



**FEBRUARY 19, 2016  
COMMISSION  
REPORT**

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

Pursuant to Arizona Revised Statute (A.R.S.) § 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 February 19, 2016, at 10 a.m., in the Arizona Lottery Board Room located at 4740 East University Drive, Phoenix, Arizona. Pursuant to A.R.S. § 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 A.R.S. § 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 January 27, 2016, Public Meeting

### **Agency Reports**

1. Retailer of the Quarter
2. Director's Presentation
3. Audit Report
4. Player Rewards Targeted Loyalty Program
5. New Scratch Games

### **New Business**

1. Discussion and Action on Article 2, Retailer Rule Changes.
2. Discussion and Action on Instant Scratch Game Profiles: *35<sup>th</sup> Anniversary (\$1) #1051, 35<sup>th</sup> Anniversary (\$2) #1052, 35<sup>th</sup> Anniversary (\$5) #1053, 35<sup>th</sup> Anniversary (\$10) #1054, Red Hot 7s #1067, Triple Red 7's #1068, and Jumbo Bucks #1069.*
3. Discussion and Action on Promotion Profile #78 - Player Rewards Promotion Profile.

### **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 A.R.S. § 38-431.02.

**Announcements**

The next Commission meeting will be held March 18, 2016, at 10:00 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 17<sup>th</sup> day of February, 2016

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Kevin Donnellan  
Interim 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 JANUARY 27, 2016**

**PRESIDING** Chair Frank Conley, Telephonic

**COMMISSIONERS** Telephonic Mike Love, Jeff Weintraub, and Kristine Burnett

**LOTTERY** Kevin Donnellan, Interim Director; Michael Schiefelbein, Director of Products; Eric Borg, Director of Operations; Raynie Hosto, Director of Sales, Steve O’Ney, Director of IT, LaTrina Rosemond, Director of Audit and Accounting; and Brian Townsend, Deputy Director, Telephonic  
Barbara Anderson, Kimberly Siddall, and Jacqui Ayala

**GUESTS** GTECH Representatives: Russ Harben, Maryanne Manning, and Serena Arlotta  
Scientific Games Representatives: Topper Wilson and Genva MacCaffery  
Attorney General Representative: Deanie Reh

**PUBLIC** Kurt Davis

**Call to Order** Pursuant to the Public Notice dated January 25, 2016, the Public Meeting of the Arizona State Lottery Commission was called to order at 9:00 a.m. by Chair Conley. A quorum was present.

Chair Conley entertained a motion to approve the minutes of the December 18, 2015, Public meeting; Commissioner Weintraub moved, Commissioner Burnett seconded. All members voting aye, motion carried.

**New Business** Chair Conley asked if any members of the public would like to address the Commission regarding amended instant scratch game profile Trucks & Bucks® #1037 and new instant scratch game profiles: Money Bag Crossword #1050 and Classic Blackout Bingo #1057. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding amended and new instant scratch game profiles #1037, #1050, and #1057. Commissioner Weintraub moved; Commissioner Anderson seconded. Commissioner Weintraub asked what changes were made to Trucks & Bucks. Mr. Schiefelbein said initially there was a typo in the game profile that indicated there were two automatic win features when it should have been one. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding new Instant Tab Game Profiles: Freedom Reign #057, Serve And Protect

#058, Pass The Buck #059, Loose Diamonds #060, Liberty Bucks #061, Money In The Bank #062, Pot O' Gold PLUS #063, Poker Hand #064, Stand Up & Salute #065, Gold Bar Bonanza #066, Triple 7s #067, and Casino Cash #068. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding new Instant Tab Game Profiles #057, #058, #059, #060, #061, #062, #063, #064, #065, #066, #067, and #068. Vice-Chair Love moved; Commissioner Anderson seconded. All members voting aye, the motion carried.

Chair Conley asked if there was any update on the great Powerball sales for the month of January. Ms. Hosto said for the 19 draws that started on November 5 and ended on January 13, we did almost \$85 million in Powerball sales. She stated that on the final Wednesday before the drawing, we did \$15.2 million in sales and, around 5 pm that day, we checked to see what our sales were per minute and said they were in excess of \$30,000 per minute.

Chair Conley asked if we had done any year-over-year comparison to see what this would do for the month of January for us. Ms. Anderson said this now puts us ahead of our projections. She said this information will be shared in February's meeting.

Chair Conley asked Ms. Hosto what the preliminary results were for the Keep 'Em Full incentive. Ms. Hosto said out-of-stocks were down in the month of December, but we do not have January's numbers yet; we will share those results at the next meeting.

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

**Announcements** The next Commission meeting will be held February 19, 2016, at 10:00 a.m.

Commissioner Burnett stated that the packet she received showed the next Commission date was the 18<sup>th</sup>. Ms. Ayala confirmed the next meeting is the 19<sup>th</sup> and was revised in the posted agenda and script.

Commissioner Anderson asked that when we have these meetings with the Commission participating over the phone if we were still in the main conference room and open to the public to attend. Ms. Ayala said that was correct.

Commissioner Anderson asked about the letter that some of the Commissioners received from Mr. Moses and wanted to know what the protocol was for that. Interim Director Donnellan asked for clarification on the contents of that letter. Commissioner Anderson said it was a letter that was addressed to three of the Commissioners and Mr. Bouie. He said it was basically a complaint letter that went on for three pages. Interim Director Donnellan said he was not familiar with the letter and asked if we had the letter.

Mr. Borg said the letter was received by Kimberly, who forwarded it to his department. He said they are going through and addressing the complaints that pertain to his area. He also said there are a few other areas to go through to address all of the concerns for a reply. Commissioner Anderson asked if the reply would be sent to the Commissioners as well. Mr. Borg said yes. Commissioner Burnett wanted to know if the reply would also be sent to those Commissioners that did not get the letter. Mr. Borg said that would not be a problem.

**Adjournment** Chair Conley entertained a motion to adjourn, Commissioner Anderson moved; Commissioner Burnett seconded. All members voting aye, motion carried. Meeting adjourned at 9:15 a.m.

**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.

**Agency Reports**  
 Report to Arizona Lottery Commission  
 February 19, 2016

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**Retailer of the Quarter**

**Director's Presentation**

**Audit Report**

**Player Rewards Targeted Loyalty Program**

**New Scratch Games**

**New Games Introduction**

The following games were introduced since the December commission meeting: *Lucky Line Crossword #983, Bingo Blast #1021, Super Crazy 8's #1032, \$5,000 Taxes Paid #1038, \$10,000 Taxes Paid #1039, \$50,000 Taxes Paid #1040, \$100,000 Taxes Paid #1041, Happy Cash #1043, Scorchin' Hot 5's #1047, and Jackpot Riches #1048.*

More information on these games is available by visiting the [Scratchers](#) section at ArizonaLottery.com

The following game was approved to end consistent with the Instant Scratch Game Ending Policy. Players have 180 days from the game-ending date to claim prizes.

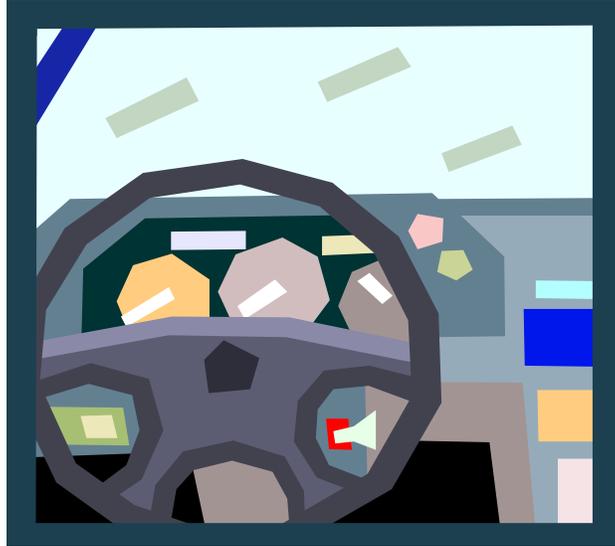
<b>Date Ended</b>	<b>Price Point</b>	<b>Game No.</b>	<b>Game Name</b>	<b>Beginning Inventory</b>	<b>% Sold</b>
12/28/15	\$5	963	Red Line Bingo	2,987,580	86.8%
02/02/16	\$2	913	Blackjack Tripler	1,509,600	76.9%
02/02/16	\$2	924	Money Roll	1,510,800	76.2%
02/02/16	\$3	929	Wild Crossword	4,011,700	89.7%
02/02/16	\$1	931	Double Cherry	1,726,500	89.5%
02/02/16	\$5	961	Daily Crossword	5,036,280	99.2%
02/02/16	\$5	964	MONOPOLY MILLIONAIRES CLUB®	2,127,840	79.1%
02/02/16	\$1	984	Winter Wins	2,499,000	52.2%
02/02/16	\$2	986	12 Days of Christmas	1,623,750	72.1%
02/02/16	\$3	987	Jolly Cash Crossword	1,721,100	71.6%
02/02/16	\$5	988	Holiday Magic	1,461,120	70.1%
02/02/16	\$10	989	Holiday Cash	1,309,620	46.4%
02/02/16	\$1	1014	Golden 7s	1,373,400	84.1%

<b>Date Ended</b>	<b>Price Point</b>	<b>Game No.</b>	<b>Game Name</b>	<b>Beginning Inventory</b>	<b>% Sold</b>
02/05/16	\$1	1017	Match 3 Doubler	1,509,900	78.6%

