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

**AGENDA**  
**IOWA LOTTERY BOARD**  
**March 16, 2015**  
**10:00 a.m.**

- I. Call to Order
  - a. Approval of Minutes
  
- II. Quarterly Reports
  - a. Financial
  - b. Marketing
  - c. Security
  - d. Legislative
  
- III. Lucky for Life
  
- IV. Building Update
  - a. Art Project
  - b. Budget
  
- V. Administrative Rule Change
  
- VI. Memberships
  
- VII. Contract Extensions
  - a. Pull-Tab Extension
  - b. Game Auditing Services Extension
  - c. Advertising Services
  - d. Media Services
  
- VIII. CEO Report
  - a. Industry Update
  
- IX. Board Recognition
  
- X. Adjournment

If you require the assistance of auxiliary aids or services to participate in or attend the meeting because of a disability, please call our ADA coordinator at 515-725-7864, or if you are hearing impaired, call Relay TTY at 1-800-735-2942.

**MINUTES  
IOWA LOTTERY BOARD  
December 9, 2014**

The Iowa Lottery Board convened at 10:30 a.m., Board Chairperson Herman Richter presiding.

Board members participating: Herman Richter, Matt McDermott, Mike Klappholz, Ying Sa, Deb Burnight (via teleconference), and Michael Fitzgerald (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; Steve Bogle, VP Security; Hale Strasser, VP Operations and Systems; Doug Orr, Director of Retail Services; Jamie Shae, Sr Project Director/Board Secretary, Dave Van Compernelle, Assistant Attorney General; Tammy Cooper, Procurement.

Others present: Rod Boshart, Cedar Rapids Gazette; Dar Danielson, Radio Iowa.

Chairperson Richter called the meeting to order. Roll call showed that Burnight, Sa, 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 Klappholz seconded. Motion carried unanimously.

**APPROVAL OF MINUTES**

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

**Quarterly Reports**

**Financial**

Nye presented the performance measures through October which shows sales are nearly 7% ahead of budget and 9% ahead of the five-year average. Proceeds are 10% ahead of budget and nearly 2% ahead of the five-year average.

Rich then presented the financial update that would be presented to the Governor, Iowa Department of Management and the public on December 17. Rich discussed the Iowa Lottery's guiding principles stating that one of the goals of the lottery is to remain debt-free while continuing to meet the budget and proceeds expectations.

Ying asked where the lottery proceeds go and Rich stated that proceeds go to the General Fund and to the Iowa Veteran's Trust Fund. Rich said that the legislators decide where the lottery proceeds go.

During Rich's presentation Rich stated that Quik Trip is considering not accepting debit cards for lottery purchases. Fitzgerald asked why Quik Trip would implement that change and whether Rich believes that to be a coming trend. Rich stated that Quik Trip would no longer accept debit cards for lottery products due to service fees which cut into commissions. Rich added he doesn't believe it to be a trend. Neubauer stated the "swipe fee" is a fee incurred by the retailer every time a consumer uses a debit card and said swipe fees are one of the biggest expenses for the retailer industry. Neubauer added that it is illegal in Iowa to use credit cards to purchase lottery products and therefore only cash or debit cards are accepted.

Klappholz commented that the younger generations generally don't carry cash so if that trend continues it could be an issue for sales. Rich concurred and stated that there are options that can be

considered if that trend continues, such as Dwolla, but those options haven't been explored at this point.

Ying asked if Iowa Lottery has online sales and Rich stated no. He added that the lottery has the discretion to do so, according to the Iowa Code, but at this time there are no plans to introduce online sales.

### **Marketing**

Wood stated the current holiday promotion, called Twelve Weeks of Winnertime, is in the ninth of twelve weeks and the lottery has given away 45 of the 78 \$1,000 cash prizes. There have been over half a million entries into the promotion and 7,600 new VIP Club members to date. Over \$25 million have been activated in sales. Wood stated that the holiday games are selling very well.

Wood then stated the next promotion would revolve around a family of games called "Did I Win?". This new promotion is called Win With Friends. When a player makes an entry into the promotion they will enter the names of five of their friends. If the entrants' name is drawn for the top prize of \$2,500, their five friends will win \$500 each. Wood stated that in April the lottery will celebrate its 30th anniversary and planning is underway. More information will be shared at a later date. Wood stated that the lottery continues to do research and plan to use Survey Monkey to gather information and opinions from the VIP Club members.

Sa inquired as to what type of data is gathered about our players and Wood responded that the average age of our VIP Club member is 47 years old with 51% being male and 49% being female. Data also includes the demographic area and playing habits of our VIP Club members. Every other year a full study with 400 questions is completed.

Sa stated that Obama's Amnesty Executive Order may influence economic status and help more people feel safe to make purchases like lottery products and bet on the American future. Sa requested researching that group of purchasers in our next research project. Rich stated that some states steer away from looking at ethnic groups and the research done in the past has been broad yet inclusive, without targeting a specific group.

Sa asked about players who claim a lottery prize without proper identification documentation. Nye responded the claimant is asked to complete a W9 or W8BEN if they are not a US Citizen or have permanent resident status. If they are not a US Citizen or have permanent resident status, taxes are withheld at a higher rate.

Klappholz asked what is being done to touch the social media generation. Wood stated that marketing has changed significantly over the past few years and while the lottery still purchases traditional media such as radio and newspaper ads, the lottery has advertised on Pandora, Sirius, in the Cinema and with targeted ads which are tracked. Rich added that market research is not public information, is not shared and is used only to enhance our customer service.

Sa asked if the lottery has used marketing to promote how the funds support the state. Wood responded that the lottery has TV spots, point-of-sale materials, and proceeds messages. Wood added that the Dream commercial series spotlights some past lottery winners and how they've used their winnings to positively impact the community.

### **Security**

Bogle stated that the security reports are included in the packet and stated that the investigators completed 250 compliance investigations in September, October and November. Bogle stated that retail theft investigations have increased, as it usually does this time of year. Bogle then stated that the

Hot Lotto investigation from 2010, which is being investigated as criminal fraud, is still being investigated by the DCI and Attorney General's Office. The statute of limitations will expire on December 29, 2014.

Sa asked if investigations are completed proactively or reactively. Bogle stated that the investigators do both but clarified that compliance investigations are random and proactive. Bogle added that if there's a customer complaint about a retailer, the investigators will conduct a compliance check with that particular retailer. Bogle also added that in the first 30 to 90 days of a new retailer, the investigators meet with the manager and/or owner to go over items such as retailer theft and how the lottery can assist them.

### **Legislative**

Neubauer stated that the current Congress is in its final days and one thing that is being watched is an amendment on a budget appropriations bill that would involve internet gaming. The amendment would put in place a federal prohibition of internet gaming. Governors and legislative groups continue to push for states' rights for internet gaming, as well as some Senates.

