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Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor
Terry Rich · Chief Executive Officer

AGENDA

IOWA LOTTERY BOARD

**March 19, 2013
10:30 a.m.**

- I. Call to Order
 - a. Approval of Minutes

- II. Monthly Reports
 - a. Financial
 - b. Marketing
 - c. Security

- III. Legislative Update
 - a. Self-Exclusion Policy Discussion

- IV. Membership Renewals

- V. Game Auditing Services Contract Extension

- VI. CEO Update
 - a. NASPL
 - b. MUSL
 - c. WLA

- VII. Adjournment

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 515-725-7864, or if you are hearing impaired, call Relay TTY at 1-800-735-2942.

**MINUTES
IOWA LOTTERY BOARD
December 17, 2012**

The Iowa Lottery Board convened at 10:00 a.m., Board Chairperson Mary Junge presiding.

Board members participating via teleconference: Mary Junge, Herman Richter, Matt McDermott, Mike Klappholz and Deb Burnight.

Lottery staff present: Terry Rich, CEO; Larry Loss, EVP; Brenda Nye, CFO; Mary Neubauer, Vice President External Relations; Teri Wood TeBockhorst, Vice President Marketing; Molly Juffernbruch, Vice President General Counsel; Steve Bogle, Vice President Security; Dave Van Compennolle, Assistant Attorney General; Jack Schroeder, Vice President Operations and Systems; Jamie Becker, Sr Project Director/Board Secretary.

Others present: Dave Berger, Scientific Games.

Chairperson Junge called the meeting to order and announced that all board members were present via teleconference in accordance with Iowa Code section 21.8.

Richter moved to approve conducting the electronic meeting via teleconference. McDermott seconded. Motion carried unanimously.

APPROVAL OF MINUTES

Burnight moved to approve minutes of September board meeting. Klappholz seconded. Motion carried unanimously.

MONTHLY REPORTS

FINANCIAL

Brenda Nye stated that September and October financials are included in the packet along with October Performance Measures. Nye stated that October sales are 23% ahead of budget and ahead of last year by 16%. Proceeds are ahead of budget by 27% and ahead of last year by 32%. November financials, not included in this packet, show strong results due to the high Powerball jackpot. Nye pointed out that November was the highest sales month in the lottery's history, not including TouchPlay years, at \$35.9million. March 2012 had sales of \$34.8 million including sales from the Mega Millions jackpot. The highest sales month to date was February 2006 at \$42.2 million. November 2012 is the 3rd highest sales month including TouchPlay. Rich stated the Governor was impressed with the numbers achieved and the integrity maintained by the lottery.

MARKETING

Teri Wood stated that the first two drawings for Winter of Winners were held remotely in Alpharetta, GA. The first drawing had over 2.6 million entries and the second drawing had over 5.5 million entries. The final drawing will be held on January 14 and there are currently 5.9 million entries. On the heels of Winter of Winners, the Iowa Lottery will be launching Gamebook in January and following that will be a Bass Pro Shops™ ticket and promotion that launches March 6. This promotion includes a 2nd chance option through the VIP Club in cooperation with IDOT and DNR for experiential trips around Iowa. A new feature for the VIP Club will be a Points for Drawings program, which will launch April 2013. The completed Retailer Satisfaction Survey results will be delivered Dec 28.

SECURITY

Steve Bogle presented the security reports for October and November along with the Compliance Investigations report. 410 retailers were checked and Bogle was happy to report that none of the 410 retailers attempted to steal a ticket. Bogle stated that ticket theft is the primary reason for the compliance checks but Security also looks at other administrative requirements, such as obtaining signatures. The data shows that 298 retailers out of 410 did not require a signature on the back of the ticket and 38 out of 410 didn't produce a receipt. Security, Sales, External Relations and Marketing teams will work together to create more awareness of these issues, such as point-of-sale materials and a social media campaign. Compliance reports will be shared with individual retailers to address noncompliance issues and Bogle expects to see better results next calendar year.

McDermott moved to approve the monthly reports. Burnight seconded. Motion carried unanimously.

LEGISLATIVE UPDATE

Mary Neubauer stated that she and Terry Rich travelled to Washington DC December 4 -6th to meet with members of Congress, along with several other lottery representatives. This was in an effort to discuss the possible legislation from Senator Harry Reid and Senator John Kyl and to bring awareness of states' rights issues relating to it. The bill draft would've been harmful to states' rights regarding gaming. Neubauer stated that lottery representatives met with more than 100 members of the Congress during their visit. Neubauer stated that late last week the Las Vegas Review Journal quoted gaming-industry representatives saying the Reid/Kyl bill is believed to be dead, however there has been no official declaration. Rich stated he felt it was an effective trip and that states' rights need to be preserved.

Junge thanked Rich and Neubauer for taking the trip and felt that the Iowa Lottery has a lot of clout and that other lotteries tend to follow what Iowa is doing.

EXTENSION OF INSTANT TICKET PRINTING AND PULL TAB CONTRACTS

Loss stated that following completion of the instant ticket RFP process and background presentations from DCI, the Iowa Lottery brought 2 contracts to the board for approval. The two contracts are with Scientific Games International based in Alpharetta, GA and Pollard Banknote Limited, based in Winnepeg, Manitoba, Canada.

Molly Juffernbruch negotiated the contracts with the help of lottery staff and the Attorney General's office. The Iowa Lottery currently uses both of these companies for Instant Ticket printing and has done so for many years. The terms of the contracts run from January 1, 2013 through December 31, 2014. The contracts allow for up to 4 one-year options and the costs in the proposed contracts are lower than the existing contracts.

Rich clarified that we're asking for approval for 2 of the 3 contracts previously approved for negotiation and Loss confirmed. An update on the GTECH contract follows.

Rich stated that these contracts are some of the biggest that the board will approve and noted that the contracts have been well done.

McDermott asked how long the lottery has been doing business with Pollard. Loss stated that the lottery has worked with Pollard since the early 1990s and with SciGames since 1985. Burnight asked if there were any talking points that were significantly different during this negotiation that was different than prior negotiations. Rich stated that this year the lottery is allowing three vendors to print our tickets versus selecting one primary -printer and one secondary printer. This is due to the specific trademark products that each company has for printing options. The lottery will have more flexibility in terms of printing options.

Richter moved to approve the contracts, Burnight seconded. Motion carries unanimously.

Loss also gave an update on instant ticket printing contract negotiations with GTECH Printing Corp. During the negotiation process, GTECH underwent a corporate restructure, resulting in GTECH Printing Corp being subsumed by GTECH Corporation. Due to this corporate structure change, the lottery ceased contract negotiations with GTECH Printing Corp until the additional background checks on GTECH Corporation could be completed. Once the background checks have been completed, the lottery will present the information to the board.

