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

# AGENDA

## IOWA LOTTERY BOARD

June 30, 2022  
10:30 am

**Dial In: 515-206-9299**

(No PIN # is required to join the call)

- I. Call to Order
  - a. Approval of Agenda
  - b. Approval of Minutes from March 22, 2022 Board Mtg
- II. CEO Update
- III. Quarterly Reports
  - a. Marketing
  - b. External Relations
  - c. Security
  - d. Finance
- IV. FY23 Budget Revisions
- V. Key Personnel
  - a. Chief Revenue Officer
  - b. Organization Updates
  - c. FY23 Key Employee Pay Plan/Compensation
- VI. Fiscal Policy Update
- VII. Security Background Policy Update
- VIII. Contracts
  - a. Pull-Tab Printing
  - b. Assignment of Scientific Games' Contracts
- IX. Administrative Rule Changes
- X. Lotto America Game Rules Update
- XI. Election of Officers
- XII. 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

March 22, 2022

10:30 a.m.

The Iowa Lottery Board convened at 10:30 a.m.; Board Chairperson Josh Cook presiding.

**Board Members Present:**

Josh Cook, John Quinn, Sherrae Hanson, Mary Rathje

**Board Members Present on Teleconference:**

Mary Junge, Hon. Michael Fitzgerald.

**Board Members Absent:**

None.

**Lottery Staff Participating:**

Matt Strawn, CEO; Larry Loss, EVP/COO; Megan Tooker, VP, General Counsel; Mary Neubauer, VP, External Relations; Hale Strasser, VP, IT Systems; Kim Knight, VP, Finance and CFO; David Ranscht, AAG; Deb Bassett, Board Secretary.

**Others Present:**

Steve Waymire, DSM PD; John Schreurs, Strategic America.

**Others Present on Teleconference:**

Dave Berger, Scientific Games.

**CALL TO ORDER**

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

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

**APPROVAL OF AGENDA**

Hanson moved to approve the agenda for the meeting. Junge seconded. Motion carried unanimously.

**APPROVAL OF MINUTES**

Quinn moved to approve the December 16, 2021 Board meeting minutes. Rathje seconded. Motion carried unanimously.

**CEO UPDATE**

Strawn gave a CEO report. As expected, year-over-year sales leveled out during the second half of the fiscal year. To date, FY22 sales total \$291,409,434 and trail last year's record sales by 0.5 percent. FY22 sales continue to outpace budget projections by 21.29 percent and the actual five-year sales average by 15.9 percent.

FY22 proceeds total \$65,995,037 through February. FY22 proceeds are running ahead of budget projections by 34.48 percent and ahead of the actual five-year average by 13.24 percent. However, FY22 proceeds lag the record setting pace of FY21 by 4.7 percent.

Scratch ticket sales have dipped slightly compared to last year. As Iowans pay more at the pump, more to heat their homes, and more for groceries, they have less discretionary income for entertainment products, like Lottery tickets. Inflationary pressures also affect the Lottery's operating expenses. An analysis of the monthly operating budget indicates that 82 percent more has been spent on fuel in February 2022 compared to February 2020.

Strawn concluded his report by stating the Lottery will continue to analyze the impact of rising fuel and commodity costs on Lottery sales as more months of data is collected.

## **QUARTERLY REPORTS**

### **Security:**

Loss gave the security report. From January – March 2022, investigators opened 20 cases during the timeframe; 17 of the cases involved theft. Eleven cases have been closed and investigators continue to work to close the 9 remaining cases. There were also 124 records of contact. Ticket reconstruction, customer assists, retailer assists, and theft were the most often requested services. Beginning in April, investigators will resume compliance checks at retail locations.

Loss also recognized Martha Scanlan, Security Investigator, for her interim role in leading the Security department upon Cam Coppess's retirement.

### **Sales and Marketing:**

Loss gave the marketing report. The holiday promotion, Warehouse Dash®, resulted in more than 136,000 entries for the warehouse dash shopping spree and almost 500,000 entries for the cash prizes. Winners of the warehouse dash prize will be going to Chicago in April for a 90-second shopping spree experience.

An Instaplay® promotion that ran from January – February 2022 received 129,000 entries and 30 winners split \$228,000 in prizes. A Lotto America® promotion will be ending soon; 32 players will win prizes totaling \$100,000, with prizes ranging from \$1,000 to \$20,000.

Loss concluded his report by stating staff have been working on several new promotions that will be announced in the coming weeks and months. The Lottery will offer one-of-a-kind experiences that will encourage Iowans to “think outside.”

Strawn noted that Teri Wood recently retired and commended her contributions to the Lottery as the VP of Sales and Marketing.

### **External Relations:**

Neubauer gave an External Relations report focusing on Lottery Board-related developments during the 2022 legislative session and efforts to provide services for problem gambling in Iowa.

The Governor has nominated Dana Wingert of Des Moines as a member of the Board.

March is National Problem Gambling Awareness Month. The Lottery and the Iowa Department of Public Health have partnered on a public service campaign to highlight the help available for those who are struggling with problem gambling. The public service announcements highlight the help available through YourLifeIowa.com and 1-800-BETSOFF. The 2022 campaign effort secured a record \$445,876 in statewide media assets for problem gambling messages. Combined with 2020 and 2021 campaigns, the Lottery has secured nearly \$1.5 million in media value during the past three year.

#### **IT Systems:**

Strasser provided an IT report. The Lottery and Scientific Games are currently switching out existing self-service kiosks with newer units that have debit card readers at retailer locations across the state. The IT staff is also working on a laptop deployment project; they are replacing most desktop computers at HQ with laptops and docking stations.

Strasser concluded his report by talking about endpoint protection and stated that IT has recently updated Forticlient EMS.

#### **Financial:**

Knight gave a financial report. Through February, YTD sales are \$291.4 million. The YTD sales are ahead of budget by \$51.1 million, or just over 21%; while, YTD sales are \$1.4 million, or 0.5%, below sales for the same time last year.

Through February, YTD proceeds are just shy of \$66 million. The YTD proceeds are ahead of budget by \$16.9 million, or 34.5%; while, YTD proceeds are \$3.2 million, or 4.7%, below proceeds for the same time last year.

The FY2021 sales and proceeds reflected the high jackpots in the Mega Millions® and Powerball® games, both simultaneously topping \$700 million in January 2021. The Mega Millions jackpot grew to more than \$1 billion, the second-largest in the game's history. FY2022 sales in the Powerball and Lucky for Life® games continue to trend above FY2021 due to the increase in draw frequency of Powerball (August) to 3 times a week and Lucky for Life (July) to daily draws.

YTD prize expense through February was comparable to FY2021 at \$185 million.

YTD operating expenses through February remain under budget at \$8.8 million and are comparable to the 5-year average.

Knight concluded her report by noting the FY2021 final financial statements, including the 5-year comparison report, reflect the Lottery's record year, which generated \$101.7 million in proceeds and record sales of over \$452 million.

Hanson moved to approve the quarterly reports. Junge seconded. Motion carried unanimously.

#### **FISCAL POLICY UPDATE**

Knight requested the Board approve one fiscal policy change. The required update is due to the impact of Iowa Code section 80.45A – Human Trafficking Prevention Training, on in-state lodging requirements and the use of public funds. The statute requires employees to confirm in-state lodging providers are certified by the Department of Public Safety prior to spending public funds for in-state lodging, conferences, meetings, or other state-funded events.

Rathje moved to approve the fiscal policy update. Quinn seconded. Motion carried unanimously.

### **CONTRACT EXTENSIONS**

Tooker requested that the Board approve the third of four available extensions of the advertising/creative agreement with Strategic America and the media services agreement with Bucket Media Company, through June 30, 2023. The Strategic America contract has a price increase built into the contract based on the CPI. The Bucket Media contract has a flat-monthly fee which did not increase.

Hanson moved to approve the contract extensions with Strategic America and Bucket Media. Quinn seconded. Motion carried unanimously.

### **PULL-TAB VENDING MACHINE MAINTENANCE AGREEMENT**

Tooker requested that the Board approve a pull-tab vending machine maintenance agreement with American Games through 2023 with the option to do one extension for the year 2024.

Junge moved to approve the maintenance agreement with American Games. Rathje seconded. Motion carried unanimously.

### **KEY PERSONNEL**

Strawn informed the Board that Steve Waymire has successfully completed an L-1 background investigation for the VP, Security position. Strawn recommended the Board approve the hiring of Steve Waymire as the VP, Security with a salary of \$130,353.60 annually.

Hanson moved to approve Steve Waymire as the VP, Security. Quinn seconded. Motion carried unanimously.

Rathje moved to approve the starting salary for Steve Waymire. Junge seconded. Motion carried unanimously.

Strawn provided additional key employee updates. The recent retirement of Teri Wood, VP of Sales and Marketing provided an opportunity to review and change the structure of the Lottery's Sales and Marketing department to better align departmental responsibilities for the future. These changes include:

- Replacing the key employee position of Vice President, Sales and Marketing (pay grade 4) with the newly created position of Chief Revenue Officer (pay grade 03). The CRO will be an integral member of the Lottery's management team and will be responsible for business development and revenue growth strategies; data-driven sales and marketing initiatives; and strengthening relationships with retail licensees. The position will directly supervise the Sales and Retail Services Bureau and the Marketing and Advertising Bureau.
- Changing Mike Loss's title from Director of Retail Services to Director, Sales and Retail Services. The paygrade for the position will remain the same.
- Promoting Cory Hart, Advertising Manager, to the newly created key employee position, Director, Marketing and Advertising (pay grade 01) upon successful completion of an L-1 background investigation.

Strawn recommended the following actions with respect to key employees in the Sales and Marketing department:

- Approve a change in Mike Loss's title from Director of Retail Services to Director, Sales and Retail Services.

- Pending successful completion of an L-1 investigation, approve Cory Hart as Director, Marketing and Advertising with a salary of \$101,940.80 (pay grade 01).

Quinn moved to approve the key employee actions for Loss and Hart. Hanson seconded. Motion carried unanimously.

#### **BOARD MEMBER RECOGNITION**

John Quinn did not seek reappointment to the Lottery Board; his term will end April 20, 2022. Strawn recognized Quinn for his service to the Iowa Lottery Board.

#### **ADJOURNMENT**

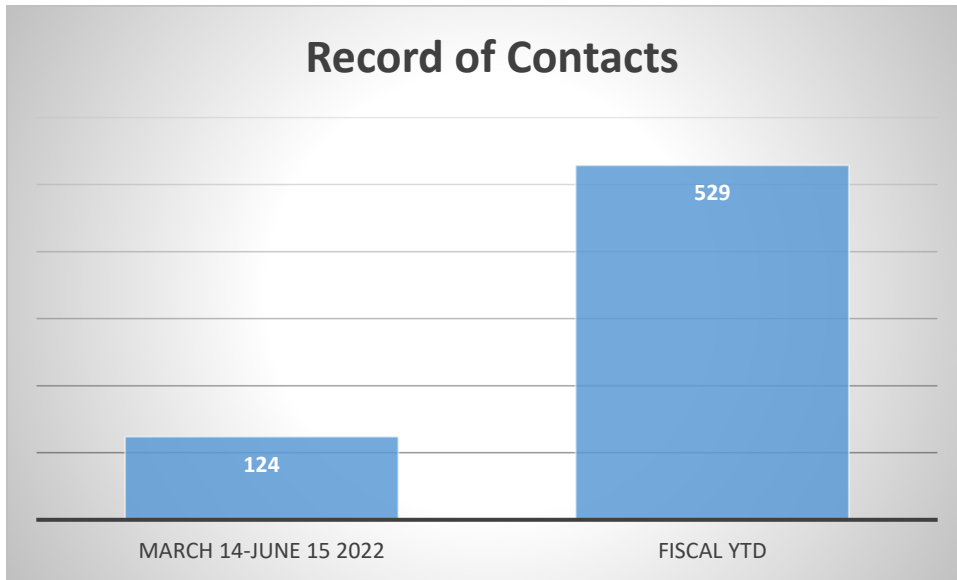
Hanson moved to adjourn. Rathje seconded. Motion carried unanimously.

Meeting adjourned at 11:34 a.m.

# SECURITY REPORT

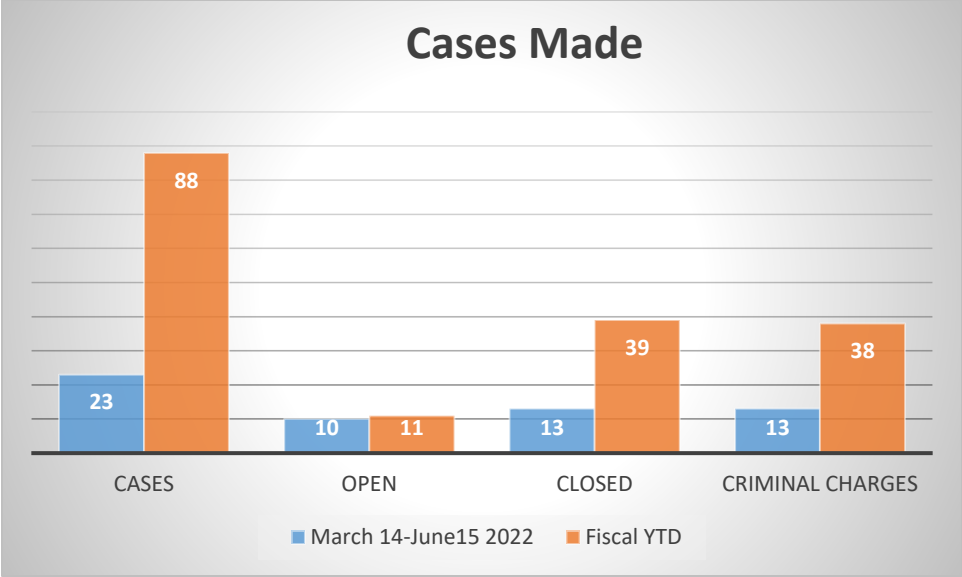
## JUNE 2022

Security personnel perform a variety of tasks at the lottery. In addition to normal physical and cybersecurity functions, security personnel also assist with drawings, perform quality control checks on new scratch tickets, work with validations on large winners, assist customers with damaged and lost tickets, and educate law enforcement across the state on laws pertaining to the lottery.

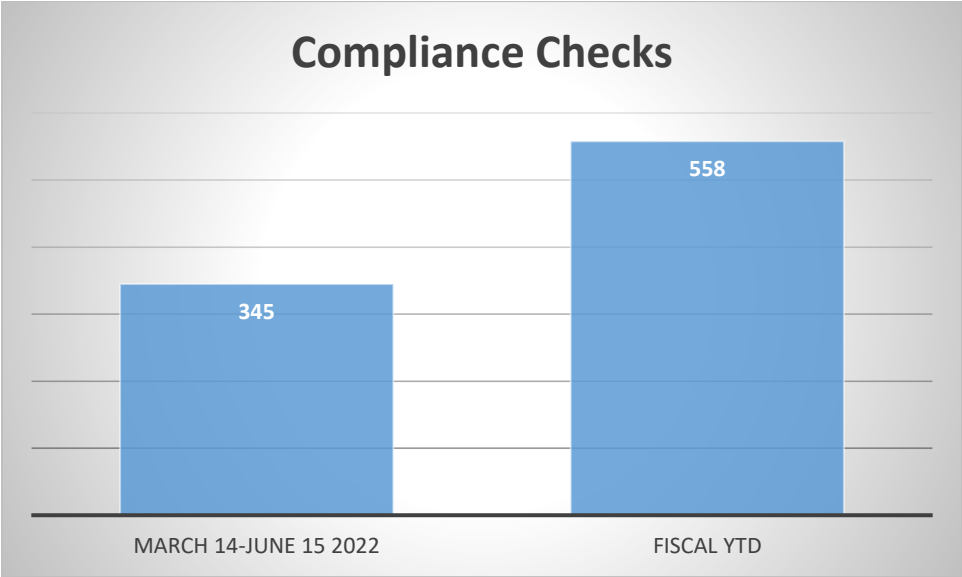


Records of contact for this quarter include the following categories:

- |                            |                             |
|----------------------------|-----------------------------|
| Burglary: 2                | Compliance under age: 1     |
| Customer assist: 14        | Damaged tickets shipping: 2 |
| IS audit: 2                | Law enforcement: 1          |
| Missing tickets: 6         | Missing tickets shipping: 5 |
| Multiple winner review: 1  | Other: 3                    |
| Quality control checks: 15 | Region assist: 3            |
| Retailer assist: 7         | Theft: 20                   |
| Ticket reconstruction: 23  | Validations: 5              |
| Validations draw: 4        | Validations winner: 9       |



Nineteen of the 23 cases for this quarter involve theft, 12 of those were retail employee theft cases.



The Security department has a goal of conducting compliance checks on at least 20% of all licensed retailers annually. There are 2485 licensed retailers in Iowa, security performed checks on 22.5% of them for the fiscal year. Each store is contacted and given results after the check is complete.



IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2022  
May 31, 2022

| MONTH                     |                | JUL        | AUG        | SEP         | OCT         | NOV         | DEC         | JAN         | FEB         | MAR         | APR         | MAY         | JUN         |
|---------------------------|----------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Sales</b>        | Budget FY 2022 | 28,850,099 | 28,712,965 | 26,265,499  | 30,937,029  | 28,183,524  | 31,044,582  | 36,553,908  | 29,716,412  | 34,045,438  | 31,533,328  | 34,080,388  | 31,076,828  |
|                           | Actual '22     | 34,805,463 | 35,848,683 | 38,190,315  | 35,863,981  | 33,793,692  | 39,055,540  | 41,561,778  | 32,289,982  | 36,665,395  | 36,660,496  | 34,169,472  | -           |
| <b>Prize Expense</b>      | Budget FY 2022 | 17,803,859 | 17,684,726 | 16,317,930  | 18,837,948  | 17,579,299  | 19,268,874  | 22,162,239  | 18,523,184  | 21,085,431  | 19,823,847  | 21,281,050  | 19,353,613  |
|                           | Actual '22     | 22,212,471 | 23,030,405 | 23,405,501  | 22,622,122  | 20,920,915  | 25,873,345  | 25,533,663  | 21,427,554  | 23,447,700  | 23,213,448  | 21,538,971  | -           |
| <b>Operating Expenses</b> | Budget FY 2022 | 1,322,221  | 1,312,536  | 1,294,305   | 1,265,329   | 1,320,576   | 1,356,233   | 1,258,347   | 1,216,305   | 1,313,712   | 1,303,848   | 1,303,084   | 1,388,905   |
|                           | Actual '22     | 1,042,718  | 1,128,836  | 1,128,261   | 1,155,601   | 1,126,787   | 1,075,638   | 1,109,279   | 1,033,959   | 1,171,228   | 1,088,538   | 1,093,344   | -           |
| <b>Total Proceeds</b>     | Budget FY 2022 | 7,843,454  | 5,222,891  | 5,201,418   | 6,267,171   | 5,474,976   | 4,708,692   | 8,195,292   | 6,159,726   | 5,684,356   | 6,415,285   | 6,559,410   | 5,767,746   |
|                           | Actual '22     | 7,924,582  | 7,352,489  | 9,614,890   | 8,364,150   | 7,867,371   | 8,011,186   | 10,483,802  | 6,376,567   | 7,948,894   | 8,261,301   | 7,510,304   | -           |
| <b>YEAR TO DATE</b>       |                |            |            |             |             |             |             |             |             |             |             |             |             |
| <b>Gross Sales</b>        | Budget FY 2022 | 28,850,099 | 57,563,064 | 83,828,563  | 114,765,592 | 142,949,116 | 173,993,698 | 210,547,606 | 240,264,018 | 274,309,456 | 305,842,784 | 339,923,172 | 371,000,000 |
|                           | Actual '22     | 34,805,463 | 70,654,146 | 108,844,461 | 144,708,442 | 178,502,134 | 217,557,674 | 259,119,452 | 291,409,434 | 328,074,829 | 364,735,325 | 398,904,797 | -           |
| <b>Prize Expense</b>      | Budget FY 2022 | 17,803,859 | 35,488,585 | 51,806,515  | 70,644,463  | 88,223,762  | 107,492,636 | 129,654,875 | 148,178,059 | 169,263,490 | 189,087,337 | 210,368,387 | 229,722,000 |
|                           | Actual '22     | 22,212,471 | 45,242,876 | 68,648,377  | 91,270,499  | 112,191,414 | 138,064,759 | 163,598,422 | 185,025,976 | 208,473,676 | 231,687,124 | 253,226,095 | -           |
| <b>Operating Expenses</b> | Budget FY 2022 | 1,322,221  | 2,634,757  | 3,929,062   | 5,194,391   | 6,514,967   | 7,871,200   | 9,129,547   | 10,345,852  | 11,659,564  | 12,963,412  | 14,266,496  | 15,655,401  |
|                           | Actual '22     | 1,042,718  | 2,171,554  | 3,299,815   | 4,455,416   | 5,582,203   | 6,657,841   | 7,767,120   | 8,801,079   | 9,972,307   | 11,060,845  | 12,154,189  | -           |
| <b>Total Proceeds</b>     | Budget FY 2022 | 7,843,454  | 13,066,345 | 18,267,763  | 24,534,934  | 30,009,910  | 34,718,602  | 42,913,894  | 49,073,620  | 54,757,976  | 61,173,261  | 67,732,671  | 73,500,417  |
|                           | Actual '22     | 7,924,582  | 15,277,071 | 24,891,961  | 33,256,111  | 41,123,482  | 49,134,668  | 59,618,470  | 65,995,037  | 73,943,931  | 82,205,232  | 89,715,536  | -           |