### Events/Sponsorships

<b>January</b>			
<b>Event Date</b>	<b>Event Organization</b>	<b>Event Name</b>	<b>Sponsorship Cost</b>
1/9/2016	Mesa Martin Luther King Jr. Celebration, Inc.	Mesa Martin Luther King Jr. Gala Celebration	\$10,000.00
1/16/2016	Casa Grande Main Street	16th Annual Downtown Streetfair and Car Show	\$750.00
1/30/2016	Benevilla	Gala Celebration	\$1,500.00
<b>February</b>			
<b>Event Date</b>	<b>Event Organization</b>	<b>Event Name</b>	<b>Sponsorship Cost</b>
2/1/2016	Yavapai Big Brothers and Big Sisters	Bowl for Kids' Sake	\$7,500.00
2/1/2016	Tucson Urban League, Inc.	The Whispers in Concert	\$5,000.00
2/6/2016	Save the Family Foundation	Hearts of Gold Gala	\$5,000.00
2/12/2016	Xico, Inc.	28th Annual Dinner & Art Auction	\$250.00
2/19/2016	Arizona Youth Partnership	Ragnar Relay	\$1,000.00
2/25/2016	Phoenix Conservatory of Music	PCM Rocks! Our Journey Continues! Benefit Concert	\$4,500.00
2/27/2016	Buena Vista Children's Services, Inc.	Arizona on the Move ECE Conference	\$500.00
2/27/2016	Theater Works at the Peoria Center for the Performing Arts	Gala Supporting the 2015-2016 Season	\$1,000.00
2/27/2016	American Cancer Society	Climb to Conquer Cancer	\$2,000.00
2/27/2016	Valley Verde Rotary Club of Green Valley	Jazz in the Desert	\$1,000.00

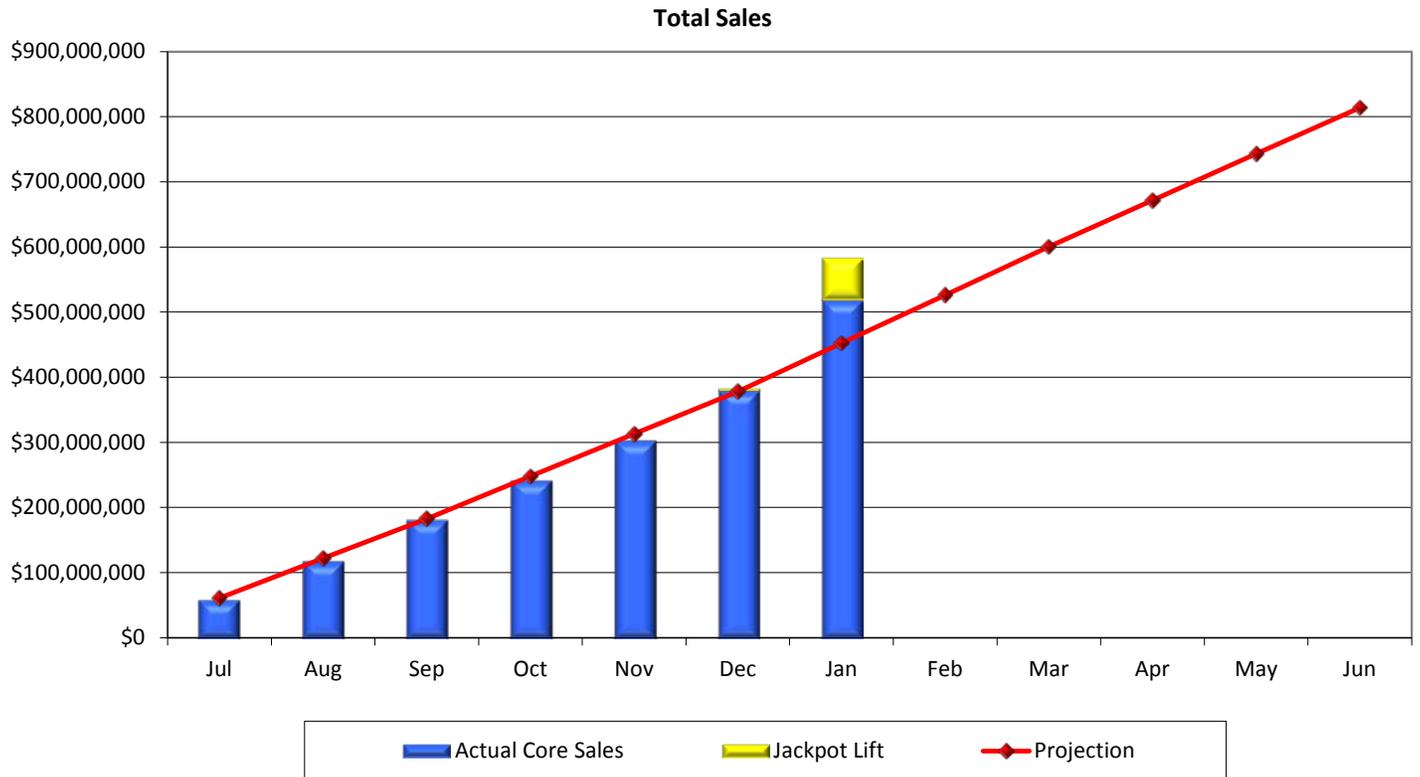
# ATTACHMENT A



**Arizona Lottery  
Dashboard  
January 2016**

**Fiscal Year 2016**

**Arizona Lottery  
FY 2016 Sales versus Projections**



Projection:	452,163,200
Actual Core:	448,359,274
Jackpot Lift:	70,000,000
Total Actual:	518,359,274
Difference:	66,196,074
% Difference:	14.6%

\* Total sales are currently 14.6% above projections

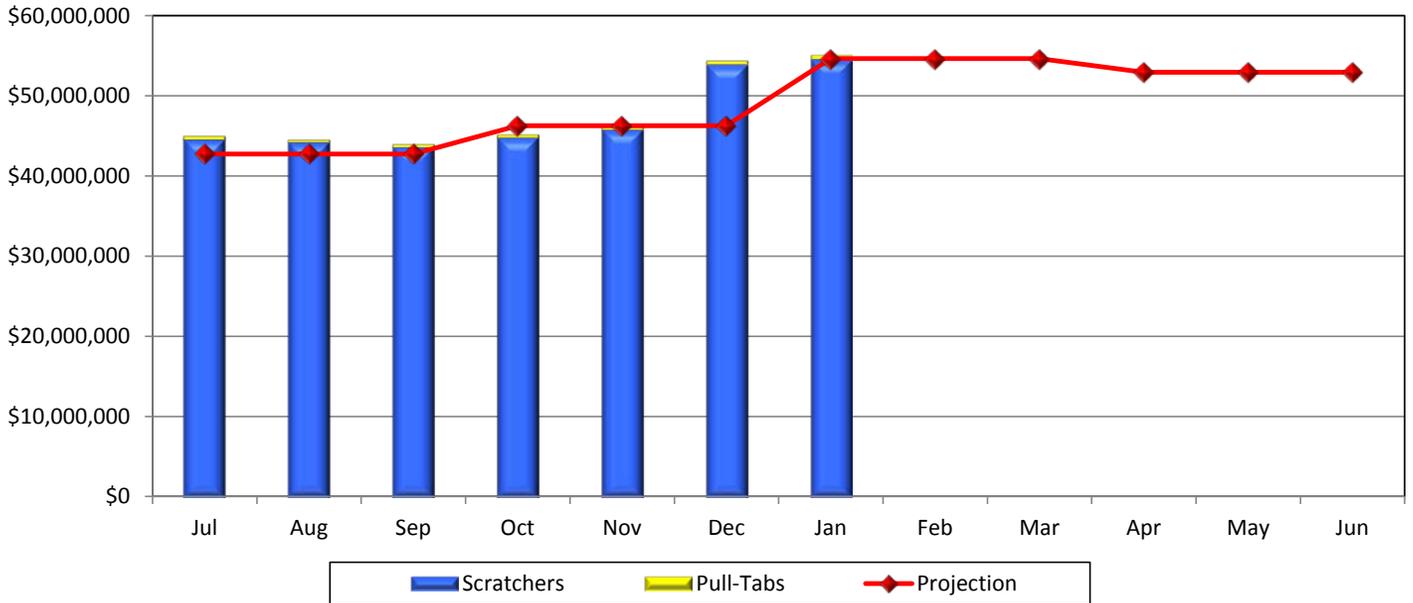
\* The Instant product line (Scratchers & Pull-tabs) at \$335,664,775, currently 4.3% above projections.

\* Total draw game sales of \$182,694,499, currently 40.0% below projections.

\* The Multi-State draw games are currently 52.0% above projections; in-state games are 9.4% above projections.