Loss asked for their approval to continue negotiations and background checks with GTECH.

McDermott moves to approve, Klappholz seconded. Motion carried unanimously.

PULL TAB TICKET EXTENSION

The Lottery has an existing contract with Pollard Games, Inc. doing business as American Games, Inc. based in Council Bluffs, Iowa for the printing of pull-tab tickets. Loss stated that by exercising the extension, the contract term will be extended through December 31, 2013.

American Games has been printing pull-tabs for the Iowa Lottery since the product line was introduced in 1987. The vendor is in good standing with the Iowa Lottery.

Klappholz moved to approve the extension, Burnight seconded. Motion carried unanimously.

CEO UPDATE

Rich recapped the public events that have happened over the last 30 days. There was a big Powerball run in November. California will be joining the Powerball group in April 2013. Financials continue to be phenomenal. The lottery budgeted \$61 million for this fiscal year. The negative influences that could impact the lottery are loss of integrity, gas prices, and pull-tabs. Pull-tabs are in the mature stage and have been declining in prior years, however they seem to be leveling off this year. The lottery is looking into other options but may have to replace those machines at some point which could affect the profitability. McDermott asked the approximate capital cost of replacing all the Pull-tab machines and Loss estimated \$6-8 million.

McDermott stated that he and Klappholz met on the salary survey and that DAS is doing their initial investigation on comparable salaries. They will provide more information as it becomes available.

Burnight moved to adjourn. McDermott seconded. Motion carried unanimously.

Board meeting adjourned at 10:31am.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2013

