NOVEMBER 16, 2012

COMMISSION REPORT

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NOTICE OF PUBLIC MEETING AND EXECUTIVE SESSION OF THE ARIZONA STATE LOTTERY COMMISSION

Pursuant to Arizona Revised Statute (ARS) § 38-431.02, notice is hereby given to the members of the Arizona State Lottery Commission and to the general public that the Arizona State Lottery Commission will hold a meeting open to the public on November 16, 2012, at 10 a.m., in the Arizona Lottery Board Room located at 4740 East University Drive, Phoenix, Arizona. Pursuant to ARS § 38-431.02(B), notice is hereby given to the Arizona State Lottery Commission and members of the public that the Arizona State Lottery Commission may vote to go into Executive Session, which will not be open to the public, for the purpose of obtaining legal advice pursuant to ARS § 38-431.03(A)(3) regarding any of the agenda items, as well as for the purposes listed on the agenda under Executive Session. The Commission may also vote on any item listed on the agenda. One or more members of the Commission may participate by means of telephonic communication.

Call to Order

1. Call for Quorum
2. Call for Notice
3. Approval of Minutes for October 19, 2012, Public Meeting

Agency Reports

1. Director's Report
2. Sponsorship & Beneficiary Showcase (Presentation)
3. GTECH (Presentation)
4. Marketing Update

New Business

1. Discussion and Action on new Scratchers℠ Game Profiles: Mad Money #854, Fireball 5's #863, Golden Ticket #866, Red Hot Crossword #867, Diamond Dazzler Bingo #868, and $100,000 Taxes Paid #869.
2. Discussion and Action on Let's Make A Deal™ Second Chance Drawing Promotion Profile #65.

Call to the Public

Consideration and discussion of comments from the public. Those members of the public wishing to address the Commission need not request permission in advance and will be given approximately five minutes for their comments and requests. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration at a later date to comply with ARS § 38-431.02.

Announcements

The next Commission meeting will be held December 21, 2012, at 10 a.m.

Adjournment

Materials

A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice

Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.

Dated this 13th day of November, 2012

Jeff Hatch-Miller, Executive Director

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by calling (480) 921-4486. Requests should be made as early as possible to allow time to arrange the accommodation.

PUBLIC MEETING OF THE ARIZONA LOTTERY
COMMISSION MINUTES OCTOBER 19, 2012

PRESIDING Chair Jeff Weintraub

COMMISSIONERS Vice-Chair Frank Conley, Commissioners Jeff Boehm, and Chip Scutari.

LOTTERY Jeff Hatch-Miller, Executive Director; Patricia Phillips, Deputy Director; Raynie Hosto, Sales Director; Kim McGlothlen, Director of Marketing & Advertising; and Karen Bach, Director of Budget, Products, & Communications, Adam O'Kane Director of Audit, Accounting, & Procurement

Barbara Anderson, Ivy Gilio, Marc Harlow, Nick Schell, Pam DiNunzio, Robin Peters, Tim Matykiewicz, Tricia Garland, Brett Moulton, Libbi Goodman, Adeena Vojnovich, and Karen Flatt

GUESTS EB Lane Representatives: Catherine Swaback, Gianna Piccone, Conchita Rajces Kollman, Carlos Pastor, and Jen Byron
GTECH Representatives: Russ Harben and Serena Arlotta
Attorney General Representative: LaDonna Ockinga

Call to Order. Pursuant to the Public Notice dated October 15, 2012, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Weintraub. A quorum was present.

Upon request by Chair Weintraub, Vice-Chair Conley made a motion to approve the minutes of September 21, 2012; Commissioner Boehm seconded. All members voting aye, motion carried.

Director Hatch-Miller reported on the retirement of Robin Rosenthal, District Sales Representative, who served the state for 30 years.

Director's Report. Director Jeff Hatch-Miller presented a PowerPoint overview of the Director's Report. The Director's Report is attached for the official minutes.

Director Hatch-Miller stated that FY13 sales are 8.9% over FY12. Through September, we have reached $151,499,574 in total sales.

Chair Weintraub commented that on the "Annual Sales – Trailing 12 Months Periods" slide it appeared that during the months of July, August and September, the graph appeared to be flattening. Director Hatch-Miller replied that although he agreed the graph appeared flat in this month, we are still heading upward toward our sales goal.

Chair Weintraub asked what determines the exact amount of transfers and Director Hatch-Miller answered that we have a formula. It is a conservative estimate of how much money we're going to transfer by the end of the year, and it looks strong so far.

Commissioner Scutari asked how we are communicating what we're doing with the legislators. Director Hatch-Miller replied that there is a monthly report that provides information about sales and transfers to beneficiaries.

Retailer of the Quarter. Director Hatch-Miller introduced Karen Flatt, District Sales Representative who spoke about Mesa Star Chevron, which was nominated for Retailer of the Quarter.

