



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

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

AGENDA

IOWA LOTTERY BOARD

March 22, 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 – December 16, 2021
- II. CEO Update
- III. Quarterly Reports
 - a. Security
 - b. Sales and Marketing
 - c. External Relations
 - d. IT
 - e. Financial
- IV. Fiscal Policy Update
- V. Contract Extensions
 - a. Strategic America
 - b. Bucket Media
- VI. Pull-tab Vending Machine Maintenance Agreement
- VII. Key Personnel
- VIII. Board Member Recognition
- IX. Adjournment

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

MINUTES

IOWA LOTTERY BOARD

December 16, 2021

10:30 a.m.

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

Board Members Present:

Josh Cook, John Quinn, Sherrae Hanson.

Board Members Present on Teleconference:

Mary Rathje, Mary Junge, Hon. Michael Fitzgerald.

Board Members Absent:

None.

Lottery Staff Participating:

Matt Strawn, CEO; Larry Loss, COO; Megan Tooker, VP, General Counsel; Teri Wood, VP, Sales and Marketing; Cam Coppess, VP, Security; Mary Neubauer, VP, External Relations; Hale Strasser, VP, IT Systems; Kim Knight, Online Accounting and Internal Audit Manager; Jenny Podrebarac, Accounting and Validations Manager; David Ranscht, AAG; Deb Bassett, Board Secretary.

Others Present:

Maria Wagenhofer, Legislative Services Agency.

Others Present on Teleconference:

James Lynch, Cedar Rapids Gazette.

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.

Hanson moved to conduct the meeting via teleconference. Junge seconded. Motion carried unanimously.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Junge moved to approve the September 28, 2021 board meeting minutes. Hanson seconded. Motion carried unanimously.

CEO UPDATE

Strawn provided a review of lottery sales through the first five months of Fiscal Year 2022.

Notwithstanding external economic challenges such as inflation, supply-chain disruptions, and increased competition for the discretionary entertainment dollar, Iowa Lottery sales continue to be strong and resilient through November. Overall Fiscal Year 2022 lottery sales total \$178.5 million. This represents a 6.7 percent increase in year-over-year sales compared to the first five months of FY 2021. As a result of these strong lottery sales, proceeds delivered to the State of Iowa through November total \$41.1 million, which exceeds budget projections by 37 percent.

Unlike many other consumer goods and household staples that are seeing upward price pressures, a \$5 dollar Iowa Lottery scratch ticket is still a \$5 scratch ticket. And, it still only costs \$2 for a chance at a life-changing Powerball jackpot prize. And both of those are product categories – scratch tickets and lotto games – that continue to perform well in the retail marketplace.

At \$120.5 million, scratch ticket sales account for 67.5 percent of all FY22 lottery ticket sales through November. While year-over-year scratch ticket sales growth has been modest – at just over 0.3 percent growth – please keep in mind, this modest growth follows record-breaking category performance last year that witnessed over 20% scratch ticket category sales growth.

The lotto product category continues to perform well across the board, as total fiscal year-over-fiscal year category sales are up nearly 39 percent through November. Lotto ticket sales account for 24.8 percent of all FY22 lottery sales to date. A strong Powerball jackpot run that approached \$700 million in early October certainly bolstered the category's performance, but sales also have benefitted from the decision to add a third weekly Powerball drawing in August.

The lotto product category is also benefitting from Lucky for Life moving from twice weekly drawings to daily drawings, which was a change initiated in July. Through November, sales in the Lucky for Life game have increased over 41.1 percent over this point last year.

While current lotto category sales provide reason for optimism, it's anticipated that the year-over-year sales growth in the product category to level out over the remainder of FY 2022. The biggest reason for that looms next month. As the Board may recall, in January 2021, there was the unprecedented phenomenon of simultaneous jackpot runs approaching \$1 billion in both the Powerball and Mega Millions games. Absent lightning striking twice with such a dual jackpot run during the second-half of FY22, lotto category sales will be very hard-pressed to maintain double digit year-over-year percentage growth.

Strawn concluded his report by acknowledging Cam Coppess who will be departing as the Iowa Lottery's Vice President of Security. Strawn stated the Iowa Lottery is stronger for Cam's service. Professionally, Strawn's leadership has benefitted greatly from his knowledge and experience. Personally, Cam's wisdom and philosophy on striving to maintain proper life balance has been more valuable than he probably realizes. Cam will be truly missed around this table and around the halls of the Iowa Lottery.

QUARTERLY REPORTS

Sales and Marketing:

Wood gave an update on the VIP Club Acquisition campaign. The goal of the campaign is to create awareness of the features, rewards and benefits of the VIP Club in order to get players to join the club. In 2020 there was a 26% increase in VIP Club members. In 2021, to date, the club has seen a 19% increase in membership with current membership sitting at approximately 125,000 members.

Wood provided an update on the *Powerball First Millionaire of the Year* promotion. For 3 weeks in September, VIP Club members could enter any Powerball ticket in the promotion to be one of 20 winners of \$2,500 and a chance to be 1 of 5 finalists for the *Powerball First Millionaire of the Year* drawing. There were 75,102 entries for the promotion. In early November, the Multi-State Lottery Association held their drawing for the 5 finalists who will have the chance to be the first millionaire of the year. Mary Neubauer's report will provide an update on how the drawing went.

Wood gave an overview of this year's annual holiday promotion - Warehouse Dash launched on October 11, 2021. Players can win one of 4 warehouse dash shopping sprees in Chicago or a grand prize of \$100,000. Wood stated promotions coming in 2022 include an InstaPlay promotion, Lotto America promotion, and the Explore Iowa promotion where players will have opportunity to experience Iowa on one of the Polaris recreational vehicles they can win through this promotion.

Security:

Copess gave a security report. Copess talked about the data in the report. When looking at the Records of Contact for last year compared to this year, for theft, there was an uptick in the reported cases. The numbers may indicate that during COVID, when DSR's were not going into retailers regularly, retail employees were taking advantage of the retailer. It will be interesting to watch in the future to see if DSRs' physical presence in stores helps maintain integrity of what people think they can and cannot get away with.

External Relations:

Neubauer gave a presentation related to the gift responsibly campaign that the Lottery is running during the holidays.

Neubauer also talked about the Powerball First Millionaire of the Year promotion. Twenty-nine of the 48 lotteries in the Powerball game group participated in this year's promotion. The Iowa Lottery held a drawing on September 30, 2021 to determine the 20 Iowa Lottery semifinalists for the promotion. Then all the semifinalists from the 29 lotteries were put in a drawing to determine the 5 national finalists for the million dollar prize. Two of the 5 national finalists for the one million dollar prize are from Iowa. The \$1 million prize winner will be drawn after the ball drop during the live broadcast of Dick Clark's New Year's Rockin' Eve.

Financial:

Loss gave the financial report. Through the first 5 months of this fiscal year, the Lottery has been performing very well. For October through November, monthly gross sales and total proceeds exceeded budget, 5-year average, and FY21 actual sales. Through November, total gross sales are \$178.5 million. Total prize expense through November was \$112.2 million. For the three months of October through November and for the fiscal year through November, the lottery remains under budget and in line with the operating expenses for FY21 and the 5-Year Average. For the three month period covered in this report and for fiscal year through November, the total proceeds exceed budget, 5-year average, and FY21 actual numbers. Total proceeds are \$41.1 million; exceeding the Lottery's fiscal year budget by 37%.

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

OVERVIEW OF GOVCONNECTIOWA

Coppess provided an overview of the new electronic retailer licensing process. Coppess stated the Iowa Lottery upgraded its retailer licensing to an online application as part of a new state licensing portal, GovConnectIowa, that serves as a one-stop shop for businesses interacting with several state entities. By using the secure portal, businesses can register or renew some state licenses and permits, file tax returns and reports, make payments, and communicate with the state agencies involved. Multiple state agencies collaborated on the project with a goal of better serving Iowans through modernized technology and procedures.

From an internal perspective at the Iowa Lottery, the electronic licensing process has changed the interactions the Lottery has with businesses seeking a license to sell Iowa Lottery products. In the past, license applicants received a paper packet of forms from the lottery. They then might interact with several lottery staffers in different lottery offices as they tracked down the required details and turned in copies.

That hard-copy process often involved delays, as some applicants would not have completed the necessary business requirements with other state entities before coming to the Iowa Lottery to seek a license. That meant the lottery often kept partial applications on file for extended periods of time while the businesses involved completed other necessary steps and gathered the documents they needed. Then there was always the challenge of trying to accurately read hand-written documents, and the duplicative process of staff entering information into the records that the business had written out on paper forms.

The GovConnectIowa process is designed to provide an efficient, linear path that ensures a business has completed each necessary step, such as providing tax information, before it can proceed. The system is designed to minimize stumbling blocks and delays for all involved.

KEY PERSONNEL HIRING UPDATE

Strawn recommended Kim Knight be approved to serve as the Vice President, Finance and Chief Financial Officer. Kim currently serves as the Internal Audit and Online Accounting Manager, a position she has held since January, 2021. Kim played a key role in the recent conversion of the lottery's central gaming system, focusing on the coordination of the testing and acceptance of the internal control system. Kim arrived at the lottery with over 20 years of State of Iowa finance and accounting experience; including 9 years at the State Auditor's Office and 12 years with the Department of Administrative Services. Kim is a CPA, an active member of the Association of Government Accountants, and is a graduate of the University of Northern Iowa. Kim has successfully completed the L-1 background investigation.

Quinn moved to approve Kim Knight as VP, Finance and CFO. Junge seconded. Motion carried unanimously.

ADJOURNMENT

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

Meeting adjourned at 11:48 a.m.



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SECURITY REPORT January – March 11, 2022

Cases: 20	Type:	Employee theft: 10
Open: 9		Fraud: 3
Closed: 11		Theft: 6
		Robbery: 1

Supervise and monitor Powerball, Mega Millions, Lotto America, Lucky for Life drawings, assist Marketing with Prize Zone drawings and InstaPlay Play It Again.

Miscellaneous:

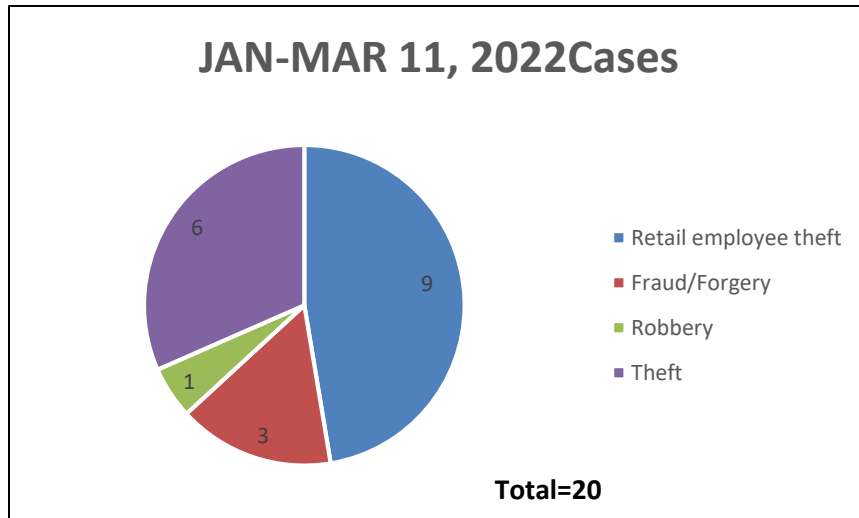
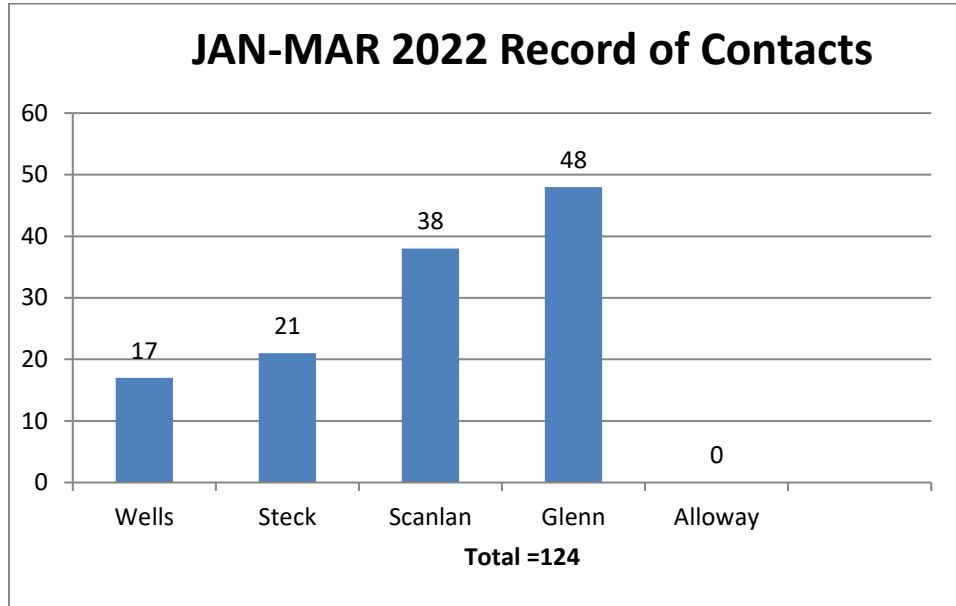
Records of contact: 124