**Current Month Year to Date**

|  |        |        |
|--|--------|--------|
| Prize Payout - Budget                            | 62.44% | 61.89% |
| Prize Payout - Actual                            | 63.04% | 63.48% |
| Sales - Actual increase (decrease) vs. Budget    |        | 17.35% |
| Proceeds - Actual increase (decrease) vs. Budget |        | 32.46% |

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2022

| May 31, 2022       |                | JUL        | AUG        | SEP        | OCT        | NOV        | DEC        | JAN        | FEB        | MAR        | APR        | MAY        | JUN        |
|--------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| MONTH              |                |            |            |            |            |            |            |            |            |            |            |            |            |
| Gross Sales        | Budget FY 2022 | 28,850,099 | 28,712,965 | 26,265,499 | 30,937,029 | 28,183,524 | 31,044,582 | 36,553,908 | 29,716,412 | 34,045,438 | 31,533,328 | 34,080,388 | 31,076,828 |
|                    | 5-year av.     | 30,903,653 | 30,833,189 | 27,642,879 | 32,737,660 | 29,623,090 | 32,068,549 | 37,134,062 | 30,491,376 | 35,483,164 | 33,252,815 | 35,622,626 | 31,935,086 |
|                    | 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 | 40,320,964 | 42,376,935 | 41,588,709 | 35,408,261 |
|                    | Actual '22     | 34,805,463 | 35,848,683 | 38,190,315 | 35,863,981 | 33,793,692 | 39,055,540 | 41,561,778 | 32,289,982 | 36,665,395 | 36,660,496 | 34,169,472 | -          |
| Prize Expense      | Budget FY 2022 | 17,803,859 | 17,684,726 | 16,317,930 | 18,837,948 | 17,579,299 | 19,268,874 | 22,162,239 | 18,523,184 | 21,085,431 | 19,823,847 | 21,281,050 | 19,353,613 |
|                    | 5-year av.     | 18,996,278 | 19,305,258 | 17,358,134 | 20,238,554 | 18,096,352 | 21,305,098 | 22,380,263 | 18,233,000 | 23,274,297 | 20,739,354 | 22,062,620 | 20,060,094 |
|                    | 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 | 27,590,811 | 27,743,840 | 26,112,404 | 23,012,504 |
|                    | Actual '22     | 22,212,471 | 23,030,405 | 23,405,501 | 22,622,122 | 20,920,915 | 25,873,345 | 25,533,663 | 21,427,554 | 23,447,700 | 23,213,448 | 21,538,971 | -          |
| Operating Expenses | Budget FY 2022 | 1,322,221  | 1,312,536  | 1,294,305  | 1,265,329  | 1,320,576  | 1,356,233  | 1,258,347  | 1,216,305  | 1,313,712  | 1,303,848  | 1,303,084  | 1,388,905  |
|                    | 5-year av.     | 1,079,786  | 1,083,580  | 1,050,986  | 1,123,971  | 1,113,579  | 1,082,294  | 1,123,426  | 1,018,592  | 1,089,177  | 1,088,116  | 1,168,525  | 1,518,266  |
|                    | 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  | 1,192,141  | 1,120,108  | 1,182,708  | 1,713,450  |
|                    | Actual '22     | 1,042,718  | 1,128,836  | 1,128,261  | 1,155,601  | 1,126,787  | 1,075,638  | 1,109,279  | 1,033,959  | 1,171,228  | 1,088,538  | 1,093,344  | -          |
| Total Proceeds     | Budget FY 2022 | 7,843,454  | 5,222,891  | 5,201,418  | 6,267,171  | 5,474,976  | 4,708,692  | 8,195,292  | 6,159,726  | 5,684,356  | 6,415,285  | 6,559,410  | 5,767,746  |
|                    | 5-year av.     | 7,444,689  | 6,635,464  | 6,222,668  | 7,953,862  | 6,858,920  | 6,015,135  | 9,324,697  | 7,823,558  | 6,972,907  | 7,854,595  | 8,550,150  | 7,145,897  |
|                    | 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  | 6,701,785  | 9,034,938  | 9,991,764  | 6,803,014  |
|                    | Actual '22     | 7,924,582  | 7,352,489  | 9,614,890  | 8,364,150  | 7,867,371  | 8,011,186  | 10,483,802 | 6,376,567  | 7,948,894  | 8,261,301  | 7,510,304  | -          |

YEAR TO DATE

|                    |                |            |            |             |             |             |             |             |             |             |             |             |             |
|--------------------|----------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Sales        | Budget FY 2022 | 28,850,099 | 57,563,064 | 83,828,563  | 114,765,592 | 142,949,116 | 173,993,698 | 210,547,606 | 240,264,018 | 274,309,456 | 305,842,784 | 339,923,172 | 371,000,000 |
|                    | 5-year av.     | 30,903,653 | 61,736,842 | 89,379,721  | 122,117,381 | 151,740,471 | 183,809,020 | 220,943,082 | 251,434,458 | 286,917,622 | 320,170,437 | 355,793,063 | 387,728,149 |
|                    | 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 | 333,218,106 | 375,595,041 | 417,183,750 | 452,592,011 |
|                    | Actual '22     | 34,805,463 | 70,654,146 | 108,844,461 | 144,708,442 | 178,502,134 | 217,557,674 | 259,119,452 | 291,409,434 | 328,074,829 | 364,735,325 | 398,904,797 | -           |
| Prize Expense      | Budget FY 2022 | 17,803,859 | 35,488,585 | 51,806,515  | 70,644,463  | 88,223,762  | 107,492,636 | 129,654,875 | 148,178,059 | 169,263,490 | 189,087,337 | 210,368,387 | 229,722,000 |
|                    | 5-year av.     | 18,996,278 | 38,301,536 | 55,659,670  | 75,898,224  | 93,994,576  | 115,299,674 | 137,679,937 | 155,912,937 | 179,187,234 | 199,926,588 | 221,989,208 | 242,049,302 |
|                    | 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 | 212,008,481 | 239,752,321 | 265,864,725 | 288,877,229 |
|                    | Actual '22     | 22,212,471 | 45,242,876 | 68,648,377  | 91,270,499  | 112,191,414 | 138,064,759 | 163,598,422 | 185,025,976 | 208,473,676 | 231,687,124 | 253,226,095 | -           |
| Operating Expenses | Budget FY 2022 | 1,322,221  | 2,634,757  | 3,929,062   | 5,194,391   | 6,514,967   | 7,871,200   | 9,129,547   | 10,345,852  | 11,659,564  | 12,963,412  | 14,266,496  | 15,655,401  |
|                    | 5-year av.     | 1,079,786  | 2,163,366  | 3,214,352   | 4,338,323   | 5,451,902   | 6,534,196   | 7,657,622   | 8,676,214   | 9,765,391   | 10,853,507  | 12,022,032  | 13,540,298  |
|                    | 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   | 9,811,209   | 10,931,317  | 12,114,025  | 13,827,475  |
|                    | Actual '22     | 1,042,718  | 2,171,554  | 3,299,815   | 4,455,416   | 5,582,203   | 6,657,841   | 7,767,120   | 8,801,079   | 9,972,307   | 11,060,845  | 12,154,189  | -           |
| Total Proceeds     | Budget FY 2022 | 7,843,454  | 13,066,345 | 18,267,763  | 24,534,934  | 30,009,910  | 34,718,602  | 42,913,894  | 49,073,620  | 54,757,976  | 61,173,261  | 67,732,671  | 73,500,417  |
|                    | 5-year av.     | 7,444,689  | 14,080,153 | 20,302,821  | 28,256,683  | 35,115,603  | 41,130,738  | 50,455,435  | 58,278,993  | 65,251,900  | 73,106,495  | 81,656,645  | 88,802,542  |
|                    | 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  | 75,917,779  | 84,952,717  | 94,944,481  | 101,747,495 |
|                    | Actual '22     | 7,924,582  | 15,277,071 | 24,891,961  | 33,256,111  | 41,123,482  | 49,134,668  | 59,618,470  | 65,995,037  | 73,943,931  | 82,205,232  | 89,715,536  | -           |

|  | Current Month | Year to Date |
|--|---------------|--------------|
| Prize Payout - Budget                                    | 62.44%        | 61.89%       |
| Prize Payout - 5-Year Average                            | 61.93%        | 62.39%       |
| Prize Payout - Actual                                    | 63.04%        | 63.48%       |
| Sales - Actual increase (decrease) vs. 5-Year Average    |               | 12.12%       |
| Proceeds - Actual increase (decrease) vs. 5-Year Average |               | 9.87%        |
| Sales - Actual increase (decrease) vs. Budget            |               | 17.35%       |
| Proceeds - Actual increase (decrease) vs. Budget         |               | 32.46%       |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Eleven Months Ending Tuesday, May 31, 2022**

|   | Month ended<br>5/31/2022 | Month ended<br>5/31/2021 | Year-to-date<br>5/31/2022 | Year-to-date<br>5/31/2021 |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
| <b>Operating revenues:</b>                |                          |                          |                           |                           |
| Instant-scratch ticket sales              | \$ 24,175,949.00         | \$ 29,309,926.00         | \$ 270,864,245.45         | \$ 290,833,256.00         |
| InstaPlay sales                           | 1,854,826.00             | 1,976,183.00             | 21,373,510.00             | 22,049,304.00             |
| Pick 3 sales                              | 780,974.50               | 833,535.00               | 8,542,546.00              | 8,744,573.00              |
| Powerball sales                           | 2,939,731.50             | 3,564,285.00             | 49,052,198.00             | 40,418,042.50             |
| Mega Millions Sales                       | 1,520,027.00             | 3,219,738.00             | 18,601,442.00             | 27,601,765.00             |
| Pick 4 sales                              | 485,552.00               | 484,661.00               | 5,141,614.00              | 5,006,330.00              |
| Lucky for Life sales                      | 703,658.00               | 481,674.00               | 7,400,348.00              | 5,134,102.00              |
| Lotto America sales                       | 650,132.00               | 601,896.00               | 6,292,279.00              | 5,806,095.00              |
| Pull-tab sales                            | 1,058,622.00             | 1,116,811.16             | 11,636,614.83             | 11,590,282.26             |
| Application fees                          | 375.00                   | 225.00                   | 5,050.00                  | 4,200.00                  |
| Other                                     | 293.86                   | 1,355.28                 | 12,281.81                 | 5,387.04                  |
| Total operating revenues                  | <u>34,170,140.86</u>     | <u>41,590,289.44</u>     | <u>398,922,129.09</u>     | <u>417,193,336.80</u>     |
| <b>Operating expenses:</b>                |                          |                          |                           |                           |
| Scratch ticket prizes                     | 15,799,852.00            | 19,102,125.34            | 180,729,307.20            | 193,942,519.57            |
| InstaPlay prizes                          | 1,340,478.68             | 1,540,362.78             | 15,652,759.66             | 16,187,195.52             |
| Pick 3 prizes                             | 468,584.70               | 500,121.00               | 5,125,527.60              | 5,289,446.20              |
| Powerball prizes                          | 1,470,788.00             | 1,782,204.00             | 24,533,755.50             | 20,209,700.50             |
| Mega Millions prizes                      | 765,963.46               | 1,609,869.00             | 9,298,876.30              | 13,800,882.50             |
| Pick 4 prizes                             | 291,331.20               | 290,796.60               | 3,084,968.40              | 3,003,798.00              |
| Lucky for Life prizes                     | 418,208.57               | 286,273.00               | 4,394,615.19              | 3,284,904.04              |
| Lotto America prizes                      | 325,066.00               | 300,948.00               | 3,146,139.50              | 2,903,047.50              |
| Pull-tab prizes                           | 658,698.13               | 699,704.72               | 7,260,145.34              | 7,243,231.18              |
| Advertising/publicity                     | 776,560.73               | 535,049.26               | 7,754,615.22              | 6,439,436.02              |
| Retailer compensation expense             | 2,239,524.34             | 2,734,422.82             | 26,063,280.43             | 27,373,735.64             |
| Ticket expense                            | 137,742.15               | 345,318.78               | 3,055,317.85              | 3,303,093.54              |
| Vendor compensation expense               | 526,839.35               | 564,153.95               | 6,110,890.21              | 5,755,973.61              |
| Salary and benefits                       | 862,862.23               | 850,220.25               | 9,674,285.01              | 9,735,687.04              |
| Travel                                    | 25,687.19                | 29,729.98                | 255,395.47                | 172,529.63                |
| Supplies                                  | 11,541.12                | 12,505.11                | 108,852.07                | 101,127.95                |
| Printing                                  | 377.50                   | -                        | 4,571.17                  | 1,891.27                  |
| Postage                                   | 299.55                   | 332.34                   | 9,938.25                  | 6,991.76                  |
| Communications                            | 14,429.81                | 13,766.31                | 166,328.47                | 153,140.81                |
| Rentals                                   | 17,796.00                | 23,950.12                | 195,868.31                | 279,555.18                |
| Utilities                                 | 5,669.70                 | 6,088.73                 | 83,097.59                 | 81,084.12                 |
| Professional fees                         | 8,241.00                 | 10,939.64                | 92,693.78                 | 109,710.33                |
| Vending machine maintenance               | 22,848.00                | 21,840.00                | 248,304.00                | 239,326.25                |
| Outside services and repairs              | 90,062.37                | 82,943.22                | 1,189,515.67              | 794,112.41                |
| Data processing                           | 10,714.99                | 10,712.02                | 118,271.36                | 117,992.62                |
| Equipment                                 | 36,498.60                | 157,462.71               | 374,869.95                | 472,090.71                |
| Reimbursement to other state agencies     | 35,836.78                | 61,774.10                | 450,691.58                | 419,334.49                |
| Depreciation                              | 46,821.13                | 38,558.57                | 477,928.74                | 418,156.44                |
| Other                                     | 9,622.07                 | 4,170.27                 | 62,795.03                 | 48,942.34                 |
| MUSL/Lotto administrative expense         | 2,536.32                 | 712.23                   | 28,965.96                 | 8,232.71                  |
| Total operating expenses                  | <u>26,421,481.67</u>     | <u>31,617,054.85</u>     | <u>309,752,570.81</u>     | <u>321,896,869.88</u>     |
| Operating income                          | <u>7,748,659.19</u>      | <u>9,973,234.59</u>      | <u>89,169,558.28</u>      | <u>95,296,466.92</u>      |
| <b>Non-operating revenue (expenses):</b>  |                          |                          |                           |                           |
| Proceeds to state causes                  | (7,510,303.59)           | (9,991,764.36)           | (89,715,538.02)           | (94,944,480.24)           |
| Interest income                           | 7,101.52                 | 4,579.01                 | 47,825.44                 | 55,025.26                 |
| Gain (Loss) on disposal of capital assets | -                        | -                        | 38,672.00                 | 18,400.00                 |
| Net non-operating revenues (expenses)     | <u>(7,503,202.07)</u>    | <u>(9,987,185.35)</u>    | <u>(89,629,040.58)</u>    | <u>(94,871,054.98)</u>    |
| Change in net position                    | <u>245,457.12</u>        | <u>(13,950.76)</u>       | <u>(459,482.30)</u>       | <u>425,411.94</u>         |
| Net position beginning of period          | 3,696,610.13             | 4,688,716.81             | 4,401,549.55              | 4,249,354.11              |
| Net position end of period                | <u>3,942,067.25</u>      | <u>4,674,766.05</u>      | <u>3,942,067.25</u>       | <u>4,674,766.05</u>       |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Ten Months Ending Saturday, April 30, 2022**

|  | Month ended<br>4/30/2022 | Month ended<br>4/30/2021 | Year-to-date<br>4/30/2022 | Year-to-date<br>4/30/2021 |
|--|--------------------------|--------------------------|---------------------------|---------------------------|
| <b>Operating revenues:</b>                   |                          |                          |                           |                           |
| Instant-scratch ticket sales                 | \$ 24,432,092.00         | \$ 31,811,838.00         | \$ 246,688,296.45         | \$ 261,523,330.00         |
| InstaPlay sales                              | 1,811,892.00             | 2,106,737.00             | 19,518,684.00             | 20,073,121.00             |
| Pick 3 sales                                 | 791,020.00               | 888,894.50               | 7,761,571.50              | 7,911,038.00              |
| Powerball sales                              | 5,405,818.00             | 2,435,978.00             | 46,112,466.50             | 36,853,757.50             |
| Mega Millions Sales                          | 1,271,076.00             | 2,265,442.00             | 17,081,415.00             | 24,382,027.00             |
| Pick 4 sales                                 | 474,324.00               | 497,234.00               | 4,656,062.00              | 4,521,669.00              |
| Lucky for Life sales                         | 696,830.00               | 491,096.00               | 6,696,690.00              | 4,652,428.00              |
| Lotto America sales                          | 746,044.00               | 514,453.00               | 5,642,147.00              | 5,204,199.00              |
| Pull-tab sales                               | 1,031,400.00             | 1,365,262.33             | 10,577,992.83             | 10,473,471.10             |
| Application fees                             | 275.00                   | 675.00                   | 4,675.00                  | 3,975.00                  |
| Other  | 536.45                   | 763.10                   | 11,987.95                 | 4,031.76                  |
| <b>Total operating revenues</b>              | <b>36,661,307.45</b>     | <b>42,378,372.93</b>     | <b>364,751,988.23</b>     | <b>375,603,047.36</b>     |
| <b>Operating expenses:</b>                   |                          |                          |                           |                           |
| Scratch ticket prizes                        | 16,310,856.00            | 21,515,562.00            | 164,929,455.20            | 174,840,394.23            |
| InstaPlay prizes                             | 1,367,695.27             | 1,634,102.66             | 14,312,280.98             | 14,646,832.74             |
| Pick 3 prizes                                | 474,612.00               | 551,622.40               | 4,656,942.90              | 4,789,325.20              |
| Powerball prizes                             | 2,703,230.50             | 1,217,957.50             | 23,062,967.50             | 18,427,496.50             |
| Mega Millions prizes                         | 643,527.68               | 1,132,721.00             | 8,532,912.84              | 12,191,013.50             |
| Pick 4 prizes                                | 284,594.40               | 298,340.40               | 2,793,637.20              | 2,713,001.40              |
| Lucky for Life prizes                        | 414,150.48               | 283,511.25               | 3,976,406.62              | 2,998,631.04              |
| Lotto America prizes                         | 373,022.00               | 257,226.50               | 2,821,073.50              | 2,602,099.50              |
| Pull-tab prizes                              | 641,760.00               | 852,796.56               | 6,601,447.21              | 6,543,526.46              |
| Advertising/publicity                        | 756,059.29               | 454,560.19               | 6,978,054.49              | 5,904,386.76              |
| Retailer compensation expense                | 2,386,097.53             | 2,802,332.46             | 23,823,756.09             | 24,639,312.82             |
| Ticket expense                               | 347,620.42               | 282,653.73               | 2,917,575.70              | 2,957,774.76              |
| Vendor compensation expense                  | 544,126.28               | 593,300.37               | 5,584,050.86              | 5,191,819.66              |
| Salary and benefits                          | 844,772.90               | 906,128.44               | 8,811,422.78              | 8,885,466.79              |
| Travel                                       | 33,983.25                | 20,311.57                | 229,708.28                | 142,799.65                |
| Supplies                                     | 4,160.85                 | 12,366.93                | 97,310.95                 | 88,622.84                 |
| Printing                                     | -                        | -                        | 4,193.67                  | 1,891.27                  |
| Postage                                      | 392.11                   | 349.04                   | 9,638.70                  | 6,659.42                  |
| Communications                               | 19,522.24                | 15,553.48                | 151,898.66                | 139,374.50                |
| Rentals                                      | 17,442.69                | 23,948.62                | 178,072.31                | 255,605.06                |
| Utilities                                    | 5,597.47                 | 5,263.71                 | 77,427.89                 | 74,995.39                 |
| Professional fees                            | 8,272.10                 | 9,803.50                 | 84,452.78                 | 98,770.69                 |
| Vending machine maintenance                  | 22,848.00                | 21,840.00                | 225,456.00                | 217,486.25                |
| Outside services and repairs                 | 203,557.19               | 73,356.08                | 1,099,453.30              | 711,169.19                |
| Data processing                              | 10,720.93                | 10,745.81                | 107,556.37                | 107,280.60                |
| Equipment                                    | 40,238.92                | 43,076.34                | 338,371.35                | 314,628.00                |
| Reimbursement to other state agencies        | 38,980.96                | 32,683.90                | 414,854.80                | 357,560.39                |
| Depreciation                                 | 46,821.13                | 37,917.91                | 431,107.61                | 379,597.87                |
| Other  | 9,930.23                 | 4,166.08                 | 53,172.96                 | 44,772.07                 |
| MUSL/Lotto administrative expense            | 2,580.09                 | 461.07                   | 26,429.64                 | 7,520.48                  |
| <b>Total operating expenses</b>              | <b>28,557,172.91</b>     | <b>33,094,659.50</b>     | <b>283,331,089.14</b>     | <b>290,279,815.03</b>     |
| <b>Operating income</b>                      | <b>8,104,134.54</b>      | <b>9,283,713.43</b>      | <b>81,420,899.09</b>      | <b>85,323,232.33</b>      |
| <b>Non-operating revenue (expenses):</b>     |                          |                          |                           |                           |
| Proceeds to state causes                     | (8,261,301.37)           | (9,034,937.96)           | (82,205,234.43)           | (84,952,715.88)           |
| Interest income                              | 7,664.99                 | 4,075.00                 | 40,723.92                 | 50,446.25                 |
| Gain (Loss) on disposal of capital assets    | 3,675.00                 | -                        | 38,672.00                 | 18,400.00                 |
| <b>Net non-operating revenues (expenses)</b> | <b>(8,249,961.38)</b>    | <b>(9,030,862.96)</b>    | <b>(82,125,838.51)</b>    | <b>(84,883,869.63)</b>    |
| <b>Change in net position</b>                | <b>(145,826.84)</b>      | <b>252,850.47</b>        | <b>(704,939.42)</b>       | <b>439,362.70</b>         |
| <b>Net position beginning of period</b>      | <b>3,842,436.97</b>      | <b>4,435,866.34</b>      | <b>4,401,549.55</b>       | <b>4,249,354.11</b>       |
| <b>Net position end of period</b>            | <b>3,696,610.13</b>      | <b>4,688,716.81</b>      | <b>3,696,610.13</b>       | <b>4,688,716.81</b>       |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Nine Months Ending Thursday, March 31, 2022**