Quarterly Product and Sales Report. Director Hatch-Miller introduced Raynie Hosto, Director of Sales, who presented information on the sales of Weekly Winnings

Ms. Hosto reported that before the launch, the sales team established a goal, which was 100 days from the start of the game through the end of the calendar year. To achieve the goal of $3,000,000 in sales, we would need to do $30,000 a day to reach that goal. As of the 17th of this month, we're 25% (25 days) through the 100 days. We're ahead of goal at 31.8%, and averaging $38,000 a day in sales.

Ms. Hosto presented a chart which compared the first 25 launch days of sales for Weekly Winnings, CA$H4, and 2by2, which showed that Weekly Winnings is out-performing expectations.

She discussed the POS for Weekly Winnings and the clerk promotion in which a voucher is printed which would enable a clerk to be entered to win a Kindle Fire. Over 55,000 vouchers were printed and the winners will be announced next month.

To increase store awareness of Weekly Winnings, representatives are doing Spin-the-Wheel promotions. Phoenix and Tucson staffs were provided with Weekly Winnings t-shirts, (which were also given to the Commissioners). She reported that if we maintain our $38,000 a day sales average for the first 100 days of Weekly Winnings, we will exceed our $3,000,000 sales goal by over $800,000.

Vice-Chair Conley asked if there had been any cannibalization of other products. Ms. Hosto replied that we'd dropped in 2by2 sales, and that had evened out with Weekly Winnings.

Weekly Winnings. Raynie Hosto introduced Karen Bach, Director of Budget, Products & Communications who presented a report on the Weekly Winnings winners. Ms. Bach stated that since the launch of Weekly Winnings on September 23, 2012, there have been seven draws and four top prize winners. Ms. Bach stated that the top prize winners had been from around the state (two from Tucson, one from Chandler, and one from Oro Valley). She spoke about the first winner from Tucson, and explained that we were able to do a lot of social media with this winner. Ms. Bach explained that it was also important to promote the lower prize level winners

as well. She stated that we have had nearly 75,000 total winners with prize amounts totaling over $580,000.

Director Hatch-Miller said that Kim McGlothlen, Director of Sales and Marketing, has been working in the retail market to make sure information has been coming out about winners. Ms. McGlothlen replied that we had been doing remotes with the Arizona Cardinals, and that next month we will have three promotional periods with retailers.

In conclusion, Director Hatch-Miller remarked that the advertising and education of the retailers and the public had been an all-department effort to make sure that we are getting the message out that Weekly Winnings is not only a new game, and fun, but that people are winning.

New Business.

Chair Weintraub asked if any members of the public would like to address the Commission regarding the new Scratchers Game Profiles: *Let's Make A Deal™ #849, Cash Machine #856, and Jack's Jackpot #858*. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding new Scratchers Game Profiles: *Let's Make A Deal™ #849, Cash Machine #856, and Jack's Jackpot #858*. Vice-Chair Conley moved; Commissioner Scutari seconded. All members voting aye, the motion carried.

Call to the Public. Chair Weintraub invited members of the public to speak before the Commission. No one from the public requested to speak.

Announcements. The next meeting will be November 16, 2012, at 10 a.m.

Adjournment. Upon request by Chair Weintraub, Commissioner Boehm moved; Commissioner Scutari seconded. All members voting aye, motion carried.

Meeting adjourned at 10:23 a.m.

Agency Reports
Report to Arizona Lottery Commission
November 16, 2012

Director's Report

Each month, the Lottery provides the Governor's Office with a status report for the previous month. This is a succinct look at agency activities and success statistics containing information we believe the Commission might find interesting as well. Detailed sales information is available in the Dashboard Update, Attachment A.

Transfers to Beneficiaries made in October 2012

State General Fund: $6,473,500
Heritage Fund: $767,800
Healthy Arizona: $1,483,200
Mass Transit: $1,381,900
Court Appointed Special Advocate (CASA) Fund: $69,176

Total October Transfers $10,175,576

Transfers to beneficiaries FY13 YTD: $44,204,817
Transfers to beneficiaries FY12 YTD: $41,413,836

Events/Sponsorships

Lottery-sponsored events in October:
Emerge! Center Against Domestic Abuse – Mother of the Year Luncheon;
SBKD Booster Club – University of Arizona Jazz Showcase;
Copper Town Association – Copper Town Days;
VALLEYLIFE – 1947 at the Ritz;
Valley Youth Theatre – Literacy in the Arts;
Catholic Charities Community Services – Monte Carlo in the Pines;
Benson Butterfield Rodeo – Rodeo;
BOTHANDS, Inc. – Walk for a Change;
City of Tempe – Tempe Tardeada;
Arizona Coalition to End Homelessness – Annual Conference;
ASU Lodestar Center for Philanthropy and Nonprofit Innovation – Annual Conference;
Muscular Dystrophy Association Inc. – Taste of the Town;
Arab American Festival – Festival
Arizona Friends of Foster Children Foundation – Foster Care Foodie Faire;
Aunt Rita's Foundation – AIDS Walk Phoenix & 5K Run;
Chicanos Por La Cause, Inc. – Annual Esperanza Latino Teacher Awards;
UMOM New Day Centers – Buckles and Bangles;
Mesa Arts Center Foundation – Culture Connect/Dia de los Muertos Festival