Compliance Retailer: 1
Customer assist: 17
Law enforcement assist: 2
Missing tickets: 3
Missing tickets shipping: 7
QC checks: 10
Region assist: 2
Retailer assist: 13
Robbery: 1
Scratch ticket print issue: 2
Theft: 17
Ticket reconstruction: 25
Validations: 4
Validations draw: 2
Validations winner: 8
Other: 10

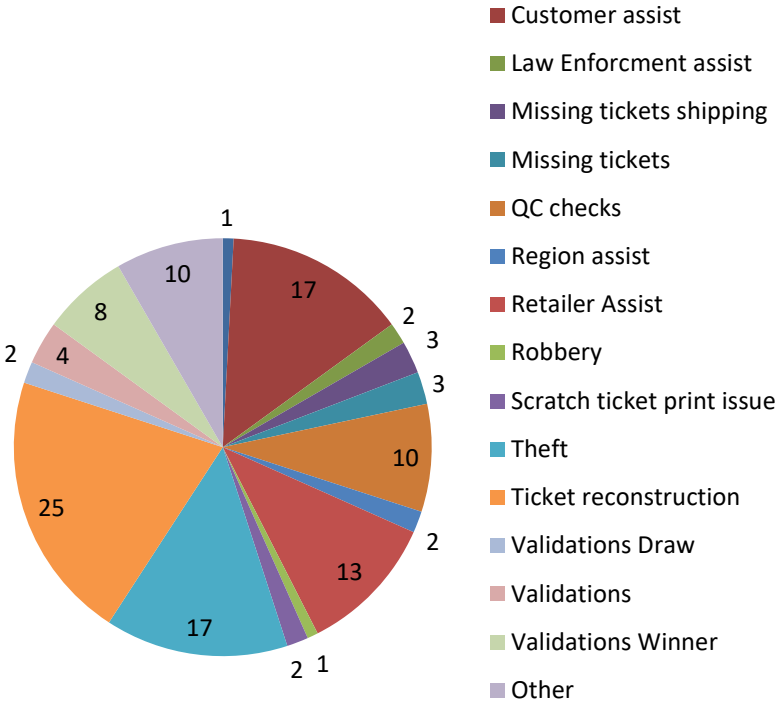
Compliance checks: 0



JAN-MAR 11, 2022 Security Report



JAN-MAR 11, 2022 Records of Contacts by Type



Total=124

To: Iowa Lottery Board

Date: March 2022

From: Mary Neubauer, VP-External Relations

External Relations Report

This quarterly report focuses on Lottery Board-related developments from the 2022 session of the Iowa Legislature and the Iowa Lottery's efforts to provide support for problem gambling services in our state.

Board Appointments: This year's nominations to the Iowa Lottery Board have begun to make their way through the confirmation process in the Iowa Senate.

On March 4, the Governor's Office nominated Sherrae Hanson of Ankeny to continue her service on the Iowa Lottery Board and Dana Wingert of Des Moines to become a member of the Lottery Board. Both would serve four-year terms that begin May 1.

The appointments of Sherrae and Dana were introduced in the Iowa Senate on March 15 to continue on in the next steps of the review process.



As you are already aware, Sherrae fulfills the requirement that the Lottery Board have a member who is an accountant. She is a certified public accountant and the tax manager at Denman & Co., a CPA and business-consulting firm in West Des Moines.

Dana is the chief of police in Des Moines and would fulfill the requirement that the Board have a member who is or has been a law enforcement officer. He would succeed Waukee Police Chief John Quinn, who is retiring from the Board.



Lottery Support For Problem Gambling Awareness Month: Throughout the month of March, the Iowa Lottery is providing an additional "push" to its ongoing efforts that highlight the importance of responsible play and the help available for those who need problem gambling treatment services.

Each March, the Iowa Lottery works with the Iowa Department of Public Health on a public-service campaign to highlight the help available all across Iowa for those who are struggling with problem gambling. Our efforts are part of a nationwide initiative that highlights March as National Problem Gambling Awareness Month.

As part of the campaign, the Iowa Lottery works with its media partners to air and display statewide problem gambling messages. The public service announcements highlight the help available through YourLifelowa.com and 1-800-BETSOFF.

The majority of the lottery's messages this year ran Feb. 27 - March 6, although some messaging is continuing throughout the month of March. We began the campaign by airing the television PSA during local 10 p.m. newscasts on a Sunday, traditionally the most-viewed newscast of the week.

This year's PSA messages were placed statewide by radio, broadcast television and cable media partners, online streaming media services, and outdoor digital billboards. Our hope is that by providing messages across a wide variety of platforms, we will provide the right information at the right time to someone it can help.

Teri Wood, Cory Hart, and their team here at the lottery worked with Bucket Media for placement of the PSAs statewide. In addition, the lottery produced hard-copy table tents that lottery sales representatives distributed to the 2,400 retail locations where Iowa Lottery tickets are sold. You may have seen one of the table tents on a customer-service counter or near the lottery terminal at a retail location in your area.

The 2022 effort secured a record \$445,876 in statewide media assets for problem gambling messages. Combined with the totals from its 2020 and 2021 awareness campaigns, the Iowa Lottery has secured nearly \$1.5 million in media value for this effort during the past three years.

It is our sincere hope that with this effort each March, which is in addition to the ongoing messages the lottery provides about problem gambling services, we are ensuring that Iowans know help is available for those struggling with problem gambling.

Here is a direct link to the Iowa Lottery's television PSA: <https://youtu.be/vs7fR50fBNc>



IOWA LOTTERY
PERFORMANCE MEASURES
FY 2022
February 28, 2022

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-
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
	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	-	-	-	-

Current Month Year to Date

Prize Payout - Budget	62.33%	61.67%
Prize Payout - Actual	66.36%	63.49%
Sales - Actual increase (decrease) vs. Budget		21.29%
Proceeds - Actual increase (decrease) vs. Budget		34.48%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2022

February 28, 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	-	-	-	-
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	-	-	-	-
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	-	-	-	-
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	-	-	-	-

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	-	-	-	-
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	-	-	-	-
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	-	-	-	-
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	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.33%	61.67%
Prize Payout - 5-Year Average	59.80%	62.01%
Prize Payout - Actual	66.36%	63.49%
Sales - Actual increase (decrease) vs. 5-Year Average		15.90%
Proceeds - Actual increase (decrease) vs. 5-Year Average		13.24%
Sales - Actual increase (decrease) vs. Budget		21.29%
Proceeds - Actual increase (decrease) vs. Budget		34.48%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eight Months Ending Monday, February 28, 2022

	Month ended 2/28/2022	Month ended 2/28/2021	Year-to-date 2/28/2022	Year-to-date 2/28/2021
Operating revenues:				
Instant-scratch ticket sales	\$22,859,660.00	\$25,974,017.00	\$196,202,505.45	\$200,329,064.00
InstaPlay sales	1,958,390.00	1,754,773.00	15,794,600.00	15,674,086.00
Pick 3 sales	731,600.00	694,390.00	6,095,039.00	6,137,647.50
Powerball sales	2,936,127.50	2,431,703.00	37,420,710.50	31,098,851.50
Mega Millions Sales	1,200,311.00	1,357,733.00	14,477,275.00	20,550,877.00
Pick 4 sales	441,708.00	396,652.00	3,652,653.00	3,527,857.00
Lucky for Life sales	647,556.00	426,326.00	5,278,576.00	3,654,262.00
Lotto America sales	538,748.00	467,217.00	4,176,179.00	4,138,943.00
Pull-tab sales	975,881.79	914,061.55	8,311,896.06	7,785,553.32
Application fees	475.00	125.00	4,100.00	2,625.00
Other	157.86	595.41	10,932.68	2,842.62
Total operating revenues	<u>32,290,615.15</u>	<u>34,417,592.96</u>	<u>291,424,466.69</u>	<u>292,902,608.94</u>
Operating expenses:				
Scratch ticket prizes	15,897,992.00	15,469,703.00	131,363,065.20	132,026,024.23
InstaPlay prizes	1,494,455.65	1,315,049.34	11,461,771.56	11,499,269.25
Pick 3 prizes	438,960.00	416,634.00	3,657,023.40	3,707,005.20
Powerball prizes	1,468,512.00	1,215,900.50	18,716,577.50	15,549,998.00
Mega Millions prizes	600,155.50	678,866.50	7,222,853.16	10,275,438.50
Pick 4 prizes	265,024.80	237,991.20	2,191,591.80	2,116,714.20
Lucky for Life prizes	384,865.16	393,532.22	3,133,571.81	2,312,004.51
Lotto America prizes	269,374.00	233,608.50	2,088,089.50	2,069,471.50
Pull-tab prizes	608,215.34	569,749.41	5,191,431.44	4,861,744.29
Advertising/publicity	650,337.53	523,613.52	5,503,100.56	4,716,058.85
Retailer compensation expense	2,110,996.19	2,271,915.68	19,037,318.70	19,194,288.38
Ticket expense	404,765.53	481,604.17	2,319,898.99	2,401,723.78
Vendor compensation expense	493,217.97	474,524.11	4,470,093.42	4,039,287.22
Salary and benefits	802,720.09	804,828.93	7,013,728.54	7,015,519.12
Travel	23,518.05	14,683.67	167,520.30	106,321.29
Supplies	7,636.45	1,370.62	87,156.76	70,558.29
Printing	3,406.53	570.25	4,193.67	1,891.27
Postage	3,334.14	398.64	8,731.50	5,905.26
Communications	15,109.66	13,590.48	117,428.08	109,969.09
Rentals	17,107.60	24,014.72	139,772.47	207,715.72
Utilities	8,902.75	8,931.61	64,612.03	63,146.02
Professional fees	8,284.85	13,518.32	69,763.34	80,027.69
Vending machine maintenance	22,848.00	21,840.00	179,760.00	173,712.00
Outside services and repairs	82,883.48	93,824.57	795,617.27	575,279.36
Data processing	11,002.37	10,711.36	86,131.80	85,831.26
Equipment	34,333.47	61,577.57	238,758.09	202,732.59
Reimbursement to other state agencies	47,924.30	29,031.05	339,455.47	296,339.93
Depreciation	46,702.18	38,053.63	337,746.77	303,762.05
Other	4,620.35	4,143.69	37,222.16	36,363.35
MUSL/Lotto administrative expense	1,741.77	934.80	21,269.46	6,263.46
Total operating expenses	<u>26,228,947.71</u>	<u>25,424,716.06</u>	<u>226,065,254.75</u>	<u>224,110,365.66</u>
Operating income	<u>6,061,667.44</u>	<u>8,992,876.90</u>	<u>65,359,211.94</u>	<u>68,792,243.28</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(6,376,567.19)	(9,382,698.10)	(65,995,038.80)	(69,215,993.25)
Interest income	3,954.04	1,164.46	28,717.40	36,868.44
Gain (Loss) on disposal of capital assets	2,650.00	1,325.00	34,047.00	18,400.00
Net non-operating revenues (expenses)	<u>(6,369,963.15)</u>	<u>(9,380,208.64)</u>	<u>(65,932,274.40)</u>	<u>(69,160,724.81)</u>
Change in net position	(308,295.71)	(387,331.74)	(573,062.46)	(368,481.53)
Net position beginning of period	4,136,782.80	4,268,204.32	4,401,549.55	4,249,354.11
Net position end of period	<u>3,828,487.09</u>	<u>3,880,872.58</u>	<u>3,828,487.09</u>	<u>3,880,872.58</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Seven Months Ending Monday, January 31, 2022

