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Kim Reynolds · Governor
Adam Gregg · Lt. Governor
Matthew N. Strawn · Chief Executive Officer

AGENDA

IOWA LOTTERY BOARD

March 30, 2021
10:30 am

- Teleconference Only -
Conference Call Phone Number: 515-206-9299
(No PIN # is required to join the call)

It is impractical and imprudent for the Iowa Lottery Board to meet in person due to the ongoing public health emergency. Thus, in compliance with Iowa Code section 21.8, this meeting will be conducted by telephone.

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes – December 15, 2020
- II. CEO Update
- III. Quarterly Reports
 - a. Financial
 - b. Sales and Marketing
 - c. Security
 - d. IT Systems
 - e. External Relations
- IV. Membership Dues
- V. Contract Extensions
 - a. Strategic America
 - b. Bucket Media
- VI. 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 15, 2020

10:30 a.m.

The Iowa Lottery Board convened at 10:30 a.m. via conference call; Board Chairperson Sherrae Hanson presiding.

Board Members Present on Teleconference:

Sherrae Hanson, John Quinn, Josh Cook, Mary Rathje, Mary Junge, Hon. Michael Fitzgerald.

Board Members Absent:

none

Lottery Staff Participating:

Matt Strawn, CEO; Larry Loss, COO; Michael Conroy, VP, Finance; Teri Wood, VP, Sales and Marketing; Cam Coppess, VP, Security; Mary Neubauer, VP, External Relations; Hale Strasser, VP, IT Systems; Megan Tooker, VP, Legal Counsel; David Ranscht, AAG; Deb Bassett, Board Secretary.

Others Present on Conference Call:

Angel Banks-Adams, LSA; James Lynch, Cedar Rapids Gazette; Dar Danielson, Radio Iowa; Nick Schell, IGT.

CALL TO ORDER

Chairperson Hanson called the meeting to order at 10:30 a.m. and roll was taken. There was a quorum. Hanson announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

Cook moved to conduct the meeting via teleconference. Rathje seconded. Motion carried unanimously.

APPROVAL OF AGENDA

Rathje moved to approve the agenda for the meeting. Cook seconded. Motion carried unanimously.

APPROVAL OF MINUTES

Junge moved to approve the September 29, 2020 board meeting minutes. Rathje seconded. Motion carried unanimously.

CEO UPDATE

Strawn thanked the Lottery's dedicated workforce for their resiliency, professionalism, and public-minded approach to their responsibilities in the midst of a public health emergency.

Strawn stated sales continue their robust start to Fiscal Year 2021. Through the first four months of FY21, total sales are 19.6% ahead of budget projections and 21% ahead of the same period FY20 sales.

Instant ticket sales continue to be the engine that drives the Iowa Lottery. Fiscal Year-to-date scratch ticket sales are tracking slightly ahead of last year's record performance and currently account for approximately 71% of all lottery sales. Sales of national lotto game like Powerball and Mega Million

continue to significantly lag historical performance and only comprise 12 percent of overall lottery sales this fiscal year. While final audited sales numbers for November are not yet available, the raw sales data suggests overall lottery ticket sales trends remain strong throughout November and into the holiday season. Due to these sales figures, the lottery is currently running ahead of its projected budgeted estimates for FY21 proceeds returned to the State. Additionally, through the first third of FY21, the Lottery's operating expenses are currently running 14.8 percent under budget through the end of October.

Strawn discussed the upcoming 2021 Session of the Iowa General Assembly. This legislative session, the Lottery intends to engage with policymakers on proposed legislation for verifying a winning lottery claim and penalties for those who engage in fraud to avoid the Iowa Offset Program when claiming a prize.

Strawn acknowledged the hope and optimism for a time when we all return to fully living and experiencing life outside our homes again as the holidays approach and the initial shipments of COVID-19 vaccine are deployed to front line health care workers and vulnerable populations.

QUARTERLY REPORTS

Financial:

Conroy gave a financial report. The performance measures show total sales through October 2020 were \$134.5M, which was \$22M ahead of budget and ahead of the 5 year average by \$18M. Prizes paid to players through October 2020 were \$86M, which was \$18.2M ahead of budget. Operating expenses through October 2020 were \$4.3M, which was \$760K under budget. Total proceeds through October 2020 were \$30.1M, which was \$7.1M ahead of budget and ahead of the 5 year average by \$3.2M.

Sales and Marketing:

Wood gave a Sales and Marketing report. Sales in the scratch ticket category continue to see record growth. InstaPlay sales also continue to grow steadily. Year over Year InstaPlay sales have increased more than \$6 million dollars.

Wood stated a promotion launched in December featuring the \$2 Cherry Twist Progressive InstaPlay ticket. To date, there have been over 18,173 entries in the promotion and 1,049 new members have joined the VIP Club since the promotion began.

The holiday promotion, Winner Wonderland, launched on September 30, 2020. In this promotion, 180 VIP Club members will win prizes ranging from \$500 to \$5,000. One player will win the grand prize of \$250,000 in cash. Currently, there are 746,000 entries in Winner Wonderland; which is a 17% increase over last year's promotion. To date, the Lottery has sold over \$25 million in holiday scratch tickets during this promotion.

Wood also stated that the Lottery ran a Radio ticket giveaway promotion on 13 stations across Iowa where listeners could win 1 of each of the 13 holiday scratch tickets and some fun lottery holiday swag.

Security:

Copess gave the security report. Copess stated that over the last 5 years, the Security Division has been evaluating the Record of Contact category types. In 2020, staff updated the Lottery Security database that allowed a change to the reporting categories. Prior to the 2020 change, there was no category type for Burglary.

Customer Assist describes instances in which Lottery investigators respond to customer inquiries. Generally, players are seeking clarification about if their ticket is a winner, assistance with damaged tickets, or questions about how a game is played. When comparing past quarterly and annual reports we find this Security category to be in the top 2 areas where time is spent. Customer assistance and service is paramount to build and keep trust between the Lottery and its players.

Theft includes any allegation of a theft of Lottery product. Many incidents are unfounded once the issue is investigated and the facts and circumstances are learned. Allegations that have supporting information transition to a case. The two type of theft incidents that consistently come up are theft from a retail location by a customer and Internal Theft or Theft by Retail Employee. Lottery products, like other retail products, are not exempt from “retail shrinkage”. We work with our retail partners and assist them to reconcile inventory with their Lottery book keeping in an attempt to keep close control over their Lottery products. It is because of good controls at the retail locations that we are able to make good cases with our Law Enforcement partners on behalf of the retailers.

Copess stated a pull tab investigation netted felony charges upon 6 subjects and prosecution is pending.

The Security staff was unable to make personal visits to the 3 scratch ticket printing vendors in 2020 to observe ticket printing operations due to the pandemic and efforts to mitigate the spread of the COVID 19 virus. Instead the audits were completed using existing documentation from the plants internal process and technology tools available to Security staff.

IT Systems:

Strasser gave an update on the new central gaming system. Strasser stated that due to COVID 19, the Lottery and the vendor, Scientific Games, are holding meetings virtually instead of in person. During the weekly meetings, progress has been made on several project task items. The new central gaming system is set to go live on August 22, 2021.

