounting, and Warehousing and Distribution application

Primary and Back-up computer systems and facilities

Network Communications

Retailer network & Terminals

Operations Services

Internal Control Systems (ICS)

Repair of, Maintenance of, and Updates for all equipment and software.

The deadline for submission of Proposals was January 12, 2010. Proposals were received from the following vendors:

GTECH Corporation (GTECH)

Intralot Inc. (INTRALOT)

Scientific Games International, Inc. (SGI)

Four (4) Iowa Lottery Authority employees, representing the Accounting, Information Technology, Security and Sales departments served as the Evaluation Committee. To augment the committee and bring additional expertise to the process, the services of Battelle Memorial Institute, an organization that has assisted other government agencies with lottery procurements, were obtained.

Evaluation Committee members reviewed and evaluated the information contained in the vendor Proposals, travelled to vendor sites for systems demonstrations and ensured that all vendors were treated equally and impartially throughout the process.

Upon completion of the site visits, the Evaluation Committee began the scoring of the Technical Proposals. The Evaluation Committee established a work area away from the rest of the Lottery staff and spent three (3) weeks evaluating the Technical Proposals. Once the Technical Proposals were scored, the Evaluation Committee took possession of the Pricing Proposals. The Pricing Proposals had remained sealed and secured until the Technical Proposal scoring was completed.

The Pricing Proposals were opened.

After opening the Pricing Proposals, the Evaluation Committee determined there was a need to ask for clarification from two (2) of the vendors. The clarifications failed to resolve the Lottery's concerns. In order to treat all vendors fairly and all Proposals equally, the original Pricing Proposals were rejected and the vendors were asked to submit new Pricing Proposals.

The original Pricing Proposals were resealed and returned to the RFP Coordinator for secure storage.

Final scoring was postponed until the new Pricing Proposals were received. Once the Evaluation Committee received the new Pricing Proposals, the scoring of the Pricing Proposals resumed.

No changes were made to the Technical Scoring.

There were 650 technical points and 350 pricing points available. The final scoring is presented below:

	GTECH	INTRALOT	SGI
Technical Points	547.14	549.61	549.20
Price Points	349.70	347.40	350.00
Total Points	896.84	897.01	899.20

As reflected above, Scientific Games International, Inc. was the vendor that received the highest point total in the evaluation process.

## **INTRODUCTION AND BACKGROUND**

For the procurement effort, staff members representing all departments discussed Lottery needs, gathered information and wrote the Request For Proposal (RFP). An RFP Coordinator was named and an Evaluation Committee was formed to evaluate the Proposals and to report their findings to the Lottery CEO and the Iowa Lottery Board. Committee members include:

RFP Coordinator (non-scoring member):

Tammy Cooper                      Iowa Lottery Authority - Purchasing Agent

Evaluation Committee (scoring members):

Charles Crivaro                      Iowa Lottery Authority – Network Coordinator

Joe Diaz                                  Iowa Lottery Authority – Vice President,  
Security

Steve King  
President, Finance

Iowa Lottery Authority – Former Vice

Larry Loss

Iowa Lottery Authority – Vice President, Sales

Advisors (non-scoring members):

Ken Brickman  
Officer

Iowa Lottery Authority – Chief Operating

Molly Juffernbruch  
Affairs

Iowa Lottery Authority – Assistant Vice President, Legal

Brenda Loy

Iowa Lottery Authority – Chief Financial Officer

David Van Compernelle  
General

Iowa Department of Justice – Assistant Attorney

Gary Gassin

Battelle Memorial Institute

Mike Huffenberger

Battelle Memorial Institute

The Iowa Lottery Authority issued RFP IL 10-01 for the implementation of an On-line Gaming System (instant, pull-tab and on-line product support), with associated gaming and communications products and services. The system will provide retailer terminals along with all related computers and network hardware and software. All proposed system components will be installed, tested and in production by July 3, 2011.

## **OBJECTIVES**

On Page 5, the Lottery's Objectives for issuing an RFP are Listed.

The Lottery had the following objectives for issuing this RFP and entering into a contract for the implementation and operation of the system:

Install an integrated gaming system that will meet the gaming product needs of the Lottery for the term of the contract.

Obtain retailer terminals, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize risk for the Lottery.

Obtain a highly reliable data communications system that supports the gaming system.

Obtain retailer terminals that will lead to high retailer and player satisfaction for quality and performance.

Obtain a system that is sufficiently flexible to meet the Lottery's evolving requirements.

Ensure that all proposed systems and services are ready to be operational by the agreed-upon on-line system project milestone schedule.

Ensure that system and services corrections, improvements, and expanded gaming features are delivered in a timely manner.

Maximize net Lottery proceeds for the State of Iowa.

With these objectives established, the Lottery developed a RFP, received Proposals and conducted an evaluation. This report documents the efforts and findings of the Committee.

Let's go to the RFP Timeline that begins on the bottom of page 5.

#### RFP TIMELINE

January 16-23, 2008

Lottery had released an RFI for an On-line Gaming System. Potential vendors were invited to discuss their technical capabilities, demonstrate their terminals/peripherals and provide the Iowa Lottery with information about their On-line Gaming Systems.

Three (3) vendors made RFI presentations to Iowa Lottery staff at Lottery Headquarters. The following vendors made presentations and demonstrated their terminals:

GTECH Corporation (GTECH)  
Intralot Inc. (INTRALOT)  
Scientific Games International, Inc. (SGI)

July 8, 2008

Iowa Lottery Board exercises the final extension of the existing On-line Gaming System contract with SGI. The contract period was extended to July 2, 2011.

January – August 2009

Numerous Iowa Lottery employees were involved in the drafting of an On-line Gaming RFP. A series of reviews and revisions were completed culminating in a final version of the RFP. The Evaluation Committee was established. The Iowa Lottery contracts with Battelle Memorial Institute to assist with the RFP.

July 29-31, 2009

Informal meetings were held with vendors to ascertain vendor capabilities and answer vendor questions. Meetings were held with GTECH, INTRALOT and SGI.

August 28, 2009

The Lottery issued RFP IL 10-01.

September 14, 2009

The Intent to Bid letters were due. The Iowa Lottery received four (4) Letters from:

GTECH Corporation (GTECH)  
Intralot Inc. (INTRALOT)  
MGT Lottery Technologies, LLC (MGT)  
Scientific Games International, Inc. (SGI)

From September 14th to November 18th, there were a series of vendor questions, lottery answers and RFP amendments.

September 14-25, 2009

Vendors were invited to submit written questions to the Lottery to aid the vendors in their proposal preparation. Questions from the vendors were received.

September 28 – October 9, 2009

The Lottery answered the first round of questions.

October 8, 2010

The Iowa Lottery amended the RFP.

October 19 – November 6, 2010

Vendors were invited to submit written second round questions to the Lottery to aid the vendors in their proposal preparation. Questions from the vendors were received.

October 26, 2009

The Iowa Lottery amended the RFP.

November 9 – 20, 2009

The Lottery answered the second round of questions.

November 18, 2009

The Iowa Lottery amended the RFP.

January 12, 2010

In accordance with the instructions contained in the RFP, proposals were received from three (3) vendors: GTECH, INTRALOT and SGI. The Proposals were logged in as received by the RFP Coordinator and a member of the Evaluation Committee. Following the provisions of the RFP, all pricing information was submitted in a separately sealed envelope.

The pricing envelopes were extracted from the proposals by the RFP Coordinator. They were securely stored by the RFP Coordinator for use by the Evaluation Committee after the technical scoring had been completed.

Background Information Forms were extracted from the Proposals for the Iowa Division of Criminal Investigation.

Copies of the technical proposals were distributed to the Evaluation Committee. The original copies of the Proposals were retained by the RFP Coordinator.

January – March, 2010

The Evaluation Committee reviewed the Technical Proposals.

Arrangements were made for site visits.

March 1-10, 2010

Site visits were held at three (3) vendor locations in the following order:

SGI	Harrisburg, Pennsylvania
GTECH	Providence, Rhode Island
INTRALOT	Strongsville, Ohio

Vendors gave overviews of their companies, performed system and terminal demonstrations, discussed their communications proposal, presented marketing overviews and answered clarification questions asked by the lottery.

Gary Gassin and Mike Huffenberger from Battelle Memorial Institute attended the site visits with the Evaluation Committee and participated in the benchmark testing conducted during the site visit.

March 23 – April 9, 2010

The Evaluation Committee met to evaluate and score the Technical Proposals. The Evaluation Committee utilized the PMIQ methodology in their evaluation of the Proposals. PMIQ (Plus, Minus, Interesting, Question) is an evaluation tool proposed by Battelle. Throughout the evaluation process, Evaluation Committee members used a PMIQ worksheet to record (P) Plus, (M) Minus, (I) Interesting items and (Q) Questions.

