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

AGENDA
IOWA LOTTERY BOARD
December 9, 2014
10:30 a.m.

- I. Call to Order
 - a. Approval of Minutes
- II. Quarterly Reports
 - a. Financial
 - b. Marketing
 - c. Security
 - d. Legislative
- III. Building Updates
 - a. 13001 University
 - b. 2323 Grand
- IV. Administrative Rule Change Proposal
- V. Notice Regarding Contract Updates
- VI. Lucky for Life
- VII. CEO Report
 - a. Industry Update
 - b. Monopoly Millionaires' Club
- VIII. 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
September 23, 2014**

The Iowa Lottery Board convened at 10:00 a.m., Board Chairperson Herman Richter presiding.

Board members participating: Herman Richter, Matt McDermott, Mike Klappholz (via teleconference), Deb Burnight (via teleconference).

Lottery staff present: Terry Rich, CEO; Larry Loss, EVP; Brenda Nye, CFO; Mary Neubauer, VP External Relations; Teri Wood TeBockhorst, VP Marketing; Rob Porter, VP General Counsel; Hale Strasser, VP System Operations; Jamie Shae, Sr Project Director/Board Secretary, Dave Van Compennolle, Assistant Attorney General.

Others present: Pat Curtis, Radio Iowa; Rod Boshart, Cedar Rapids Gazette; Brittany Telk, House Republicans; David Berger, Scientific Games; Anthony Molica, Scientific Games.

Chairperson Richter called the meeting to order. Roll call showed that Burnight, Klappholz, McDermott, and Richter were present. Richter announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

McDermott moved to conduct the meeting by teleconference and Burnight seconded. Motion carried unanimously.

APPROVAL OF MINUTES

McDermott moved to approve the meeting minutes. Klappholz seconded. Motion carried unanimously.

Quarterly Reports

Financial

Nye presented the final performance measures for FY 2014 which showed the Lottery had \$314 million in sales and nearly \$74 million in proceeds. Those numbers are ahead of budget and the five year average. The detailed financial statements for June and a five year comparison of FY 2010 through FY 2014 were included in the packet. The July FY 2015 performance measures showed \$24 million in sales and \$5.7 million in proceeds. Both sales and proceeds are ahead of budget and the five year average. Nye stated the July financial statement was produced from the new Great Plains Accounting software.

Also included in the packet was the FY 2014 summary of out-of-state travel for conferences and training seminars. Nye stated that fewer trips were taken this past year because one conference that is typically out-of-state was held in state this year and a few trips were taken to gain information on new gaming technologies the prior year. Nye stated the number of trips may increase in FY 2015 as the lottery staff continues to attend conferences to stay current on lottery industry topics.

Marketing

Wood stated the Sun Time Fun Time promotion ran from July 7 through September 2 with a family of games. Players had a chance to win a pontoon boat, a fishing boat, a camper or cash prizes. The average player in this promotion was 53. A lottery employee accompanied the winners when they claimed their prizes and pictures were posted on social media.

Wood stated the lottery was the opening day sponsor at the Iowa State Fair this year and did not have a booth. As the opening day sponsor, the lottery manned tables at the fair handing out coupons and holding drawings for cash prizes and Lady Antebelum concert prize packages. 11 radio stations statewide participated in giving away prize packages and coupons. Wood stated the lottery, in conjunction with Iowa Department of Cultural Affairs and The State's Healthiest Initiative, hosted the 1K history on a stick walk. Terry Rich led the walk, was the emcee and chair of the event.

Wood then stated the next promotion is called Twelve Weeks of WinnerTime and will run over the course of 12 weeks and will provide an opportunity for players to win \$1,000 a week. By the end of the promotion there will have been 78 \$1,000 cash prize winners.

Wood added that because the lottery is competing with another promotional launch and because of the political environment the lottery had to be creative in buying fall media. The lottery will advertise in new places such as sporting venues, the cinema (rated R shows only), Pandora and retailer gas pumps.

Wood stated that the lottery turns 30 in April and a big celebration is being planned. Wood added that the lottery has partnered with the Alcoholic Beverage Distributors to wrap their new fleet of trucks so new trucks will be out on the highway in October. The lottery is also assisting other state agencies to wrap their trucks. Last, Wood stated that IAMagazine, which is a statewide publication, will publish an article about the Iowa Lottery which specifically speaks to how Iowa benefits from the lottery and how lottery winners pay it forward. This is in cooperation with the TV spot currently running, which is the fourth in the Dream campaign, featuring the Loehse's and the song "Dream, Dream, Dream" by the Everly Brothers.

Security

Rich reported in Bogle's absence stating that the security reports are included in the packet and Rich pointed out that the "other" in the July report was an incident where someone had attempted to recreate a pull-tab ticket found in a trashcan, which had been previously paid. This resulted in an investigation and arrest.

Legislative

Neubauer stated that the federalization of national internet gaming remains pending heading into the final months of Congressional session. Neubauer stated that lotteries around the country have lent their voices to the National Governors Association and National Conference of State Legislators who have all stated the issue should remain at the state level with state jurisdiction over those decisions. Neubauer will update the board on any movement at the next board meeting.

Klappholz moved to approve the quarterly reports. McDermott seconded. Motion carried unanimously.

Building Updates

Rich stated that the project and move to 13001 University Ave is on track and under budget. The lottery plans to have the first board meeting in 2015 at the new building. McDermott asked if anything unexpected has occurred and Rich said only minor items. Mary Neubauer added that there is a law in place which states that a percentage of the purchase price of the building must be spent on art and the lottery will be meeting with local Iowa artists at the new building in the following weeks. Rich added that building documents including bids are on the lottery's website for public viewing.

Rich went on to say that the transfer and agreement for 2323 Grand is complete. The lottery will remain in this building until mid-January, at the latest. Rich commended DAS for their work on this project.

Instant Ticket Printing Contract Extensions

Loss stated the lottery has ticket printing and related services contracts with Scientific Games, Pollard Banknote Limited and GTech Corporation. Original terms of those contracts were from January 1, 2013 through December 31, 2014. Loss requested approval from the board to exercise the first extension under the contract, stating that the lottery has been satisfied with the vendors' performance to date. The extension would expire December 31, 2015.

McDermott moved and Klappholz seconded. Klappholz commented that the flexibility of the contracts seems appropriate for the lottery's needs. Motion carried unanimously.

Game Rules Discussion

Porter stated that, by law, the board has the ability to adopt games rules and the lottery staff has the obligation to provide game rules to the board as soon as practical following issuance. Porter stated that typically the process has been the lottery staff creates the games specific rules and submits them electronically to the board. The board then has a defined period of time to provide questions, comments and/or feedback. Porter asked that the board confirm that this process is the board's preferred method of reviewing game specific rules. Rich added that the alternative is to meet and formally vote on all game rules. Porter requested the board approve the current games rules approval process which allows board members to review the rules electronically.

McDermott moved to keep the current process. Porter commented that game rules are public documents. Burnight seconded. Motion carried unanimously.

Retailer Compensation Program

Loss stated that the lottery has had a retailer compensation program in place for years and anytime a modification of the program was requested it has been presented to the board for their approval. Loss stated that with the addition of the Monopoly Millionaires' Club (MMC) game some modifications to the Retailer Compensation Program are being requested. Loss stated the proposed changes are 1) to allow the MMC sales be eligible for the sliding scale incentive with the effective date of July 1, 2016, 2) to add sales bonus of \$5,000 to any retailer who sells a MMC top prize and 3) to allow any non-top prize of MMC winning tickets of \$100,000 or more to receive one-tenth of a one percent of the prize amount as a bonus. Loss stated that these modifications are consistent with the current incentive program for Powerball and other games. The changes would be effective October 19, 2014. Loss requested approval from the board for the proposed retailer compensation program.

Burnight moved and Klappholz seconded. Motion carried unanimously.

2016 and 2017 Budgets

Nye stated that the Governor asked the lottery to provide a two year budget. Nye stated that sales are budgeted at \$312.7 million each year. Proceeds are budgeted at \$69.1 million for FY 2016 and \$69.7 million for FY 2017. Both the sales and proceeds budgets are more than is budgeted for FY 2015. Salary and benefit increases are not included for either year. The FY 2016 budget will be brought to the Board in June for final modifications needed for salary and benefit changes.

McDermott asked where the interest income comes from and Nye stated that the lottery's cash balance, which is pooled with other state monies and invested by the Treasurer, draws some interest. Nye stated that the 'Actual' figure for FY14 is \$51,000. Nye noted the lottery budgets a higher amount because one of the reserve funds for Powerball is made up of interest earnings over the years and those funds can be used to pay for Powerball specific advertising and promotional opportunities.

Porter added that the Treasurer has specific code requirements on how state money can be invested and the rate of interest is very modest.

Rich stated that despite other states showing flat sales and a dry run with Powerball the budget has been increased, although moderately, and he is confident the lottery can bring more money to the state.

McDermott moved to approve the 2016 and 2017 budgets. Burnight seconded. Motion carried unanimously.

CEO Update

Rich stated that, as the lottery industry looks for new ways to excite players and offer innovative lotto products, a new National Game has been approved and is set to launch October 19. This product, a \$5 multi-state lotto game, will offer multiple ways to win and produce more millionaires. Rich stated that he has accepted the national marketing role for Powerball and the new national game with the goal to ensure that Iowa and other small states are well represented in the industry.

Mary Neubauer then handed out top hats and mugs to the board members. Neubauer stated that Iowa will be a part of a new premium lotto game debuting across the country this fall. The \$5 lottery game, called MONOPOLY MILLIONAIRES' CLUB, will begin sales Oct. 19, offering players three chances on each ticket to win a prize of at least \$1 million: through a weekly lotto drawing; in a separate drawing triggered only when the game's Top Prize is won; and on a nationally televised game show.

Neubauer stated that the game gives a nod to the popularity of smartphone apps and the online games that offer plug-ins and add-ons giving users multiple ways to play and win.

When Powerball® became a \$2 game back in January 2012, lotteries were following the same successful business model on the lotto side with instant-scratch and pull-tab games; offering different games at different price points to provide the variety that today's consumers want. MONOPOLY MILLIONAIRES' CLUB will be the first \$5 multi-state lotto game, further diversifying our offerings in the lotto category.

Neubauer added that this game is a response to the comments from some players who say they'd like to see the winnings spread out more, rather than having just one or two people take home a giant jackpot. Current big-jackpot games combine ticket sales from across the country to create their huge top prizes. MONOPOLY MILLIONAIRES' CLUB starts with that same idea of pooling prize money, but it also will focus on repeatedly producing a shower of millionaires across the country.

The MONOPOLY MILLIONAIRES' CLUB will have a weekly lotto drawing. Players choose five numbers from a pool of 52 or make an "easy pick". After the first five numbers have been selected, the lottery terminal will automatically pick an additional number from 1 to 28 that also will represent a Property on the MONOPOLY game board. Players will not be able to choose this number on their own; it will always be generated by the terminal.

Neubauer stated that The Top Prize in the game's weekly lotto drawing will start at \$15 million and can roll without being won only three times to a maximum of \$25 million. After that, the Top Prize will remain capped at \$25 million until it is won and the rest of the money that would have helped it grow will instead be used to create more and more winners of \$1 million each. There will be at least 10 winners of a \$1 million prize each time the Top Prize is won and it's anticipated there could be dozens. There will be nine other ways to win in each drawing, with smaller prizes ranging from \$5 up to \$100,000.

Neubauer went on to say that when the game's Top Prize is won, another event is triggered: a separate drawing to determine winners across the country of \$1 million prizes. In addition to the six lotto-drawing numbers, each ticket in the game will automatically have a unique "Millionaires' Club number". That number will be the player's entry into the separate drawing triggered when the Top Prize is won. Matching one of the numbers selected in that drawing will earn a player a \$1 million prize.

The third way to win on each ticket comes from the webcode that will be printed at the bottom of each MONOPOLY MILLIONAIRES' CLUB ticket. Players will be able to go to playmmc.com and use that webcode to collect the Property printed on their ticket. Once they form a complete Property Set on their playing board, they'll earn entries into the drawings for a chance to win a trip to Las Vegas and a shot at being a contestant on the national TV game show. Thousands of players selected to attend the show's tapings will win a five-day, four-night trip to Vegas for two to join the studio audience of other players from around the country.

Comedian and actor Billy Gardell will host the show with tapings set to begin in January. The one-hour, primetime game show will make its TV debut in February 2015. Some studio audience members will be selected at random during each taping to compete on the game show. Full details can be found on our website and on playmmc.com. Iowa Lottery players will need to be members of the lottery's free VIP Club to enter the drawings for a chance to be on the TV game show.

Teri Wood stated that this game will be a long term initiative with Iowa Lottery. Wood passed around point-of-sale materials and stated that teaser ads have been placed on our VIP Club website. Current VIP Club members will be invited to be one of the first to play the game and will receive a \$5 coupon for a free MONOPOLY MILLIONAIRES' CLUB play. Current VIP Club members will also be entered into a contest to win one of 50 prize packages valued at \$50 each filled with cups, wearables and other Monopoly items. Wood also stated that they are planning some events around the state in the spring of 2015.

Rich stated that this is one of the biggest nationally produced games and Neubauer stated that other states will announce their participation as the launch date nears.

McDermott asked how many other states are participating and Rich responded it's believed 170 million homes will be reached and other states are expected to join in the spring. Iowa is part of the big launch in the beginning and each state will announce their participation as they come on.

Richter thanked all the staff and media for attending.

Adjournment

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

Meeting adjourned at 11:03am.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2015

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales												
Budget '15	22,563,936	24,740,910	22,564,660	24,167,717	26,654,393	26,233,633	25,403,221	27,386,408	30,744,113	26,649,057	28,047,356	24,344,596
5-year av.	22,329,041	24,483,352	22,329,757	23,036,491	25,497,280	25,080,900	24,259,133	26,221,675	29,544,425	25,492,000	26,875,742	23,211,529
Actual '15	24,451,416	24,918,146	24,528,311	26,637,717								
Prize Expense												
Budget '15	13,220,985	14,496,549	13,221,409	14,160,695	15,617,724	15,371,186	14,884,619	16,046,637	18,014,031	15,614,597	16,433,909	14,264,334
5-year av.	13,441,873	14,083,100	13,066,239	13,476,179	14,382,302	15,169,339	15,004,176	15,762,623	17,196,943	14,965,463	15,597,091	13,784,285
Actual '15	14,654,310	15,464,731	14,661,732	15,939,727	58.59% 1)							
Operating Expenses												
Budget '15	529,360	1,043,576	1,492,457	919,971	1,043,576	1,043,576	1,043,576	1,043,576	1,492,457	1,043,576	919,971	1,862,686
5-year av.	515,122	831,945	936,425	1,039,663	967,638	866,257	877,836	943,890	888,817	1,036,369	1,040,534	1,564,606
Actual '15	507,364	883,294	1,470,640	813,553								
Proceeds to General Fund												
Budget '15	5,301,997	5,350,392	4,339,088	5,325,863	5,844,907	5,736,167	5,521,558	6,034,087	6,452,961	5,843,528	6,328,505	4,428,862
5-year av.	5,148,789	5,940,071	5,238,419	5,649,789	7,017,504	5,589,852	5,164,542	5,961,690	7,243,875	6,015,535	6,781,189	4,460,700
Actual '15	5,416,154	3,446,294	7,068,157	6,293,178								
Proceeds to Veterans Trust												
Budget '15	122,382	380,593	217,733	119,495	102,878	110,798	198,509	328,309	245,822	159,426	118,212	95,843
5-year av.	138,154	429,641	245,792	134,894	116,136	125,077	224,091	370,618	277,501	179,971	133,446	108,194
Actual '15	266,208	521,130	259,202	70,185								
Total Proceeds												
Budget '15	5,424,379	5,730,985	4,556,821	5,445,358	5,947,785	5,846,965	5,720,067	6,362,396	6,698,783	6,002,954	6,446,717	4,524,705
5-year av.	5,286,943	6,369,712	5,484,211	5,784,663	7,133,640	5,714,929	5,388,633	6,332,308	7,521,376	6,195,506	6,914,635	4,968,894
Actual '15	5,682,362	3,967,424	7,327,359	6,363,363								
Gross Sales												
Budget '15	22,563,936	47,304,846	69,869,506	94,037,223	120,691,616	146,925,249	172,328,470	199,714,878	230,458,991	257,108,048	285,155,404	309,500,000
5-year av.	22,329,041	46,812,393	69,142,150	92,178,641	117,675,921	142,756,821	167,015,954	193,237,629	222,782,054	248,274,054	275,149,796	298,361,325
Actual '15	24,451,416	49,369,562	73,897,873	100,535,590								
Prize Expense												
Budget '15	13,220,985	27,717,534	40,938,943	55,099,638	70,717,362	86,088,548	100,973,167	117,019,804	135,033,835	150,648,432	167,082,341	181,346,675
5-year av.	13,441,873	27,524,973	40,593,212	54,069,391	68,451,693	83,621,032	98,625,208	114,387,831	131,584,774	146,550,237	162,137,328	175,921,613
Actual '15	14,654,310	30,119,041	44,780,773	60,720,500								
Operating Expenses												
Budget '15	529,360	1,572,936	3,065,393	3,985,364	5,028,940	6,072,516	7,116,082	8,159,668	9,652,125	10,695,701	11,615,672	13,478,358
5-year av.	515,122	1,347,067	2,283,492	3,323,155	4,290,793	5,157,050	6,034,886	6,978,776	7,867,593	8,903,962	9,944,496	11,509,102
Actual '15	507,364	1,390,658	2,861,298	3,674,851								
Proceeds to General Fund												
Budget '15	5,301,997	10,652,389	14,991,477	20,317,340	26,162,247	31,898,414	37,419,972	43,454,059	49,907,020	55,750,548	62,079,053	66,507,915
5-year av.	5,148,789	11,088,860	16,327,279	21,977,068	28,994,572	34,584,424	39,748,966	45,710,656	52,954,531	58,970,066	65,751,255	70,211,955
Actual '15	5,416,154	8,862,448	15,930,605	22,223,783								
Proceeds to Veterans Trust												
Budget '15	122,382	502,976	720,708	840,203	943,081	1,053,879	1,252,368	1,580,697	1,826,519	1,985,945	2,104,168	2,200,000
5-year av.	138,154	567,795	813,587	948,481	1,064,617	1,189,694	1,413,785	1,784,403	2,061,904	2,241,875	2,375,321	2,483,515
Actual '15	266,208	787,338	1,046,540	1,116,725								
Total Proceeds												
Budget '15	5,424,379	11,155,365	15,712,185	21,157,543	27,105,328	32,952,293	38,672,360	45,034,756	51,733,539	57,736,493	64,183,211	68,707,915
5-year av.	5,286,943	11,656,655	17,140,866	22,925,549	30,059,189	35,774,118	41,162,751	47,495,059	55,016,435	61,211,941	68,126,576	72,695,470
Actual '15	5,682,362	9,649,786	16,977,145	23,340,508								