External Relations:

Neubauer stated the board has been receiving updates over the past several months about projects the Lottery has undertaken on efforts regarding responsibility, integrity and security. While this is not a new focus, our approach this year has been to tweak our efforts to best convey these messages in today’s world. Neubauer recapped projects completed during the year, including: National Problem Gambling Awareness Month in March, new tools which debuted in October to help customers play smart and be informed; and the annual campaign about appropriate gifting conducted in December.

Neubauer stated the Lottery’s focus on security and integrity will continue during the 2021 legislative session and has filed a proposal for security-related legislation. Some details in the departmental bill are designed to state lottery security provisions in plain language. Other changes in the bill are in reaction to Iowa Lottery experiences and lottery industry trends.

Junge moved to approve the Quarterly Reports. Cook seconded. Motion carried unanimously.

INSTANT TICKET PRINTING CONTRACT EXTENSIONS

Loss stated the Lottery issued RFP IL 18-04, Request for Proposal, Instant Ticket Printing and Related Services on February 7, 2018 and received three proposals. On June 20, 2018, the Board approved the Lottery to issue a Notice of Intent to Award to the following vendors: IGT Global Solutions Corporation; Pollard Banknote Limited; and Scientific Games International. Additionally the Board authorized the

Lottery to enter into agreements with all three vendors contingent upon the vendor's successful completion of any required background checks.

The Lottery successfully negotiated contracts with all three vendors. The initial term for the contracts was January 1, 2019 through December 31, 2020. The contracts also provided for four one-year extensions. Since the inception of the contracts, the Iowa Lottery has grown sales from \$251 million in FY 2019 to \$262.5 million in FY 2020. During the last fiscal year, the Lottery printed 44 games, divided between the three vendors, with an approximate contract value of \$2.7 million.

All three vendors have been meeting our expectations, deliverables and timelines and are in good standing with the Iowa Lottery.

Loss asked for Board approval to exercise the first extension of the Instant ticket Printing and Related Services contracts with IGT Global Solutions Corporation, Pollard Banknote Limited and Scientific Games International, thus extending the contracts through December 31, 2021

Cook moved to approve the contract extensions. Junge seconded. Motion carried unanimously.

2021 NASPL MEMBERSHIP

Loss stated all North American lotteries are members of the North American Association of State and Provincial Lotteries known as NASPL. The Iowa Lottery has been a member of NASPL since its formation and benefitted from NASPL's educational and informational services and its united voice on key industry issues.

Loss requested the Board approve the \$20,000 membership dues for NASPL. With approval, the Lottery would continue its membership in NASPL through December 31, 2021.

Rathje moved to approve the membership. Junge seconded. Motion carried unanimously.

ADJOURNMENT

Quinn moved to adjourn. Rathje seconded. Motion carried unanimously.

Meeting adjourned at 11:25 a.m.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2020
February 28, 2021

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2021	27,772,000	27,953,000	25,424,000	31,328,500	26,772,000	29,323,000	36,479,500	29,870,500	33,188,500	29,115,500	30,819,500	27,807,000
	Actual '21	35,877,538	32,785,001	31,506,897	34,353,991	32,731,982	36,906,837	54,318,023	34,416,873	-	-	-	-
Prize Expense	Budget FY 2021	16,816,277	16,896,090	15,470,753	18,637,975	16,412,482	17,886,699	21,734,005	18,166,822	20,210,922	17,979,455	18,831,663	16,957,580
	Actual '21	22,153,996	20,849,533	20,674,330	22,370,618	20,496,799	24,004,205	33,337,154	20,531,035	-	-	-	-
Operating Expenses	Budget FY 2021	1,320,537	1,232,134	1,272,793	1,285,539	1,246,693	1,345,992	1,244,642	1,193,006	1,331,215	1,268,539	1,282,156	1,353,173
	Actual '21	1,057,133	1,062,290	1,128,016	1,102,987	1,093,994	1,069,693	1,094,993	1,009,962	-	-	-	-
Total Proceeds	Budget FY 2021	5,823,049	5,149,104	5,563,643	6,458,880	5,475,762	4,923,159	8,287,724	6,536,803	6,136,233	6,434,560	6,525,940	5,385,674
	Actual '21	9,181,924	6,774,387	6,550,482	7,620,918	7,367,665	7,882,974	14,454,946	9,382,698	-	-	-	-
YEAR TO DATE													
Gross Sales	Budget FY 2021	27,772,000	55,725,000	81,149,000	112,477,500	139,249,500	168,572,500	205,052,000	234,922,500	268,111,000	297,226,500	328,046,000	355,853,000
	Actual '21	35,877,538	68,662,539	100,169,436	134,523,427	167,255,409	204,162,246	258,480,269	292,897,142	-	-	-	-
Prize Expense	Budget FY 2021	16,816,277	33,712,367	49,183,120	67,821,095	84,233,577	102,120,276	123,854,281	142,021,103	162,232,025	180,211,480	199,043,143	216,000,723
	Actual '21	22,153,996	43,003,529	63,677,859	86,048,477	106,545,276	130,549,481	163,886,635	184,417,670	-	-	-	-
Operating Expenses	Budget FY 2021	1,320,537	2,552,671	3,825,464	5,111,003	6,357,696	7,703,688	8,948,330	10,141,336	11,472,551	12,741,090	14,023,246	15,376,419
	Actual '21	1,057,133	2,119,423	3,247,439	4,350,426	5,444,420	6,514,113	7,609,106	8,619,068	-	-	-	-
Total Proceeds	Budget FY 2021	5,823,049	10,972,153	16,535,796	22,994,676	28,470,438	33,393,597	41,681,321	48,218,124	54,354,357	60,788,917	67,314,857	72,700,531
	Actual '21	9,181,924	15,956,311	22,506,793	30,127,711	37,495,376	45,378,350	59,833,296	69,215,994	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	60.82%	60.45%
Prize Payout - Actual	59.65%	62.96%
Sales - Actual increase (decrease) vs. Budget		24.68%
Proceeds - Actual increase (decrease) vs. Budget		43.55%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2021