Neubauer went on to discuss the proposal that was drafted by Neubauer, Porter and Rich regarding the Iowa Veteran's Trust Fund. Neubauer stated that since 2008 the lottery has raised funds for the Veteran's Trust Fund, which funds a host of worthy projects. More than \$16 million has been raised since the start of the trust fund. It's been projected that \$2-3 million could be raised each year and indeed each year that has been met with the exception of this past year. This is the first time the goal has not been met and the cause is most likely due to the steady decline in pull-tab sales. Currently the lottery issues 2 pull-tab and 2 instant ticket games for the Veteran's Trust Fund each year. The proposal states that instead of issuing games for the Veteran's cause, the lottery instead would provide \$2.5 million each year directly to the fund.

Richter asked if pull-tabs will continue and Neubauer stated that the future of pull-tabs is being discussed and no final decision has been made. Rich added that it's important to note that if this proposal passes for the Veteran's Trust Fund, when a player purchases any lottery product they will be supporting the cause.

Klappholz stated that he believes having a reliable income stream is a positive change. Sa stated that she felt the purpose of the General Fund was to provide to causes such as this. Sa went on to say that the General Funds should come up with the difference and allow the public to decide how much they want to support a particular cause. Neubauer stated that this is an appropriations decision and could involve many different committees before a decision is made. Rich stated that the bill has become antiquated and Porter stated that this is unique in that the lottery is mandated by law to provide funds toward the Veteran's Trust Fund. Richter stated that the lottery needs to continue to push the message about where the money goes. Fitzgerald added that Iowa Vision bonds are a secondary backup as a revenue source.

McDermott moved to approve the quarterly reports. Seconded by Sa. Motion carried unanimously.

### **Building Updates**

Rich stated that the project and move to 13001 University Ave is on track and under budget. Rich wanted to thank Steve Bogle, Tammy Cooper and the VP team for all the hard work on the move. Rich stated that the next meeting will be in the new building.

Rich stated that the transfer and agreement for 2323 Grand is complete and the lottery will be moved out by early January. Rich commended DAS for their work on this project.

Klappholz inquired about how the computer systems transition will occur. Bogle stated that there is a new data center being built and Strasser added that the ICN connection will be complete that day, according to ICN. Strasser stated the biggest issue is cooling in the server room because the cooling system won't be turned on until January 15<sup>th</sup>. A temporary solution is being procured and all servers and files will be replicated in the new location, then in late December the new data center will become the primary source even though staff will still be physically located at 2323 Grand. Strasser stated that they have virtualized the servers and have backups. Rich added that there is also another location in Urbandale that can be a backup.

### **Administrative Rule Change Proposal**

Porter requested that the board make modifications to an existing administrative rule in two categories. One change is the lottery's address throughout. The other change is regarding odds for games. The administrative rule mandates that odds be maintained in lottery records at lottery offices and requires game odds to be on each and every game ticket, which can be problematic for some games such as lotto games which use preprinted paper and requires a large stock of that paper to be distributed to retailers throughout the state. If there is a change with the odds, then there is an issue and cost related to all the pre-printed stock paper out in the field. Porter stated it would be ideal to have the statutory flexibility to maintain game odds electronically or otherwise, such as on the lottery's website and through information distributed to retailers. The proposal requests that the lottery have flexibility on where and how to provide the information related to odds for lottery games.

McDermott asked Porter to describe the difference between the Iowa Code and an administrative rule. Porter stated that Iowa Code 99G.9.3 (c) requires that the lottery shall maintain and make available for public inspection a detailed listing of all games and game odds. McDermott clarified that this was the law passed by the legislature. Porter went on to say that the admin rules for lotto, instant and pull tab games requires that the game odds be on the physical ticket. Porter stated that an admin rule is guidance provided by the agency and the Iowa Code is guidance mandated by the legislature. Porter stated that game odds are published on the lottery's website, in documentation distributed to retailers throughout the state, and in other locations.

Sa asked when the change would be implemented and Porter stated that the rule first must be approved by the board then open for comments and questions from the Administrative Rules Review Committee and then back to the board for final approval.

McDermott moved to approve the rule change. Klappholz seconded. Motion carried unanimously.

### **Notice Regarding Contract Update**

Porter stated that the board approved and reviewed three agreements related to Instant Ticket related services and all contracts had since had small changes. 2 of the agreements have lower costs than originally approved. The third agreement didn't match what the parties actually agreed to so the agreement was updated.

### **Lucky for Life**

Loss stated that 6 New England lotteries banded together in 2012 to offer a top prize of \$7,000 a week for life. The participating states were Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. In September 2013 the prize structure was changed. In October 2013 there was a meeting at the NASPL conference due to some states, including Iowa, expressing interest in the game. The New England group decided they would make that game available to interested lotteries. On January 27, 2015 several states will be joining this game. Lucky For Life has a \$2 price point with drawings on Mondays and Thursdays. Players will pick 1 of 48 and then 1 of 18. This is a for-life prize which is different than other games we currently offer. Loss stated the prize structure was included in the packet. Previously, there were focus groups in Iowa, Minnesota and Wisconsin and this game

concept was the most preferred game concept in all three states. Loss stated that the New England group controls the game and are licensing the game to the interested states. Loss added that this is similar to Mega Millions and Powerball and is not unusual but worthy to note. Loss also noted that with this game the youngest player that can claim a prize is age 18. Loss stated that in order to participate in the game the lottery needs to sign a participation agreement. Once the participation agreement is signed the lottery is then obligated for selling tickets, prizes, and administrative costs. Loss stated that all that information is included in the packet, along with the current game rules which would be modified for Iowa, if Iowa decides to join.

McDermott inquired about the timeline to introduce this product. Rich responded stating that late 2015, if the board approves. McDermott stated there is interest in the game and that the lottery should monitor the rollout of other states and hold off until the fall to launch Lucky for Life.

McDermott moved to table the discussion and/or decision to launch Lucky for Life until summer or early fall. Sa requested to see budget projections and upfront costs. Sa asked if there is a minimum number or break-even point and Loss stated that Iowa wouldn't have a minimum but the group as a whole would.

Sa seconded McDermott's motion to table discussion. Motion carried unanimously.

Klappholz asked what liability the Iowa Lottery assumes when the top prize is for life. Porter stated that the agreement is in accordance with pro-rated sales so if a prize were to be hit the game the participating states are obligated to pay a proportionate share of that prize. Rich then commented that with Mega Millions there is an annuity that's purchased to fund the prize amount. Rich added that prize reserves are available to cover the big hits that occur with lotto games.

Richter asked the board to vote on the motion again and motion carried unanimously.

#### **CEO Update**

Rich stated that new products are being considered and with gas prices falling people tend to buy more scratch tickets. Rich stated that the lottery had the best five months on record for scratch ticket sales adding that scratch sales are high industry-wide. Rich stated that the lotto sales have been down and is partly due to jackpot fatigue. Powerball is down \$12 million.

Rich commented that the Monopoly Millionaire's Club game launched in October and sales continue to be slow. The game was launched in the perfect storm; election time making ad buying difficult, Powerball and Mega Millions both had high jackpots and holidays.

Rich stated Iowa's economy is not as strong this year but the lottery team has done a great job of maximizing the games currently available and will continue to enhance the games to give the players what they want.