Lottery-sponsored events in November:
Phoenix Youth Symphony – 2012/13 Season;
WP Carey School of Business – Spirit of Enterprise Awards;
Page Tourism Bureau – Page/Lake Powell Balloon Regatta;
Keogh Health Connection – First Friday Gala/Dinner;
Arizona Dream Builder Foundation – Dream Dinner;
Yavapai Big Brothers/Big Sisters – Gala;
Local First Arizona – Certified Local Fall Festival;
S. Arizona AIDS Foundation – Festival for Life;
United Cerebral Palsy of Central Arizona – Champions in Life Night;
Hydrocephalus Association – Walk at the Zoo;
Homeward Bound – Step Forward Breakfast
AZ Food Marketing Alliance – Excellence in Leadership Awards;
Luke West Valley Recreation Committee – Senior Games;
Barrow Connection – Driving to Excel

New Game Introductions

New Games Introduction. The following games were introduced since the last commission meeting: *Wild 8's* #804, *Total 7 & Win* #812, and *Table Stakes* #792.

More information on these games is available by visiting the Scratchers section at ArizonaLottery.com

ATTACHMENT A

New Business Item #1
New Scratchers℠ Games Profiles
Report to Arizona Lottery Commission
November 16, 2012

This report has been provided to the Lottery Commission regarding game profiles planned for Arizona Lottery Scratchers games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing, distribution, and sales of these games.

NEW GAME PROFILES
Attached for the Lottery Commission's action are new Scratchers Game Profiles*: Mad Money* #854, *Fireball 5's* #863, *Golden Ticket* #866, *Red Hot Crossword* #867, *Diamond Dazzler Bingo* #868, and *$100,000 Taxes Paid* #869.

Mad Money #854. This $1 game has a top prize of $1,000 and will be printed at a quantity of approximately 1.6 million tickets

Fireball 5's #863. This $2 game has a top prize of $10,000 and will be printed at a quantity of approximately 1.4 million tickets.

Golden Ticket #866. This $20 game has a top prize of $500,000 and will be printed at a quantity of approximately 1.2 million tickets.

Red Hot Crossword #867. This $10 game has a top prize of $100,000 and will be printed at a quantity of approximately 1.6 million tickets.

Diamond Dazzler Bingo #868. This $5 game has a top prize of $50,000 and will be printed at a quantity of approximately 2.8 million tickets.

$100,000 Taxes Paid #869. This $10 game has a top prize of $100,000 (taxes paid) and will be printed at a quantity of approximately 1 million tickets.

Attachments (Commissioners only)

New Business Item #2
Let's Make A Deal™ Second Chance Drawing Promotion Profile
Report to Arizona Lottery Commission
November 16, 2012

This report has been provided to the Lottery Commission regarding the *Let's Make A Deal*™ Second Chance Drawing Promotion Profile.

As part of the *Let's Make A Deal*™ instant game, players will have the opportunity through a second chance drawing to win a 4-day, 3-night trip to Las Vegas, Nevada. While in Las Vegas, players will have the opportunity to participate in six separate nostalgic game shows to win cash prizes. A total of four trips for two people will be chosen from entries submitted via the Internet.

The Commission is requested to approve the attached profile.

PROMOTION PROFILE #65

Promotion Name:

$1 Million Las Vegas Game Show Experience – Second Chance Drawings

Play Style:

Second Chance Drawing – Player

Category:

Players

Targeted Games:

Let's Make A Deal™ – $5 Game 849

Promotion Description:

The promotion is designed to provide players a chance to win prizes by entering non-winning tickets from the *Let's Make A Deal*™ instant game. Players must enter the second chance drawing via the Internet through the Lottery's website. Entries must be submitted from within the state of Arizona.

Prize Draw Eligibility:

1. An entry shall consist of one (1) non-winning *Let's Make A Deal*™ game ticket meeting the validation requirements of the Arizona Lottery.

2. Players may enter using the Internet by visiting the Lottery website at ArizonaLottery.com and clicking on the Scratchers Second Chance Games section. Enter the required player information and complete the entry instructions with the necessary ticket information. Mail-in or hand-delivered entries will not be accepted.