| Month | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
|-----------------------------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Sales | | | | | | | | | | | | |
| Budget '13 | 20,704,712 | 23,236,949 | 21,008,030 | 21,964,053 | 22,422,595 | 23,240,177 | 23,369,824 | 24,166,499 | 26,112,372 | 24,460,279 | 24,080,068 | 22,334,442 |
| Actual '11 | 20,683,463 | 20,526,880 | 20,268,736 | 20,707,755 | 22,414,149 | 23,638,991 | 23,866,645 | 22,592,711 | 27,156,908 | 24,150,580 | 22,962,332 | 22,421,899 |
| Actual '12 | 21,873,877 | 24,265,848 | 21,821,737 | 24,435,865 | 25,093,484 | 26,243,111 | 25,715,692 | 30,212,168 | 34,836,028 | 25,760,263 | 26,307,787 | 24,285,855 |
| Actual '13 | 24,002,158 | 27,670,234 | 23,898,937 | 25,478,715 | 35,880,677 | 25,193,904 | 26,916,821 | | | | | |
| Prize Expense | | | | | | | | | | | | |
| Budget '13 | 12,225,406 | 13,720,606 | 12,404,507 | 12,969,005 | 13,239,758 | 13,722,512 | 13,799,064 | 14,269,472 | 15,418,442 | 14,442,939 | 14,218,438 | 13,187,707 |
| Actual '11 | 12,779,039 | 11,692,728 | 11,763,446 | 12,293,596 | 12,390,886 | 14,042,187 | 13,741,084 | 14,281,690 | 15,042,753 | 13,796,588 | 13,991,657 | 13,145,432 |
| Actual '12 | 12,753,428 | 13,913,842 | 14,543,873 | 14,418,330 | 13,935,317 | 16,548,952 | 15,632,293 | 17,991,110 | 19,681,217 | 15,101,762 | 15,950,810 | 14,051,517 |
| Actual '13 | 14,725,078 | 15,978,048 | 14,520,050 | 14,520,050 | 20,300,550 | 15,702,205 | 16,369,611 | | | | | |
| Operating Expenses | | | | | | | | | | | | |
| Budget '13 | 4,895,370 | 5,030,028 | 4,453,312 | 4,250,049 | 4,952,542 | 5,030,865 | 5,059,065 | 5,264,198 | 5,767,679 | 4,886,623 | 5,375,057 | 4,137,949 |
| Actual '11 | 4,714,318 | 5,198,524 | 4,295,667 | 5,010,008 | 6,255,411 | 5,606,161 | 6,209,866 | 4,335,482 | 7,234,879 | 6,253,580 | 4,814,963 | 4,988,521 |
| Actual '12 | 5,684,111 | 6,081,167 | 5,029,059 | 5,818,860 | 7,365,377 | 5,345,966 | 5,759,711 | 7,373,869 | 9,782,829 | 6,894,379 | 5,829,479 | 5,047,647 |
| Actual '13 | 5,310,624 | 6,687,662 | 6,055,941 | 7,105,024 | 10,310,506 | 4,651,853 | 6,408,126 | | | | | |
| Proceeds to General Fund | | | | | | | | | | | | |
| Budget '13 | 91,838 | 462,261 | 333,090 | 181,235 | 149,349 | 144,787 | 207,474 | 316,167 | 411,416 | 219,105 | 160,997 | 122,281 |
| Actual '11 | 131,645 | 382,640 | 441,669 | 251,116 | 208,123 | 203,448 | 184,063 | 267,748 | 472,319 | 229,155 | 180,589 | 152,856 |
| Actual '12 | 57,594 | 350,656 | 391,066 | 165,122 | 128,253 | 155,046 | 321,611 | 406,376 | 267,787 | 248,021 | 149,725 | 78,236 |
| Actual '13 | 268,863 | 450,192 | 101,538 | 69,313 | 69,101 | 98,944 | 259,973 | | | | | |
| Proceeds to Veterans Trust | | | | | | | | | | | | |
| Budget '13 | 4,990,208 | 5,492,289 | 4,786,402 | 4,431,494 | 5,101,891 | 5,175,651 | 5,265,539 | 5,590,365 | 6,179,095 | 5,105,728 | 5,536,054 | 4,260,230 |
| Actual '11 | 4,845,963 | 5,581,164 | 4,737,336 | 5,261,124 | 6,463,534 | 5,809,609 | 6,392,929 | 4,603,230 | 7,707,198 | 6,482,735 | 4,995,552 | 5,121,377 |
| Actual '12 | 5,741,705 | 6,431,823 | 5,420,125 | 5,983,982 | 7,493,630 | 5,501,012 | 6,081,322 | 7,780,245 | 10,050,616 | 7,142,400 | 5,973,204 | 5,125,863 |
| Actual '13 | 5,573,487 | 7,137,854 | 6,157,479 | 7,174,337 | 10,379,607 | 4,750,797 | 6,663,099 | | | | | |
| Total Proceeds | | | | | | | | | | | | |
| Budget '13 | 20,704,712 | 43,941,661 | 64,949,691 | 86,913,744 | 109,336,339 | 132,576,516 | 155,946,340 | 180,112,839 | 206,225,211 | 230,685,490 | 254,765,558 | 277,100,000 |
| Actual '11 | 20,683,463 | 41,210,343 | 61,479,079 | 82,186,884 | 104,600,983 | 128,239,974 | 152,106,619 | 174,699,328 | 201,856,234 | 226,006,812 | 248,969,142 | 271,391,047 |
| Actual '12 | 21,873,877 | 46,139,725 | 67,961,462 | 92,397,327 | 117,490,821 | 143,733,992 | 169,449,624 | 199,661,792 | 234,497,820 | 260,258,083 | 286,565,870 | 310,851,725 |
| Actual '13 | 24,002,158 | 51,672,392 | 75,571,329 | 101,050,044 | 136,930,721 | 162,124,625 | 189,041,446 | | | | | |
| Prize Expense | | | | | | | | | | | | |
| Budget '13 | 12,225,406 | 25,946,012 | 38,350,519 | 51,319,524 | 64,559,282 | 78,281,794 | 92,080,858 | 106,350,330 | 121,768,772 | 136,211,711 | 150,430,149 | 163,617,856 |
| Actual '11 | 12,779,039 | 24,471,767 | 36,235,213 | 48,528,809 | 60,919,695 | 74,961,892 | 88,702,966 | 102,984,649 | 118,027,395 | 131,823,976 | 145,815,626 | 158,961,078 |
| Actual '12 | 12,753,428 | 26,667,270 | 39,211,143 | 53,629,473 | 67,584,790 | 84,133,742 | 99,768,035 | 117,757,145 | 137,438,362 | 152,540,124 | 168,390,934 | 182,442,447 |
| Actual '13 | 14,725,708 | 30,703,756 | 44,855,829 | 59,375,879 | 79,676,429 | 95,378,634 | 111,746,245 | | | | | |
| Operating Expenses | | | | | | | | | | | | |
| Budget '13 | 4,895,370 | 5,030,028 | 4,453,312 | 4,250,049 | 4,952,542 | 5,030,865 | 5,059,065 | 5,264,198 | 5,767,679 | 4,886,623 | 5,375,057 | 4,137,949 |
| Actual '11 | 4,714,318 | 5,198,524 | 4,295,667 | 5,010,008 | 6,255,411 | 5,606,161 | 6,209,866 | 4,335,482 | 7,234,879 | 6,253,580 | 4,814,963 | 4,988,521 |
| Actual '12 | 5,684,111 | 6,081,167 | 5,029,059 | 5,818,860 | 7,365,377 | 5,345,966 | 5,759,711 | 7,373,869 | 9,782,829 | 6,894,379 | 5,829,479 | 5,047,647 |
| Actual '13 | 5,310,624 | 6,687,662 | 6,055,941 | 7,105,024 | 10,310,506 | 4,651,853 | 6,408,126 | | | | | |
| Proceeds to General Fund | | | | | | | | | | | | |
| Budget '13 | 91,838 | 462,261 | 333,090 | 181,235 | 149,349 | 144,787 | 207,474 | 316,167 | 411,416 | 219,105 | 160,997 | 122,281 |
| Actual '11 | 131,645 | 382,640 | 441,669 | 251,116 | 208,123 | 203,448 | 184,063 | 267,748 | 472,319 | 229,155 | 180,589 | 152,856 |
| Actual '12 | 57,594 | 350,656 | 391,066 | 165,122 | 128,253 | 155,046 | 321,611 | 406,376 | 267,787 | 248,021 | 149,725 | 78,236 |
| Actual '13 | 268,863 | 450,192 | 101,538 | 69,313 | 69,101 | 98,944 | 259,973 | | | | | |
| Proceeds to Veterans Trust | | | | | | | | | | | | |
| Budget '13 | 4,990,208 | 5,492,289 | 4,786,402 | 4,431,494 | 5,101,891 | 5,175,651 | 5,265,539 | 5,590,365 | 6,179,095 | 5,105,728 | 5,536,054 | 4,260,230 |
| Actual '11 | 4,845,963 | 5,581,164 | 4,737,336 | 5,261,124 | 6,463,534 | 5,809,609 | 6,392,929 | 4,603,230 | 7,707,198 | 6,482,735 | 4,995,552 | 5,121,377 |
| Actual '12 | 5,741,705 | 6,431,823 | 5,420,125 | 5,983,982 | 7,493,630 | 5,501,012 | 6,081,322 | 7,780,245 | 10,050,616 | 7,142,400 | 5,973,204 | 5,125,863 |
| Actual '13 | 5,573,487 | 7,137,854 | 6,157,479 | 7,174,337 | 10,379,607 | 4,750,797 | 6,663,099 | | | | | |
| Total Proceeds | | | | | | | | | | | | |
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| Actual '11 | 20,683,463 | 41,210,343 | 61,479,079 | 82,186,884 | 104,600,983 | 128,239,974 | 152,106,619 | 174,699,328 | 201,856,234 | 226,006,812 | 248,969,142 | 271,391,047 |
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| Prize Expense | | | | | | | | | | | | |
| Budget '13 | 12,225,406 | 25,946,012 | 38,350,519 | 51,319,524 | 64,559,282 | 78,281,794 | 92,080,858 | 106,350,330 | 121,768,772 | 136,211,711 | 150,430,149 | 163,617,856 |
| Actual '11 | 12,779,039 | 24,471,767 | 36,235,213 | 48,528,809 | 60,919,695 | 74,961,892 | 88,702,966 | 102,984,649 | 118,027,395 | 131,823,976 | 145,815,626 | 158,961,078 |
| Actual '12 | 12,753,428 | 26,667,270 | 39,211,143 | 53,629,473 | 67,584,790 | 84,133,742 | 99,768,035 | 117,757,145 | 137,438,362 | 152,540,124 | 168,390,934 | 182,442,447 |
| Actual '13 | 14,725,708 | 30,703,756 | 44,855,829 | 59,375,879 | 79,676,429 | 95,378,634 | 111,746,245 | | | | | |
| Operating Expenses | | | | | | | | | | | | |
| Budget '13 | 4,895,370 | 5,030,028 | 4,453,312 | 4,250,049 | 4,952,542 | 5,030,865 | 5,059,065 | 5,264,198 | 5,767,679 | 4,886,623 | 5,375,057 | 4,137,949 |
| Actual '11 | 4,714,318 | 5,198,524 | 4,295,667 | 5,010,008 | 6,255,411 | 5,606,161 | 6,209,866 | 4,335,482 | 7,234,879 | 6,253,580 | 4,814,963 | 4,988,521 |
| Actual '12 | 5,684,111 | 6,081,167 | 5,029,059 | 5,818,860 | 7,365,377 | 5,345,966 | 5,759,711 | 7,373,869 | 9,782,829 | 6,894,379 | 5,829,479 | 5,047,647 |
| Actual '13 | 5,310,624 | 6,687,662 | 6,055,941 | 7,105,024 | 10,310,506 | 4,651,853 | 6,408,126 | | | | | |
| Proceeds to General Fund | | | | | | | | | | | | |
| Budget '13 | 91,838 | 462,261 | 333,090 | 181,235 | 149,349 | 144,787 | 207,474 | 316,167 | 411,416 | 219,105 | 160,997 | 122,281 |
| Actual '11 | 131,645 | 382,640 | 441,669 | 251,116 | 208,123 | 203,448 | 184,063 | 267,748 | 472,319 | 229,155 | 180,589 | 152,856 |
| Actual '12 | 57,594 | 350,656 | 391,066 | 165,122 | 128,253 | 155,046 | 321,611 | 406,376 | 267,787 | 248,021 | 149,725 | 78,236 |
| Actual '13 | 268,863 | 450,192 | 101,538 | 69,313 | 69,101 | 98,944 | 259,973 | | | | | |
| Proceeds to Veterans Trust | | | | | | | | | | | | |
| Budget '13 | 4,990,208 | 5,492,289 | 4,786,402 | 4,431,494 | 5,101,891 | 5,175,651 | 5,265,539 | 5,590,365 | 6,179,095 | 5,105,728 | 5,536,054 | 4,260,230 |
| Actual '11 | 4,845,963 | 5,581,164 | 4,737,336 | 5,261,124 | 6,463,534 | 5,809,609 | 6,392,929 | 4,603,230 | 7,707,198 | 6,482,735 | 4,995,552 | 5,121,377 |
| Actual '12 | 5,741,705 | 6,431,823 | 5,420,125 | 5,983,982 | 7,493,630 | 5,501,012 | 6,081,322 | 7,780,245 | 10,050,616 | 7,142,400 | 5,973,2 | |