Rich thanked the board for their support on the move and added that all documents pertaining to the building are on the lottery's website. Rich then added that as of October he has taken on the role of NASPL President. Rich added that Steve Larson, head of ABD, will become the national head of the liquor industry.

Richter thanked Rich and the staff at the lottery for their continued hard work. Burnight moved to adjourn, McDermott seconded. Motion carried unanimously.

Meeting adjourned at 12:05pm

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2015

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Gross Sales</b>												
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	24,344,696
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	25,462,000	26,875,742	23,211,529
Actual '15	24,451,416	24,918,146	24,528,311	26,637,717	25,534,403	26,833,864	30,716,797	-	-	-	-	-
<b>Prize Expense</b>												
Budget '15	13,220,985	14,496,549	13,221,409	14,160,695	15,617,724	15,371,196	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	13,068,239	13,476,179	14,382,302	15,169,339	15,004,176	15,762,623	17,196,943	14,965,463	15,567,091	13,784,285
Actual '15	14,654,310	15,464,731	14,861,732	15,939,727	15,369,268	17,369,557	18,232,444	-	-	-	-	-
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	813,563	992,429	1,025,747	982,298	-	-	-	-	-
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	6,019,535	6,781,189	4,460,700
Actual '15	5,416,154	3,446,294	7,068,157	6,293,178	5,450,756	4,426,372	7,277,557	-	-	-	-	-
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	245,782	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	160,296	39,268	249,779	-	-	-	-	-
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	5,784,683	7,133,640	5,714,929	5,388,633	6,332,308	7,521,376	6,195,506	6,914,635	4,568,894
Actual '15	5,682,362	3,967,424	7,327,359	6,363,363	5,611,052	4,466,640	7,527,336	-	-	-	-	-
<b>Gross Sales</b>												
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	126,069,993	152,903,847	183,620,644	-	-	-	-	-
<b>Prize Expense</b>												
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	27,624,973	40,593,212	54,069,391	68,451,693	83,621,032	98,625,208	114,387,831	131,594,774	146,550,237	162,137,328	175,921,613
Actual '15	14,654,310	30,119,041	44,780,773	60,720,500	76,089,768	93,459,325	111,691,769	-	-	-	-	-
<b>Operating Expenses</b>												
Budget '15	529,360	1,572,936	3,065,393	3,985,364	5,028,940	6,072,516	7,116,092	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	11,508,102
Actual '15	507,364	1,390,658	2,861,298	3,674,851	4,667,280	5,693,027	6,675,325	-	-	-	-	-
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	27,674,539	32,100,911	39,378,468	-	-	-	-	-
Proceeds to Veterans Trust												
Budget '15	122,382	502,976	720,708	840,203	943,081	1,053,879	1,259,388	1,580,697	1,826,519	1,985,945	2,104,158	2,200,000
5-year av.	138,154	567,795	813,687	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	1,277,021	1,316,289	1,566,068	-	-	-	-	-
Total Proceeds												
Budget '15	5,424,379	11,155,365	15,712,185	21,157,543	27,105,323	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	28,951,560	33,417,210	40,944,536	-	-	-	-	-

YEAR TO DATE

- 1) Budget FY15 Prize Payout
- 2) Actual 5-year average Prize Payout
- 3) Actual FY15 Prize Payout
- 4) Actual FY15 compared to Actual 5-year average
- 5) Actual FY15 compared to Budget FY15

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Seven Months Ending January 31, 2015**

	Month ended 1/31/2015	Month ended 1/31/2014	Year-to-date 1/31/2015	Year-to-date 1/31/2014
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$19,004,490.00	\$16,074,190.00	\$118,681,596.00	\$107,304,957.00
Pick 3 sales	584,934.50	567,775.00	3,994,140.50	3,998,711.00
Powerball sales	6,433,961.00	4,231,121.50	28,850,217.00	38,173,515.00
Mega Millions Sales	1,965,126.00	1,134,051.00	11,323,023.00	13,819,628.00
Hot Lotto sales	865,814.00	809,992.00	6,330,338.00	5,747,250.00
Raffle sales	-	-	-	242,960.00
Pick 4 sales	265,743.00	260,498.50	1,829,047.50	1,849,091.50
\$100,000 Cash Game sales	-	303,520.00	-	2,530,984.00
All or Nothing sales	365,953.00	83,434.00	2,757,141.00	83,434.00
Monopoly Millionaires' Club sales	-	-	591,605.00	-
Pull-tab sales	1,230,775.97	1,230,975.77	9,263,538.45	9,185,463.26
Application fees	200.00	350.00	1,600.00	2,475.00
Other	278.23	422.39	2,984.49	6,331.73
<b>Total operating revenues</b>	<b>30,717,275.70</b>	<b>24,696,330.16</b>	<b>183,625,230.94</b>	<b>182,944,800.49</b>
<b>Operating expenses:</b>				
Scratch ticket	12,266,011.00	11,637,375.72	77,367,389.54	69,966,654.19
Pick 3	344,460.70	335,085.00	2,356,824.30	2,358,438.80
Powerball	3,179,234.50	2,077,023.00	13,999,116.50	18,496,584.17
Mega Millions	971,952.00	567,521.54	5,399,749.93	6,953,405.00
Hot Lotto	419,041.65	394,299.00	3,033,147.51	2,768,212.00
Raffle	-	-	-	101,535.96
Pick 4	155,135.80	151,844.10	1,157,011.90	1,086,339.90
\$100,000 Cash Game	-	(45,139.37)	-	1,146,247.45
All or Nothing	220,468.90	250,486.09	1,667,381.31	250,486.09
Monopoly Millionaires' Club	(114,771.71)	-	668,442.74	-
Pull-tab	768,816.14	768,440.48	5,794,092.48	5,755,774.37
VIP Club prize expense	15,000.00	243,954.48	165,810.90	488,954.48
Promotional	7,095.49	9,968.93	82,801.84	133,629.31
Advertising/publicity	550,963.62	648,971.25	4,011,205.04	4,283,689.04
Retailer compensation expense	1,992,166.91	1,592,876.69	11,820,090.29	11,726,545.39
Ticket expense	279,558.46	264,562.99	1,819,382.79	1,859,793.97
Vendor compensation expense	624,044.37	506,002.16	3,716,332.79	3,724,512.52
Online game expense	-	-	6,563.40	-
Salary and benefits	835,686.12	847,328.18	5,658,714.79	5,575,210.16
Travel	21,736.17	32,339.42	266,835.68	238,195.97
Supplies	13,147.46	5,560.67	68,984.43	63,715.07
Printing	2,158.48	1,083.33	3,940.73	7,692.33
Postage	381.64	694.52	2,277.17	2,452.18
Communications	7,494.74	13,696.28	92,135.24	107,666.02
Rentals	25,029.98	25,118.24	177,282.03	176,991.40
Utilities	10,311.37	14,919.15	96,863.95	65,025.49
Professional fees	6,810.55	12,290.14	92,784.29	53,263.54
Vending machine maintenance	48,486.61	47,404.83	336,502.79	330,774.48
Outside services and repairs	65,776.24	43,892.97	499,128.06	252,075.30
Data processing	8,946.27	7,454.32	58,282.17	52,549.54
Equipment	34,644.11	34,529.26	337,124.46	172,542.38
Reimbursement to other state agencies	28,843.39	40,061.39	248,246.32	254,687.41
Depreciation	36,165.42	24,398.56	152,252.75	169,466.59
Other	9,453.27	6,301.19	70,990.12	49,985.73
MUSL/Lotto administrative expense	7,329.47	4,433.62	68,861.31	31,035.34
<b>Total operating expenses</b>	<b>22,841,579.12</b>	<b>20,564,778.13</b>	<b>141,296,549.55</b>	<b>138,704,111.57</b>
<b>Operating income</b>	<b>7,875,696.58</b>	<b>4,131,552.03</b>	<b>42,328,681.39</b>	<b>44,240,688.92</b>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(7,277,557.46)	(3,907,599.27)	(39,378,468.51)	(43,124,691.42)
Proceeds provided to Veteran's Trust Fund	(249,778.60)	(227,566.04)	(1,566,067.41)	(1,076,606.76)
Interest income	11,701.80	7,335.36	32,768.51	31,381.82
Interest expense	(618.51)	-	(4,790.99)	-
Gain (Loss) on disposal of capital assets	(2,049.61)	-	(363,595.90)	-
<b>Net non-operating revenues (expenses)</b>	<b>(7,518,302.38)</b>	<b>(4,127,829.95)</b>	<b>(41,280,154.30)</b>	<b>(44,169,916.36)</b>
<b>Change in net position</b>	<b>357,394.20</b>	<b>3,722.08</b>	<b>1,048,527.09</b>	<b>70,772.56</b>
<b>Net position beginning of year</b>	<b>10,204,988.68</b>	<b>6,351,229.88</b>	<b>9,513,855.79</b>	<b>6,284,179.40</b>
<b>Net position end of year</b>	<b>10,562,382.88</b>	<b>6,354,951.96</b>	<b>10,562,382.88</b>	<b>6,354,951.96</b>