Through the PMIQ process, the Evaluation Committee developed one set of consensus notes and scored the Technical Proposals. Each of the technical factors was graded by the Evaluation Committee based on its best professional judgment, considering all Proposal text, clarifications and demonstrations.

Six hundred-fifty (650) points were available for the Technical Proposals. The scoring system provided a numerical score that represents the Evaluation committee's assessment of the relative value of each proposal.

April 9-May 5, 2010 is the time period where the Evaluation committee worked with the Pricing proposals. As mentioned earlier, the original Pricing proposals were rejected.

After the Technical Proposals were scored, the Price Proposals were retrieved from the RFP Coordinator and the Evaluation Committee met to open the Price Proposals.

After opening the Price Proposals, the Evaluation Committee determined there was a need to ask for clarification from two (2) of the vendors. The clarifications failed to resolve the Lottery's concerns. In order to treat all vendors fairly and all Proposals equally, the original Pricing Proposals were rejected and the vendors were asked to submit new Pricing Proposals.

The original Pricing proposals were resealed and returned to the RFP Coordinator for secure storage.

Final scoring was postponed until the new Pricing Proposals were received. Once the Evaluation Committee received the new Pricing Proposals, the scoring of the Pricing Proposals resumed.

No changes were made to the Technical scoring.

April 30, 2010

New Pricing Proposals were received from three (3) vendors: GTECH, INTRALOT and SGI.

May 3-5, 2010

The new Pricing Proposals were opened by the Evaluation Committee. Based on the vendor's Pricing Proposal, the Evaluation Committee calculated a cost for the term of the contract.

Three hundred-fifty (350) points were available for the Pricing Proposal. Points were awarded based on the comparison of the proposal price to the lowest cost proposal.

Under this formula, the lowest cost proposal receives all three hundred-fifty (350) price points that are available. A proposal twice as expensive as the lowest cost proposal earns half as many points.

The technical points and the price points were compiled for each Proposal. The Evaluation Committee reviewed the results and the data was entered into the Evaluation Committee's Report of Findings.

May 12, 2010

The Evaluation Committee delivers their Report of Findings to the Lottery CEO and the Lottery Board.

## **EVALUATION PROCESS**

Procuring a secure and reliable On-line Gaming System is vitally important for the Lottery and great care was taken to ensure that the RFP was written to be as inclusive as possible and that each vendor was treated equally and fairly throughout the process. Committee members understood the necessity to:

Hold in confidence all information:

Gathered in the written proposals and clarification answers.

Gathered during the site visits.

Isolate themselves from outside influences and avoid unnecessary contact with potential vendors.

Conduct a comprehensive, fair and impartial evaluation of each proposal.

Work together to produce a consensus report that would reflect the findings of the team.

**Evaluation Steps** The Evaluation Steps are detailed on pages 9 & 10. Let's go to item 4 that details the 9 categories of the Technical Proposals.

The evaluation process consisted of the following steps:

1. Review of Proposals to assess compliance with proposal submission requirements: terms and conditions; and mandatory requirements;  
All proposals were reviewed for compliance.

2. Detailed evaluation of proposed functions, features, services and solutions;

The Evaluation Committee utilized the PMIQ methodology to ensure that the functions, features, services and solutions met the requirements of the RFP. Clarifying questions were asked of all vendors.

3. Site visits and demonstrations;

The Lottery established minimum technical requirements for the system. During the site visits, tests were performed to ensure that all proposed systems met the specification requirements of the RFP. The site visits were an important step in the evaluation process as committee members experienced hands-on operation of the proposed terminals and systems.

4. Scoring of technical proposals;

The Lottery established nine (9) evaluation categories for the technical proposals with a specified weighting for each category in the overall evaluation. Listed below are the categories and the points available as presented in the RFP:

Section 3.1 Central Configuration	40
Section 3.2 Terminals	150
Section 3.3 Communications Network	75
Section 3.4 Software Controls and Data Management	100
Section 3.5 Games and Marketing	65
Section 3.6 Facilities and Disaster Recovery Plan	25

Section 3.7 Staffing, Services and Operations Security Plan	110
Section 3.8 Implementation	65
Section 3.9 Corporate Capability	20
Technical Points Total	650

The Evaluation Committee scored each of the categories and arrived at a final score for each Proposal. The quality and quantity of "plus" observations along with the severity of "minus" observations influenced the overall scoring.

Points in this system are earned based on the Evaluation Committee's consensus judgment using the following sixty to one hundred percent (60-100%) award scale:

#### PERCENT DESCRIPTION

90-100 Vendor's Proposal exceeds expectations and was near perfect for this criterion.

80-89 Vendor's Proposal was good and meets the expectations for this area.

70-79 There were limitations or concerns with the approach or capability of the vendor's Proposal.

60-69 There were numerous deficiencies with the vendor's Proposal.

Less than 60 The deficiencies were found to be so severely flawed for this criterion as to render an essential element of the solution unworkable and, therefore, the entire Proposal will be rejected. Thus, for each of the nine criteria, the Proposal received a score as a result of multiplying the point's available times the percentage. All nine scores were combined for the Proposal's total technical score.

#### Noteworthy Items

##### GTECH

Scored the highest in two of the technical categories.

Primary data center in Austin, TX.

Back-up data center in Jefferson City, MO.

Retailer communication network comprised of 98% satellite and 2% frame relay.

##### INTRALOT

Scored the highest in four of the technical categories.

Primary data center in the Des Moines, IA metropolitan area.

Back-up data center in Strongsville, OH.

Retailer communication 75% satellite, 20% 3G cellular, and 5% leased lines.

##### SGI

Scored the highest in two of the technical categories.  
Primary data center in Urbandale, IA.  
Back-up data center in Alpharetta, GA.  
Retailer communication 66% CDMA, 33% satellite, 1% DSL.

A summary of notable technical features is presented in Appendix A.  
The technical scoring matrix is presented in Appendix B. Please Go to Appendix B.

#### Summary

The evaluation committee was impressed with the presentations and capabilities of all of the vendors. Each of the vendors is capable of providing a secure and reliable gaming system that would meet or exceed the needs of the Iowa Lottery.

#### 5. Evaluation of Price Proposals;

Upon completion of the technical scoring, the sealed price proposals from GTECH, INTRALOT and SGI were retrieved from the RFP Coordinator who had secured them since January 12, 2010.

As mentioned earlier, the original Pricing proposals were rejected.

The Pricing Proposals were opened.

After opening the Pricing Proposals, the Evaluation Committee determined there was a need to ask for clarification from two (2) of the vendors. The clarifications failed to resolve the Lottery's concerns. In order to treat all vendors fairly and all Proposals equally, the original Pricing Proposals were rejected and the vendors were asked to submit new Pricing Proposals.

The original Pricing Proposals were resealed and returned to the RFP Coordinator for secure storage.

Final scoring was postponed until the new Pricing Proposals were received. All three (3) vendors complied with the Lottery's request and submitted new Pricing Proposals in accordance with the timeframe established by the Lottery. The new Pricing Proposals remained sealed until they were delivered to the Evaluation Committee.

No changes were made to the Technical Scoring.

Evaluation Committee members opened the new Pricing Proposals and performed calculations to arrive at an estimated cost for the term of the contract. The estimated cost included the cost of the Base System and the selected Specified Options. The estimated total cost was calculated using the Lottery's FY 2008 sales of \$249,000,000.

The Evaluation Committee awarded up to three hundred-fifty (350) points for price, based on a ratio of the estimated cost of the proposal being evaluated versus the estimated cost of the lowest cost acceptable proposal. The formula for any particular proposal evaluated was:

$$\text{PRICE POINTS} = 350 \times (\text{LOWEST PROPOSAL COST} / \text{PROPOSAL COST})$$

Under this formula, the lowest cost proposal received all three hundred-fifty (350) price points that were available.

The price scoring matrix is presented in Appendix C. Please go to Appendix C.

6. Integration of price and technical scores into a Report of Findings to the Lottery CEO and the Lottery Board;

The Evaluation Committee combined the points from the Technical and Pricing Proposals to determine the total score for each Proposal.

The final scoring is presented in Appendix D.

#### APPENDIX A: NOTABLE TECHNICAL FEATURES

Function	Feature
3.1 Central Configuration	
GTECH	
+ Bi-Annual Review	GTECH will provide an annual technical review.
+ Terminal Capacity	Capacity exceeds lottery requirement.
+ Transaction Capacity	Capacity exceeds lottery requirement.
+ Cash/Cancel Capacity	Capacity exceeds lottery requirement.
+ Ticket Production	Stated response and benchmark testing exceed the c the RFP.
+ Failover to secondary server	Stated response and benchmark testing exceed the c stated in the RFP.
+ Failover to backup location	Failover will be completed in less than a minute.
+ Instant/Pull-tab Game Capacity	Capacity exceeds lottery requirement.
+ Play Slip Signature	Ability to print signature from play slip on ticket.
+ Automated Alarm	Ability to automatically notify in a variety of ways.