		February 28, 2021											
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2021	27,772,000	27,953,000	25,424,000	31,328,500	26,772,000	29,323,000	36,479,500	29,870,500	33,188,500	29,115,500	30,819,500	27,807,000
	5-year av.	28,909,745	29,312,375	26,699,784	31,123,852	28,159,420	30,704,090	37,086,272	29,466,602	33,757,889	31,145,692	33,530,516	30,695,695
	Actual '20	27,846,491	28,093,920	27,156,818	27,814,584	28,775,272	30,955,509	34,426,107	30,040,444	28,896,281	32,194,176	38,846,931	36,906,960
	Actual '21	35,877,538	32,785,001	31,506,897	34,353,991	32,731,982	36,906,837	54,318,023	34,416,873	-	-	-	-
Prize Expense	Budget FY 2021	16,816,277	16,896,090	15,470,753	18,637,975	16,412,482	17,886,699	21,734,005	18,166,822	20,210,922	17,979,455	18,831,663	16,957,580
	5-year av.	17,703,509	18,251,671	16,405,033	19,038,577	16,985,912	20,365,393	21,755,231	17,603,095	21,982,406	18,974,262	20,594,988	18,967,262
	Actual '20	17,579,210	18,081,688	16,760,932	17,241,936	17,559,342	22,137,093	20,486,448	17,786,919	19,476,775	19,973,806	25,928,192	23,304,663
	Actual '21	22,153,996	20,849,533	20,674,330	22,370,618	20,496,799	24,004,205	33,337,154	20,531,035				
Operating Expenses	Budget FY 2021	1,320,537	1,232,134	1,272,793	1,285,539	1,246,693	1,345,992	1,244,642	1,193,006	1,331,215	1,268,539	1,282,156	1,353,173
	5-year av.	1,090,471	1,071,667	1,030,775	1,099,078	1,097,187	1,091,716	1,103,912	1,016,971	1,060,368	1,054,879	1,154,536	1,434,118
	Actual '20	1,110,516	1,030,009	1,057,965	1,130,916	1,044,839	1,112,026	1,127,198	1,040,632	1,131,397	1,096,660	1,022,773	1,598,539
	Actual '21	1,057,133	1,062,290	1,128,016	1,102,987	1,093,994	1,069,693	1,094,993	1,009,962	-	-	-	-
Total Proceeds	Budget FY 2021	5,823,049	5,149,104	5,563,643	6,458,880	5,475,762	4,923,159	8,287,724	6,536,803	6,136,233	6,434,560	6,525,940	5,385,674
	5-year av.	6,845,977	6,301,169	6,275,263	7,561,043	6,605,298	5,680,813	9,887,228	7,431,415	6,857,904	7,739,735	7,913,614	6,958,510
	Actual '20	6,009,246	5,494,118	6,310,989	6,563,644	6,756,517	4,206,053	8,710,630	7,999,869	5,040,937	8,195,442	7,713,140	8,528,747
	Actual '21	9,181,924	6,774,387	6,550,482	7,620,918	7,367,665	7,882,974	14,454,946	9,382,698				
YEAR TO DATE													
Gross Sales	Budget FY 2021	27,772,000	55,725,000	81,149,000	112,477,500	139,249,500	168,572,500	205,052,000	234,922,500	268,111,000	297,226,500	328,046,000	355,853,000
	5-year av.	28,909,745	58,222,120	84,921,904	116,045,756	144,205,176	174,909,266	211,995,538	241,462,140	275,220,029	306,365,721	339,896,237	370,591,932
	Actual '20	27,846,491	55,940,411	83,097,229	110,911,813	139,687,085	170,642,594	205,068,701	235,109,145	264,005,426	296,199,602	335,046,533	371,953,493
	Actual '21	35,877,538	68,662,539	100,169,436	134,523,427	167,255,409	204,162,246	258,480,269	292,897,142	-	-	-	-
Prize Expense	Budget FY 2021	16,816,277	33,712,367	49,183,120	67,821,095	84,233,577	102,120,276	123,854,281	142,021,103	162,232,025	180,211,480	199,043,143	216,000,723
	5-year av.	17,703,509	35,955,180	52,360,213	71,398,790	88,384,702	108,750,095	130,505,326	148,108,421	170,090,827	189,065,089	209,660,077	228,627,339
	Actual '20	17,579,210	35,660,898	52,421,830	69,663,766	87,223,108	109,360,201	129,846,649	147,633,568	167,110,343	187,084,149	213,012,341	236,317,004
	Actual '21	22,153,996	43,003,529	63,677,859	86,048,477	106,545,276	130,549,481	163,886,635	184,417,670				
Operating Expenses	Budget FY 2021	1,320,537	2,552,671	3,825,464	5,111,003	6,357,696	7,703,688	8,948,330	10,141,336	11,472,551	12,741,090	14,023,246	15,376,419
	5-year av.	1,090,471	2,162,138	3,192,913	4,291,991	5,389,178	6,480,894	7,584,806	8,601,777	9,662,145	10,717,024	11,871,560	13,305,678
	Actual '20	1,110,516	2,140,525	3,198,490	4,329,406	5,374,245	6,486,271	7,613,469	8,654,101	9,785,498	10,882,158	11,904,931	13,503,470
	Actual '21	1,057,133	2,119,423	3,247,439	4,350,426	5,444,420	6,514,113	7,609,106	8,619,068	-	-	-	-
Total Proceeds	Budget FY 2021	5,823,049	10,972,153	16,535,796	22,994,676	28,470,438	33,393,597	41,681,321	48,218,124	54,354,357	60,788,917	67,314,857	72,700,531
	5-year av.	6,845,977	13,147,146	19,422,409	26,983,452	33,588,750	39,269,563	49,156,791	56,588,206	63,446,110	71,185,845	79,099,459	86,057,969
	Actual '20	6,009,246	11,503,364	17,814,353	24,377,997	31,134,514	35,340,567	44,051,197	52,051,066	57,092,003	65,287,445	73,000,585	81,529,332
	Actual '21	9,181,924	15,956,311	22,506,793	30,127,711	37,495,376	45,378,350	59,833,296	69,215,994	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	60.82%	60.45%
Prize Payout - 5-Year Average	59.74%	61.34%
Prize Payout - Actual	59.65%	62.96%
Sales - Actual increase (decrease) vs. 5-Year Average		21.30%
Proceeds - Actual increase (decrease) vs. 5-Year Average		22.32%
Sales - Actual increase (decrease) vs. Budget		24.68%
Proceeds - Actual increase (decrease) vs. Budget		43.55%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eight Months Ending Sunday, February 28, 2021