1) Budget FY15 Prize Payout

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Two Months Ending August 31, 2014

	Month ended 8/31/2014	Month ended 8/31/2013	Year-to-date 8/31/2014	Year-to-date 8/31/2013
Operating revenues:				
Instant-scratch ticket sales	16,221,443.00	15,076,842.00	32,347,290.00	31,022,773.00
Pick 3 sales	559,446.50	587,250.50	1,121,082.50	1,131,719.00
Powerball sales	3,322,616.00	8,180,425.00	6,816,591.00	13,594,897.50
Mega Millions Sales	1,582,107.00	996,986.00	2,579,626.00	1,926,890.00
Hot Lotto sales	1,247,200.00	837,347.00	2,397,075.00	1,998,568.00
Pick 4 sales	248,098.50	261,992.00	510,232.00	509,820.50
\$100,000 Cash Game sales	-	385,919.00	-	761,597.00
All or Nothing sales	424,565.00	-	878,655.00	-
Pull-tab sales	1,312,670.43	1,341,857.20	2,719,010.99	2,767,662.70
Application fees	200.00	225.00	475.00	675.00
Other	165.77	377.79	926.09	4,421.34
Total operating revenues	<u>24,918,512.20</u>	<u>27,669,221.49</u>	<u>49,370,963.58</u>	<u>53,719,024.04</u>
Operating expenses:				
Scratch ticket	10,948,539.54	9,525,497.05	21,172,729.59	20,152,621.05
Pick 3	329,517.90	341,852.50	658,549.50	659,783.60
Powerball	1,561,626.00	3,964,224.17	3,253,633.50	6,621,734.67
Mega Millions	782,755.50	495,855.16	1,273,342.00	955,299.75
Hot Lotto	605,071.00	408,699.50	1,165,551.50	964,521.00
Pick 4	153,757.40	154,140.20	312,045.00	295,152.30
\$100,000 Cash Game	-	206,420.76	-	407,536.69
All or Nothing	256,905.15	-	531,675.93	-
Pull-tab	819,472.71	841,308.37	1,700,942.07	1,738,351.24
VIP Club prize expense	41.45	-	36,381.38	-
Promotional	7,044.08	6,938.05	14,190.42	92,378.15
Advertising/publicity	597,600.36	563,576.74	1,180,383.51	1,131,585.15
Retailer compensation expense	1,577,525.28	1,751,998.03	3,156,609.88	3,402,109.99
Ticket expense	276,293.15	265,325.35	517,286.79	574,101.39
Vendor compensation expense	488,363.11	553,080.09	986,519.84	1,087,541.15
Salary and benefits	760,592.09	821,427.74	1,604,615.49	1,674,826.07
Travel	31,020.92	46,286.92	59,984.87	81,030.12
Supplies	3,092.60	20,503.77	33,877.43	29,028.06
Printing	(2.50)	5,695.00	112.50	5,927.00
Postage	301.39	290.22	686.68	532.80
Communications	14,137.32	9,501.97	26,461.64	20,956.82
Rentals	25,240.16	26,812.59	51,592.32	52,859.75
Utilities	20,158.85	5,965.56	31,808.43	13,505.15
Professional fees	19,016.49	10,197.03	22,803.85	13,790.25
Vending machine maintenance	47,221.27	47,051.62	94,582.54	94,103.24
Outside services and repairs	56,968.75	46,381.49	128,345.87	84,023.95
Data processing	8,558.53	7,035.67	15,931.64	15,045.98
Equipment	10,023.09	7,098.69	36,692.03	17,609.26
Reimbursement to other state agencies	27,625.21	27,172.39	56,584.10	55,396.66
Depreciation	21,283.66	24,339.86	42,909.24	48,679.72
Other	4,075.61	5,470.49	8,574.97	8,522.75
MUSL administrative expense	17,654.00	8,867.24	17,654.00	8,867.24
Total operating expenses	<u>19,471,480.07</u>	<u>20,199,014.22</u>	<u>38,193,058.51</u>	<u>40,307,420.95</u>
Operating income	<u>5,447,032.13</u>	<u>7,470,207.27</u>	<u>11,177,905.07</u>	<u>13,411,603.09</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(3,446,294.38)	(6,789,813.77)	(8,862,447.89)	(12,608,212.40)
Proceeds provided to Veteran's Trust Fund	(521,129.63)	(422,439.66)	(787,337.13)	(585,621.36)
Interest income	-	168.65	-	168.65
Interest expense	-	-	(4,172.48)	-
Gain (Loss) on disposal of capital assets	(1,600.00)	-	(2,500.00)	-
Net non-operating revenues (expenses)	<u>(3,969,024.01)</u>	<u>(7,212,084.78)</u>	<u>(9,656,457.50)</u>	<u>(13,193,665.11)</u>
Change in net position	1,478,008.12	258,122.49	1,521,447.57	217,937.98
Net position beginning of year	9,557,295.24	6,243,994.89	9,513,855.79	6,284,179.40
Net position end of year	<u>11,035,303.36</u>	<u>6,502,117.38</u>	<u>11,035,303.36</u>	<u>6,502,117.38</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Three Months Ending September 30, 2014

	Month ended 9/30/2014	Month ended 9/30/2013	Year-to-date 9/30/2014	Year-to-date 9/30/2013
Operating revenues:				
Instant-scratch ticket sales	15,492,613.00	13,978,725.00	47,839,903.00	45,001,498.00
Pick 3 sales	546,271.00	557,563.00	1,667,353.50	1,689,282.00
Powerball sales	4,591,110.00	7,531,376.00	11,407,701.00	21,126,273.50
Mega Millions Sales	1,182,953.00	1,370,385.00	3,762,579.00	3,297,275.00
Hot Lotto sales	778,833.00	718,807.00	3,175,908.00	2,717,375.00
Pick 4 sales	248,787.50	257,109.50	759,019.50	766,930.00
\$100,000 Cash Game sales	-	353,732.00	-	1,115,329.00
All or Nothing sales	397,137.00	-	1,275,792.00	-
Pull-tab sales	1,290,606.75	1,277,062.55	4,009,617.74	4,044,725.25
Application fees	325.00	250.00	800.00	925.00
Other	410.79	243.48	1,336.88	4,664.82
Total operating revenues	24,529,047.04	26,045,253.53	73,900,010.62	79,764,277.57
Operating expenses:				
Scratch ticket	9,932,909.46	8,971,848.67	31,105,639.05	29,124,469.72
Pick 3	322,122.60	330,957.80	980,672.10	990,741.40
Powerball	2,193,351.00	3,695,557.00	5,446,984.50	10,317,291.67
Mega Millions	576,447.50	684,197.08	1,849,789.50	1,639,496.83
Hot Lotto	384,316.36	349,858.50	1,549,867.86	1,314,379.50
Pick 4	144,742.50	150,080.70	456,787.50	445,233.00
\$100,000 Cash Game	-	189,036.66	-	596,573.35
All or Nothing	240,308.32	-	771,984.25	-
Pull-tab	805,744.21	798,741.70	2,506,686.28	2,537,092.94
VIP Club prize expense	51,369.59	245,000.00	87,750.97	245,000.00
Promotional	10,420.39	8,833.13	24,610.81	101,211.28
Advertising/publicity	520,151.55	758,711.56	1,700,535.06	1,890,296.71
Retailer compensation expense	1,585,198.11	1,674,129.40	4,741,807.99	5,076,239.39
Ticket expense	198,219.69	279,119.31	715,506.48	853,220.70
Vendor compensation expense	501,320.16	538,833.95	1,487,840.00	1,626,375.10
Salary and benefits	781,232.90	784,110.55	2,385,848.39	2,458,936.62
Travel	29,658.97	27,676.05	89,643.84	108,706.17
Supplies	2,240.29	14,294.38	36,117.72	43,322.44
Printing	(23.75)	65.00	88.75	5,992.00
Postage	259.90	275.94	946.58	808.74
Communications	12,873.68	14,069.71	39,335.32	35,026.53
Rentals	25,184.28	23,056.16	76,776.60	75,915.91
Utilities	21,911.34	8,210.03	53,719.77	21,715.18
Professional fees	4,798.12	6,947.86	27,601.97	20,738.11
Vending machine maintenance	47,221.27	47,020.13	141,803.81	141,123.37
Outside services and repairs	76,197.62	25,475.51	204,543.49	109,499.46
Data processing	8,356.96	7,379.98	24,288.60	22,425.96
Equipment	20,799.38	16,561.45	57,491.41	34,170.71
Reimbursement to other state agencies	35,427.93	30,780.42	92,012.03	86,177.08
Depreciation	17,438.27	24,467.13	60,347.51	73,146.85
Other	17,162.47	9,159.62	25,737.44	17,682.37
MUSL administrative expense	8,434.44	4,433.62	26,088.44	13,300.86
Total operating expenses	18,575,795.51	19,718,889.00	56,768,854.02	60,026,309.95
Operating income	5,953,251.53	6,326,364.53	17,131,156.60	19,737,967.62
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(7,068,156.80)	(6,463,986.22)	(15,930,604.69)	(19,072,198.62)
Proceeds provided to Veteran's Trust Fund	(259,202.34)	(83,622.94)	(1,046,539.47)	(669,244.30)
Interest income	2,870.46	8,054.28	2,870.46	8,222.93
Interest expense	-	-	(4,172.48)	-
Gain (Loss) on disposal of capital assets	(365,266.29)	-	(367,766.29)	-
Net non-operating revenues (expenses)	(7,689,754.97)	(6,539,554.88)	(17,346,212.47)	(19,733,219.99)
Change in net position	(1,736,503.44)	(213,190.35)	(215,055.87)	4,747.63
Net position beginning of year	11,035,303.36	6,502,117.38	9,513,855.79	6,284,179.40
Net position end of year	9,298,799.92	6,288,927.03	9,298,799.92	6,288,927.03

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Four Months Ending October 31, 2014

	Month ended 10/31/2014	Month ended 10/31/2013	Year-to-date 10/31/2014	Year-to-date 10/31/2013
Operating revenues:				
Instant-scratch ticket sales	\$16,954,695.00	\$15,012,320.00	\$64,794,598.00	\$60,013,818.00
Pick 3 sales	573,798.00	580,791.50	2,241,151.50	2,270,073.50
Powerball sales	3,649,195.00	5,088,443.00	15,056,896.00	26,214,716.50
Mega Millions Sales	2,495,576.00	1,161,481.00	6,258,155.00	4,458,756.00
Hot Lotto sales	732,892.00	754,760.00	3,908,800.00	3,472,135.00
Pick 4 sales	265,663.50	275,661.00	1,024,683.00	1,042,591.00
\$100,000 Cash Game sales	-	377,933.00	-	1,493,262.00
All or Nothing sales	393,216.00	-	1,669,008.00	-
Monopoly Millionaires' Club sales	154,655.00	-	154,655.00	-
Pull-tab sales	1,418,026.98	1,344,125.99	5,427,644.72	5,388,851.24
Application fees	175.00	200.00	975.00	1,125.00
Other	492.23	461.17	1,829.11	5,125.99
Total operating revenues	<u>26,638,384.71</u>	<u>24,596,176.66</u>	<u>100,538,395.33</u>	<u>104,360,454.23</u>
Operating expenses:				
Scratch ticket	10,806,255.00	9,558,191.25	41,911,894.05	38,682,660.97
Pick 3	338,798.80	343,074.90	1,319,470.90	1,333,816.30
Powerball	1,771,983.50	2,502,757.50	7,218,968.00	12,820,049.17
Mega Millions	1,234,953.00	580,265.26	3,084,742.50	2,219,762.09
Hot Lotto	344,311.59	356,808.00	1,894,179.45	1,671,187.50
Pick 4	197,265.00	163,971.60	654,052.50	609,204.60
\$100,000 Cash Game	-	202,094.06	-	798,667.41
All or Nothing	237,935.72	-	1,009,919.97	-
Monopoly Millionaires' Club	83,955.18	-	83,955.18	-
Pull-tab	887,827.91	845,595.06	3,394,514.19	3,382,688.00
VIP Club prize expense	4,059.93	-	91,810.90	245,000.00
Promotional	32,381.47	5,751.90	56,992.28	106,963.18
Advertising/publicity	521,145.67	520,567.79	2,221,680.73	2,410,864.50
Retailer compensation expense	1,717,418.28	1,576,085.63	6,459,226.27	6,652,325.02
Ticket expense	240,651.23	239,242.91	956,157.71	1,092,463.61
Vendor compensation expense	551,827.51	503,644.19	2,039,667.51	2,130,019.29
Online game expense	2,071.15	-	2,071.15	-
Salary and benefits	787,968.51	775,265.10	3,173,816.90	3,234,201.72
Travel	100,517.50	34,728.34	190,161.34	143,434.51
Supplies	5,828.40	3,290.02	41,946.12	46,612.46
Printing	100.00	-	188.75	5,992.00
Postage	401.10	369.89	1,347.68	1,178.63
Communications	13,961.92	31,956.10	53,297.24	66,982.63
Rentals	25,240.16	25,458.98	102,016.76	101,374.89
Utilities	2,021.70	7,535.79	55,741.47	29,250.97
Professional fees	17,016.24	6,678.86	44,618.21	27,416.97
Vending machine maintenance	48,563.81	47,020.13	190,367.62	188,143.50
Outside services and repairs	62,994.99	24,487.20	267,538.48	133,986.66
Data processing	8,131.07	8,531.96	32,419.67	30,957.92
Equipment	61,029.08	44,871.85	118,520.49	79,042.56
Reimbursement to other state agencies	52,984.90	69,317.16	144,996.93	155,494.24
Depreciation	17,438.26	23,980.53	77,785.77	97,127.38
Other	4,398.54	18,746.45	30,135.98	36,428.82
MUSL/Lotto administrative expense	11,575.34	4,433.62	37,663.78	17,734.48
Total operating expenses	<u>20,193,012.46</u>	<u>18,524,722.03</u>	<u>76,961,866.48</u>	<u>78,551,031.98</u>
Operating income	<u>6,445,372.25</u>	<u>6,071,454.63</u>	<u>23,576,528.85</u>	<u>25,809,422.25</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(6,293,178.40)	(6,149,653.32)	(22,223,783.09)	(25,221,851.94)
Proceeds provided to Veteran's Trust Fund	(70,185.37)	(47,564.13)	(1,116,724.84)	(716,808.43)
Interest income	9,195.90	6,126.59	12,066.36	14,349.52
Interest expense	-	-	(4,172.48)	-
Gain (Loss) on disposal of capital assets	-	-	(367,766.29)	-
Net non-operating revenues (expenses)	<u>(6,354,167.87)</u>	<u>(6,191,090.86)</u>	<u>(23,700,380.34)</u>	<u>(25,924,310.85)</u>
Change in net position	91,204.38	(119,636.23)	(123,851.49)	(114,888.60)
Net position beginning of year	9,298,799.92	6,288,927.03	9,513,855.79	6,284,179.40
Net position end of year	<u>9,390,004.30</u>	<u>6,169,290.80</u>	<u>9,390,004.30</u>	<u>6,169,290.80</u>

SECURITY REPORT
SEPTEMBER 2014

INVESTIGATIONS

Cases: 6
Cases open: 5
Cases closed: 1

TYPES

Theft: 3
Internal theft: 1
Fraud: 2

EVENTS

Supervise and monitor Powerball, Mega Millions and Hot Lotto, validate All or Nothing Game, assisted with Fun in the Sun promotional drawing.