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Six Months Ending December 31, 2014**

	Month ended 12/31/2014	Month ended 12/31/2013	Year-to-date 12/31/2014	Year-to-date 12/31/2013
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$17,922,997.00	\$15,998,601.00	\$99,677,106.00	\$91,230,767.00
Pick 3 sales	603,920.50	579,125.00	3,409,206.00	3,430,936.00
Powerball sales	3,488,698.00	3,635,074.00	22,416,256.00	33,942,393.50
Mega Millions Sales	1,705,410.00	6,308,644.00	9,357,897.00	12,685,577.00
Hot Lotto sales	802,399.00	714,626.00	5,464,524.00	4,937,258.00
Raffle sales	-	-	-	242,960.00
Pick 4 sales	273,426.00	270,672.50	1,563,304.50	1,588,593.00
\$100,000 Cash Game sales	-	369,849.00	-	2,227,464.00
All or Nothing sales	369,295.00	-	2,391,188.00	-
Monopoly Millionaires' Club sales	182,670.00	-	591,605.00	-
Pull-tab sales	1,485,038.99	1,371,844.80	8,032,762.48	7,954,487.49
Application fees	175.00	675.00	1,400.00	2,125.00
Other	454.57	328.04	2,706.26	5,909.34
Total operating revenues	<u>26,834,484.06</u>	<u>29,249,439.34</u>	<u>152,907,955.24</u>	<u>158,248,470.33</u>
<b>Operating expenses:</b>				
Scratch ticket	12,783,893.99	10,272,266.50	65,101,378.54	58,329,278.47
Pick 3	357,422.30	344,445.00	2,012,363.60	2,023,353.80
Powerball	1,700,487.50	1,778,982.50	10,819,882.00	16,419,561.17
Mega Millions	705,619.00	3,200,113.97	4,427,797.93	6,385,883.46
Hot Lotto	367,583.02	341,934.00	2,614,105.86	2,373,913.00
Raffle	-	-	-	101,535.96
Pick 4	156,680.60	161,593.50	1,001,876.10	934,495.80
\$100,000 Cash Game	-	197,720.44	-	1,191,386.82
All or Nothing	223,461.06	-	1,446,912.41	-
Monopoly Millionaires' Club	97,190.20	-	783,214.45	-
Pull-tab	930,224.26	855,217.32	5,025,276.34	4,987,333.89
VIP Club prize expense	41,000.00	-	150,810.90	245,000.00
Promotional	5,994.96	5,744.90	75,706.35	123,660.38
Advertising/publicity	551,129.16	663,380.53	3,460,241.42	3,634,697.79
Retailer compensation expense	1,740,502.88	1,930,711.34	9,827,923.38	10,133,668.70
Ticket expense	242,845.94	229,845.17	1,539,824.33	1,595,230.98
Vendor compensation expense	553,031.71	612,268.08	3,092,288.42	3,218,510.36
Online game expense	1,829.75	-	6,563.40	-
Salary and benefits	902,449.03	797,794.82	4,823,028.67	4,727,881.98
Travel	24,893.03	29,444.40	245,099.51	205,856.55
Supplies	8,160.77	5,030.21	55,836.97	58,154.40
Printing	1,593.50	(3,541.00)	1,782.25	6,609.00
Postage	174.11	256.86	1,895.53	1,757.66
Communications	18,113.70	13,357.51	84,640.50	93,969.74
Rentals	25,218.13	24,723.11	152,252.05	151,873.16
Utilities	22,216.08	9,444.10	86,552.58	50,106.34
Professional fees	7,982.82	6,858.13	85,973.74	40,973.40
Vending machine maintenance	48,519.18	48,269.00	288,016.18	283,369.65
Outside services and repairs	120,040.43	23,309.81	433,351.82	208,182.33
Data processing	8,698.38	7,096.07	49,335.90	45,095.22
Equipment	158,139.75	48,524.87	302,480.35	138,013.12
Reimbursement to other state agencies	39,537.70	30,063.62	219,402.93	214,626.02
Depreciation	21,299.71	23,975.43	116,087.33	145,068.03
Other	27,352.64	3,485.71	61,536.85	43,684.54
MUSL/Lotto administrative expense	11,080.49	4,433.62	61,531.84	26,601.72
Total operating expenses	<u>21,904,365.78</u>	<u>21,666,749.52</u>	<u>118,454,970.43</u>	<u>118,139,333.44</u>
Operating income	<u>4,930,118.28</u>	<u>7,582,689.82</u>	<u>34,452,984.81</u>	<u>40,109,136.89</u>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(4,426,372.36)	(7,431,424.31)	(32,100,911.05)	(39,217,092.15)
Proceeds provided to Veteran's Trust Fund	(39,268.18)	(70,877.42)	(1,316,288.81)	(849,040.72)
Interest income	5,660.92	5,713.17	21,066.71	24,046.46
Interest expense	-	-	(4,172.48)	-
Gain (Loss) on disposal of capital assets	6,220.00	-	(361,546.29)	-
Net non-operating revenues (expenses)	<u>(4,453,759.62)</u>	<u>(7,496,588.56)</u>	<u>(33,761,851.92)</u>	<u>(40,042,086.41)</u>
Change in net position	476,358.66	86,101.26	691,132.89	67,050.48
Net position beginning of year	<u>9,728,630.02</u>	<u>6,265,128.62</u>	<u>9,513,855.79</u>	<u>6,284,179.40</u>
Net position end of year	<u>10,204,988.68</u>	<u>6,351,229.88</u>	<u>10,204,988.68</u>	<u>6,351,229.88</u>