+ 24 x 7 operation System available at least 23.5 hours per day.

#### INTRALOT

+ BI-Annual Review Intralot will conduct an annual system performance review.

+ Disaster Recovery Replacement site functional in a much shorter time period required.

- Test System Test System is not identical to the Production System.

+ Test System Will provide an additional testing facility at Primary Data Center for lottery use in addition to equipment at Lottery Headquarters.

+ Terminal Capacity Capacity exceeds lottery requirement.

+ Transaction Capacity Capacity exceeds lottery requirement.

+ Cash/Cancel Capacity Capacity exceeds lottery requirement.

+ Ticket Production Stated response exceeds the criteria as stated in the RFP. Second fastest benchmark time.

+ Failover to secondary server Stated response and benchmark testing exceed the criteria in the RFP.

+ Failover to backup location Failover will be completed in less than 2 minutes.

+ Instant/Pull-tab Game Capacity Capacity exceeds lottery requirement.

+ Play Slip Signature Capable of printing signature on ticket.

+ Automated Alarm Ability to automatically notify in a variety of ways.

+ 24 x 7 operation Available 24 hours a day.

+ Security WLA Security Control Standard certification also ISO/IEC27001:2005 certification.

#### SGI

+ BI-Annual Review SGI will provide a technical review more often than required.

+ Terminal Capacity Capacity exceeds lottery requirement.

+ Transaction Capacity Capacity exceeds lottery requirement.

+ Cash/Cancel Capacity Capacity exceeds lottery requirement.

+ Ticket Production Stated response exceeds the criteria in the RFP. benchmark time.

+ Failover to secondary server Stated response and benchmark testing exceed the criteria in the RFP.

+ Failover to backup location Failover will be completed in less than 2 minutes.

+ Instant/Pull-tab Game Capacity Capacity exceeds lottery requirement.

+ Play Slip Signature Ability to print initials from play slip on ticket.

- + Automated Alarm Automated alarm notification is provided.
- + 24 x 7 operation Nightly close out procedures typically take less minutes.

### 3.2 Terminals

#### GTECH

- + Terminal Deployment In excess of 10,000 terminals deployed.
- + Screen Saver Updateable messages can crawl over the screen.
- + Customer Age Verification Able to perform age verification using 2D barcode scan
- Printer Supreme printer stacks 50 tickets (RFP require tickets) with 6" paper roll.
- + Self - Diagnostics Meets the desirable.
- + Ports Numerous additional ports.

#### INTRALOT

- + Screen Largest screen proposed.
- + Screen Saver Updateable from the central site.
- + Customer Age Verification Able to perform age verification using 2D barcode scan
- + Secure Sign On Additional software is included in the base price.
- + Ticket Repeat Copy plays from previous ticket, at no additional cost.
- Scanner Benchmark 32 play slips in a minute. Criteria was 40.
- + Self - Diagnostics Meets the desirable.
- + Ports Numerous additional ports.
- + Memory 80 GB hard drive.
- + Player Transaction Display Included in base price for retailers not using a player 1 display.
- + Self Service Validator Wired and wireless communication included in base pri

#### SIG

- + Terminal Deployment In excess of 10,000 terminals deployed.
- + Screen Saver Updateable messages can crawl over the screen.

+	Customer Age Verification	Able to perform age verification using 2D barcode scan
+	Printer	One cable operation. 7" paper roll. 100 ticket capacity.
+	Scanner	8.5" paper path, benchmarked at 40 slips in 53 seconds
+	Bar Code Reader	Wireless in base price, 30' range, holder incorporated design.
+	Self - Diagnostics	Meets the desirable
+	Ports	Numerous additional ports.
+	Memory	512 MB ram. Choice of 8 GB solid state storage or 80 GB drive. 160 GB hard drive upgrade offered in base price.
+	Self Service Validator	Wireless communication included in base price.

### 3.3 Communications Network

#### GTECH

+	Assurance of Terminal Location	Geo-anchoring motion detector in terminal reports movement to central site.
+	Alarm Notification	NMS tools can provide e-mail or pager notification.

#### INTRALOT

+	Network %	75% VSAT, 20% 3G cellular, leased lines 5%. Cellular minimal impact on retailer infrastructure.
+	Assurance of Terminal Location	Cellular modems can be installed in a secured location.
+	Alarm Notification	Notifications are automatically sent to the network system monitor, or to other personnel by way of pager and email.
+	Service Level	A service level agreement which exceeds the requirements has been offered at no additional cost

#### SGI

+	Network %	66% CDMA, 33% VSAT, 1% Other, CDMA has minimal impact on retailer infrastructure.
+	Assurance of Terminal Location	Technology is utilized to detect if the terminal is moved from original placement.

- + Alarm Notification Audio/visual alarms will warn of problems and indicate a failure has occurred.

### 3.4 Software Controls

#### GTECH

- + Research Research into transactions up for the life of the contract require the loading of archived physical media.
- + Testing Test automation tools, which will be made available Lottery. System which tracks and reports on all test reports and system error corrections.
- + Certification CMMI Level 4 Certification and ISO 9001:2000 Certification both manufacturing and software capabilities.
- + Ticket Stock Tracking Software to push inventory to retailers based upon customer need.
- + Drawing Process Supports fixed payout of validations within seconds jurisdictions.
- + Web Based Game Management Includes a Web browser-based games management application.
- + Reporting ES Business Intelligence integrated with SAP Business Web Intelligence allows the quick customization of reports.
- + Database Access Remote access capabilities equal to in house capabilities.
- + Dashboard Customizable dashboard. 1 creator license with 10 user licenses.
- + Security Solution Completed the development of a new security package.
- + Shift Reporting Included at no additional charge.
- + Courier Delivery Applications and associated hardware is supplied at additional charge.

#### INTRALOT

- + Research Will provide on-line research capabilities for transactions for at least one year.
- + Dashboard Customizable web-based interface that offers a dashboard for each user.

- + Testing System which includes the generation of test scri cases, and any problem reports that may need to be g and tracked for correction of System issues.
- + Check Printers Check writing including hardware provided at no additic
- + Drawing Process Cashing time window can begin immediately for all fixe that are not required to verify drawing results with the ICS system.
- + Web Based Game Web browser-based ticket accounting, managem Management reporting system.
- + Messaging Messages well in excess of 1024 characters are supported.
- + Shift Reporting Included at no additional charge.
- + Gift Card Gift card processing at no additional cost.
- + Retailer Financial Limits Credit limits can be placed on retailers, the system will transactions which would exceed the credit limit.

#### SGI

- + Dashboard Customizable dashboard.
- + Research Research into transactions up to two years old will nc the loading of archived physical media
- + Web Based Game Games Management Application is web browser-basec Management
- + Monitor Games Offerings at no additional charge were presented.

#### 3.5 Games

#### GTECH

- + Retailer analysis tools Nielsen Claritas software and retailer optimization prog
- + Marketing Specialist On site marketing specialist.
- + Game Library A substantial game library was presented.
- + Promotional Features A substantial list of promotional features was presentec

#### INTRALOT

- + Store Mapper Offered at no charge.

- + Marketing Specialist Intends to have 2 full-time marketing professionals w  
lowa.
- + Research 3 prong market research, Bi-annual Market Segn  
Study, Focus Groups, Mini-labs, Annual Mystery Shop.
- + Marketing fund Will commit \$50,000 annually to a special marketing  
support marketing efforts.
- + Game Library A substantial game library was presented.
- + Promotional Features A substantial list of promotional features was presentec

SIG

- + Game Library A substantial game library was presented.
- + Promotional Features A substantial list of promotional features was presentec

3.6 Facilities

GTECH

GTECH was not given a plus or minus in this area.

INTRALOT

INTRALOT was not given a plus or minus in this area.

SIG

SIG was not given a plus or minus in this area.

3.7 Staffing

GTECH

- + Keno Recruitment                      Retailer recruitment is offered at no additional charge.
- + Terminal                      Installation,                      Add retailer 5 days, outside move 5 days, inside move  
Movement, Removal                      removal 2 days.
- + Training    eLearning is offered at no additional charge.

INTRALOT

- + Terminal                      Installation,                      Add retailer 12 days, outside move 12 days, inside  
Movement, Removal                      days, removal 2 days
- Training    Twenty-two locations, Choice of Trade Show or C/                      Environment. Training locations in some cities with in                      facilities.
- + Maintenance Information                      Twenty-four months of historical data is accessible onlin

SGI

- + Subcontractors                                      Will not be using the services of any subcontractor.
- + Terminal                      Installation,                      Add retailer 7 days, outside move 7 days, inside move  
Movement, Removal                      removal 2 days.
- + Maintenance Information                      Twenty-four months of historical data is accessible onlin

3.8 Implementation

GTECH

GTECH was not given a plus or minus in this area.