	Month ended 1/31/2022	Month ended 1/31/2021	Year-to-date 1/31/2022	Year-to-date 1/31/2021
Operating revenues:				
Instant-scratch ticket sales	\$26,687,407.45	\$28,995,077.00	\$173,342,845.45	\$174,355,047.00
InstaPlay sales	3,178,834.00	1,721,413.00	13,836,210.00	13,919,313.00
Pick 3 sales	721,352.50	802,366.50	5,363,439.00	5,443,257.50
Powerball sales	5,731,018.50	10,329,717.00	34,484,583.00	28,667,148.50
Mega Millions Sales	2,506,714.00	9,983,272.00	13,276,964.00	19,193,144.00
Pick 4 sales	447,847.50	453,185.50	3,210,945.00	3,131,205.00
Lucky for Life sales	682,156.00	462,274.00	4,631,020.00	3,227,936.00
Lotto America sales	569,098.00	573,523.00	3,637,431.00	3,671,726.00
Pull-tab sales	1,037,349.77	997,194.99	7,336,014.27	6,871,491.77
Application fees	225.00	325.00	3,625.00	2,500.00
Other	424.86	361.11	10,774.82	2,247.21
Total operating revenues	41,562,427.58	54,318,709.10	259,133,851.54	258,485,015.98
Operating expenses:				
Scratch ticket prizes	16,981,402.86	20,049,415.57	115,465,073.20	116,556,321.23
InstaPlay prizes	2,389,920.32	1,183,411.58	9,967,315.91	10,184,219.91
Pick 3 prizes	432,811.50	493,659.90	3,218,063.40	3,290,371.20
Powerball prizes	2,868,022.50	5,165,135.50	17,248,065.50	14,334,097.50
Mega Millions prizes	1,253,357.00	4,991,636.00	6,622,697.66	9,596,572.00
Pick 4 prizes	268,708.50	271,911.30	1,926,567.00	1,878,723.00
Lucky for Life prizes	405,429.15	274,746.00	2,748,706.65	1,918,472.29
Lotto America prizes	284,549.00	286,761.50	1,818,715.50	1,835,863.00
Pull-tab prizes	649,462.08	620,476.88	4,583,216.10	4,291,994.88
Advertising/publicity	706,434.37	603,770.24	4,852,763.03	4,192,445.33
Retailer compensation expense	2,666,011.90	3,542,871.98	16,926,322.51	16,922,372.70
Ticket expense	284,816.92	339,312.80	1,915,133.46	1,920,119.61
Vendor compensation expense	625,122.83	738,594.91	3,976,875.45	3,564,763.11
Salary and benefits	873,364.52	898,067.25	6,211,008.45	6,210,690.19
Travel	14,426.08	13,331.17	144,002.25	91,637.62
Supplies	20,667.13	6,237.00	79,520.31	69,187.67
Printing	787.14	-	787.14	1,321.02
Postage	3,593.93	3,199.02	5,397.36	5,506.62
Communications	14,886.48	14,204.10	102,318.42	96,378.61
Rentals	17,100.30	23,948.42	122,664.87	183,701.00
Utilities	10,656.17	10,417.89	55,709.28	54,214.41
Professional fees	7,732.85	9,296.50	61,478.49	66,509.37
Vending machine maintenance	22,848.00	21,840.00	156,912.00	151,872.00
Outside services and repairs	109,619.69	48,205.84	712,733.79	481,454.79
Data processing	10,835.07	10,767.57	75,129.43	75,119.90
Equipment	64,340.16	16,544.84	204,424.62	141,155.02
Reimbursement to other state agencies	34,751.70	31,601.18	291,531.17	267,308.88
Depreciation	44,657.71	38,532.85	291,044.59	265,708.42
Other	5,078.30	6,120.90	32,601.81	32,219.66
MUSL/Lotto administrative expense	2,789.67	(54,846.26)	19,527.69	5,328.66
Total operating expenses	31,074,183.83	39,659,172.43	199,836,307.04	198,685,649.60
Operating income	10,488,243.75	14,659,536.67	59,297,544.50	59,799,366.38
Non-operating revenue (expenses):				
Proceeds to state causes	(10,483,802.24)	(14,454,946.44)	(59,618,471.61)	(59,833,295.15)
Interest income	274.80	891.64	24,763.36	35,703.98
Gain (Loss) on disposal of capital assets	-	-	31,397.00	17,075.00
Net non-operating revenues (expenses)	(10,483,527.44)	(14,454,054.80)	(59,562,311.25)	(59,780,516.17)
Change in net position	4,716.31	205,481.87	(264,766.75)	18,850.21
Net position beginning of period	4,132,066.49	4,062,722.45	4,401,549.55	4,249,354.11
Net position end of period	4,136,782.80	4,268,204.32	4,136,782.80	4,268,204.32

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ending Friday, December 31, 2021

	Month ended 12/31/2021	Month ended 12/31/2020	Year-to-date 12/31/2021	Year-to-date 12/31/2020
Operating revenues:				
Instant-scratch ticket sales	\$ 26,064,125.00	\$ 25,226,811.00	\$ 146,655,438.00	\$ 145,359,970.00
InstaPlay sales	2,122,516.00	1,599,031.00	10,657,376.00	12,197,900.00
Pick 3 sales	784,576.50	783,504.00	4,642,086.50	4,640,891.00
Powerball sales	5,386,233.50	4,375,322.50	28,753,564.50	18,337,431.50
Mega Millions Sales	1,762,389.00	2,414,267.00	10,770,250.00	9,209,872.00
Pick 4 sales	492,687.50	439,769.00	2,763,097.50	2,678,019.50
Lucky for Life sales	714,286.00	474,870.00	3,948,864.00	2,765,662.00
Lotto America sales	551,391.00	500,973.00	3,068,333.00	3,098,203.00
Pull-tab sales	1,177,335.00	1,092,289.26	6,298,664.50	5,874,296.78
Application fees	475.00	525.00	3,400.00	2,175.00
Other	7,041.86	265.98	10,349.96	1,886.10
Total operating revenues	<u>39,063,056.36</u>	<u>36,907,627.74</u>	<u>217,571,423.96</u>	<u>204,166,306.88</u>
Operating expenses:				
Scratch ticket prizes	18,604,700.67	17,518,093.00	98,483,670.34	96,506,905.66
InstaPlay prizes	1,504,364.13	1,127,680.46	7,577,395.59	9,000,808.33
Pick 3 prizes	470,745.90	482,279.10	2,785,251.90	2,796,711.30
Powerball prizes	2,695,226.50	2,187,793.00	14,380,043.00	9,168,962.00
Mega Millions prizes	865,410.16	1,207,133.50	5,369,340.66	4,604,936.00
Pick 4 prizes	295,612.50	263,861.40	1,657,858.50	1,606,811.70
Lucky for Life prizes	424,525.14	282,231.00	2,343,277.50	1,643,726.29
Lotto America prizes	275,695.50	250,486.50	1,534,166.50	1,549,101.50
Pull-tab prizes	737,064.00	684,646.65	3,933,754.02	3,671,518.00
Advertising/publicity	674,200.09	694,677.75	4,146,328.66	3,588,675.09
Retailer compensation expense	2,593,703.71	2,416,382.00	14,260,310.61	13,379,500.72
Ticket expense	319,817.63	266,016.00	1,630,316.54	1,580,806.81
Vendor compensation expense	624,534.33	520,090.02	3,351,752.62	2,826,168.20
Salary and benefits	872,371.80	868,178.67	5,337,643.93	5,312,622.94
Travel	17,630.92	12,848.26	129,576.17	78,306.45
Supplies	4,409.65	12,171.62	58,853.18	62,950.67
Printing	-	235.76	-	1,321.02
Postage	300.08	397.11	1,803.43	2,307.60
Communications	16,957.19	13,959.76	87,431.94	82,174.51
Rentals	17,116.60	26,618.03	105,564.57	159,752.58
Utilities	9,131.90	8,259.58	45,053.11	43,796.52
Professional fees	7,252.76	10,039.42	53,745.64	57,212.87
Vending machine maintenance	22,848.00	21,840.00	134,064.00	130,032.00
Outside services and repairs	99,886.89	76,483.63	603,114.10	433,248.95
Data processing	10,730.57	10,728.16	64,294.36	64,352.33
Equipment	31,690.92	16,178.25	140,084.46	124,610.18
Reimbursement to other state agencies	45,797.51	34,493.05	256,779.47	235,707.70
Depreciation	43,830.52	38,532.84	246,386.88	227,175.57
Other	4,197.63	4,144.82	27,523.51	26,098.76
MUSL/Lotto administrative expense	2,789.67	10,029.16	16,738.02	60,174.92
Total operating expenses	<u>31,292,542.87</u>	<u>29,066,508.50</u>	<u>168,762,123.21</u>	<u>159,026,477.17</u>
Operating income	<u>7,770,513.49</u>	<u>7,841,119.24</u>	<u>48,809,300.75</u>	<u>45,139,829.71</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(8,011,186.24)	(7,882,974.25)	(49,134,669.37)	(45,378,348.71)
Interest income	(15,083.38)	937.84	24,488.56	34,812.34
Gain (Loss) on disposal of capital assets	(4,196.00)	475.00	31,397.00	17,075.00
Net non-operating revenues (expenses)	<u>(8,030,465.62)</u>	<u>(7,881,561.41)</u>	<u>(49,078,783.81)</u>	<u>(45,326,461.37)</u>
Change in net position	<u>(259,952.13)</u>	<u>(40,442.17)</u>	<u>(269,483.06)</u>	<u>(186,631.66)</u>
Net position beginning of period	<u>4,392,018.62</u>	<u>4,103,164.62</u>	<u>4,401,549.55</u>	<u>4,249,354.11</u>
Net position end of period	<u><u>4,132,066.49</u></u>	<u><u>4,062,722.45</u></u>	<u><u>4,132,066.49</u></u>	<u><u>4,062,722.45</u></u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Twelve Months Ending Wednesday, June 30, 2021

FINAL

	Month ended 6/30/2021	Month ended 6/30/2020	Year-to-date 6/30/2021	Year-to-date 6/30/2020
Operating revenues:				
Instant-scratch ticket sales	\$26,101,394.58	\$27,335,438.05	\$316,934,650.58	\$262,447,704.05
InstaPlay sales	1,429,120.00	1,755,679.00	23,478,424.00	16,279,705.00
Pick 3 sales	795,592.50	831,116.50	9,540,165.50	8,502,502.50
Powerball sales	3,001,652.00	2,310,840.00	43,419,694.50	36,428,042.50
Mega Millions Sales	1,379,014.00	2,152,208.00	28,980,779.00	20,433,854.00
Pick 4 sales	464,428.50	491,907.00	5,470,758.50	4,950,001.50
Lucky for Life sales	420,924.00	484,382.00	5,555,026.00	5,335,530.00
Lotto America sales	634,995.00	489,304.00	6,441,090.00	6,751,811.00
Pull-tab sales	1,181,140.73	1,056,085.73	12,771,422.99	10,824,343.58
Application fees	500.00	200.00	4,700.00	3,750.00
Other	930.51	261.53	6,317.55	7,436.16
Total operating revenues	<u>35,409,691.82</u>	<u>36,907,421.81</u>	<u>452,603,028.62</u>	<u>371,964,680.29</u>
Operating expenses:				
Scratch ticket prizes	17,722,212.00	17,760,453.00	211,664,731.57	174,595,972.38
InstaPlay prizes	1,038,264.58	1,327,388.19	17,225,460.10	11,659,100.20
Pick 3 prizes	477,355.50	498,669.90	5,766,801.70	5,101,501.50
Powerball prizes	1,500,907.50	1,155,447.00	21,710,608.00	18,219,035.00
Mega Millions prizes	689,507.00	1,076,104.00	14,490,389.50	10,216,927.00
Pick 4 prizes	278,657.10	295,144.20	3,282,455.10	3,237,775.50
Lucky for Life prizes	250,171.00	287,885.00	3,535,075.04	3,147,140.86
Lotto America prizes	317,497.50	244,652.00	3,220,545.00	3,375,905.50
Pull-tab prizes	737,932.01	658,920.01	7,981,163.19	6,763,647.11
Advertising/publicity	982,548.83	459,142.63	7,421,984.85	6,780,551.12
Retailer compensation expense	2,321,155.18	2,437,425.38	29,694,890.82	24,314,333.78
Ticket expense	261,636.64	272,037.24	3,564,730.18	3,242,458.97
Vendor compensation expense	481,044.36	605,847.15	6,237,017.97	6,058,062.82
Salary and benefits	1,454,328.03	1,349,997.86	11,190,015.07	10,861,223.23
Travel	24,127.33	6,615.37	196,656.96	231,956.74
Supplies	2,650.07	8,971.37	103,778.02	94,246.92
Printing	1,185.00	(56.00)	3,076.27	1,402.06
Postage	388.39	1,516.45	7,380.15	7,097.17
Communications	20,221.33	20,449.73	173,362.14	188,930.32
Rentals	24,548.82	26,665.44	304,104.00	318,203.78
Utilities	10,246.78	9,864.10	91,330.90	92,719.11
Professional fees	9,557.45	27,042.89	119,267.78	169,264.87
Vending machine maintenance	21,840.00	21,504.00	261,166.25	257,040.00
Outside services and repairs	124,148.27	93,861.80	918,260.68	870,281.86
Data processing	10,513.25	10,012.31	128,505.87	125,918.37
Equipment	36,918.52	13,804.89	509,009.23	392,535.42
Reimbursement to other state agencies	40,758.65	76,572.39	460,093.14	479,617.68
Depreciation	38,979.36	36,326.24	457,135.80	481,222.88
Other	4,151.88	(2,672.67)	53,094.22	56,127.11
MUSL/Lotto administrative expense	883.75	2,839.77	9,116.46	33,596.03
Total operating expenses	<u>28,884,336.08</u>	<u>28,782,431.64</u>	<u>350,781,205.96</u>	<u>291,373,795.29</u>
Operating income	<u>6,525,355.74</u>	<u>8,124,990.17</u>	<u>101,821,822.66</u>	<u>80,590,885.00</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(6,803,014.09)	(8,528,746.91)	(101,747,494.33)	(81,529,331.94)
Interest income	4,441.85	42,800.91	59,467.11	383,498.17
Gain (Loss) on disposal of capital assets	-	-	18,400.00	1,647.43
Net non-operating revenues (expenses)	<u>(6,798,572.24)</u>	<u>(8,485,946.00)</u>	<u>(101,669,627.22)</u>	<u>(81,144,186.34)</u>
Change in net position	<u>(273,216.50)</u>	<u>(360,955.83)</u>	<u>152,195.44</u>	<u>(553,301.34)</u>
Net position beginning of period	4,674,766.05	4,610,309.94	4,249,354.11	4,802,655.45
Net position end of period	<u>4,401,549.55</u>	<u>4,249,354.11</u>	<u>4,401,549.55</u>	<u>4,249,354.11</u>