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Five Months Ending November 30, 2014**

	Month ended 11/30/2014	Month ended 11/30/2013	Year-to-date 11/30/2014	Year-to-date 11/30/2013
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$ 16,959,511.00	\$ 15,218,348.00	\$ 81,754,109.00	\$ 75,232,166.00
Pick 3 sales	564,134.00	581,737.50	2,805,285.50	2,851,811.00
Powerball sales	3,870,662.00	4,092,603.00	18,927,558.00	30,307,319.50
Mega Millions Sales	1,394,332.00	1,918,177.00	7,652,487.00	6,376,933.00
Hot Lotto sales	753,325.00	750,497.00	4,662,125.00	4,222,632.00
Raffle sales	-	242,960.00	-	242,960.00
Pick 4 sales	265,195.50	275,329.50	1,289,878.50	1,317,920.50
\$100,000 Cash Game sales	-	364,353.00	-	1,857,615.00
All or Nothing sales	352,885.00	-	2,021,893.00	-
Monopoly Millionaires' Club sales	254,280.00	-	408,935.00	-
Pull-tab sales	1,120,078.77	1,193,791.45	6,547,723.49	6,582,642.69
Application fees	250.00	325.00	1,225.00	1,450.00
Other	422.58	455.31	2,251.69	5,581.30
<b>Total operating revenues</b>	<b>25,535,075.85</b>	<b>24,638,576.76</b>	<b>126,073,471.18</b>	<b>128,999,030.99</b>
<b>Operating expenses:</b>				
Scratch ticket	10,405,590.50	9,374,351.00	52,317,484.55	48,057,011.97
Pick 3	335,470.40	345,092.50	1,654,941.30	1,678,908.80
Powerball	1,900,426.50	1,820,529.50	9,119,394.50	14,640,578.67
Mega Millions	637,436.43	966,007.40	3,722,178.93	3,185,769.49
Hot Lotto	352,343.39	360,791.50	2,246,522.84	2,031,979.00
Raffle	-	101,535.96	-	101,535.96
Pick 4	191,143.00	163,697.70	845,195.50	772,902.30
\$100,000 Cash Game	-	194,998.97	-	993,666.38
All or Nothing	213,531.38	-	1,223,451.35	-
Monopoly Millionaires' Club	602,069.07	-	686,024.25	-
Pull-tab	700,537.89	749,428.57	4,095,052.08	4,132,116.57
VIP Club prize expense	18,000.00	-	109,810.90	245,000.00
Promotional	12,719.11	10,952.30	69,711.39	117,915.48
Advertising/publicity	687,431.53	560,452.76	2,909,112.26	2,971,317.26
Retailer compensation expense	1,628,194.23	1,550,632.34	8,087,420.50	8,202,957.36
Ticket expense	340,820.68	272,922.20	1,296,978.39	1,365,385.81
Vendor compensation expense	499,589.20	476,222.99	2,539,256.71	2,606,242.28
Online game expense	2,662.50	-	4,733.65	-
Salary and benefits	746,762.74	695,885.44	3,920,579.64	3,930,087.16
Travel	30,045.14	32,977.64	220,206.48	176,412.15
Supplies	5,730.08	6,511.73	47,676.20	53,124.19
Printing	-	4,158.00	188.75	10,150.00
Postage	373.74	322.17	1,721.42	1,500.80
Communications	13,229.56	13,629.60	66,526.80	80,612.23
Rentals	25,017.16	25,775.16	127,033.92	127,150.05
Utilities	8,595.03	11,411.27	64,336.50	40,662.24
Professional fees	33,372.71	6,698.30	77,990.92	34,115.27
Vending machine maintenance	49,129.38	46,957.15	239,497.00	235,100.65
Outside services and repairs	45,772.91	50,885.86	313,311.39	184,872.52
Data processing	8,217.85	7,041.23	40,637.52	37,999.15
Equipment	25,820.11	10,445.69	144,340.60	89,488.25
Reimbursement to other state agencies	34,868.30	29,068.16	179,865.23	184,562.40
Depreciation	17,001.85	23,965.22	94,787.62	121,092.60
Other	4,048.23	3,770.01	34,184.21	40,198.83
MUSL/Lotto administrative expense	12,787.57	4,433.62	50,451.35	22,168.10
<b>Total operating expenses</b>	<b>19,588,738.17</b>	<b>17,921,551.94</b>	<b>96,550,604.65</b>	<b>96,472,583.92</b>
<b>Operating income</b>	<b>5,946,337.68</b>	<b>6,717,024.82</b>	<b>29,522,866.53</b>	<b>32,526,447.07</b>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(5,450,755.60)	(6,563,815.90)	(27,674,538.69)	(31,785,667.84)
Proceeds provided to Veteran's Trust Fund	(160,295.79)	(61,354.87)	(1,277,020.63)	(778,163.30)
Interest income	3,339.43	3,983.77	15,405.79	18,333.29
Interest expense	-	-	(4,172.48)	-
Gain (Loss) on disposal of capital assets	-	-	(367,766.29)	-
<b>Net non-operating revenues (expenses)</b>	<b>(5,607,711.96)</b>	<b>(6,621,187.00)</b>	<b>(29,308,092.30)</b>	<b>(32,545,497.85)</b>
<b>Change in net position</b>	<b>338,625.72</b>	<b>95,837.82</b>	<b>214,774.23</b>	<b>(19,050.78)</b>
<b>Net position beginning of year</b>	<b>9,390,004.30</b>	<b>6,169,290.80</b>	<b>9,513,855.79</b>	<b>6,284,179.40</b>
<b>Net position end of year</b>	<b>\$9,728,630.02</b>	<b>\$6,265,128.62</b>	<b>\$9,728,630.02</b>	<b>\$6,265,128.62</b>

Security Report  
December 2014

**INVESTIGATIONS**

Cases: 5  
Cases Open: 5

**TYPES**

Theft: 2  
Missing Tickets: 1  
Robbery: 1  
Internal Theft: 1

**EVENTS**

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

**MISCELLANEOUS**

Validations: 5  
Law enforcement contacts: 5  
Records of contact: 36  
Customer assists: 15  
Retailer assists: 2  
Compliance check: 6  
Arrest: 1

Assist with move to new office building. Provided security during move.

Security Report  
January 2015

**INVESTIGATIONS**

Cases: 7  
Cases Open: 6  
Cases Closed: 1

**TYPES**

Theft: 1  
Employee Theft: 1  
Missing Tickets: 1  
Possible Fraud: 1 Winner claiming might be defrauding  
Other: 2 Bad check, Stolen credit card to purchase lottery tickets  
Burglary: 1

**EVENTS**

Supervise and monitor Powerball, Mega Millions and Hot Lotto, validate All or Nothing Game, assisted with the Monopoly Millionaire's Club drawing, MUSL validation checks.