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Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor
Terry Rich · Chief Executive Officer

DATE: December 13, 2012
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Nye, Chief Financial Officer *BN*

Attached are the financial statements for November 2012. During November, we had revenue of \$35,883,940. This sales level resulted in \$10,310,506 of proceeds payable to the State General Fund and \$69,101 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED NOVEMBER 30, 2012

| | Month ended November 30, 2012 | Month ended November 30, 2011 | Year-to-date November 30, 2012 | Year-to-date November 30, 2011 |
|-----------------------------------|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| OPERATING REVENUES | | | | |
| Instant-scratch ticket sales | \$16,050,047 | \$15,949,764 | \$75,777,561 | \$72,403,775 |
| Pick 3 sales | 547,537 | 552,967 | 2,789,656 | 2,681,984 |
| Powerball sales | 15,272,394 | 4,571,125 | 37,965,135 | 22,388,996 |
| Mega Millions sales | 1,070,365 | 1,086,263 | 5,789,104 | 5,554,048 |
| Hot Lotto sales | 975,595 | 939,471 | 4,516,028 | 4,678,656 |
| Pick 4 sales | 251,446 | 232,750 | 1,230,129 | 1,138,227 |
| \$100,000 Cash Game sales | 378,558 | 344,609 | 1,869,427 | 1,698,483 |
| Pull-tab sales | 1,334,735 | 1,416,545 | 6,993,682 | 6,946,652 |
| Application fees | 950 | 250 | 2,875 | 1,300 |
| Other revenue | 2,313 | 24,299 | 8,727 | 146,750 |
| Total operating revenues | 35,883,940 | 25,118,043 | 136,942,324 | 117,638,871 |
| OPERATING EXPENSES | | | | |
| Scratch ticket prize expense | 10,014,961 | 9,032,088 | 47,313,803 | 43,357,539 |
| Pick 3 prize expense | 325,833 | 327,080 | 1,651,554 | 1,588,951 |
| Powerball prize expense | 7,569,013 | 2,235,750 | 18,642,164 | 10,915,450 |
| Mega Millions prize expense | 542,536 | 551,564 | 2,929,520 | 2,813,527 |
| Hot Lotto prize expense | 475,703 | 457,896 | 2,151,723 | 2,279,309 |
| Pick 4 prize expense | 142,748 | 137,720 | 718,687 | 663,271 |
| \$100,000 Cash Game prize expense | 202,481 | 162,619 | 999,929 | 803,173 |
| Pull-tab prize expense | 832,849 | 886,156 | 4,376,122 | 4,349,111 |
| VIP Club prize expense | 160,274 | 160,714 | 817,398 | 766,071 |
| Promotional prize expense | 34,152 | 3,730 | 75,528 | 48,385 |
| Advertising/publicity | 480,626 | 518,631 | 2,501,943 | 2,680,998 |
| Retailer compensation expense | 2,286,783 | 1,590,219 | 8,722,106 | 7,464,137 |
| Ticket expense | 334,466 | 243,364 | 1,290,542 | 1,079,994 |
| Vendor compensation expense | 761,375 | 500,755 | 2,786,642 | 2,306,701 |
| Salary and benefits | 728,500 | 725,353 | 3,884,778 | 3,662,183 |
| Travel | 30,885 | 38,024 | 172,252 | 191,421 |
| Supplies | 4,156 | 12,642 | 45,543 | 75,363 |
| Printing | 183 | 1,749 | 1,262 | 5,322 |
| Postage | 1,307 | 305 | 2,641 | 2,392 |
| Communications | 13,515 | 10,499 | 60,333 | 54,458 |
| Rentals | 24,705 | 23,423 | 124,486 | 113,267 |
| Utilities | 8,065 | 12,829 | 35,329 | 42,911 |
| Professional fees | 3,039 | 33,269 | 31,956 | 46,236 |
| Vending machine maintenance | 44,661 | 44,847 | 223,492 | 224,238 |
| Outside services and repairs | 17,889 | 11,013 | 119,996 | 93,738 |
| Data processing | 4,574 | 4,206 | 22,827 | 19,955 |
| Equipment | 80,519 | 19,186 | 159,615 | 61,030 |
| Reimbursement to other | | | | |
| state agencies | 34,235 | 71,320 | 171,616 | 186,909 |
| Depreciation | 20,283 | 11,781 | 101,414 | 56,666 |
| Other | 19,058 | 13,502 | 40,162 | 39,883 |
| MUSL administrative expense | 3,088 | 3,759 | 15,438 | 18,794 |
| Total operating expenses | 25,202,462 | 17,845,993 | 100,190,801 | 86,011,383 |
| Operating income (loss) | 10,681,478 | 7,272,050 | 36,751,523 | 31,627,488 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED NOVEMBER 30, 2012