IOWA LOTTERY AUTHORITY

Statement of Net Position

Wednesday, June 30, 2021

FINAL

	Year-to-date 6/30/2021	Year-to-date 6/30/2020
Assets		
Current assets:		
Cash	\$ 29,381,952.80	\$ 28,425,418.88
Cash on hand	600.00	600.00
Restricted assets - cash	795,450.00	728,548.00
Prepaid expense	59,284.92	37,483.42
Interest receivable	4,117.20	30,610.43
Accounts receivable, net	5,428,754.99	4,971,334.20
Ticket inventories	3,367,165.03	2,864,500.89
Investment in prize annuities	59,166.57	25,576.21
Total current assets	39,096,491.51	37,084,072.03
Noncurrent assets:		
Prize reserve	4,739,181.77	4,880,247.23
Investment in prize annuities	895,730.66	400,334.68
Capital assets, net	6,935,144.52	7,042,248.46
Total noncurrent assets	12,570,056.95	12,322,830.37
Total assets	51,666,548.46	49,406,902.40
Deferred Outflows of Resources	1,547,443.00	1,480,560.13
Liabilities		
Current liabilities:		
Multi-State Prize Payable	959,625.03	994,338.39
Mega Millions Prize Payable	543,456.52	492,336.52
Pick 4 Prize Payable	439,485.80	301,990.70
Pick 3 Prize Payable	228,420.40	102,738.70
Lucky for Life Prize Payable	138,709.00	149,847.00
Lucky for Life Prize Reserve	636,338.36	812,793.98
Lucky for Life Due To (From)	189,916.81	312,239.13
Lucky for Life Low Tier Due To (From) UNCLAIMED	12,957.46	6,145.56
Lotto America Prize Payable	180,448.00	172,104.00
Unclaimed Prize Liability	1,971,816.80	2,061,036.44
InstaPlay Prize Payable	148,504.23	222,312.36
Retailer/Other Deposits	15,000.00	12,500.00
Annuity Prizes Payable	59,166.57	25,576.21
Accounts payable and accruals	1,083,791.73	879,245.49
Unearned revenue	207,789.94	350,564.94
Salary and benefits payable	140,238.03	103,415.20
Compensated absences and OPEB	1,019,691.27	999,062.76
State withholding payable	92,146.80	97,808.78
Federal withholding payable	39,600.00	80,637.40
Proceeds due to state causes	25,829,716.41	24,437,329.37
Total current liabilities	33,936,819.16	32,614,022.93
Long-term liabilities:		
Accounts payable and accruals	82,658.00	33,508.00
Net pension liability	6,530,000.00	5,525,227.00
Prize reserve	4,739,181.77	4,880,247.23
Compensated absences and OPEB	2,057,399.32	2,018,992.21
Annuity prizes payable	895,730.66	400,334.68
Total long-term liabilities	14,304,969.75	12,858,309.12
Total liabilities	48,241,788.91	45,472,332.05
Deferred Inflows of Resources	570,653.00	1,165,776.37
Net Position		
Net investment in capital assets	6,935,144.52	7,042,248.46
Unrestricted	(2,533,594.97)	(2,792,894.35)
Total net position	4,401,549.55	4,249,354.11

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2017 THROUGH 2021
FINAL

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
OPERATING REVENUES					
Instant-scratch ticket sales	316,934,651	262,447,704	250,642,094	244,260,964	237,617,703
Instaplay sales	23,478,424	16,279,705	11,876,560	9,733,769	5,820,274
Pick 3 sales	9,540,165	8,502,502	7,871,469	7,705,163	7,318,686
Powerball sales	43,419,695	36,428,043	54,833,068	58,471,047	54,292,902
Mega Millions sales	28,980,779	20,433,854	36,322,749	21,293,740	14,957,109
Hot Lotto sales	-	-	-	3,761,425	8,210,714
Pick 4 sales	5,470,758	4,950,001	4,292,190	4,341,103	3,946,273
All or Nothing sales	-	-	-	-	3,186,443
Lucky for Life sales	5,555,026	5,335,530	5,427,678	5,600,490	5,599,966
Lotto America sales	6,441,090	6,751,811	8,753,137	4,872,494	-
Pull-tab sales	12,771,423	10,824,344	10,876,605	10,916,692	11,292,740
Application fees	4,700	3,750	3,775	3,725	3,600
Other revenue	6,317	7,436	55,516	8,135	18,841
Total operating revenues	452,603,028	371,964,680	390,954,841	370,968,747	352,265,251
OPERATING EXPENSES					
Scratch ticket prize expense	211,664,732	174,595,972	166,890,489	160,144,268	155,043,947
Instaplay prize expense	17,225,460	11,659,100	8,255,638	6,351,026	3,781,706
Pick 3 prize expense	5,766,802	5,101,502	4,670,681	4,567,778	4,261,970
Powerball prize expense	21,710,608	18,219,035	25,500,971	28,512,041	25,876,220
Mega Millions prize expense	14,490,389	10,216,927	18,473,201	10,764,359	7,351,575
Hot Lotto prize expense	-	-	(46,872)	1,782,452	4,000,053
Pick 4 prize expense	3,282,455	3,237,775	2,553,524	2,519,312	2,367,036
All or Nothing prize expense	-	-	(89)	(31,061)	1,882,220
Lucky for Life prize expense	3,535,075	3,147,141	3,111,848	3,305,691	3,521,940
Lotto America prize expense	3,220,545	3,375,906	4,300,353	2,436,247	-
Pull-tab prize expense	7,981,163	6,763,647	6,805,266	6,826,208	7,056,494
VIP Club prize expense	-	-	1,315,880	197,001	252,465
Promotional prize expense	-	-	109,753	115,750	224,943
Advertising/Publicity	7,421,985	6,780,551	7,276,923	7,162,018	6,592,552
Retailer compensation expense	29,694,891	24,314,334	25,447,739	24,213,812	22,914,755
Ticket expense	3,564,730	3,242,459	3,284,663	3,170,682	3,264,975
Vendor compensation expense	6,237,018	6,058,063	6,356,385	8,227,403	7,183,035
Salary and benefits	11,190,015	10,861,223	10,459,454	10,936,612	10,714,712
Travel	196,657	231,957	261,529	256,766	278,279
Supplies	103,778	94,247	106,009	157,977	109,650
Printing	3,076	1,402	3,767	10,088	3,202
Postage	7,380	7,097	5,458	5,561	5,817
Communications	173,362	188,930	202,355	170,146	253,908
Rentals	304,104	318,204	310,280	305,225	304,714
Utilities	91,331	92,719	95,043	95,756	90,824
Professional fees	119,268	169,265	162,023	157,930	191,334
Vending machine maintenance	261,166	257,040	253,416	294,907	526,285
Outside services & repairs	918,261	870,282	828,180	827,274	791,219
Data processing	128,506	125,918	109,069	94,977	117,021
Equipment	509,009	392,535	512,247	610,777	1,071,249
Reimbursement to other state agencies	460,093	479,618	457,598	440,449	427,884
Depreciation	457,136	481,223	541,020	546,260	460,967
Other	53,094	56,126	63,061	57,647	68,936
MUSL administrative expense	9,116	33,596	71,544	8,056	154,543
Total operating expenses	350,781,205	291,373,794	298,748,406	285,241,395	271,146,430
Operating income (loss)	101,821,823	80,590,886	92,206,435	85,727,352	81,118,821

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2017 THROUGH 2021
FINAL

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Non-operating revenues (expenses)					
Proceeds to state causes**	(101,747,494)	(81,529,332)	-	-	-
State General Fund		-	(90,364,965)	(84,596,200)	(78,274,727)
Veterans Trust Fund		-	(2,500,000)	(2,500,000)	(2,500,000)
Interest income	59,467	383,498	495,974	313,694	182,107
Gain (Loss) on disposal of capital assets	18,400	1,647	15,017	(139,572)	(722,748)
Net non-operating revenues(expenses)	(101,669,627)	(81,144,187)	(92,353,974)	(86,922,078)	(81,315,368)
Change in net position	152,196	(553,301)	(147,539)	(1,194,726)	(196,547)
Net position, beginning of period, as restated*	4,249,354	4,802,655	4,950,194	6,144,920	6,554,077
Net position, end of period	4,401,550	4,249,354	4,802,655	4,950,194	6,357,530

* beginning Net Position was restated in FY 2018 due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

** beginning in FY20, proceeds are reported as one total



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

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

Date: March 22, 2022

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

Attached are changes to one fiscal policy for the Board's consideration.

1. 210.205 Travel--In State--Subsistence Allowance – Pursuant to Iowa Administrative Code (IAC) 80.45A, all in-state lodging providers must complete the Department of Public Safety's Human Trafficking Prevention Training certification to receive public funds for State employee lodging, conferences, meetings, banquets, or any state-funded event.

If a lodging provider is not certified, public funds cannot be used for travel reimbursement or any other expense.

Lottery employees must confirm a lodging provider has received the Human Trafficking Prevention Training certification prior to expending or committing public funds for in-state lodging, conferences, meetings, banquets, or any state-funded event. Employees who stay at non-certified facilities will not be reimbursed.

The Lottery policy has been updated to reflect these new requirements.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.205	Page No. 1 of 4	Effective Date September 28, 2021 March 22, 2022
Subject 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.

(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) ORIGINAL 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 voucher claim. 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.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.205	Page No. 2 of 4	Effective Date September 28, 2021 March 22, 2022
Subject Travel—In-State—Subsistence Allowance			

The 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, 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 [claim expense report](#).

All other requests for lodging reimbursement above the defined maximum must have the prior approval of the ILA’s CEO, COO, 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 [claim expense report](#) and the reason for this is not noted, the [claim 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 [original 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

Section Pre-Audit	Procedure No. 210.205	Page No. 3 of 4	Effective Date September 28, 2021 March 22, 2022
Subject 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 [TPexpense 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

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.205	Page No. 4 of 4	Effective Date September 28, 2021 March 22, 2022
Subject Travel—In-State—Subsistence Allowance			

[TPexpense 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 [TPexpense 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 [travel payment 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.)

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

THIS EXTENSION, is effective on July 1, 2022 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **STRATEGIC AMERICA** (Agency). In consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

SECTION 1. IDENTITY OF THE PARTIES.

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

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

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

SECTION 3. EXTENSION. On July 1, 2018, the Lottery and Agency entered into an Agreement for Creative Advertising Services (reference RFP 18-02). The term of the Agreement was for a two-year period with four one-year option periods. Pursuant to Section 4 of the Agreement, the third option period of the Agreement is hereby exercised through June 30, 2023. In accordance with section 6.6 of the Agreement, Agency shall be allowed an increase for all services performed after June 30, 2020 equal to 100% of the CPI change.

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

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

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

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

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

Iowa Lottery Authority

Strategic America

Larry L. Loss
Executive Vice President
Date _____

John C. Schreurs
President/CEO
Date _____

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

THIS EXTENSION, is effective on July 1, 2022 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **BUCKET MEDIA** (Agency). In consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

SECTION 1. IDENTITY OF THE PARTIES.

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

1.2 Bucket Media is a Missouri corporation, whose business includes providing media purchasing services for clients. The home office address for Agency is 1123 Wilkes Blvd., Suite 400, Columbia, MO 65201. The Iowa office for Bucket Media is 5721 Merle Hay Road, Suite 24, Johnston, IA 50131.

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

SECTION 3. EXTENSION. Effective July 1, 2018, the Lottery and the Agency entered into an Agreement (reference RFP 18-02) for media planning and buying services. The term of the Agreement was for a two-year period with four (4) one-year option periods. Effective April 2019 the Agreement was amended to reflect a revised Schedule B for Rate Schedule. Pursuant to Section 4 of the Agreement, the term of the Agreement is hereby extended for the third option period through June 30, 2023. Agency shall be paid \$31,500 on a monthly basis for the work set forth in Schedule A and the Amendment one. The Lottery shall pay all approved invoices in arrears and in conformance with Iowa Code Section 8A.514 and 11 IAC, 41.1(2).

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

SECTION 5. RATIFICATION. Except as expressly amended hereby, the Agreement or any other amendments to the Agreement shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof.

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

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

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

SECTION 7. EXECUTION. IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Agreement.

Iowa Lottery Authority

Larry L. Loss
Executive Vice President
Date _____

Bucket Media

Name Keri Tipton
President/CEO
Date _____

***AGREEMENT FOR MAINTENANCE
OF PULL-TAB VENDING MACHINES***

March 2022

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AGREEMENT FOR MAINTENANCE OF PULL-TAB VENDING MACHINES

This Agreement for the relocation, maintenance, removal, and storage of pull-tab vending machines ("Agreement"), is effective on October 1, 2022, and is entered into by and between the Iowa Lottery Authority ("Lottery"), and Pollard Games, Inc., doing business as American Games. ("Contractor").

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

SECTION 1. IDENTITY OF THE PARTIES.