	Month ended 2/28/2021	Month ended 2/29/2020	Year-to-date 2/28/2021	Year-to-date 2/29/2020
Operating revenues:				
Instant-scratch ticket sales	\$ 25,974,017.00	\$ 21,287,490.00	\$ 200,329,064.00	\$ 163,487,848.00
InstaPlay sales	1,754,773.00	1,477,305.00	15,674,086.00	8,402,383.00
Pick 3 sales	694,390.00	643,355.50	6,137,647.50	5,348,689.00
Powerball sales	2,431,703.00	2,915,250.00	31,098,851.50	26,025,295.50
Mega Millions Sales	1,357,733.00	1,393,552.00	20,550,877.00	13,208,078.00
Pick 4 sales	396,652.00	391,261.50	3,527,857.00	3,095,858.00
Lucky for Life sales	426,326.00	417,564.00	3,654,262.00	3,544,642.00
Lotto America sales	467,217.00	669,167.00	4,138,943.00	4,639,953.00
Pull-tab sales	914,061.55	845,498.94	7,785,553.32	7,356,399.00
Application fees	125.00	725.00	2,625.00	2,800.00
Other	595.41	1,219.48	2,842.62	5,312.58
Total operating revenues	<u>34,417,592.96</u>	<u>30,042,388.42</u>	<u>292,902,608.94</u>	<u>235,117,258.08</u>
Operating expenses:				
Scratch ticket prizes	15,469,703.00	12,926,652.00	132,026,024.23	107,775,259.38
InstaPlay prizes	1,315,049.34	980,041.98	11,499,269.25	5,898,802.97
Pick 3 prizes	416,634.00	386,013.30	3,707,005.20	3,209,213.40
Powerball prizes	1,215,900.50	1,457,486.00	15,549,998.00	13,017,504.00
Mega Millions prizes	678,866.50	696,776.00	10,275,438.50	6,604,039.00
Pick 4 prizes	237,991.20	234,756.90	2,116,714.20	2,125,289.40
Lucky for Life prizes	393,532.22	243,720.88	2,312,004.51	2,084,768.41
Lotto America prizes	233,608.50	334,583.50	2,069,471.50	2,319,976.50
Pull-tab prizes	569,749.41	526,888.23	4,861,744.29	4,598,714.93
Advertising/publicity	523,613.52	548,488.52	4,716,058.85	5,078,870.94
Retailer compensation expense	2,271,915.68	1,950,468.33	19,194,288.38	15,316,096.15
Ticket expense	481,604.17	393,836.69	2,401,723.78	2,232,368.16
Vendor compensation expense	474,524.11	471,907.17	4,039,287.22	3,811,021.13
Salary and benefits	804,828.93	813,176.66	7,015,519.12	6,849,214.21
Travel	14,683.67	14,006.97	106,321.29	186,396.54
Supplies	1,370.62	6,517.61	70,558.29	60,442.54
Printing	570.25	299.12	1,891.27	1,178.06
Postage	398.64	2,792.66	5,905.26	4,523.86
Communications	13,590.48	21,098.60	109,969.09	126,305.54
Rentals	24,014.72	26,514.12	207,715.72	211,952.98
Utilities	8,931.61	8,683.55	63,146.02	64,417.49
Professional fees	13,518.32	9,449.50	80,027.69	101,204.36
Vending machine maintenance	21,840.00	21,504.00	173,712.00	171,024.00
Outside services and repairs	93,824.57	109,905.15	575,279.36	571,400.90
Data processing	10,711.36	10,198.02	85,831.26	84,515.30
Equipment	61,577.57	54,691.00	202,732.59	281,919.51
Reimbursement to other state agencies	29,031.05	31,383.87	296,339.93	307,141.38
Depreciation	38,053.63	39,254.77	303,762.05	330,470.02
Other	4,143.69	4,602.86	36,363.35	45,288.43
MUSL/Lotto administrative expense	934.80	2,812.98	6,263.46	22,395.03
Total operating expenses	<u>25,424,716.06</u>	<u>22,328,510.94</u>	<u>224,110,365.66</u>	<u>183,491,714.52</u>
Operating income	<u>8,992,876.90</u>	<u>7,713,877.48</u>	<u>68,792,243.28</u>	<u>51,625,543.56</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(9,382,698.10)	(7,999,869.36)	(69,215,993.25)	(52,051,065.66)
Interest income	1,164.46	14,552.84	36,868.44	244,528.35
Gain (Loss) on disposal of capital assets	1,325.00	-	18,400.00	4,250.00
Net non-operating revenues (expenses)	<u>(9,380,208.64)</u>	<u>(7,985,316.52)</u>	<u>(69,160,724.81)</u>	<u>(51,802,287.31)</u>
Change in net position	<u>(387,331.74)</u>	<u>(271,439.04)</u>	<u>(368,481.53)</u>	<u>(176,743.75)</u>
Net position beginning of period	4,268,204.32	4,897,350.74	4,249,354.11	4,802,655.45
Net position end of period	<u>3,880,872.58</u>	<u>4,625,911.70</u>	<u>3,880,872.58</u>	<u>4,625,911.70</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Seven Months Ending Sunday, January 31, 2021

	Month ended 1/31/2021	Month ended 1/31/2020	Year-to-date 1/31/2021	Year-to-date 1/31/2020
Operating revenues:				
Instant-scratch ticket sales	\$ 28,995,077.00	\$ 23,519,790.00	\$ 174,355,047.00	\$ 142,200,358.00
InstaPlay sales	1,721,413.00	878,446.00	13,919,313.00	6,925,078.00
Pick 3 sales	802,366.50	698,096.50	5,443,257.50	4,705,333.50
Powerball sales	10,329,717.00	5,414,970.00	28,667,148.50	23,110,045.50
Mega Millions Sales	9,983,272.00	1,496,233.00	19,193,144.00	11,814,526.00
Pick 4 sales	453,185.50	402,679.50	3,131,205.00	2,704,596.50
Lucky for Life sales	462,274.00	456,262.00	3,227,936.00	3,127,078.00
Lotto America sales	573,523.00	618,646.00	3,671,726.00	3,970,786.00
Pull-tab sales	997,194.99	940,983.54	6,871,491.77	6,510,900.06
Application fees	325.00	275.00	2,500.00	2,075.00
Other	361.11	353.95	2,247.21	4,093.10
Total operating revenues	<u>54,318,709.10</u>	<u>34,426,735.49</u>	<u>258,485,015.98</u>	<u>205,074,869.66</u>
Operating expenses:				
Scratch ticket prizes	20,049,415.57	14,545,668.51	116,556,321.23	94,848,607.38
InstaPlay prizes	1,183,411.58	654,547.15	10,184,219.91	4,918,760.99
Pick 3 prizes	493,659.90	418,857.90	3,290,371.20	2,823,200.10
Powerball prizes	5,165,135.50	2,707,656.00	14,334,097.50	11,560,018.00
Mega Millions prizes	4,991,636.00	748,116.50	9,596,572.00	5,907,263.00
Pick 4 prizes	271,911.30	241,607.70	1,878,723.00	1,890,532.50
Lucky for Life prizes	274,746.00	271,170.00	1,918,472.29	1,841,047.53
Lotto America prizes	286,761.50	309,323.00	1,835,863.00	1,985,393.00
Pull-tab prizes	620,476.88	589,500.87	4,291,994.88	4,071,826.70
Advertising/publicity	603,770.24	717,465.86	4,192,445.33	4,530,382.42
Retailer compensation expense	3,542,871.98	2,233,407.90	16,922,372.70	13,365,627.82
Ticket expense	339,312.80	291,452.82	1,920,119.61	1,838,531.47
Vendor compensation expense	738,594.91	563,080.39	3,564,763.11	3,339,113.96
Salary and benefits	898,067.25	862,302.19	6,210,690.19	6,036,037.55
Travel	13,331.17	34,141.17	91,637.62	172,389.57
Supplies	6,237.00	3,664.79	69,187.67	53,924.93
Printing	-	147.24	1,321.02	878.94
Postage	3,199.02	258.22	5,506.62	1,731.20
Communications	14,204.10	14,510.04	96,378.61	105,206.94
Rentals	23,948.42	26,512.62	183,701.00	185,438.86
Utilities	10,417.89	9,536.24	54,214.41	55,733.94
Professional fees	9,296.50	17,892.45	66,509.37	91,754.86
Vending machine maintenance	21,840.00	21,504.00	151,872.00	149,520.00
Outside services and repairs	48,205.84	68,023.29	481,454.79	461,495.75
Data processing	10,767.57	10,191.26	75,119.90	74,317.28
Equipment	16,544.84	51,165.45	141,155.02	227,228.51
Reimbursement to other state agencies	31,601.18	37,613.63	267,308.88	275,757.51
Depreciation	38,532.85	39,254.80	265,708.42	291,215.25
Other	6,120.90	8,055.25	32,219.66	40,685.57
MUSL/Lotto administrative expense	(54,846.26)	2,921.75	5,328.66	19,582.05
Total operating expenses	<u>39,659,172.43</u>	<u>25,499,548.99</u>	<u>198,685,649.60</u>	<u>161,163,203.58</u>
Operating income	<u>14,659,536.67</u>	<u>8,927,186.50</u>	<u>59,799,366.38</u>	<u>43,911,666.08</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(14,454,946.44)	(8,710,630.17)	(59,833,295.15)	(44,051,196.30)
Interest income	891.64	26,802.61	35,703.98	229,975.51
Gain (Loss) on disposal of capital assets	-	2,525.00	17,075.00	4,250.00
Net non-operating revenues (expenses)	<u>(14,454,054.80)</u>	<u>(8,681,302.56)</u>	<u>(59,780,516.17)</u>	<u>(43,816,970.79)</u>
Change in net position	205,481.87	245,883.94	18,850.21	94,695.29
Net position beginning of period	4,062,722.45	4,651,466.80	4,249,354.11	4,802,655.45
Net position end of period	<u>4,268,204.32</u>	<u>4,897,350.74</u>	<u>4,268,204.32</u>	<u>4,897,350.74</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ending Thursday, December 31, 2020