|   | Month ended<br>3/31/2022 | Month ended<br>3/31/2021 | Year-to-date<br>3/31/2022 | Year-to-date<br>3/31/2021 |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
| Operating revenues:                       |                          |                          |                           |                           |
| Instant-scratch ticket sales              | \$ 26,053,699.00         | \$ 29,382,428.00         | \$ 222,256,204.45         | \$ 229,711,492.00         |
| InstaPlay sales                           | 1,912,192.00             | 2,292,298.00             | 17,706,792.00             | 17,966,384.00             |
| Pick 3 sales                              | 875,512.50               | 884,496.00               | 6,970,551.50              | 7,022,143.50              |
| Powerball sales                           | 3,285,938.00             | 3,318,928.00             | 40,706,648.50             | 34,417,779.50             |
| Mega Millions Sales                       | 1,333,064.00             | 1,565,708.00             | 15,810,339.00             | 22,116,585.00             |
| Pick 4 sales                              | 529,085.00               | 496,578.00               | 4,181,738.00              | 4,024,435.00              |
| Lucky for Life sales                      | 721,284.00               | 507,070.00               | 5,999,860.00              | 4,161,332.00              |
| Lotto America sales                       | 719,924.00               | 550,803.00               | 4,896,103.00              | 4,689,746.00              |
| Pull-tab sales                            | 1,234,696.77             | 1,322,655.45             | 9,546,592.83              | 9,108,208.77              |
| Application fees                          | 300.00                   | 675.00                   | 4,400.00                  | 3,300.00                  |
| Other                                     | 518.82                   | 426.04                   | 11,451.50                 | 3,268.66                  |
| Total operating revenues                  | <u>36,666,214.09</u>     | <u>40,322,065.49</u>     | <u>328,090,680.78</u>     | <u>333,224,674.43</u>     |
| Operating expenses:                       |                          |                          |                           |                           |
| Scratch ticket prizes                     | 17,255,534.00            | 21,298,808.00            | 148,618,599.20            | 153,324,832.23            |
| InstaPlay prizes                          | 1,482,814.15             | 1,513,460.83             | 12,944,585.71             | 13,012,730.08             |
| Pick 3 prizes                             | 525,307.50               | 530,697.60               | 4,182,330.90              | 4,237,702.80              |
| Powerball prizes                          | 1,643,159.50             | 1,659,541.00             | 20,359,737.00             | 17,209,539.00             |
| Mega Millions prizes                      | 666,532.00               | 782,854.00               | 7,889,385.16              | 11,058,292.50             |
| Pick 4 prizes                             | 317,451.00               | 297,946.80               | 2,509,042.80              | 2,414,661.00              |
| Lucky for Life prizes                     | 428,684.33               | 403,115.28               | 3,562,256.14              | 2,715,119.79              |
| Lotto America prizes                      | 359,962.00               | 275,401.50               | 2,448,051.50              | 2,344,873.00              |
| Pull-tab prizes                           | 768,255.77               | 828,985.61               | 5,959,687.21              | 5,690,729.90              |
| Advertising/publicity                     | 718,894.64               | 733,767.72               | 6,221,995.20              | 5,449,826.57              |
| Retailer compensation expense             | 2,400,339.86             | 2,642,691.98             | 21,437,658.56             | 21,836,980.36             |
| Ticket expense                            | 250,056.29               | 273,397.25               | 2,569,955.28              | 2,675,121.03              |
| Vendor compensation expense               | 569,831.16               | 559,232.07               | 5,039,924.58              | 4,598,519.29              |
| Salary and benefits                       | 952,921.34               | 963,819.23               | 7,966,649.88              | 7,979,338.35              |
| Travel                                    | 28,204.73                | 16,166.79                | 195,725.03                | 122,488.08                |
| Supplies                                  | 5,993.34                 | 5,697.62                 | 93,150.10                 | 76,255.91                 |
| Printing                                  | -                        | -                        | 4,193.67                  | 1,891.27                  |
| Postage                                   | 515.09                   | 405.12                   | 9,246.59                  | 6,310.38                  |
| Communications                            | 14,948.34                | 13,851.93                | 132,376.42                | 123,821.02                |
| Rentals                                   | 20,857.15                | 23,940.72                | 160,629.62                | 231,656.44                |
| Utilities                                 | 7,218.39                 | 6,585.66                 | 71,830.42                 | 69,731.68                 |
| Professional fees                         | 6,417.34                 | 8,939.50                 | 76,180.68                 | 88,967.19                 |
| Vending machine maintenance               | 22,848.00                | 21,934.25                | 202,608.00                | 195,646.25                |
| Outside services and repairs              | 100,278.84               | 62,533.75                | 895,896.11                | 637,813.11                |
| Data processing                           | 10,703.64                | 10,703.53                | 96,835.44                 | 96,534.79                 |
| Equipment                                 | 59,374.34                | 68,819.07                | 298,132.43                | 271,551.66                |
| Reimbursement to other state agencies     | 36,418.37                | 28,536.56                | 375,873.84                | 324,876.49                |
| Depreciation                              | 46,539.71                | 37,917.91                | 384,286.48                | 341,679.96                |
| Other                                     | 6,020.57                 | 4,242.64                 | 43,242.73                 | 40,605.99                 |
| MUSL/Lotto administrative expense         | 2,580.09                 | 795.95                   | 23,849.55                 | 7,059.41                  |
| Total operating expenses                  | <u>28,708,661.48</u>     | <u>33,074,789.87</u>     | <u>254,773,916.23</u>     | <u>257,185,155.53</u>     |
| Operating income                          | <u>7,957,552.61</u>      | <u>7,247,275.62</u>      | <u>73,316,764.55</u>      | <u>76,039,518.90</u>      |
| Non-operating revenue (expenses):         |                          |                          |                           |                           |
| Proceeds to state causes                  | (7,948,894.26)           | (6,701,784.67)           | (73,943,933.06)           | (75,917,777.92)           |
| Interest income                           | 4,341.53                 | 9,502.81                 | 33,058.93                 | 46,371.25                 |
| Gain (Loss) on disposal of capital assets | 950.00                   | -                        | 34,997.00                 | 18,400.00                 |
| Net non-operating revenues<br>(expenses)  | <u>(7,943,602.73)</u>    | <u>(6,692,281.86)</u>    | <u>(73,875,877.13)</u>    | <u>(75,853,006.67)</u>    |
| Change in net position                    | 13,949.88                | 554,993.76               | (559,112.58)              | 186,512.23                |
| Net position beginning of period          | 3,828,487.09             | 3,880,872.58             | 4,401,549.55              | 4,249,354.11              |
| Net position end of period                | <u>3,842,436.97</u>      | <u>4,435,866.34</u>      | <u>3,842,436.97</u>       | <u>4,435,866.34</u>       |

## Budget For Lottery Fund

|  | FY 2021<br>Actual  | FY 2022<br>Board Approved<br>Budget | FY 2023<br>Board Approved<br>Budget - Fall | FY 2023<br>Proposed<br>Budget |
|--|--------------------|-------------------------------------|--|-------------------------------|
| <b>Resources</b>                                 |                    |                                     |  |                               |
| Lottery sales                                    | \$ 452,592,011     | \$ 371,000,000                      | \$ 371,900,000                             | \$ 372,300,000                |
| Interest income                                  | 59,467             | 500,000                             | 60,000                                     | 60,000                        |
| Application fees                                 | 4,700              | 5,000                               | 5,000                                      | 5,000                         |
| Other  | 6,317              | 5,000                               | 5,000                                      | 5,000                         |
| <b>Total Resources</b>                           | <b>452,662,495</b> | <b>371,510,000</b>                  | <b>371,970,000</b>                         | <b>372,370,000</b>            |
| <b>Expenses and Change in Net Assets</b>         |                    |                                     |  |                               |
| Prizes   | 288,877,229        | 229,722,000                         | 230,301,000                                | 230,501,000                   |
| Retailer compensation                            | 29,694,891         | 24,858,000                          | 24,918,300                                 | 24,945,100                    |
| Advertising production and media purchases       | 7,421,985          | 14,840,000                          | 14,876,000                                 | 14,892,000                    |
| Retailer Lottery system/Terminal Communications  | 6,277,734          | 7,537,034                           | 7,653,501                                  | 7,163,530                     |
| Instant/Pull-tab ticket expense                  | 3,576,478          | 4,528,500                           | 4,546,400                                  | 4,546,400                     |
| Vending machines & maintenance/Ticket dispensers | 394,430            | 539,248                             | 539,248                                    | 539,248                       |
| Courier delivery of instant tickets              | 710,983            | 660,000                             | 660,000                                    | 1,135,000                     |
| Interest expense                                 | 0                  | 0                                   | 0  | 0                             |
| Lottery operating expense                        | 13,827,475         | 15,655,401                          | 15,151,079                                 | 15,263,250                    |
| Increase (decrease) in net assets                | 133,796            | (330,600)                           | (532,600)                                  | (472,600)                     |
| <b>Total Expenses and Change in Net Assets</b>   | <b>350,915,001</b> | <b>298,009,583</b>                  | <b>298,112,928</b>                         | <b>298,512,928</b>            |
| <b>Proceeds</b>                                  |                    |                                     |  |                               |
| Proceeds Transfer to Veterans Trust Fund         | 2,500,000          | 2,500,000                           | 2,500,000                                  | 2,500,000                     |
| Public Safety Survivor Benefit Fund              | 100,000            | 100,000                             | 100,000                                    | 100,000                       |
| Department of Corrections Survivor Benefits Fund | 100,000            | 0                                   | 0  | 100,000                       |
| Proceeds Transfer to General Fund                | 99,047,494         | 70,900,417                          | 71,257,072                                 | 71,157,072                    |
| <b>Total Proceeds Transfers</b>                  | <b>101,747,494</b> | <b>73,500,417</b>                   | <b>73,857,072</b>                          | <b>73,857,072</b>             |
| <b>Total Expenses and Proceeds</b>               | <b>452,662,495</b> | <b>371,510,000</b>                  | <b>371,970,000</b>                         | <b>372,370,000</b>            |

## Lottery Operations -Budget Detail

|                                 | FY 2021<br>Actual | FY 2022<br>Board<br>Approved<br>Budget | FY 2023<br>Board<br>Approved<br>Budget - Fall | FY 2023<br>Proposed<br>Budget |
|---------------------------------|-------------------|--|---|-------------------------------|
| Administrative payroll          | \$ 11,190,015     | \$ 11,848,442                          | \$ 11,616,120                                 | \$ 11,699,545                 |
| Travel & Transportation         | 196,657           | 417,500                                | 407,500                                       | 407,500                       |
| Supplies                        | 86,120            | 103,000                                | 103,000                                       | 103,000                       |
| Printing                        | 3,076             | 10,500                                 | 10,500  | 10,500                        |
| Postage                         | 7,380             | 7,000                                  | 7,000   | 7,000                         |
| Communications                  | 173,362           | 232,400                                | 192,400                                       | 192,400                       |
| Rentals                         | 304,104           | 299,179                                | 299,179                                       | 299,179                       |
| Utilities                       | 91,331            | 108,800                                | 108,800                                       | 108,800                       |
| Professional fees               | 119,268           | 204,000                                | 204,000                                       | 204,000                       |
| Outside services and repair     | 204,522           | 484,211                                | 274,211                                       | 262,957                       |
| Data processing                 | 128,506           | 150,000                                | 150,000                                       | 150,000                       |
| Equipment                       | 353,102           | 464,869                                | 452,869                                       | 492,869                       |
| Reimbursement to state agencies | 460,093           | 531,900                                | 531,900                                       | 531,900                       |
| Depreciation                    | 457,136           | 707,600                                | 707,600                                       | 707,600                       |
| Other expenses                  | 52,802            | 86,000                                 | 86,000  | 86,000                        |
| <b>Total operating expenses</b> | <b>13,827,474</b> | <b>15,655,401</b>                      | <b>15,151,079</b>                             | <b>15,263,250</b>             |

FY 2023 Proposed Budget for "Administrative payroll" includes salary and benefit cost increases per DOM projections



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www.ialottery.com  
515.725.7900

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

**Date:** June 30, 2022

**To:** Lottery Board of Directors

**Fr:** Matt Strawn, CEO

**Re:** FY23 Key Employee Pay Plan and Compensation

The Board approves compensation for Lottery key employees and we are asking you to do that again today for FY23. When setting key employee salaries, the Iowa Lottery has been guided by the State of Iowa's approach.

### **1-Key Employee Pay Plan**

The State of Iowa has approved that all contract and non-contract covered employees will receive a 1.1% across-the-board increase effective the pay period beginning June 24, 2022.

**We are asking that the Board also approve an across-the-board pay increase of 1.1% for Lottery key employees effective with the June 24, 2022 pay period.**

### **2-Key Employee Compensation**

The State of Iowa has authorized agencies to grant with-in grade increases, up to 3%, up to the pay grade maximum for employees on their increase eligibility date. Such increases are discretionary and based on performance.

Overall, the Lottery has budgeted for merit increases for all eligible employees, and does not intend to exceed that budgeted amount.

The Lottery intends to make decisions on with-in grade increases on an individual basis, based on performance, for all Lottery key employees.

**We are asking the board for the authority to approve with-in grade increases, up to 3%, for Lottery key employees based upon performance up to the maximum level in the key employee's paygrade, with that raise being available on the increase eligibility date for the eligible key employee.**



## FY23 Pay Plans - Lottery Key Employee

| Pay Grade | CURRENT<br>(Eff. 06/25/21) |               | 1.1 % ATB<br>(Effective 06/24/22) |               |               |
|-----------|----------------------------|---------------|-----------------------------------|---------------|---------------|
|           | Minimum                    | Maximum       | Minimum                           | Maximum       |               |
| 00        | Hourly                     | \$ 30.51      | \$ 47.16                          | \$ 30.85      | \$ 47.68      |
|           | Biweekly                   | \$ 2,440.80   | \$ 3,772.80                       | \$ 2,468.00   | \$ 3,814.40   |
|           | Annually                   | \$ 63,460.80  | \$ 98,092.80                      | \$ 64,168.00  | \$ 99,174.40  |
| 01        | Hourly                     | \$ 33.96      | \$ 52.22                          | \$ 34.33      | \$ 52.79      |
|           | Biweekly                   | \$ 2,716.80   | \$ 4,177.60                       | \$ 2,746.40   | \$ 4,223.20   |
|           | Annually                   | \$ 70,636.80  | \$ 108,617.60                     | \$ 71,406.40  | \$ 109,803.20 |
| 02        | Hourly                     | \$ 43.68      | \$ 68.49                          | \$ 44.16      | \$ 69.24      |
|           | Biweekly                   | \$ 3,494.40   | \$ 5,479.20                       | \$ 3,532.80   | \$ 5,539.20   |
|           | Annually                   | \$ 90,854.40  | \$ 142,459.20                     | \$ 91,852.80  | \$ 144,019.20 |
| 03        | Hourly                     | \$ 48.23      | \$ 75.64                          | \$ 48.76      | \$ 76.47      |
|           | Biweekly                   | \$ 3,858.40   | \$ 6,051.20                       | \$ 3,900.80   | \$ 6,117.60   |
|           | Annually                   | \$ 100,318.40 | \$ 157,331.20                     | \$ 101,420.80 | \$ 159,057.60 |
| 04        | Hourly                     | \$ 53.34      | \$ 83.64                          | \$ 53.93      | \$ 84.56      |
|           | Biweekly                   | \$ 4,267.20   | \$ 6,691.20                       | \$ 4,314.40   | \$ 6,764.80   |
|           | Annually                   | \$ 110,947.20 | \$ 173,971.20                     | \$ 112,174.40 | \$ 175,884.80 |
| 05        | Hourly                     | \$ 95.87      | \$ 156.47                         | \$ 96.92      | \$ 158.19     |
|           | Biweekly                   | \$ 7,669.60   | \$ 12,517.60                      | \$ 7,753.60   | \$ 12,655.20  |
|           | Annually                   | \$ 199,409.60 | \$ 325,457.60                     | \$ 201,593.60 | \$ 329,035.20 |



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

Date: June 30, 2022

To: Iowa Lottery Board  
From: Kim Knight  
RE: Fiscal Policies

Attached are changes to four fiscal policies for the Board's consideration.

1. 200-100 Authorization Criteria--ILA Fiscal Policies – The policy was updated to add language from Iowa Code section 99G.7 as follows, “in the absence of the CEO, the Iowa Lottery Executive Vice President shall perform the duties of the CEO and shall have all the powers and responsibilities herein assigned to the CEO.”

Additionally, the acronyms list was updated to define Executive Vice President (EVP) and Chief Revenue Officer (CRO).

2. 210-205 Travel--In State – Subsistence Allowance – The policy was updated to replace “COO” with “EVP.”
3. 240-102 Purchasing Policies and Services Contracting – Pursuant to changes to Iowa Administrative Code (IAC) 117.15 and 118.5, thresholds were updated to reflect that competitive bids are required for goods or services exceeding \$15,000. The previous threshold was \$5,000.

Approval thresholds for the Purchasing Agent, Director, Marketing and Advertising, and Promotions Manager were increased from \$1,500 to \$2,500.

Approval levels which previously stated “COO” have been replaced with “CFO” and the authorized backup during absences by the CEO and/or CFO have been updated to “EVP.”

Position titles have been updated to reflect new titles for the Director, Marketing and Advertising and the Chief Revenue Officer.

4. 210-310 Travel--General--Lottery Vehicles--Use for Personal Reasons – Consistent with changes made by the Department of Administrative Services – State Accounting Enterprise, this policy was updated to increase the reimbursement rate per business mile from \$0.39 to \$0.50 per business mile. This policy is effective July 1, 2022.

## Iowa Lottery Authority—Financial Management

| Section  | Procedure No. | Page No. | Effective Date                                  |
|--|---------------|----------|---|
| Pre-Audit  | 200.100       | 1 of 1   | <del>July 1, 2003</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Authorization Criteria—ILA Fiscal Policies |               |          |   |

1. The Iowa Lottery Authority intends to adopt the state of Iowa Accounting Enterprise of the Department of Administrative Services policies if it has not established its own policies for the matter under consideration.
2. If a state Accounting Enterprise policy that normally requires Executive Council approval is utilized in conjunction with Iowa Lottery Authority finances, approval of the Iowa Lottery Authority Board shall substitute for approval of the Executive Council.
3. If a state Accounting Enterprise policy that normally requires approval from a state official or a state department is utilized in conjunction with Iowa Lottery Authority finances, approval of the Iowa Lottery Chief Executive Officer -shall substitute for approval of the state official or department.
4. The CEO shall be authorized to delegate approval authority for any needed authorization.
- 4.5. Pursuant to Iowa Code section 99G.7, in the absence of the CEO, the Iowa Lottery Executive Vice President shall perform the duties of the CEO and shall have all the powers and responsibilities herein assigned to the CEO.
- 5.6. The following is a list of acronyms and their meanings that are utilized in the Iowa Lottery Authority's Financial Management policies.
  - ILA: Iowa Lottery Authority
  - ILA Board: Iowa Lottery Authority Board
  - CEO: Chief Executive Officer of the Iowa Lottery Authority
  - CFO: Chief Financial Officer of the Iowa Lottery Authority
  - CRO: Chief Revenue Officer of the Iowa Lottery
  - EVP: Executive Vice President of the Iowa Lottery Authority
  - DAS: Iowa Department of Administrative Services
  - DAS—DAPR: Iowa Department of Administrative Services—Daily Processing

## Iowa Lottery Authority—Financial Management

|   |                                 |                           |  |
|---|---------------------------------|---------------------------|--|
| <b>Section</b><br>Pre-Audit                             | <b>Procedure No.</b><br>210.205 | <b>Page No.</b><br>1 of 4 | <b>Effective Date</b><br><del>March 22, 2022</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Travel—In-State—Subsistence Allowance |                                 |                           |  |

1. The phrase “Subsistence Allowance” used herein includes all charges (including applicable taxes) for meals and lodging (single rate only).
2. Officers and employees with an overnight stay shall be allowed lodging and meal expense when required to travel outside their official domiciles and/or outside of their places of residence when different from their official domiciles. Reimbursement shall be within the following limits:
  - a. **Lodging.** Prior to expending or committing public funds for a purpose described below, a public employer or a public employee shall confirm a lodging provider’s current certification status on the internet site found at [www.stophtiowa.org](http://www.stophtiowa.org).
    - (1) To procure lodging that is owned, operated, or owned and operated by the lodging provider.
    - (2) To procure space or services for a conference, meeting, or banquet located at a site where lodging is available that is owned, operated, or owned and operated by the lodging provider.
    - (3) To host a conference, meeting, or banquet at a site where lodging is available that is owned, operated, or owned and operated by the lodging provider.

Employees shall provide a screen shot of the search for the lodging provider showing it as a certified location with the request for reimbursement.

The allowance for lodging shall not exceed a maximum of \$80.00 (plus applicable taxes) per day, or the maximum amount allowed by the Iowa Department of Administrative Services, if higher. Any additional charges made by a lodging facility for work related services such as internet, television, telephone, and other similar items are reimbursable and are not to be considered as part of the basic room charge when considering reasonable maximum lodging rates as outlined herein. The "reasonable maximum lodging" rate applies to the entire state.