1.1 The Lottery is an instrumentality of the State of Iowa whose address is 13001 University Avenue, Clive, Iowa 50325. The Lottery is authorized by Iowa Code chapter 99G to conduct a lottery in the state of Iowa.

1.2 The Contractor is a corporation incorporated in Delaware engaged in the business of, among other things, providing pull-tab vending machine ("PTVM") equipment and related services with a full service office in Iowa. The address for Contractor is 504 34th Avenue, Council Bluffs, IA 51501.

SECTION 2. PURPOSE. The Lottery is desirous of hiring Contractor to provide for the relocation, maintenance, removal, and storage of PTVMs (as defined below) as set forth in this Agreement. The Contractor designs and manufactures vending equipment and has the requisite skill, expertise, and personnel required to assist the Lottery in providing PTVMs, related equipment, and a full service maintenance program.

SECTION 3. DEFINITIONS. The following words shall have the meanings set forth below. Words in the singular shall be held to include the plural and vice versa, and words of gender shall be held to include any other gender as the context requires. For the purposes of this Agreement, the following terms and all other terms defined in this Agreement shall have the meanings so defined unless the context clearly indicates otherwise.

3.1 "Party" means either of the legal entities identified in Section 1 of this Agreement.

3.2 "PTVM" means pull-tab ticket vending machine manufactured by the Contractor and owned by the Lottery.

3.3 "Relocation" means moving a PTVM to a different retail location in Iowa or storage facility maintained by Contractor.

3.4 "Maintenance Program" means a full service program to include a toll-free number for trouble calls, dispatching service, replacement parts for equipment and knowledgeable service personnel to repair equipment.

3.5 "Fully Installed" means a PTVM that has been installed in a retail location, is fully operational, and for which the retailer has been trained.

3.6 “Non-Functional PTVM” means, subject to Section 3 of Schedule A, a PTVM that does not properly dispense tickets, accept money, perform accounting functions, or that fails to properly operate for any other reason.

SECTION 4. TERM. Unless terminated sooner in accordance with the provisions of this Agreement, the term of this Agreement will be from October 1, 2022 to December 31, 2023, with one (1) additional one-year renewal period which may be awarded at the Lottery’s option.

SECTION 5. SCOPE OF WORK.

5.1 Scope of Services. The Maintenance Program to be performed pursuant to and as a result of this Agreement by the Contractor is described on Schedule A attached hereto and made a part hereof by this reference. The PTVMs maintained pursuant to this Agreement shall fit the specifications set forth in Schedule B, attached hereto and made a part hereof by reference.

5.2 Amendments to Scope of Services. The parties agree that Schedule A, Maintenance Program Scope of Services, or Schedule B, PTVM Specifications, may be revised, replaced, amended or deleted at any time during the term of this Agreement to reflect changes in service or performance standards upon the mutual written consent of the parties. Any such changes shall be documented in an Amendment to this Agreement, as contemplated in section 14.3.

5.3 Industry Standards. In the absence of a detailed specification for the performance of any portion of this Agreement, the parties agree that the applicable specification shall be the generally accepted industry standard for related services.

5.4 Personnel to Perform the Services. The Lottery reserves the right to disapprove of any employee of the Contractor directly involved in services performed pursuant to this Agreement. If the Lottery disapproves of any such person, the Contractor shall ensure that they are not involved in Contractor’s performance of this Agreement. The Contractor shall require its employees involved with the goods and services provided pursuant to this Agreement to submit to background investigations by the Lottery and to complete all background disclosure forms as may be required by the Lottery. At the Lottery’s option, the Lottery may accept prior background checks and disclosures performed on Contractor’s employees to suffice for this requirement.

5.5 Ticket Purchase Restrictions. As stated in Iowa Code Chapter 99G.31(2)(h), no ticket or share issued by the Lottery shall be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of Contractor or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence or any such person if such officer, employee, agent, or subcontractor has access to confidential information which may compromise the integrity of the Lottery.

5.6 Ownership. All of the Lottery’s existing PTVMs shall remain the property of the Lottery at all times, unless and until such time as, the Lottery may sell the PTVMs back to the Contractor. At its sole discretion, Contractor may, upon request by the Lottery, agree to purchase any PTVM equipment maintained pursuant to this Agreement from the Lottery in accordance with the schedule and the per-machine prices set forth in the Contractor’s pricing proposal submitted in response to RFP IL-16-11 and attached hereto as Exhibit D.

SECTION 6. COMPENSATION.

6.1 Pricing. The Lottery shall notify Contractor regarding the number of PTVMs to be maintained pursuant to this Agreement. The Lottery shall pay Contractor the amounts set forth in the attached Schedule D for the PTVMs maintained pursuant to the terms of this Agreement, which shall be binding upon the parties for the duration of this Agreement, including any renewal thereof.

6.2 Payment to Contractor.

6.2.1 The Contractor shall submit a detailed monthly invoice to the Lottery for the Maintenance Program Fees and any fees payable by the Lottery for moves, relocations, or reinstallation of PTVMs (the "Serviceable Inventory"). PTVMs may be removed from the Serviceable Inventory due to damage such as fire, flood, break-in, etc. Once a PTVM is removed from the Serviceable Inventory, the PTVM must be removed from the list for service and Maintenance Program Fees, in accordance with the attached Schedule D.

6.2.2 The Lottery shall pay all approved invoices in arrears and in conformance with Iowa Code Section 8A.514 and 11 IAC § 41.1(2). The Lottery may vary the terms of this provision by paying the invoice in less than 60 days as provided in Iowa Code Section 8A.514. However, an election to pay in less than 60 days shall not act as an implied waiver of Iowa Code Section 8A.514.

6.2.3 Invoices shall be on a prorated basis according to the prices set out in Schedule D, beginning on the date in which the PTVM is Fully Installed.

6.3 CPI Cost Adjustments. The costs in this Agreement shall allow for an adjustment of the Contractor's price beginning January 1, 2024 if the Lottery exercises its one-year option. The Agreement will allow for an adjustment of the Contractor's price based on the percentage change in the National All Urban Consumer Price Index for the "all items" classification from October 2022 to October 2023. The new price will be effective January 1, 2024. The applicable increase shall be equal to 100% of the CPI change. In the event of a CPI decrease in any given year, pricing will remain at the then current rates.

6.4 Set-Off Against Sums Owed by Contractor. In the event that the Contractor owes the Lottery or the State of Iowa any sum under the terms of this Agreement, any other Agreement, pursuant to any judgment, or pursuant to any law, the Lottery may set-off the sum owed to the Lottery or the State against any sum billed to the Lottery by the Contractor in the Lottery's sole discretion unless otherwise required by law.

6.5 State not to be Obligated. Pursuant to Iowa Code Section 99G.38, the funds of the State of Iowa, as opposed to the funds of the Iowa Lottery Authority, are not available to meet the obligations of the Lottery that may arise from this Agreement.

6.6 Delay of Payment Due to Contractor's Failure. If the Lottery in good faith determines that the Contractor has failed to perform or deliver any task or product as required by this Agreement, the Contractor shall not be entitled to any payment in relation to that particular task or product under this Agreement until such task or product is completed or delivered. Except for situations covered in Section 6.7, Liquidated Damages, the Lottery will give the Contractor prior written notice detailing the failure and ten (10) days to effect cure of the failure. In the event of partial performance, the Lottery may only withhold that portion of the Contractor's fee, which represents payment for the unsatisfactory services.

6.7 Liquidated Damages.

The parties acknowledge that the Contractor's failure to perform, or to perform in a timely manner, will have an adverse impact on the Lottery's ability to maximize the sale of Lottery tickets. The parties also acknowledge that it will be difficult to determine the amount of damages caused by the Contractor's failure. Accordingly, the Contractor agrees to the following liquidated damages as reasonable damages in each of the following circumstances provided that the failure or delay in performance is caused solely by the fault or neglect of the Contractor and is not contributed to or occasioned by the fault or neglect of the Lottery or any third party, nor caused by force majeure:

6.7.1 The Contractor shall pay the Lottery \$50.00 per day or part of a day, per PTVM, that each PTVM not relocated within the time frame established.

6.7.2 The Contractor shall pay the Lottery \$200 per day or part of a day, per PTVM, for each PTVM that remains a Non-Functional PTVM beyond the Grace Period (as defined in Schedule A, Section 5). The Lottery will make the final determination, acting in good faith, regarding whether a PTVM is a "Non-Functional PTVM" pursuant to this Agreement.

Upon determination that liquidated damages are to be or may be assessed, the Lottery shall notify the Contractor of the assessment in writing. The availability of any period of cure will depend on the situation and will be in the sole discretion of the Lottery. The assessment of liquidated damages shall not constitute a waiver or release of other remedies the Lottery may have for the breach. Amounts due to the Lottery may be set off from any amounts or other compensation payable to the Contractor under the Agreement awarded pursuant to this RFP or any other agreement between the Contractor and the Lottery. Alternatively, the Lottery may directly bill the Contractor for the amounts due from any liquidated damage assessed pursuant to this Agreement.

6.8 Remedies. The remedies provided throughout this Agreement including, without limitation, the remedies associated with Non-Functional PTVMs and not Fully Installed PTVMs, are not intended to be exclusive and do not prevent either party from seeking any other legal or equitable remedy provided by applicable law or this Agreement.

SECTION 7. INSURANCE.

7.1 Coverage Requirements. The Contractor shall maintain in effect, with insurance companies of recognized responsibility, at its own expense, insurance covering its work during the entire term of this Agreement and any extensions or renewals. The Contractor's insurance shall, among other things, be occurrence based and shall insure against any loss or damage resulting from or related to the Contractor's performance of this Agreement for claims brought during the Term and for a period of 12 months following termination of the Agreement. Only companies authorized to transact business in the state of Iowa shall issue insurance policies and certificates. All such insurance policies shall remain in full force and effect for the entire life of this Agreement. Proof of compliance with this section shall be provided by Contractor to the Lottery immediately upon execution of this Agreement.

7.2 Types of Coverage. Unless otherwise requested by the Lottery, Contractor shall, at its sole cost, cause to be issued and maintained during the entire term of the contract the insurance

coverage set forth below each naming the Lottery as an additional insured's or loss payee, as applicable:

Type of Insurance	Limit	Amount
General Liability (Including contractual liability) written on an occurrence basis	General Aggregate	\$2 million
	Products Completed Operations Aggregate	\$1 million
	Personal Injury	\$1 million
	Each Occurrence	\$1 million
Automobile Liability, including any auto, hired autos and non-owned autos	Combined Single limit	\$1 million
Errors and Omissions Policy	Each Occurrence	\$1 million
Excess Liability, Umbrella Form	Each Occurrence	\$2 million
	Aggregate	\$2 million
Workers Compensation and Employer Liability	As required by law	
Property Damage	Each Occurrence	\$1,000,000
	Aggregate	\$1,000,000

7.3 Coverage for Lottery Property or Personnel on Contractor Premises. The policies must provide coverage for damages to the Lottery's property or personnel, which occurs on the Contractor's premises or premises under the control of the Contractor or Contractor's subcontractors.

7.4 Claims Without Regard to Claim. All insurance policies required by this Agreement, with the exception of the Errors and Omissions Policy, shall provide coverage for all claims arising from activities occurring during the term of the policy and for a period of 12 months following termination of the Agreement.

7.5 Notice Regarding Cancellation. Certificates of insurance shall be provided to the Lottery at the time of execution of the Agreement or at a time mutually agreeable to the parties. The receipt of such certificates does not constitute approval of the coverage contained on the certificates, and the Contractor remains responsible for determining that its insurance coverage meets each and every requirement of this Agreement.

7.6 No Limitation of Liability. Acceptance of the insurance certificates by the Lottery shall not act to relieve the Contractor of any obligation under this Agreement. All insurance policies and certificates shall be issued only by companies authorized to transact business in the state of Iowa.

7.7 Warranty. The Contractor warrants that it has examined its insurance coverage and determined that Lottery may be named as additional insured or loss payee without creating an adverse effect on the Contractor's coverage.

7.8 Waiver of Subrogation Rights. The Contractor shall obtain a waiver of any subrogation rights that any of its insurance carriers might have against the Iowa Lottery or the state of Iowa. The waiver of subrogation rights shall be indicated on the certificates of insurance coverage supplied to the Lottery.

7.9 Scope of Lottery Exposure. The Lottery shall not be responsible for loss or damage to or resulting from the PTVMs, equipment or services provided pursuant to this Agreement, except for claims explicitly authorized by Iowa Code Chapter 669.

SECTION 8. BONDS.

8.1 Performance Bond. The Contractor shall post a performance bond in the amount of fifty thousand dollars (\$50,000) to the Lottery within ten (10) days of commencement of the term of the Agreement. The Contractor shall pay the cost of the bond. In the event that the Contractor or any subcontractor or any officer, director, employee or agent of the Contractor or any subcontractor or any parent or subsidiary corporation of the Contractor or subcontractor fails to fully and faithfully perform each material requirement of this Agreement, including without limitation the Contractor's obligation to indemnify the Lottery and pay damages to the Lottery, the Lottery shall make claim against the bond. The bond may be renewable annually. Neither non-renewal by the Surety, nor failure or inability of the Contractor to file a replacement bond in the event the Surety exercises its right to not renew this bond, shall itself constitute a loss to the Obligor recoverable under this bond or any extension thereof. The bond shall be in a form customarily used in the lottery industry and shall be written by a Surety authorized to do business in Iowa and that is acceptable to the Lottery. The bond shall be in effect at all times during the term of the Agreement and any extensions or renewals thereof. The Contractor represents and warrants that it will maintain the required performance bond coverage as described herein without any lapse in coverage.