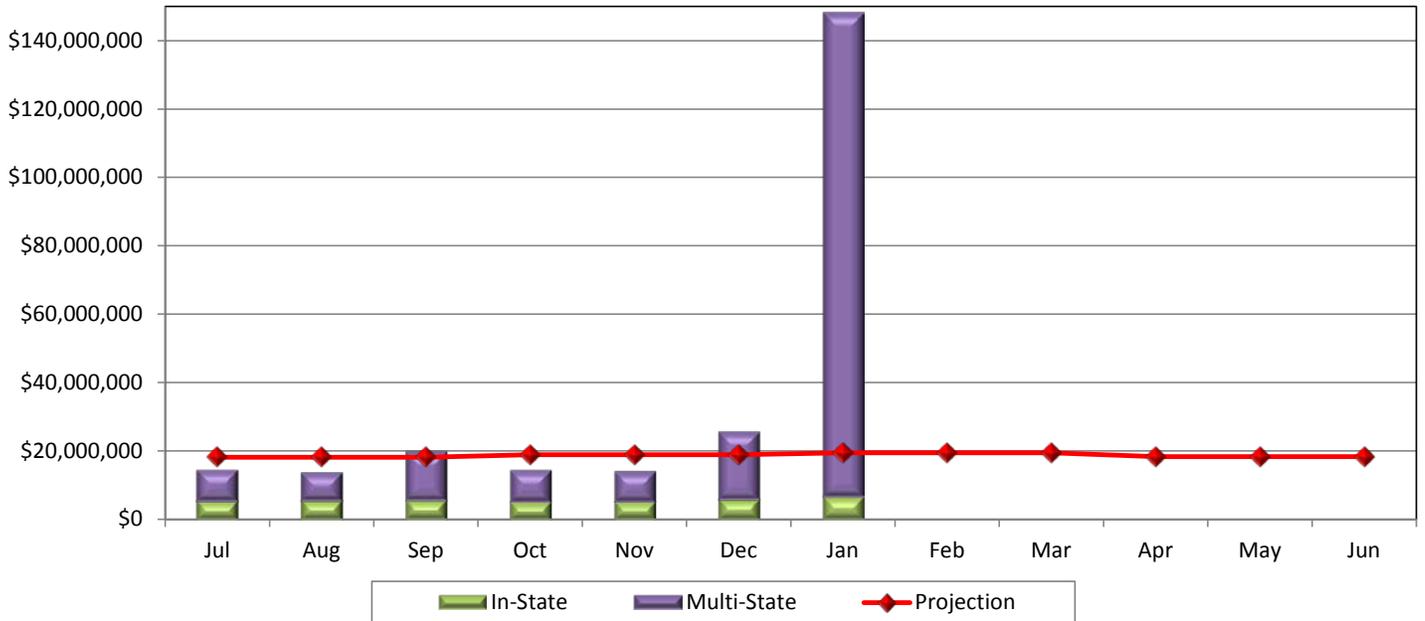
**Arizona Lottery  
FY 2016 Sales versus Projections**

**Instant Sales**



Projection: 321,711,200  
 Actual: 335,664,775  
 Difference: 13,953,575  
 % Difference: 4.3%

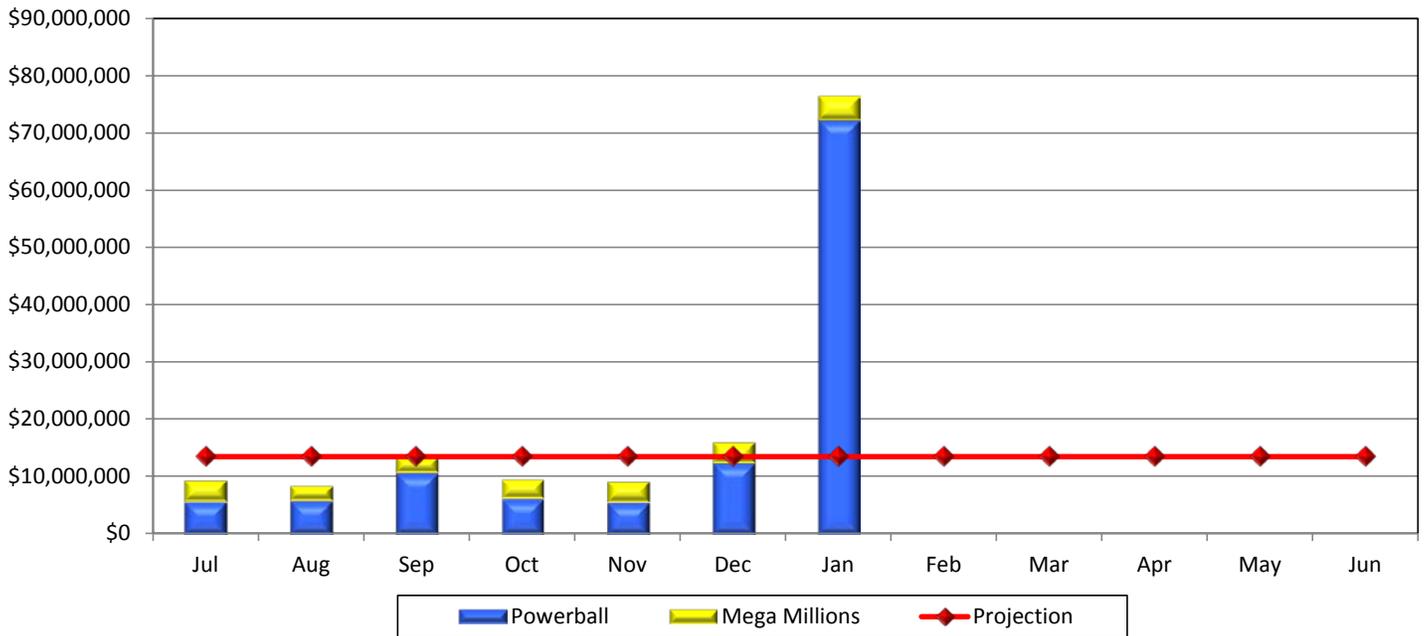
**Total Draw Games**



Projection: 130,452,000  
 Actual: 182,694,499  
 Difference: 52,242,499  
 % Difference: 40.0%

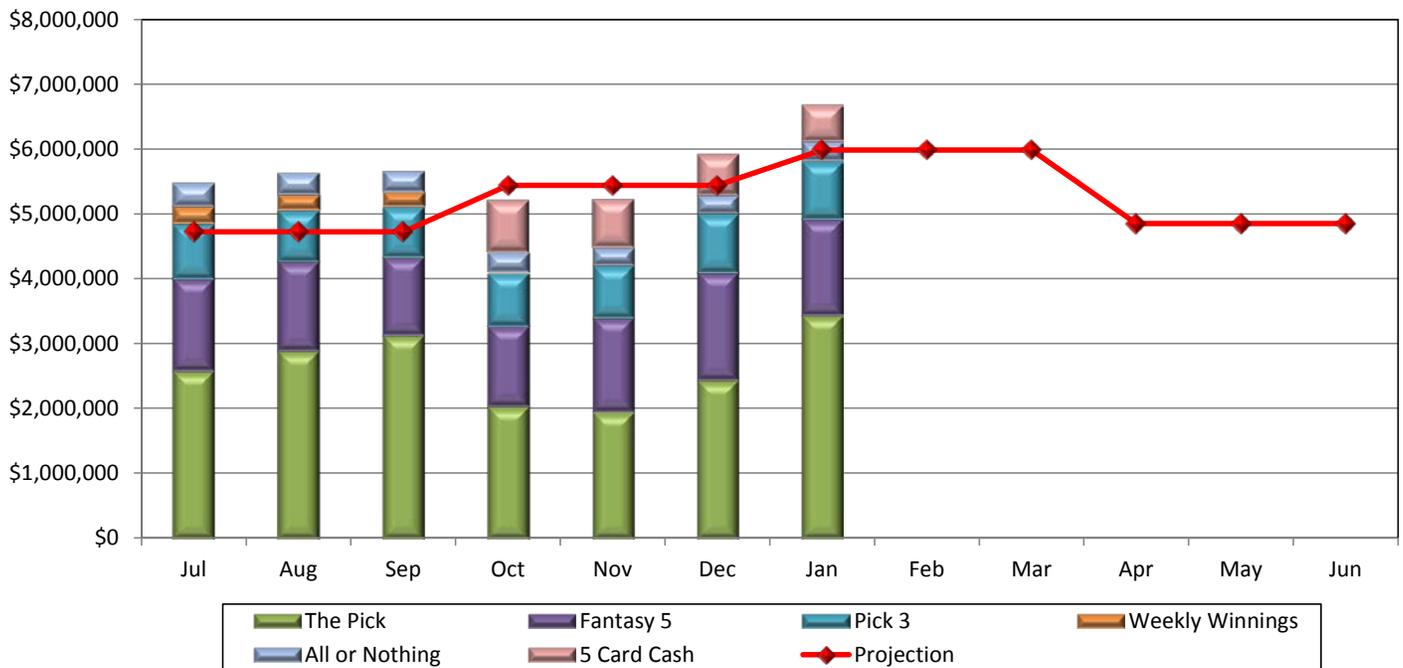
**Arizona Lottery  
FY 2016 Sales versus Projections**

**Multi-State Games**



Projection: 93,975,000  
 Actual: 142,795,567  
 Difference: 48,820,567  
 % Difference: 52.0%