- (1) **ACTUAL RECEIPTS** for lodging must be submitted in order to receive reimbursement. Lodging receipts consist of the itemized billing obtained from the hotel/motel or any overnight lodging facility and contain such information as the dates, room number, number of guests, name of facility, name of guest, location and additional pertinent information which may be used to verify other sections of the expense report. A lodging facility "statement" is not the same as an invoice and is not acceptable. A credit card slip is not allowable as an actual lodging facility receipt. Cash register tapes are not acceptable, either, as they do not contain the required information. Express/Rapid Check out receipts must also be itemized. The

## Iowa Lottery Authority—Financial Management

|   |                                 |                           |  |
|---|---------------------------------|---------------------------|--|
| <b>Section</b><br>Pre-Audit                             | <b>Procedure No.</b><br>210.205 | <b>Page No.</b><br>2 of 4 | <b>Effective Date</b><br><del>March 22, 2022</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Travel—In-State—Subsistence Allowance |                                 |                           |  |

receipt may not necessarily show a zero balance, but must show the method of payment used (e.g., MC/AM/Visa, cash, etc.).

- (2) Expense for lodging begins on the day the employee checks into the facility.
- (3) Employees are to seek lodging facilities whose rates are within those prescribed above. Prior approval by the ILA's CEO, ~~COO~~EVP, or CFO is required to exceed the maximum lodging reimbursement rate EXCEPT in the following instances:
  - (a) There is only one lodging facility in the city.
  - (b) The employee is attending an in-state conference held at a lodging facility that has room charges above the maximum rate listed in 2(a) above, and the employee stays at the facility where the conference is being held.
  - (c) The employee is staying in a locale where there is a major event that limits available rooms in that city (i.e. state or county fairs, state tournaments, festivals, etc.).

In these three instances, to be considered for reimbursement over the defined maximum allowed, a reasonable explanation for the additional lodging reimbursement must be attached to the expense report.

All other requests for lodging reimbursement above the defined maximum must have the prior approval of the ILA's CEO, ~~COO~~EVP, or CFO. When seeking overnight lodging be sure to request the "state," "government," or "commercial" rate, as many facilities offer discounted rates that an ILA employee can and should obtain. If a special rate is not shown on an expense report and the reason for this is not noted, the expense report must be reduced to the appropriate discount rate that would have been charged if requested by the employee. However, if a facility's discounted rate is in excess of the ILA's reasonable rate, this is not sufficient justification to satisfy complete payment of the expense report.

- (4) When employees room together, the cost of the room should be split between the employees equally. If only one receipt is provided, the actual receipt should be attached to one employee's expense report, copies of the receipt should be attached to the other employees' expense reports, and the payments must be adequately cross-referenced and submitted together. If separate receipts are issued, no cross-referencing is necessary.

## Iowa Lottery Authority—Financial Management

|   |                                 |                           |  |
|---|---------------------------------|---------------------------|--|
| <b>Section</b><br>Pre-Audit                             | <b>Procedure No.</b><br>210.205 | <b>Page No.</b><br>3 of 4 | <b>Effective Date</b><br><del>March 22, 2022</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Travel—In-State—Subsistence Allowance |                                 |                           |  |

(5) When an employee works at one location for a week or more, the weekly or monthly rate of the facility should be reported.

b. **Meals.** Actual expenses up to a maximum of \$37.00 per day, or the maximum amount allowed by the Department of Administrative Services, if higher, may be reimbursed for meals, as outlined below. See procedure 280.201 for an explanation of when to include time left and time returned on the expense report.

**Maximum Reimbursable Meal Rates:**

|               |                |
|---------------|----------------|
| (a) Breakfast | \$8.00         |
| (b) Lunch     | \$10.00        |
| (c) Dinner    | <u>\$19.00</u> |
| TOTAL         | <u>\$37.00</u> |

- (1) Those traveling on ILA business who are required to depart **prior** to 6:00 a.m. with an overnight stay may be reimbursed actual expenses up to the allowable maximum per day for three meals.
- (2) Those traveling on ILA business who are required to depart after 6:00 a.m. but **prior** to lunch with an overnight stay may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner.
- (3) Those traveling on ILA business who are required to depart **after** lunch with an overnight stay may be reimbursed actual expenses up to the allowable maximum per day for dinner.
- (4) Those traveling on ILA business with an overnight stay who return the next day after breakfast, but prior to lunch may be reimbursed actual expenses up to the allowable maximum per day for breakfast.
- (5) Those traveling on ILA business with an overnight stay who return the next day after lunch, but prior to dinner may be reimbursed actual expenses up to the allowable maximum per day for breakfast and lunch.
- (6) Those traveling on ILA business with an overnight stay who return the next day after 7:00 pm may be reimbursed actual expenses up to the allowable maximum per day for three meals.
- (7) The actual amount spent for the meal(s) is to be reported on the employee's expense

## Iowa Lottery Authority—Financial Management

|   |                                 |                           |  |
|---|---------------------------------|---------------------------|--|
| <b>Section</b><br>Pre-Audit                             | <b>Procedure No.</b><br>210.205 | <b>Page No.</b><br>4 of 4 | <b>Effective Date</b><br><del>March 22, 2022</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Travel—In-State—Subsistence Allowance |                                 |                           |  |

report for reimbursement, even though the amount allowed will be the lesser of the actual or the maximum.

- (8) When reporting more than one daily meal the actual expense can be distributed between those meals, and the amount allowed will be the lesser of the actual or the maximum applicable to the combined cost of the meals.
- (9) Receipts for meals are required per Executive Order #13. See Procedure 210.102 for more details.
- (10) Alcoholic beverages are NOT an allowable reimbursable expense and are not an allowable use of ILA monies.
- (11) Charges for room service are an allowable reimbursable expense as long as the total of the meals, including the room service charge, is within the maximum allowable limits.
- (12) When a meal is not purchased by the employee (i.e., if it is part of a registration fee, purchased by another individual, etc.) this should be noted on the expense report. When this occurs, the maximum for the day becomes the allowable total of the other meals actually purchased by the employee on that particular day (see procedure 280.201 for an example). Employees shall not pay for meals of other employees. See procedure 210.110.
- (13) Tips are allowable for no more than 15% of the food bill (not including taxes), and up to the maximum allowed for reimbursement.

EXAMPLE: Employee is eligible only for dinner reimbursement with an overnight stay. The cost of the meal is \$14.73 before tax plus \$0.88/tax. The employee leaves a \$2.21 tip. The employee may claim reimbursement of \$17.82, which is the lesser of the maximum allowed (\$19.00) and the actual spent, including tip (\$17.82).

- (14) Meals included on lodging receipts must be compared to the expense report and employees must submit the itemized receipt. (A hotel bill which includes meals charged to the room is not acceptable documentation for meal expenses.)

# Iowa Lottery Authority—Financial Management

| Section  | Procedure No. | Page No. | Effective Date                                   |
|--|---------------|----------|--|
| Pre-Audit  | 240.102       | 1 of 13  | <del>June 29, 2021</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Purchasing Policies and Services Contracting |               |          |  |

## Purchasing Policies

### Overview

This policy describes the Iowa Lottery Authority (ILA) procurement rules and processes. The ILA's mission is to provide value and entertainment to the citizens of Iowa while maintaining the dignity and integrity of the State of Iowa. To meet these goals, the ILA strives to ensure that through the purchasing process it is prudent with funds, transparent in its processes and operates in an entrepreneurial fashion.

### External Reference Materials

1. Code of Iowa section 99G(21)
2. Iowa Administrative Code section 531 Chapters 1 and 2
3. DAS Central Procurement Policies
4. DAS Procurement Website
5. IRS Common Law Factors Publication 15-A
6. State of Iowa Integrated, Information for Iowa (i/3) Financial System

### Definitions

1. "Consulting" is the providing of expert knowledge for a fee.
2. A "contract" is a binding agreement between two or more parties. For the purposes of this policy a confirmed purchase order may be considered a contract, if it satisfies the following criteria:
  - a. Contains terms and conditions as stated on the Iowa Lottery website for vendors bidding on ILA contracts or included by reference
  - b. Defined rates or unit costs of the goods or services being procured
3. "Contract valuation" means the highest estimated cost of a single annual period of the contract.
4. "Goods" are tangible items that are purchased for the purpose of sale or operational use by the ILA.
5. "Major procurement contract" means a consulting agreement or a contract with a business organization for the printing of tickets or the purchase or lease of equipment or services essential to the operation of a lottery game. (per 99G)
6. "Pre-Contracting Questionnaire" (PCQ) is a questionnaire used to determine if a contractual agreement already exists between the vendor and the State of Iowa.
7. See Services Contracting section in this policy for ILA definition of "services."
8. "SS-8" is a document used to determine whether a vendor being contracted is an independent contractor.



## Iowa Lottery Authority—Financial Management

| Section  | Procedure No. | Page No. | Effective Date                                   |
|--|---------------|----------|--|
| Pre-Audit  | 240.102       | 2 of 13  | <del>June 29, 2021</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Purchasing Policies and Services Contracting |               |          |  |

### NASPO & Master Agreements

Prior to purchasing any goods or services, the ILA purchasing agent shall review the Department of Administrative Services (DAS) website and/or State Accounting System (I/3) for any available National Association of State Procurement Officials (NASPO) or DAS Master Agreements. The following questions shall be answered:

1. Are the goods or services being procured included/allowable in the agreement?
2. Does the agreement have hourly rates or per item costs and associated commodity line code(s)?
3. Does the agreement contain any spending threshold limitations?
4. Are there any spending limitations within a timeframe?
5. What are the agreement's terms and conditions?
  - a. What are the beginning and end dates?
  - b. Are the termination clauses favorable to the ILA?
  - c. Does the agreement allow the ILA to pay all approved invoices in arrears and in conformance with Iowa Code 8A.514 and II IAC §41.1(2)?

#### *Evaluation Criteria*

1. If item 1 above is failed, the ILA will begin its own procurement process.
2. If item 2 is not present, hourly rates or per item costs must be obtained from DAS prior to purchasing anything from the Master Agreement.
3. Items 3 & 4 should be evaluated on a case by case basis to determine if limitations exist.
  - a. Can the ILA work within the limitations to accomplish its business goals?
  - b. Internal procurement processes should be used if the limitations prevent the ILA from accomplishing its mission.
4. Items 5a - c will be handled in the following manner:
  - a. Beginning and end dates will be documented and tracked to ensure validity of the contract as a payment mechanism.
  - b. If termination clauses are not favorable, the ILA will consider using its own procurement process.
  - c. If the contract doesn't include provisions for Iowa Code 8A.514 and II IAC §41.1(2) the ILA will consider using its own procurement process.

Goods or services available on a NASPO or Master Agreement may be purchased from a different vendor if it is cost-effective.

### Competitive Procurement Requirements

*Above \$50,000 (Goods & Services)*

## Iowa Lottery Authority—Financial Management

| Section  | Procedure No. | Page No. | Effective Date                                   |
|--|---------------|----------|--|
| Pre-Audit  | 240.102       | 3 of 13  | <del>June 29, 2021</del><br><u>June 30, 2022</u> |
| <b>Subject</b><br>Purchasing Policies and Services Contracting |               |          |  |

1. A formal (sealed) competitive selection process is required in connection with any “major procurement” except in cases where a single vendor has an exclusive right to offer a product or service. Invitations-to-bid or Requests for Proposal (RFP) must be posted to the DAS bid opportunities website and the Targeted Small Business (TSB) website and documentation of such postings shall be retained by the purchasing agent. ILA Board must approve every major procurement intent to award and the subsequent contract.
2. A formal (sealed) competitive selection process is required in connection with the purchase of goods or services when COST IS NOT the main criterion for selection and the goods or services are expected to cost in the aggregate of \$50,000 or more. Invitations-to-bid or RFPs must be posted to the DAS bid opportunities website and the TSB website and documentation of such postings shall be retained by the purchasing agent. Contracts for goods or services must be approved by the CEO. ILA Board approval is required for consulting services over \$25,000
3. A formal competitive selection process (which includes USPS mail or electronic mail submissions) is required for the purchase of goods that are not essential to the operation of a lottery game, when COST IS the main criterion for selection and the goods are expected to cost in the aggregate of \$50,000 or more. Invitations-to-bid or RFPs must be posted to the DAS bid opportunities website and the TSB website and documentation of such postings shall be retained by the purchasing agent. A contract for goods or services must be approved by the CEO.
4. The use of other state or public entity current agreements for goods or services may be utilized to purchase the goods and services by the ILA instead of issuing a competitive bid or RFP. See earlier section in this policy related to NASPO & Master Agreements for rules related to using these types of agreements.

### *Above \$15,000 up to \$50,000*

1. GOODS - An informal or formal competitive selection process for goods may be used when the goods are expected to cost greater than \$15,000 and less than \$50,000. The following guidelines shall apply:
  - a. The informal or formal invitation-to-bid may be issued electronically to selected vendors known to offer the goods and may be posted to the DAS bid opportunities website and the TSB website. Documentation of such postings, if any, shall be retained by the purchasing agent.
  - b. Awards shall be approved by the CEO or [COOCFO](#).
  - c. Informal bids shall be documented in writing. If informal bids are obtained via telephone, a telephone bid form shall be used to record the bid received; internet screenshots, e-mail or fax bids or quotes also qualify as responses. All documentation shall be attached to the purchase file.
  - d. If the goods are expected to cost over \$15,000 but the contract will be awarded to a vendor based on special circumstances or criteria other than cost, the CEO or [COOCFO](#) may grant a waiver of the bidding requirement. The ILA

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- purchasing agent requesting the waiver shall do so in writing.
- e. If the ILA has a list of vendors that provide the goods, all applicable vendors on the list shall be contacted or provided an invitation-to-bid.
  - f. If there is no vendor list for the goods but the ILA purchasing agent requesting the informal bid knows of three or more vendors who provide the goods, at least three informal bids shall be obtained. If the ILA purchasing agent does not know of at least three vendors who provide the goods, then as many bids as possible should be obtained and the ILA purchasing agent should document in writing why fewer than three bids were taken.
  - g. If the lowest bidder is not awarded the contract, the reason should be documented in writing, attached to the purchase file and approved by an authorized person signing the contract.
  - h. If an outside entity (ad agency or other vendors) conducts a competitive bidding process on behalf of the ILA, the policies stated above shall also apply.
  - i. Any goods of \$25,000 and below may be purchased from a ~~DIA~~-certified TSB vendor without any informal quote/bid obtained. The purchase file should contain a screen-print showing the vendor is an authorized company and appears on the TSB website at time of purchase.
  - j. A written contract is required.
2. SERVICES - An informal or formal competitive selection process for services may be used when the services are expected to cost greater than \$15,000 but less than \$50,000 annually and or no more than \$150,000 for a multi-year service. The following guidelines shall apply:
- a. The informal or formal competitive selection may be issued electronically to selected vendors known to offer the services and may be posted to the DAS bid opportunities website and the TSB website. Documentation of such postings, if any, shall be retained by the purchasing agent.
  - b. Award requires CEO or [COOCFO](#) approval.
  - c. Informal bids shall be documented in writing. If informal bids are obtained via telephone, a telephone bid form shall be used to record the bid received; internet screenshots, e-mail or fax bids also qualify as responses. All documentation shall be attached to the purchase file.
  - d. If the services are expected to cost over \$15,000 but the contract will be awarded to a vendor based on special circumstances or criteria other than cost, the CEO or [COOCFO](#) may grant a waiver of the bidding requirement. The ILA purchasing agent requesting the waiver shall do so in writing.
  - e. If the ILA has a list of vendors that provide the service, all applicable vendors on the list shall be contacted or provided an invitation-to-bid.
  - f. If there is no vendor list for the service, but the ILA purchasing agent requesting the informal bid knows of three or more vendors who provide the service, at least three informal bids shall be obtained. If the ILA purchasing agent does not know of at least three vendors who provide the service, then as

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many bids as possible should be obtained and the ILA purchasing agent should document in writing why fewer than three bids were taken.

- g. If the lowest bidder is not awarded the contract, the reason should be documented in writing, attached to the purchase file and approved by an authorized person signing the purchase order or contract.
- h. Any services of \$25,000 and below may be purchased from a ~~DIA~~-certified TSB vendor without any informal quote/bid obtained. The purchase file should contain a screen-print showing the vendor is an authorized company and appears on the TSB website at time of purchase.
- i. A written contract is required.
- j. Refer to the services contract section below for additional requirements.

### ~~\$1,501- \$5,000~~ \$15,000

1. SERVICES – For services costing less than \$15,000 annually or ~~less than~~ \$15,000 for multi-year service, no competitive bids are required. A written contract is required for services above \$1,500. Refer to the services contracting ing section below for additional requirements.
2. GOODS – For Goods costing less than \$15,000, no competitive bids are required. Goods costing less than \$15,000 may be obtained by informal telephone bids/quotes or price comparisons. The following guidelines shall apply:
  - a. Bids from three sources are to be obtained for all items in aggregate at time of order placement.
  - b. Informal bids shall be documented in writing. If informal bids are obtained via telephone, a telephone bid form shall be used to record the bid received. Internet screenshots, faxes and e-mail bids or quotes also qualify as responses. All documentation shall be attached to the purchase file.
  - c. If the ILA has a list of vendors that provide the goods, all applicable vendors on the list shall be contacted or provided an invitation-to-bid
  - d. If there is no vendor list for the goods, but the ILA purchasing agent requesting the informal bids knows of three or more vendors who provide the goods, at least three informal bids shall be obtained. If the ILA purchasing agent does not know of at least three vendors who provide the goods, then as many bids as possible should be obtained and the ILA purchasing agent should document in writing why fewer than three bids were taken.
  - e. P-card may be used for purchases if direct billing is not feasible or for internet purchases, otherwise a purchase order should be issued. Purchases made via P-card should document price paid using a screen shot or e-mail receipt for the purchase file. Approval must be obtained prior to order placement for all purchases above \$1,500.

~~\$1 – \$1,500~~

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- ~~1. Up to \$1,500 — Informal quotes/bids are not required for single item purchases only, not aggregate purchases. If goods purchased are greater than \$1,500 in aggregate see above requirements. Any documentation regarding purchase to be attached to purchase file or P-card file.~~
- ~~2. P-card may be used for purchases if direct billing is not feasible or for internet purchases, otherwise a purchase order should be issued. Purchases made via P-card should document price paid using a screen shot or e-mail receipt for the purchase file.~~
3. 3. Goods AND Services - Less than \$1,500, no written contract is required but a purchase order should be attached.

### Special Procurements & Purchasing

1. Emergency Procurements
  - a. If there is an immediate or emergency need for a good or service and the ILA determines that its best interests will be served by exemption from the bidding process, such exemption will be sought from CEO/~~COOCFO~~ dependent upon procurement amount.
  - b. The ILA purchasing agent shall attempt to acquire goods and services of general use with as much competition as practicable under the circumstances and should try to obtain the best value for the funds spent under the circumstances. Justification for the emergency purchase shall be documented on the sole source/emergency documentation form and submitted to the CEO or ~~COOCFO~~ for approval. Emergency justification is not required for purchases under \$15,000.
2. Sponsorship Agreements
  - a. All advertising media placements require a written contract. Advertising media placement of \$5,000 or less in aggregate per fiscal year may be placed on a pre-approved ILA template. If the pre-approved ILA template is used for the agreement, no legal review is required prior to approval and signature. Any advertising media placement agreements written on any other form require ILA legal department review before signing.
  - b. Approval levels for advertising media placement agreements are:
    - i. \$1 to ~~\$1,500~~2,500 in aggregate for fiscal year may be approved by the ~~Advertising Manager~~Director, Marketing and Advertising/Promotions Manager.
    - ii. ~~\$1,501~~2,501 to \$5,000 in aggregate for the fiscal year may be approved by the ~~Vice President of Sales and Marketing~~CRO.
    - iii. \$5,000 and above in aggregate for the fiscal year must be approved by the CEO or ~~COOCFO~~.
  - c. Placement of media advertising is inherently a sole source item. No other identical venue exists for any particular media advertising placement. Therefore, this policy will serve to justify all advertising as sole source.
3. Instant Ticket Working Papers

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- a. Instant Ticket Working Papers are developed from Instant Ticket Printing Contracts and contain game specifications, pricing, etc.
- b. Authorized approvers for Instant Ticket Working Papers are: CEO, [COOCFO](#), VP of Security or [GFOEVP](#).
4. Promotional Prize Procurements
  - a. In the procurement of promotional prizes to be used in conjunction with an ILA promotion, the ILA may dispense with the formal bid process.
  - b. The ILA shall complete a justification document which will describe the advantages to using the vendor selected. Included will be informal bid prices offered by other vendors contacted for pricing.
  - c. If the lowest bid was not selected the ILA will document why the lowest bid was not selected.
  - d. Authorization of these purchases will follow the contract approval levels found in the following section marked Contract Approval Levels.
  - e. A written contract is required.
5. Sole Source Procurements
  - a. The CEO or [COOCFO](#) must approve the use of all sole-source purchases by approving the sole-source document before any contract is awarded. If a written justification from the requesting department is provided it should be attached to the sole-source document. The sole-source document and justification must be submitted to the CEO or [COOCFO](#); once approved, the request must be posted on the State of Iowa bid opportunities website for five (5) calendar days before an agreement or contract for the goods or services is granted. Documentation of this posting will be maintained by ILA. If no vendor responds to the sole-source posting, purchase may proceed with all documentation to be placed with the purchase or contract file. Exception to the website posting shall be for a sole source that is restricted by licensing or trademark agreements and no other source could respond to the posting. [A sole source form is not required for purchases under \\$15,000.](#)

### Purchase Order & Contract Approval Levels

[Pursuant to Iowa Code section 99G.7, in the absence of the CEO, the EVP shall perform the duties of the CEO and shall have all the powers and responsibilities herein assigned to the CEO.](#)

#### *Purchase Order Approval Levels*

1. All purchases
  - a. Purchasing Agent – up to ~~\$15002,500~~
  - b. CEO & [COOCFO](#) – ~~\$15002,501~~ and above
2. Approval exceptions – [GFOEVP](#) is the authorized backup during absences by the CEO and/or the [COOCFO](#) for purchase orders

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### *Contract Approval Levels*

1. All non-sole source contracts
  - a. [COOCFO](#) – up to \$50,000 for goods or services
  - b. CEO up to \$150,000 on service contracts where contract valuation is determined as stated in the definitions section of this policy, no limit on goods
  - c. Board Approval – on all consulting contracts over \$25,000, “Major Procurement” contracts as defined in definitions of this policy and Iowa Code section 99G and all other service contracts over \$150,000 where contract valuation is determined as stated in the definitions of this policy
2. All Sole Source purchases
  - a. CEO or [COOCFO](#)
3. Approval exceptions – [CFOEVP](#) is the authorized backup during absences by the CEO and/or the [COOCFO](#) for contract approvals

### **Review Requirements**

*Legal Review* - All written contracts valued greater than the materiality level set by the DAS GAAP Team for GASB Statement 87 shall be submitted to the [Vice President of LA](#) General Counsel [or designee](#) for review prior to contract execution.