8.2 Fidelity Bond. The Contractor shall post a fidelity bond in the amount of fifty thousand dollars (\$50,000) to the Lottery within ten (10) days of commencement of the term of the Agreement. The Contractor shall pay the cost of the bond. The bond shall provide funds to the Lottery in the event that the Contractor or Lottery suffers any liability, loss, damage, or expense as a result of any fraudulent or dishonest act or omission of the Contractor or any parent or subsidiary corporation of the Contractor, which occurs during the term of the bond regardless of the date the act or omission is discovered, or a claim is made. The bond shall be in a form customarily used in the lottery industry, and shall be written by a Surety authorized to do business in Iowa and that is acceptable by the Lottery. This bond shall be in effect at all times during the term of the Agreement and any extensions or renewals thereof. The Contractor represents and warrants that it will maintain the required fidelity bond coverage as described herein without any lapse in coverage.

8.3 Provision of Bonds. Failure on the part of the Contractor to furnish such bonds, or other proof of bond coverage acceptable to the Lottery within ten (10) days of commencement of the term, or to maintain the bonds in full force and effect during the term of the Agreement and any extension or renewal thereof, shall be a material breach of the Agreement and shall be considered cause for the Lottery to declare the Contractor in default under this Agreement. The Lottery's receipt of such bonds or other proof of coverage does not constitute approval of the bonds' coverage nor do the bonds relieve the Contractor from the faithful and honest performance of the Agreement or relieve the Contractor of any losses greater than the bond amount.

SECTION 9. INTELLECTUAL PROPERTY.

9.1 The Lottery's Trademarks, Service Marks, and Trade Names. The Lottery's trademarks, including game names, trade names and service marks used on materials produced pursuant to this Agreement shall remain the sole property of the Lottery. The Contractor shall not use these marks or names on products sold to any person or entity other than the Lottery. The Lottery's marks and specifications concerning the marks shall be provided to the Contractor by the Lottery. The Lottery's marks and names shall be reproduced exactly as specified by the Lottery and only in the quantity specified.

9.2 Acquisition of Proprietary Rights Held by Others.

The Contractor shall obtain releases, licenses, permits and all other authorizations necessary to use licensed property in which third parties have any rights or interests if the licensed property will be used in association with any materials furnished to the Lottery. The Contractor shall ensure that the Lottery's use of the licensed property, when provided by the Contractor will not exceed any applicable limitations. The Contractor shall bear the costs associated with the acquisition of any proprietary rights unless prior authorization has been issued by the Lottery.

9.3 Warranty Regarding Intellectual Property Rights. The Contractor represents and warrants that, in the performance of this Agreement, Contractor's work product and the information, data, designs, processes, inventions, techniques, devices, and other such intellectual property furnished, used, or relied upon by Contractor will not infringe any copyright, patent, trademark, trade dress or other Contractor Intellectual Property Right or others; provided, however, that the Contractor need provide no such warranty for information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to Contractor by the Lottery.

9.4 Approval of Materials by Contractor. The Lottery's approval of materials submitted by the Contractor shall not be construed as relieving the Contractor of any of its responsibilities under this Agreement.

9.5 Possession of Copies. Upon request, the Contractor shall deliver to the Lottery and the Lottery may retain all copies of all materials produced as a result of or in accordance with this Agreement.

SECTION 10. CONTRACTOR REPRESENTATIONS AND WARRANTIES.

10.1 All representations and warranties made by the Contractor in all provisions of this Agreement, whether or not this Agreement specifically denominates the Contractor's promise as a warranty or whether the warranty is created only by the Contractor's affirmation or promise, or is created by a description of the materials and services to be provided, or by provision of samples to the Lottery, shall not be construed as limiting or negating any warranty provided by law, including without limitation, warranties which arise through course of dealing or usage of trade. The warranties expressed in this Agreement are intended to modify the warranties implied by law only to the extent that they expand the warranties applicable to the goods and services provided by the Contractor.

10.2 The Contractor represents and warrants that the related materials, goods and services to be provided to the Lottery pursuant to this Agreement shall be suitable for their intended purpose of use in a state lottery and are merchantable. The Contractor acknowledges that the Lottery is

relying on the Contractor's skill and judgment to provide equipment and services fit in all respects for this purpose that will be designed to maximize ticket sales for the Lottery.

10.3 The Contractor represents and warrants that any materials provided to the Lottery pursuant to this Agreement shall be new, unused, and free from defects in material, design and workmanship. The Contractor further warrants that any transfer of title pursuant to this Agreement shall be rightful and any materials delivered shall be free of any security interest or other lien or encumbrance.

10.4 The Contractor represents and warrants that it has the right to enter into and to fully perform this Agreement upon the terms and conditions specified and that it has not granted and will not grant any right or interest to any person or entity which might derogate, encumber, or interfere with the rights granted to the Lottery.

10.5 The Contractor represents and warrants that all services provided shall be performed in a prompt, competent and workmanlike manner by properly trained individuals in accordance with the industry standards of the Contractor's profession.

10.6 The Contractor warrants that the Contractor's work product and the information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished, used, or relied upon by the Contractor will not infringe any copyright, patent, trademark, trade dress or other intellectual property right of any person or entity; provided, however, that the Contractor need provide no such warranty for information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to the Contractor by the Lottery. The Contractor further represents and warrants that the design, manufacture and sale or use by the Lottery of materials provided by the Contractor pursuant to this Agreement will not infringe on any intellectual property rights of any other person or entity.

10.7 Contractor warrants that any product and related services will be new and unused and free of defects in material, design and workmanship.

10.8 The Contractor represents and warrants that it has not made any misrepresentations to the Lottery related to this Agreement or the products and services to be provided pursuant to this Agreement. "Misrepresentations" include material omissions.

SECTION 11. INDEMNIFICATION.

11.1 The Contractor agrees to defend, indemnify and hold the State of Iowa and the Lottery, its employees, agents, board members, appointed officials and elected officials, harmless from any and all liabilities, damages, loss, claims, suits or actions, settlements, judgments, costs and expenses, including reasonable value of time for the Attorney General's Office, and the reasonable costs and expenses and reasonable attorney fees of other counsel required to defend the Lottery, related to or arising from:

11.1.1 Any violation or breach of this Agreement by the Contractor, its employees, or agents; or

11.1.2 Any negligent acts or omissions of Contractor, its officers, employees, agents, board members, contractors, or subcontractors, employed by Contractor in the performance of this Agreement; or

11.1.3 Any failure by the Contractor to comply with all applicable local, state and federal laws and regulations; or,

11.1.4 Any failure by the Contractor to make all reports, payments and withholdings required by Federal and State law with respect to social security, employee income and other taxes, fees or costs required by the Contractor to conduct business in the State of Iowa; or,

11.1.5 Any event in which a third-party asserts that the Lottery's use of a PTVM provided by Contractor to the Lottery is a violation of such party's rights; provided, however, that Contractor need provide no such indemnification for claims which relate solely to information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to Contractor by the Lottery.

11.2 The Contractor's duty to indemnify as set forth in this section shall survive the expiration or termination of this Agreement and shall apply to all acts taken in the performance of this Agreement regardless of the date any potential claim is made or discovered by the Lottery.

SECTION 12. DEFAULT AND TERMINATION.

12.1 Termination for Cause. Either party may terminate this Agreement upon written notice for the substantial breach by the other party of any material term, if such breach is not cured, provided that a cure is possible within 10 days following receipt of written notice of breach from the non-breaching party. Substantial breach events include but are not limited to the following:

12.1.1 Contractor fails to materially perform as required by this Agreement;

12.1.2 Contractor fails to make substantial and timely progress toward performance or fails to meet any of the material specifications and requirements of this Agreement, including without limitation the representations and warranties provided in this Agreement.

12.1.3 Lottery fails to materially perform as required by this Agreement including failure to make timely payment for goods and services rendered.

12.2 Notice of Cure. If a cure is possible, the notice shall specify the exact date by which the condition must be cured. Following expiration of the opportunity to cure and notice from the non-breaching party, if the breach remains uncured the non-breaching party may seek any legal or equitable remedy authorized by this Agreement or by law.

12.3 Immediate Termination. The Lottery may terminate this Agreement, effective immediately without advance notice and without penalty or legal liability for any of the following reasons:

12.3.1 If the Contractor furnishes any statement, representation, warranty or certification in connection with this Agreement, which is materially false, deceptive, incorrect or incomplete.

12.3.2 If the Lottery determines that satisfactory performance of this Agreement is substantially endangered or that a default is likely to occur.

12.3.3 If the Contractor becomes subject to any bankruptcy or insolvency proceeding under federal or state law to the extent allowed by applicable state or federal law including bankruptcy laws.

12.3.4 If the Contractor terminates or suspends its business.

12.3.5 If the Lottery reasonably believes that the Contractor has become insolvent or unable to pay its obligations as they accrue consistent with applicable federal or state law.

12.3.6 If an officer, director or employee with significant contact with the Lottery's account is or has been convicted of a felony, any gambling related offense whether a misdemeanor or felony, or of any state of federal Racketeer Influenced or corrupt Organization Act (RICO) by a court of competent jurisdiction.

12.3.7 If it is alleged that the Contractor's processes or materials that are material to this Contract violate any valid patent, trademark, copyright, other intellectual property right or contract, and the Lottery reasonably believes that the allegation may impair the Contractor's performance of this Agreement.

12.3.8 If during the course of this Agreement any action by the Contractor substantially interferes with the Lottery's relationship with its licensed retailers, or promotes products or distribution systems that compete with authorized Lottery products or distribution systems.

12.3.9 If cancellation occurs for any of the causes set forth above, the Lottery shall have no further obligation to the Contractor other than payment for services rendered and materials provided prior to cancellation. Payment will be made only upon submission of invoices and proper proof of the Contractor's claim. This provision in no way limits the remedies available to the Lottery in the event of a termination under this provision.

12.4 Termination for Convenience. Following sixty (60) days written notice, the Lottery may terminate this Agreement in whole or in part for convenience without the payment of any penalty or incurring any further obligation to the Contractor.

12.5 Termination for Lack of Authority or Funding. Notwithstanding anything in this Agreement to the contrary, and subject to the limitations, conditions, and procedures set forth below, the Lottery shall have the right to terminate this Agreement without penalty or legal liability by giving sixty (60) days written notice if any of the following contingencies occur:

- If the Lottery's authorization to operate is withdrawn or there is a material alteration in the programs the Lottery administers; or
- If Lottery's duties are substantially modified.

12.6 Remedies of Contractor. In the event of termination of this Agreement the Contractor shall be paid for services completed prior to termination upon submission of invoices and proper proof of claim, for services and materials provided to the Lottery prior to cancellation and for reasonable industrial costs of work-in-progress.

12.7 No Release of Obligation. The expiration or termination of this Agreement for any cause shall not release either party from:

12.7.1 Any obligations and duties remaining under any order accepted by the Contractor prior to such expiration or termination;

12.7.2 Any liability which at the time of expiration or termination has already accrued to the other party, or, which thereafter may accrue in respect to any event prior to expiration or termination; or

12.7.3 Any liability from any obligation that survives expiration or termination.

SECTION 13. CONFIDENTIAL INFORMATION.

13.1 All Confidential Information provided shall be clearly marked as Confidential Information by the party providing the information at the time of disclosure to the other party. The Contractor shall limit such identification to information it reasonably believes is entitled to confidential treatment pursuant to the public records provisions of Iowa law. Each party shall hold the Confidential Information of the other in strictest confidence and, except as previously authorized in writing by the other party, (i) shall use the Confidential Information only in furtherance of this Agreement, (ii) shall not copy Confidential Information and (iii) shall not disclose the Confidential Information to any person or entity except those employees of the party to whom the information has been disclosed who have a need to know the Confidential Information for purposes contemplated by this Agreement. The parties' obligations under this provision do not apply to information which: is publicly available or in the public domain when provided; is or becomes publicly available or public domain information through no fault of the recipient of the information subsequent to the time it was provided; is rightfully communicated to the recipient of the information by another party; is independently developed by the recipient; or is disclosed pursuant to law or the order of a court or government authority. The parties' obligations under this provision shall survive the conclusion of this Agreement and shall be perpetual.

13.2 No private or confidential data collected, maintained, or used in the course of performance of the Agreement shall be disseminated except as authorized by statute or section 14.1, either during the period of the Agreement or thereafter. Any data supplied to Contractor by the Lottery shall be considered the property of the Lottery.

13.3 Contractor shall use its best efforts to ensure that the details of pull-tab and instant games offered by the Lottery are not disclosed to persons or organizations other than the personnel, agents, and subcontractors of Contractor whose assistance is necessary for the dispensing of the tickets in Lottery equipment. In the event that Contractor receives a request for information or records concerning the Lottery or its advertising plans, Contractor shall immediately forward the request to the Lottery.