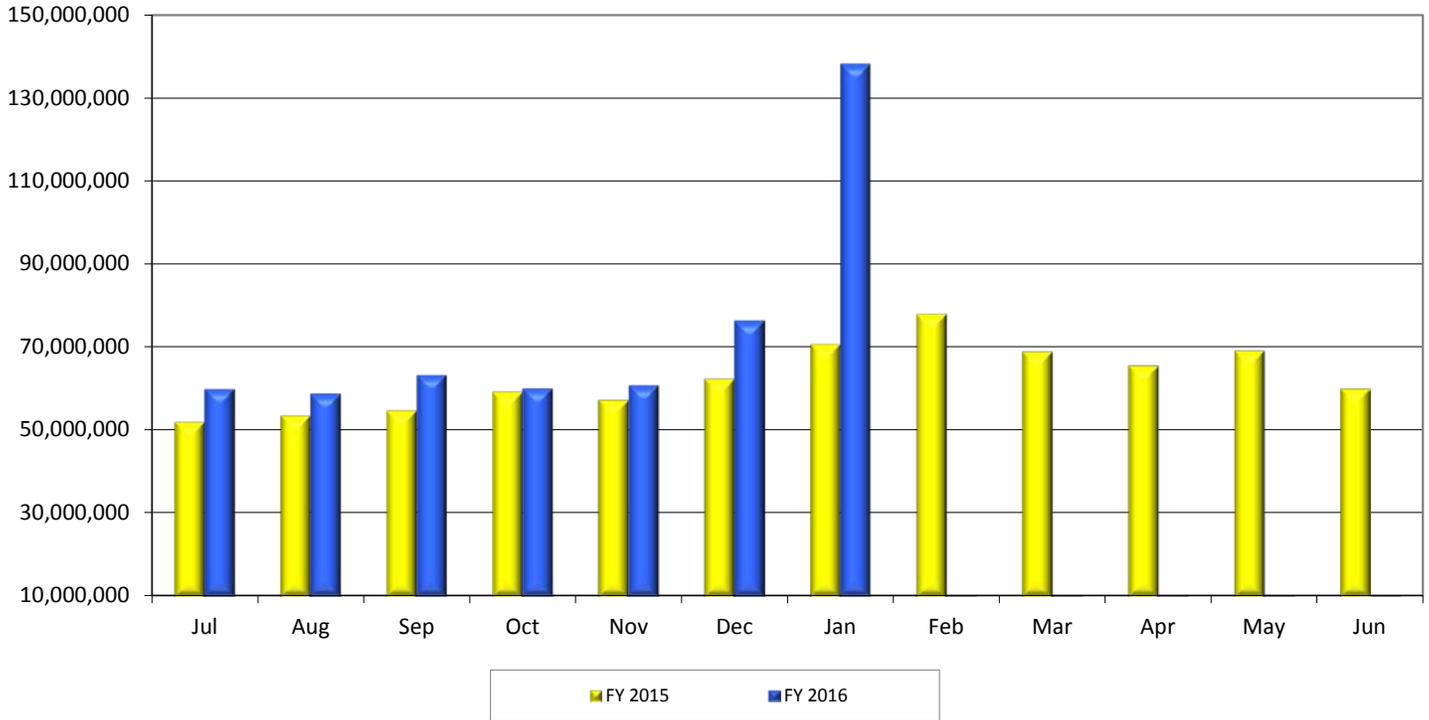
**In-State Games**



Projection: 36,477,000  
 Actual: 39,898,932  
 Difference: 3,421,932  
 % Difference: 9.4%

**Arizona Lottery  
FY 2016 versus FY 2015**

**Total Sales**

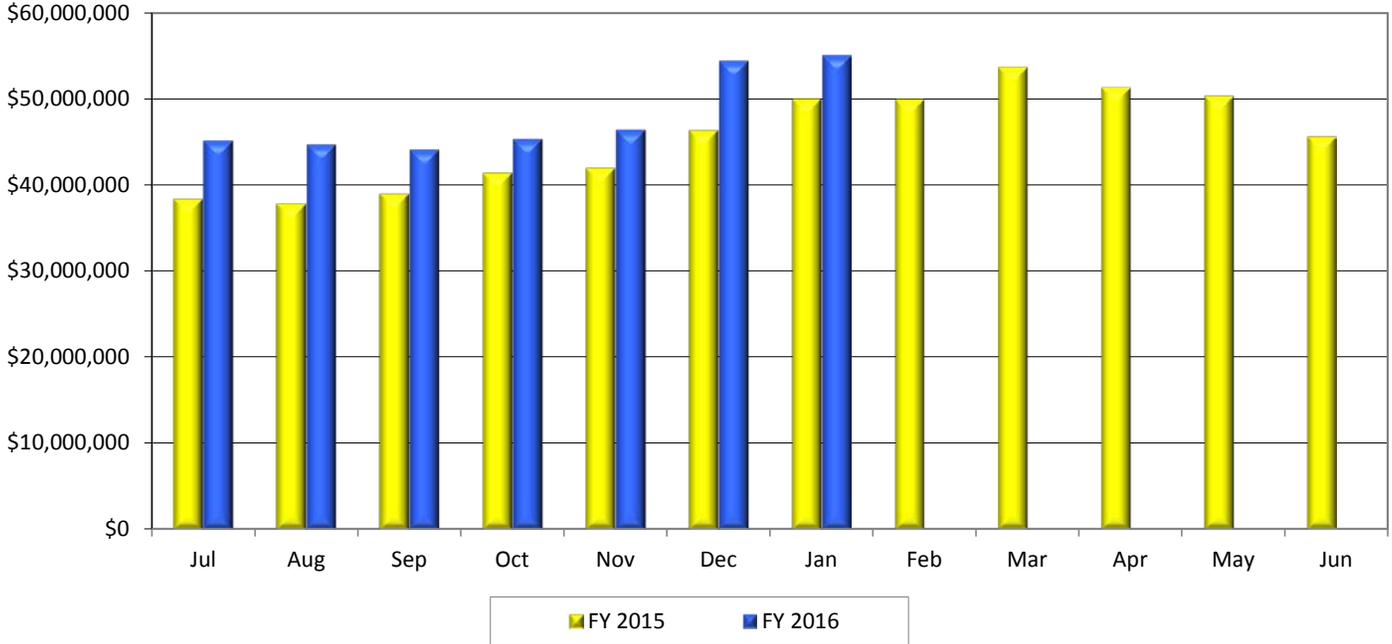


FY 2016	518,359,274
FY 2015	409,263,055
% Change	26.7%

- \* Total sales are currently 26.7% ahead of last year.
- \* The Instant product line (Scratchers & Pull-tabs) are 13.5% ahead of last year.
- \* Total draw game sales are 60.9% ahead of last year.
- \* Sales of the multi-state games, Powerball and Mega Millions are currently 86.2% ahead of last year.
- \* Sales of the in-state games are currently 8.2 % ahead of last year.

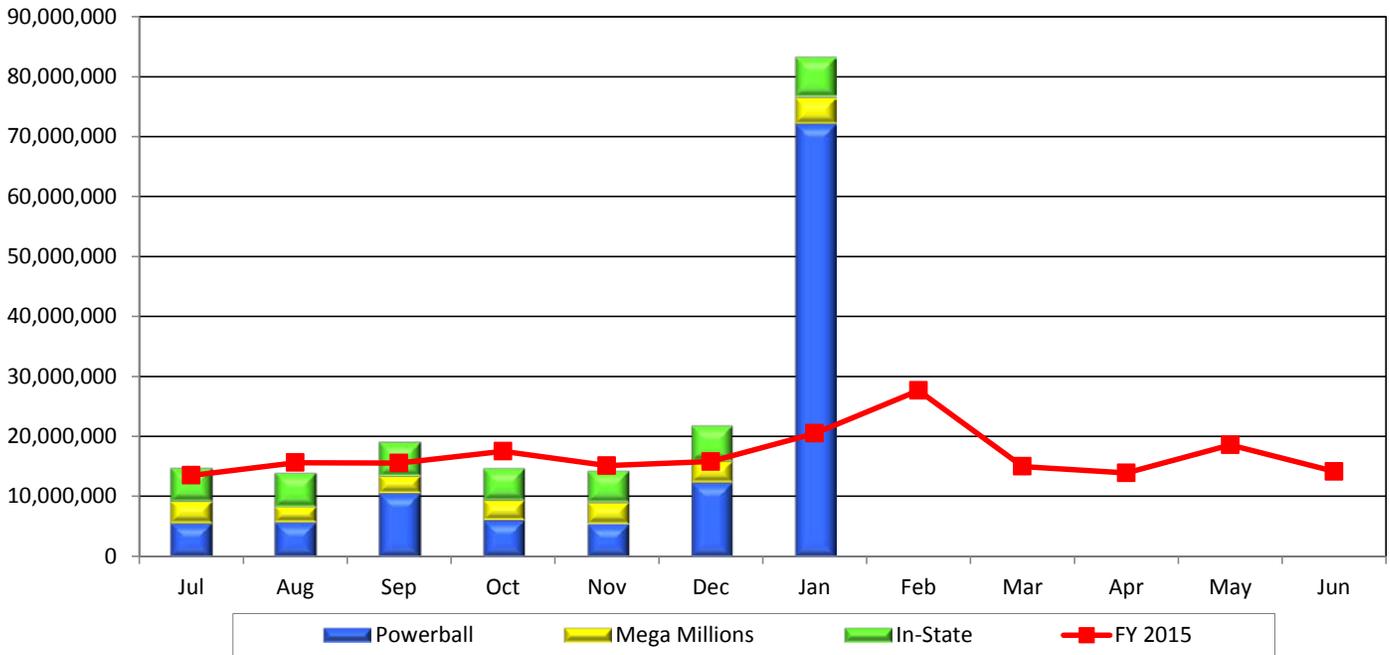
**Arizona Lottery  
FY 2016 versus FY 2015**