	Month ended 12/31/2020	Month ended 12/31/2019	Year-to-date 12/31/2020	Year-to-date 12/31/2019
Operating revenues:				
Instant-scratch ticket sales	\$ 25,226,811.00	\$ 20,802,433.00	\$ 145,359,970.00	\$ 118,680,568.00
InstaPlay sales	1,599,031.00	1,460,852.00	12,197,900.00	6,046,632.00
Pick 3 sales	783,504.00	714,590.50	4,640,891.00	4,007,237.00
Powerball sales	4,375,322.50	3,109,690.00	18,337,431.50	17,695,075.50
Mega Millions Sales	2,414,267.00	2,440,077.00	9,209,872.00	10,318,293.00
Pick 4 sales	439,769.00	401,738.00	2,678,019.50	2,301,917.00
Lucky for Life sales	474,870.00	456,982.00	2,765,662.00	2,670,816.00
Lotto America sales	500,973.00	543,246.00	3,098,203.00	3,352,140.00
Pull-tab sales	1,092,289.26	1,025,900.08	5,874,296.78	5,569,916.52
Application fees	525.00	125.00	2,175.00	1,800.00
Other	265.98	760.03	1,886.10	3,739.15
Total operating revenues	<u>36,907,627.74</u>	<u>30,956,393.61</u>	<u>204,166,306.88</u>	<u>170,648,134.17</u>
Operating expenses:				
Scratch ticket prizes	17,518,093.00	16,169,270.00	96,506,905.66	80,302,938.87
InstaPlay prizes	1,127,680.46	1,074,304.87	9,000,808.33	4,264,213.84
Pick 3 prizes	482,279.10	428,754.30	2,796,711.30	2,404,342.20
Powerball prizes	2,187,793.00	1,554,768.00	9,168,962.00	8,852,362.00
Mega Millions prizes	1,207,133.50	1,220,038.50	4,604,936.00	5,159,146.50
Pick 4 prizes	263,861.40	508,817.40	1,606,811.70	1,648,924.80
Lucky for Life prizes	282,231.00	269,279.22	1,643,726.29	1,569,877.53
Lotto America prizes	250,486.50	271,623.00	1,549,101.50	1,676,070.00
Pull-tab prizes	684,646.65	640,237.83	3,671,518.00	3,482,325.83
Advertising/publicity	694,677.75	742,846.48	3,588,675.09	3,812,916.56
Retailer compensation expense	2,416,382.00	2,026,423.15	13,379,500.72	11,132,219.92
Ticket expense	266,016.00	247,426.74	1,580,806.81	1,547,078.65
Vendor compensation expense	520,090.02	516,704.15	2,826,168.20	2,776,033.57
Salary and benefits	868,178.67	871,769.76	5,312,622.94	5,173,735.36
Travel	12,848.26	21,950.02	78,306.45	138,248.40
Supplies	12,171.62	5,848.12	62,950.67	50,260.14
Printing	235.76	188.00	1,321.02	731.70
Postage	397.11	293.22	2,307.60	1,472.98
Communications	13,959.76	15,322.28	82,174.51	90,696.90
Rentals	26,618.03	26,321.34	159,752.58	158,926.24
Utilities	8,259.58	8,354.46	43,796.52	46,197.70
Professional fees	10,039.42	11,058.00	57,212.87	73,862.41
Vending machine maintenance	21,840.00	21,504.00	130,032.00	128,016.00
Outside services and repairs	76,483.63	53,996.44	433,248.95	393,472.46
Data processing	10,728.16	10,191.26	64,352.33	64,126.02
Equipment	16,178.25	29,134.81	124,610.18	176,063.06
Reimbursement to other state agencies	34,493.05	63,869.09	235,707.70	238,143.88
Depreciation	38,532.84	39,689.13	227,175.57	251,960.45
Other	4,144.82	4,833.12	26,098.76	32,630.32
MUSL/Lotto administrative expense	10,029.16	2,776.71	60,174.92	16,660.30
Total operating expenses	<u>29,066,508.50</u>	<u>26,857,593.40</u>	<u>159,026,477.17</u>	<u>135,663,654.59</u>
Operating income	<u>7,841,119.24</u>	<u>4,098,800.21</u>	<u>45,139,829.71</u>	<u>34,984,479.58</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(7,882,974.25)	(4,206,052.52)	(45,378,348.71)	(35,340,566.13)
Interest income	937.84	35,120.26	34,812.34	203,172.90
Gain (Loss) on disposal of capital assets	475.00	-	17,075.00	1,725.00
Net non-operating revenues	<u>(7,881,561.41)</u>	<u>(4,170,932.26)</u>	<u>(45,326,461.37)</u>	<u>(35,135,668.23)</u>
Change in net position	<u>(40,442.17)</u>	<u>(72,132.05)</u>	<u>(186,631.66)</u>	<u>(151,188.65)</u>
Net position beginning of period	<u>4,103,164.62</u>	<u>4,723,598.85</u>	<u>4,249,354.11</u>	<u>4,802,655.45</u>
Net position end of period	<u><u>4,062,722.45</u></u>	<u><u>4,651,466.80</u></u>	<u><u>4,062,722.45</u></u>	<u><u>4,651,466.80</u></u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ending Monday, November 30, 2020