| | <u>Month ended</u> <u>November 30, 2012</u> | <u>Month ended</u> <u>November 30, 2011</u> | <u>Year-to-date</u> <u>November 30, 2012</u> | <u>Year-to-date</u> <u>November 30, 2011</u> |
|--|--|--|---|---|
| Non-operating revenues (expenses) | | | | |
| Proceeds deposited to: | | | | |
| State General Fund | (10,310,506) | (7,365,377) | (35,469,758) | (29,978,574) |
| Veterans Trust Fund | (69,101) | (128,253) | (959,006) | (1,092,691) |
| Interest Income | 8,443 | 4,559 | 61,240 | 68,653 |
| Interest expense | (3,010) | (3,284) | (15,052) | (16,420) |
| Net non-operating revenues (expenses) | <u>(10,374,174)</u> | <u>(7,492,355)</u> | <u>(36,382,576)</u> | <u>(31,019,032)</u> |
| Change in net assets | 307,304 | (220,305) | 368,947 | 608,456 |
| Net assets, beginning of period | <u>5,257,603</u> | <u>5,013,500</u> | <u>5,195,960</u> | <u>4,184,739</u> |
| Net assets, end of period | <u><u>\$5,564,907</u></u> | <u><u>\$4,793,195</u></u> | <u><u>\$5,564,907</u></u> | <u><u>\$4,793,195</u></u> |



2323 Grand Avenue · Des Moines · Iowa 50312-5307
Telephone: 515-725-7900 · Fax: 515-725-7882
www.ialottery.com

Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor

Terry Rich · Chief Executive Officer

DATE: January 17, 2013
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Nye, Chief Financial Officer *BN*

Attached are the financial statements for December 2012. During December, we had revenue of \$25,194,974. This sales level resulted in \$4,651,853 of proceeds payable to the State General Fund and \$98,944 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY
SCHEDULE OF ECONOMIC BENEFITS

December 31, 2012

| | | |
|---|-----------------|------------------------------------|
| Proceeds to Iowa Plan | | \$170,318,439 |
| Proceeds to CLEAN fund | | \$35,894,355 |
| Proceeds to Special Appropriations | | \$13,773,572 |
| Proceeds to Gambler's Treatment Program | | 15,732,208 |
| Proceeds to the State General Fund: | | |
| Prior to Fiscal Year 2013 | \$1,148,429,496 | |
| Fiscal Year 2013 | | |
| Transferred | 18,054,228 | |
| Payable | 22,067,384 | |
| | <hr/> | 1,188,551,108 |
| Proceeds to the Veterans Trust Fund: | | |
| Prior to Fiscal Year 2013 | \$11,269,796 | |
| Fiscal Year 2013 | | |
| Transferred | 820,592 | |
| Payable | 237,359 | |
| | <hr/> | 12,327,747 |
| Total | | <hr/> <hr/> \$1,436,597,429 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED DECEMBER 31, 2012

| | Month ended December 31, 2012 | Month ended December 31, 2011 | Year-to-date December 31, 2012 | Year-to-date December 31, 2011 |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
| OPERATING REVENUES | | | | |
| Instant-scratch ticket sales | \$16,457,660 | \$16,272,527 | \$92,235,221 | \$88,676,302 |
| Pick 3 sales | 580,485 | 588,599 | 3,370,141 | 3,270,584 |
| Powerball sales | 4,190,780 | 4,218,807 | 42,155,915 | 26,607,803 |
| Mega Millions sales | 828,994 | 2,185,039 | 6,618,098 | 7,739,087 |
| Hot Lotto sales | 1,182,068 | 908,664 | 5,698,096 | 5,587,320 |
| Pick 4 sales | 265,262 | 236,823 | 1,495,391 | 1,375,051 |
| \$100,000 Cash Game sales | 381,467 | 356,037 | 2,250,894 | 2,054,520 |
| Pull-tab sales | 1,307,188 | 1,476,615 | 8,300,870 | 8,423,266 |
| Application fees | 375 | 500 | 3,250 | 1,800 |
| Other revenue | 695 | 137 | 9,422 | 146,887 |
| Total operating revenues | 25,194,974 | 26,243,748 | 162,137,298 | 143,882,620 |
| OPERATING EXPENSES | | | | |
| Scratch ticket prize expense | 11,231,799 | 11,183,473 | 58,545,602 | 54,541,012 |
| Pick 3 prize expense | 343,131 | 346,999 | 1,994,685 | 1,935,950 |
| Powerball prize expense | 1,791,472 | 2,063,737 | 20,433,636 | 12,979,188 |
| Mega Millions prize expense | 404,316 | 1,109,003 | 3,333,836 | 3,922,530 |
| Hot Lotto prize expense | 578,992 | 440,274 | 2,730,715 | 2,719,583 |
| Pick 4 prize expense | 156,782 | 141,819 | 875,469 | 805,090 |
| \$100,000 Cash Game prize expense | 204,387 | 168,642 | 1,204,317 | 971,815 |
| Pull-tab prize expense | 819,414 | 921,282 | 5,195,536 | 5,270,393 |
| VIP Club prize expense | 165,616 | 166,071 | 983,014 | 932,143 |
| Promotional prize expense | 6,296 | 7,652 | 81,824 | 56,037 |
| Advertising/publicity | 565,571 | 521,805 | 3,067,514 | 3,202,803 |
| Retailer compensation expense | 1,936,995 | 1,703,359 | 10,659,101 | 9,167,497 |
| Ticket expense | 241,193 | 346,957 | 1,531,735 | 1,426,950 |
| Vendor compensation expense | 489,839 | 516,411 | 3,276,481 | 2,823,112 |
| Online game expense | 230,088 | 0 | 230,088 | 0 |
| Salary and benefits | 755,075 | 746,140 | 4,639,853 | 4,408,323 |
| Travel | 33,129 | 31,408 | 205,381 | 222,829 |
| Supplies | 832 | 6,734 | 46,375 | 82,097 |
| Printing | 5,438 | 5,145 | 6,700 | 10,467 |
| Postage | 377 | 383 | 3,018 | 2,774 |
| Communications | 11,195 | 10,011 | 71,527 | 64,468 |
| Rentals | 24,705 | 24,210 | 149,191 | 137,477 |
| Utilities | 13,246 | 5,747 | 48,575 | 48,659 |
| Professional fees | 6,636 | 8,372 | 38,592 | 54,608 |
| Vending machine maintenance | 44,661 | 44,848 | 268,153 | 269,085 |
| Outside services and repairs | 18,733 | 7,660 | 138,729 | 101,398 |
| Data processing | 4,274 | 3,813 | 27,100 | 23,768 |
| Equipment | 25,798 | 51,042 | 185,413 | 112,072 |
| Reimbursement to other state agencies | 46,169 | 18,690 | 217,785 | 205,599 |
| Depreciation | 20,283 | 11,781 | 121,697 | 68,447 |
| Other | 6,180 | 3,775 | 46,342 | 43,658 |
| MUSL administrative expense | 3,088 | 3,759 | 18,525 | 22,553 |
| Total operating expenses | 20,185,710 | 20,621,002 | 120,376,509 | 106,632,385 |
| Operating income (loss) | 5,009,264 | 5,622,746 | 41,760,789 | 37,250,235 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED DECEMBER 31, 2012