*Financial Review* – All written contracts valued greater than the materiality level set by the DAS GAAP Team for GASB 87 shall be submitted to the Finance Department for review of the following: financial and budget impact, GASB standards requirements that may be applicable, rate/pricing descriptions and breakdowns.

### **Receipt of Goods**

ILA employees must inspect and/or determine the goods received meet the specifications of the order placed and that the appropriate quantities have been received. Packing slips or receipts describing the item received shall be attached to the purchase order and/or scanned and attached in the general ledger system before payment is made. In the absence of a packing slip or receipt, an e-mail from the receiving location shall be an acceptable form.

### **Services Contracting**

1. Defined.  
Services contracts are contracts entered into by ILA to aid in carrying out its programs and to provide specialized services through an independent contractor qualified by education,

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experience and/or technical ability. Services contracts may be with individuals, partnerships, firms, corporations or other business entities.

“Service or services” means work performed for the ILA by a service provider and includes, but is not limited to:

- Professional or technical expertise provided by a consultant, advisor or other technical or service provider to accomplish a specific study, review, project, task, or other work as described in the scope of work. By way of example and not by limitation, these services may include the following: accounting services; aerial surveys; aerial mapping and seeding; appraisal services; land surveying services; construction manager services; analysis and assessment of processes, programs, fiscal impact, compliance, systems and the like, auditing services, communications services; services of peer reviewers, attorneys, financial advisors, and expert witnesses for litigation, architectural services, information technology consulting services; services of investment advisors and managers; marketing services; policy development and recommendations; program development; public involvement services and strategies; research services; scientific and related technical services; software development and system design; and services of underwriters, physicians, pharmacists, engineers, and architects; or
- Services provided by a vendor to accomplish routine functions. These services contribute to the day-to-day operations of the ILA. By way of example and not by limitation, these services may include the following: ambulance service; charter service; boiler testing; bookkeeping service; building alarm systems service and repair; commercial laundry service; communications systems installations servicing and repair; court reporting and transcription services; engraving service; equipment or machine installation; preventive maintenance, inspection, calibration and repair; heating ventilation and air conditioning (HVAC) system maintenance service; janitorial service; painting inside and outside; pest weed control service; grounds maintenance, mowing, parking lot sweeping and snow removal service; towing service; translation services; and travel service.
- "Service contract" means a contract for a service or services where the predominant factor and purpose of the contract as reasonably stated is for the provision or rendering of services. When there is a mixed contract for both goods and services and the predominant factor and purpose of the contract as reasonably stated is for the provision or rendering of services with goods incidentally involved, a service contract exists and these rules apply.

### 2. Policy Statement and Purpose.

- a. It is the policy of the ILA that the expenditure of lottery funds for service contractors shall, insofar as practicable, be done through an open, competitive



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- process.
- b. This policy is to be used when determining the Employer/Employee Relationships, and working with the PCQ, SS-8 and payment processes.
  - c. Contracts with state agencies, political subdivisions of the state of Iowa, federal government agencies, another state government or a political subdivision thereof are exempt from the competitive selection process (see 11 IAC 118.4(8A)).
  - d. Contracts under \$1,000.00 (plus allowable expenses) are exempt from the PCQ process.
  - e. Contracts with a Corporation, with a signed W-9 attached to the claim, are exempt from the PCQ process.
3. Determination of Employer/Employee Relationship, PCQ, SS-8
- a. Prior to signing a contract, DAS-SAE-Daily Processing personnel must make a determination as to whether or not the contractor has an employer/employee relationship with the ILA. Contracts that create an employer/employee relationship are not allowed. See section 3(g), if an employer/employee relationship exists.
    - i. **Prior to signing a contract**, the ILA must review the VCUST (Vendor Customer Table) that is a part of the Iowa statewide accounting system (I/3). When DAS-SAE has reviewed and determined that no employer/employee relationship with the state exists, SAE will enter the SAE CONTROL # in the SAE Control # field on the VCUST table.
    - ii. If an individual (using a social security number or a tax identification number) or a company has the SAE Control # field populated, enter the SAE Control # on the Pre-Contract Questionnaire and complete other department actions on the contract.
  - b. If the individual or company does not have an SAE Control #, then PRIOR to signing the contract the ILA MUST prepare and submit the original Pre-Contract Questionnaire (see sample form), the completed Internal Revenue Service (IRS) form SS-8, if not contracting with a corporation (see sample form), and the proposed, unsigned contract to DAS-SAE-Daily Processing.
  - c. When contracting with a corporation, ILA may send to DAS-SAE the PCQ to obtain the SAE Control #, OR, in place of the PCQ attach an original signed W-9 to the claim and send the document to DAS-SAE, attention PCQ coordinator, to add the SAE Control # to the VCUST table and write the SAE Control # on the payment claim, OR, to save time, attach the original signed W-9 to the claim, and send a photocopy of the claim and W9 to DAS-SAE-attention PCQ coordinator to add the SAE Control # to the VCUST table. For future payments to this vendor, ILA will need to look at the VCUST table to get the SAE Control # to write on future claims for payment.
  - d. If contracting with a group of individuals who will perform essentially the same function for the State and who will have essentially the same working relationship with the State, only one form SS-8 needs to be prepared. In preparing a "generic"

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SS-8, a statement must be attached outlining the estimated number of individuals per contract period. If the generic SS-8 must be later modified, then a new generic SS-8 must be processed through DAS-SAE-Daily Processing for approval.

- e. If the contract is between the ILA and an individual, and the service is to be performed in three (3) days or less and sufficient evidence can be presented as part of the Pre-Contract Questionnaire or attachments so that DAS-SAE-Daily Processing can ascertain that no employer/employee relationship exists, no SS-8 need be completed.
- f. In addition to the SS-8, a recap of the common law factors used by the IRS to determine the presence of an employer/employee relationship can be found in section 11 below.
- g. If the ILA has not pre-determined the existence of an employer/employee relationship and the contractor does not have the SAE Control #, then the completed SS-8 (if not contracting with a corporation), along with the proposed, unsigned contract, must be attached to the Pre-Contract Questionnaire when it is submitted to DAS-SAE-Daily Processing. In certain instances, the contractor may be required to complete IRS form W-9, Request for Taxpayer Identification Number Certification.
  - i. DAS-SAE-Daily Processing will review the proposed, unsigned contract to determine if an employee/employer relationship will exist. If, after review of the Pre-Contract Questionnaire and supporting documents, DAS-SAE-Daily Processing concludes that an employer/employee relationship will exist, the ILA must either select another contractor that will meet the independent contractor test or use the State's third party contract with Temporary Staffing Services to pay the contractor.
- h. After DAS-SAE review, the Pre-Contract Questionnaire and supporting materials will be returned.
- i. Contracted services are not to be performed until all signatures are obtained and distribution of contract copies is made to the parties.
- j. The contract should specify a starting and ending date. ILA should not enter into a service contract for a period of longer than six years (including extensions) unless ILA gets a waiver of the duration limitation from the ILA CEO or [COOCFO](#).
- k. Contracts should include a termination clause. Service contracts may cross biennial and fiscal year lines, and, when they do the contract should specifically include a non-appropriation provision.
- l. Create a sufficient number of copies of the contract so that the ILA maintains a copy for its file, a copy can be sent to the DAS-SAE-Daily Processing when the first invoice is remitted for payment, and a copy for the contractor.
- m. Procedures noted in Item #3 shall be followed as deadlines allow. Any exceptions to the procedure timelines shall be noted and documented in the purchase file.

#### 4. Contract Payments:

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- a. The payment voucher (GAX or PRC) or the first payment in a series requires:
    - i. a copy of the original contract signed by both parties
    - ii. A copy of the completed signed Pre-Contract Questionnaire (PCQ) with the SAE Control #.
    - iii. a copy of the Report of Sole Source Procurement if applicable (DAS-GSE form)
    - iv. a copy of the Report of Emergency Procurement if applicable (DAS-GSE form)
    - v. The original invoice or original claimant signature.
  - b. Subsequent payments shall include the following information on the voucher:
    - i. The document number and date the initial claim of this contract series was processed through I/3. (The initial claim of the series will have the contract attached.)
    - ii. Original invoice or claimant signature.
  - c. Amended contract payment vouchers:
    - i. Attach a copy of the signed amendment.
    - ii. Amended PCQ, only if the Employer/Employee relationship changed.
    - iii. Make a reference to the document number and paid date of the first payment voucher.
    - iv. On any subsequent payments reference the document number and paid date where the amendments are attached.
5. Object Codes:  
Proper object codes shall be used. When paying attorneys use: 2462 Legal Fees, 2553 Adult Contract Legal Fees, 2554 Juvenile Contract Legal Fees. For other contractual services use the proper object code found on I/3 on the OBJ table.
6. Expense Reimbursements:  
When part of the contract includes specifically reimbursing individuals for expenses, the reimbursement shall not exceed the limits established for board members (see ILA Procedures #210.245 (3) and 210.305). It is the ILA's responsibility to ensure the appropriate rates are written into the contracts.
7. Payment vouchers for contracts with individuals must contain the Taxpayer Identification Number (TIN).
8. When payment is made on a PRC where a DAS-GSE contract is referenced, the ILA is responsible for the PCQ and the ILA should attach the Pre-Contract Questionnaire referencing the SAE Control #.
9. Contracts in which the dollar amount is unknown, such as when payment is based on a percent of recoveries, certain generic contracts, etc., MUST have the Pre-Contract Questionnaire and the contract signed by the ILA CEO, or designee.

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### 10. Advance Payments:

See ILA procedure 230.550 #2.g. (1)

### 11. Employee or Independent Contractor Common Law Rules (IRS Publication 15-A). To determine whether an individual is an employee or an independent contractor under the common-law, the relationship of the worker and the business must be examined. In any employee-independent contractor determination, all information that provides evidence of the degree of control and the degree of independence must be considered. Facts that provide evidence of the degree of control and independence fall into three categories: behavioral control, financial control, and the type of relationship of the parties.

- a. Behavioral Control (Does the business have the right to direct and control how the worker does the task)
  - i. Instructions Business gives to the worker
    1. When and where to work
    2. What tools or equipment to use
    3. What workers to hire or assist with the work
    4. Where to purchase supplies and services
    5. What work must be performed by a specified individual
    6. What order or sequence to follow
  - ii. Training that the business gives to the worker
    1. employee may be trained in a particular manner
    2. independent contractors use their own methods
- b. Financial control
  - i. Extent to which the worker has unreimbursed business expenses
  - ii. Extent of the worker's investment (facilities or tools used in performing services)
  - iii. Extent to which the worker makes services available to the relevant market
  - iv. How the business pays the worker
  - v. Extent to which the worker can realize a profit or loss
- c. Type of relationship
  - i. Written contracts
  - ii. Does business provide worker with employee type benefits
  - iii. Permanency of the relationship
  - iv. Extent to which the services performed by the worker are a key aspect of the regular business of the company

This policy supersedes all other policies previously issued regarding purchasing.

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1. Vehicles that May be Used. ILA employees shall utilize ILA owned vehicles whenever possible for the performance of ILA business. However, the Vice-President of Security or designee may approve the payment to an ILA officer or employee for the use of their privately owned vehicle, up to a maximum of 14,000 miles annually on a fiscal year basis, to conduct ILA business at a rate not to exceed the maximum allowable under the federal Internal Revenue Service rules. The ILA establishes the following payment rates for the use of a personal vehicle:
  - a. ~~\$.3950~~ per business mile, or the highest rate approved by DAS-Central Procurement and Fleet Services Enterprise (DAS-CPFSE), will be authorized to the ILA employee for the use of their private vehicle when approved by the Vice-President of Security or designee.
  - b. The CEO may authorize ILA business use of privately owned vehicles that have been substantially modified or specially equipped as required for use by persons with disabilities. The CEO may confer with DAS-CPFSE when determining the appropriate rate. However, final approval of the rate lies solely with the CEO.
2. Employee Requests for Accommodation. Employees may request a reasonable accommodation for their vehicular requirements for the performance of their essential job functions.

Requests for vehicular accommodation will be authorized by the Vice-President of Security or designee up to 14,000 miles annually on a fiscal year basis. Upon the Vice-President of Security's (or designee) determination that a vehicular accommodation is best provided by the utilization of the ILA employee's personal vehicle for the performance of essential job duties, the ILA employee will receive payment for the business use of their private vehicle at the rate in 1.a. above, unless qualified under the provisions of paragraph 1.b. above. A copy of form CFN 552-0574 shall be furnished to the ILA Human Resources Associate (HRA) for recording purposes.

ILA employees requesting a reasonable accommodation for their vehicular requirements that drive or are anticipated to drive more than 14,000 miles annually on a fiscal year basis, shall forward their request (form CFN 552-0574) to the employee's supervisor where it will be routed to management for determination of the most appropriate method of accommodation.

Annual review of the methods utilized to provide accommodations may be performed by ILA supervisors and a Review Committee established by the ILA CEO.

3. Volunteers and Member of Board and Commissions. Members of boards or commissions and

## Iowa Lottery Authority—Financial Management

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members of the public volunteering their services to the State of Iowa shall receive the higher of \$.~~39~~50 per mile rate or the highest rate approved by DAS-CPFSE for the use of their private vehicle in the conduct of official business.

4. Use of private vehicles. The use of private vehicles up to a maximum of 14,000 miles annually on a fiscal year basis beginning July 1 of each year is authorized for ILA employees and ILA board members who have not been assigned an ILA vehicle. Mileage in excess of 14,000 miles during any fiscal year will not be reimbursed. ILA employees exceeding the 14,000 mileage limit should contact ILA-Security for information regarding the utilization of a motor pool vehicle for any additional necessary ILA business travel beyond 14,000 miles. If more than one claim for mileage reimbursement is anticipated during a calendar year, the ILA employee shall submit proof of insurance for the vehicle being driven. A wallet or glove compartment insurance card shall be considered adequate documentation. This requirement does not pertain to ILA board members.
5. Reporting of Commuting Miles. The Tax Reform Act of 1984, as revised in 1985 in Public Law 99-44, enacted new regulations concerning the taxability of fringe benefits relating specifically to the non-business use of automobiles. (These rules remain in effect in the Tax Reform Act of 1986.) Under these regulations, the ILA as an employer has the responsibility of reporting mileage in certain instances where ILA employees use ILA vehicles for commuting (non-business) purposes. In such situations, the following guidelines shall be followed:
  - a. When an employee uses an ILA automobile within the city or metropolitan area that is the employee's tax home, the commute from the employee's home to the first stop and from the last stop to the employee's home each day is a taxable fringe benefit. This is synonymous to commuting from the employee's home to the office or other location of the employer.
  - b. When the employee leaves home and makes the first stop outside the metropolitan area that is the employee's tax home, the use of a ILA automobile is a working condition fringe not subject to tax.
  - c. The taxable fringe benefit is the equivalent of \$3.00 per round trip (\$1.50 one way) each time an ILA vehicle is used for commuting purposes (see item (a) above to see what constitutes commuting). The amount of taxable income from the use of an ILA vehicle is subject to federal and state withholding, as well as FICA. The taxable amounts must be handled through the Human Resource Information System (HRIS).
    - i. HRIS reporting of commuting miles may be on a pay period, monthly or quarterly basis. However, an employee who does commute extensively will have more

## Iowa Lottery Authority—Financial Management

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taxes withheld out of one paycheck if the commuting miles are reported on a quarterly basis. It will be necessary to report at least quarterly in order to have correct taxable wages on the quarterly reports that HRIS must file. The amount to report is \$1.50 for each one-way trip or \$3.00 for each round trip.

- ii. The amount to be reported for an employee should be entered on a P-1 document in the field titled “Commute Miles Pay.” The amount reported on the P-1 document will remain in HRIS as additional earnings to the employee until another P-1 document is submitted to change the amount or to zero out the amount. Any figure reported in this field will be subject to state and federal withholding and FICA.
- iii. After the appropriate taxes have been calculated and deducted on the employee's paycheck, HRIS is programmed to deduct the amount reported in the “Commute Miles Pay” field of the P-1 document from the gross pay amount on the paycheck. A report of this activity is sent to state departments and the ILA quarterly.

It is important to remember that the above mentioned rules and guidelines do not supplant the authority granted to the ILA in the assignment, control, and use of ILA owned vehicles.



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

Date: June 30, 2022

TO: Iowa Lottery Board

FR: Steve Waymire, VP Security

RE: Lottery Sensitive Position Background Investigations

Iowa Code 99G.10(8) and Iowa Administrative Code 531 1.29(2) require the Lottery Board to identify those sensitive positions of the Iowa Lottery Authority which require full background investigations.

The Iowa Lottery Authority is recommending to the Board of Directors the following positions be identified as sensitive:

- Chief Executive Officer
- Executive Vice President
- All other key personnel
- Public Service Manager 2 (Finance)
- Public Service Manager 1 (Finance)
- Investigator 3 (Security)
- Information Technology Specialist 5
- Information Technology Specialist 4
- Information Technology Specialist 3



## Iowa Lottery Authority—Policy

| Section   | Policy Name              | Page No. | Last Revised     |
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State law mandates that the Iowa Lottery Authority (ILA) shall facilitate the background check process for major procurement vendors, for retailers, for Lottery key employees, and for other Lottery applicants for employment. [Iowa Code 99G.35 \(i\)](#) requires the ILA Security Division to coordinate employee and retailer background investigations conducted by the Department of Public Safety Division of Criminal Investigation (DCI).

At the Lottery’s discretion, when consistent with the requirements of Iowa law, the Lottery may [accept the background investigation findings of another state or law enforcement entity](#) in lieu of performing its own background investigation in accordance with this policy.

Further, at the Lottery’s discretion, a [recent prior employee background investigation](#), [vendor background investigation](#), or other law enforcement background investigation may satisfy the Lottery’s own process, provided that the prior background investigation was conducted within the past five years.

This policy sets forth both the procedures that the Lottery follows and the mechanisms utilized to ensure secure transmission and retention of background investigation information.

### **I. Lottery Vendor- Procurement.**

#### A. Legal Authority.

Iowa Code 99G.22, [Vendor background review](#), requires the ILA to investigate the financial responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of a major procurement contract. Before a major procurement contract is awarded, the DCI shall conduct a background investigation of the vendor to whom the contract is to be awarded.

At the time of submitting a bid, proposal, or offer to the ILA on a major procurement contract, the ILA shall require that each vendor submit to the DCI appropriate investigation authorization to facilitate this investigation, together with an advance of funds to meet the anticipated investigation costs.

A major procurement contract shall not be entered into with any vendor who has been found guilty of a felony related to the security or integrity of the lottery in this or any other jurisdiction.

The Lottery reserves the right to perform background investigations on vendors whom may not be involved in a major procurement contract, but where by the nature or location of the work performed the Lottery’s security may be impacted.

#### B. Process-Vendors.

When a Request for Proposal, (RFP), is issued for a major procurement by the ILA, the Iowa Lottery Authority is required to investigate the financial responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of that major procurement contract. To meet this legal requirement the Lottery takes the following steps:

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1. Requires language in the RFP notifying bidders of this background requirement, and directing potential bidders to the link on the Lottery website where the DCI Class L Business Entity form, DCI Class L-1 Bidder Key Personnel form, and DCI Class O Lottery Background form may be obtained.

a. The DCI Class L Business Entity form refers to the business entity, not any individual.

b. The DCI Class L-1 Key Personnel form is utilized by individuals identified as key personnel of the bidder. The Lottery has final determination on any such designation.

c. The DCI Class O form is for employees of the bidder on a major procurement who are not identified as key personnel but are still required to submit information to complete a background investigation.

Alternatively, the DCI Class O form is also used for vendors who are not participating in major procurements but whom the Lottery determined must undergo a background investigation due to the location or nature of the work to be performed.

2. For a major procurement, the bidder is required to submit a check to the Lottery, made payable to the Iowa DCI, in the amount of \$10,000.00 prior to the background being started. If the costs are more, the vendor is required to pay the additional costs and if the costs are less the DCI either refunds the unused portion or keeps it on account for the vendor.

3. In addition to the background form and fees, the bidder must submit two (2) completed “FBI Applicant” fingerprint cards for each individual who completes a Class L-1 Key Personnel form or Class O form.

4. The bidder must submit the completed respective form and required completed fingerprint cards to the Lottery Administrative Assistant for the Security Division.

5. The completed application form and fingerprint cards are delivered to the DCI, via a secured method (personal delivery).