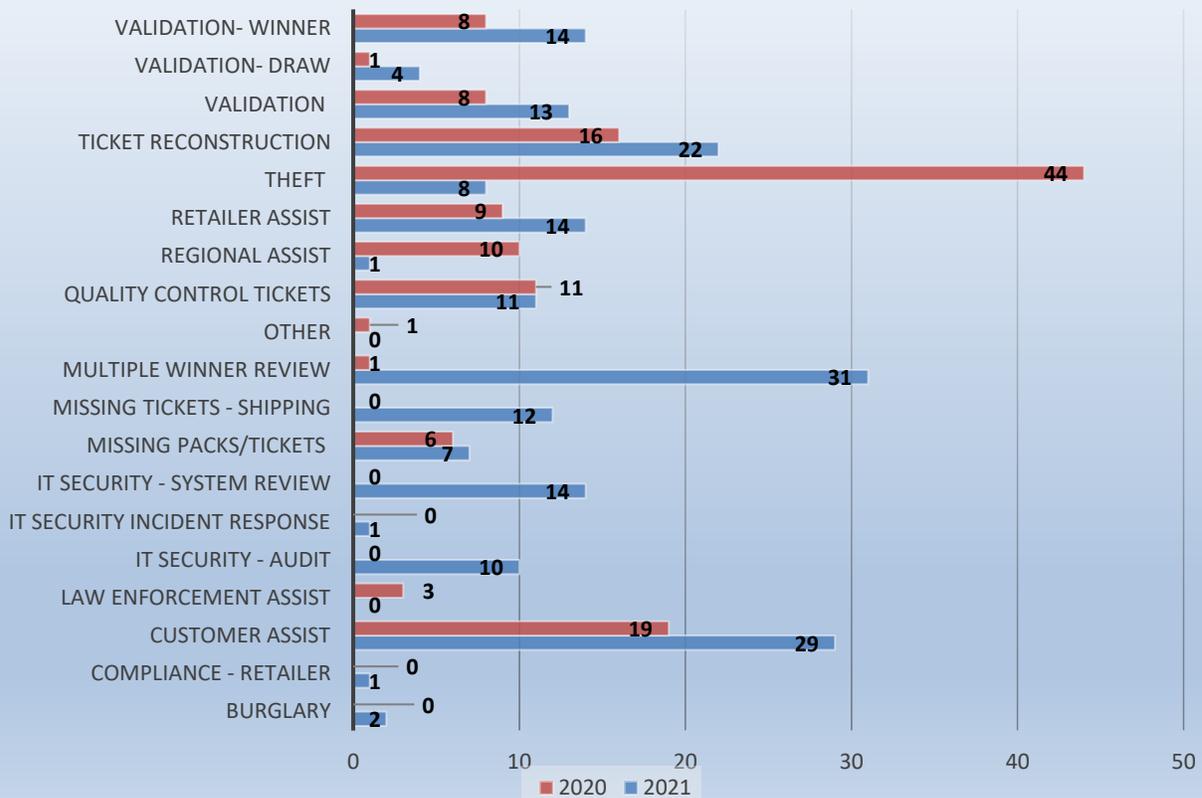
	Month ended 11/30/2020	Month ended 11/30/2019	Year-to-date 11/30/2020	Year-to-date 11/30/2019
Operating revenues:				
Instant-scratch ticket sales	\$ 24,412,461.00	\$ 20,161,318.00	\$ 120,133,159.00	\$ 97,878,135.00
InstaPlay sales	1,221,266.00	1,083,823.00	10,598,869.00	4,585,780.00
Pick 3 sales	746,500.50	657,273.00	3,857,387.00	3,292,646.50
Powerball sales	2,822,087.00	2,819,535.50	13,962,109.00	14,585,385.50
Mega Millions Sales	1,425,665.00	1,915,570.00	6,795,605.00	7,878,216.00
Pick 4 sales	410,831.00	376,545.00	2,238,250.50	1,900,179.00
Lucky for Life sales	454,544.00	393,664.00	2,290,792.00	2,213,834.00
Lotto America sales	452,837.00	575,578.00	2,597,230.00	2,808,894.00
Pull-tab sales	785,790.03	791,965.51	4,782,007.52	4,544,016.44
Application fees	400.00	475.00	1,650.00	1,675.00
Other	302.87	880.72	1,620.12	2,979.12
Total operating revenues	<u>32,732,684.40</u>	<u>28,776,627.73</u>	<u>167,258,679.14</u>	<u>139,691,740.56</u>
Operating expenses:				
Scratch ticket prizes	15,840,173.00	12,800,230.00	78,988,812.66	64,133,668.87
InstaPlay prizes	848,821.39	760,479.23	7,873,127.87	3,189,908.97
Pick 3 prizes	447,900.30	394,363.80	2,314,432.20	1,975,587.90
Powerball prizes	1,411,067.00	1,410,180.00	6,981,169.00	7,297,594.00
Mega Millions prizes	712,832.50	957,785.00	3,397,802.50	3,939,108.00
Pick 4 prizes	246,498.60	225,927.00	1,342,950.30	1,140,107.40
Lucky for Life prizes	270,152.00	227,009.55	1,361,495.29	1,300,598.31
Lotto America prizes	226,418.50	287,789.00	1,298,615.00	1,404,447.00
Pull-tab prizes	492,936.02	495,578.54	2,986,871.35	2,842,088.00
Advertising/publicity	736,078.85	617,782.58	2,893,997.34	3,070,070.08
Retailer compensation expense	2,169,364.03	1,871,774.02	10,963,118.72	9,105,796.77
Ticket expense	282,852.17	233,993.01	1,314,790.81	1,299,651.91
Vendor compensation expense	458,822.16	455,591.41	2,306,078.18	2,259,329.42
Salary and benefits	862,248.00	833,947.67	4,444,444.27	4,301,965.60
Travel	10,755.11	19,263.69	65,458.19	116,298.38
Supplies	5,858.36	2,240.59	50,779.05	44,412.02
Printing	998.74	358.90	1,085.26	543.70
Postage	209.09	210.81	1,910.49	1,179.76
Communications	14,291.67	15,258.77	68,214.75	75,374.62
Rentals	26,617.13	26,510.22	133,134.55	132,604.90
Utilities	7,608.08	6,769.18	35,536.94	37,843.24
Professional fees	10,251.01	13,126.75	47,173.45	62,804.41
Vending machine maintenance	21,840.00	21,840.00	108,192.00	106,512.00
Outside services and repairs	54,520.37	71,954.58	356,765.32	339,476.02
Data processing	10,751.06	10,187.17	53,624.17	53,934.76
Equipment	16,997.71	42,958.10	108,431.93	146,928.25
Reimbursement to other state agencies	79,354.69	41,288.44	201,214.65	174,274.79
Depreciation	37,800.15	40,724.35	188,642.73	212,271.32
Other	4,056.68	4,921.32	21,953.94	27,797.20
MUSL/Lotto administrative expense	9,920.24	2,837.27	50,145.76	13,883.59
Total operating expenses	<u>25,317,994.61</u>	<u>21,892,880.95</u>	<u>129,959,968.67</u>	<u>108,806,061.19</u>
Operating income	<u>7,414,689.79</u>	<u>6,883,746.78</u>	<u>37,298,710.47</u>	<u>30,885,679.37</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(7,367,664.50)	(6,756,517.03)	(37,495,374.46)	(31,134,513.61)
Interest income	1,970.77	20,375.80	33,874.50	168,052.64
Gain (Loss) on disposal of capital assets	4,275.00	(25.00)	16,600.00	1,725.00
Net non-operating revenues (expenses)	<u>(7,361,418.73)</u>	<u>(6,736,166.23)</u>	<u>(37,444,899.96)</u>	<u>(30,964,735.97)</u>
Change in net position	53,271.06	147,580.55	(146,189.49)	(79,056.60)
Net position beginning of period	4,049,893.56	4,576,018.30	4,249,354.11	4,802,655.45
Net position end of period	<u>4,103,164.62</u>	<u>4,723,598.85</u>	<u>4,103,164.62</u>	<u>4,723,598.85</u>