**Total Instant Games**



FY 2016	335,664,775
FY 2015	295,702,755
% Change	13.5%

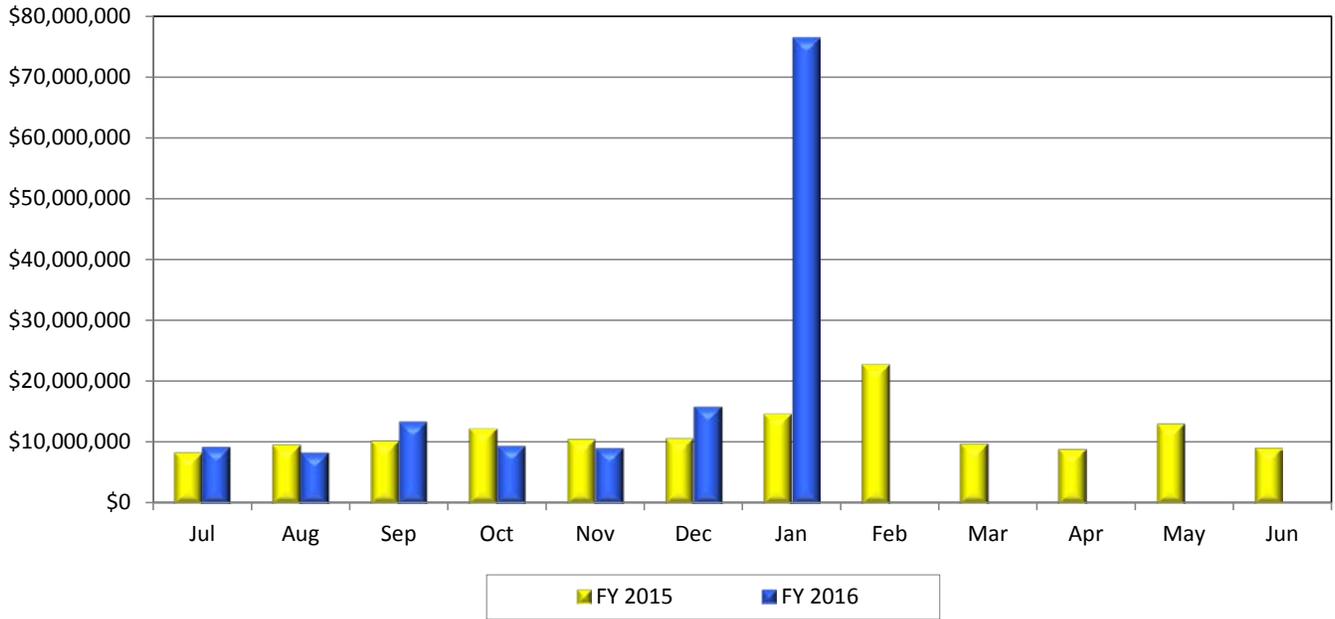
**Total Draw Games**



FY 2016	182,694,499
FY 2015	113,560,300
% Change	60.9%

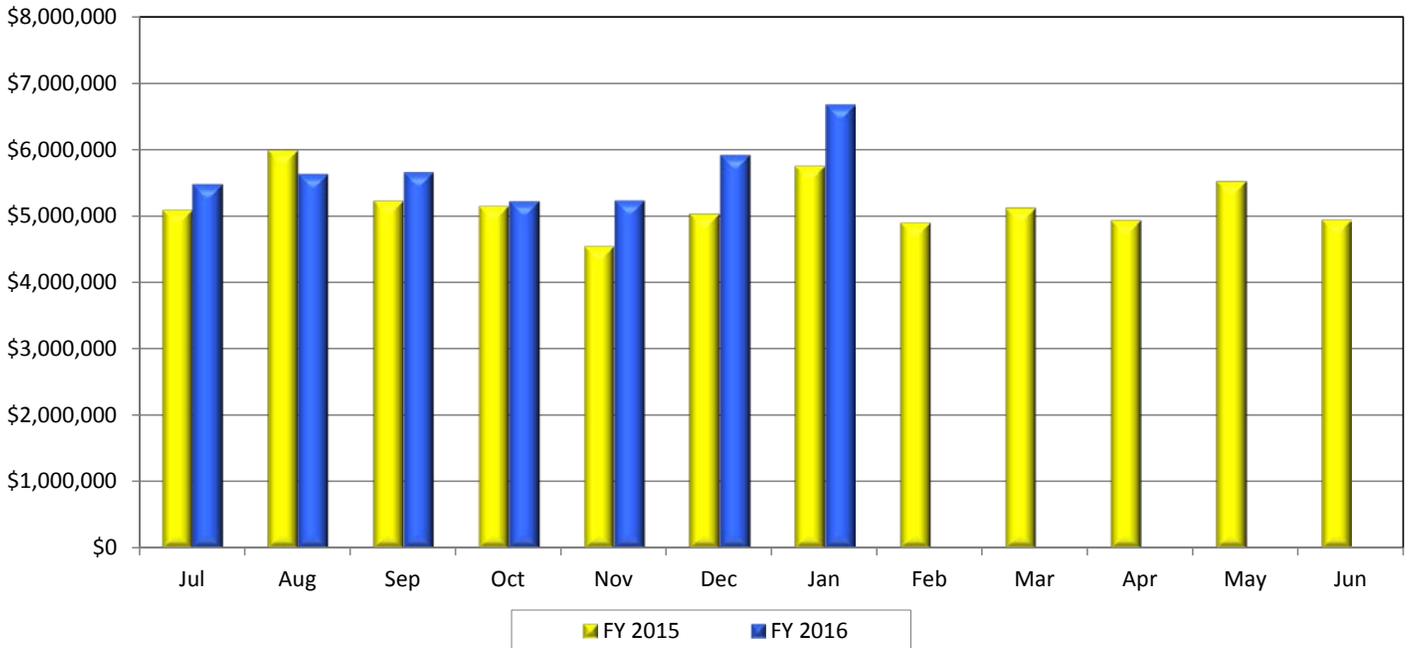
**Arizona Lottery  
FY 2016 versus FY 2015**