**MISCELLANEOUS**

Validations: 4  
Law enforcement contacts: 7  
Records of contact: 53  
Customer assists: 6  
Retailer assists: 3  
Compliance check: 1  
Arrest: 4

Working with getting 13001 University Security compliant: cameras, elevator training, fire training, generator training, all systems (lighting, temp controls)

Security Report  
February 2015

**INVESTIGATIONS**

Cases: 5  
Cases Open: 5

**TYPES**

Theft: 1  
Burglary: 2  
Employee theft: 2

**EVENTS**

Supervise and monitor Powerball, Mega Millions and Hot Lotto, validate All or Nothing game, MUSL validtor checks.

**MISCELLANEOUS**

Validations: 14  
Law enforcement contacts: 6  
Records of contact: 62  
Customer assists: 8  
Retailer assists: 5  
Compliance check: 24  
Arrest: 1  
Quality Control Check: 6

## **Recommendation For Art In State Buildings Installation at Iowa Lottery Headquarters, 13001 University Ave. in Clive**

The Iowa Lottery's purchase and renovation of its headquarters location at 13001 University Ave. in Clive is a project meeting the requirements of the Art in State Buildings Program, which was enacted by state lawmakers in 1979 to ensure that fine arts are a part of eligible state building construction projects.

The Iowa Code language specifying the Art in State Buildings Program can be found in Chapter 304A, sections 8-14. It specifies that one half of one percent of the total cost of an eligible state building project will be used to include fine arts into the building, renovation or addition to an existing building. The law defines fine arts as "sculpture, fountains, base-reliefs, mosaics, frescoes, wall hangings, crafts, photography, pictures or other enhancements to be integrated into the total environment of the building or complex of buildings." The language further specifies that state entities are to work with the Iowa Arts Council, which administers the Art in State Buildings program.

In August 2014, the Iowa Arts Council released an announcement about the lottery's anticipated arts project. The Lottery Evaluation Team of Mary Neubauer, Jamie Shae and Teri Wood reviewed artists on the Arts Council's roster of eligible artists to identify potential finalists for the project. The lottery team gave the following priorities for the placement of public art, with the goal of maximizing public access to it:

- 1.) Exterior of building
- 2.) Foyer/entryway to building
- 3.) Main public lobby on building's first floor.

In addition, the announcement about the lottery project provided background about the lottery's mission of providing entertainment and prizes to players while raising billions of dollars for the state programs that benefit all Iowans. The document explained how lottery proceeds have been used through the years to benefit state causes and specified that artwork created for the lottery's location should reflect both the aesthetic qualities of the space as well as the entertainment and fun of playing the lottery.

The specified budget for the lottery's fine arts project is \$31,487, with an additional allowance of up to \$10,000 provided by the lottery for the purposes of site preparation for installation of an exterior sculpture. While the Iowa Arts Council is facilitating the artist selection and design concept phases of the project, the Iowa Department of Administration Services-General Services Design and Construction will assist the lottery in facilitating the construction and installation phases of the project.

The lottery team identified four finalists for the project and invited those artists to the lottery's Clive location in September to see the site and outline their vision for a possible installation at the site. The lottery team also highlighted to each finalist that the lottery is aware of the city of Clive's public art collection as well as the city's "Art Along the Trail" program that highlights temporary art exhibits along the Greenbelt Trail from May through October each year. The lottery team expressed hope that the lottery's ultimate art installation could complement the city's emphasis on art and become another highlight of area artwork.

Following those in-person meetings and additional review of the details about the artists on the roster of eligible artists, the lottery team invited two finalists to develop concepts for an artwork installation at the building, and gave the two teams a stipend of \$1,000 each for that initial work.

The two finalists – David Dahlquist of Des Moines and the team of Dennis Reynolds and TJ Moberg, also of Des Moines – presented their concepts to the lottery team, an Arts Council representative and a DAS representative in late December.

The Lottery Team has spent considerable time reviewing the concepts presented, understanding that while artwork is subjective, the team was looking for originality and a compelling ‘vision’; specificity of the artwork to the site; and an ability to integrate the artwork at the site.

David Dahlquist presented the concept of installing in the building’s glass-enclosed vestibule two large ceramic vessels, describing them as dream vessels, if you will. The exterior of the vessels would be carved with words that the artist would identify along with the lottery as representing the lottery, such as: win, play, dream, luck, hope, change, fun, surprise and community.

Each earth-tone vessel would be topped by a cornucopia representing the bountiful proceeds that the lottery has provided to the state through the years. The installation of the vessels, which would be upon large stone bases in the vestibule area, would be taller than the average person, creating eye-catching artwork just inside the building’s front doors. While the installation would be inside the building, the public would be able to see it from outside the building as well.

Dennis Reynolds and TJ Moberg presented concepts for several different art installations, all of which would be on the grounds outside the lottery building. From a cluster of metal four-leaf clovers; to a colorful explosion of metal; to stone landscaping in a horseshoe design coupled with a metallic rainbow, the team focused on the concept of luck. The team also outlined other possibilities, including an installation of oversized lotto-drawing balls; an installation of the lottery’s current “It’s Your Dream” slogan; and an installation featuring an oversized pencil drawing on a lottery play slip.

The Lottery Evaluation Team recommends that the lottery pursue the cluster of four-leaf clovers concept from Reynolds and Moberg as the Art in State Buildings installation at the lottery’s headquarters location. The Evaluation Team believes that the oversized steel clovers, which would be patinated or painted, would provide a light-hearted, whimsical representation of lottery luck, while also creating eye-catching artwork that can be enjoyed by all those in the area. In their presentation, Reynolds and Moberg described the clovers as being large enough to be seen by those driving by lottery headquarters on University Avenue, one of the major traffic thoroughfares in the area, providing an opportunity to amplify the impact of the lottery’s artwork installation.

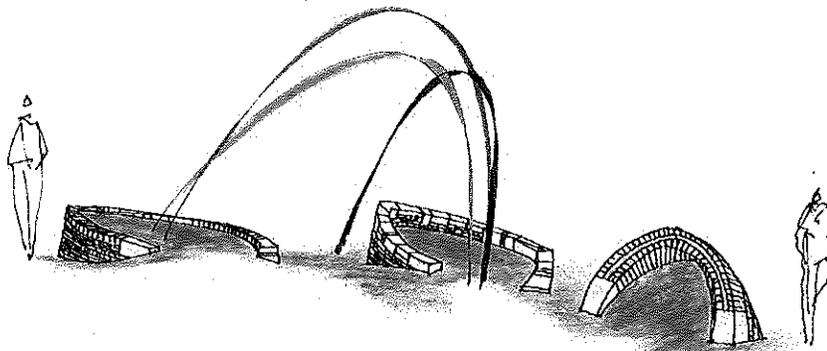
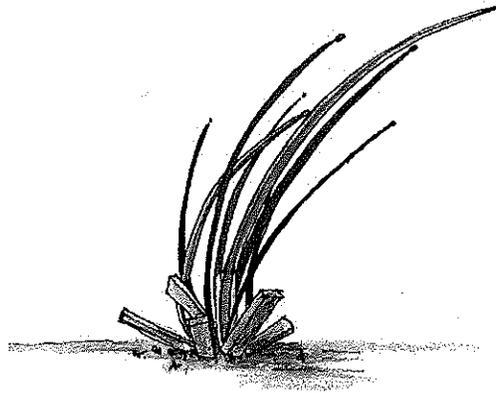
Understanding that the current winter weather and freezing temperatures make exterior artwork installation difficult if not impossible, the lottery anticipates working with the artists, Arts Council and DAS to pursue development and installation of the four-leaf clovers in the spring-fall timeframe in 2015.