MISCELLANEOUS

Validations assist: 8
Law enforcement contacts: 7
Records of contact: 25
Customer assists: 10
Retailer assists: 5
Compliance checks: 113
Quality checks for instant games: 7
Arrests: 2
ABD: 1

SECURITY REPORT
OCTOBER 2014

INVESTIGATIONS

Cases: 5
Cases open: 5

TYPES

Employee theft: 4
Missing/stolen tickets: 1

EVENTS

Supervise and monitor Powerball, Mega Millions and Hot Lotto, validate All or Nothing Game and assisted with launch of Monopoly Millionaire's Club, and 12 Weeks of Wintertime.

MISCELLANEOUS

Validations assists:
Law Enforcement contacts:
Records of Contact: 35
Customer assists: 8
Retailer assists: 7
Compliance checks: 119
Quality checks for instant games:
Arrests:
ABD: 3

SECURITY REPORT
NOVEMBER 2014

INVESTIGATIONS

Cases: 6
Cases open: 6

TYPES

Theft: 1
Employee theft: 5

EVENTS

Supervise and monitor Powerball, Mega Millions and Hot Lotto, validate All or Nothing Game, assisted with 12 Weeks of Winnertime, MUSL validation checks.

MISCELLANEOUS

Validations assist: 3
Law enforcement contacts: 8
Records of contact: 29
Customer assists: 4
Retailer assists: 5
Compliance checks: 18
Quality checks for instant games: 8
Recycle plant security evaluation: 1



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

Departmental Background Memorandum

To: Members of the Iowa General Assembly and Staff

**From: Terry Rich, Mary Neubauer & Rob Porter
Iowa Lottery Authority**

Date: Nov. 17, 2014

Re: Proposed 2015 Code Change To Stabilize Lottery Proceeds To Iowa Veterans Trust Fund

The Iowa Lottery has raised proceeds for the Iowa Veterans Trust Fund (IVTF) since 2008, providing more than \$16 million to this worthy cause to date. The Lottery is proud to provide support for the brave men and women who have served our country and our goal is to ensure that we continue to provide a stable, ongoing source of funding for the IVTF.

However, lottery proceeds to the IVTF have been on the decline for the past few years. In FY 2014, for the first time since it began raising money for the cause, the lottery did not reach its publicly stated goal of providing between \$2 million and \$3 million for the IVTF. (The annual total raised by the lottery for the IVTF in FY 2014 was \$1.8 million.)

There is a larger issue that must be addressed in order to ensure continued lottery proceeds for the IVTF.

While overall lottery sales and proceeds in recent years have been strong and repeatedly exceeded budget projections, the lottery is seeing a long-term decline in the sale of its pull-tab games, which have the oldest play style among the lottery's products. Pull-tabs currently are closely tied to the lottery's efforts to benefit the IVTF, as Iowa Code 99G.9A requires the lottery to use two pull-tab games in conjunction with two scratch-ticket games each year to generate the proceeds it transfers to the IVTF. The continued sales decline of pull-tabs will negatively impact the lottery's ability to support the IVTF. As part of its long-term business plans, the lottery is considering changes to its pull-tab product, which would also necessitate a change in Iowa Code language referencing the IVTF.

In order to stabilize ongoing proceeds to the IVTF and provide the lottery with the business flexibility it needs to maximize its overall proceeds to state causes, the lottery suggests that the Code references to lottery support for veterans' causes be changed in 2015. We are requesting that a specific amount in lottery proceeds (\$2.5 million) be dedicated annually to the IVTF. That amount is the midpoint of the lottery's publicly stated goal for this ongoing initiative. Lottery proceeds to the IVTF in individual years have varied, with overall results both higher and lower than that amount, so the lottery anticipates no fiscal impact to the General Fund from this change. The impact to the IVTF would be positive, with lottery proceeds to that cause being stabilized.

Bill Draft Request:

Below are revisions to Iowa Code sections 35A.13(4), 99G.9A, 99G.39 and 99G.40(2) to enact the change. The bulk of these revisions simply takes existing language from 99G.9A and moves it to 99G.39(3), where \$2.5 million is specified annually in lottery proceeds to the IVTF.

35A.13 Veterans trust fund.

35A.13(4)

4. The minimum balance of the trust fund required prior to expenditure of moneys from the trust fund is five million dollars. Once the minimum balance is reached, the interest and earnings on the fund and the first three hundred thousand dollars transferred each fiscal year pursuant to section 99G.9A.39(3) from the lottery fund to the trust fund are appropriated to the commission to be used to achieve the purposes of this section. Moneys appropriated to the commission that remain unobligated or unexpended at the end of each fiscal year shall revert to the trust fund. It is the intent of the general assembly that the balance in the trust fund reach fifty million dollars.

~~99G.9A Limited series of lottery games providing aid for veterans.~~

~~The chief executive officer, in consultation with the board, shall develop and conduct two additional instant scratch and two additional pull tab lottery games annually to provide moneys for the benefit of veterans and their spouses and dependents. The moneys received from the sale of tickets for each lottery game shall be deposited in a special account in the lottery fund. Notwithstanding section 99G.39, after payment of the prizes, the remaining moneys shall be transferred to the veterans trust fund established pursuant to section 35A.13. However, if the balance of the veterans trust fund is fifty million dollars or more, the remaining moneys shall be appropriated to the department of revenue for distribution to county directors of veteran affairs, with fifty percent of the money to be distributed equally to each county and fifty percent of the money to be distributed to each county based upon the population of veterans in the county, so long as the money distributed to a county does not supplant money appropriated by that county for the county director of veteran affairs.~~

~~2008 Acts, ch 1012, §2~~

~~Referred to in §35A.13~~

99G.39 Allocation, appropriation, transfer, and reporting of funds.

New subsection 3.

Two million, five hundred thousand dollars in lottery revenues shall be deposited annually in the Iowa veterans trust fund established pursuant to section 35A.13 for the benefit of veterans and their spouses and dependents prior to deposit of lottery revenues in the general fund pursuant to section 99G.40.

However, if the balance of the veterans trust fund is fifty million dollars or more, the remaining moneys shall be appropriated to the department of revenue for distribution to county directors of veteran affairs, with fifty percent of the money to be distributed equally to each county and fifty percent of the money to be distributed to each county based upon the population of veterans in the county, so long as the money distributed to a county does not supplant money appropriated by that county for the county director of veteran affairs.

~~3- 4. a.~~ Notwithstanding subsections 1 and 3, if gaming revenues under sections 99D.17 and 99F.11 are insufficient in a fiscal year to meet the total amount of such revenues directed to be deposited in the vision Iowa fund and the school infrastructure fund during the fiscal year pursuant to section 8.57, subsection 5, paragraph "e", the difference shall be paid from lottery revenues prior to deposit of the lottery revenues in the general fund. If lottery revenues are insufficient during the fiscal year to pay the difference, the remaining difference shall be paid from lottery revenues in subsequent fiscal years as such revenues become available.

b. The treasurer of state shall, each quarter, prepare an estimate of the gaming revenues and lottery revenues that will become available during the remainder of the appropriate fiscal

year for the purposes described in paragraph "a". The department of management and the department of revenue shall take appropriate actions to provide that the amount of gaming revenues and lottery revenues that will be available during the remainder of the appropriate fiscal year is sufficient to cover any anticipated deficiencies.

2003 Acts, ch 145, §286; 2003 Acts, ch 178, §92, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1136, §54; 2009 Acts, ch 182, §105; 2012 Acts, ch 1021, §135

Referred to in §§.22A, 8.57, 99G.9A

[P] Disposition of funds from lottery games for the benefit of veterans, see §99G.9A ~~[F] Subsection 3,~~
~~paragraph a amended 39.3 as amended.~~

IOWA LOTTERY AUTHORITY [531]

Notice of Intended Action

Pursuant to the authority granted in Iowa Code 99G.9(3), the Board of Directors of the Iowa Lottery Authority hereby gives Notice of Intended Action to amend Chapters 1, 2, 3, 5, 6, 18, 19, and 20 of Chapter 531, Iowa Administrative Code.

Chapter 1 addresses the general operation of the Iowa Lottery Authority. Chapter 2 contains the Lottery's purchasing rules. Chapter 3 provides the Lottery's procedures for rule making. Chapter 5 contains the Iowa Lottery Authority's contested case procedures. Chapter 6 relates the Lottery's rules on declaratory orders. Chapters 18, 19, and 20 contain general rules for scratch tickets, pull-tabs, and computerized Lottery games. The rules in each of the above chapters are being modified to update the business address of the Iowa Lottery Authority.

In addition, the rules in Chapters 18, 19, and 20 are being modified to update the method for relaying game odds to players. Consistent with Iowa Code 99G.9(3)(c), the Lottery maintains materials on the games offered by the Lottery and the odds of winning the prizes available for each game at Lottery offices, and those materials are available for review by the public. In addition, the Lottery presently utilizes other methods to ensure players have access to information game odds. This includes providing game odds in brochures and written materials found at the retail locations where Iowa Lottery products are sold, as well as posting odds and other game information on the Iowa Lottery's website, www.ialottery.com.

Lottery games use specially ordered paper for tickets and play slips. Consistent with the present administrative rules, those preprinted tickets and play slips contain game odds. The Lottery supplies game tickets and game slips to over 2,000 Iowa Lottery retailers across the state. If a change or upgrade to a game has an impact on published game odds, the process for recalling, reordering, and resupplying tickets and stocks to each Iowa Lottery retailer can create a significant administrative expense. Any such expense necessarily lowers the Lottery proceeds that provide support for veterans, supplement the state General Fund, and back the Vision Iowa program. That expense would seem unwarranted, as prize and odds information is already available at Lottery offices, at retail locations, and, in today's world, online.

These modifications were identified through a regular review of the Iowa Lottery Authority's administrative rules. The Board does not intend to grant waivers under the provisions of these rules. After analysis and review of this rule making, the Board finds that there is no impact on jobs. This amendment is intended to implement Iowa Code Chapter 99G.

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)(b).

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Interested persons may submit comments orally or in writing by 4:00 p.m. on January 30, 2015, to the Iowa Lottery Authority, Attn: General Counsel, through the following methods:

- Via mail, to 2323 Grand Avenue, Des Moines, Iowa, 50312 (prior to December 31, 2014) or to 13001 University Avenue, Clive, Iowa, 50325-8225 (after December 31, 2014);
- Via email, to rkporter@ialottery.com;
- Via phone; to (515) 725-7851; or
- Via fax (515) 725-7905.

The following amendments are proposed.

Amend subrule 1.3 as follows:

531—1.3(17A) Location. Lottery headquarters is located at ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. The lottery has regional offices located throughout the state offering some of the services available at the headquarters office. Information regarding lottery headquarters and regional offices can be obtained on the lottery Web site, www.ialottery.com, on point-of-sale game-play publications, and by contacting the lottery headquarters. The lottery authority board may be contacted through lottery headquarters. Office hours at all offices are 8 a.m. to 4:30 p.m., Monday through Friday. Prize redemption operations close at 4 p.m.

Amend subrule 1.4 as follows:

531—1.4(17A) Board meetings. The lottery authority board shall meet at least quarterly and may meet more often if necessary. The chief executive officer, the chairperson of the board, or a majority of the board may call a special board meeting. Board meetings are generally held at lottery headquarters at ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. Board meetings may be held by teleconference.

Amend subrule 1.5(5) as follows:

1.5(5) Copies of public lottery business records may be obtained upon a written request made to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. The lottery may charge reasonable fees, including staff research and copying time, for the processing of any public records production requests.

Amend subrule 2.17 as follows:

Vendor appeals. Any vendor whose bid or proposal has been timely filed and who is aggrieved by the award of the lottery may appeal the decision by filing a written notice of appeal before the Iowa Lottery Authority Board, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225, within three days of the date of the award, exclusive of Saturdays, Sundays, and state legal holidays. The notice of appeal must actually be received at this address within the time frame specified to be considered timely. The notice of appeal shall state the grounds upon which the vendor challenges the lottery's award. Following receipt of a notice of appeal which has been timely filed, the board shall notify the aggrieved vendor and the vendor who received the contract award of the procedures to be followed in the appeal. The board may appoint a designee to proceed with the appeal on its behalf.

Amend subrule 3.5(1) as follows:

3.5(1) Written comments. For at least 20 days after publication of the Notice of Intended Action, persons may submit argument, data, and views, in writing, on the proposed rule. Such written submissions should identify the proposed rule to which they relate and should be submitted to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225, or the person designated in the Notice of Intended Action.

Amend subrule 3.5(5) as follows:

3.5(5) Accessibility. The lottery shall schedule oral proceedings in rooms accessible to and functional for persons with physical disabilities. Persons who have special requirements should contact the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225, telephone (515)281-7900 in advance to arrange access or other needed services.

Amend subrule 3.6(2) as follows:

3.6(2) Mailing list. Small businesses or organizations of small businesses may be registered on the lottery's small business impact list by making a written application addressed to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. The application for registration shall state:

- a. The name of the small business or organization of small businesses;
- c. The name of a person authorized to transact business for the applicant;
- d. A description of the applicant's business or organization. An organization representing 25 or more persons who qualify as a small business shall indicate that fact.
- e. Whether the registrant desires copies of Notices of Intended Action at cost, or desires advance notice of the subject of all or some specific category of proposed rule making affecting small business. The lottery may at any time request additional information from the applicant to determine whether the applicant is qualified as a small business or as an organization of 25 or more small businesses. The lottery may periodically send a letter to each registered small business or organization of small businesses asking whether that business or organization wishes to remain on the registration list. The name of a small business or organization of small businesses will be removed from the list if a negative response is received, or if no response is received within 30 days after the letter is sent.

Amend subrule 3.11(1) as follows:

3.11(1) General. When requested by a person, either prior to the adoption of a rule or within 30 days after its publication in the Iowa Administrative Bulletin as an adopted rule, the lottery shall issue a concise statement of reasons for the rule. Requests for such a statement must be in writing and be delivered to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. The request should indicate whether the statement is sought for all or only a specified part of the rule. Requests will be considered made on the date received.

Amend subrule 5.12(3) as follows:

531—5.12(17A) Service and filing of pleadings and other papers.

5.12(3) Filing—when required. After the notice of hearing, all pleadings, motions, documents or other papers in a contested case proceeding shall be filed with the Office of the Chief Executive Officer, Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. All pleadings, motions, documents or other papers that are required to be served upon a party shall be filed simultaneously in the office of the chief executive officer.

Amend subrule 6.1 as follows:

531—6.1(17A) Petition for declaratory order. Any person may file a petition with the lottery for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the lottery, at the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. A petition is deemed filed when it is received by that office. The lottery shall provide the petitioner with a file stamped copy of the petition if the petitioner provides the lottery an extra copy for this purpose. The petition must be typewritten or legibly handwritten in ink and must substantially conform to the following form:

THE IOWA LOTTERY

Petition by (Name of Petitioner) for a

} PETITION FOR DECLARATORY ORDER

Declaratory Order on (cite provisions of law involved).