**Multi-State Jackpot Games**



FY 2016	142,795,567
FY 2015	76,691,555
% Change	86.2%

**Total In-State Games**

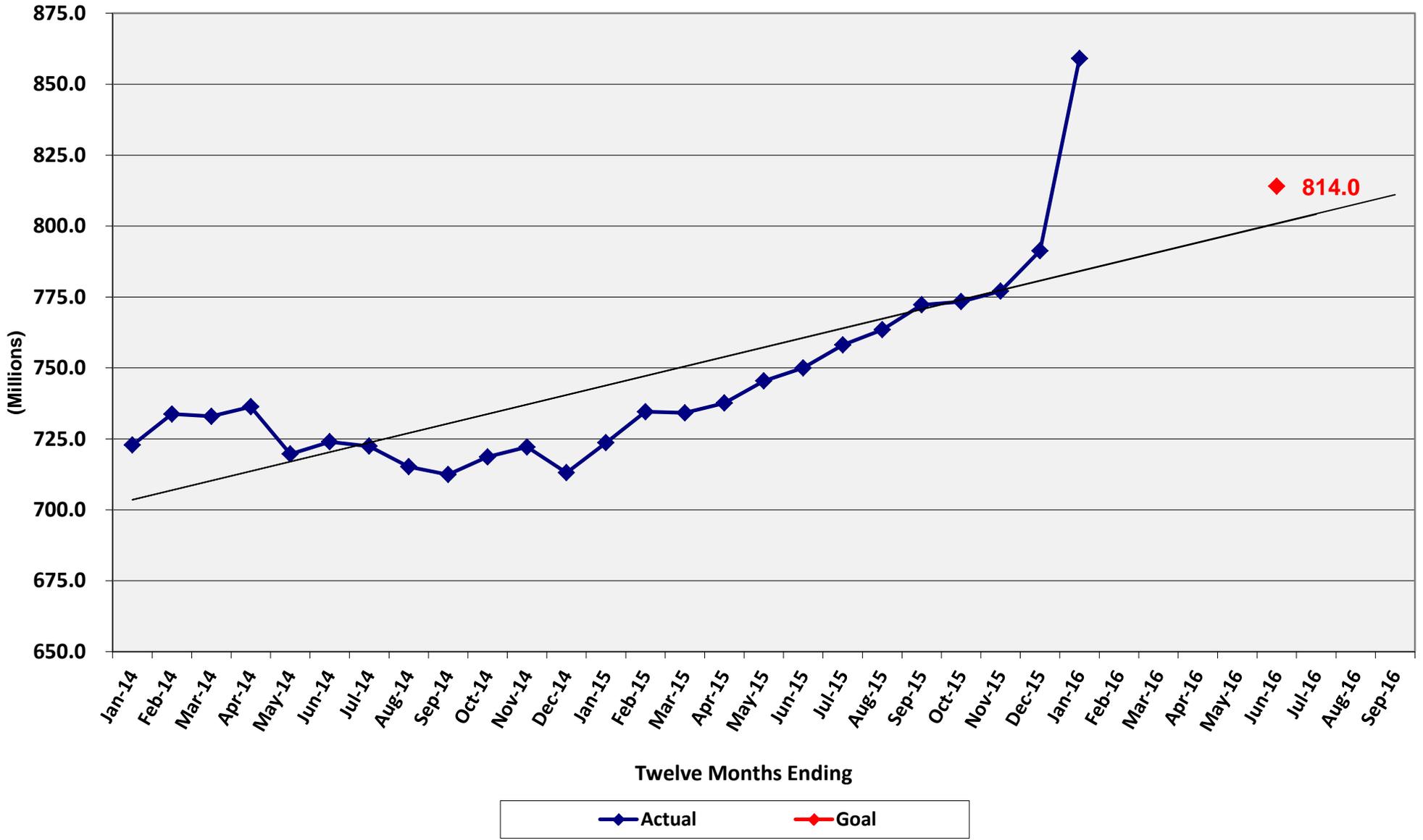


FY 2016	39,898,932
FY 2015	36,868,745
% Change	8.2%

**Arizona Lottery  
Sales by Product - FY 2016**

Month	Scratchers	Instant Tabs	Total Instants	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Total Draw Games	Total Sales
July	44,762,330	450,366	45,212,696	5,763,799	3,627,153	2,582,698	1,425,781	852,825	363,932	262,250		14,878,438	60,091,134
August	44,414,146	379,050	44,793,196	5,902,069	2,548,809	2,893,009	1,378,843	796,506	340,102	237,118		14,096,456	58,889,652
September	43,796,339	385,836	44,182,175	10,744,756	2,810,199	3,129,067	1,212,089	777,945	324,994	225,022		19,224,072	63,406,247
October	44,978,294	416,928	45,395,222	6,243,435	3,330,685	2,040,103	1,241,266	824,639	304,364	20,098	804,064	14,808,654	60,203,876
November	45,957,929	513,420	46,471,349	5,623,792	3,574,033	1,952,954	1,456,703	817,537	274,874		743,752	14,443,645	60,914,994
December	54,036,756	440,220	54,476,976	12,514,149	3,553,725	2,439,498	1,664,069	913,539	281,512		631,664	21,998,156	76,475,132
January	54,693,763	439,398	55,133,161	72,229,844	4,329,119	3,432,991	1,488,743	897,617	297,262		569,502	83,245,078	138,378,239
February			0									0	0
March			0									0	0
April			0									0	0
May			0									0	0
June			0									0	0
<b>YTD Sales</b>	<b>332,639,557</b>	<b>3,025,218</b>	<b>335,664,775</b>	<b>119,021,844</b>	<b>23,773,723</b>	<b>18,470,320</b>	<b>9,867,494</b>	<b>5,880,608</b>	<b>2,187,040</b>	<b>744,488</b>	<b>2,748,982</b>	182,694,499	<b>518,359,274</b>
YTD Rtlr Commissions	21,621,571	605,044	22,226,615	7,736,420	1,545,292	1,200,571	641,387	382,240	142,158	48,392	178,684	11,875,142	34,101,757
% of Sales	64.2%	0.58%	64.8%	23.0%	4.6%	3.6%	1.9%	1.1%	0.4%	0.1%	#DIV/0!	35.2%	100.0%
Avg Mo Sales	47,519,937	432,174	47,952,111	17,003,121	3,396,246	2,638,617	1,409,642	840,087	312,434	186,122	687,246	25,786,269	73,738,380

### Annual Sales Trailing 12 Month Periods



**Arizona Lottery  
Transfers To Other State Funds**

Month	Heritage Game & Fish	Healthy Arizona	State General Fund	Mass Transit LTAF II*	Homeless Shelters	State General Fund II	Arizona Commerce Authority	Univ Capital Debt Service	Dept of Gaming	Internet Crimes Victims' Rights	Tribal College Dual Enrollment	C.A.S.A.	Total Transfers
July			3,750,175								41,150		3,791,325
August			3,750,175								81,722		3,831,897
September	3,094,200	6,356,000	16,681,650	4,528,600					300,000		37,128	739,776	31,737,354
**Approp Transfer													0
October			3,750,175										3,750,175
November			3,750,175										3,750,175
December	3,417,600	7,003,100	18,363,150	4,982,100								682,966	34,448,916
January			3,750,175										3,750,175
February													0
March													0
April													0
May													0
June													0
Profit Distribution													0
<b>YTD Transfers</b>	<b>6,511,800</b>	<b>13,359,100</b>	<b>53,795,675</b>	<b>9,510,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	<b>160,000</b>	<b>1,422,743</b>	<b>85,060,018</b>
FY15 Transfers	6,809,300	12,346,200	57,164,100	9,725,200	0	0	0	0	300,000	0	0	1,588,545	87,933,345

\*Clean Air Act  
 \*\*Pursuant to Proposition 202 (Compulsive Gambling Treatment)  
 \*\*\*Pursuant to HB2001, FY14 for BREAZ  
 \*\*\*\*Pursuant to HB2517 (Victims' Rights)

**Arizona Lottery**  
**Transfers To Other State Funds**  
**By Product - FY 2016**

2/12/2016

	Scratchers	Instant Tabs	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Unclaimed Prizes Tribal	Unclaimed Prizes C.A.S.A.	Total Transfers
July	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700		41,150		3,791,325
August	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700		81,722		3,831,897
Gaming Department	217,100	2,100	37,500	18,400	10,300	6,800	3,900	2,500	1,400				300,000
September	19,835,450	70,300	5,002,800	1,922,100	2,022,300	894,000	545,900	210,900	156,700		37,128	739,776	31,437,354
October	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700				3,750,175
November	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700				3,750,175
December	22,115,550	86,000	5,525,200	2,312,500	1,446,700	985,600	580,100	166,300		548,000		682,966	34,448,916
January	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700				3,750,175
February													0
March													0
April													0
May													0
June													0
Profit Distribution													0
Final Profit Distribution													0
<b>YTD Transfers</b>	<b>55,741,975</b>	<b>286,900</b>	<b>12,906,500</b>	<b>5,401,500</b>	<b>4,124,800</b>	<b>2,312,900</b>	<b>1,373,400</b>	<b>534,700</b>	<b>246,600</b>	<b>548,000</b>	<b>160,000</b>	<b>1,422,743</b>	<b>85,060,018</b>
Transfer % of Total Sales	10.8%	0.1%	2.5%	1.0%	0.8%	0.4%	0.3%	0.1%	0.0%	0.1%	0.0%	0.3%	16.4%
YTD Sales	332,639,557	3,025,218	119,021,844	23,773,723	18,470,320	9,867,494	5,880,608	2,187,040	744,488	2,748,982			518,359,274
% of Sales by Product	64.2%	0.6%	23.0%	4.6%	3.6%	1.9%	1.1%	0.4%	0.1%	0.5%			99.5%
% of Transfer by Product	16.8%	9.5%	10.8%	22.7%	22.3%	23.4%	23.4%	24.4%	33.1%	19.9%			16.1%

## FY16 Year-to-Date Budget Status JANUARY



Date: 1/31/2016  
Elapsed: 59%

	<u>Budget</u>	<u>Expenditures thru Jan.</u>	<u>Percent Expended</u>	<u>Balance</u>	<u>Comments</u>
Personal Services	4,467,400	2,254,200	50%	2,213,200	
ERE	2,077,300	987,900	48%	1,089,400	
Professional & Outside	386,800	210,600	54%	176,200	
Travel In-State	271,600	138,200	51%	133,400	
Travel Out-of-State	16,800	5,200	31%	11,600	
Other Operating / Equip.	1,169,500	511,400	44%	658,100	
<b>Operating Subtotal:</b>	<b>\$ 8,389,400</b>	<b>\$ 4,107,500</b>	<b>49%</b>	<b>\$ 4,281,900</b>	
Advertising 1/	15,500,000	4,420,400	29%	11,079,600	
% of sales { Instant Tickets	20,118,800	7,491,500	37%	12,627,300	
{ On-Line Vendor Fees	9,519,900	6,469,000	68%	3,050,900	PB jackpot - sales tracking above JLBC forecast
{ Charitable Commissions	969,000	605,000	62%	364,000	sales tracking above JLBC forecast
{ Retailer Commissions	54,357,500	33,430,000	62%	20,927,500	sales tracking above JLBC forecast
<b>Total Budget:</b>	<b>\$ 108,854,600</b>	<b>\$ 56,523,400</b>	<b>52%</b>	<b>\$ 52,331,200</b>	

1/ Advertising agency expenses are typically one month behind.