| | <u>Month ended December 31, 2012</u> | <u>Month ended December 31, 2011</u> | <u>Year-to-date December 31, 2012</u> | <u>Year-to-date December 31, 2011</u> |
|---|--|--|---|---|
| Non-operating revenues (expenses) | | | | |
| Proceeds deposited to: | | | | |
| State General Fund | (4,651,853) | (5,345,966) | (40,121,612) | (35,324,541) |
| Veterans Trust Fund | (98,944) | (155,046) | (1,057,951) | (1,247,737) |
| Interest Income | 7,547 | 6,557 | 68,787 | 75,210 |
| Interest expense | (3,010) | (3,284) | (18,062) | (19,704) |
| Net non-operating revenues (expense) | <u>(4,746,260)</u> | <u>(5,497,739)</u> | <u>(41,128,838)</u> | <u>(36,516,772)</u> |
| Change in net assets | 263,004 | 125,007 | 631,951 | 733,463 |
| Net assets, beginning of period | <u>5,564,907</u> | <u>4,793,195</u> | <u>5,195,960</u> | <u>4,184,739</u> |
| Net assets, end of period | <u><u>\$5,827,911</u></u> | <u><u>\$4,918,202</u></u> | <u><u>\$5,827,911</u></u> | <u><u>\$4,918,202</u></u> |



2323 Grand Avenue · Des Moines · Iowa 50312-5307
Telephone: 515-725-7900 · Fax: 515-725-7882
www.ialottery.com

Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor
Terry Rich · Chief Executive Officer

DATE: February 15, 2013
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Nye, Chief Financial Officer *BN*

Attached are the financial statements for January 2013. During January, we had revenue of \$26,917,312. This sales level resulted in \$6,409,126 of proceeds payable to the State General Fund and \$253,973 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY
SCHEDULE OF ECONOMIC BENEFITS

January 31, 2013

| | | |
|---|------------------|-------------------------------|
| Proceeds to Iowa Plan | | \$170,318,439 |
| Proceeds to CLEAN fund | | \$35,894,355 |
| Proceeds to Special Appropriations | | \$13,773,572 |
| Proceeds to Gambler's Treatment Program | | 15,732,208 |
| Proceeds to the State General Fund: | | |
| Prior to Fiscal Year 2013 | \$1,148,429,496 | |
| Fiscal Year 2013 | | |
| Transferred | 40,121,612 | |
| Payable | <u>6,409,126</u> | |
| | | 1,194,960,234 |
| Proceeds to the Veterans Trust Fund: | | |
| Prior to Fiscal Year 2013 | \$11,269,796 | |
| Fiscal Year 2013 | | |
| Transferred | 1,057,951 | |
| Payable | <u>253,973</u> | |
| | | <u>12,581,720</u> |
| Total | | <u><u>\$1,443,260,528</u></u> |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED JANUARY 31, 2013

| | Month ended January 31, 2013 | Month ended January 31, 2012 | Year-to-date January 31, 2013 | Year-to-date January 31, 2012 |
|--|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| OPERATING REVENUES | | | | |
| Instant-scratch ticket sales | \$17,754,450 | \$17,087,627 | \$109,989,671 | \$105,763,929 |
| Pick 3 sales | 559,574 | 543,372 | 3,929,716 | 3,813,956 |
| Powerball sales | 4,631,296 | 4,153,374 | 46,787,211 | 30,761,177 |
| Mega Millions sales | 1,043,565 | 1,103,424 | 7,661,663 | 8,842,511 |
| Hot Lotto sales | 951,128 | 772,750 | 6,649,224 | 6,360,070 |
| Pick 4 sales | 249,550 | 225,400 | 1,744,940 | 1,600,450 |
| \$100,000 Cash Game sales | 371,105 | 340,003 | 2,621,999 | 2,394,523 |
| Pull-tab sales | 1,356,153 | 1,489,742 | 9,657,023 | 9,913,008 |
| Application fees | 175 | 375 | 3,425 | 2,175 |
| Other revenue | 316 | 21,898 | 9,738 | 168,785 |
| Total operating revenues | 26,917,312 | 25,737,965 | 189,054,610 | 169,620,584 |
| OPERATING EXPENSES | | | | |
| Scratch ticket prize expense | 11,435,971 | 10,963,584 | 69,981,572 | 65,504,595 |
| Pick 3 prize expense | 331,364 | 321,514 | 2,326,049 | 2,257,464 |
| Powerball prize expense | 2,265,435 | 2,025,628 | 22,699,071 | 15,004,815 |
| Mega Millions prize expense | 527,737 | 531,146 | 3,861,573 | 4,453,676 |
| Hot Lotto prize expense | 465,769 | 377,248 | 3,196,484 | 3,096,831 |
| Pick 4 prize expense | 147,265 | 132,930 | 1,022,734 | 938,020 |
| \$100,000 Cash Game prize expense | 198,387 | 172,734 | 1,402,703 | 1,144,549 |
| Pull-tab prize expense | 849,229 | 934,950 | 6,044,765 | 6,205,344 |
| VIP Club prize expense | 165,617 | 166,071 | 1,148,631 | 1,098,214 |
| Promotional prize expense | (17,163) | 6,488 | 64,661 | 62,525 |
| Advertising/publicity | 426,077 | 553,657 | 3,493,591 | 3,756,460 |
| Retailer compensation expense | 1,723,631 | 1,677,823 | 12,382,731 | 10,845,319 |
| Ticket expense | 288,540 | 301,283 | 1,820,276 | 1,728,234 |
| Vendor compensation expense | 544,170 | 531,945 | 3,820,651 | 3,355,057 |
| Online game expense | 0 | 0 | 230,088 | 0 |
| Salary and benefits | 841,340 | 784,565 | 5,481,193 | 5,192,889 |
| Travel | 32,719 | 27,299 | 238,101 | 250,128 |
| Supplies | 16,644 | 8,356 | 63,019 | 90,453 |
| Printing | 4,411 | 1,360 | 11,110 | 11,827 |
| Postage | 1,970 | 2,449 | 4,989 | 5,223 |
| Communications | 12,661 | 9,497 | 84,189 | 73,966 |
| Rentals | 29,809 | 24,625 | 178,999 | 162,102 |
| Utilities | 12,613 | 12,734 | 61,188 | 61,392 |
| Professional fees | 17,707 | 29,598 | 56,299 | 84,206 |
| Vending machine maintenance | 44,631 | 44,818 | 312,785 | 313,903 |
| Outside services and repairs | 17,760 | 36,971 | 156,489 | 138,369 |
| Data processing | 4,650 | 4,218 | 31,750 | 27,986 |
| Equipment | 15,742 | 39,471 | 201,155 | 151,543 |
| Reimbursement to other state agencies | 37,294 | 43,646 | 255,078 | 249,245 |
| Depreciation | 20,283 | 13,508 | 141,980 | 81,954 |
| Other | 6,702 | 1,930 | 53,044 | 45,587 |
| MUSL administrative expense | 3,087 | 3,759 | 21,613 | 26,312 |
| Total operating expenses | 20,472,052 | 19,785,805 | 140,848,561 | 126,418,188 |
| Operating income (loss) | 6,445,260 | 5,952,160 | 48,206,049 | 43,202,396 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED JANUARY 31, 2013