The petition must provide the following information:

1. A clear and concise statement of all relevant facts on which the order is requested.
2. A citation and the relevant language of the specific statutes, rules, policies, decisions, or orders, whose applicability is questioned, and any other relevant law.
3. The questions petitioner wants answered, stated clearly and concisely.
4. The answers to the questions desired by the petitioner and a summary of the reasons urged by the petitioner in support of those answers.
5. The reasons for requesting the declaratory order and disclosure of the petitioner's interest in the outcome.
6. A statement indicating whether the petitioner is currently a party to another proceeding involving the questions at issue and whether, to the petitioner's knowledge, those questions have been decided by, are pending determination by, or are under investigation by, any governmental entity.
7. The names and addresses of other persons, or a description of any class of persons, known by petitioner to be affected by, or interested in, the questions presented in the petition.
8. Any request by petitioner for a meeting provided for by 6.7(17A).

The petition must be dated and signed by the petitioner or the petitioner's representative. It must also include the name, mailing address, and telephone number of the petitioner and petitioner's representative, and a statement indicating the person to whom communications concerning the petition should be directed.

Amend subrule 6.3(3) as follows:

6.3(3) A petition for intervention shall be filed at the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. Such a petition is deemed filed when it is received by that office. The lottery will provide the petitioner with a file-stamped copy of the petition for intervention if the petitioner provides an extra copy for this purpose. A petition for intervention must be typewritten or legibly handwritten in ink and must substantially conform to the following form:

THE IOWA LOTTERY

Petition by (Name of Petitioner)
For a Declaratory Order on

(cite provisions of law involved). } PETITION FOR INTERVENTION

The petition for intervention must provide the following information:

1. Facts supporting the intervenor's standing and qualifications for intervention.
2. The answers urged by the intervenor to the question or questions presented and a summary of the reasons urged in support of those answers.
3. Reasons for requesting intervention and disclosure of the intervenor's interest in the outcome.
4. A statement indicating whether the intervenor is currently a party to any proceeding involving the questions at issue and whether, to the intervenor's knowledge, those questions have been decided by, are pending determination by, or are under investigation by, any governmental entity.
5. The names and addresses of any additional persons, or a description of any additional class of persons, known by the intervenor to be affected by, or interested in, the questions presented.
6. Whether the intervenor consents to be bound by the determination of the matters presented in the declaratory order proceeding. The petition must be dated and signed by the intervenor or the intervenor's representative. It must also include the name, mailing address, and telephone number of the intervenor and intervenor's representative, and a statement indicating the person to whom communications should be directed.

Amend subrule 6.5 as follows:

531—6.5(17A) Inquiries. Inquiries concerning the status of a declaratory order proceeding may be made to the Chief Executive Officer, Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225.

Amend subrule 6.6(2) as follows:

6.6(2) Filing—when required. All petitions for declaratory orders, petitions for intervention, briefs, or other papers in a proceeding for a declaratory order shall be filed with the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. All petitions, briefs, or other papers that are required to be served upon a party shall be filed simultaneously with the lottery.

Amend subrule 18.7 as follows:

531—18.7(99G) Disclosure of odds. The overall probability of purchasing a winning ticket shall be displayed on ~~each ticket~~ the Iowa Lottery's website and in game literature made available by the Lottery, if any.

Amend subrule 18.8(3) as follows:

18.8(3) Prizes claimed at lottery. The specific game rules shall specify prizes that may be claimed only from the lottery. To claim a prize from the lottery, the player may personally present the completed claim form obtained from a licensed retailer or any lottery office and the ticket to any lottery office or may mail the ticket and claim form to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. If the claim is validated by the lottery, the prize or a check, warrant, or draft shall be forwarded to the player in payment of the amount due less any applicable state or federal income tax withholding. If the claim is not validated by the lottery, the claim shall be denied and the player shall be promptly notified.

Amend subrule 19.7 as follows:

531—19.7(99G) Disclosure of odds. The overall probability of purchasing a winning ticket shall be stated on ~~the ticket~~ the Iowa Lottery's website and in game literature made available by the Lottery, if any.

Amend subrule 19.8(3) as follows:

19.8(3) Prizes claimed at lottery. The specific game rules shall specify prizes that may be claimed only from the lottery. To claim a prize from the lottery, the player may personally present the completed claim form obtained from a licensed retailer or any lottery office and the ticket to any lottery office or may mail the ticket and claim form to the Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. If the claim is validated by the lottery, the prize or a check, warrant, or draft shall be forwarded to the player in payment of the amount due less any applicable state or federal income tax withholding. If the claim is not validated by the lottery, the claim shall be denied and the player shall be promptly notified.

Amend subrule 20.8 as follows:

531—20.8(99G) Disclosure of odds. The overall probability of purchasing a winning ticket or share shall be stated on ~~the game ticket~~ Iowa Lottery's website and in the game literature made available by the lottery.

Amend subrule 20.14(1) as follows:

20.14(1) To receive payment for a prize or prizes on any single game ticket or share that total \$600 or less, the winner may take the signed ticket or share directly to any lottery retailer authorized to sell and validate the game, or to any lottery office, or mail the signed ticket or share, along with a completed claim form, to Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225. If there is any alteration, mutilation, tear, or other ambiguity on the ticket or share, the retailer is not authorized to make direct payment of a prize and a claim form and the ticket or share must be submitted to the lottery.

Amend subrule 10.14 (2) as follows:

20.14(2) To receive payment for a prize or prizes on any single game ticket or share that total more than \$600, the winner may submit the signed ticket or share and a completed claim form directly to any lottery office. The winner may also mail the signed ticket or share and claim form to Iowa Lottery Authority, ~~2323 Grand Avenue, Des Moines, Iowa 50312-5307~~ 13001 University Avenue, Clive, Iowa 50325-8225.



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

To: Iowa Lottery Authority Board Members
From: Rob Porter, Vice President and General Counsel
Re: Contracts Update For Board Information
Date: December 1, 2014

At the September 23, 2014 meeting, the Lottery's executive staff sought Board approval of extensions of three agreements for Instant Ticket Printing and Related Services. Those agreements were with Scientific Games, Pollard Banknote, and GTECH Corporation. The Board approved all three extensions.

Since that meeting, three items from those agreements have been adjusted from the versions previously included in the Board packet. Those items are as follows:

- 1) GTECH. This vendor has adopted a new pricing matrix. The itemized prices presently offered by GTECH are significantly less expensive than those originally bid in response to the Lottery's Request for Proposal. As it is in the best interest of the Lottery and the State to ensure that the Lottery receives the best pricing possible from its vendors, the Lottery has approved the modification. The change will go into effect with this contract extension.
- 2) POLLARD. The agreement between the Lottery and Pollard Banknote did not contain the monthly maintenance and relocation fees that had been agreed upon by the parties. In order to ensure the contract reflects the intent of the parties, the itemized costs for monthly maintenance and relocation fees have been increased. This modification will go into effect with this contract extension.
- 3) SCIENTIFIC GAMES. In this extension, the itemized cost for the LuxColor printing has been reduced. As it is in the best interest of the Lottery and the State to ensure that the Lottery receives the best pricing possible from its vendors, the Lottery has approved the modification. This modification will go into effect with this contract extension.

I would be happy to address any questions or concerns the Board may have on these agreements.

GTECH

Price-Per-Thousand Pricing. The prices requested in the following table are for tickets produced under a contract which requires all of the items specified in Sections 3 of this RFP except cost variations applicable to optional features. All prices quoted in this section are prices per thousand (1,000) tickets.

Ticket Quantity*	Bingo ** 4" x 6"	Bingo ** 4" x 8"	Crossword* 4" x 6"	Crossword ** 4" x 8"	Crossword ** 4" x 8"	2.4" x 4"	4" x 4"	4" x 6"	4" x 8"	4" x 8"	4" x 8"	4" x 8"	4" x 8"	4" x 8"				
	150/pack	150/pack	100/pack	60/pack	30/pack	300/pack	150/pack	60/pack	75/pack	100/pack	150/pack	150/pack	12/pack	15/pack	30/pack	60/pack	100/pack	100/
400,000	\$ 70.77	\$ 77.47	\$ 71.81	\$ 78.24	\$ 82.30	\$ 59.78	\$ 64.75	\$ 69.53	\$ 68.85	\$ 68.18	\$ 67.84	\$ 67.84	\$ 119.06	\$ 109.83	\$ 77.30	\$ 74.85	\$ 74.85	\$ 74.85
600,000	\$ 54.10	\$ 60.80	\$ 54.97	\$ 61.41	\$ 64.97	\$ 42.28	\$ 47.25	\$ 52.53	\$ 51.94	\$ 51.34	\$ 51.01	\$ 51.01	\$ 95.39	\$ 87.28	\$ 59.98	\$ 57.68	\$ 57.68	\$ 57.68
800,000	\$ 45.77	\$ 52.47	\$ 46.56	\$ 52.99	\$ 56.30	\$ 33.53	\$ 38.50	\$ 44.03	\$ 43.47	\$ 42.93	\$ 42.59	\$ 42.59	\$ 83.56	\$ 76.00	\$ 51.30	\$ 48.89	\$ 48.89	\$ 48.89
1,000,000	\$ 40.77	\$ 47.47	\$ 41.51	\$ 47.94	\$ 51.10	\$ 28.28	\$ 33.25	\$ 38.93	\$ 38.40	\$ 37.88	\$ 37.54	\$ 37.54	\$ 76.46	\$ 69.24	\$ 46.10	\$ 43.95	\$ 43.95	\$ 43.95
1,200,000	\$ 37.43	\$ 44.13	\$ 38.15	\$ 44.57	\$ 47.63	\$ 24.78	\$ 29.75	\$ 35.53	\$ 35.02	\$ 34.51	\$ 34.17	\$ 34.17	\$ 76.15	\$ 68.17	\$ 42.64	\$ 40.51	\$ 40.51	\$ 40.51
1,400,000	\$ 35.05	\$ 41.75	\$ 35.74	\$ 42.17	\$ 45.16	\$ 22.28	\$ 27.25	\$ 33.10	\$ 32.60	\$ 32.11	\$ 31.76	\$ 31.76	\$ 71.83	\$ 64.14	\$ 40.16	\$ 38.06	\$ 38.06	\$ 38.06
1,600,000	\$ 33.27	\$ 39.97	\$ 33.94	\$ 40.37	\$ 43.26	\$ 20.40	\$ 25.38	\$ 31.28	\$ 30.78	\$ 30.30	\$ 29.97	\$ 29.97	\$ 68.60	\$ 61.13	\$ 38.30	\$ 36.23	\$ 36.23	\$ 36.23
1,800,000	\$ 31.88	\$ 38.58	\$ 32.53	\$ 38.97	\$ 41.79	\$ 18.94	\$ 23.92	\$ 29.87	\$ 29.37	\$ 28.90	\$ 28.56	\$ 28.56	\$ 66.08	\$ 58.79	\$ 36.86	\$ 34.79	\$ 34.79	\$ 34.79
2,000,000	\$ 30.77	\$ 37.47	\$ 31.41	\$ 37.84	\$ 40.61	\$ 17.78	\$ 22.75	\$ 28.73	\$ 28.25	\$ 27.78	\$ 27.44	\$ 27.44	\$ 64.07	\$ 56.91	\$ 35.70	\$ 33.65	\$ 33.65	\$ 33.65
2,500,000	\$ 28.77	\$ 35.47	\$ 29.39	\$ 35.82	\$ 38.49	\$ 15.68	\$ 20.65	\$ 26.69	\$ 26.22	\$ 25.76	\$ 25.42	\$ 25.42	\$ 60.44	\$ 53.53	\$ 33.62	\$ 31.59	\$ 31.59	\$ 31.59
3,000,000	\$ 27.43	\$ 34.13	\$ 28.05	\$ 34.47	\$ 37.07	\$ 14.96	\$ 20.16	\$ 25.33	\$ 24.87	\$ 24.41	\$ 24.07	\$ 24.07	\$ 58.03	\$ 51.28	\$ 32.24	\$ 30.21	\$ 30.21	\$ 30.21
4,000,000	\$ 25.77	\$ 32.47	\$ 26.36	\$ 32.79	\$ 35.30	\$ 13.12	\$ 18.34	\$ 23.63	\$ 23.17	\$ 22.73	\$ 22.39	\$ 22.39	\$ 55.88	\$ 49.34	\$ 30.50	\$ 28.50	\$ 28.50	\$ 28.50
5,000,000	\$ 24.77	\$ 31.47	\$ 25.35	\$ 31.78	\$ 34.25	\$ 10.93	\$ 15.67	\$ 22.61	\$ 22.16	\$ 21.72	\$ 21.38	\$ 21.38	\$ 53.89	\$ 47.47	\$ 29.46	\$ 27.47	\$ 27.47	\$ 27.47
6,000,000	\$ 24.10	\$ 30.80	\$ 24.67	\$ 31.11	\$ 33.50	\$ 10.27	\$ 15.00	\$ 21.93	\$ 21.49	\$ 21.04	\$ 20.71	\$ 20.71	\$ 53.39	\$ 47.05	\$ 28.78	\$ 26.78	\$ 26.78	\$ 26.78
7,000,000	\$ 23.62	\$ 30.32	\$ 24.20	\$ 30.62	\$ 33.02	\$ 9.79	\$ 14.52	\$ 21.44	\$ 21.00	\$ 20.56	\$ 20.22	\$ 20.22	\$ 52.83	\$ 46.55	\$ 28.28	\$ 26.29	\$ 26.29	\$ 26.29
8,000,000	\$ 23.27	\$ 29.97	\$ 23.84	\$ 30.27	\$ 32.48	\$ 9.43	\$ 14.17	\$ 21.08	\$ 20.63	\$ 20.20	\$ 19.87	\$ 19.87	\$ 51.96	\$ 45.72	\$ 27.90	\$ 25.93	\$ 25.93	\$ 25.93
9,000,000	\$ 22.99	\$ 29.69	\$ 23.55	\$ 29.99	\$ 32.35	\$ 9.16	\$ 13.89	\$ 20.80	\$ 20.36	\$ 19.92	\$ 19.58	\$ 19.58	\$ 51.29	\$ 45.09	\$ 27.62	\$ 25.64	\$ 25.64	\$ 25.64
10,000,000	\$ 22.77	\$ 29.47	\$ 23.33	\$ 29.76	\$ 32.10	\$ 8.93	\$ 13.67	\$ 20.57	\$ 20.13	\$ 19.70	\$ 19.36	\$ 19.36	\$ 51.11	\$ 44.94	\$ 27.38	\$ 25.41	\$ 25.41	\$ 25.41

* Prices for actual quantities ordered will be pro-rated from the matrix prices.

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

**Amendment Number One to
Agreement for Maintenance of Pull-Tab and Instant Ticket Vending Machines
Between
Iowa Lottery Authority
and
Pollard Games, Inc., doing business as 'American Games'**

This Contract Amendment ("Amendment") to the Agreement for Maintenance of Pull-Tab and Instant Ticket Vending Machines entered into on October 1, 2014 ("Agreement"), is between the Iowa Lottery Authority ("Lottery") and Pollard Games, Inc., doing business as 'American Games' ("Contractor"). The Lottery and Contractor agree as follows:

1. Purpose. The purpose of the Amendment is to correct and restate the pricing applicable to the Agreement, as reached by the Lottery and Contractor.
2. Pricing. Section 6.1 of the Agreement is rescinded in its entirety, and hereby replaced by the following new Section 6.1:

Upon execution of the Agreement, the total number of machines installed at retail locations throughout Iowa is 999 PTVM's and 302 ITVM's. The Lottery agrees to pay reasonable cost for replacement parts as deemed necessary and approved by the Lottery, and the following relocation fees and monthly maintenance fees:

Monthly maintenance fees shall be:

6 column PTVM:	\$32.57 per machine/month
12 column PTVM:	\$32.57 per machine/month
12 bin ITVM:	\$53.39 per machine/month
16 bin ITVM:	\$53.39 per machine/month
20 bin ITVM:	\$ 53.39 per machine/month

Relocation fees shall be:

PTVM relocation:	\$122.80 per machine/relocation
ITVM relocation:	\$480.52 per machine/relocation

3. Amendments. This Amendment may only be modified by the mutual consent of the Lottery and Contractor, in writing and executed by all parties.
4. Effect of Amendment on Agreement. Except as set forth by this Amendment, all other provisions of the Agreement shall remain in full force and effect.