**Notes on Sales-Related Line Items:**

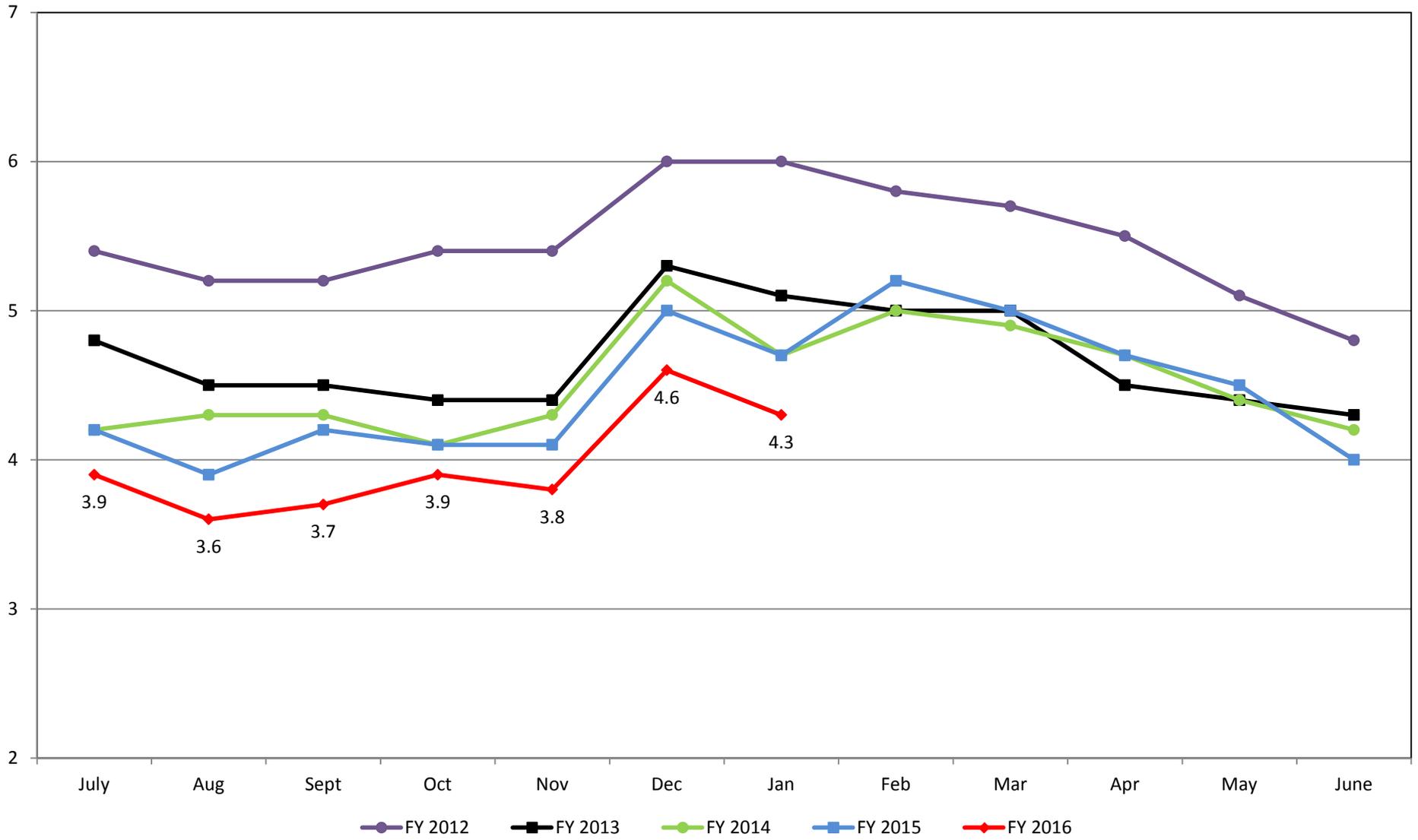
Instant Tickets: Appropriated based on 3.6% of sales. The budget reflects the JLBC instant sales estimate of \$558.9 million for FY16.

On-Line Vendor Fees: Appropriation based on percentage of on-line sales as determined by contract. The budget reflects the JLBC on-line sales estimate of \$257.3 million for FY16.

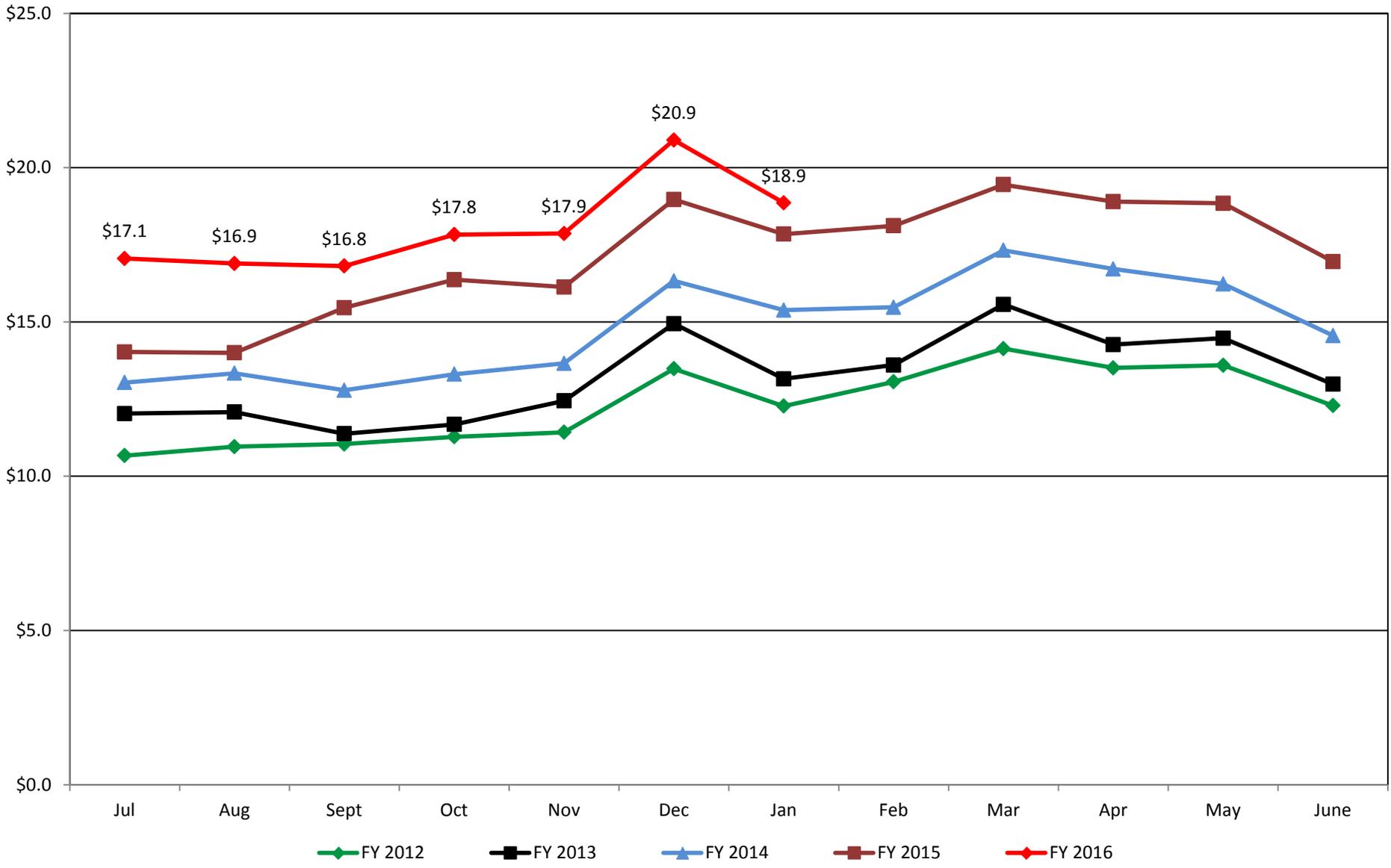
Charitable Commissions: The compensation rate is 20% of instant tab ticket sales. The budget reflects the JLBC sales estimate of \$4.84 million for FY16.

Retailer Commissions: The compensation rate is 6.5% plus up to an additional .5% based on performance criteria. The budget reflects the JLBC estimated compensation rate of 6.7% based on total sales of \$816.2.

**Arizona Lottery  
Ticket Vending Machine - Monthly Out-of-Stock Averages**



**Arizona Lottery  
Ticket Vending Machine Sales**



**Draw Games - Advertised Jackpot Comparisons  
January FY2016 vs FY2015**

Powerball	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
01/02/16	\$300.0	\$334.0	\$6.48	\$120.0	\$131.0	\$1.70
01/09/16	\$450.0	\$900.0	\$31.36	\$146.0	\$162.0	\$1.80
01/16/16	\$1.5 B	\$40.0	\$34.45	\$176.0	\$194.0	\$1.96
01/23/16	\$50.0	\$60.0	\$1.86	\$208.0	\$230.0	\$2.34
01/30/16	\$75.0	\$96.0	\$1.72	\$261.0	\$289.0	\$2.92
Total Monthly Sales	\$72,229,844			\$9,796,514		

Mega Millions	FY2016 Jackpot			FY2015 Jackpot		
	Tue	Fri	Wkly Sales	Tue	Fri	Wkly Sales
01/02/16	\$117.0	\$134.0	\$1.15	\$172.0	\$188.0	\$1.19
01/09/16	\$145.0	\$165.0	\$1.68	\$206.0	\$221.0	\$1.49
01/16/16	\$15.0	\$22.0	\$0.94	\$246.0	\$270.0	\$1.64
01/23/16	\$30.0	\$39.0	\$0.64	\$15.0	\$20.0	\$0.61
01/30/16	\$48.0	\$56.0	\$0.63	\$25.0	\$32.0	\$0.64
Total Monthly Sales	\$4,329,119			\$4,922,777		

The Pick	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
01/02/16	\$2.4	\$2.5	\$0.66	\$2.0	\$2.1	\$0.55
01/09/16	\$2.7	\$2.8	\$0.89	\$2.2	\$2.3	\$0.55
01/16/16	\$3.1	\$3.2	\$0.87	\$2.4	\$2.5	\$0.56
01/23/16	\$3.6	\$3.7	\$0.69	\$2.7	\$2.8	\$0.57
01/30/16	\$3.8	\$4.0	\$0.68	\$1.0	\$1.1	\$0.46
Total Monthly Sales	\$3,432,991			\$2,397,329		