| | <u>Month ended January 31, 2013</u> | <u>Month ended January 31, 2012</u> | <u>Year-to-date January 31, 2013</u> | <u>Year-to-date January 31, 2012</u> |
|---|---|---|--|--|
| Non-operating revenues (expenses) | | | | |
| Proceeds deposited to: | | | | |
| State General Fund | (6,409,126) | (5,759,711) | (46,530,738) | (41,084,252) |
| Veterans Trust Fund | (253,973) | (321,611) | (1,311,924) | (1,569,349) |
| Interest Income | 5,077 | 1,359 | 73,864 | 76,569 |
| Interest expense | (2,988) | (3,284) | (21,050) | (22,988) |
| Net non-operating revenues (expense) | <u>(6,661,010)</u> | <u>(6,083,247)</u> | <u>(47,789,848)</u> | <u>(42,600,020)</u> |
| Change in net assets | (215,750) | (131,087) | 416,201 | 602,376 |
| Net assets, beginning of period | <u>5,827,911</u> | <u>4,918,202</u> | <u>5,195,960</u> | <u>4,184,739</u> |
| Net assets, end of period | <u><u>\$5,612,161</u></u> | <u><u>\$4,787,115</u></u> | <u><u>\$5,612,161</u></u> | <u><u>\$4,787,115</u></u> |

SECURITY REPORT
JANUARY 2013

INVESTIGATIONS

Cases open: 4
Cases closed: 0

TYPES

Burglary: 3
Theft: 1

EVENTS

Provide security for the \$100,000 Cash Game and all second chance and promotional drawings, 27 drawings and (1) MDI draw.

MISCELLANEOUS

Assist Validations Department: 10
Law Enforcement contacts: 7
ABD: 24
Records of contact: 42
Juvenile: 0
Retailer assists: 12
VIP: 7
Ticket print: 4
Compliance check: 1



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www.ialottery.com

Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor

Terry Rich · Chief Executive Officer

Date: 3-19-2013

To: Iowa Lottery Board
From: Larry L. Loss
Re: 2013 Association Membership Dues

For many years, the Iowa Lottery has participated as a member of the Iowa Grocery Industry Association (IGIA), the Petroleum Marketers and Convenience Stores of Iowa (PMCI), the North American Association of State & Provincial Lotteries (NASPL) and the World Lottery Association (WLA). As you are aware, the Board must approve memberships for the lottery. These billings come in annually at about the same time, so as with past practice, we have packaged them for Board approval.

Membership and active participation in IGIA events and activities has led to greater cooperation between the Iowa Lottery and our retailers. IGIA represents the interests of a majority of our retailer outlets. Membership enables us to keep up to date on convenience and grocery store industry trends and concerns.
ILA staff recommends approval of the \$500 membership dues in IGIA.

Again this year, the Iowa Lottery is seeking approval to participate as a business associate member of PMCI. Membership and active participation in retailer industry events has enabled us to keep our fingers on the pulse of the industry and has led to stronger bonds of cooperation between the ILA and our convenience store retailers. Convenience stores are the Lottery's largest retailer trade type.
ILA staff recommends approval of the \$688 membership dues in PMCI.

All North American lotteries are members of NASPL. NASPL plays a critical role in connecting member lotteries with essential education, information and communication on key trends and issues and acts as a united voice for the lottery industry on critical issues. NASPL is a key participant in building and maintaining relationships with national corporate retailers as well as the standardization or major procurements for member lotteries.
ILA staff recommends approval of the \$16,000 membership dues for NASPL.

Staff further supports approval of membership in WLA. Through our membership in WLA, the Iowa Lottery has access to educational information and training seminars, current trends and issues, security information and the opportunity to learn from and interact with lotteries across the world. As with other ventures, lottery industry problems and opportunities are not constrained or defined by international borders.

ILA staff recommends approval of the 5,600 Swiss Francs (approximately \$5,886 at the monetary exchange rate current when this document was prepared on March 13, 2013) membership dues for WLA.

The membership dues for all of these organizations are the same as last year. Enclosed are invoices from the Iowa Grocery Industry Association, Petroleum Marketers and Convenience Stores of Iowa and North American Association of State & Provincial Lotteries. Also enclosed is the membership fee structure for the World Lottery Association.



Iowa Grocery Industry Association

2540 106th St., Suite 102
Des Moines, IA 50322
(515) 270-2628

Invoice

20731

2/28/2013

Attn: Tom Warner
Iowa Lottery
2323 Grand Ave
Des Moines, IA 50312

| Qty | Item | Price | Extended |
|-----|---|---------------|-----------------|
| 1 | Membership Dues - Supplier 3/1/2013-2/28/2014 - Tom Warner Comment: Supplier Dues, 3/1/13 - 2/28/14 | \$500.00 | \$500.00 |
| | | Total: | \$500.00 |

Contributions or gifts to the Iowa Grocery Industry Association are not tax deductible as a charitable contribution for income tax purposes. However, they may be tax deductible as ordinary and necessary business expenses subject to restrictions imposed as a result of association lobbying activities. The Iowa Grocery Industry Association estimates that the deductible portion of your 2013 Dues - the portion not allocable to Lobbying - is 65%. The non-deductible portion of your dues is 35%.