Board Report Security Division March 30, 2021



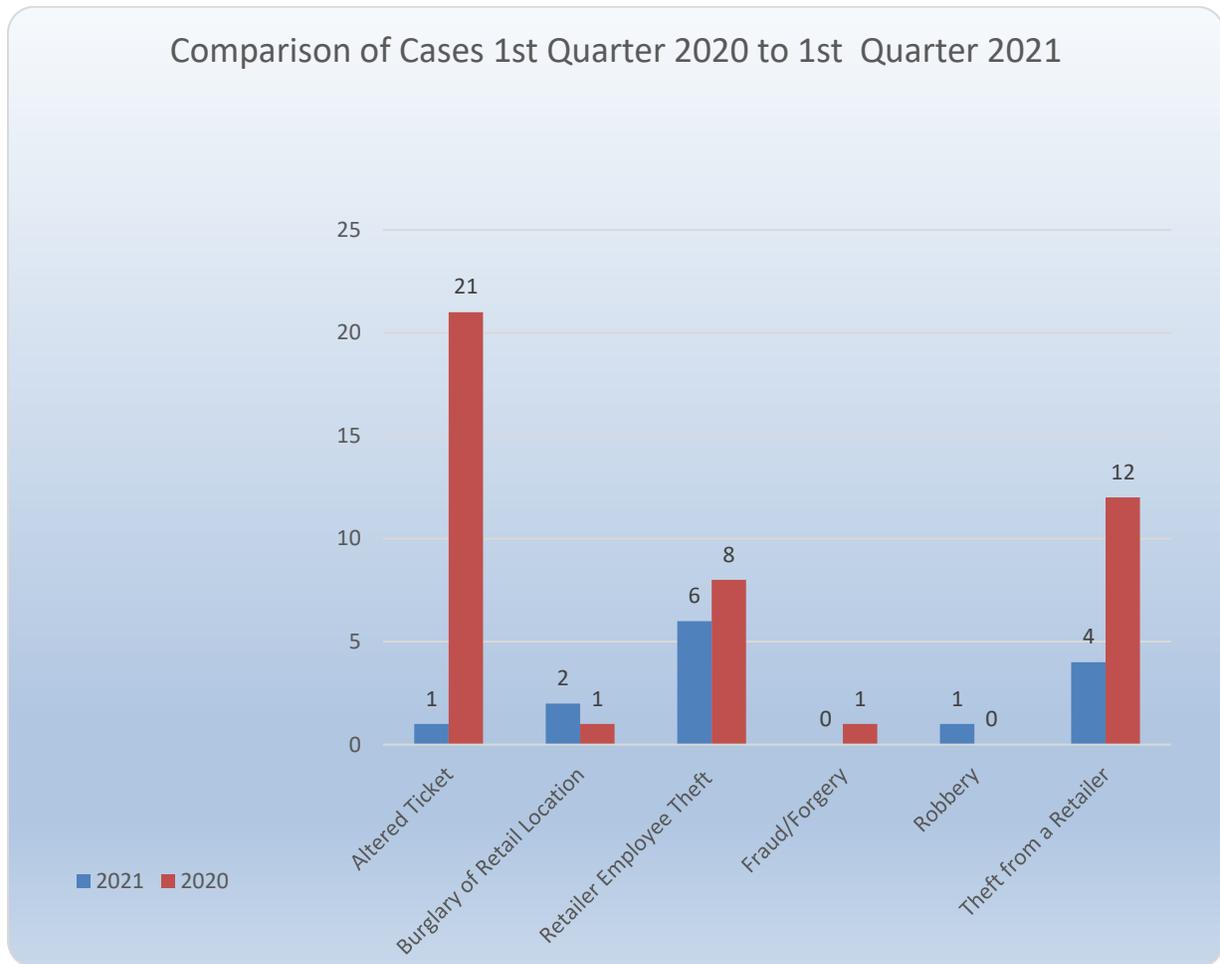
Record of Contacts 1st Quarter 2020 Compared to 1st Quarter 2021



Theft includes any allegation of a theft of Lottery product. Many incidents are unfounded once the issue is investigated and the facts and circumstances are learned. Allegations that have supporting information transition to a case.

Multiple Winner Review is a report run by Security to evaluate if there is the possibility that a repeat winner may be accumulating their winnings in some other manner than legitimate lottery play. In 2020 we changed the process and reduced the number of reviews assigned to investigators.

Comparison of Cases 1st Quarter 2020 to 1st Quarter 2021



Altered Tickets

In January and February 2020 we experienced a large volume of pull tab tickets which had been altered. Working with the DCI we were able to assist with identifying seven subjects who were responsible for this activity. All seven were charged and prosecuted.

Other Duties and Activities;

- Drawing and Winner Validation for promotional drawings, increased in 2020 because of marketing plan
- Conducted **67** compliance/inspection checks
- Assist with ticket validation and the claim process to ensure players received their winnings, (mail in and curbside claims process enacted in 2020 because of pandemic)
- Peace Officer instruction about Lottery Code 99G and Lottery Security Processes at all entry-level Iowa Law Enforcement Academies, **154** officers trained, **124** Basic Academy Students and **30** Law Enforcement Executives.



13001 University Avenue
Clive Iowa 50325-8225
www.ialottery.com
515.725.7900

Kim Reynolds · Governor
Adam Gregg · Lt. Governor
Matthew N. Strawn · Chief Executive Officer

Date: 3-30-2021

To: Iowa Lottery Board
From: Larry L. Loss
Re: 2021 Association Membership Dues

For many years, the Iowa Lottery has participated as a member of the Iowa Grocery Industry Association (IGIA), FUEL Iowa, the North American Association of State & Provincial Lotteries (NASPL) and the World Lottery Association (WLA). The Board approves all memberships for the Iowa Lottery.

At the December 15, 2020 board meeting, you approved the 2021 membership dues for NASPL. Today, we are asking for your approval to continue membership in IGIA, FUEL Iowa and WLA.

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 IGIA \$500 membership dues.

Again, this year, the Iowa Lottery is seeking approval to participate as a business associate member of FUEL Iowa. 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 FUEL Iowa \$688 membership dues.

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 around the world. As with other ventures, lottery industry problems and opportunities are not constrained or defined by international borders.

Due to WLA relocating its headquarters, we do not have an invoice at this time. We anticipate receiving the invoice in April. In preparation for the board meeting, we have confirmed that the annual membership rate will remain 5,600 Swiss Francs.

ILA staff recommends approval of the WLA 5,600 Swiss Francs (approximately \$6,056 at the monetary exchange rate when this document was prepared on March 22, 2021) membership dues.

The membership dues for all of the organizations are the same amount as last year.

We are asking for the Board's approval to continue our memberships in these associations.

Enclosed are invoices from the Iowa Grocery Industry Association and Fuel Iowa along with confirmation of the World Lottery Association membership dues.



iowa grocery industry
association
Iowa Grocery Industry Association (IGIA)
2540 106th St, Suite 102
Urbandale, IA 50322

Invoice
4382

Invoicing Date: 02/15/2021
Member ID: 319
Invoice Due: 03/01/2021

Teri Wood
Iowa Lottery
13001 University Avenue
Clive, IA 50325

Description	Qty	Rate	Amount
Annual Supplier Dues 03/01/2021 to 02/28/2022	1.00	500.00	500.00

Contributions or gifts to the Iowa Grocery Industry Association are not tax deductible as a charitable contribution for income tax purposes. However, they may be tax deductible as ordinary and necessary business expenses subject to restrictions imposed as a result of association lobbying activities. The Iowa Grocery Industry Association estimates that the deductible portion of your 2020 Dues - the portion not allocable to Lobbying - is 62%. The non-deductible portion of your dues is 38%.