13.4 In the event Contractor receives a request from a third party (other than a subcontractor working on Contractor's Lottery account) for information supplied to Contractor by the Lottery, Contractor shall immediately notify the Lottery of the request by telephone and fax. Contractor will not release the information subject to the request without the Lottery's permission or pursuant to a court order or as may be required by law.

13.5 Notwithstanding anything to the contrary herein, in the event a public records request is made to the Lottery pursuant to Iowa Code chapter 22 regarding Confidential Information, the Lottery shall notify Contractor as soon as possible of the request by telephone and fax. The Lottery may respond to the request for information with a release of the requested information

unless prohibited by law or Contractor has obtained an injunction preventing release of the requested information.

SECTION 14. CONTRACT ADMINISTRATION.

14.1 Independent Contractor.

14.1.1 The status of the Contractor shall be that of an independent contractor. The Contractor, its employees, agents and subcontractor performing under this Agreement are not employees or agents of the Lottery.

14.1.2 The Lottery shall not provide the Contractor with office space, support staff, equipment, tools, or supervision beyond the terms of this Agreement.

14.1.3 Neither the Contractor nor its employees, agents and subcontractors are eligible for any State employee benefits, including but not limited to, retirement benefits, insurance coverage or the like.

14.1.4 Neither the Contractor nor its employees shall be considered employees of the Lottery or the state of Iowa for federal or state tax purposes. The Lottery shall not withhold taxes on behalf of the Contractor (unless required by law). The Contractor shall be responsible for payment of all taxes in connection with any income earned from this Agreement.

14.2 Compliance with the Law and Regulations.

14.2.1 The Contractor shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations and orders when performing within the scope of this Agreement, including without limitation, all laws applicable to the prevention of discrimination in employment, the administrative rules of the Iowa Department of Management or the Iowa Civil Rights Commission which pertain to equal employment opportunity and affirmative action, laws relating to prevailing wages, occupational safety and health standards, prevention of discrimination in employment, payment of taxes, gift laws, lobbying laws, laws dealing with the manufacture and transportation of gambling related materials and laws relating to the use of targeted small businesses as subcontractors or suppliers.

14.2.2 The Contractor declares that it has complied with all federal, state and local laws regarding business permits and licenses that may be required to carry out the work to be performed under this Agreement.

14.2.3 The Contractor shall give notice to any labor union with which it has a bargaining or other agreement of its commitment under this section of the Agreement. The Contractor shall make the provisions of this section a part of its contracts with any subcontractors providing goods or services related to the fulfillment of this Agreement.

14.2.4 The Contractor shall comply with all of the reporting and compliance standards of the Department of Management regarding equal employment. These requirements may require the Contractor to submit its affirmative action plan. The plan must comport with the Department of Management rules at 541 IAC chapter 4.

14.2.5 The Lottery may consider the failure of the Contractor to comply with any law or regulation as a material breach of this Agreement. In addition, the Contractor may be declared ineligible for future State contracts or be subjected to other sanctions for failure to comply with this section.

14.2.6 The Contractor shall immediately report via telephone and in writing to the Lottery's Vice President of Security, any security procedural violation, system compromise, or violation of law. The Contractor shall further report any change in, addition to, or deletion from the security information disclosed to the Lottery pursuant to this Agreement via letter addressed to the Lottery's Vice President of Security within thirty (30) days of the effective date of the change, addition, or deletion. Such reporting shall include, without limitation, the involvement of the Contractor's employees, owners or agents in any known criminal investigation, arrest or conviction (exclusive of minor traffic violations).

14.3 Amendments. This Agreement may be amended in writing from time to time by mutual consent of the parties. All amendments to this Agreement must be fully executed by both parties. The only parties authorized to execute amendments on behalf of the Lottery are the Lottery CEO, Executive Vice President, Vice President of Finance or the Vice President of Security.

14.4 Third Party Beneficiaries. There are no third party beneficiaries to this Agreement. This Agreement is intended only to benefit the Lottery and the Contractor.

14.5 Choice of Law and Forum.

14.5.1 The laws of the state of Iowa shall govern and determine all matters arising out of or in connection with this Agreement without regard to the choice of law provisions of Iowa law.

14.5.2 In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Agreement, the proceeding shall be brought in Des Moines, Iowa, in Polk County District Court for the state of Iowa, if jurisdiction is proper. If however, jurisdiction is not proper in the Iowa District Court, Polk County, but is proper only in a United States District Court, the matter shall be commenced in the United States District Court for the Southern District of Iowa, Central Division.

14.5.3 This provision shall not be construed as waiving any immunity to suit or liability, in state or federal court, which may be available to the Lottery or the state of Iowa.

14.6 Assignment and Delegation. The Contractor shall not assign, transfer, convey, or otherwise dispose of this Agreement, its duties under this Agreement, or any rights, title, or interest in this Agreement to any other person, corporation, or other entity without the prior written approval of the Lottery. For purposes of this section a transfer or conveyance includes the sale or gift of a controlling interest in the Contractor. The Contractor may, with the prior written approval of the Lottery, subcontract for the supply of any of the services described in Schedule A, provided that no such subcontract shall relieve the Contractor of its obligations hereunder, who shall remain primarily liable to the Lottery for fulfillment of all obligations hereunder.

In the event that any person, or group of persons, hereafter acquires directly or indirectly the beneficial ownership (as defined by Securities and Exchange Commission Regulation 17 C.F.R. §240.13d-3) of five percent (5%) or more of the ownership interest in, or any class of equity securities of, the Contractor, the Lottery must be notified in writing of such event. Background investigation may be required for these new owners. Such background investigations may include

fingerprint identification by the Iowa Division of Criminal Investigation, the Federal Bureau of Investigation or the appropriate non-U.S. equivalent. By signing this Agreement, the Contractor consents to cooperate with such investigations, and to instruct its employees to cooperate. The expense of any investigation will be borne by the Contractor. The Lottery may terminate this contract based upon adverse results of these background checks. The ability to conduct such investigations is a continuing right of the Lottery throughout the contract term.

14.7 Integration. The following elements comprise this Agreement:

- a. The Agreement, including any schedules or amendments thereto.
- b. The terms and conditions for Iowa Lottery contracts, as set forth in RFP IL-16-11.
- c. Clarifications, including questions from Vendors and applicable responses, and addenda to RFP IL-16-11.
- d. Amendments to the bid proposal and any proposal clarifications.
- e. Contractor's bid proposal for RFP IL-16-11.

In the event of a conflict in the provisions of these documents, the order of precedence shall be as listed above from the highest to the lowest.

This Agreement represents the entire Agreement between the parties and neither party is relying on any representation that may have been made which is not included in this Agreement.

14.8 Headings or Captions. The paragraph headings or captions are for identification purposes only and do not limit or construe the contents of the paragraphs.

14.9 Not a Joint Venture. Nothing in this Agreement shall be construed as creating or constituting the relationship of a partnership, joint venture, (or other association of any kind or agent/principal relationship) between the parties hereto. Each party shall be deemed an independent contractor contracting for services and acting toward the mutual benefits expected to be derived here from. No party, unless otherwise specifically provided for herein, has the authority to enter into any agreement or create an obligation or liability on behalf of, in the name of, or binding upon another party to this Agreement.

14.10 Obligations Beyond Agreement Term. This Agreement shall remain in full force and effect to the end of the specified term or until terminated or canceled pursuant to this Agreement. All continuing obligations of the Lottery and the Contractor incurred or existing under this Agreement as of the date of expiration, termination or cancellation will survive the termination or conclusion of this Agreement.

14.11 Supersedes Former Agreements. This Agreement supersedes all prior Agreements between the Lottery and the Contractor for the goods and services provided in connection with this Agreement.

14.12 Waiver. Any breach or default by either party shall not be waived or released other than by a writing signed by the other party. Failure by either party at any time to require performance by the other party or to claim a breach of any provision of the Agreement shall not be construed as affecting any subsequent breach or the right to require performance with respect thereto or to claim a breach with respect thereto. Only the following persons may execute a waiver of a term of this Agreement on behalf of the Lottery: the Lottery CEO, the Chief Operating Officer, Vice President of Finance or the Vice President of Security.

14.13 Notices.

14.13.1 Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by Federal Express, courier or other similar and reliable carrier which shall be addressed to each party as set forth as follows:

If to the **Iowa Lottery**: Iowa Lottery
Attn.: Chief Operating Officer
13001 University Avenue
Clive, Iowa 50325

If to the **Contractor**: Pollard Games, Inc.
Attn.: Steven Fingold
504 34th Street
Council Bluffs, IA 51501

14.13.2 Each such notice shall be deemed to have been provided:

14.13.2.1 At the time it is actually received; or,

14.13.2.2 On the next business day in the case of overnight hand delivery, courier or services such as Federal Express with guaranteed next day of delivery if sent on a business day; or,

14.13.2.3 Within five days after deposited the U.S. Mail in the case of registered U.S. Mail.

14.13.3 Copies of such notice shall be provided separately to each party.

14.13.4 From time to time, the parties may change the name and address of a party designated to receive notice. Such change of the designated person shall be in writing to the other party and as provided herein.

14.14 Cumulative Rights.

14.14.1 The various rights, powers, options, elections and remedies of either party, provided in this Agreement, shall be construed as cumulative and no one of them is exclusive of the others or exclusive of any rights, remedies or priorities allowed either party by law.

14.14.2 Nothing in this Agreement shall be construed as affecting, impairing or limiting the equitable or legal remedies to which either party may be entitled as a result of any breach of this Agreement.

14.15 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the invalid portion shall be severed from this Agreement. Such a determination shall not affect the validity or enforceability of any other part or provision of this Agreement.

14.16 Time is of the Essence. Time is of the essence with respect to the successful performance of the terms of this Agreement. The Contractor shall ensure that all personnel

providing services to the Lottery are responsive to Lottery requirements in all respects including Lottery directives with respect to the goods and services delivered in accordance with this Agreement.

14.17 Authorization. Each party to this Agreement represents and warrants to the other that:

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

14.17.2 It has taken all requisite action (corporate, statutory, or otherwise) to approve execution, delivery and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

14.17.3 This Agreement is contingent upon ratification of the Lottery Board pursuant to Iowa Code Chapter 99G. The Lottery does not warrant that the Agreement will be ratified by the Lottery Board.

14.18 Successors in Interest. All the terms, provisions, and conditions of the Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.

14.19 Records Retention and Access.

14.19.1 The Contractor shall maintain books, records, and documents which sufficiently and properly document and calculate all charges billed to the Lottery throughout the term of this Agreement for a period of at least five (5) years following the date of final payment, cancellation, expiration or completion of any required audit, whichever is later.

14.19.2 The Contractor shall retain and maintain all financial, and accounting records pertaining to this Agreement in accordance with generally accepted accounting principals and sound business practice and any other procedures reasonably established by the Lottery.

14.19.3 The Contractor shall permit the Auditor of the state of Iowa or any authorized representative of the State or any authorized representative of the United States government, to access and examine, audit, excerpt and transcribe any directly pertinent financial records, accounting records, books, documents, papers, electronic or optically stored and created records or other records of the Contractor relating to or created as a result of the performance of this Agreement. These records shall be made available to the Lottery, its designees, the Auditor, or an authorized representative of the United States government at reasonable times and at no cost to the Lottery during the term of this Agreement and for a period of five (5) years following the termination, cancellation or expiration of this Agreement.

14.19.4 If applicable, Contractor shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K and 10-Q reports (or the appropriate non-U.S. equivalent) as they are issued, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended, through the duration of the Agreement.

14.20 Counterparts. The parties agree that this Agreement has been or may be executed in several counterparts, each of which shall be deemed an original and all such counterparts shall together constitute one and the same instrument.

14.21 Additional Provisions. The parties agree that if an Addendum, Rider or Exhibit is attached hereto by the parties, and referred to herein, and then the same shall be deemed incorporated herein by reference.

14.22 Further Assurances and Corrective Instruments. The parties agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

14.23 Obligations of Joint Entities. If the Contractor is a joint entity, consisting of more than one individual, partnership, corporation or other business organization, all such entities shall be jointly and severally liable for carrying out the activities and obligations of this agreement, and for any default of such activities and obligations.

14.24 Force Majeure.

14.24.1 Neither the Contractor nor the Lottery shall be liable to the other for any delay or failure of performance of this Agreement, and no delay or failure of performance shall constitute a default or give rise to any liability for damages if, and only to the extent that, such delay or failure is caused by a "force majeure".

14.24.2 As used in this Agreement, "force majeure" includes acts of God, war, civil disturbance and any other causes which are beyond the control and anticipation of the party affected and which, by the exercise of reasonable diligence, the party was unable to anticipate or prevent. Failure to perform by a subcontractor or an agent of the Contractor shall not be considered a "force majeure" unless the subcontractor or supplier is prevented from timely performance by a "force majeure" as defined in this Agreement. "Force Majeure" does not include financial difficulties of the Contractor or any parent, subsidiary, affiliated or associated company of the Contractor or claims or court orders which restrict the Contractor's ability to deliver the goods or services contemplated by this Agreement.