10430 New York Ave, Suite F
 Urbandale, IA 50322

| | | | |
|--------------------------------|----------|-----------|-------|
| Membership Dues Invoice | | | |
| Date | 3/4/2013 | Invoice # | 52583 |
| 07/01/2013 | | | |

Iowa Lottery
 2323 Grand Ave
 Des Moines, IA 50312

| Item | Description | Amount |
|----------------|---|-----------|
| Associate Dues | Associate Membership Dues - 07/01/2013 to 06/30/2014 | 688.00 |
| | Sales Tax | 0.00 |
| | IN ADDITION TO MY DUES I WISH TO CONTRIBUTE TO THE PMCI PEF. (A voluntary contribution of \$100 is suggested). Contributions to the Political Education Fund (PEF) can be corporate money. PMCI uses this money for educational projects, research and outreach efforts in pursuing your legislative agenda. | +\$100.00 |
| | PMCI Associate Membership has its rewards! <ul style="list-style-type: none"> 💧 Business referrals and recommendations by PMCI Staff. 💧 Voting representation on board of directors and committees. 💧 Up to the minute industry information and insight through member communications. 💧 Featured Oil Spout articles spotlighting associate members. 💧 Company listing and link to your website on www.pmcofiowa.com. 💧 Industry input, representation, expertise and access. 💧 Educational conference and networking sponsorship opportunities. 💧 Business services and forms, training opportunities, employee benefit packages, insurance, etc. 💧 Upon request, up to four sets of membership labels per year. | |
| | Non-Deductible Statement: Dues payments to the Petroleum Marketers and Convenience Stores of Iowa may be deductible as an ordinary and necessary business expense, but are not deductible as charitable contributions for federal income tax purposes. The portion of your PMCI dues expended on lobbying (30%) is not deductible. Therefore, 70% of your PMCI dues are tax deductible. | |

Total \$688.00

Payments/Credits \$0.00

Balance Due \$688.00

Phone # 515-224-7545 Fax # 515-224-0502 E-mail info@pmcofiowa.com Web Site www.pmcofiowa.com

My Check is Enclosed Charge My Credit Card

Credit Card Number _____

Expiration Date _____

Signature _____

Date of Signature _____

Date
 3/4/2013
 Invoice #
 52583

Iowa Lottery
 2323 Grand Ave
 Des Moines, IA 50312



**NORTH AMERICAN ASSOCIATION
OF STATE & PROVINCIAL LOTTERIES**
1 SOUTH BROADWAY
GENEVA, OH 44041

DATE
2/28/2013

INVOICE #
6824

BILL TO:

IOWA LOTTERY
TERRY RICH, PRESIDENT & CEO
2323 GRAND AVE.
DES MOINES, IOWA 50312

| PO. NUMBER | TERMS | PROJECT |
|------------|--------|---------|
| | Net 30 | |

| QUANTITY | DESCRIPTION | RATE | AMOUNT |
|--|--|--------------|--------------------|
| 1 | NASPL DUES INVOICE, JULY 1, 2013 - JUNE 30, 2014 | 16,000.00 | 16,000.00 |
| NASPL thanks you for your support - FEIN #58-1846580 | | TOTAL | \$16,000.00 |



How to join

Lottery Members

Membership will be granted by the WLA General Assembly, which is held every two years. After approval by the WLA Executive Committee, applicants become provisional members until the final decision of the General Assembly.

Terms and conditions

- The member organization must be licensed or authorized to conduct lotteries and/or sports betting operations by a jurisdiction domiciled in a state recognized by the United Nations.
- Sales of games of chance and/or skill must account for the majority of the organization's total annual gross revenues.
- The majority of the organization's net revenues must be dedicated to the public good.
- The organization's business practices must conform to the aims and objectives of the Association.
- The organization must subscribe to the WLA Code of Conduct as approved by the membership or to an equivalent Code of Conduct adopted by a regional lottery association. A copy of the WLA Code of Conduct can be requested from the WLA Business office in Basel at info@world-lotteries.org

Membership fees

*Fees depend on the lottery organization's annual revenues.
The current fee structure is as follows:*

| Gross sales | Fees |
|-------------------------------|------------|
| up to US\$ 100 million | CHF 4,900 |
| US\$ 100 to 500 million | CHF 5,600 |
| US\$ 500 million to 1 billion | CHF 8,400 |
| US\$ 1 to 4 billion | CHF 14,000 |
| over US\$ 4 billion | CHF 21,000 |

**EXTENSION TO THE AGREEMENT
FOR GAME AUDITING SERVICES**

This Extension of Agreement for Game Auditing Services (Extension) is effective on May 1, 2013, and is made by and between the **Iowa Lottery Authority** (Lottery) and **McGladrey & Pullen, LLP** (Contractor).

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

SECTION 1. IDENTITY OF THE PARTIES.

1.1 The Iowa Lottery Authority 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 Ave., Des Moines, Iowa 50312.

1.2 The Contractor is a limited liability partnership engaged in the business, of among other things, providing game auditing services. Contractor's address is 400 Locust Street, Suite 640, Des Moines, IA 50309.

SECTION 2. STATEMENT OF AGREEMENT AND PURPOSE. The Lottery and Contractor entered into an Agreement for the purpose of retaining Contractor to conduct game auditing services for Lottery drawings held during the term of the agreement.

SECTION 3. EXTENSION. On or about May 1, 2011, the Lottery and Contractor entered into an Agreement for Game Auditing Services (Agreement). The term of the Agreement was for one year, plus five (5) one-year option periods exercisable at the option of the Lottery. Pursuant to Section 4 of the Agreement, the term of the Agreement is hereby extended through April 30, 2014.

SECTION 4. RATIFICATION. Except as expressly amended hereby, the Agreement shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof.

SECTION 5. AUTHORIZATION. Each party to this Agreement represents and warrants to the other that:

5.1 It has the right, power and authority to enter into and perform its obligations under this Agreement.

5.2 It has taken all requisite action (corporate or otherwise) to approve execution, delivery and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation upon itself in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency and similar laws.

SECTION 6. 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 Agreement and have caused their duly authorized representatives to execute this Amendment.

Iowa Lottery Authority

McGladrey & Pullen, LLP

By: _____
Larry Loss
Executive Vice President

By: _____
Rod Foster
Managing Partner

Date: _____

Date: _____