6. A comprehensive background is conducted on the corporation and key personnel by the DCI.

7. The DCI verbally presents their findings to the VP of Security, Lottery CEO, Lottery General Counsel and Lottery Executive Vice President. The DCI may also report findings to the Iowa Lottery Authority Board in closed session when required by statute.

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8. The hard copy report, if relevant and necessary for the DCI's delivery of findings, is stored in a secured filing cabinet within the Iowa Lottery Security Division's work area.

9. Criminal history reports stored by the Lottery may only be viewed by Lottery personnel with a need to know, specifically designated as:

- VP of Security
- Lottery CEO
- Lottery General Counsel
- Lottery Executive Vice President/~~Chief Operating Officer~~
- Administrative Assistant to the Security Division

C. Process-Vendor Key Employee/Sensitive Position Employees.

1. When a vendor is conditionally awarded a contract for services with the ILA, the Lottery is required to have the DCI conduct a comprehensive background investigation.

2. Lottery personnel shall notify the vendor of the Lottery background requirement and direct them to the Iowa Lottery website to obtain the appropriate form.

a. The DCI Class L-1 form is to be completed by the vendor employee who is defined as a key personnel, and is required to submit information to complete a background investigation.

b. The vendor is required to submit a check to the Lottery, made payable to the Iowa DCI, in the amount of \$4,000.00 for an in-state background or \$6,000.00 for an out of state background prior to the background investigation being started for each vendor employee background application submitted. If the costs are more the vendor is required to pay the additional costs and if the costs are less the DCI either refunds the unused portion or keeps it on account for the vendor.

3. In addition to the background form, the vendor employee must submit two (2) completed "FBI Applicant" fingerprint cards.

4. The vendor must submit the completed respective form and required completed fingerprint cards to the Lottery Administrative Assistant for the Security Division.

5. The completed application form and fingerprint cards are delivered to the DCI, via a secured method (personal delivery) by Lottery personnel.

6. This background includes a national criminal history, intelligence review, credit bureau review, tax record review, and is assigned to a Special Agent to conduct interviews and conduct additional investigation into the person's background.

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7. The DCI verbally presents their findings to the VP of Security, Lottery CEO, Lottery General Counsel and Lottery Executive Vice President. The DCI may also report findings to the Iowa Lottery Authority Board in closed when required by statute.

8. The hard copy report, if relevant and necessary for the DCI's delivery of findings, is stored in a secured filing cabinet within the Iowa Lottery Security Division's work area.

9. Criminal history reports stored by the Lottery may only be viewed by Lottery personnel with a need to know, specifically designated as:

- VP of Security
- Lottery CEO
- Lottery General Counsel
- Lottery Executive Vice President/~~Chief Operating Officer~~
- Administrative Assistant to the Security Division

D. Process-Vendor Non-Sensitive Position Employees.

1. When a vendor is awarded a contract for services with the Iowa Lottery and their employee(s) are required to either physically work at a Lottery property or remotely connect with the Lottery computer systems, a DCI Class O background investigation shall be performed.

2. Lottery personnel shall notify the vendor of the Lottery background requirement and direct them to the Iowa Lottery website to obtain the appropriate form.

a. The DCI Class O form is to be completed by the vendor employee who is not defined as key personnel, but is still required to submit information to complete a background investigation.

b. At the Lottery's discretion, the vendor may be required to submit a check to the Lottery, made payable to the Iowa DCI, in the amount of \$250.00 for each vendor employee background application submitted to cover the costs to conduct this background investigation.

3. In addition to the background form the vendor employee must submit two (2) completed "FBI Applicant" fingerprint cards.

4. The vendor must submit the completed respective form and required completed fingerprint cards to the Lottery Administrative Assistant for the Security Division.

5. The completed application form and fingerprint cards are delivered to the DCI, via a secured method (personal delivery) by Lottery personnel.

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6. This background includes a national criminal history, intelligence check, and credit bureau check completed by the DCI.
7. The results are returned to the Lottery via a secured method (personal delivery or secure communication).
8. The hard copy report, if relevant and necessary for the DCI's delivery of findings, is stored in a secured filing cabinet within the Iowa Lottery Security Division's work area.
9. Criminal history reports stored by the Lottery may only be viewed by Lottery personnel with a need to know, specifically designated as:
  - VP of Security
  - Lottery CEO
  - Lottery General Counsel
  - Lottery Executive Vice President/~~Chief Operating Officer~~
  - Administrative Assistant to the Security Division

### II. Lottery Retailer.

#### A. Legal Authority.

[Iowa Code 99G.24 \(7\) \(a\) \(b\)](#) prohibits the ILA from issuing a retail license if the individual or entity meets any of the following conditions:

- Has been convicted of a criminal offense related to the security or integrity of the lottery in this or any other jurisdiction.
- Has been convicted of any illegal gambling activity, false statements, perjury, fraud, or a felony in this or any other jurisdiction.

Iowa Administrative Code, rule 531—2.16 (99G) [Background and informational statements](#) further articulate how the ILA conducts such checks.

#### B. Process-Retailer Licensing.

1. When a lottery license application packet is completed by a person or entity, a personal data sheet is included in the packet for the individual who has fiduciary authority.
2. An interested party or entity requests a lottery license application packet from the Lottery.
3. The completed application form and personal data sheet are submitted by the interested party or entity to the Lottery Administrative Assistant for the Security Division.

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4. The completed application form and personal data sheet are delivered to the DCI via a secured method (personal delivery or secure communication), and a state criminal history check, in addition to a review for wants and warrants, are completed by the DCI on the individual listed as having fiduciary authority.
5. The results are returned to the Lottery via a secured method (personal delivery or secure fax).
6. The hard copy report is stored in a secured filing cabinet within the Iowa Lottery Security Division's work area.
7. Access to this report is limited to Iowa Lottery personnel who have a need to see it to complete the licensing process;
  - Licensing Review Committee Members (Presently, the VP of Security, VP of Finance, and Director of [Sales and Retail Services](#))
  - Administrative Assistant, Security Division
  - Iowa Lottery License Finance Administrator
  - Iowa Lottery General Counsel
  - Lottery Executive Vice President/~~Chief Operating Officer~~
  - Lottery CEO
8. Review Committee members other than the VP of Security only have access when there are extra stipulations that may relate to the licensing process and they must provide a ruling.
9. The cost for this background process is included in the compensation as part of the annual contract for services between the DCI and the Lottery.

### III. Lottery Key Employee & Sensitive Position.

#### A. Legal Authority.

[Iowa Code 99G.10 \(8\) \(9\)](#) require background investigations to be performed by the DCI on each applicant who has reached the final selection process to employment by the ILA.

The board shall identify those sensitive positions of the ILA which require full background investigations, which shall include, at a minimum, any officer of the authority, and any employee with operational management responsibilities, security duties, or system maintenance or programming responsibilities related to the authority's data processing or network hardware, software, communication, or related systems.

~~[ILA Board of Directors identifies the following positions as sensitive: List of Key Employees and Sensitive Positions approved by the ILOT Board of Directors \(2018\);](#)~~

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- Chief Executive Officer
- Executive Vice President ~~& Chief Operating Officer~~
- ~~All other key personnel~~ Vice President, General Counsel
- ~~Vice president, Security~~
- ~~Vice President, Systems~~
- ~~Vice President, Finance & Chief Financial Officer~~
- ~~Vice President, External Relations~~
- ~~Vice President, Sales & Marketing~~
- ~~Director of Retail Services~~
- ~~Public Service Manager 2 (Finance)~~
- Public Service Manager 1 (Finance)
- Investigator 3 (Security)
- Info Tech Specialist 5 (access to sensitive areas of the gaming system)
- Info Tech Specialist 4 (access to sensitive areas of the gaming system)
- Info Tech Specialist 3 (access to sensitive areas of the gaming system)

In addition to a work history and financial review, a full background investigation may include a national criminal history check through the Federal Bureau of Investigation (FBI). The screening of employees through the FBI shall be conducted by submission of fingerprints through the state criminal history repository to the FBI.

A person who has been convicted of a felony or bookmaking or other form of illegal gambling or of a crime involving moral turpitude shall not be employed by the ILA.

### B. Process.

1. When an applicant/employee is conditionally offered employment with the Iowa Lottery in a position defined as a sensitive position by the Board of Directors, the applicant must successfully complete a DCI Class L-1 background investigation. This comprehensive background is conducted by the Department of Public Safety Division of Criminal Investigation (DCI).
2. Lottery personnel shall notify the applicant/employee of the Lottery background requirement and direct them to the Iowa Lottery website to obtain the appropriate form.
  - a. The DCI Class L-1 form is to be completed by the applicant/employee who is defined as a key personnel, and is required to submit information to complete a Class L-1 background investigation.
  - b. The cost for this background process is included in the compensation as part of the annual contract for services between the DCI and the Lottery. If the DCI incurs some additional costs with this type of background, that are above and beyond part of the compensation included in the annual letter of agreement between the DCI and the Lottery, the Lottery may fund the additional cost.

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3. In addition to the background form, the applicant/employee must submit two (2) completed “FBI Applicant” fingerprint cards.
4. The applicant/employee must submit the completed respective form and required completed fingerprint cards to the Lottery Administrative Assistant for the Security Division.
5. The completed application form and fingerprint cards are delivered to the DCI via a secured method (personal delivery) by Lottery personnel.
6. This background includes a national criminal history, intelligence check, credit bureau check, tax record check, and is assigned to a Special Agent to conduct interviews and conduct additional investigation into the person’s background.
7. The results are returned to the Lottery via a secured method.
8. The hard copy criminal history report, if relevant and necessary for the DCI’s delivery of findings, is stored in a secured filing cabinet within the Iowa Lottery Human Resources work area.
9. Criminal history reports stored by the Lottery may only be viewed by Lottery personnel with a need to know, specifically designated as:
  - VP of Security
  - Lottery CEO
  - Lottery General Counsel
  - Lottery Executive Vice President/~~Chief Operating Officer~~
  - Administrative Assistant to the Security Division
  - Human Resources Associate

### IV. Other Applicants for Lottery Employment.

#### A. Legal Authority.

[Iowa Code 99G.10 \(8\) \(9\)](#) require background investigations to be performed by the DCI on each applicant who has reached the final selection process to employment by the ILA.

For positions not designated as sensitive by the board, the investigation may consist of a state criminal history background investigation, work history, and financial review.

A person who has been convicted of a felony or bookmaking or other form of illegal gambling or of a crime involving moral turpitude shall not be employed by the ILA.

#### B. Process.



## Iowa Lottery Authority—Policy

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1. When an applicant/employee is conditionally offered employment with the Iowa Lottery in a position defined as a non-sensitive position a DCI Class O background investigation shall be performed.

2. Lottery personnel shall notify the applicant/employee of the Lottery background requirement and direct them to the Iowa Lottery website to obtain the appropriate form.

a. The DCI Class O form is to be completed by the applicant/employee who is not defined as key personnel, but is still required to submit information to complete a background investigation.

b. The cost for this background process is included in the compensation as part of the annual contract for services between the DCI and the Lottery. If the DCI incurs some additional costs with this type of background, that are above and beyond part of the compensation included in the annual letter of agreement between the DCI and the Lottery, the Lottery may fund the additional cost.

3. In addition to the background form the applicant/employee must submit two (2) completed “FBI Applicant” fingerprint cards.

4. The applicant/employee must submit the completed respective form and required completed fingerprint cards to the Lottery Administrative Assistant for the Security Division.

5. The completed application form and fingerprint cards are DCI, via a secured method (personal delivery) by Lottery personnel.

6. This background includes a national criminal history, intelligence check, and credit bureau check completed by the DCI.

7. The results are returned to the Lottery via a secured method (personal delivery or secure fax).

8. The hard copy criminal history report, if relevant and necessary for the DCI’s delivery of findings, is stored in a secured filing cabinet within the Iowa Lottery Human Resources work area.

9. Criminal history reports stored by the Lottery may only be viewed by Lottery personnel with a need to know, specifically designated as:

- VP of Security
- Lottery CEO
- Lottery General Counsel
- Lottery Executive Vice President/~~Chief Operating Officer~~
- Administrative Assistant to the Security Division

## Iowa Lottery Authority—Policy

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| <b>Subject</b><br>Vendor/Retailer/Employee – Background Investigation - Policies and Procedures |                          |          |                  |

- Human Resources Associate

### V. Applicant Notification and Record Challenge

- A. All applicants and vendors whose fingerprints will be used to check the criminal history records of the FBI must be notified in writing, acknowledge receipt of an adequate Privacy Act statement and be advised of their opportunity to complete, or challenge the accuracy of, the information, contained in the FBI identification record.

1. Applicants must submit a signed DCI Written Agreement and Statement with —their background application packet. This form is available from the Iowa Lottery Website.

- B. The Iowa Lottery Authority will allow applicants that do not pass the background investigation because of FBI- information reasonable time to correct, , or complete the record or decline to do so.

1. Prospective licensee, employee, vendor or volunteer may obtain a copy of the criminal history records, if any, contained in the report, to challenge the accuracy and completeness of any information contained in any such report, and to obtain a determination as to the validity of such challenge before final determination regarding the person is made by the Iowa Lottery Authority.

Individuals may obtain criminal history record information by contacting the FBI at <http://www.fbi.gov/about-us/cjis/background-checks>. If challenging a record, a written request must be sent to the FBI, at FBI CJIS Division, Attn: Correspondence Group, 1000 Custer Hollow Road, Clarksburg West Virginia 26306, 304-625-3878. The fee charged by the FBI to obtain the criminal history record information will be the responsibility of the individual requesting the information.



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

To: ILA Board  
From: Megan Tooker  
Date: June 30, 2022  
Re: Pull-Tab Printing Recommendation

The current pull-tab printing contract (with all extensions exercised) expires on December 31, 2022. The Iowa Lottery issued RFP IL 22-06, Request for Proposal, Purchase of Pull-tab Tickets on February 28, 2022.

The purpose of this RFP was to solicit proposals from qualified firms or vendors interested in printing pull-tab tickets and providing related services for the Lottery. The Lottery reserved the right at its sole discretion to award multiple contracts to print Lottery pull-tab tickets, but noted that the award of any contract would not guarantee that the Lottery would print any tickets with the successful vendor.

### **Background Information**

Pull-tab ticket sales for fiscal year 2021 were approximately \$13 million. Fiscal year-to-date sales through the end of May are \$11.6 million.

The Lottery sells multiple pull-tab games at multiple price points and plans to have at least 18 games available for sale at all times. The Lottery plans to introduce new pull-tab tickets approximately every 1-2 months. The Lottery has approximately 335 retailers selling pull-tab tickets within Iowa.

### **RFP Process**

Several Lottery staff members participated in the RFP processing including:

#### RFP Coordinator

- Terry Brown

#### RFP Advisors

- Larry Loss
- Megan Tooker

#### RFP Evaluation Team

- Deirdre Demmerly
- Brad Carter
- Brad Wells
- Jill Goellner

Proposals were due to the Lottery by April 18, 2022. Only American Games, Inc. submitted a proposal in response to the RFP. American Games is a Pollard

Banknote Company. American Games is the Lottery's current vendor for pull-tab tickets and prints tickets at its facility in Council Bluffs, Iowa.

The Lottery determined that a site visit to American Games was not necessary because Lottery officials are familiar with the facility and its printing processes.

Since the Lottery received only one bid, the RFP evaluation team reviewed American Games' technical proposal on a pass/fail basis to ensure that the proposal met the criteria established by the Lottery. All categories received a pass score. After completing the evaluation of the technical proposal, the RFP evaluation team opened the price proposal. The RFP evaluation team reviewed the price proposal and gave it a pass score as well.

### **Duration**

If approved by the Board, the term of the initial contract award for this RFP would be from January 1, 2023 through December 31, 2025. The Lottery would also have the option to exercise up to three one-year contract extensions.

### **Pricing**

Should the Lottery elect to exercise all option periods, the estimated cost over the entire 60 month term would be \$1,656,200. This bid represents an approximately 10% increase over the existing contract pricing with additional CPI adjustments after the initial two-year term.

The RFP evaluation team believes this proposed contract cost is reasonable in light of both the time that has passed since the last bid for services (5 years) and current inflation.

### **Recommendation**

The RFP evaluation team recommends the Lottery issue a Notice of Intent to Award to American Games, Inc., a Pollard Banknote Company, for RFP IL 22-06, for the purchase of pull-tab tickets. The team further requests the Board authorize the Lottery to enter into an agreement with American Games, a Pollard Banknote Company, for the services set forth in this RFP on terms consistent with those outlined in RFP IL 22-06 and the vendor's response to the RFP.

Pricing 22 vs New 23

| Qty       | # of Orders | Total Tickets | 2023 Price | 2023 Annual Base Cost | 2022 Price | 2022 Annual Base Cost | Diff |
|-----------|-------------|---------------|------------|-----------------------|------------|-----------------------|------|
| 3,000,000 | 1           | 3,000,000     | \$0.016478 | \$49,434              | \$0.014980 | \$44,940.00           | 10%  |
| 2,000,000 | 3           | 6,000,000     | \$0.017358 | \$104,148             | \$0.015780 | \$94,680.00           | 10%  |
| 1,000,000 | 9           | 9,000,000     | \$0.018436 | \$165,924             | \$0.016760 | \$150,840.00          | 10%  |
|           |             | 18,000,000    |            | <b>\$319,506</b>      |            | <b>\$290,460.00</b>   | 10%  |

|                   |         |         |        |
|-------------------|---------|---------|--------|
| Set-Up Charge     | \$4,170 | \$3,792 | 10%    |
| UV Ink            | \$595   | \$541   | 10%    |
| Selective Seeding | 10%     | 10%     | Same   |
| Fluorescent Inks  | 0.175   | 0.16    | 9.375% |
| CPI Mark Up       | 100%    | 100%    | Same   |

(NEW ITEM) Storage Up to 9,000,000 Tickets for 90 days at \$15 per skid per month  
Storage Fees:

|                   |   |
|-------------------|---|
| 155,520           | # of Tickets Per Skid                                     |
| 9,000,000         | Max Number of Tickets Stored By Lottery at American Games |
| 58                | Max Number of Skids in Storage                            |
| \$15.00           | Cost Per Month Per Skid                                   |
| <b>\$870.00</b>   | Cost Per Month for 58 Skids                               |
| <b>\$2,610.00</b> | 90 day Cost for Max Number of Skids                       |

Estimated Value of Base Contract:

|               | Start | End  | Number of Years | Estimated CPI Mark Up | Estimated Annual Base Cost |
|---------------|-------|------|-----------------|-----------------------|----------------------------|
| Initial Term  | 2023  | 2024 | 2               | NA                    | \$639,012                  |
| 1st Extension | 2025  | 2025 | 1               | 3.00%                 | \$329,091                  |
| 2nd Extension | 2026  | 2026 | 1               | 3.00%                 | \$338,964                  |
| 3rd Extension | 2027  | 2027 | 1               | 3.00%                 | \$349,133                  |
|               |       |      | <b>5</b>        | Contract Total        | <b>\$1,656,200</b>         |

# PT Evaluation Sheet

**Evaluation Process**

All proposals received by the specified date and time will be reviewed for compliance with the requirements of the RFP. If a proposal fails to meet a mandatory RFP requirement, the proposal will be eliminated from further consideration. If the Contractor fails to pass evaluations for Section 3.5 Plant Security or Section 3.7.6 Financial Statements, the proposal will be eliminated from further consideration.

**Scoring Methodology:**

- 1 The score for "Cost" will be scored as follows:  
Lowest Single Proposal Price / Contractor's Single Proposal Price
  
- 2 The score for the other components will be as follows:  
0=not acceptable or applicable  
1=marginally meets the Lottery's requirements  
2=meets Lottery's requirements  
3=marginally exceed Lottery's requirements  
4=exceeds Lottery's requirements
  
- 3 For each component the score will be multiplied by the points available to get a weighted score.  
The weighted scores from each component will be added together to get a final score for the Contractor.

The following example reflects the maximum score possible. During the evaluation process the maximum score column will reflect the actual scores of the Contractors.

| <u>COMPONENT</u> | <u>Points</u>                                    | <u>MAXIMUM SCORE</u> | <u>WEIGHTED SCORE</u> | Page  | P or F<br><u>Vendor 1 Score</u> | <u>Weighted</u> |
|------------------|--|----------------------|-----------------------|-------|---------------------------------|-----------------|
| <b>COST</b>      |  |                      |                       |       |                                 |                 |
| 4.0              | Cost (Appendix B Cost Proposal Format)           | 600 *                | 1 =                   | 600   | Sealed                          | P               |
| <b>TECHNICAL</b> |  |                      |                       |       |                                 |                 |
| 3.1.1            | Samples  | 30                   | 4                     | 120   | 43                              | P               |
| 3.1.2            | Ticket Construction                              | 15                   | 4                     | 60    | 43                              | P               |
| 3.1.6            | Play Numbers/Symbols                             | 15                   | 4                     | 60    | 72                              | P               |
| 3.1.7            | Confirming Caption/Verification Symbol or Device | 15                   | 4                     | 60    | 87                              | P               |
| 3.1.8            | Validation and/or barcode functions              | 15                   | 4                     | 60    | 95                              | P               |
| 3.1.13           | Randomization                                    | 10                   | 4                     | 40    | 98                              | P               |
| 3.1.21           | Ticket Security                                  | 15                   | 4                     | 60    | 141                             | P               |
| 3.1.22           | Test Game  | 15                   | 4                     | 60    | 160                             | P               |
| 3.1.14           | Working Papers                                   | 40                   | 4                     | 160   | 108                             | P               |
| 3.1.15           | Ticket Production Table                          | 20                   | 4                     | 80    | 136                             | P               |
| 3.6.1            | Suggested Game/Promotion/Marketing               | 20                   | 4                     | 80    | 179                             | P               |
| 3.5.2            | Plant Security Requirement                       | 35                   | 4                     | 140   | 166                             | P               |
| 3.5.3            | Waste Materials                                  | 10                   | 4                     | 40    | 176                             | P               |
| 3.5.4            | Storage  | 15                   | 4                     | 60    | 177                             | P               |
| 3.7.5            | Vendor Printing Equipment                        | 30                   | 4                     | 120   | 216                             | P               |
| 3.7.4            | Vendor Performance                               | 10                   | 4                     | 40    | 215                             | P               |
| 3.7.3            | Vendor Business Experience                       | 10                   | 4                     | 40    | 208                             | P               |
| 3.7.2            | Vendor Personnel                                 | 30                   | 4                     | 120   | 199                             | P               |
| TOTAL SCORE:     |  | 950                  |                       | 2,000 |                                 |                 |

P=Passing Score of 2 or higher from above scale.  
F=Failing Score below 2 from above scale

Vendor Proposal Scored May 2022  
Scoring Panel Members  
Brad Carter, Deirdre Demmerly  
Jill Goellner, Brad Wells

Only one response was received from American Games/Pollard Banknote  
This pass/fail scoring criteria was for American Games proposal.