State of Iowa, Iowa Lottery Authority

Pollard Games, Inc.

By: Larry Loss
Name: Larry Loss, Executive Vice President

By: Douglas Pollard
Name: Douglas Pollard, President

Lucky for Life Game

History

March 11, 2012

Six New England Lotteries joined together to offer their players a new opportunity to win with a top prize of \$7,000 a week for life!

Lucky for Life tickets went on sale in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. The first drawing was held in Connecticut on March 15, 2012.

September 17, 2013

A new prize structure was introduced. The most significant enhancement was to the second tier prize. Instead of winning \$25,000, the players now had the opportunity to win \$25,000 a year for life. Other lower tier prizes were also enhanced.

October, 2013

Meeting held at the NASPL Conference to explore the interests in other lotteries joining the game. There was interest from several states. The New England Lotteries began the process of expanding the game to allow additional states to join the Lucky for Life game.

January 27, 2015

The expanded game will go on sale and the first draw will be held on January 29, 2015.

On January 27th, Arkansas, Delaware, Idaho, Michigan, Minnesota, Missouri, Montana and South Carolina will be joining the game. Additionally, the Kentucky Lottery and the D.C. Lottery will be joining the game in early 2015.

Game Design

Ticket Price:	\$2.00
Drawings Held:	Monday & Thursday
Matrix:	Double matrix game: (1 of 48) plus (1 of 18)
Ticket Cancellations:	Not allowed
Advance and Multi-Draw Option:	Allowed, at jurisdictional discretion
Prize Claim Period:	At jurisdictional discretion
Ineligible Players:	Lottery employees and all others as described by Iowa Law
For Life Prizes:	Subject to the each Lottery's jurisdictional laws, tickets may not be cashed or redeemed by minors under the age of eighteen (18) years.
Measuring Life:	For a single Wager, the measuring life of a Top Prize Winner used to determine the duration over which the Top Prize is paid, shall be the natural life of the individual determined by the Selling Lottery to be the Top Prize Winner. If the Top Prize under a single Wager is being claimed by more than one (1) natural person or by a legal entity, the measuring life for that Top Prize Winner shall be twenty (20) years.

Prize Structure

Prize Level	Matches Matrix #1 (5 of 48)	Matches Matrix #2 (1 of 18)	Odds of Winning: 1/	Prize	% Sales
1	5	1	30,821,472.000	\$7,000/Week for Life*	10.2201%
2	5	0	1,813,027.765	\$25,000/Year for Life*	11.6380%
3	4	1	143,355.684	\$5,000*	1.7439%
4	4	0	8,432.687	\$200	1.1859%
5	3	1	3,413.231	\$150	2.1973%
6	3	0	200.778	\$20	4.9806%
7	2	1	249.749	\$25	5.0050%
8	2	0	14.691	\$3	10.2103%
9	1	1	49.950	\$6	6.0060%
10	0	1	32.019	\$4	6.2463%
				Total Payout	59.4335%

Average Chance of Winning: 1 in 7.769

*Prize amounts may be split if there are multiple Winners, in accordance with the provisions of the Official Game Rules. Split prizes may be lower than the published prize amounts.

Items of Note

Previously, the Iowa Lottery along with the Minnesota & Wisconsin Lotteries conducted focus group research regarding new lotto game concepts. The New England Lucky for Life Game was one of the concepts we tested. It received the highest scores of the three concepts tested.

The New England Lotteries are issuing licenses to other Lotteries to sell the Lucky for Life game. The Iowa Lottery will be asked to sign a Participation Agreement to be part of the game. This is similar to the agreement that we signed to sell Mega Millions. Attached is the Participation Agreement for your review.

The game is designed for a “for life” prize to be paid to someone who is at least 18 years of age. The Iowa Lottery will have to adopt specific game rules that restrict the redemption of prizes to anyone under the age of 18. Attached for your review are the Official Game rules from the New England Lotteries.

LUCKY FOR LIFE LICENSEE LOTTERY
PARTICIPATION AGREEMENT

This Lucky for Life Licensee Lottery Participation Agreement (the “**Agreement**”) is by and among the following lotteries:

the Connecticut Lottery Corporation, the Massachusetts State Lottery Commission, the Maine State Liquor and Lottery Commission, the New Hampshire Lottery Commission, the Vermont Lottery Commission, and the Rhode Island Division of Lotteries (collectively the “**New England Lotteries**,” and individually a “**New England Lottery**”), and

the Minnesota State Lottery, the Idaho Lottery, the D.C. Lottery & Charitable Games Board, the Arkansas Scholarship Lottery, the Iowa Lottery Authority, the Michigan Lottery, the Missouri Lottery, the South Carolina Education Lottery, and the Montana Lottery (collectively the “**Licensee Lotteries**,” and individually a “**Licensee Lottery**”).

The New England Lotteries and the Licensee Lotteries are together referred to as the “**Party Lotteries**” or individually as a “**Party Lottery**.”

This Agreement is effective for a Party Lottery as of the date it executes this Agreement.

RECITALS

WHEREAS, each Party Lottery is a legal entity authorized to operate a lottery in its respective jurisdiction; and

WHEREAS, the revenue derived from the lottery operated by each Party Lottery remains within each respective jurisdiction for distribution in accordance with the constitutional, statutory and/or regulatory requirements of the jurisdiction where each Party Lottery is located; and

WHEREAS, each Party Lottery is entering into this Agreement to benefit its government, in accordance with its respective laws and rules; and

WHEREAS, each Licensee Lottery desires to offer in its jurisdiction the additional Lucky for Life Game (as defined below), wherein a separate and distinct prize pool in each Party Lottery’s jurisdiction is combined so as to award larger prizes to the public than could be offered by any one lottery alone; and

WHEREAS, subject to the terms of this Agreement, the New England Lotteries desire to grant, and the Licensee Lotteries desire to obtain, the non-exclusive, non-transferable, and non-assignable licenses and other rights related to the Lucky for Life Game set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Party Lotteries agree as follows:

1. DEFINITIONS

In addition to other terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below (such meanings to be equally applicable to the singular as well as the plural forms of the terms defined):

“Licensed Methods” means any method, the use or practice of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents.

“Licensed Patents” means (a) the United States patent application listed on Exhibit A attached to and made a part of this Agreement as if fully set forth; (b) any divisional, substitution or continuation United States patent applications that, directly or indirectly, claim priority to the United States patent application listed on Exhibit A; (c) any United States patent issuing from any of the patent applications in (a) or (b); and (d) any United States renewals, extensions, reissues or reexaminations of any of the patents in (c).

“Licensed Systems” means any apparatus or system, the manufacture or use of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents.

“Low-Tier Prize” means the prizes awarded in Prize Levels 3 through 10 of the Game, as described more fully in the operable Official Game Rules.

“Lucky for Life Game” or **“Game”** means the one lottery draw game that is undertaken jointly by the New England Lotteries and the Licensee Lotteries in and among their respective jurisdictions and in accordance with this Agreement.

“Lucky for Life Property” means the approved matrix, rules, procedures, designs, trademarks, service-marks, trade names, copyrights, approved designs, colors, names, logo(s), marks, symbols, emblems, characters, artwork, depictions, illustrations, insignia, trade dress, indicia and visual representations of any type associated with the Game and owned and/or offered by the New England Lotteries, as may be modified from time to time.

“MUSL” means the Multi-State Lottery Association, which will provide Game-related services under a contract with the New England Lotteries.

“Second Prize” means the prize awarded in Prize Level 2 of the Game, as described more fully in the operable Official Game Rules.

“Top Prize” means the prize awarded in Prize Level 1 of the Game, as described more fully in the operable Official Game Rules.

2. SELLING THE GAME

2.1 Agreement to Sell. Each Party Lottery shall sell and conduct the Game in its respective jurisdiction using the approved logo and in compliance with the Official Game Rules, Finance and Operations Procedures, and Drawing Procedures, as each may be amended from

time to time by the New England Lotteries, *provided, however*, that a Party Lottery shall not be required to sell the Game until that Party Lottery's jurisdiction has adopted the Official Game Rules and any other jurisdiction-specific rules and procedures.

Amendments to such Game rules and procedures must be submitted in writing to each Party Lottery prior to any change. An amendment to the Game rules shall become effective for any Party Lottery only when all Party Lotteries have adopted the amendment in accordance with their respective laws and rules, unless the New England Lotteries determine that such an amendment can occur sooner without detrimentally affecting any Party Lottery. An amendment to the Finance and Operations Procedures and Drawing Procedures shall become effective upon the date stated in the written notice.

2.2 Manner of Sale. Each Party Lottery reserves the right to determine the manner in which Game tickets are sold or distributed within its jurisdiction, including but not limited to which locations are authorized to sell Game tickets and the rate of commission(s), if any, paid for the sale of such tickets.

2.3 Game Functions. Game functions to be performed within a particular Party Lottery's jurisdiction for the purpose of conducting Game sales within that jurisdiction shall be performed and carried out by such personnel or independent contractors as that Party Lottery shall determine.

2.4 Advertising. Each Party Lottery acknowledges that, in advertising the Game within its respective jurisdiction, there will be some unintentional "spill-over" (such as, but not limited to, radio, television, digital, and social media) that crosses the boundaries of its respective jurisdiction. Each Party Lottery agrees not to actively place or promote such advertising outside the boundaries of its jurisdiction and, further, it agrees that its advertising and marketing will be done in a way that is fair and not detrimental to any other Party Lottery. Each Party Lottery is responsible for the costs of advertising the Game in its respective jurisdiction.

2.5 Promotions. A Party Lottery offering a promotion shall provide all other Party Lotteries with written notice of that promotion as defined and described in the operable Official Game Rules.

3. LICENSES/GRANTS NECESSARY TO SELL THE GAME

3.1 Patent License Grant. Subject to the terms of this Agreement, the Massachusetts State Lottery Commission, on behalf of the New England Lotteries, hereby grants a non-exclusive, non-transferable, non-assignable license under the Licensed Patents (a) to each Licensee Lottery to make or have made for it the Licensed Systems and the Licensed Methods solely for its use in connection with the Game in its respective jurisdiction, and (b) to each Licensee Lottery, solely in each Licensee Lottery's respective jurisdiction, to use and practice the Licensed Systems and the Licensed Methods solely in connection with the Game in its respective jurisdiction.

Subject to the terms of this Agreement, the Massachusetts State Lottery Commission, on behalf of the New England Lotteries, hereby grants to each Licensee Lottery a non-exclusive, royalty-free, non-transferable, non-assignable right to grant a sublicense to a third party (the "Sublicensee") for purposes of allowing such Sublicensee to use and practice the Licensed

Systems and the Licensed Methods solely on behalf of such Licensee Lottery in connection with the operation of the Game in such Licensee Lottery's respective jurisdiction in accordance with the terms of this Agreement, *provided, however*, the agreement with each Sublicensee (the "**Sublicense Agreement**") will be in writing and in the form of the Sublicense Agreement attached as Exhibit B and made a part of this Agreement as if fully set forth. Each Licensee Lottery shall provide the Massachusetts State Lottery Commission with a fully executed copy of the Sublicense Agreement by September 30, 2014. Each Licensee Lottery shall remain liable to the New England Lotteries for any breaches by its Sublicensee of the applicable Sublicense Agreement.

However, the license grants under this Section 3.1 will expire (a) in the event one or more patent applications included in the Licensed Patents issues into a patent during the term of this Agreement, upon the last to expire of such issued patents or (b) in the event no patent applications included in the Licensed Patents issue into patents and all such patent applications are abandoned during the term of this Agreement, upon the last abandoned patent application.

3.2 Property Grant. Subject to and during the term of this Agreement, the New England Lotteries hereby grant to the Licensee Lotteries the non-exclusive, royalty-free, non-transferable, and non-assignable right to use the Lucky for Life Property in connection with the conduct of the Game in such Licensee Lottery's respective jurisdiction in accordance with this Agreement. In order to preserve the inherent value of the trademarks and service-marks included within the Lucky for Life Property, each Licensee Lottery agrees to use reasonable efforts to ensure that it maintains the quality of its business and the operation thereof to the standards prevailing in the operation of its business as of the date it executes this Agreement.

3.3 Retained Rights. Except as expressly provided in Sections 3.1 and 3.2, above, and 5.2, below, of this Agreement, the New England Lotteries and the Massachusetts State Lottery Commission do not grant any other rights to the Licensee Lotteries, implied or otherwise, to the Lucky for Life Property or the Licensed Patents. For the avoidance of doubt, each Licensee Lottery acknowledges and agrees that it has no rights vis-à-vis the Game or the New England Lotteries other than those contained in this Agreement.

The New England Lotteries retain the right, in their sole discretion, to add additional licensee lotteries to the Game.

3.4 Prosecution of Licensed Patents. As between the New England Lotteries and the Licensee Lotteries, the New England Lotteries, in their sole discretion, shall decide what steps shall be taken to obtain Licensed Patents that have been applied for and to maintain the Licensed Patents granted. As between the New England Lotteries and the Licensee Lotteries, the Licensee Lotteries understand and agree that the New England Lotteries may, in their sole discretion, abandon any or all Licensed Patents or otherwise allow any or all Licensed Patents to lapse, including but not limited to through the abandonment of any or all patent applications included within the Licensed Patents or the discontinuance of payment of any maintenance fees for any or all issued patents included within the Licensed Patents. The Licensee Lotteries agree that they shall not have any right of compensation or any other claim against the New England Lotteries based on the lapse or abandonment of any or all Licensed Patents.

3.5 Infringement of Licensed Patents. In the case of any third party infringing the Licensed Patents, as between the New England Lotteries and the Licensee Lotteries, the New England Lotteries shall, in their sole discretion, decide whether legal proceedings shall be initiated to prevent such infringement. If legal proceedings are initiated, the Licensee Lotteries agree, if requested, to cooperate with the New England Lotteries in this regard.

4. PRIZE LIABILITY

4.1 Allocation of Prize Liability.

(a) The total Top Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Top Prize liability to the total Game sales for the applicable draw period.

(b) The total Second Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Second Prize liability to the total Game sales for the applicable draw period.

(c) The total Low-Tier Prize liability for each Game drawing shall be shared by each Party Lottery as follows: each Party Lottery shall be responsible for an amount equal to a percentage of that Party Lottery's Game sales, said percentage being the proportion of the total Low-Tier Prize liability to the total Game sales for the applicable draw period.

4.2 Prize Reserve. Subject to its jurisdictional laws, regulations and rules, each Party Lottery shall establish a prize reserve in accordance with the Game's operable Finance and Operations Procedures or otherwise assume full and complete responsibility for that Party Lottery's Top Prize, Second Prize and Low-Tier Prize liabilities as described in Section 4.1, above.

4.3 Responsibility for Lifetime Payments. The Game's operable Finance and Operations Procedures may provide for the purchase of annuities or other financial instruments for payment of any Top Prize and Second Prize liability for or on behalf of one or more of the Party Lotteries. Each Party Lottery selling a winning Top Prize or Second Prize ticket is responsible for all lifetime payments for that prize; non-selling Party Lotteries will have no liability in the event of a default in any such lifetime payments. The Party Lotteries may offer a single cash payment option, determined by the New England Lotteries in their sole discretion, to winners of the Top Prize and Second Prize as an alternative to annuitized payments.

5. OTHER FINANCIAL LIABILITY

5.1 Liability for Certain Game Costs. In addition to its liability for Game prizes, advertising, and financial audits as set forth in Sections 2.4 and 4, above, and Section 6, below, each Licensee Lottery shall share in and be liable for the costs associated with operating the Game, including but not limited to the costs and/or fees related to the drawings (such as the costs for drawing machines, balls, etc.), the fees payable to an actuary or other financial professional in connection with annuitized prizes, and the fees payable to MUSL (the "Game Costs"). With respect to the D.C. Lottery & Charitable Games Board, its assessed share of Game Costs shall

not exceed Fifteen Thousand Dollars (\$15,000) for FY 15 (through June 30, 2015), and may increase year over year thereafter by up to seven percent (7%). Each Licensee Lottery agrees to pay in full its assessed share of Game Costs within thirty (30) calendar days of notice of such assessment.

5.2 Right to Vote on Such Game Costs. Each Licensee Lottery shall have the right to vote on Game Costs prior to commencement of the Game and annually thereafter. The affirmative vote of two-thirds (2/3) of the then existing Licensee Lotteries is required to approve such Game Costs.