5/59  
1/35







**LOTTERY AUTHORITY, IOWA[531]**  
Adopted and Filed

Pursuant to the authority granted in Iowa Code section 99G.9(3), the Board of Directors of the Iowa Lottery Authority hereby gives Notice of Intended Action to amend Chapter 1, "General Operation of the Lottery," Chapter 2, "Purchasing," Chapter 3, "Procedure for Rule Making," Chapter 5, "Contested Cases," Chapter 6, "Declaratory Orders," Chapter 18, "Scratch Ticket General Rules," Chapter 19, "Pull-Tab General Rules," and Chapter 20, "Computerized Games—General Rules," Iowa Administrative Code.

Chapters 1 to 3, 5, 6 and 18 to 20 are each being amended to update the new business address of the Iowa Lottery Authority.

In addition, the rules in Chapters 18, 19, and 20 are being amended to update the method for relaying game odds to players. Consistent with Iowa Code section 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 on game odds. These methods include 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 Web site, [www.iotalottery.com](http://www.iotalottery.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 amendments were identified through a regular review of the Iowa Lottery Authority's administrative rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin on February 4, 2015, as ARC 1847C. No public comment was received on this rule. This rule is identical to the rule published under Notice of Intended Action.

This rule was adopted by the Board on March 16, 2015.

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.

These amendments are intended to implement Iowa Code chapter 99G.

These amendments shall become effective on May 20, 2015.

The following amendments are adopted.

ITEM 1. Amend rule 531—1.3(17A), introductory paragraph, 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.

ITEM 2. Amend rule 531—1.4(17A), introductory paragraph, 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.

ITEM 3. 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.

ITEM 4. Amend rule 531—2.17(99G), introductory paragraph, as follows:

**531—2.17(99G) 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.

ITEM 5. 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.

ITEM 6. 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.

ITEM 7. Amend subrule 3.6(2), introductory paragraph, 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:

ITEM 8. 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.

ITEM 9. Amend subrule 5.12(3) as follows:

**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.

ITEM 10. Amend rule 531—6.1(17A), introductory paragraph, 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:

ITEM 11. Amend subrule 6.3(3), introductory paragraph, 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:

ITEM 12. Amend rule 531—6.5(17A) 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.

ITEM 13. 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.

ITEM 14. Amend rule 531—18.7(99G), introductory paragraph, 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 Web site and in game literature made available by the lottery.

ITEM 15. 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.

ITEM 16. Amend rule 531—19.7(99G), introductory paragraph, as follows:

**531—19.7(99G) Disclosure of odds.** The overall probability of purchasing a winning ticket shall be stated on the ticket Iowa lottery's Web site and in game literature made available by the lottery.

ITEM 17. 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 50312-4999~~ 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.

ITEM 18. Amend rule 531—20.8(99G), introductory paragraph, 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 Web site and in the game literature made available by the lottery.

ITEM 19. Amend subrule 20.14(1), introductory paragraph, 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.

ITEM 20. Amend subrule 20.14(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

Date: 3-16-2015

To: Iowa Lottery Board  
From: Larry L. Loss  
Re: 2015 Association Membership Dues

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

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

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

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

**ILA staff recommends approval of the \$16,000 membership dues for NASPL.**

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

**ILA staff recommends approval of the 5,600 Swiss Francs (approximately \$5,675 at the monetary exchange rate current when this document was prepared on March 9, 2015) membership dues for WLA.**

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



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

# INVOICE

DATE  
3/5/2015

INVOICE #  
7389

**BILL TO:**

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

P.O. NUMBER	TERMS	PROJECT
	Net 30	

QUANTITY	DESCRIPTION	RATE	AMOUNT
1	NASPL DUES INVOICE, JULY 1, 2015 - JUNE 30, 2016	16,000.00	16,000.00
NASPL thanks you for your support - FEIN #58-1846580		<b>TOTAL</b>	<b>\$16,000.00</b>



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

RECEIVED

15 FEB 24 AM 8:01

ACCOUNTING DEPT.

# Invoice

# 25124
2/18/2015

Attn: Tom Warner  
Iowa Lottery  
13001 University Avenue  
Clive, IA 50325

Qty	Item	Price	Extended
1	Membership Dues - Supplier 3/1/2015-2/29/2016 - Tom Warner Comment: Supplier Dues, 3/1/15 - 2/29/16	\$500.00	\$500.00
<b>Total:</b>			\$500.00

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Contributions or gifts to the Iowa Grocery Industry Association are not tax deductible as a charitable contribution for income tax purposes. However, they may be tax deductible as ordinary and necessary business expenses subject to restrictions imposed as a result of association lobbying activities. The Iowa Grocery Industry Association estimates that the deductible portion of your 2014 Dues - the portion not allocable to Lobbying - is 62%. The non-deductible portion of your dues is 38%.

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# W o r l d L o t t e r y A s s o c i a t i o n

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## Membership Application (Lottery Operators)

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### Conditions of membership

The World Lottery Association (WLA) represents some 140 lotteries from 5 continents, with combined annual revenues in excess of US\$ 120 billion. In addition to these regular members, numerous lottery suppliers are associate members of the WLA.

### Lotteries

#### Eligibility for membership:

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

#### Approval of applications:

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

#### Membership fees:

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

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

#### Application for membership:

Please complete and return this form along with your company's bylaws and your most recent annual report to:

World Lottery Association  
Lange Gasse 20  
P.O. Box  
CH-4002  
Basel, Switzerland



10430 New York Ave, Suite F  
 Urbandale, IA 50322

<b>Membership Dues Invoice</b>			
Date	3/9/2015	Invoice #	55188
Due On Receipt			

Iowa Lottery  
 13001 University Ave  
 Clive, IA 50325-4999

Item	Description	Amount
Associate Dues	Associate Membership Dues	688.00
	Sales Tax	0.00
	<p><b>PMCI Associate Membership has its rewards!</b></p> <ul style="list-style-type: none"> <li>💧 Business referrals and recommendations by PMCI Staff.</li> <li>💧 Voting representation on board of directors and committees.</li> <li>💧 Up to the minute industry information and insight through member communications.</li> <li>💧 Featured Oil Spout articles spotlighting associate members.</li> <li>💧 Company listing and link to your website on <a href="http://www.pmcofiowa.com">www.pmcofiowa.com</a>.</li> <li>💧 Industry input, representation, expertise and access.</li> <li>💧 Educational conference and networking sponsorship opportunities.</li> <li>💧 Business services and forms, training opportunities, employee benefit packages, insurance, etc.</li> <li>💧 Upon request, up to four sets of membership labels per year.</li> </ul>	
	<p><b>Non-Deductible Statement:</b>            Dues payments to the Petroleum Marketers and Convenience Stores of Iowa may be deductible as an ordinary and necessary business expense, but are not deductible as charitable contributions for federal income tax purposes. The portion of your PMCI dues expended on lobbying (32%) is not deductible. Therefore, 68% of your PMCI dues are tax deductible.</p>	