Total:	500.00
Amt Paid:	0.00
Balance Due:	500.00

Member ID	Invoice	Due Date	Total Due	Total Payment Enclosed
319	4382	03/01/2021	\$500.00	\$

Please verify address and provide corrections

Teri Wood
Iowa Lottery
13001 University Avenue
Clive, IA 50325

Correct Address

Make checks payable to:

Iowa Grocery Industry Association (IGIA)
2540 106th St, Suite 102
Urbandale, IA 50322

- MasterCard
 Visa
 Discover
 American Express

Card No. _____ Exp. Date _____ Signature _____ Sec. Code _____

Convenient online payment option at: www.iowagrocers.com



Invoice

PMCI is now FUELlowa - Visit www.FUELlowa.com for details

FUELlowa
10430 New York Ave Suite F
Urbandale IA 50322
United States
info@FUELlowa.com
515-224-7545

Date 3/4/2021
Invoice # 70222

Due Date
PO #

Bill To

Iowa Lottery
13001 University Ave
Clive IA 50325
United States

Item	Quantity	Description	Rate	Amount	Tax Rate
Associate	1	Associate Dues July 2021 to June 2022	688.00	688.00	

A portion of dues payments to FUELlowa may be deductible as an ordinary business expense, but are not deductible as charitable contributions for federal income tax purposes. FUELlowa estimates that 74% of your dues (non-lobbying) may be deductible as a business expense.

Total 688.00
Amount Due \$688.00



HEADQUARTERS
World Lottery Association
 Avenue d'Ouchy 4
 1006 Lausanne
 Switzerland
 Telephone +41 21 312 10 57
 info@world-lotteries.org
 CHE-100.972.547 MWST

MONTREAL OFFICE
World Lottery Association
 c/o Loto-Québec
 500, rue Sherbrooke Ouest
 Bureau 2000
 Montréal, Québec H3A 3G6
 Canada
 Telephone +1 514 282 0273
 Fax +1 514 873 8999
 lynne.roiter@loto-quebec.com

Invoice – Regular Member – Membership Fee 2021

Iowa Lottery Authority
 13001 University Avenue,
 50325,
 Clive, IA, USA

Invoice-Nr RM 2021 138
 Category US\$ 100 to 500 million
 Invoice Date 5 March 2021
 Due Date 31 May 2021
 Concerning Regular member/ Membership fee 2021

Fee VAT exempt 0% **5600 CHF**

Please compare your annual sales for 2020 (calculated in US\$) with the fee structure below. Should they place you in a different category than indicated above, please contact Eugenia Diaz (eugenia.diaz@world-lotteries.org) at the WLA office. Upon clarification you will be sent a revised invoice.

Fee Structure Annual sales / Membership fee

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

We kindly ask you to remit the fee in question by 31 May 2021. Fees are calculated using data from the most recent edition of the WLA Global Lottery Data Compendium and accompanying World Bank official exchange rates.

Through settlement of this invoice, Iowa Lottery Authority formally reconfirms its WLA membership.

Payment details	Bank Details CHF	Others
Company	World Lottery Association CH-1006 Lausanne, Switzerland	Please send your check to: World Lottery Association
VAT N°	CHE -100.972.547.	Avenue de Provence 14
Account N°	241502-81	Case postale 6744
Bank	Crédit Suisse, 4051 Basel, Switzerland	1002 Lausanne Switzerland
Swift Address	CRESCHZZ80A	
IBAN	CH18 0483 5024 1502 8100 0	



13001 University Avenue
Clive Iowa 50325-8225
www.ialottery.com
515.725.7900

Kim Reynolds · Governor
Adam Gregg · Lt. Governor
Matthew N. Strawn · Chief Executive Officer

Date: March 30, 2021

To: Iowa Lottery Board
From: Teri Wood
Re: Advertising and Media Services Contract Extensions

The Iowa Lottery issued IL18-02 Request for Proposal, Advertising and Related Services, on January 24, 2018.

The purpose of this Request for Proposal (RFP) was to solicit proposals from qualified vendors to assist the Iowa Lottery in its brand building and strategic marketing efforts. The RFP sought solicitations for both advertising/creative services and for media services.

At its May 2018 meeting, the Iowa Lottery Board approved an award to Strategic America for the advertising/creative contract and to Bucket Media Company for the media services contract.

Both these contracts commenced on July 1, 2018, with an original 2-year term through 2020, and the option to extend four (4) additional one-year contract periods beyond the original terms.

At our board meeting on March 24, 2020 the Iowa Lottery Board approved the request to exercise the first of four available extensions of the advertising/creative agreement with Strategic America and the media services agreement with Bucket Media Company, making the term run through June 30, 2021.

Strategic America and Bucket Media Company have proven to be capable business partners, and their assistance has been a factor in the Iowa Lottery's success. The Iowa Lottery seeks to exercise the second extension period available under each of these agreements, so that the parties can continue to work together to achieve great results for Iowans.

Recommendation: The Iowa Lottery requests that the Board approve the exercise of the second of four available extensions of the advertising/creative agreement with Strategic America and the media services agreement with Bucket Media Company, making the term run through June 30, 2022.

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

THIS EXTENSION, is effective on July 1, 2021 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **STRATEGIC AMERICA** (Agency). In consideration of 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 includes 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, 2018, the Lottery and Agency entered into an Agreement for Creative Advertising Services (reference RFP 18-02). The term of the Agreement was for a two-year period with four one-year option periods. Pursuant to Section 4 of the Agreement, the second option period of the Agreement is hereby exercised through June 30, 2022. In accordance with section 6.6 of the Agreement, Agency shall be allowed an increase for all services performed after June 30, 2020 equal to 100% of the CPI change.

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 L. Loss
Executive Vice President

John C. Schreurs
President/CEO

Date _____

Date _____

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

THIS EXTENSION, is effective on July 1, 2021 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **BUCKET MEDIA** (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 Bucket Media is a Missouri corporation, whose business includes providing media purchasing services for clients. The home office address for Agency is 1123 Wilkes Blvd., Suite 400, Columbia, MO 65201. The Iowa office for Bucket Media is 5721 Merle Hay Road, Suite 24, Johnston, IA 50131.

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, 2018, the Lottery and the Agency entered into an Agreement (reference RFP 18-02) 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 April 2019 the Agreement was amended to reflect a revised Schedule B for Rate Schedule. Pursuant to Section 4 of the Agreement, the term of the Agreement is hereby extended for the second option period through June 30, 2022. Agency shall be paid \$31,500 on a monthly basis for the work set forth in Schedule A and the Amendment one. The Lottery shall pay all approved invoices in arrears and in conformance with Iowa Code Section 8A.514 and 11 IAC, 41.1(2).

SECTION 4. PROGRAMMING PARAMETERS. The Agency shall direct media planning and advertising placement in a manner designed to produce measurable results while maintaining the dignity of the Lottery and the State of Iowa. The parties shall develop and adopt written criteria for programming parameters that the Agency agrees to follow as closely as reasonably possible. The parties may update this written criteria from time to time at the direction of the Lottery.

SECTION 5. 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 6. AUTHORIZATION. Each party to this Agreement represents and warrants to the other that:

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

6.2 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 7. 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

Bucket Media

Larry L. Loss
Executive Vice President

Keri Tipton
President/CEO

Date _____

Date _____