INTRALOT

INTRALOT was not given a plus or minus in this area.

SGI

- + Retailer Installs                                      Retailer terminal and communication installation from 2                      through 4/25/2011. Terminal and features are availab                      7/3/2011.

+	Migration Assistance	Ambassador program for high volume retailers. Ambassador in high volume chain account headquarters to handle reporting and accounting problems.
+	Terminal Replacement	Single visit approach, no need for 2 terminal communication systems.
+	Acceptance Testing Availability	Available 2/4/2011.
+	Central System Conversion	Conversion 6/12/2011.
+	Historical Data	Convert 5 years of pre-existing sales and operating data
+	Removal of Radio Transmitters	All Radio equipment at towers will be removed by 5/11/11. Cost is included in the base proposal.

### 3.9 Corporate Capability

#### GTECH

+	Manufacturing Certification	Quality	Terminals will be manufactured in ISO 9001:2000 14001 certified facilities.
+	Software Certification		Achieved level 4 CMMI Certification. ISO 9001:2000 Certification in quality assurance of product development
+	Security Standard		Structured to be compliant with ISO 17799 and Compliant with ISO 27002 and COBIT.
+	Communication Practices	Quality	Processes are structured to be compliant with ISO 27001

#### INTRALOT

+	Manufacturing Certification	Quality	ISO 9001 Certified.
+	Software Certification		ISO 9001:2000 Certified.
+	Security Standard		WLA Security Control Standards certified. ISO/IEC 27001 Certification. Compliant with ISO/IEC 27002.
+	Communication Practices	Quality	ISO/IEC 27001:2005 Certification.

#### SGL

+	Manufacturing Certification	Quality	All terminals will be manufactured in ISO 9001:2000 facilities.
+	Software Certification		NASPL Certification in Quality Assurance and Best Practices
+	Security Standard		27001 Certified.

+ Communication Practices      Quality ISO 27001:2000 Certification.

APPENDIX C: PRICE SCORING

	GTECH	INTRALOT	SGI
COST YEAR 1 AND 2			
Baseline system	10,756,302	11,453,004	10,657,200
Additional Terminals	117,572	-	197,600
Flat Panel Displays	305,540	148,404	222,600
Player Transaction Displays	29,382	-	23,406
Self-service Validators	360,912	387,942	423,048
Cash Drawers	50,298	-	54,780
DSR Pack Delivery Devices	551,402	-	750,000
Communication for DSR Field Automation Device	6,342	882	3,276
Removal of Existing Retailer Communications Equipment (One time charge)	332,476	-	37,500
<b>Total</b>	<b>12,510,226</b>	<b>11,990,232</b>	<b>12,369,410</b>
COST YEAR 3 THROUGH 7			
Baseline system	26,890,755	28,632,510	26,783,685
Additional Terminals	411,502	-	691,600
Flat Panel Displays	754,504	371,010	544,800
Player Transaction Displays	81,102	-	67,251
Self-service Validators	892,140	969,855	1,045,296
Cash Drawers	133,771	-	143,736
Communication for DSR Field Automation Device	15,916	2,213	8,222
<b>Total</b>	<b>29,179,690</b>	<b>29,975,588</b>	<b>29,284,590</b>
<b>Total Cost</b>	<b>41,689,916</b>	<b>41,965,820</b>	<b>41,654,000</b>

Price Points	<u>349.70</u>	<u>347.40</u>	<u>350.00</u>
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As you can see, the prices submitted by the vendors were very close. Scientific Games submitted the lowest cost Proposal. The second lowest cost proposal was submitted by GTECH and it is approximately \$36,000 higher than Scientific Games. The highest cost proposal was submitted by INTRALOT and it is approximately \$300,000 higher than SGI.

Appendix D: Final Scoring

	GTECH	INTRALOT	SGI
Technical Points	547.14	549.61	549.20
Price Points	<u>349.70</u>	<u>347.40</u>	<u>350.00</u>
Total Points	<u>896.84</u>	<u>897.01</u>	<u>899.20</u>

APPENDIX B: TECHNICAL SCORING

Evaluation Criteria	Available Points	GTECH Points	INTRALOT Points	SGI Points
Central Configuration	40	36.20	36.60	36.20
Terminals	150	126.75	131.63	132.75
Communications Network	75	61.50	62.29	62.25
Software Controls and Data Management	100	87.75	86.00	83.75
Games and Marketing	65	54.11	56.06	53.30
Facilities and Disaster Recovery Plan	25	20.00	20.00	20.00
Staffing, Services and Operations Security Plan	110	92.13	88.28	89.65

Implementation	65	52.00	52.00	54.60
Corporate Capability	20	16.70	16.75	16.70
		<u>547.14</u>	<u>549.61</u>	<u>549.20</u>

Intralot received the highest Technical Score, followed closely by Scientific Games and GTECH.

Let's return to Page 11 of the report.

Loss thanked the board and the board was asked to review the materials. The matter will be brought to a vote and a vendor selected at the next meeting.

### **Key Employee Compensation**

Rich stated that the key employee compensation discussion would be held in open session. He stated that two key employees are not at the top of their range of compensation. Brenda Loy and Joe Diaz are eligible for step pay increases for this fiscal year on their anniversary date, April 2, 2010. Legislation passed for fiscal year 2011 authorizes no raises for noncontract employees in that fiscal year. Schroeder moved to approve step increases for key employees Brenda Loy and Joe Diaz be approved within the fiscal year 2010 in the applicable range, that they be determined by the CEO in consultation with the board chair and that any such increases be effective in the pay period beginning April 2, 2010. Rial seconded the motion and it was unanimously approved.

We had 21 early retirements and we are working with the Department of Administrative Services to backfill some of those positions. We are having two secretaries retire and we would like to fill the vacancy left by Barb DeHeck, the Executive Secretary, at a lower salary range. Because this is a key employee position, your approval is needed to make any change to the salary range. Currently, the salary range is \$38,800 to a maximum of \$58,900. We want to change that range based on the current duties to the secretary III level of \$32,801.60 to \$48,464.00. Rich stated that he will search for a suitable candidate, offer a salary within that range, and bring it to the Board for your approval, probably at the next meeting. Schroeder moved that the salary range for the Lottery's Executive Secretary be adjusted to the current State Secretary III range of a minimum of \$32, 801.60 and a maximum of \$48,464.00. The motion passed unanimously.

Rich commented that we hope to give the 21 retirees a great send off at the annual meeting.

## **Adjournment**

Schroeder moved to adjourn the meeting and Rial seconded the motion. The motion passed unanimously and the meeting was adjourned at 1:32 p.m.



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Chester J. Culver • Governor  
Patty Judge • Lt. Governor  
Terry Rich • Chief Executive Officer

DATE: April 15, 2010  
TO: Board Members of the Iowa Lottery Authority  
FROM: Brenda Loy, Chief Financial Officer

Attached are the financial statements for March 2010. During March, we had revenue of \$24,903,410. This sales level resulted in \$6,517,645 of proceeds payable to the State General Fund and \$455,734 of proceeds payable to the Veterans Trust Fund.

Attachments

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

**March 31, 2010**

<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	27,178,784	
Payable	<u>13,939,858</u>	
		993,372,550
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2010	\$2,783,377	
Fiscal Year 2010		
Transferred	1,175,099	
Payable	<u>908,350</u>	
		<u>4,866,826</u>
<b>Total</b>		<u><u>\$1,233,957,950</u></u>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MARCH 31, 2010**