<b>Total</b>	\$688.00
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$688.00

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

My Check is Enclosed  Charge My Credit Card

Credit Card Number \_\_\_\_\_  
 Expiration Date \_\_\_\_\_  
 Signature \_\_\_\_\_  
 Date of Signature \_\_\_\_\_

Date  
 3/9/2015  
 Invoice #  
 55188

Iowa Lottery  
 13001 University Ave  
 Clive, IA 50325-4999

**EXTENSION TO THE  
AGREEMENT FOR THE PURCHASE OF  
PULL-TAB TICKETS AND RELATED SERVICES**

This Extension and Amendment of Agreement For the Purchase of Pull-Tab Tickets and Related Services (Extension) is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** (Lottery) and **Pollard Games, Inc.** doing business as **American Games** (Contractor).

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

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

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

**1.2** The Contractor is a corporation established under the laws of the state of Delaware. American Games is engaged in the business, among other things, of printing pull-tab tickets. The address for Contractor is 504 34<sup>th</sup> Avenue, Council Bluffs, IA 51501.

**SECTION 2. EXTENSION OF TERM.**

On or about April 1, 2014, the Lottery and Contractor entered into an Agreement for the Purchase of Pull-Tab Tickets and Related Services ("Agreement"). The term of the Agreement was for one year, plus three one-year extension periods exercisable at the option of the Lottery. Pursuant to Section 5 of the Agreement, the first option period is hereby exercised extending the term through March 31, 2016.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED.**

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

**SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other goods and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Lottery Authority**

By: \_\_\_\_\_  
Name: Larry Loss  
Title: Executive Vice President

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

**Pollard Games, Inc dba American Games**

By: \_\_\_\_\_  
Name: Douglas E. Pollard  
Title: President

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

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

This Extension of Agreement for Game Auditing Services (Extension) is effective on May 1, 2015, and is made by and between the **Iowa Lottery Authority (Lottery)** and **McGladrey LLP (Contractor)**.

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

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

1.1 The Iowa Lottery Authority is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 13001 University Avenue, Clive, IA 50325.

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

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

**SECTION 3. EXTENSION.** On or about May 1, 2011 and Amended 11/25/13, the Lottery and Contractor entered into an Agreement for Game Auditing Services (Agreement). The term of the Agreement was for one year, plus five (5) one-year option periods exercisable at the option of the Lottery. Pursuant to Section 4 of the Agreement, the term of the Agreement is hereby extended through April 30, 2016.

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

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

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

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

**SECTION 6. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Amendment.

**Iowa Lottery Authority**

**McGladrey LLP**

By: \_\_\_\_\_  
Larry Loss  
Executive Vice President

By: \_\_\_\_\_  
Rod Foster  
Managing Partner

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

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

**EXTENSION TO THE AGREEMENT  
FOR CREATIVE ADVERTISING SERVICES**

**THIS EXTENSION**, is effective on July 1, 2015 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **STRATEGIC AMERICA** (Agency). In consideration of the premises and the mutual promises and covenants contained herein, the parties hereto agree as follows:

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

**1.1** The Iowa Lottery Authority is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 13001 University Avenue, Clive, IA 50325.

**1.2** Strategic America is an Iowa corporation, whose business, is among other things, of providing creative advertising services for clients. The address for Agency is 6600 Westown Parkway, Suite 100, West Des Moines, IA 50266.

**SECTION 2. STATEMENT OF AGREEMENT AND PURPOSE.** The Lottery and Agency entered into a two-year Agreement providing that the Agency would provide advertising and marketing support for planning and preparation of materials intended to advertise the Lottery, its services and products during the term of the Agreement.

**SECTION 3. EXTENSION.** On July 1, 2012, the Lottery and Agency entered into an Agreement for Creative Advertising Services (reference RFP 12-01). The term of the Agreement was for a two-year period with four one-year option periods. The Agreement was amended in August 2012 to reflect a change to Section 6.2 Monthly, Billings. Pursuant to Section 4 of the Agreement, the second option period of the Agreement is hereby exercised through June 30, 2016. Agency shall submit an updated Schedule B to reflect contractually agreed rates, which when approved by the Lottery will be incorporated into this Agreement as if fully set forth herein.

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

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

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

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

**SECTION 6. EXECUTION. IN WITNESS WHEREOF,** in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Agreement.

**Iowa Lottery Authority**

**Strategic America**

\_\_\_\_\_  
Larry Loss  
Executive Vice President  
Date \_\_\_\_\_

\_\_\_\_\_  
Name John C. Schreurs  
Title: President  
Date \_\_\_\_\_

**EXTENSION TO THE AGREEMENT FOR  
MEDIA PLANNING, BUYING SERVICES AND PRODUCTS**

**THIS EXTENSION**, is effective on July 1, 2015 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **STRATEGIC AMERICA** (Agency). In consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

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

**1.1** The Iowa Lottery Authority is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 13001 University Avenue, Clive, IA 50325.

**1.2** Strategic America is an Iowa corporation, whose business, is among other things, of providing media purchasing services for clients. The address for Agency is 6600 Westown Parkway, Suite 100, West Des Moines, IA 50266.

**SECTION 2. STATEMENT OF AGREEMENT AND PURPOSE.** The Lottery and Agency entered into a two-year Agreement, plus extensions, providing for media planning and buying services by the Agency to support advertising and marketing efforts to sell Lottery products.

**SECTION 3. EXTENSION.** Effective July 1, 2012, the Lottery and the Agency entered into an Agreement (reference RFP 12-01) for media planning and buying services. The term of the Agreement was for a two-year period with four (4) one-year option periods. Effective September 2012 the Agreement was amended to reflect a revised Section 6.3 for Ad-Grab Services. Pursuant to Section 4 of the Agreement, the term of the Agreement is hereby extended for the second option period through June 30, 2016. Agency shall submit an updated Schedule B to reflect contractually agreed rates, which when approved by the Lottery will be incorporated into this Agreement as if fully set forth herein.

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

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

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

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

**SECTION 6. EXECUTION. IN WITNESS WHEREOF,** in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Agreement.

**Iowa Lottery Authority**

**Strategic America**

\_\_\_\_\_  
Larry Loss  
Executive Vice President  
Date \_\_\_\_\_

\_\_\_\_\_  
Name John C. Schreurs  
Title: President  
Date \_\_\_\_\_