5.3 Voluntary Contribution to Other Costs. To ensure the success of the Game, the New England Lotteries may, from time to time, incur other Game-related costs (for example only, market research). A Licensee Lottery wishing to benefit from those efforts may voluntarily contribute to their costs.

6. FINANCIAL AUDITS

Each Licensee Lottery shall, at its sole cost and expense, subject the Game financial transactions, accounts and processes in its jurisdiction to a test of agreed upon procedures by an independent auditor, according to agreed upon attestation standards established by the American Institute of Certified Public Accounts. Such procedures shall be performed at least once each calendar year and otherwise as requested by the New England Lotteries; *provided, however*, any Licensee Lottery may, at its sole cost and expense, conduct such procedures of its jurisdiction's transactions, accounts and processes more frequently. Results shall be shared among all Party Lotteries upon request or if the results of such procedures reveal a material finding.

7. REVENUES

The revenues from the Game generated within each Party Lottery jurisdiction and not allocated to prizes or paid as Game Costs under this Agreement shall remain in that Party Lottery's jurisdiction for distribution in accordance with its respective constitutional, statutory, regulatory and/or contractual requirements.

8. DRAWINGS

Game drawings shall take place in Connecticut.

9. GOVERNING LAW AND LITIGATION VIS-À-VIS CLAIMANTS & PRIZES

9.1 Prizes. Any prize awarded pursuant to the Game operated in a Party Lottery's jurisdiction in accordance with this Agreement shall be subject to the constitution, statutes and other laws of the Party Lottery's jurisdiction in which the Game ticket was purchased. If any provision contained in this Agreement shall conflict in any way with any constitutional provision, statute or other law of a Party Lottery's jurisdiction, whether now in effect or later adopted, then, as to that Party Lottery, such constitutional or statutory provision or other law shall control.

9.2 Claims/Litigation. Any claims or litigation relating to Game tickets and/or prizes: (a) shall be subject to and resolved in accordance with the laws, rules and regulations of

the Party Lottery jurisdiction in which the Game ticket was purchased; (b) must be brought in and strictly limited to the courts located within the Party Lottery jurisdiction where the Game ticket was purchased; and (c) can only be brought against the Party Lottery in the jurisdiction where such Game ticket was purchased. If the claim or litigation relates to the Party Lotteries' joint operation of the Game in accordance with this Agreement, the costs of defending the claim or litigation shall be borne by all Party Lotteries. If the claim or litigation relates only to the conduct of the Party Lottery operating the Game, the costs of defending the claim or litigation shall be borne by only that Party Lottery.

9.3 Notice of Litigation. If any Party Lottery learns of any Game-related matter in its jurisdiction that is likely to result in litigation, including, but not limited to, information that a monetary or other legal claim has or is likely to be filed, that Party Lottery shall immediately provide all other Party Lotteries with a brief written description of the matter.

9.4 No Waiver. This Agreement does not waive the defense of sovereign immunity or any other legal or factual defense available to a Party Lottery in connection with disputed ticket claims and/or player prize claims. This Agreement does not pledge the credit (if applicable) of the respective jurisdictions in which each Party Lottery is located in relation to any such disputed claims.

9.5 Notice to Purchasers. The Party Lotteries agree to place language on any Game play slips or other Game literature, only if such placement is reasonably possible, that all claims arising out of the Game in any Party Lottery's jurisdiction must be pursued consistent with that Party Lottery's rules and procedures in effect at the time of purchase, as the claimant's sole and exclusive remedy.

9.6 No Liability. No Party Lottery shall be responsible for the acts or omissions of the officers, officials, commissioners, board members, employees, agents, subcontractors or other persons directly or indirectly employed by any other Party Lottery, whether the claim, liability, loss, damage, cost or expense is based on negligence, strict liability or any other culpable conduct, whether frivolous or not.

10. WITHDRAWAL; TERMINATION

10.1 Withdrawal. Unless a Party Lottery's jurisdictional law requires otherwise, a Party Lottery shall have the right to withdraw from this Agreement at the end of a fiscal year (each June 30) by giving written notice to the other Party Lotteries at least nine (9) months prior to the effective withdrawal date, *provided, however*, that a Party Lottery may withdraw at any time, without prior notice, if its authority is withdrawn or limited by law.

If the withdrawal of Party Lotteries under this Section 10.1 adversely impacts the Game's operations, sales or profitability, the Massachusetts State Lottery Commission and the New England Lotteries, as appropriate, reserve the right to withdraw the grants made in Sections 3.1 and 3.2, above

10.2 Termination for Cause. As between the New England Lotteries and each Licensee Lottery individually, if a Licensee Lottery breaches any of the terms of this Agreement and such breach remains uncured for a period of not fewer than thirty (30) calendar days (or such other period as the New England Lotteries may determine) after written notice of such breach, then the New England Lotteries may thereafter terminate this Agreement as to such individual Licensee Lottery by so notifying such Licensee Lottery in writing, *provided, however*, such termination shall not in any way prejudice the New England Lotteries or the individual Licensee Lottery, which retain all of the rights, defenses and remedies available to them in this Agreement, at law, in equity, or otherwise.

10.3 Effect of Withdrawal and Termination for Cause. Upon the effective date of withdrawal or termination, as applicable, under Section 10.1 or 10.2, above, all rights granted by the New England Lotteries and the Massachusetts State Lottery Commission in this Agreement to the withdrawn or terminated Licensee Lottery shall automatically revert to the New England Lotteries and the Massachusetts State Lottery Commission, as applicable, and such Licensee Lottery shall immediately cease all use of the Licensed Patents and the Lucky for Life Property. Furthermore, such Licensee Lottery shall, at the request of the New England Lotteries and/or the Massachusetts State Lottery Commission, take all steps and actions as may be necessary to reflect or confirm the expiration or termination of such Licensee Lottery's rights to use the Licensed Patents and the Lucky for Life Property.

A withdrawal pursuant to Section 10.1 or a termination for cause pursuant to Section 10.2 (a) shall not terminate this Agreement among any of the remaining Party Lotteries and (b) shall not cancel any of that lottery's obligation(s) incurred as a result of this Agreement prior to the effective withdrawal or termination date, regardless of the time when such obligation becomes due.

11. DISCLAIMERS

11.1 Disclaimer of Warranties. THE NEW ENGLAND LOTTERIES EXPRESSLY DISCLAIM, AND THE LICENSEE LOTTERIES EXPRESSLY WAIVE, ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE. THE LICENSEE LOTTERIES ACKNOWLEDGE THAT THIS DISCLAIMER OF WARRANTIES CONSTITUTES AN ESSENTIAL PART OF THIS AGREEMENT.

11.2 Disclaimer of Certain Damages. UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY, WHETHER TORT (INCLUDING NEGLIGENCE), CONTRACT, OR OTHERWISE, ARE THE NEW ENGLAND LOTTERIES OR LICENSEE LOTTERIES LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOST PROFITS, LOSS OF GOODWILL, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION, OR ANY AND ALL OTHER COMMERCIAL DAMAGES OR LOSSES, EVEN IF THE NEW ENGLAND LOTTERIES OR LICENSEE LOTTERIES KNEW OR SHOULD HAVE KNOWN OR WERE INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

12. DISPUTE RESOLUTION

12.1 Dispute Review. In the event of a dispute between two (2) or more Party Lotteries, the Party Lotteries in dispute shall, within ten (10) business days, meet as often as shall reasonably be required and make good faith efforts to resolve the dispute. If said Party Lotteries are unable to resolve the dispute after their representatives have commenced negotiations, or twenty (20) calendar days have passed since the initial request for negotiations, then those Party Lotteries shall agree in writing to submit the dispute to mediation as contemplated in Section 12.2, below.

12.2 Non-Binding Mediation. If the dispute negotiation by the Party Lotteries contemplated in Section 12.1, above, is not successful in resolving the dispute, those Party Lotteries shall mutually agree in writing to submit the dispute to non-binding mediation. Mediation should occur within fifteen (15) business days after those Party Lotteries agree to submit the dispute to mediation, and the duration of the mediation shall be limited to one (1) business day. Those Party Lotteries shall mutually select an independent mediator experienced in contract disputes, and each of those Party Lotteries shall designate a representative(s) to meet with the mediator in good faith in an effort to resolve the dispute. The cost for such mediator shall be shared equally among the Party Lotteries involved in the dispute. The specific format for the mediation shall be left to the discretion of the mediator and the designated Party Lottery representatives, and it may include the preparation of agreed-upon statements of fact or written statements of position furnished to the other Party Lottery(ies) involved in the dispute.

12.3 Continued Performance. Except where clearly prevented by the area in dispute, the Party Lotteries in dispute shall continue performing their obligations under this Agreement while the dispute is being resolved under this Section 12 unless and until the dispute is resolved, subject to the provisions of Section 10.3, above. The time frame for a Party Lottery to cure any breach of the terms of this Agreement shall not be tolled by the pendency of any dispute resolution procedures.

13. PLEDGE OF CREDIT

No Party Lottery shall pledge the credit (if applicable) of any or all of the other Party Lotteries, directly or indirectly, except that each Party Lottery shall remain liable for its proportionate share of prize liability as set forth in Section 4, above.

14. ACCESS TO RECORDS

The New England Lotteries agree that each Party Lottery's jurisdictional auditor may have reasonable access to records related to this Agreement for the purpose of complying with applicable jurisdictional law. Each Party Lottery agrees that it shall solely bear the costs and expenses, if any, associated with its jurisdictional auditor's access to records including but are not limited to, all costs and expenses of travel, lodging, transportation, and meals.

15. COMPLIANCE WITH LAWS

In performing this Agreement, each Party Lottery shall comply with all applicable federal and jurisdictional laws.

16. NOTICES

All notices and other communications shall be in writing and shall be deemed given if delivered by e-mail or overnight courier to the Party Lotteries at the following addresses:

If to the New England Lotteries, then to:

Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, CT 06067
Attn: Anne M. Noble, President & CEO
E-mail: anne.noble@ctlottery.org

If to the Licensee Lotteries (collectively or individually, as applicable under this Agreement), then to:

Arkansas Scholarship Lottery
124 West Capitol Avenue, #1400
Little Rock, AR 72203
Attn: Bishop Woosley, Director
E-mail: bishop.woosley@arkansas.gov

D.C. Lottery & Charitable Games Board
2101 Martin Luther King, Jr. Ave, S.E.
Washington, D.C. 20020
Attn: Buddy Roogow, Executive Director
E-mail: buddy.roogow@dc.gov

Idaho Lottery
1199 Shoreline Lane
Boise, ID 83702
Attn: Jeff Anderson, Director
E-mail: janderson@lottery.idaho.gov

Iowa Lottery Authority
2323 Grand Avenue
Des Moines, IA 50312
Attn: Terry Rich, Chief Executive Officer
E-mail: trich@ialottery.com

Michigan Lottery
101 E. Hillsdale
Lansing, MI 48909
Attn: M. Scott Bowen, Commissioner
E-mail: bowens1@michigan.gov

Minnesota State Lottery
2645 Long Lake Road
Roseville, MN 55113
Attn: Ed Van Petten, Executive Director
E-mail: edv@mnlottery.com

Missouri Lottery
1823 Southridge Drive
Jefferson City, MO 65109
Attn: May Scheve Reardon, Exec. Director
E-mail: May.Scheve@molottery.com

Montana Lottery
2525 North Montana Avenue
Helena, MT 59601
Attn: Angela Wong, Director
E-mail: awong@mt.gov

South Carolina Education Lottery
P.O. Box 11949
Columbia, SC 29211
Attn: Paula Harper Bethea, Exec. Director
E-mail: phbethea@sclot.com

Notice shall be deemed received in the case of (a) e-mail, upon delivery, or (b) overnight courier (signature required), one (1) business day following shipment. A Party Lottery may

change the notice recipient or address by written notice to the other Party Lotteries and without amendment of this Agreement.

17. SURVIVAL

Sections 4.1, 4.3, 6, 9.2, 9.6, 10.1, 10.2, 10.3, 11.1, 11.2, and 14, above, shall survive the termination of this Agreement or a Licensee Lottery's withdrawal from it.

18. MODIFICATION

This Agreement may be modified only by a writing signed by an authorized representative of each Party Lottery.

19. CONFLICT OF LAWS

If there is a conflict between this Agreement and the constitution or jurisdictional laws of any Party Lottery, then the constitution or jurisdictional law of that Party Lottery shall control.

20. SEVERABILITY

If any one or more of this Agreement's provisions shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been a part of it.

21. FORCE MAJEURE

No Party Lottery shall be responsible to another Party Lottery for any loss or damage caused by delay in performance or failure to perform in whole or in part under this Agreement when such delay or failure is attributable to events beyond that Party Lottery's control, including without limitation, sabotage, failures or delays in transportation or communication, failures or substitutions of equipment, labor disputes, acts of terrorism, accidents, shortages of labor, fuel, raw materials or equipment, or technical failures.

22. WAIVER

All waivers of any rights or breach under this Agreement must be in writing to be effective, and no failure to enforce any right or provision shall be deemed to be a waiver of the same or any other right or provision on that or any other occasion.

23. ASSIGNMENT

The Licensee Lotteries, either collectively or individually, shall not assign or transfer this Agreement (including by contract or operation of law) without in each instance the New England Lotteries' prior written consent. Any attempted assignment without such prior written consent shall be void. The New England Lotteries shall have the right to assign this Agreement in their discretion and without the Licensee Lotteries' consent.

24. SUCCESSION

This Agreement will bind and inure to the benefit of the Party Lotteries and their respective successors and permitted assigns.

25. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the New England Lotteries and the Licensee Lotteries and supersedes any prior or contemporaneous agreements between them with respect to its subject matter.

26. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all of the counterparts together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form the document. Facsimile and portable document format (pdf) copies of signatures shall be deemed original signatures.

IN WITNESS WHEREOF, the Party Lotteries have duly executed, or caused their duly authorized representative, to execute this Agreement.

CONNECTICUT LOTTERY CORPORATION

MAINE STATE LIQUOR AND LOTTERY COMMISSION

By: _____
Anne M. Noble
Its: President and Chief Executive Officer

Date: _____

By: _____
Gregg Mineo
Its: Director

Date: _____

MASSACHUSETTS STATE LOTTERY COMMISSION

NEW HAMPSHIRE LOTTERY COMMISSION

By: _____
Beth Bresnahan
Its: Executive Director

Date: _____

By: _____
Charles R. McIntyre
Its: Executive Director

Date: _____

RHODE ISLAND DIVISION OF LOTTERIES

By: _____
Gerald S. Aubin
Its: Director
Date: _____

VERMONT LOTTERY COMMISSION

By: _____
Gregory Smith
Its: Executive Director
Date: _____

ARKANSAS SCHOLARSHIP LOTTERY

By: _____
Bishop Woosley
Its: Director
Date: _____

D.C. LOTTERY & CHARITABLE GAMES BOARD

By: _____
Buddy Roogow
Its: Executive Director
Date: _____

IDAHO LOTTERY

By: _____
Jeff Anderson
Its: Director
Date: _____

IOWA LOTTERY AUTHORITY

By: _____
Terry Rich
Its: Chief Executive Officer
Date: _____

MICHIGAN LOTTERY

By: _____
M. Scott Bowen
Its: Commissioner
Date: _____

MINNESOTA STATE LOTTERY

By: _____
Ed Van Petten
Its: Executive Director
Date: _____

MISSOURI LOTTERY

By: _____
May Scheve Reardon
Its: Executive Director
Date: _____

MONTANA LOTTERY

By: _____
Angela Wong
Its: Director
Date: _____

SOUTH CAROLINA EDUCATION LOTTERY

By: _____
Paula Harper Bethea
Its: Executive Director
Date: _____

Exhibit A

LICENSED PATENTS

Title	U.S. Application Number	Filing Date	Issue Date
System and Method for Conducting a Lottery Game	14/179,449*	February 12, 2014	Pending application

* This non-provision United States patent application claims the benefit of United States provisional patent application bearing serial number 61/788,499 filed on March 15, 2013.

Exhibit B

SUBLICENSE AGREEMENT

This Sublicense Agreement (the "**Agreement**") is made as of the Effective Date by and between [Insert Name and Address of Lottery] (the "**Sublicensor**") and [Insert Name and Address of Vendor] (the "**Sublicensee**").