	<u>Month ended March 31, 2010</u>	<u>Month ended March 31, 2009</u>	<u>Year-to-date March 31, 2010</u>	<u>Year-to-date March 31, 2009</u>
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$13,721,208	\$12,673,712	\$105,141,040	\$102,204,081
Pick 3 sales	584,807	575,605	4,946,593	4,880,483
Powerball sales	5,074,261	4,171,918	43,902,929	42,281,944
Mega Millions sales	1,101,959	0	2,020,589	0
Hot Lotto sales	1,028,706	928,876	10,497,970	10,397,673
Raffle	789,200	0	789,200	0
Pick 4 sales	241,326	232,615	2,015,815	1,899,922
\$100,000 Cash Game sales	333,787	356,819	3,001,739	3,101,921
Pull-tab sales	2,027,391	1,962,624	15,131,105	15,866,307
Application fees	475	200	2,775	2,805
Other revenue	290	38,254	21,447	44,341
<b>Total operating revenues</b>	<b>24,903,410</b>	<b>20,940,623</b>	<b>187,471,202</b>	<b>180,679,477</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	8,018,489	7,291,308	66,829,447	61,645,489
Pick 3 prize expense	345,714	340,223	3,018,668	2,855,446
Powerball prize expense	2,480,926	1,924,578	21,348,966	20,365,921
Mega Millions prize expense	559,808	0	1,026,450	0
Hot Lotto prize expense	480,941	448,148	5,087,031	5,086,776
Raffle Prize Expense	394,516	0	394,516	(10,500)
Pick 4 prize expense	137,235	135,164	1,161,672	1,104,410
\$100,000 Cash Game prize expense	157,678	168,180	1,576,882	1,793,851
Pull-tab prize expense	1,273,014	1,229,988	9,502,051	9,960,888
Promotional prize expense	8,064	42,597	201,651	424,399
Advertising/publicity	542,707	562,527	5,420,168	5,058,637
Retailer compensation expense	1,536,165	1,331,502	11,734,442	11,309,735
Ticket expense	227,477	256,337	2,028,657	2,032,369
Vendor compensation expense	772,501	684,708	5,989,771	5,785,928
Salary and benefits	777,190	727,766	6,380,797	6,436,355
Travel	39,610	29,939	272,748	311,940
Supplies	6,757	3,228	83,594	76,501
Printing	1,461	997	13,609	5,095
Postage	346	1,230	4,667	2,803
Communications	51,463	52,198	423,326	425,622
Rentals	22,422	23,592	211,836	213,762
Utilities	7,480	5,293	79,631	84,870
Professional fees	4,755	2,548	82,266	107,235
Vending machine maintenance	40,727	40,798	366,516	367,459
Outside services and repairs	18,455	17,687	114,719	202,453
Data processing	3,982	3,148	25,906	30,778
Equipment	6,654	4,545	118,305	117,306
Reimbursement to other state agencies	22,796	28,756	335,277	310,403
Depreciation	23,498	117,494	825,763	1,048,428
Other	5,115	14,850	106,040	140,213
<b>Total operating expenses</b>	<b>17,967,946</b>	<b>15,489,329</b>	<b>144,765,372</b>	<b>137,294,572</b>
<b>Operating income (loss)</b>	<b>6,935,464</b>	<b>5,451,294</b>	<b>42,705,830</b>	<b>43,384,905</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MARCH 31, 2010**

	<u>Month ended March 31, 2010</u>	<u>Month ended March 31, 2009</u>	<u>Year-to-date March 31, 2010</u>	<u>Year-to-date March 31, 2009</u>
Interest Income	210,666	40,062	299,430	357,469
Interest expense	(3,831)	(4,105)	(34,482)	(36,945)
<b>Income before transfers</b>	<b>7,142,299</b>	<b>5,487,251</b>	<b>42,970,778</b>	<b>43,705,429</b>
Transfer to:				
Gambler's Treatment Program	0	(104,937)	0	(904,973)
Veterans Trust Fund	(455,734)	(460,079)	(2,083,449)	(2,378,009)
State General Fund	(6,517,645)	(4,964,721)	(41,118,642)	(41,110,477)
	<u>(6,973,379)</u>	<u>(5,529,737)</u>	<u>(43,202,091)</u>	<u>(44,393,459)</u>
<b>Change in net assets</b>	<b>168,920</b>	<b>(42,486)</b>	<b>(231,313)</b>	<b>(688,030)</b>
Net assets, beginning of period	<u>4,013,410</u>	<u>5,022,237</u>	<u>4,413,643</u>	<u>5,667,781</u>
<b>Net assets, end of period</b>	<b><u>\$4,182,330</u></b>	<b><u>\$4,979,751</u></b>	<b><u>\$4,182,330</u></b>	<b><u>\$4,979,751</u></b>



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Chester J. Culver • Governor  
Patty Judge • Lt. Governor  
Terry Rich • Chief Executive Officer

DATE: May 13, 2010  
TO: Board Members of the Iowa Lottery Authority  
FROM: Brenda Loy, Chief Financial Officer *BL*

Attached are the financial statements for April 2010. During April, we had revenue of \$23,678,422. This sales level resulted in \$4,532,576 of proceeds payable to the State General Fund and \$231,865 of proceeds payable to the Veterans Trust Fund.

Attachments

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

April 30, 2010

<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	41,118,642	
Payable	<u>4,532,576</u>	
		997,905,126
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2010	\$2,783,377	
Fiscal Year 2010		
Transferred	2,083,449	
Payable	<u>231,865</u>	
		<u>5,098,691</u>
<b>Total</b>		<u><u>\$1,238,722,391</u></u>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED APRIL 30, 2010**

	<u>Month ended</u> <u>April 30, 2010</u>	<u>Month ended</u> <u>April 30, 2009</u>	<u>Year-to-date</u> <u>April 30, 2010</u>	<u>Year-to-date</u> <u>April 30, 2009</u>
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$12,933,520	\$11,801,663	\$118,074,560	\$114,005,744
Pick 3 sales	527,311	557,929	5,473,905	5,438,411
Powerball sales	5,243,601	5,117,493	49,146,530	47,399,437
Mega Millions sales	1,558,931	0	3,579,520	0
Hot Lotto sales	1,116,519	1,441,535	11,614,489	11,839,208
Raffle	0	0	789,200	0
Pick 4 sales	221,130	218,854	2,236,944	2,118,776
\$100,000 Cash Game sales	302,188	344,177	3,303,927	3,446,098
Pull-tab sales	1,779,629	1,885,355	16,910,734	17,751,663
Application fees	500	425	3,275	3,230
Other revenue	(4,907)	385	16,540	44,726
<b>Total operating revenues</b>	<b>23,678,422</b>	<b>21,367,816</b>	<b>211,149,624</b>	<b>202,047,293</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	9,072,931	7,073,796	75,902,377	68,719,285
Pick 3 prize expense	313,427	331,167	3,332,095	3,186,613
Powerball prize expense	2,554,388	2,463,291	23,903,354	22,829,212
Mega Millions prize expense	791,638	0	1,818,088	0
Hot Lotto prize expense	538,715	708,203	5,625,745	5,794,978
Raffle Prize Expense	0	0	394,516	(10,500)
Pick 4 prize expense	130,398	124,662	1,292,070	1,229,072
\$100,000 Cash Game prize expense	142,673	163,112	1,719,555	1,956,963
Pull-tab prize expense	1,118,713	1,189,510	10,620,764	11,150,398
Promotional prize expense	63,652	91,624	265,303	516,022
Advertising/publicity	781,150	530,051	6,201,317	5,588,688
Retailer compensation expense	1,518,480	1,328,539	13,252,922	12,638,274
Ticket expense	206,263	218,464	2,234,921	2,250,833
Vendor compensation expense	759,226	681,232	6,748,997	6,467,160
Salary and benefits	757,899	753,274	7,138,697	7,189,630
Travel	31,954	36,762	304,702	348,702
Supplies	9,721	13,880	93,316	90,380
Printing	509	1,351	14,117	6,447
Postage	316	415	4,983	3,219
Communications	50,751	52,084	474,078	477,706
Rentals	26,436	24,231	238,272	237,992
Utilities	5,895	7,464	85,526	92,334
Professional fees	3,894	2,790	86,160	110,025
Vending machine maintenance	40,727	40,798	407,243	408,257
Outside services and repairs	13,105	11,924	127,824	214,378
Data processing	4,165	3,192	30,071	33,970
Equipment	4,603	525	122,908	117,831
Reimbursement to other state agencies	34,269	29,533	369,546	339,936
Depreciation	13,330	116,653	839,093	1,165,081
Other	8,258	10,059	114,298	150,272
MUSL administrative expense	17,818	0	17,818	0
<b>Total operating expenses</b>	<b>19,015,304</b>	<b>16,008,586</b>	<b>163,780,676</b>	<b>153,303,158</b>
<b>Operating income (loss)</b>	<b>4,663,118</b>	<b>5,359,230</b>	<b>47,368,948</b>	<b>48,744,135</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED APRIL 30, 2010**

	<u>Month ended April 30, 2010</u>	<u>Month ended April 30, 2009</u>	<u>Year-to-date April 30, 2010</u>	<u>Year-to-date April 30, 2009</u>
Interest Income	22,333	17,654	321,763	375,123
Interest expense	(3,831)	(4,105)	(38,313)	(41,050)
<b>Income before transfers</b>	<b>4,681,620</b>	<b>5,372,779</b>	<b>47,652,398</b>	<b>49,078,208</b>
Transfer to:				
Gambler's Treatment Program	0	(106,968)	0	(1,011,941)
Veterans Trust Fund	(231,865)	(172,841)	(2,315,314)	(2,550,850)
State General Fund	(4,532,576)	(5,366,610)	(45,651,218)	(46,477,087)
	<u>(4,764,441)</u>	<u>(5,646,419)</u>	<u>(47,966,532)</u>	<u>(50,039,878)</u>
<b>Change in net assets</b>	<b>(82,821)</b>	<b>(273,640)</b>	<b>(314,134)</b>	<b>(961,670)</b>
Net assets, beginning of period	<u>4,182,330</u>	<u>4,979,751</u>	<u>4,413,643</u>	<u>5,667,781</u>
<b>Net assets, end of period</b>	<b><u><u>\$4,099,509</u></u></b>	<b><u><u>\$4,706,111</u></u></b>	<b><u><u>\$4,099,509</u></u></b>	<b><u><u>\$4,706,111</u></u></b>