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515.725.7900

Kim Reynolds · Governor  
Adam Gregg · Lt. Governor

Matthew N. Strawn · Chief Executive Officer

To: ILA Board  
From: Megan Tooker  
Date: June 30, 2022  
Re: Assignment of contracts with Scientific Games

The Iowa Lottery has two contracts with vendor Scientific Games International, Inc.— one for the Lottery’s computer gaming system and one for the printing of instant (scratch) tickets. Both contracts are considered “major procurement contracts” under Iowa Code chapter 99G. That chapter requires the Board to approve all of the Lottery’s major procurement contracts as well as any amendments or modifications thereto.

Until recently, Scientific Games International, Inc. was the lottery division of its parent company Scientific Games Corporation. On April 4, 2022, Scientific Games Corporation finalized its sale of Scientific Games International, Inc. to BCP Acquisitions, LLC, an affiliate of Brookfield Business Partners LP. Brookfield operates this recently acquired lottery business as Scientific Games, LLC. Brookfield is an investment company that manages over \$690 billion in assets.

The entire executive management team from the lottery division will continue to operate Scientific Games, LLC and the business will continue to use the Scientific Games name.

The Lottery’s contracts with Scientific Games International, Inc. prohibit the vendor from assigning the contracts absent written Lottery approval. The Lottery’s CEO has signed an assignment and assumption agreement for these two contracts. Lottery staff is recommending the Board approve this agreement as well.

ASSIGNMENT AND ASSUMPTION AGREEMENT FOR  
AGREEMENT BETWEEN THE IOWA LOTTERY AUTHORITY AND SCIENTIFIC  
GAMES INTERNATIONAL FOR A COMPUTER GAMING SYSTEM AND RELATED  
PRODUCTS AND SERVICES; AGREEMENT FOR PURCHASE OF INSTANT TICKETS  
AND RELATED SERVICES  
IOWA LOTTERY AUTHORITY

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment and Assumption Agreement"), dated as of April 28, 2022 (the "Effective Date"), is made by and between Scientific Games International, Inc., a Delaware corporation ("Assignor"), Scientific Games, LLC., a Delaware limited liability company, formerly Scientific Games, Inc., a Delaware corporation, having been converted to a limited liability company pursuant to 8 Del. C. § 266 ("Assignee"), and Iowa Lottery Authority ("Customer").

WITNESSETH:

WHEREAS, Assignor and Customer are parties to that certain Agreement Between the Iowa Lottery Authority and Scientific Games International for a Computer Gaming System and Related Products and Services; Agreement for Purchase of Instant Tickets and Related Products and Services, together with all amendments, supplements, modifications, appendices, assignments and addenda thereto, the "Agreement"; and

WHEREAS, Assignor desires to transfer, assign, convey, grant, deliver and delegate to Assignee, and Assignee desires to accept from Assignor, all of Assignor's right, title, benefit, privilege and interest in, to and under the Agreement and assume and discharge all of the obligations, covenants, agreements and conditions to be performed by Assignor under the Agreement, in each case, pursuant to the terms of this Assignment and Assumption Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, Assignee, Assignor and Customer hereby agree as follows:

1. Assignment and Assumption. Effective as of the Effective Date, (a) Assignor hereby transfers, assigns, conveys, grants, delivers and delegates to Assignee all of Assignor's right, title, benefit, privilege and interest in, to and under the Agreement; and (b) Assignee hereby accepts such assignment and assumes from Assignor the Agreement, and agrees to pay, perform and discharge, when due, all of the obligations, covenants, agreements and conditions to be performed by Assignor under the Agreement whether arising prior to, on, or subsequent to the Effective Date of this Assignment and Assumption Agreement, as if Assignee was the original party to the Agreement; and (c) Customer hereby consents to the assignment of the Agreement from Assignor to Assignee and acknowledges that (i) the Assignment will not constitute a breach or violation of, or result in any default under, or give any termination right with respect to, the



Contract, and (ii) the Contract will continue in full force and effect under its existing terms, subject to the terms of this Agreement.

2. Further Assurances. Each of the parties hereto covenants and agrees to execute and deliver, at the request of any other party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment and Assumption Agreement.

3. Governing Law. The laws of the State of Iowa applicable to contracts made and wholly performed therein shall govern the validity, construction, performance and effect of this Assignment and Assumption Agreement.

4. Successors and Assigns. This Assignment and Assumption Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors in interest and assigns.

5. Headings. The subject headings or captions of the paragraphs in this Assignment and Assumption Agreement are inserted for convenience of reference only and shall not affect the meaning, construction or interpretation of any provisions contained herein. All capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms.

6. Counterparts. This Assignment and Assumption Agreement may be executed by facsimile or electronic mail transmission and/or in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

7. No Third Party Beneficiaries. There are no third-party beneficiaries to this Assignment and Assumption Agreement.

8. Severability. If any provision of this Assignment and Assumption Agreement shall be held invalid, illegal or unenforceable, the validity, legality or enforceability of the other provisions of this Assignment and Assumption Agreement shall not be affected thereby, and there shall be deemed substituted for the provision at issue a valid, legal and enforceable provision as similar as possible to the provision at issue.

[SIGNATURES APPEAR ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed as of the date first above written.

"Assignor":

SCIENTIFIC GAMES INTERNATIONAL,  
INC.

By: Patrick McHugh \_\_\_\_\_

Name: Patrick McHugh \_\_\_\_\_

Title: President, CEO, Secretary and Treasurer

"Assignee":

SCIENTIFIC GAMES, LLC

By: Patrick McHugh \_\_\_\_\_

Name: Patrick McHugh \_\_\_\_\_

Title: Chief Executive Officer

"Customer"

IOWA LOTTERY AUTHORITY

By: Matthew N. Strawn \_\_\_\_\_

Name: MATTHEW N. STRAWN

Title: CEO

# LOTTERY AUTHORITY, IOWA[531]

## Notice of Intended Action

### Proposing rule making related to licensing and providing an opportunity for public comment

The Board of Directors of the Iowa Lottery Authority hereby proposes to amend Chapter 12, “Licensing” of the Iowa Administrative Code.

#### *Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code section 99G.9(3).

#### *State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code chapter 99G.

#### *Purpose and Summary*

This proposed rule making reflects changes found during the lottery’s five-year rules review.

The purpose of these changes is to bring the lottery’s rules in line with Iowa Code chapter 272D. These changes include updating the lottery’s license eligibility criteria to deny a license if the lottery has received a certificate of noncompliance from the centralized collection unit of the department of revenue.

#### *Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa.

#### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Authority for a waiver of the discretionary provisions, if any.

#### *Public Comment*

Any interested person may submit written or oral comments concerning this proposed rule making. Written comments in response to this rule making must be received by the Authority no later than 4:30 p.m. on [DATE]. Comments should be directed to:

|  |
|--|
| Megan Tooker<br>Iowa Lottery Authority |
|--|

13001 University Avenue  
Clive, Iowa 50325-8225  
Phone: 515.725.7851  
Email: mtooker@ialottery.com

*Public Hearing*

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Amend rule **531–12.1** as follows:

**531—12.1(99G,252J) License eligibility criteria.**

**12.1(1)** A person, partnership, unincorporated association, authority, or other business entity shall not be selected as a lottery retailer if the person or entity meets any of the following conditions:

- a.* Has been convicted of a criminal offense related to the security or integrity of the lottery in Iowa or any other jurisdiction.
- b.* Has been convicted of any illegal gambling activity, false statements, perjury, fraud, or a felony in Iowa or any other jurisdiction.
- c.* Has been found to have violated the provisions of Iowa Code Supplement chapter 99G, or any regulation, policy, or procedure of the lottery, unless either ten years have passed since the violation or the board finds the violation both minor and unintentional in nature.
- d.* Is a vendor or any employee or agent of any vendor doing business with the lottery.
- e.* Resides in the same household as an officer of the lottery.
- f.* If a natural person, is less than 18 years of age.

g. Does not demonstrate financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

h. Has not demonstrated that the applicant is the true owner of the business proposed to be licensed and that all persons holding at least a 10 percent ownership interest in the applicant's business have been disclosed.

i. Has knowingly made a false statement of material fact to the authority.

**12.1(2)** The applicant shall be current in filing all applicable tax returns to the state of Iowa and in payment of all taxes, interest, and penalties owed to the state of Iowa, excluding items under formal appeal pursuant to applicable statutes.

**12.1(3)** The lottery will deny a license to any applicant who is an individual if the lottery has received a certificate of noncompliance from the child support recovery unit with regard to the individual, until the unit furnishes the lottery with a withdrawal of the certificate of noncompliance.

**12.1(4)** The lottery will deny a license to any application as defined by this chapter if the lottery has received a certificate of noncompliance from the centralized collection unit of the department of revenue with regard to the individual, until the unit furnishes the lottery with a withdrawal of the certificate of noncompliance.

This rule is intended to implement Iowa Code section 252J.2 and Iowa Code Supplement sections 99G.7(1), 99G.9(3), 99G.21(2), ~~and~~ 99G.24, and 272D.8.

ITEM 2. Amend subrule **531–12.4** as follows:

**531—12.4(99G,252J) Lottery licenses.**

**12.4(1)** The lottery has discretion to license a qualified applicant to sell any one of the following lottery products or any combination of the following products: instant tickets; pull-tab tickets; and computerized game tickets, if available. The lottery may require an applicant to sell one or more lottery products as a condition of selling any other lottery product. A lottery license authorizes the licensee to sell only the type of lottery products specified on the license.

**12.4(2)** Any eligible applicant may apply for a license to act as a retailer by first filing with the lottery an application form together with any supplements required. Supplements may include, but are not limited to, authorizations to investigate criminal history, financial records and financial resources, and authorizations to allow the lottery to conduct site surveys.

**12.4(3)** All lottery license applications must be accompanied by a nonrefundable fee of \$25.

**12.4(4)** Retailers who are currently licensed may apply for a license modification to allow the sale of additional lottery products. A current retailer may be required to

complete an additional application or application supplements.

**12.4(5)** The lottery may waive the payment of any license fee to facilitate an experimental program or a research project.

**12.4(6)** A limited number of retailers may be selected as licensees from applications received. The selection shall be made based on criteria designed to produce the maximum amount of net revenue and serve public convenience. The lottery may refuse to accept license applications for a period of time if the lottery determines that the number of existing licensees is adequate to market any lottery product.

**12.4(7)** The lottery will grant, deny, or place on hold all applications within 60 days of acceptance of an application. Applications placed on hold shall be considered denied for purposes of appeal. If an application is denied because the lottery has received a certificate of noncompliance from the child support recovery unit in regard to an individual, the effective date of denial of the issuance of the license, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice upon the applicant. If an application is denied because the lottery has received a certificate of noncompliance from the centralized collections unit of the department of revenue regarding an applicant or person as defined by this chapter, the effective date of denial of the issuance of the license, as specified in the notice required by Iowa Code section 272D.8, shall be 60 days following service of notice upon the applicant.

This rule is intended to implement Iowa Code sections 252J.2 and 252J.8 and Iowa Code Supplement sections 99G.7, 99G.9(3), 99G.21(2), 99G.24, ~~and~~ 99G.30, and 272D.8.

ITEM 3. Amend rule **531–12.12** as follows:

**12.12(1)** The lottery may suspend or revoke any license issued pursuant to these rules for one or more of the following reasons:

*a.* Failing to meet or maintain the eligibility criteria for license application and issuance established by Iowa Code Supplement chapter 99G or these rules.

*b.* Violating any of the provisions of Iowa Code Supplement chapter 99G, these rules, or the license terms and conditions.

*c.* Failing to file any return or report or to keep records required by the lottery; failing to maintain an acceptable level of financial responsibility as evidenced by the financial condition of the business, incidents of failure to pay taxes or other debts, or by the giving of financial instruments that are dishonored or electronic funds transfers that are not paid; fraud, deceit, misrepresentation, or other conduct prejudicial to the public confidence in the lottery.

*d.* If public convenience is adequately served by other licensees.

*e.* Failing to sell a minimum number of tickets as established by the lottery.

- f.* A history of thefts or other forms of losses of tickets or revenue from the business.
- g.* Violating federal, state, or local law or allowing the violation of any of these laws on premises occupied by or controlled by any person over whom the retailer has substantial control.
- h.* Obtaining a license by fraud, misrepresentation, concealment or through inadvertence or mistake.
- i.* Making a misrepresentation of fact to the board or lottery on any report, record, application form, or questionnaire required to be submitted to the board or lottery.
- j.* Denying the lottery or its authorized representative, including authorized local law enforcement agencies, access to any place where a licensed activity is conducted.
- k.* Failing to promptly produce for inspection or audit any book, record, document, or other item required to be produced by law, these rules, or the terms of the license.
- l.* Systematically pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates cause to believe that the participation of such person in these activities is inimical to the proper operation of an authorized lottery.
- m.* Failing to follow the instructions of the lottery for the conduct of any particular game or special event.
- n.* Failing to follow security procedures of the lottery for the management of personnel, handling of tickets, or for the conduct of any particular game or special event.
- o.* Making a misrepresentation of fact to a purchaser, or prospective purchaser, of a ticket, or to the general public with respect to the conduct of a particular game or special event.
- p.* For a licensee who is an individual, when the lottery receives a certificate of noncompliance from the child support recovery unit in regard to the licensee, unless the unit furnishes the department with a withdrawal of the certificate of noncompliance.
- q.* Allowing activities on the licensed premises that could compromise the dignity of the state.
- r.* Failing to accurately or timely account or pay for lottery products, lottery games, revenues, or prizes as required by the lottery.
- s.* Filing for or being placed in bankruptcy or receivership.
- t.* Engaging in any conduct likely to result in injury to the property, revenue, or reputation of the lottery.
- u.* Making any material change, as determined in the sole discretion of the lottery, in any matter considered by the lottery in executing the contract with the retailer.

v. Nonpayment of a state debt as evidenced by a certificate of noncompliance issued pursuant to Iowa Code chapter 272D. This rule applies both to sole proprietorships and to persons with the requisite ownership interest in or relation to any other organized business entity, as set forth in rule 532–12.3. This rule applies in addition to the procedures set forth in Iowa Code chapter 272D.

**12.12(2)** The effective date of revocation or suspension of a license, or denial of the issuance or renewal of a license, as specified in the notice required by Iowa Code section 252J.8, shall be 60 days following service of the notice upon the licensee. The effective date of revocation, suspension or denial of a license for nonpayment of state debt, as specified in the notice required by section 272D.8, shall be 60 days following service of the notice upon the licensee. The effective date for All other notices of revocation or suspension shall be 20 days following service upon a licensee.

**12.12(3)** If a retailer’s license is suspended for more than 180 days from the effective date of the suspension, the lottery will revoke the retailer’s license upon 15 days’ notice served in conformance with 531—12.13(99G,252J).

**12.12(4)** Upon suspicion that a retailer has sold a ticket to an underage player, the lottery will investigate and provide a written warning to the retailer describing the report of the event and of the potential violation of Iowa Code section 99G.30(3). In the event a retailer sells a ticket to an underage player and the lottery can substantiate the claim, the lottery may suspend the retailer’s license for 7 days. When a retailer sells a ticket to an underage player and the lottery can substantiate the claim a second time in a period of one year from the date of the first event, the lottery may suspend the retailer’s license for a period of 30 days. When a retailer sells a ticket to an underage player and the lottery can substantiate the claim a third time in a period of one year from the date of the first event as described in this rule, the retailer’s license may be suspended for one year.

**12.12(5)** Upon revocation or suspension of a retailer’s license of 30 days or longer, the retailer shall surrender to the lottery, by a date designated by the lottery, the license, lottery identification card, and all other lottery property. The lottery will settle the retailer’s account as if the retailer had terminated its relationship with the lottery voluntarily.

This rule is intended to implement Iowa Code sections 99G.9(3), 99G.21(2), 99G.24, 99G.27, 99G.30(3), 99G.35, 252J.8, and 272D.8(2). ~~Iowa Code Supplement sections 99G.9(3), 99G.21(2), 99G.24, 99G.27, 99G.30(3), and 99G.35.~~

ITEM 3. Amend rule **531–12.13** as follows:

**531—12.13(99G,252J) Methods of service.** The notice required by Iowa Code section 252J.8 shall be served upon the licensee by restricted certified mail, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the licensee may accept service personally or through authorized counsel.

The notice required by Iowa Code section 272D.8 shall be served upon the licensee



by certified mail, return receipt requested; by personal service in accordance with Iowa Rule of Civil Procedure 1.305; or through authorized counsel. Alternatively, the licensee may accept service personally or through authorized counsel.

Notice of a license revocation or a suspension for the reasons described in 531—12.12(99G,252J) shall be served upon the licensee by restricted certified mail, return receipt requested, or personal service in accordance with Iowa Rule of Civil Procedure 1.305. Alternatively, the licensee may accept service personally or through authorized counsel. The notice shall set forth the reasons for the suspension or revocation and provide for an opportunity for a hearing. If requested by the licensee, a hearing on the suspension or revocation shall be held within 180 days or less after the notice has been served.

This rule is intended to implement Iowa Code section 252J.8 and Iowa Code Supplement sections 99G.9(3), 99G.21(2), ~~and 99G.24,~~ and 272D.8.

ITEM 4. Amend rule **531—12.14** as follows:

**531—12.14(99G,252J) Licensee’s obligation.** Licensees and license applicants must ~~shall~~ keep the lottery informed of all court actions and all child support recovery unit actions or centralized collection unit actions taken under or in connection with Iowa Code chapters 252J or 272D. ~~and shall~~ Licensees and applicants must also provide the lottery with copies, within seven days of filing or issuance, of all applications filed with the district court pursuant to Iowa Code section 252J.9 or 272D.9, all court orders entered in such actions, and any withdrawals of certificates of noncompliance by the child support recovery unit or centralized collections unit.

This rule is intended to implement Iowa Code section 252J.8 and Iowa Code Supplement sections 99G.9(3), ~~and 99G.21(2),~~ and 272D.8.

ITEM 5. Amend rule **531—12.15** as follows:

**531—12.15(99G,252J) Calculating the effective date. In the event a licensee or applicant files a Calculating the effective date.** In the event a licensee or applicant files a timely district court action following service of a lottery notice pursuant to Iowa Code sections 252J.8 and 252J.9 or 272D.8 and 272D.9, the lottery shall continue with the intended action described in the notice upon the receipt of a court order lifting the stay, dismissing the action, or otherwise directing the lottery to proceed. For purposes of determining the effective date of revocation or suspension, or denial of the issuance or renewal of a license, the lottery shall count the number of days before the action was filed and the number of days after the action was disposed of by the court.

This rule is intended to implement Iowa Code sections 99G.9(3), 99G.21(2), 252J.8, ~~and 252J.9, 272D.8, and 272D.9.~~ ~~and Iowa Code Supplement sections 99G.9(3) and 99G.21(2).~~





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515.725.7900

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

To: ILA Board  
From: Megan Tooker  
Date: June 30, 2022  
Re: Revision to Lotto America® Rules

Lotto America® is adding a Monday draw to its weekly draw schedule beginning on July 18, 2022. Our game specific rules for Lotto America® need to be updated to reflect this change. Staff propose the following changes to ILA's current rules:

1. Change the effective date on the footer of each page from November 15, 2017 to July 18, 2022 and the Revised month and year from August 2018 to June 2022.
2. On page 1 in the first unnumbered paragraph, update the version of the Iowa Code from 2014 to 2021.
3. At the bottom of page 3 under **SECTION 5 - DRAWINGS**, update the number of drawings from two to three drawings per week and add Monday to the list of days when a drawing is held.

# IOWA LOTTERY GAME SPECIFIC RULES

## LOTTO AMERICA®

The following are the game specific rules for the Iowa Lottery's implementation of the LOTTO AMERICA® multi-jurisdictional game. These game-specific rules are generated consistent with the authority in Iowa Code § 99G.9(4) (~~2014~~2021) and Iowa Code § 99G.31(2)(b) (~~2014~~2021). The game-specific rules are generated in compliance with the Computerized Lottery Games General Rules in 531 Iowa Administrative Code Chapter 20, and incorporate the rules in Chapter 20 except to the extent the rules in Chapter 20 are expressly inapplicable to multistate lottery games. In the event of inconsistencies, these game-specific rules control any contrary provisions of the Computerized Lottery Games General Rules in 531 Iowa Administrative Code Chapter 20. In purchasing a ticket for or otherwise participating in the LOTTO AMERICA multistate lottery game, the player agrees to comply with and abide by the Iowa Lottery's statutes, administrative rules, the national game rules adopted by the Multi-State Lottery Association and the Lotto America Product Group, and these Iowa-specific game rules.