RECITALS

WHEREAS, the Massachusetts State Lottery Commission (the "**Licensor**") and the Sublicensor, among others, entered into a Lucky for Life Licensee Lottery Participation Agreement (the "**Participation Agreement**") wherein the Licensor granted to the Sublicensee certain non-exclusive rights to the Licensed Patents (as defined below) in connection with the Sublicensor's operation of a Game (as defined below) in the Sublicensor's jurisdiction; and

WHEREAS, the Sublicensee will provide certain services to and on behalf of the Sublicensor in connection with the Sublicensor's operation of the Game in the Sublicensor's jurisdiction; and

WHEREAS, subject to the terms of this Agreement, the Sublicensor desires to grant, and the Sublicensee desires to obtain, a limited, non-exclusive sublicense as set forth under this Agreement to the Licensed Patents solely for the Sublicensee to provide such certain services to and on behalf of the Sublicensor in connection with the Sublicensor's operation of the Game in its jurisdiction.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. DEFINITIONS

In addition to other terms that may be defined elsewhere in this Agreement, the following terms shall have the meanings set forth below (such meanings to be equally applicable to the singular as well as the plural forms of the terms defined):

"**Effective Date**" means the date of the Sublicensor's signature on this Agreement.

"**Game**" means the one lottery draw game that shall be called "Lucky for Life" and that is undertaken by the Sublicensor in its jurisdiction.

"**Licensed Methods**" means any method, the use or practice of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents

"**Licensed Patents**" means (a) the United States patent application listed on Exhibit 1 hereto; (b) any divisional, substitution or continuation United States patent applications that, directly or indirectly, claim priority to the United States patent application listed on Exhibit 1; (c) any United States patent issuing from any of the patent applications in (a) or (b); and (d) any United States renewals, extensions, reissues or reexaminations of any of the patents in (c).

“Licensed Systems” means any apparatus or system, the manufacture or use of which either (a) is covered by one or more claims of a patent application included within the Licensed Patents or (b) would, if unlicensed, infringe one or more claims of an issued patent included within the Licensed Patents.

2. GRANT OF LICENSE

Subject to the terms of this Agreement, the Sublicensor hereby grants to the Sublicensee a non-exclusive, non-transferable, non-assignable license (with no right to grant sublicenses) under the Licensed Patents to make, use and practice the Licensed Systems and Licensed Methods solely for and on behalf of the Sublicensor and solely for use in connection with the operation of the Game. Except as expressly provided in this Section 2, the Sublicensor does not grant to the Sublicensee a license, implied or otherwise, to the Licensed Patents.

3. TERM AND TERMINATION

3.1 Term. Unless terminated earlier hereunder, this Agreement shall commence on the Effective Date and will continue until the earliest occurrence of one of the following events, at which time this Agreement hereby automatically terminates: (a) the expiration or termination of the Participation Agreement; (b) the expiration or termination of the Sublicensor’s license as to the Licensed Patents under the Participation Agreement; or (c) the Sublicensor ceasing to operate the Game in its jurisdiction for any reason, including but not limited to as a result of the Sublicensor’s withdrawal or removal from the Participation Agreement. If one of the events in Section 3.1(a), (b) or (c) occurs thereby terminating this Agreement, the Sublicensor and/or the Licensor will provide written notice to the Sublicensee of such termination.

3.2 Termination for Cause. If a party breaches any of the terms of this Agreement (the “Breaching Party”), and such breach remains uncured for a period of thirty (30) calendar days after having received written notification of such violation, then the other party may thereafter immediately terminate this Agreement by so notifying the Breaching Party in writing, *provided, however*, such termination shall not prejudice the rights of the other party, and the other party retains all of the rights and remedies available to it in this Agreement, at law, in equity, or otherwise with respect to such Breaching Party.

3.3 Termination for Convenience. The Sublicensor may terminate this Agreement for its convenience at any time upon providing thirty (30) days written notice to the Sublicensee.

3.4 Effect of Termination. As between the Sublicensor and the Sublicensee, upon the expiration or termination of this Agreement, all rights set forth hereunder shall and hereby do automatically revert to the Sublicensor, and the Sublicensee shall immediately cease all use of the Licensed Patents and shall, at the Sublicensor’s request, take all steps and actions as may be necessary to reflect or confirm the expiration or termination of the Sublicensee’s rights to use the Licensed Patents.

3.4 Survival. Sections 3.4, 3.5, 4.1, 4.2 and 4.4 shall survive the termination or expiration of this Agreement.

4. MISCELLANEOUS

4.1 Third Party Beneficiary. The New England Lotteries as defined in the Participation Agreement are the direct, intended beneficiaries of this Agreement, with the right to enforce its provisions directly against both the Sublicensor and the Sublicensee.

4.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered by e-mail or overnight courier to the parties at the following addresses:

If to the Sublicensor, then to:

Attn: _____

E-mail: _____

If to the Sublicensee, then to:

Attn: _____

E-mail: _____

Notice shall be deemed received in the case of (a) e-mail, upon delivery, or (b) overnight courier (signature required), one (1) business day following shipment. A party may change the notice recipient and address by written notice to the other party and without amendment to this Agreement.

4.3 Modifications to Agreement. This Agreement may be modified only by a writing signed by an authorized representative of each party.

4.4 Law Governing the Agreement. This Agreement shall be governed in all respects (including matters of construction, validity, and performance) by the internal laws of the [Insert Name of Lottery Jurisdiction] without giving effect to that jurisdiction's principles of conflicts of law. The parties irrevocably submit to the exclusive jurisdiction of the federal courts of the United States and the jurisdictional courts of [Insert Name of Lottery Jurisdiction], with regard to any action, suit, proceeding, claim or counterclaim initiated under this Agreement.

4.5 Severability. If any one or more of this Agreement's provisions shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been a part of it.

4.6 Force Majeure. No party shall be responsible to the other party for any loss or damage caused by delay in performance or failure to perform in whole or in part under this Agreement when such delay or failure is attributable to events beyond that party's control, including, without limitation, sabotage, failures or delays in transportation or communication, failures or substitutions of equipment, labor disputes, acts of terrorism, accidents, shortages of labor, fuel, raw materials or equipment, or technical failures.

4.7 Waiver. All waivers of any rights or breach under this Agreement must be in writing to be effective, and no failure to enforce any right or provision shall be deemed to be a waiver of the same or other right or provision on that or any other occasion.

4.8 Assignment. Neither party has the right to assign or transfer this Agreement (including by contract or operation of law), and any attempt to do so shall be void.

4.9 Succession. This Agreement will bind and inure to the benefit of the parties and their respective successors.

4.10 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes any prior or contemporaneous agreements between them with respect to its subject matter.

4.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all of the counterparts together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form the document. Facsimile and portable document format (pdf) copies of signatures shall be deemed original signatures.

IN WITNESS WHEREOF, the parties have duly executed, or caused their duly authorized representative, to execute this Agreement.

By: _____

Signature

Name _____

Print/Type

Title _____

Print/Type

Date: _____

By: _____

Signature

Name _____

Print/Type

Title _____

Print/Type

Date: _____

Exhibit 1

Licensed Patents

Title	U.S. Application Number	Filing Date	Issue Date
System and Method for Conducting a Lottery Game	14/179,449*	February 12, 2014	Pending application

* This non-provision United States patent application claims the benefit of United States provisional patent application bearing serial number 61/788,499 filed on March 15, 2013.

OFFICIAL GAME RULES
“Lucky for Life”

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OFFICIAL GAME RULES "Lucky for Life"

The following Official Game Rules govern the operation of the "Lucky for Life" game described herein (the "Game"). These Official Game Rules apply unless otherwise inconsistent with the constitutional provisions, statutes, regulations and rules of each Party Lottery jurisdiction ("jurisdictional laws").

PART I LOTTERIES OFFERING THE GAME. The Connecticut Lottery Corporation, the Maine State Liquor & Lottery Commission, the Massachusetts State Lottery Commission, the New Hampshire Lottery Commission, the Rhode Island Division of State Lottery and the Vermont Lottery Commission (collectively the "New England Lotteries") are offering the Game for sale.

In addition to the New England Lotteries, other lotteries may, from time to time, offer the Game in their respective jurisdictions (collectively the "Licensee Lotteries").

The New England Lotteries and the Licensee Lotteries are together referred to as the "Party Lotteries" or individually as a "Party Lottery."

PART II PURPOSE. The Game's purpose is to generate revenue for the Party Lotteries through the operation of a multi-jurisdictional lottery game that will award prizes to Game Ticket holders matching specified combinations of numbers randomly-selected in regularly scheduled Drawings.

PART III TERM. The Game shall commence sales no sooner than January 25, 2015 and shall continue until terminated. Upon a decision to terminate the Game in a particular jurisdiction, that Party Lottery shall publicly announce a termination date. The Game's first Drawing shall be held no sooner than January 29, 2015.

PART IV DEFINITIONS.

- A. "Advance Action" or "Multi Draw" shall have the meanings given to them in each Party Lottery jurisdiction.
- B. "Annuitized Payment Option" shall mean the manner in which the Game's Top Prize or second prize (also referred to as "Prize Level #2") may be paid in equal payments or installments. The Annuitized Payment Option shall be calculated on an annual basis. The schedule of payments shall be at each Party Lottery's discretion.
- C. (i) "Cash Option" shall mean the manner in which the Game's Top Prize or second prize may be paid upon the Winner's request in one (1) single cash payment as an alternative to the Annuitized Payment Option.
(ii) "Lump Sum Cash Payment" shall mean the manner in which the Game's Top Prize or second prize is required to be paid in one (1) single cash payment when the liability limit is exceeded and no Annuitized Payment Option is available, as set forth more fully in Part VII Paragraph A of these Official Game Rules.
- D. "Claimant" or "Winner" shall mean any natural person or legal entity submitting a winning Game Ticket within the required prize claim period. A Claimant may be the Purchaser, the natural person or legal entity named on the back of a signed Game Ticket, the bearer of an unsigned Game Ticket, or any other natural person or legal entity who may seek entitlement to a prize payment in accordance with each Party Lottery's jurisdictional laws. No Claimant may assert rights different from the rights acquired by the original Purchaser at the time of purchase.
- E. "Clearinghouse Lottery" shall refer to the Party Lottery or other duly authorized entity who is responsible for collecting and transferring prize payouts on behalf of all Party Lotteries.
- F. "Drawing" shall mean the formal process of selecting Winning Numbers that conclusively determines the number of Winners for each prize level of the Game.

- G. "Game Play(s)" shall mean that area of the Play Slip, also known as a "board" or "panel", which contains two (2) sets of numbered squares to be marked by the Player: the first set (Matrix 1) contains forty-eight (48) squares, numbered one (1) through forty-eight (48) inclusive; the second set (Matrix 2) contains eighteen (18) squares, numbered one (1) through eighteen (18) inclusive.
- H. "Game Ticket" or "Ticket" shall mean acceptable evidence of Game Play that represents a Wager accepted by a Party Lottery's On-Line Gaming System, meeting the specifications defined in these Official Game Rules.
- I. "Liability Limit" shall mean a pre-established threshold, as determined in advance by the New England Lottery Directors, for paying Top Prize, second prize and third prize claims, as set forth more fully in Part VII Paragraph A of these Official Game Rules.
- J. "Lucky Ball" shall mean the number selected from the second set of numbers (Matrix 2) in each Drawing.
- K. "On-Line Gaming System" shall mean a computer wagering system or internet-based sales system used by a Party Lottery to issue and validate Game Tickets.
- L. "Play," "Bet" or "Wager" shall mean the six (6) numbers (the first five (5) from a field of forty-eight (48) numbers inclusive, and one (1) Lucky Ball number from a field of eighteen (18) numbers inclusive) that appear on a Game Ticket as a single-lettered Play, board or panel, and are played by a Player in the Game.
- M. "Play Slip," "Selection Slip", "Bet Slip" or any other such term utilized by a Party Lottery shall mean a card used in marking a Player's Game Plays or Wagers.
- N. "Player" or "Purchaser" shall mean a natural person(s) or legal entity who buys Game Tickets in accordance with these Official Game Rules and jurisdictional laws.
- O. "Quick Pick", or any other such term utilized by a Party Lottery shall mean the random selection of six (6) numbers resulting in a Wager accepted by a Party Lottery's On-Line Gaming System.
- P. "Sales Retailer" or "Sales Agent" shall mean a natural person or legal entity licensed and/or authorized by a Party Lottery to sell and redeem Game Tickets.
- Q. "Selling Lottery" shall mean the Party Lottery that sold a winning Game Ticket.
- R. "Set Prize" shall mean a pre-determined prize payout that is paid in a single cash payment. Set Prizes shall apply to the lowest eight (8) prize levels. They may also apply, however, to the Top Prize and second prize under certain conditions, as set forth more fully in Part VII Paragraph A of these Official Game Rules.
- S. "Split Prize" shall mean a pre-determined Set Prize payout that is divided equally among the number of winning Game Tickets of a prize level. Split prizes shall only apply to the Game's Top Prize, the Prize Level #2 and Prize Level #3 Winners under certain conditions, as set forth more fully in Part VII Paragraph A of these Official Game Rules.
- T. "Subscription Ticket", "Season Ticket", or any other such term utilized by a Party Lottery shall have the meanings given them in each Party Lottery jurisdiction.
- U. "Terminal" shall mean a device including, but not limited, to Player Activated Terminals ("PATs"), Self-Service Terminals ("SSTs") and Ticket Vending Machines, authorized to function in an on-line, interactive mode with the On-Line Gaming System for the purpose of issuing and validating lottery transactions.
- V. "Top Prize" shall mean the Game's first prize.

- W. "Winning Numbers" shall mean the six (6) numbers (the first five (5) numbers from Matrix 1 and the one (1) Lucky Ball number from Matrix 2) that are randomly selected in each Drawing and used to determine the winning Plays contained on a Game Ticket.

PART V DRAWING PROCEDURES. The New England Lottery Directors shall establish the Drawing procedures for the Game Drawings, including a drawing problem resolution mechanism. All Drawings shall be open to the public and shall be witnessed by an Independent Certified Public Accounting Firm. Any equipment used in a Drawing shall be inspected at least annually. All Drawings, including pre and post test drawings, shall be recorded.

PART VI GAME DESCRIPTION AND CHARACTERISTICS.

- A. Game Designation. For purposes of identification, the Game shall have a designated game number in the On-Line Gaming System.
- B. Game Design. The Game is a double matrix-style game, drawn each Monday and Thursday, in which Players select five (5) unique numbers in the Matrix 1 from one (1) to forty-eight (48) inclusive, PLUS one (1) Lucky Ball number in the Matrix 2 from one (1) to eighteen (18) inclusive. The additional number may be the same as one (1) of the first five (5) numbers selected by the Player.
- C. Game Purchases. Game Tickets must be purchased from a Terminal operated by a Sales Retailer, a PAT (if available) by using a touch screen or by inserting a Selection Slip, a lottery subscription system (if available), or such other means as approved by a Party Lottery.
- D. Ticket Format. Game Tickets shall include, but not be limited to, the Player's number selections, Game logo or Game name, Ticket cost, Terminal number, barcode, Quick Pick (if selected), replay (if selected), serial number and Drawing date. Advance Action Tickets shall visibly show the beginning and ending Drawing dates. Game Tickets may also include the selling date, time stamp and any information required by a Party Lottery's jurisdictional laws pertaining to the validation of Game Tickets.
- E. Ticket Price.
1. Uniform Price. Each Game Ticket shall be sold at retail for the price set in these Official Game Rules.
 2. Taxes. The Game Ticket price shall include all the applicable taxes that a Party Lottery may be required to collect.
 3. Cost Per Play. Game Tickets may be purchased for two dollars (\$2.00) per Play, or multiples thereof, in accordance with these Official Game Rules. The Player receives one (1) Play for each two dollar (\$2.00) Wager.
 4. Promotions. A promotion shall mean marketing or advertising intended to increase sales of Game Tickets (excluding Subscription Tickets or Advance Action) through a discount or rebate. A Party Lottery may offer Game Tickets through promotions without approval of the other Party Lotteries for a period not to exceed ninety (90) days in any six (6) month period, as long as advance notification of five (5) days is provided to all Party Lotteries of the terms and dates of the promotional offering.
 5. Tickets as Prizes. A Party Lottery may offer Game Tickets as a prize in any other lottery game after advising all other Party Lotteries of the terms and dates of such action.
 6. Contribution to Prize Pool. A Party Lottery may offer Game Tickets as a prize or as part of an authorized promotion provided that all such Game Ticket sales are assessed and reported to the prize pool at the full gross sales amount.