3. Entries must be submitted from within the state of Arizona.

4. Participants must be 21 years of age or older at the time of entering.

5. Only one Internet entry per ticket is allowed.

6. A total of two (2) drawings will be held at locations to be identified by the Lottery.

    a. Drawing #1 – May 23, 2013
    b. Drawing #2 – TBD

7. Entries for the first drawing must be received by 11:59 p.m. (MST) on May 22, 2013. All entries not receiving a prize or submitted after this date will be carried forward to the second drawing.

8. Entries for the second drawing must be received by 11:59 p.m. (MST) on the day prior to the announced drawing date. The date for the second drawing will be posted on the Lottery website.

9. The Arizona Lottery accepts no responsibility for misdirected, lost, late, corrupted, stolen or incomplete entries; technical failures including malfunctions, interruptions, failure of performance, errors, omissions, deletions, defects, delay in operation or transmissions, computer virus, communication line or satellite failure or failure of network hardware or software; unauthorized human intervention in any of the entry process; or for any entry that does not comply with these procedures.

10. If a dispute arises over the eligible entrant, the registered owner of the email account will be the official entrant.

Promotion Selection Criteria:

1. A total of two entries and four alternate entries will be selected in each of the two drawings.

2. There is a limit of one prize per person.

3. All entries received prior to the designated drawing will be eligible for the subsequent drawing, unless that entrant has already received a prize.

4. All prizes will be awarded in prize value sequence. Alternates will be drawn and assigned an order position to assume a prize only if a selected winning entry is determined to be invalid. All alternates not winning a prize will be eligible for the subsequent drawing.

5. All winning entries will be verified by the Arizona Lottery prior to awarding the prizes.

Prize Type and Structure:

1. A total of four Grand Prize Trips will be awarded. There will be two drawings and two trips will be awarded in each drawing. Each Grand Prize Trip includes:
   - A four-day, three-night trip for the prize winner and one guest to Las Vegas, Nevada;
   - Round-trip coach airfare for the winner and one guest from a major Arizona airport to Las Vegas McCarran International Airport;
   - Ground transportation to and from McCarran airport, hotel and MDI hosted events;
   - Accommodations of one deluxe hotel room for three nights (double occupancy, room and room tax only), and
   - $1,000 spending money in the form of a check, to be provided approximately two weeks prior to the scheduled departure date.

2. Prize winners and their guest will be honored with an evening welcome reception during their trip to Las Vegas.

3. Each prizewinner shall participate as a contestant in the $1 Million Las Vegas Game Show Experience. Each prizewinner will play six (6) games. All prizes will be cash prizes. Each game will be played separately. After each game, any cash won will be tallied for the prizewinner and cannot be used in the remaining games. The total amount of cash won on the stage show by the prizewinner will be mailed to the prizewinner within ten (10) business days after the prizewinner's departure from Las Vegas. The stage show will consist of the following games:

   a. Game 1: **Match Game™** will feature an emcee and a large screen, which will simulate the set of the original game show. Prizewinner plays for a cash prize of up to $500.

   b. Game 2: **Card Sharks™** is a "high/low" card game. Card Sharks is played using a

standard deck of 52 oversized playing cards, card podiums, an emcee and a hostess. Prizewinner plays for a cash prize of up to $1,000.

c. Game 3: **Let's Make A Deal™** will be played using envelopes, boxes, an emcee and a hostess. Prizewinner plays for a cash prize of up to $2,500.

d. Game 4: **Family Feud®** will feature an emcee and a large screen, which will simulate the set of the original game show. Prizewinner plays for a cash prize of up to $5,000.

e. Game 5: **The Price Is Right®** will involve spins of The Price Is Right® wheel. Prizewinner plays for a cash prize of up to $25,000

f. Game 6: **Press Your Luck®** will feature an emcee and a board consisting of 18 spaces, which will simulate the original set. Prizewinner plays for a cash prize of up to $1,000,000. Odds of winning the $1 million prize are 1 in 972.

4. The guest of the prizewinner may sit in the audience with the prizewinner, but will not be eligible to be a contestant on the $1 Million Las Vegas Game Show Experience. Prizewinners will attend a training session on their scheduled game show day to review the rules and learn how to play the six featured games.

Retail Sales Price:

Not Applicable

Promotion Date Range:

Entries will be accepted beginning February 5, 2013, and continuing until 11:59 p.m. (MST) on day proceeding the date of the announced final draw date.

Day and Time Range:

This contest is available 24 hours a day, seven days a week during the contest period via the Arizona Lottery website, http://www.arizonalottery.com.

Applicable Statutes and/or Rules:

Arizona Revised Statutes
A.R.S. §§ 5-554(C)

Arizona Administrative Code
Title 19, Chapter 3, Article 10. PROMOTIONS

Effective Dates:

Order Issued by the Lottery Executive Director and Approved by the Lottery Commission	November 16, 2012
Effective Date	February 5, 2013

_____ _____
Jeff Hatch-Miller November 16, 2012