Jackpot and weekly sales amounts are in millions

High jackpot for the period

**Arizona Lottery  
Prizes Paid**

**January 2016**

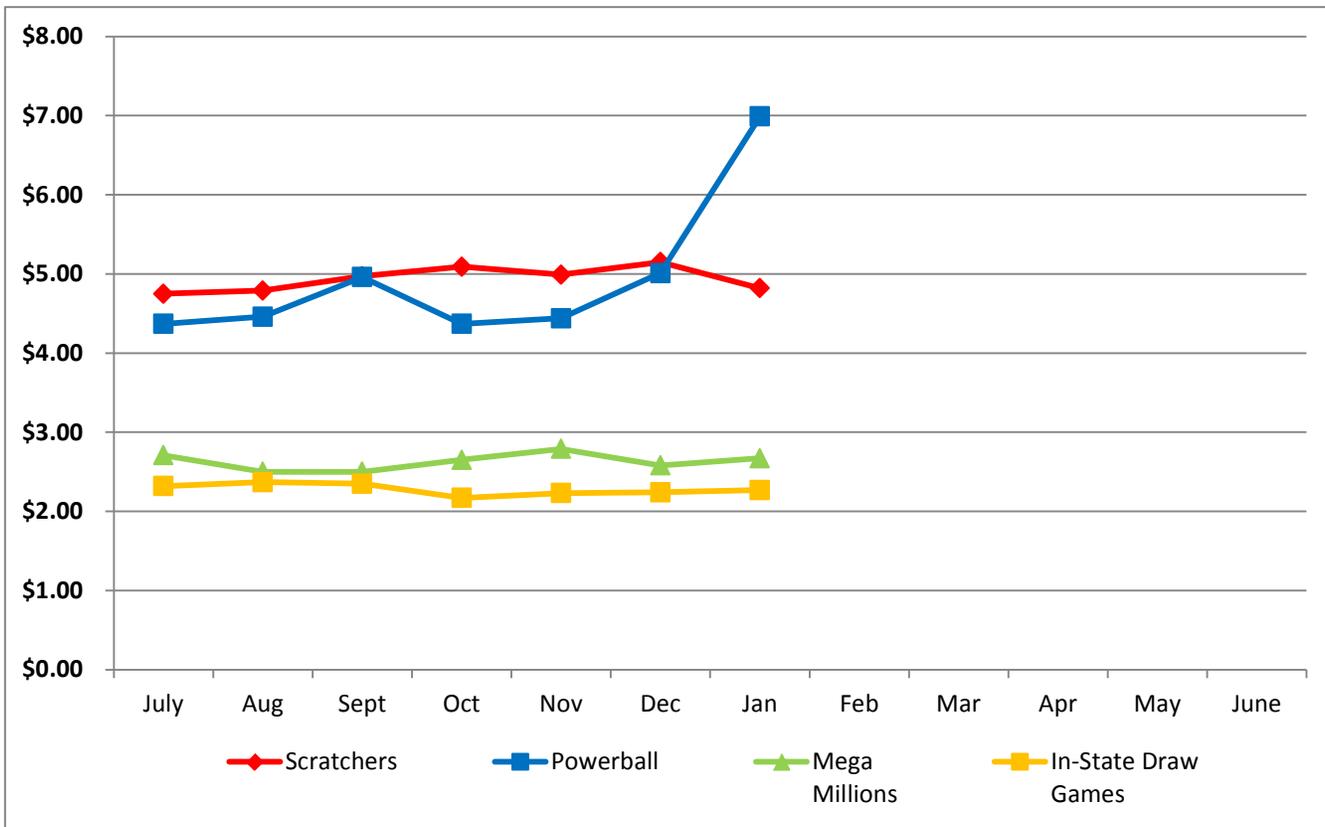
<b>Game Type</b>	<b>Tickets Validated</b>	<b>Prizes Paid</b>	<b>Top Prize Paid</b>	<b>Average Prize Paid</b>
Draw Games	1,393,897	\$17,959,225	\$2,000,000	\$12.88
Scratchers	2,912,727	\$36,976,476	\$150,000	\$12.69
<b>Total</b>	<b>4,306,624</b>	<b>\$54,935,701</b>		<b>\$12.76</b>

**FY16 Year-To-Date**

<b>Game Type</b>	<b>Tickets Validated</b>	<b>Prizes Paid</b>	<b>Top Prize Paid</b>	<b>Average Prize Paid</b>
Draw Games	4,483,300	\$41,260,504	\$6,200,000	\$9.20
Scratchers	17,757,286	\$233,450,312	\$2,500,000	\$13.15
<b>Total</b>	<b>22,240,586</b>	<b>\$274,710,816</b>		<b>\$12.35</b>

**Arizona Lottery  
Average Wager Transactions - By Game**

	Scratchers	Powerball	Mega Millions	In-State Draw Games
July	\$4.75	\$4.37	\$2.71	\$2.32
Aug	\$4.79	\$4.46	\$2.50	\$2.37
Sept	\$4.97	\$4.96	\$2.50	\$2.35
Oct	\$5.09	\$4.37	\$2.65	\$2.17
Nov	\$4.99	\$4.44	\$2.79	\$2.23
Dec	\$5.15	\$5.01	\$2.58	\$2.24
Jan	\$4.82	\$6.99	\$2.67	\$2.27
Feb				
Mar				
Apr				
May				
June				
Average	\$4.94	\$4.94	\$2.63	\$2.28



**New Business Item #1**  
Article 2, Retailers  
Arizona Lottery Commission  
February 19, 2016

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This report has been provided to the Lottery Commission regarding amendments to Article 2 of the Arizona Administrative Code relating to Lottery retailers. The Lottery received an exemption from the current rule moratorium imposed by the Governor in order to proceed with these changes. The Commission is requested to approve the amendments and authorize the Executive Director to adopt the amendments for Article 2, Retailers.

The Lottery's Retailer rules prescribe the requirements and procedures for Arizona retail businesses that sell Lottery game products. As a result of Laws 2015, Chapter 245 (HB2517) proceeds from vending machine sales in age-restricted retailer areas will fund the Internet Crimes Against Children Fund in the amount of \$900,000 and the Victims' Rights Enforcement Fund in the amount of \$100,000. The rules are being amended to facilitate this statutory change by creating the parameters for vending machine sales in age-restricted retailer areas. Minor amendments have also been made to tighten certain compliance provisions.

The proposed changes for Article 2 were filed with the Secretary of State and published in the Arizona Administrative Register on December 11, 2015. An oral proceeding was conducted on January 22, 2016, to allow the public a chance to comment on the proposed rules. No oral or written comments were received.

The attached rule package contains the Notice of Proposed Rulemaking. The preamble includes the statutory authority for the rule amendments, an explanation of the rules, and the economic, small business and consumer impact of the proposed rules. The text of the amended rules follows the preamble.

The Lottery Commission will vote on whether to authorize the Director to adopt the rules at the Commission meeting. After approval, staff will file the rules with the Governor's Regulatory Review Council for final review and approval.

Attachments (Commissioners only)

**New Business Item #2**  
Instant Scratch Game Profiles  
Report to Arizona Lottery Commission  
February 19, 2016

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This report has been provided to the Lottery Commission regarding instant scratch game profiles planned for Arizona Lottery instant scratch 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 instant scratch game profiles: *35<sup>th</sup> Anniversary (\$1) #1051*, *35<sup>th</sup> Anniversary (\$2) #1052*, *35<sup>th</sup> Anniversary (\$5) #1053*, *35<sup>th</sup> Anniversary (\$10) #1054*, *Red Hot 7s #1067*, *Triple Red 7's #1068*, and *Jumbo Bucks #1069*.

**35<sup>th</sup> Anniversary (\$1) #1051.** This \$1 game is one of the Lottery's 35<sup>th</sup> Anniversary 2<sup>nd</sup> Chance Drawing games. It has a top prize of \$1,000 and will be printed at a quantity of approximately 1.6 million tickets.

**35<sup>th</sup> Anniversary (\$2) #1052.** This \$2 game is one of the Lottery's 35<sup>th</sup> Anniversary 2<sup>nd</sup> Chance Drawing games. It has a top prize of \$10,000 and will be printed at a quantity of approximately 1.4 million tickets.

**35<sup>th</sup> Anniversary (\$5) #1053.** This \$5 game is one of the Lottery's 35<sup>th</sup> Anniversary 2<sup>nd</sup> Chance Drawing games. It has a top prize of \$50,000 and will be printed at a quantity of approximately 1.2 million tickets.

**35<sup>th</sup> Anniversary (\$10) #1054.** This \$10 game is one of the Lottery's 35<sup>th</sup> Anniversary 2<sup>nd</sup> Chance Drawing games. It has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

**Red Hot 7s #1067.** This \$2 game has a top prize of \$7,777 and will be printed at a quantity of approximately 5 million tickets.

**Triple Red 7's #1068.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.8 million tickets.

**Jumbo Bucks #1069.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

Attachments (Commissioners only)

**New Business Item #3**  
Promotion Profile #78  
Player Rewards Promotion Profile  
Report to Arizona Lottery Commission  
February 19, 2016

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This report has been presented to the Commission to introduce a Player Rewards pilot program for the Arizona Lottery.

Players will be able to enter non-winning tickets from any of the designated \$1, \$2, and \$3 games into the Lottery website for a chance to earn points and win cash prizes. Drawings will be held monthly to award one \$7,500 cash prize and 300 merchandise prize points. Winners of the prize points will be able to redeem their points to buy a wide variety of merchandise. The intent of the program is to stimulate sales of the lower price point games by offering players another chance to win.

The Commission is asked to approve this profile.

Attachments (Commissioners only)