F. Play Restrictions and Play Styles.

1. Ticket Sales to Minors Prohibited. Game Tickets may not be sold to or purchased by minors as defined by each Party Lottery's jurisdictional law.
2. Ticket Cashing by Minors. Subject to the each Party Lottery's jurisdictional laws, Game Tickets may not be cashed or redeemed by minors under the age of eighteen (18) years.
3. Ineligible Players. Game Tickets shall not be purchased, and a prize won by any such Game Ticket or share, either in whole or in part, shall not be paid to:
 - a. A Party Lottery employee, officer, director, board member or commissioner.
 - b. A contractor or consultant under agreement with any Party Lottery to perform audit and security procedures.
 - c. An employee of the independent certified public accounting firm under contract with any New England Lottery to oversee Game Drawings.
 - d. An employee of a Party Lottery's on-line vendor.
 - e. An employee of a Party Lottery's advertising or public relations provider.
 - f. An immediate family member (parent, stepparent, child, stepchild, spouse, sibling or person engaged in a domestic partnership or civil union) of an individual described in Subsections a, b, c, d, e or f residing as a member of the same household in the principal place of residence of any such person.
 - g. Those persons designated herein as ineligible to play the Game in one (1) Party Lottery jurisdiction shall also be ineligible to play the Game in all other Party Lottery jurisdictions selling the Game.

A Party Lottery may expand this list of ineligible players.

4. Ticket Cancellations Prohibited. A Game Ticket may not be cancelled or voided by returning the Game Ticket to the Sales Retailer or to a Party Lottery. A Game Ticket accepted by the Sales Retailer as a returned ticket and that cannot be resold shall be deemed as owned by the bearer thereof. This prohibition also applies to a Game Ticket that may be printed in error by the Sales Retailer. Subject to each Party Lottery's jurisdictional laws, no Game Ticket, or physical portion thereof, that may be used to claim a prize, shall be returned to any Party Lottery for credit.
5. Game Sell-Out Prohibited. A Party Lottery shall not directly and knowingly sell a Game Ticket or combination of Game Tickets to any natural person or legal entity that would guarantee such Purchaser a Top Prize or second prize win.
6. Claims. A Game Ticket, subject to the validation requirements as detailed in Part VII Paragraph C of these Official Game Rules, shall be the only proof of a Game Play (or Plays) and the submission of a winning Game Ticket to a Party Lottery or its Sales Retailer shall be the sole method of claiming a prize or prizes. A Play Slip has no pecuniary or prize value and shall not constitute evidence of a Game Ticket purchase or of numbers selected. Under no circumstances will a claim be paid for a Top Prize or second prize without a winning Game Ticket. Subject to each Party Lottery's jurisdictional laws, lost or missing Game Tickets may not be honored or processed for payment or replacement.
7. Disclosure of Game Winners. Subject to each Party Lottery's jurisdictional laws relating to the disclosure of lottery winners and in each Party Lottery's discretion where such disclosure is lawful, the name and town/city of a winner of a Top Prize or second prize

(Prize Level # 2) will be disclosed in a press conference and/or in a press release. Such winner may be required to participate in a press conference.

8. Use of Play Slips. Players may submit a completed Play Slip to any Sales Retailer to have issued a Game Ticket. Play Slips shall be available at no cost to the Purchaser and shall have no pecuniary or prize value, or constitute evidence of purchase or number selections. The use of facsimiles of Play Slips, copies of Play Slips, or other materials that are inserted into the Terminal's Play Slip reader that are not printed or approved by the Party Lottery, are not permitted. Sales Retailers shall not permit any device to be connected to a Terminal to enter Plays, except as approved by its Party Lottery.
9. Manual Entry. Players may convey their number selections to any Sales Retailer to obtain a Game Ticket. Such number selections shall be manually entered into the Terminal by the Sales Retailer.
10. Quick Pick. Players may either request a Quick Pick Game Ticket from a Sales Retailer or may select the Quick Pick option on the Play Slip and submit the completed Play Slip to any Sales Retailer. Quick Pick shall be differentiated from Customer Select in that Quick Pick shall refer to the random selection of numbers made by the On-Line Gaming System rather than by the Player.
11. Customer Select. Players may select their own numbers by completing a Play Slip or by conveying their number selections directly to any Sales Retailer. Customer Select shall be differentiated from Quick Pick in that Customer Select shall refer to number selections made by the Player rather than the On-Line Gaming System.
12. Replay Feature. If available in a Party Lottery jurisdiction, Players may utilize the barcodes of already-purchased Game Tickets to duplicate another Game Ticket of the same price and with the same number selections and options. To replay, Players may either make the request of a Sales Retailer or may scan the barcode directly into a PAT or SST, if authorized.
13. Advance Action or Multi-Draw. Game Tickets may be purchased for multiple future Drawings, if available in a Party Lottery jurisdiction.
14. Subscriptions or Season Tickets. Game Tickets may be purchased by subscription, if available in a Party Lottery jurisdiction.
15. Limited to Highest Prize Won. In connection with the Winning Numbers drawn, the holder of a winning Game Ticket may win only one (1) prize per Play, board or panel, and shall be entitled only to the prize won by those numbers in the highest matching prize category.
16. Prize Claim Period. The prize claim period shall be determined by each Party Lottery.
17. Player Responsibility. It shall be the Player's sole responsibility to verify the accuracy of the Game Play (or Plays) and the other data printed on the Game Ticket. The placing of Wagers is done at the Player's own risk through the Sales Retailer.
18. Prize Payments. A Party Lottery may not pay prizes that are less than or more than the prize amounts established in these Official Game Rules. The prize won cannot be indirectly increased by promotions or Retailer activity.

PART VII PRIZE LIABILITY LIMITS, PRIZE PAYOUTS AND PRIZE LEVELS. The following paragraphs and chart define the Game's prize liability limits, prize payouts, prize levels and pool percentages, and chances of winning per prize level.

A. Prize Liability Limits. There are 10 prize levels in the Game.

1. Except as provided in these Official Game Rules, the Top Prize (Prize Level #1) shall be annuitized and based on a Top Prize liability that will be split equally among the number of winning Game Tickets. A Top Prize Winner may request the Cash Option, the amount of which is to be established by the New England Lotteries for a defined period of Drawings. Notice of the amount of and changes to the Cash Option shall be posted on the Game's website and/or published in each Party Lottery jurisdiction in a manner determined by that Party Lottery at least thirty (30) days prior to the first Drawing to which it is applicable (the "Published Notice"). Under certain circumstances, as detailed below, the Top Prize is required to be paid in a single Lump Sum Cash Payment and no Annuitized Payment Option is available.
 - a. One (1) Top Prize Winner. If there is one (1) Top Prize Winner, the annuitized prize value will be seven thousand dollars (\$7,000.00) per week for life. As an alternative to the Annuitized Payment Option, the Top Prize Winner may request the Top Prize Cash Option in the amount set forth in the Published Notice.
 - b. Two (2) to Fourteen (14) Top Prize Winners. If there are between two (2) and fourteen (14) Top Prize Winners, the Annuitized Payment Option, based on an annuitized prize value of seven thousand dollars (\$7,000.00) per week, will be divided by the total number of Top Prize Winners. The minimum annuitized prize value for this category will be five hundred dollars (\$500.00) a week for life. Any of these two (2) to fourteen (14) Top Prize Winners may choose the Cash Option as an alternative to the Annuitized Payment Option. The amount of the Cash Option for this category will be the amount of the Top Prize Cash Option set forth in the Published Notice divided by the total number of Top Prize Winners. The minimum Cash Option for this category will be the amount set forth in the Published Notice.
 - c. Fifteen (15) or more Top Prize Winners. If there are fifteen (15) or more Top Prize Winners, the Top Prize liability shall be capped at seven million one hundred twenty-five thousand dollars (\$7,125,000.00), shall be split equally among all Top Prize Winners, and shall be paid in one (1) Lump Sum Cash Payment, without an Annuitized Payment Option. The minimum prize value for this category shall not be less than any lower tier prize paid in that respective Drawing.
 - d. The Winner(s) of the Top Prize who do not request the Cash Option shall be paid their appropriate Top Prize share on a weekly basis, or according to such other schedule of payments set at the discretion of each Party Lottery, as permitted in Part VII Paragraph C of these Official Game Rules, for a minimum period of twenty (20) years. The first Top Prize payment will be made when the prize is claimed at the Selling Lottery's Headquarters.
 - e. Measuring Life. For a single Wager, the measuring life of a Top Prize Winner used to determine the duration over which the Top Prize is paid, shall be the natural life of the individual determined by the Selling Lottery to be the Top Prize Winner. If the Top Prize under a single Wager is being claimed by more than one (1) natural person or by a legal entity, the measuring life for that Top Prize Winner shall be twenty (20) years.
 - f. If paid in a Lump Sum Cash Payment, Top Prize amounts will be rounded to the nearest whole dollar.
2. Except as provided in these Official Game Rules, the second prize (Prize Level #2) Winner will be paid twenty-five thousand dollars (\$25,000.00) a year for life. A second prize Winner may request the Cash Option, the amount of which is to be established by the New England Lotteries for a defined period of Drawings. Notice of the amount of and changes to the Cash Option shall be posted on the Game's website and/or by each Party Lottery's Published Notice. Under certain circumstances, as detailed below, the second prize is required to be paid in a single Lump Sum Cash Payment and no Annuitized Payment

Option is available.

- a. One (1) to Twenty (20) Second Prize Winners. If there are between one (1) and twenty (20) second prize Winner(s), the annuitized prize value will be twenty-five thousand dollars (\$25,000.00) per year for life. Any of these one (1) to twenty (20) second prize Winner(s) may choose the second prize Cash Option as an alternative to the Annuitized Payment Option. The amount of the Cash Option for this category will be set forth in the Published Notice.
 - b. Twenty-one (21) or more Second Prize Winners. If there are twenty-one (21) or more second prize Winners, the second prize liability shall be capped at nine million four hundred thousand dollars (\$9,400,000.00), shall be split equally among all second prize Winners, and shall be paid in a single Lump Sum Cash payment, without an Annuitized Payment Option. The minimum prize value for this category shall not be less than any lower tier prize paid in that respective Drawing.
 - c. The Winner(s) of the second prize who do not request the Cash Option shall be paid their appropriate second prize share on an annual basis for a minimum period of twenty (20) years. The initial second prize payment will be made when the prize is claimed at the Selling Lottery's Headquarters; subsequent second prize payments will be made annually thereafter.
 - d. Measuring Life. For a single Wager, the measuring life of a second prize Winner used to determine the duration over which the second prize is paid, shall be the natural life of the individual determined by the Selling Lottery to be the second prize Winner. If the second prize under a single Wager is being claimed by more than one (1) natural person or by a legal entity, the measuring life for that second prize Winner shall be twenty (20) years.
 - e. If paid in a Lump Sum Cash Payment, second prize amounts will be rounded to the nearest whole dollar.
3. Except as provided in these Official Game Rules, the third prize (Prize Level #3) will be paid as a five thousand dollar (\$5,000.00) Set Prize. If there are more than one thousand (1,000) Winners of this prize level in a single Drawing, the total prize liability of five million dollars (\$5,000,000.00) (\$5,000.00 x 1,000) will be split equally among the Winners. Under no circumstances, however, will the value of the third prize fall below a minimum prize value of two hundred dollars (\$200.00) per Winner, regardless of the number of Winners. Third prizes will be rounded to the nearest whole dollar and paid in a single cash payment.

B. Entitlement to Prizes by Winners. The holder of a winning Game Ticket shall be entitled only to the prize won by matching the Winning Numbers in the highest matching prize category.

C. Payment of Prizes. All winning Game Tickets, including the Top Prize and second prize winning Tickets, shall be paid in accordance with these Official Game Rules and jurisdictional laws. Each Party Lottery shall withhold taxes and other required withholdings in accordance with applicable federal and jurisdictional laws. To be a valid Game Ticket and eligible to receive a prize, a winning Game Ticket shall satisfy all the requirements established for the validation of winning Game Tickets sold through each Party Lottery's On-Line Gaming System, and any other requirements adopted by the New England Lottery Directors. Party Lotteries shall not be responsible for Game Tickets that are altered in any manner.

1. Top Prize and Second Prize Payments. Except in the case of a Cash Option payment or a Lump Sum Cash Payment paid in accordance with these Official Game Rules, annuitized prize payments shall be made for the measuring life of the Top Prize or second prize Winner. All annuitized payments shall be made for a minimum of twenty (20) years. The measuring life as defined in Section VII Paragraphs A (1)(e) and A (2)(d) of these Official Game Rules shall be determined at the time the Top Prize or

second prize is claimed. In the event annuitized prize payments are assigned, if allowable under jurisdictional law, or assigned by a court order, the measuring life at the time the Top Prize or second prize was claimed shall not change and limit or extend the number of annuitized payments due any assignee, court-ordered or otherwise. In the event of the death of a Top Prize or second prize Winner during the annuity payment period, the Selling Lottery, with the approval of the New England Lotteries, upon petition of the estate of that Winner (the "Estate") to the Selling Lottery, and subject to the Selling Lottery's jurisdictional laws, may accelerate the payment of all the remaining lottery proceeds to the Estate.

- a. If the annuitant dies during the annuity payment period but before the guaranteed prize amount has been paid, the Estate shall receive the remaining payments equal to the minimum guaranteed prize amount.
 - b. If the annuitant dies during the annuity payment period but after the minimum guaranteed prize amount has been paid, all payments shall stop.
2. Low-Tier Set Prize Payments. All low-tier Set Prizes (all prizes except the Top Prize and second prize) shall be paid in one (1) single cash payment through the Selling Lottery that sold the winning Game Ticket(s). Prizes shall be rounded to the nearest whole dollar. A Selling Lottery may begin paying low-tier cash prizes after receiving authorization to pay from the Clearinghouse Lottery.

D. **Statistical Information.** The following table details the Game's statistical information.

Odds of Winning, Prize Payouts and Prize Funding as a Percentage of Sales.

Prize Level	Matches Matrix #1 (5 of 48)	Matches Matrix #2 (1 of 18)	Odds of Winning: 1/	Prize	% Sales
1	5	1	30,821,472.000	\$7,000/Week for Life*	10.2201%
2	5	0	1,813,027.765	\$25,000/Year for Life*	11.6380%
3	4	1	143,355.684	\$5,000*	1.7439%
4	4	0	8,432.687	\$200	1.1859%
5	3	1	3,413.231	\$150	2.1973%
6	3	0	200.778	\$20	4.9806%
7	2	1	249.749	\$25	5.0050%
8	2	0	14.691	\$3	10.2103%
9	1	1	49.950	\$6	6.0060%
10	0	1	32.019	\$4	6.2463%
				Total Payout	59.4335%

Average Chance of Winning: 1 in 7.769

*Prize amounts may be split if there are multiple Winners, in accordance with the provisions

established in Part VII Paragraph A of these Official Game Rules. Split prizes may be lower than the published prize amounts.

PART VIII DISPUTES. In the event a dispute between a Selling Lottery and a Game Ticket bearer occurs as to whether the Game Ticket is a winning Ticket, and if the Ticket prize is not paid, the Selling Lottery may, solely at its option and in its discretion, reimburse the Game Ticket bearer the purchase price of the Ticket. This shall be the Game Ticket bearer's sole and exclusive remedy.

PART IX APPLICABLE LAW. In purchasing a Game Ticket, the following provisions apply:

- A. The Purchaser agrees to comply with and abide by the Selling Lottery's jurisdictional laws and final decisions, as well as all rules established for the conduct of the Game.
- B. Decisions made by the Selling Lottery Director/Commissioner, including the declaration of prizes, the payment thereof, and the interpretation of these Official Game Rules, shall be final and binding on all Purchasers and on every person making a claim in respect thereof. In the event of conflict, however, between these Official Game Rules and the applicable Selling Lottery's jurisdictional laws, the applicable Selling Lottery's jurisdictional laws shall control.
- C. Any claims or litigation relating to the Game Tickets and/or prizes: (a) shall be subject to and resolved in accordance with the laws, rules and regulations of the Selling Lottery jurisdiction in which the Game Ticket was purchased; (b) must be brought in and strictly limited to the courts located within the jurisdiction of the Selling Lottery in which the Game Ticket was purchased; and (c) can only be brought against the Selling Lottery in the jurisdiction where such Game Ticket was purchased.