### SECTION 1 – DEFINITIONS

The following definitions apply unless the context requires a different meaning or is otherwise inconsistent with the intention of the rules adopted by the Lotto America Product Group.

- A. "Drawing" means the formal event for selecting the winning indicia that determine the number of winners for each prize level of the Lotto America game. Winning indicia include the winning numbers for the Lotto America game.
- B. "Drawing machine" means a computer or other device that determines the outcome of the process of selection of winning and losing tickets or shares in a lottery.
- C. "Game ticket" or "ticket" means a ticket produced by a terminal or manufacturing process that is the tangible evidence to prove participation in a game.
- D. "Jackpot" or "Grand Prize" means the top prize of the Lotto America game.
- E. "Lotto terminal" means a machine that prints and dispenses tickets or shares that will be determined to be winning or losing tickets or shares either by a predetermined pool drawing machine or by a drawing machine at some time subsequent to the dispensing of the tickets or shares.
- F. "Pari-mutuel" means that the prize pool will be shared among all those who won at that prize level.
- G. "Participating Lottery" or "Selling Lottery" means a state lottery or lottery of a political subdivision or entity which is participating in selling the Lotto America game.
- H. "Play" or "game play" means the six (6) numbers, the first five (5) from a field of fifty-two (52) numbers and the last one (1) from a field of ten (10) numbers, that appear on a ticket as a single lettered selection and are to be played by a player in the game.

- I. "Play slip" or "game play slip" means a card used in marking a player's game plays and containing one or more boards.
- J. "Retailer" means the person or entity licensed by the Iowa Lottery to sell game plays or tickets.
- K. "Set Prize" means all other prizes except the Grand Prize that are advertised to be paid by a single cash payment and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level.
- L. "Specific game rules" means the rules promulgated by the Lottery pursuant to Iowa Code section 99G.9(4) and 531 Iowa Administrative Code Chapter 20 that contain the features of a particular computerized game or promotion.
- M. "Terminal" means a device issued by the Lottery to a licensed retailer that is authorized by the Lottery to function with the Lottery's central computer system for the purpose of issuing, entering, receiving, and processing lottery transactions.
- N. "Winning numbers" means the indicia selected during a drawing which shall be used to determine winning plays for the Lotto America game contained on a game ticket. There will be six (6) winning numbers for each drawing, the first five (5) from a field of fifty-two (52) numbers and the last one (1) from a field of ten (10) numbers.

## **SECTION 2 – GAME DESCRIPTION AND PLAY**

- A. General Play. The Lotto America lottery game is a five (5) out of fifty-two (52) plus (1) out of ten (10) lottery game which pays the Grand Prize, at the election of the player, either on an annuitized pari-mutuel basis or as a cash lump sum payment of the total cash held for this prize pool on a pari-mutuel basis. Except for the Grand Prize, or as provided in these rules, all other prizes are Set Prizes, paid on a set cash basis.

To play Lotto America, a player shall select five (5) different numbers, from one (1) through fifty-two (52) and one (1) additional number from one (1) through ten (10), for input into a terminal. The additional number may be the same as one (1) of the first five (5) numbers selected by the player. Tickets can be purchased from a terminal operated by a retailer. The player may select a set of five (5) numbers and one (1) additional number by marking the numbered squares in any one (1) game panel on an Iowa Lottery approved play slip and submitting the play slip to a licensed retailer, by requesting an "easy pick" from a licensed retailer, or by entering either five (5) different numbers, from one (1) through fifty-two (52) and one (1) additional number from one (1) through ten (10) or an easy pick into an Iowa Lottery self-service kiosk.

- B. All Star Bonus® Option. The Lottery may also, at its discretion, offer a promotion known as the All Star Bonus®.

The All Star Bonus option is an add-on to the current Lotto America 5/52 + 1/10 game. Players who purchase the All Star Bonus option will have the opportunity to multiply the set prizes (all prizes except the jackpot prize) by a number (a multiplier) that is selected at draw time.

Before each Lotto America drawing, a single multiplier number: two, three, four, or five (2, 3, 4, or 5), shall be drawn for the All Star Bonus. The Iowa Lottery may change one or more of these multiplier numbers for special promotions from time to time. Players who purchase the extra All Star Bonus and who win any set prize, except the Grand Prize, will receive an amount equal to the set prize won multiplied by the multiplier number selected at the drawing when the win occurred. A qualifying play is any single Lotto America play for which the player purchases the additional All Star Bonus play option and which is recorded at the Iowa Lottery's central computer system as a qualifying play. The Grand Prize is not a set prize and will not be multiplied or increased by means of the All Star Bonus promotion.

### **SECTION 3 – GAME TICKETS AND COST**

- A. Cost. A game play in the Lotto America lottery game shall sell for one dollar (\$1.00). In conjunction with the purchase of a Lotto America game play, players may also purchase the All Star Bonus option for an additional one dollar (\$1.00).
- B. Game Tickets. Game tickets shall be printed on ticket stock that meets all specifications and requirements of the Iowa Lottery, the Multi-State Lottery Association, and the Lotto America Product Group, including but not limited to confidential specifications.

Valid game ticket shall include, but not be limited to, the following content: the player's number selections, the game logo or name, the ticket cost, the applicable terminal number, a barcode, a drawing date, and designations for quick picks (if selected) and advance draws (if selected).

The following tickets are considered invalid and do not in any way entitle the bearer thereof to any prize:

- (i) Tickets that do not contain the content or comply with the specifications set forth in these rules.
- (ii) Tickets purchased from non-licensed Iowa Lottery retailers; or
- (iii) Tickets purchased, possessed, or presented in violation of any provision of Iowa Code Chapter 99G or Chapter 531 of the Iowa Administrative Code.

### **SECTION 4 – CANCELLATIONS AND SELL-OUTS PROHIBITED**

A Lotto America ticket may not be voided or cancelled by returning the ticket to the selling retailer or to the lottery, including tickets that are printed in error. No ticket, which can be used to claim a prize, shall be returned to the lottery for credit. Tickets accepted by a retailer, as returned tickets, which cannot be re-sold, shall be deemed owned by the bearer thereof.

No retailer may sell, and no person or legal entity may purchase, a game ticket or combination of game tickets that would result in a guarantee that the person or legal entity would win a Jackpot prize.

**SECTION 5– DRAWINGS**

~~Two~~ Three drawings shall be held each week. Drawings shall be held each Monday, each Wednesday, and each Saturday beginning at 10:00 PM Central Time, except as otherwise determined by the Multi-State Lottery Association and the Lotto America Product Group. The Iowa sales cutoff time for the drawing shall be 8:59 PM Central Time, unless otherwise determined by the Iowa Lottery. The Multi-State Lottery Association and the Lotto America Product Group will determine all procedures for the game Drawings, which shall be open to the public and recorded. All Drawings shall be witnessed by an independent certified public accounting firm. Tickets are valid for only the draw date(s) shown on the ticket. At the option of the Lottery, Players may be allowed to purchase multi-draw plays for up to 10 consecutive drawings.

**SECTION 6– PRIZES**

There are nine (9) prize levels in the Lotto America game. The prize amounts for the Jackpot Prize is dependent upon the number of winners at that prize level, as set forth in more detail below. The prize amounts for the other prize levels are set payments payable in a single cash payment in accordance with Iowa Lottery policies and rules, as set forth in more detail below.

- A. Prizes & Odds of Winning. The overall odds of winning a Lotto America prize are 1 in 9.63. The specific odds and prize levels are set forth below.

Prize Pool

| <b>Number of Matches<br/>Per Lotto America Play</b> | <b>Rounded Odds</b> | <b>Probable Set<br/>Prize Amount</b> | <b>Rounded Percent<br/>Allocated to Prize</b> |
|---|---------------------|--------------------------------------|---|
| <b>First Set + Second Set</b>                       |                     |                                      |   |
| Five (5) + One (1)                                  | 1:25,989,600        | Jackpot                              | 46.20%  |
| Five (5) + None                                     | 1:2,887,733.33      | \$20,000                             | 1.39%   |
| Four (4) + One (1)                                  | 1:110,594.04        | \$1,000                              | 1.81%   |
| Four (4) + None                                     | 1:12,288.23         | \$100                                | 1.63%   |
| Three (3) + One (1)                                 | 1:2,404.22          | \$20                                 | 1.66%   |
| Three (3) + None                                    | 1:267.14            | \$5                                  | 3.74%   |
| Two (2) + One (1)                                   | 1:160.28            | \$5                                  | 6.24%   |
| One (1) + One (1)                                   | 1:29.14             | \$2                                  | 13.73%  |
| None + One (1)                                      | 1:16.94             | \$2                                  | 23.61%  |

- B. Determination of Prizes. The jackpot or grand prize shall be determined on a pari-mutuel basis. If winners at non-jackpot prize levels exceed the available prize fund, prizes may be paid on a pari-mutuel basis and be lower than set prize levels. The Lotto America Lotteries may set a minimum guaranteed graduated annual annuity Grand Prize amount, which shall be advertised by the selling

lotteries as the starting graduated annual annuity grand prize amount. In certain rare instances, the Lotto America set prize amount may be less than the amount shown.

The prize pool is estimated to be fifty percent (50%) of Lotto America sales, but may be higher or lower based upon the number of winners at each guaranteed prize level, as well as the funding required to meet the official advertised jackpot (including the All Star Bonus prize amounts). The official advertised Lotto America grand prize graduated annual annuity amount is subject to change based on sales forecasts and/or actual sales.

- C. All Star Bonus. If the player has elected the All Star Bonus option, the winning matches and the probabilities for matching the numbers drawn stay the same. The following table sets forth the amounts paid to set prize winners for the multiplier numbers drawn.

| Prize Levels | Standard | With All Star Bonus |          |          |          |
|--------------|----------|---------------------|----------|----------|----------|
|              |          | 2X                  | 3X       | 4X       | 5X       |
| Match 5+0    | \$20,000 | \$40,000            | \$60,000 | \$80,000 | \$10,000 |
| Match 4+1    | \$1,000  | \$2,000             | \$3,000  | \$4,000  | \$5,000  |
| Match 4+0    | \$100    | \$200               | \$300    | \$400    | \$500    |
| Match 3+1    | \$5      | \$40                | \$60     | \$80     | \$100    |
| Match 2+1    | \$5      | \$10                | \$15     | \$20     | \$25     |
| Match 1+1    | \$2      | \$10                | \$6      | \$8      | \$10     |
| Match 0+1    | \$2      | \$4                 | \$6      | \$8      | \$10     |

MULTIPLIER NUMBERS DO NOT APPLY TO THE LOTTO AMERICA GRAND PRIZE. THE LOTTO AMERICA JACKPOT PRIZE CANNOT BE INCREASED OR AFFECTED BY THE ALL STAR BONUS.

The following table sets forth the standard probability of the various All Star Bonus numbers being drawn during a single Lotto America drawing. The Lotto America Product Group, at their sole discretion, may elect to run limited promotions that may increase the frequency of designated multiplier numbers for the All Star Bonus feature.

| All Star               | Probability of Prize Increase |
|------------------------|-------------------------------|
| 5X – Prize Won Times 5 | 3 in 32                       |
| 4X – Prize Won Times 4 | 4 in 32                       |
| 3X – Prize Won Times 3 | 10 in 32                      |
| 2X – Prize Won Times 2 | 15 in 32                      |

Multiplier numbers do not apply to the Lotto America Grand Prize.

- D. Prize Pools. If in any Lotto America drawing there are no plays that qualify for the Jackpot or Grand Prize category, the portion of the prize fund allocated to the jackpot or Grand Prize category shall remain in the jackpot or Grand Prize category and be added to the amount allocated for the jackpot or Grand Prize category in the next consecutive Lotto America drawing.



At the discretion of the Lotto America Game Group, the Multi-State Lottery Association, and the Iowa Lottery, a percentage of the Lottery's sales may be added to the Lottery's Grand Prize Pool contribution and placed in trust in one or more prize reserve accounts held by the Lotto America Product Group at any time. The shares of a Lottery may be adjusted with refunds to the Lottery from the prize reserve account(s) as may be needed to maintain the approved maximum balance and shares of the Lotteries.

Any amount remaining in a prize reserve account at the end of this game shall be carried forward to a replacement prize reserve account or expended in a manner as directed by the Lotto America Product Group.

- E. Prize Allocation. The prize money allocated to the jackpot prize category shall be divided equally by the number of game plays winning the jackpot prize for the draw in question. All other prizes shall be paid as set prizes, except as set forth in these rules.

If the total of set cash prizes awarded in a drawing exceeds the percentage of the prize pool allocated to the set prize levels, then the amount needed to fund all set cash prizes awarded, including the All Star Bonus prizes, shall be drawn from the following sources in the following order:

- (i) the amount allocated to the set cash prizes and carried forward from previous draws, if any;
- (ii) an amount from the set prize reserve account and the All Star Bonus multiplier prize pool, if available, not to exceed the amount set in those accounts;
- (iii) An amount from the set aside pool, if any.

If, after these sources are depleted, there are not sufficient funds to pay the set cash prizes awarded, including the All Star Bonus prizes, then the set prizes shall become a pari-mutuel basis, drops to or below the next highest set prize and there are still not sufficient funds to pay the remaining set prizes awarded, then the next highest set prize shall become a pari-mutuel prize. This procedure shall continue down through all set prizes levels, if necessary, until all set prize levels become pari-mutuel prize levels. In that instance, the money available from the funding sources listed in this rule shall be divided among the winning plays in proportion to their respective prize percentages. When the promotion is available, All Star Bonus Option prizes shall be a factor of the new amounts.

The prize pool percentage allocated to the set cash prizes shall be carried forward to the subsequent draws if all or a portion of it is not needed to pay the set cash prizes awarded in the current draw.

The Lotto America Product Group may offer guaranteed minimum jackpot prize amounts, minimum increases in the jackpot prize amounts between drawings, or make other changes in the allocation of prize money where the MUSL Board finds that it would be in the best interest of the game. Changes in the allocation of prize money shall be designated to retain approximately the same prize allocation percentages, over a year's time, set out in these rules. Minimum guaranteed prizes or increases may be waived if the alternate funding mechanism set out in these rules becomes necessary.

## **SECTION 7– CLAIMS**

A valid Game Ticket shall be the only proof of a game play. A play slip has no pecuniary or prize value and shall not constitute evidence of ticket purchase or of numbers selected. A terminal-produced paper receipt has no pecuniary or prize value and shall not constitute evidence of a ticket purchase or of numbers selected. Game Tickets must be validated and satisfy all requirements of the Iowa Lottery Authority, the Multi-State Lottery Association, and the Lotto America Product Group in order to be eligible to receive a Lotto America prize. In order to receive a Lotto America prize, any winning play must pass all Iowa Lottery security and validation requirements, and a successful claimant must provide all information required by Lottery security.

The submission of a valid winning Game Ticket to the Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. All prize claims shall be made within three hundred sixty-five (365) calendar days of the drawing date in which the prize is won. For purposes of determining the

claim period, the first (draw) day shall be excluded, and the last day included. In the event the last day falls on a Saturday, a Sunday, or a legal holiday, the time to claim shall be extended to close of business on the next day thereafter when Lottery offices are open for business. Any prize not claimed within the specified period shall be forfeited.

## **SECTION 8– PAYMENT**

- A. Paying Prizes. The Iowa Lottery may pay prizes pursuant to this game by cash, check, warrant, or electronic transfer, following the Iowa Lottery’s receipt of any necessary information or permission to pay from the Lotto America Product Group or the Multi-State Lottery Association.

Jackpot prizes shall be paid, at the election of the player made no later than 60 days after the player becomes entitled to the prize, with either a per-winner graduated annual annuity or a cash payment, less any applicable federal and state tax withholdings or offsets. If the payment election is not made by the player within 60 days after the player becomes entitled to the prize, then the prize shall be paid as a graduated annual annuity prize. Any election made after the winner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed.

If an annuity has a cash value of less than \$250,000.00, the Lotto America Product Group, in its sole discretion, may elect to pay the cash value of the annuity. All prizes paid by annuities shall be paid in thirty (30) graduated annual installments with the initial payment being made by check, to be followed by twenty-nine (29) payments funded by the annuity. Except as may be controlled by a member’s governing statute, the amount of each payment shall be determined in accordance with Lotto America Product Group’s established annuity payment policies and/or rules. The initial payment of an annuitized prize shall be made by the lottery after the completion of internal validation procedures. Annual payments after the initial payment shall be made by the lottery to coincide with the month on the Federal auction on the date at which the bonds were purchased to fund the annuity, with graduated annual installments defined in the Lotto America Lotteries’ Finance and Operations Procedures. Payments shall escalate by a factor of five percent (5%) annually except as otherwise

determined by the Product Group, and annual payments shall be rounded down to the nearest even one thousand dollar (\$1,000.00) increment. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.

Annuitized payments of the jackpot prize or a share of the jackpot prize may be rounded to facilitate the purchase of an appropriate funding mechanism. Breakage on a jackpot prize win shall be added to the first cash payment to the winner or winners. Prizes, which, under these rules, may become single-payment, pari-mutuel prizes, may be rounded down so that prizes can be paid in whole dollars. Breakage resulting from rounding of these prizes shall be carried forward to the prize pool for the next drawing.

- B. Shared Jackpots. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize pool equally among all winners of the Grand Prize. Winner(s) who elect a cash payment shall be paid their share(s) in a single cash payment. If the jackpot is a guaranteed amount, then the amount of the cash payment shall be determined by dividing the official advertised jackpot amount by the annuity factor obtained through the Lotto America Product Group formal quote process.
- C. Estate Proceedings/Annuity Prizes. In the event of the death of a Jackpot winner during the annuity payment period, upon petition of the estate of that winner (the "Estate") to the Iowa Lottery and with the consent of the Product Group, the Iowa Lottery may accelerate the payment of all the remaining lottery proceeds to the Estate consistent with the requirements of Iowa law.
- D. Timing of Payment.

The Lottery may delay payment of any prize pending a final determination by the CEO, and without accrual or payment of any interest or penalty, under any of the following circumstances:

- (i) If a dispute occurs or appears to the Iowa Lottery to be likely to occur regarding the prize;
- (ii) If there are questions regarding the identity or eligibility of the claimant;
- (iii) If there are any questions or concerns about whether the ticket was legally purchased, legally possessed, or legally presented;
- (iv) If there are concerns regarding the validity of the ticket or share presented;
- (v) If the claim is subject to offset for debts owed by the claimant under Iowa law;
- (vi) For any reason permitted in the rules of the Lotto America Product Group or the Lotto America Consortium; or
- (vii) For any reason permitted in the Iowa Lottery's Code, administrative rules, or policies.

## **SECTION 9– PROHIBITED PLAYERS**

The following persons, and their immediate family members residing in the same household, are prohibited from purchasing a ticket or share of the Lotto America game or claiming a Lotto America prize in the State of Iowa.

- (i) A contractor or consultant under agreement with the Iowa Lottery or the Multi-State Lottery Association to perform audit and security functions, and any officers, employees, or agents of those contractors or consultants;
- (ii) An employee of the Iowa Lottery's on-line gaming system vendor;
- (iii) Members of the Iowa Lottery Authority Board of Directors, Iowa Lottery Authority officers, employees, or agents;
- (iv) Officers, employees, and agents of the subcontractors and vendors of the Iowa Lottery Authority, if the CEO of the Iowa Lottery determines in his sole discretion that the officer, employee, or agent of the subcontractor or vendor has access to confidential information which may compromise the integrity of the Lottery;
- (v) Players that sign up for the Iowa Lottery's self-exclusion program, including but not limited to players who may have lawfully requested removal from the self-exclusion program who have not yet received confirmation of their reinstated ability to play from the Lottery;
- (vi) Any person under the age of 21. However, the recipient of a lawfully purchased and transferred ticket permitted by Chapter 531 of the Iowa Administrative Code may receive a Lotto America prize.
- (vii) An employee of the independent certified public accounting firm under contract to oversee drawings for the Lotto America game.
- (viii) Those persons ineligible to play Lotto America due to the Lotto America National Game rules, or the laws or rules of any other party lottery offering the Lotto America game.

## **SECTION 10– DISPUTES AND APPLICABLE LAW**

- A. Player Responsibility. The Player has sole responsibility for ensuring the accuracy of the game play and the other data on the Game Ticket. Players make game play selections and play Lotto America at their own risk. Retailers and other Lottery-approved distributors act solely on behalf of the player in entering the game plays. The Participating Lotteries are not responsible for lost, altered, or stolen tickets.
- B. Compliance with Law. By purchasing a ticket or making a claim relating to the Lotto America game, each purchaser and/or claimant agrees to abide by all applicable statutes, rules, and regulations of the Iowa Lottery.
- C. Disputes. Any claims or litigation relating to the Game Tickets and/or prizes may only be brought against the selling lottery in the jurisdiction where the Game Ticket was purchased. Any claims or litigation relating to Game Tickets and/or prizes for a Lotto America ticket sold in Iowa shall apply Iowa law and shall solely be brought in the Iowa District Court for Polk County or the United States District Court for the Southern District of Iowa, Central Division, wherever jurisdiction is appropriate.
- D. Final Determinations. Consistent with Iowa Code Chapter 99G, decisions made by the CEO of the Iowa Lottery, including but not limited to those relating to the declaration of prizes, the payment or transfer of prizes, the eligibility of players, and/or the interpretation of these rules, shall be final and binding on all purchasers and any person making a claim relating in any way to this Lotto America game.

- E. Exclusive Remedy. In the event a dispute between a Iowa Lottery and any Game Ticket player, bearer, or claimant occurs relating to the Game Ticket, game play, or prize claim, the Iowa Lottery may solely at its own discretion reimburse the purchase price of the Game Ticket. This shall be the sole and exclusive remedy.