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.130	1 of 2	July 1, 2009
<b>Subject</b> Travel—General—Lottery Vehicles—Use for Personal Reasons			

1. Vehicles that May be Used. Lottery Authority employees shall either utilize ILA vehicles or a personal vehicle up to a maximum of ~~12,000~~ 14,000 miles annually on a fiscal year basis for the performance of ILA business. The ILA establishes the following payment rates for the use of a personal vehicle:
  - a. \$.39 per business mile, or the highest rate approved by the state of Iowa Fleet and Mail Division, is authorized for a standard automobile.
  - b. The CEO may authorize ILA business use of privately owned vehicles that have been substantially modified or specially equipped as required for use by persons with disabilities. The CEO will confer with the state of Iowa Fleet and Mail Division when determining the appropriate rate. However, final approval of the rate lies solely with the CEO.
2. Employee Requests for Accommodation. Employees may request a reasonable accommodation for their vehicular requirements for the performance of their essential job functions.
3. Volunteers and Member of Board and Commissions. Members of boards or commissions and members of the public volunteering their services to the State of Iowa shall receive the higher of \$.39 per mile rate or the highest rate approved by the State Fleet and Mail Division for a standard automobile for the use of their private vehicle in the conduct of official business.
4. Use of private vehicles. The use of private vehicles up to a maximum of ~~12,000~~ 14,000 miles annually on a fiscal year basis beginning July 1 of each year is authorized for ILA employees and ILA board members who have not been assigned an ILA vehicle. If more than one claim for mileage reimbursement is anticipated ~~in~~ during a calendar year, the ILA employee shall submit proof of insurance for the vehicle being driven. A wallet or glove compartment insurance card shall be considered adequate documentation. This requirement does not pertain to ILA board members.
5. Reporting of Commuting Miles. Federal Internal Revenue Service regulations govern the taxability of fringe benefits relating specifically to the non-business use of automobiles. Under these regulations, the ILA as an employer has the responsibility of reporting mileage in certain instances where ILA employees use ILA vehicles for commuting (non-business) purposes. In such situations, the following guidelines shall be followed:
  - a. When an employee uses an ILA automobile within the city or metropolitan area that is the employee's tax home, the commute from the employee's home to the first stop and from the last stop to the employee's home each day is a taxable fringe benefit. This is

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.130	2 of 2	July 1, 2009
<b>Subject</b> Travel—General—Lottery Vehicles—Use for Personal Reasons			

analogous to commuting from the employee's home to the office or other location of the employer.

- b. When the employee leaves home and makes the first stop outside the metropolitan area that is the employee's tax home, the use of a ILA automobile is a working condition fringe not subject to tax.
- c. The taxable fringe benefit is the equivalent of \$3.00 per round trip (\$1.50 one way) each time an ILA vehicle is used for commuting purposes (see item (a) above to see what constitutes commuting). The amount of taxable income from the use of an ILA vehicle is subject to federal and state withholding, as well as FICA. The taxable amounts must be handled through the Human Resource Information System (HRIS).
  - i. HRIS reporting of commuting miles may be on a pay period, monthly or quarterly basis. However, an employee who does commute extensively will have more taxes withheld out of one paycheck if the commuting miles are reported on a quarterly basis. It will be necessary to report at least quarterly in order to have correct taxable wages on the quarterly reports that HRIS must file. The amount to report is \$1.50 for each one-way trip or \$3.00 for each round trip.
  - ii. The amount to be reported for an employee should be entered on a P-1 document in the field titled "Commuter Miles Pay." The amount reported on the P-1 document will remain in HRIS as additional earnings to the employee until another P-1 document is submitted to change the amount or to zero out the amount. Any figure reported in this field will be subject to state and federal withholding and FICA.
  - iii. After the appropriate taxes have been calculated and deducted on the employee's paycheck, HRIS is programmed to deduct the amount reported in the "Commuter Miles Pay" field of the P-1 document from the gross pay amount on the paycheck. A report of this activity is sent to state departments and the ILA quarterly.

It is important to remember that the above mentioned rules and guidelines do not supercede the authority granted to the ILA in the assignment, control, and use of ILA vehicles.



# Marketing/Sales Board Report, April 2010

Game	Details	April Sales	April Weekly Per Capita*	Fiscal YTD Sales		FY2010 YTD Goal		
				FY2009	FY2010	Change	\$	%
	\$100,000 Cash Game sales for April averaged <b>\$70,511</b> per week.*	\$302,188	\$0.02	\$3,446,098	\$3,303,927	-4.13%	\$3,333,330	99.12%
	There was one \$1 million Powerball winner in April: David Lyons in Des Moines (04.06.10). The jackpot reached its peak for April at \$258.5 million on April 21, and ended the month at \$30.2 million on April 28.	\$5,243,601	\$0.40	\$47,399,437	\$49,146,530	3.69%	\$52,441,670	93.72%
	There was one \$10,000 Hot Lotto winner in April: Lola Radke in Alta (04.19.10). The jackpot reached its peak for April and ended the month at \$8 million on April 28.	\$1,116,519	\$0.09	\$11,839,208	\$11,614,489	-1.90%	\$10,000,000	116.14%
	Iowa's first \$1 million Mega Millions winner was: Robert Boehm in Denison (04.20.10). The jackpot reached its peak for April and ended the month at \$224 million on April 30.	\$1,558,931	\$0.12		\$3,579,520		\$3,000,000	119.32%
	Pick 4 sales for April averaged <b>\$51,597</b> per week.*	\$221,130	\$0.02	\$2,118,776	\$2,236,944	5.58%	\$1,833,330	122.02%
	Pick 3 sales for April averaged <b>\$123,039</b> per week.*	\$527,311	\$0.04	\$5,438,411	\$5,473,905	0.65%	\$5,250,000	104.26%

Game	Details	April Sales	April Weekly Per Capita*	Fiscal YTD Sales			FY2010 YTD Goal	
				FY2009	FY2010	Change	\$	%
	Instant sales for April averaged \$3,017,821 per week.* Three instant games were introduced in April: "Lifetime Riches" (\$20) was introduced on April 5, "Cool 1's" (\$1) and "The Silver Ticket" (\$5) were introduced on April 19.	\$12,933,520	\$0.99	\$114,005,744	\$118,074,560	3.57%	\$114,583,330	103.05%
	Pull-tab sales for April averaged \$415,247 per week.* One new pull-tab game was introduced in April: "Take It To The Bank" (\$0.50) was introduced on April 12.	\$1,779,629	\$0.14	\$17,751,663	\$16,910,734	-4.74%	\$17,083,330	98.99%
<b>Totals</b>		<b>\$23,682,829</b>		<b>\$201,999,337</b>	<b>\$210,340,609</b>	<b>4.13%</b>	<b>\$207,524,990</b>	<b>101.36%</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 APRIL 2010**

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.

Tickets in Midwest Millions cost \$10 and the game offered instant prizes ranging from \$10 to \$50,000. There were also two second-chance drawings that each offered a top prize of \$500,000 along with five prizes of \$10,000. The overall odds of winning in the game were some of the best the lotteries have offered: 1 in 2.84.

The game's first drawing was Friday, Jan. 15 in Topeka, Kan.

The \$500,000 winner from the Jan. 15 drawing was Kim Hertel from Washington, Iowa. The five \$10,000 winners' names drawn on Jan. 15 were: Ronnie Burnett from Leavenworth, Kan., James Hess from Clay Center, Kan., Deberia Blair from Topeka, Kan., Diane Robinson from Indianola, Iowa and Mark Loffin from Elk City, Kan.

The second Midwest Millions drawing was on Friday, April 16 in Des Moines

The \$500,000 winner from the April 16 drawing was Greg Barnhart from Chanute, Kan. The five \$10,000 winners' names drawn on April 16 were: David Smart from Bonner Springs, Kan., Connie Easley from Harper, Kan., Brad Adams from Newton, Iowa, Robert Blaine from Wichita, Kan. and Sherry Mead from Colby, Kan.

Entries in the second-chance drawings were 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).

Sales began in the Pot O' Gold Raffle game on Jan. 17. The raffle offered players 102 prizes ranging from an estimated \$1,000 up to \$1 million. Only 120,000 raffle tickets were available for purchase and each cost \$20.

Tickets were made available at lottery terminals in retail locations across the state. Each ticket had a unique number from 10000001 to 10120000.

The prizes and odds were: one top prize of an estimated \$1 million (1:120,000 odds of winning); one prize of an estimated \$100,000 (1:120,000 odds) and 100 prizes of an estimated \$1,000 (1:1,200 odds).

Raffle ticket sales ended March 13. The drawing was held on March 17, St. Patrick's Day. Raffle players had to present their tickets to check them against the winning raffle numbers and to claim their prize. Prizes must be claimed by close of business on June 15.

The prize amounts listed for the raffle were based on all available tickets being sold. Since all tickets were not sold, the prizes were awarded on a pari-mutuel basis based on a percentage of total tickets actually sold and were therefore lower than the set prize amounts.

Carol Laufersweiler of Fort Dodge was the raffle's top prize winner of \$328,833. Leroy Brown of Des Moines claimed the raffle's second prize of \$32,883. There were also 100 prizes of \$328.





The Racing to Riches Promotion started March 29 and runs through May 19.

Players with nonwinning Racing to Riches scratch tickets will be able to enter them only in the drawing drum located in the Finish Line Show Lounge on casino level 2 at Prairie Meadows Racetrack and Casino, 1 Prairie Meadows Drive, Altoona for a chance to win a trip to a premier horse-racing event as outlined below.

The first drawing was April 14, 7 p.m., for a chance to win round-trip transportation for two to Louisville, KY, three nights hotel accommodations and two tickets to the May 1, 2010, premier horse-racing event at Churchill Downs. The winner for the April 14 drawing was Doug Saboe.

The second drawing was April 28, 7 p.m., for a chance to win round-trip transportation for two to Baltimore, MD, three nights hotel accommodations and two tickets to the May 15, 2010, premier horse-racing event at Pimlico Race Course. The winner did not come forward within the 48 hours after the drawing; therefore the prize was not claimed for the April 28 drawing, as alternate names are not drawn due to scheduling of the flights for the trip.

And the final drawing is May 19, 7 p.m., for a chance to win round-trip transportation for two to Elmont, NY, three nights hotel accommodations and two tickets to the June 5, 2010, premier horse-racing event at Belmont Park.

Players will have 48 hours from the time of the drawing to claim their prize package at Prairie Meadows Racetrack and Casino. The winning name for each drawing will be posted only in the Finish Line Show Lounge.



Starting March 28 through May 22 - with the "Lotto 12-Pack Special" players will receive a special price on three of the lottery's games.

Players who buy all three lotto games at once - Powerball with Power Play, Mega Millions with Megaplier and Hot Lotto with the Sizzler - receive the following discounts:

Save \$2 with the One-Week Bundle: Two draws each of: Powerball with Power Play, Mega Millions with the Megaplier and Hot Lotto with the Sizzler - a \$12 value for \$10.

Save \$4 with the Two-Week Bundle: Two draws each of: Powerball with Power Play, Mega Millions with the Megaplier and Hot Lotto with the Sizzler - a \$24 value for \$20.

Save \$6 with the Three-Week Bundle: Two draws each of: Powerball with Power Play, Mega Millions with the Megaplier and Hot Lotto with the Sizzler - a \$36 value for \$30.

Save \$8 with the Four-Week Bundle: Two draws each of: Powerball with Power Play, Mega Millions with the Megaplier and Hot Lotto with the Sizzler - a \$48 value for \$40.

Players can choose their own numbers or ask for an easy pick. Play slip and manual plays are eligible. Not valid with any other offer.



Iowans can have fun all summer long – and win cash prizes or receive discounts to many festivals, attractions and businesses – in a promotion announced April 19 that partners the Iowa Tourism Office and the Iowa Lottery. This is the second year for a summer travel project from Tourism and the Lottery.

This year's project is being called the "Silver Ticket Celebration" in honor of the lottery's 25<sup>th</sup> anniversary. And the lottery game that is the key to summer fun is "The Silver Ticket," a new \$5 instant-scratch game that celebrates 25 years of lottery entertainment in Iowa. Those who buy a ticket in The Silver Ticket game can win instant prizes ranging from \$5 up to \$25,000. And if you don't win a cash prize, there are a few different ways your ticket can be used for even more value:

- "Silver Ticket Savings." Iowa Lottery players can use nonwinning tickets like a coupon for savings at Iowa events, businesses and attractions. A complete list of the special discount offers available to Silver Ticket customers is available on the Tourism Office Web site at [www.traveliowa.com](http://www.traveliowa.com) beginning April 26.
- "Silver Ticket Cash Stops." Lottery players can use nonwinning tickets in The Silver Ticket game for a chance to win cash prizes in contests the lottery will hold at 25 events across the state. Four cash prizes of up to \$500 will be awarded during each contest for a total of \$1,000 in prizes at each event.
- Finally, State Fairgoers can use their nonwinning ticket as an entry in the Silver Ticket Cash Stop festivities during the Tourism-Lottery project's finale event, the Iowa State Fair.

Legislation authorizing a lottery in Iowa was signed into law on April 18, 1985, and the Iowa Lottery sold its first tickets during a kick-off celebration on Aug. 22, 1985, at the Iowa State Fair. Tourism and lottery officials returned to where it all started by announcing this summer's travel initiative on April 19 at the State Fairgrounds.

Sales in The Silver Ticket game began April 19. The first of The Silver Ticket discount offers from businesses and attractions across the state began April 26. Special offers will continue to be available throughout the spring and summer to customers who present The Silver Ticket (remember to visit the Tourism Web site for more details).

A list of the 25 events that have been chosen as Silver Ticket Cash Stop contest locations is below. During each event, the lottery will hold a contest to give away prizes of \$100, \$150, \$250 and \$500 (a total of \$1,000 at each event). Visitors to each event can enter the local contest with nonwinning tickets in The Silver Ticket game.



25 "Must-See" Silver Ticket Cash Stop Locations

Date	Festival/Event
Saturday, May 15	Celebrate CB, Council Bluffs
Sunday, May 16	2 <sup>nd</sup> Annual PZAZZ! Great American Grill-Off, Burlington
Friday, May 28	John Wayne Birthday Celebration, Winterset
Saturday, May 29	Tivoli Fest, Elk Horn
Sunday, May 30	Great Okoboji Wing Ding, Arnolds Park
Thursday, June 3	My Waterloo Days, Waterloo
Friday, June 4	1st Fridays Art Walk, Fairfield
Saturday, June 5	Iowa Arts Festival, Iowa City
Saturday, June 12	America's River Festival, Dubuque
Sunday, June 13	Hy-Vee Triathlon, West Des Moines
Friday, June 18	AMVET's June Antique Show, Walnut
Saturday, June 19	Awesome Biker Nights, Sioux City
Tuesday, June 22	U.S. Modified Tours Series At Mineral City Speedway, Fort Dodge
Friday, June 25	33 <sup>rd</sup> Annual Ottumwa Pro Balloon Race, Ottumwa
Friday, July 2	Clinton Riverboat Days, Clinton
Saturday, July 3	Star Spangled Spectacular, Storm Lake
Sunday, July 4	Cedar Rapids Freedom Festival, Cedar Rapids
Friday, July 16	Party in the Park, Charles City
Saturday, July 17	57 <sup>th</sup> Annual Black Hawk Lake Water Carnival, Lake View
Friday, July 23	Downtown Street Fest, Davenport
Saturday, July 24	Lake Fest, Clear Lake
Saturday, July 31	Iowa Speedway, Newton
Sunday, Aug. 1	National Balloon Classic, Indianola
Saturday, Aug. 7	Estherville Sweet Corn Days, Estherville
Wednesday, Aug. 11	50 <sup>th</sup> Goodyear Knoxville Nationals, Knoxville

Finale Event

Iowa State Fair, Des Moines

Aug. 12-22

To: Iowa Lottery Authority Board

From: Terry Rich

Re: ILA Management Line of Succession

Dear Board:

Due to personnel changes during the past year, we need to update the ILA management line of succession set by action of the CEO and board at the meeting of March 25, 2009. The succession line approved at that meeting was as follows:

1. CEO—(Statutory)
2. Executive VP/COO—Ken Brickman (Statutory)
3. VP Sales—Larry Loss
4. VP External Relations—Mary Neubauer
5. VP Marketing—Joe Hrdlicka
6. VP Finance/CFO—Brenda Loy
7. VP Security—Joe Diaz

Based on personnel changes approved during the April 19, 2010 Board meeting, management proposes approval of the following line of succession:

1. CEO—(Statutory)
2. Executive VP/COO—Ken Brickman (Statutory)
3. VP Sales—Larry Loss
4. VP External Relations—Mary Neubauer
5. VP Finance/CFO—Brenda Loy
6. VP Security—Joe Diaz
7. VP Marketing—Teri Wood TeBockhorst

**AMENDMENT OF  
AGREEMENT FOR THE PURCHASE OF  
INSTANT TICKETS AND RELATED SERVICES**

This Amendment of Agreement For the Purchase of Instant Tickets and Related Services (Modification) is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** (Lottery) and **Pollard Banknote Limited Partnership** (Contractor).

In consideration of the mutual covenants contained in this Modification, the sufficiency of which is acknowledged, it is agreed as follows:

**SECTION 1. IDENTITY OF THE PARTIES.**

**1.1** The Lottery is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 2323 Grand Avenue, Des Moines, Iowa 50312.

**1.2** The Contractor is a limited partnership established under the laws of the Province of Manitoba, Canada, and whose business, among other things, includes printing of instant tickets. Contractor's principal place of business is 1499 Buffalo Place, Winnipeg, Manitoba R3T 1L7.

**SECTION 2. ADDITIONAL TICKET SIZE PRICING.**

Schedule A, Section 3.1.2 of the Agreement reserves the right to request tickets in other sizes at mutually agreeable prices. The Lottery hereby amends the Agreement to include pricing for two additional sizes of tickets available for ordering. The ticket sizes and pricing by quantity follow. All ticket pricing will be subject to the CPI adjustments provided in Section 7.3, CPI Cost Adjustments of the Agreement.

Ticket Quantity	2.4" x 4" 300/pack	Crossword** 4" x 8" 60/pack
400,000	\$68.22	\$94.12
600,000	\$48.39	\$74.29
800,000	\$38.47	\$64.37
1,000,000	\$31.59	\$55.32
1,200,000	\$27.63	\$51.35
1,400,000	\$24.79	\$48.52
1,600,000	\$22.67	\$46.40
1,800,000	\$21.02	\$44.74
2,000,000	\$18.73	\$43.42
2,500,000	\$16.35	\$41.04
3,000,000	\$15.73	\$39.45
4,000,000	\$13.74	\$37.47
5,000,000	\$13.49	\$36.28
6,000,000	\$12.69	\$35.49
7,000,000	\$12.13	\$34.92
8,000,000	\$11.70	\$34.50

\*\*This pricing shall apply to games using this type of marking system. The pricing must include all costs associated with production of these games.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED**

Except as specifically modified hereby, the terms of this Agreement shall remain in full force and effect.

**SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which

are hereby acknowledged, the parties have entered into the above Modification and have caused their duly authorized representatives to execute this Modification.

**Iowa Lottery Authority**

By: \_\_\_\_\_  
Name: Kenneth A. Brickman  
Title: Executive Vice President

Date: \_\_\_\_\_

**Pollard Banknote Limited Partnership**  
By its' General Partner Pollard Banknote Limited

By: \_\_\_\_\_  
Name: Gordon O. Pollard  
Title: Co. Chief Executive Officer

Date: \_\_\_\_\_

**FIRST AMENDMENT OF  
AGREEMENT FOR THE PURCHASE OF  
INSTANT TICKETS AND RELATED SERVICES**

This Modification of Agreement For the Purchase of Instant Tickets and Related Services (Modification) is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** (Lottery) and **Scientific Games International, Inc.** (Contractor).

In consideration of the mutual covenants contained in this Modification, the sufficiency of which is acknowledged, it is agreed as follows:

**SECTION 1. IDENTITY OF THE PARTIES.**

**1.1** The Lottery is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 2323 Grand Avenue, Des Moines, Iowa 50312.

**1.2** The Contractor is a wholly owned subsidiary of Scientific Games Corporation, is incorporated in the state of Delaware, and whose business, among other things, includes printing of instant tickets. Contractor's principal place of business is 1500 Bluegrass Lakes Parkway, Alpharetta, Georgia 30004.

**SECTION 2. ADDITIONAL TICKET SIZE PRICING.**

Schedule A, Section 3.1.2 of the Agreement reserves the right to request tickets in other sizes at mutually agreeable prices. The Lottery hereby amends the Agreement to include pricing for two additional sizes of tickets available for ordering. The ticket sizes and pricing by quantity follow. All ticket pricing will be subject to the CPI adjustments provided in Section 7.3, CPI Cost Adjustments of the Agreement.

Ticket Quantity	2.4" x 4" 300/pack	Crossword \$5 4" x 8" 60/pack
400,000	\$52.78	\$70.73
600,000	\$38.05	\$55.77
800,000	\$30.80	\$48.64
1,000,000	\$26.43	\$44.29
1,200,000	\$23.50	\$41.36
1,400,000	\$21.42	\$39.30
1,600,000	\$19.85	\$37.72
1,800,000	\$18.63	\$36.49
2,000,000	\$17.64	\$35.48
2,500,000	\$15.86	\$33.64
3,000,000	\$14.66	\$32.38
4,000,000	\$12.80	\$30.28
5,000,000	\$11.44	\$29.42
6,000,000	\$10.58	\$28.85
7,000,000	\$9.94	\$28.42

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED**

Except as specifically modified hereby, the terms of this Agreement shall remain in full force and effect.

**SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which

are hereby acknowledged, the parties have entered into the above Modification and have caused their duly authorized representatives to execute this Modification.

**Iowa Lottery Authority**

By: \_\_\_\_\_  
Name: Kenneth A. Brickman  
Title: Executive Vice President

Date: \_\_\_\_\_

**Scientific Games International, Inc.**

By: \_\_\_\_\_  
Name: James C. Kennedy  
Title: Sr. President

Date: \_\_\_\_\_

# FY 2011 Budget Overview

**Goal:** "Maximize entertainment for players along with proceeds for vital state causes. Minimize overhead operating expenses unless the investment costs yield increased profits."

***What changed since the fall 2009 approval of the proposed budget?***

- Operating expenses were reduced due to the state's retirement incentive program and elimination of some positions at the lottery
- The anticipated prize payout level for FY 2011 was increased to reflect current payout percentages, a more accurate figure
- All other categories remain the same

***Effect on the core 3 products with approval of this budget:***

We are budgeting:

- The largest sales numbers in ILOT history
- Iowa proceeds will be in top three years in ILOT history

# Budget for Lottery Fund

	2011 ORIGINAL BUDGET	2011 BOARD PROPOSED BUDGET
<b>Resources</b>		
Lottery sales	250,100,000	250,100,000
Interest income	500,000	500,000
Application fees	5,000	5,000
Other	5,000	5,000
<b>Total resources</b>	<b>250,610,000</b>	<b>250,610,000</b>
<b>Expenses</b>		
Prizes	142,814,120	145,934,120
Retailer compensation	15,606,100	15,606,100
Advertising production and media purchases	10,004,000	10,004,000
Retailer Lottery system/Terminal communications	5,897,595	5,897,595
Instant/Pull-tab ticket expense & machine maintenance	3,235,412	3,235,412
Terminal equipment/Ticket dispensers	100,000	100,000
Interest expense (ITVM/PTVM/Building)	42,500	42,500
Lottery operating expense	11,927,095	11,536,196
<b>Total Expenses</b>	<b>189,626,822</b>	<b>192,355,923</b>
<b>Net Income</b>		
Prior to Net Asset Change	60,983,178	58,254,077
Less increase (decrease) in net assets	48,341	48,341
<b>After Net Asset Change</b>	<b>60,934,837</b>	<b>58,205,736</b>
<b>Proceeds</b>		
Proceeds Transfer to General Fund	58,234,837	55,705,736
Proceeds Transfer to Veterans Trust Fund	2,700,000	2,500,000
<b>Total Proceeds Transfers</b>	<b>60,934,837</b>	<b>58,205,736</b>
<b>Total Expenses and Proceeds</b>	<b>250,610,000</b>	<b>250,610,000</b>

# Lottery Operations - Budget Detail

	2011 BOARD APPROVED BUDGET	2011 BOARD PROPOSED BUDGET
Salary and benefits	9,426,178	9,035,279
Travel	430,000	430,000
Supplies	105,000	105,000
Printing	10,000	10,000
Postage	5,000	5,000
Communications	110,000	110,000
Rentals	240,000	240,000
Utilities	101,515	101,515
Professional fees	136,190	136,190
Outside services and repair	396,932	396,932
Data processing	40,000	40,000
Non-capitalized equipment	241,049	241,049
Reimbursement to state agencies	392,000	392,000
Depreciation	160,931	160,931
Other expenses	132,300	132,300
<b>Total operating expenses</b>	<b>\$ 11,927,095</b>	<b>\$ 11,536,196</b>

## Increase (Decrease) In Net Assets

	2011 ORIGINAL BUDGET	2011 BOARD PROPOSED BUDGET
Bonds payment	100,000	100,000
Depreciation Expense (ITV/M/PTVM/BUILDING)	(51,659)	(51,659)
Other adjustments		
Total Change in Net Assets	48,341	48,341