14.24.3 If a "force majeure" delays or prevents the Contractor's performance, the Contractor shall immediately commence to use its best efforts to directly provide alternate, and to the extent possible, comparable performance. Comparability of performance and the possibility of comparable performance shall be reasonably determined solely by the Lottery.

14.24.4 During any such period, the Contractor shall continue to be responsible for all costs and expenses related to alternative performance, subject to not incurring unreasonable costs.

14.24.5 This section shall not be construed as relieving the Contractor of its responsibility for any obligation which is being performed by a subcontractor or supplier of services unless the subcontractor or supplier is prevented from timely performance by a "force majeure" as described here.

14.25 Taxes. The Contractor and its subcontractors, may be subject to certain taxes, including but not limited to sales tax, motor vehicle fuel tax, personal or corporate income tax or other taxes or assessments, and to licensing fees or other miscellaneous fees or charges which may be imposed by federal, state, or local law or ordinance. The Contractor and its subcontractors shall be solely responsible for paying any taxes incurred in the performance of this Agreement. The

Contractor shall promptly pay all such taxes, fees or charges when due. The Lottery is a tax-exempt entity and is exempt from the payment of Iowa sales tax. No payment will be made for any taxes levied on the Contractor for any purpose.

14.26 Right of Inspection. The Contractor shall allow the Lottery, or anyone designated by the Lottery, to inspect its facilities at all reasonable times in order to monitor and evaluate performance of this Agreement.

14.27 Title to Lottery Property. Title to all property furnished by the Lottery to the Contractor to facilitate the performance of this Agreement shall remain the sole property of the Lottery.

14.28 Prime Contractor Responsibilities. The Contractor shall assume all responsibility for the delivery and maintenance of PTVMs and the performance of all required services, whether or not subcontractors are involved. The Lottery shall consider the Contractor to be the sole point of contact with regard to all matters related to this Agreement and is not required to initiate or maintain contact with any subcontractor.

14.29 Survival of Obligations.

14.29.1 Certain obligations imposed on the parties by this Agreement continue beyond the expiration, cancellation, or termination of this Agreement as necessary to carry out the intent of the parties.

14.29.2 Such obligations include, without limitation, the Contractor's obligation to indemnify the Lottery, the ownership of intellectual property rights and the Contractor's obligations with respect to the retention of records and the maintenance of bonds and insurance.

14.30 Endorsements. The Contractor will not use any oral or written communication made by any Lottery employee in a manner which could be characterized as an endorsement of or advertisement for the Contractor or the Contractor's product without the Lottery's prior written consent.

14.31 Non-Exclusive Rights. The contract will not be exclusive. The Lottery will reserve the right to contract with other vendors for maintenance services during the contract term.

14.32 Authorization to do Business in Iowa. The Contractor shall obtain a certificate of authority to do business in Iowa and shall take all necessary steps to ensure that it is authorized to do business in Iowa as Pollard Games, Inc.

14.33 Covenant Against Contingent Fees. The Contractor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for the Contractor, to solicit or secure this Agreement, and that it has not paid or agreed to pay any person or entity, other than a bona fide employee working solely for the Contractor, any fee, commission, percentage, brokerage fee, gift, or other consideration on a basis that is contingent upon the award of this contract.

14.34 Financial Statements. Each year during the term of this Agreement, the Contractor shall provide the Lottery with an audited financial statement, if available, otherwise, an audited consolidated financial statement of its parent entity, consolidating the financial results of both entities and their subsidiaries. The financial statement shall be provided as soon as practicable

following completion of the statement. To the extent it may legally do so, the Lottery agrees to maintain as confidential and not disclose or provide to third parties, the financial statements provided by the Contractor.

14.35 Investigation of Officers, Directors and Shareholders.

14.35.1 The Contractor shall require all officers, directors or shareholders owning five percent (5%) or more of the Contractor or any parent or subsidiary company of the Contractor to participate in background investigations conducted by the Lottery and to complete background disclosure forms. Throughout the term of this Agreement the Contractor will notify the Lottery of any changes in the identity of persons or entities holding these positions.

14.35.2 The Contractor shall require its employees and the employees of any subcontractors to submit to background investigations if requested by the Lottery and to complete all background disclosure forms as may be required by the Lottery. The Contractor shall bear all costs and expenses associated with background investigations. In the event the Lottery is required to pay any of these costs and expenses, the Contractor agrees to reimburse the Lottery accordingly. Costs may include but are not limited to the hourly charges of the Division of Criminal Investigation's agents, meals, travel, lodging, and miscellaneous expenses and fees incurred in conducting the background investigations.

14.36 Obligations Beyond Agreement Term. This Agreement shall remain in full force and effect to the end of the specified term or until terminated or canceled pursuant to this Agreement. All continuing obligations of the Lottery and the Contractor incurred or existing under this Agreement as of the date of expiration, termination or cancellation will survive the termination or conclusion of this Agreement.

SECTION 15. EXECUTION.

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

**State of Iowa,
Iowa Lottery Authority**

By: _____
Name: Larry Loss
Title: Executive Vice President

Date: _____

Pollard Games, Inc.

By: _____
Name: Steven Fingold
Title: President

Date: _____

Federal ID # _____

**SCHEDULE A
MAINTENANCE PROGRAM
SCOPE OF SERVICES**

1. The Contractor shall provide a 24-hour toll free number for trouble calls or requests for technical assistance. The Contractor's personnel shall staff this service call line during regular business hours of 7 a.m. to 5 p.m., Monday through Saturday, excluding Iowa state holidays. From 5 p.m. to 7 a.m. Monday through Saturday, Sundays and Iowa state holidays the toll-free number must log trouble calls and requests for technical help. The Contractor must provide adequate 800-number service to accommodate retailer calls.

2. The Contractor shall provide on-site preventative maintenance and cleaning at a minimum of once every 180 days throughout the term of the Agreement. Contractor's employees or agents providing on-site service shall be dressed in suitable business attire such as corporate logo shirts.

3. The Contractor shall perform maintenance or repair, on a PTVM that is a Non-Functional PTVM as described in Section 3.7. Notwithstanding Section 3.7 for all purposes of this Agreement, a "Non-Functional PTVM" and this Schedule, shall not include any PTVM that does not operate properly due to:

- (a) willful damage or destruction caused by any person other than the Contractor, its authorized agents or employees;
- (b) accidental damage caused by any person other than the Contractor, the Lottery, a retailer or the authorized agents or employees of any of them or caused by the occurrence of a force majeure event;
- (c) the use of parts or components not manufactured or supplied by the Contractor;
- (d) maintenance, modification or service to the PTVMs carried out by any person other than the Contractor or its authorized agents or employees;
- (e) handling, storage, use, operation or maintenance in a manner or environment not conforming to any published instructions issued by the Contractor or to the Lottery at the time of installation.

The Lottery, in good faith, will make the final determination regarding whether a PTVM is operating properly and whether a PTVM fails to operate properly due to one or more of the reasons identified in (a) through (e), above.

4. In the case of a PTVM that does not operate properly due to one of the reasons identified in section 3 (a) through (e), above, Contractor shall promptly determine whether the PTVM can be repaired, and, if so shall provide the Lottery with a written estimate of the cost of all labor and all parts necessary to effect the repairs and an estimate of the amount of time necessary to complete the repairs. The Lottery shall then notify the Contractor in writing whether it wishes to have the PTVM repaired. The Contractor shall invoice the Lottery for all labor and parts used in the repair, which shall be paid pursuant to the terms of section 6.2.1 hereof.

5. In the case where the Lottery would like to replace any PTVM decals or the backlit display signage either after the Initial Term of this Agreement or at any time due to the Lottery's change of art or design, the Contractor shall provide the Lottery with a written estimate of the additional

cost to perform this work. The Lottery will then notify the Contractor whether it wishes to proceed with this work and will be invoiced accordingly once complete.

6. The PTVMs which are reported to the Contractor as “Non-functional”, must be made fully operational according to the following schedule:

- Calls reporting a Non-functional PTVM reported during normal business hours of 7:00 a.m. to 5:00 p.m. Monday through Saturday must be resolved within 24 hours, excluding Sundays and Iowa state holidays. If only one dispensing bin is not functioning, the repair must be completed in 48 hours.
- Calls reporting a Non-functional PTVM that are reported to the answering service must be resolved within 24 hours of the commencement of the next regular scheduled business day, Monday through Saturday. If only one dispensing bin is not functioning, the repair must be completed in 48 hours of the commencement of the next regular scheduled business day.
- Failure to comply within the schedule in the previous bulleted items will result in liquidated damages for downtime.

7. All calls to the Contractor’s toll free answering service (for calls outside of business hours) shall be logged. Contractor shall retain call logs for a period of 30 days.

8. A daily log of all service activity including preventative maintenance shall be maintained by the Contractor. A recap report shall be transmitted electronically to the Lottery each week.

9. The Contractor shall ensure that maintenance personnel receive training as necessary to adequately perform service duties throughout the term of the Agreement.

10. The Contractor shall provide a specific contact person or persons designated to the Lottery to coordinate and direct questions, problems and issues.

11. The PTVMs shall have a repair log located inside the cabinets to document all preventative maintenance and service records.

12. The Contractor agrees to relocate or remove PTVMs at retail locations within five (5) business days of a written request from the Lottery. If a PTVM to be relocated is a Non-functional PTVM or a PTVM of the kind described in paragraph 4 above, the time for relocation may be extended with the Lottery’s approval by the time reasonably necessary to make any required repairs. The Contractor must coordinate the scheduled relocation or removal with Lottery staff and the retail location. If PTVMs are to be relocated to another retail location, Contractor agrees to take the necessary steps to deliver in clean condition, free from odor and in operational status ready for service and provide retailer training at the time of delivery. The Lottery will provide written requests for relocation or removal to the Contractor via fax or e-mail.

13. On occasion, emergency removals must be completed by the Contractor in less than five (5) business days.

14. The Contractor shall not remove any PTVM from the location where it was installed unless instructed in writing by the Lottery unless removal is determined necessary by the Contractor in order to repair a PTVM that is a Non-Functional PTVM.

15. The Contractor will be responsible for all Contractor-supplied Lottery PTVMs, including security and storage, which are not placed at a retail location during the Agreement.

16. The Contractor shall be responsible for any performance-based engineering changes it makes to the PTVMs. Any changes or upgrades shall be performed at the Lottery's earliest convenience. Except as set forth in Schedule B, Section 4, in the event changes are performed during regular preventative maintenance visits, the Contractor will bear all costs associated with any modifications or engineering changes to the PTVMs. Additional charges to the Lottery may apply if changes are made outside of the regular visits. The Lottery reserves the right to test all changes to the PTVMs prior to implementation.

17. The Contractor will continue to provide maintenance services on the Lottery's PTVMs under the terms and at the rates set forth in the Agreement for Maintenance of Pull-Tab Vending Machines, entered into as of October 1, 2022, as amended, until such time as the PTVMs are removed from operation in accordance with this Agreement.

SCHEDULE B
PTVM SPECIFICATIONS

1. Lottery owns American Games/Pollard Maxim 6 and Maxim 12 game PTVMs.
2. The operation of each PTVM unit shall be easy and user friendly to consumers. The PTVM unit must have a display showing existing credits and messages, and indicate that the PTVM does not dispense change. Each PTVM unit shall include a function that allows users to play all existing credits from any one dispensing unit.
3. The PTVMs maintained pursuant to this Agreement shall be capable of locking and securely storing, displaying, dispensing and selling all Iowa Lottery pull-tab tickets that presently exist or may be implemented by the Iowa Lottery during the duration of this Agreement. Ticket dispensing, as well as the loading and unloading of tickets in the bins and the dispensing units, shall be easy, quick and resistant to jamming or other malfunctions that could cause damage to the ticket. The PTVMs should also be able to electronically display ticket pricing.
4. The PTVMs provided pursuant to this Agreement shall, at a minimum, have the capacity to store at least 600 tickets in each pull-tab dispensing unit. The Contractor shall maintain PTVMs pursuant to this Agreement that contain coin acceptors of 5¢, 10¢, 25¢, and \$1 coins, and bill acceptors that store up to 600 bills in the denominations of \$1, \$5, \$10, and \$20. The currency acceptors shall be of sufficient sensitivity to reject counterfeit or altered currency, and designated to accept only valid US Currency. The currency acceptors must also be capable of upgrade at Contractor's expense in the event of a change of currency if upgrade installation occurs during regular preventative maintenance visits or within sixty (60) days of the date such upgrade is available, unless an alternative timeframe is agreed upon by the parties in writing. Additional charges may apply if upgrades are required by the Lottery outside of the regular visits.
5. PTVM dispensing units shall utilize a modular design allowing ticket dispensing units to be exchanged during the maintenance process as needed. Dispensing units must be designed to be easily exchanged and serviceable from the front of the PTVM.
6. The PTVM units shall be loaded and unloaded with tickets from the front of the PTVM. The ticket compartment must be accessed with a key. The PTVM must provide a secure keypad that allows access to the loading and price setting utility menu after a unique identification code has been entered. At a minimum, the PTVM must provide the capability for three unique identification codes; one designated for a service technician, one designated for the Lottery and one designated for store use. Store management must be able to change the store's unique identification code.
7. The PTVM units shall be in the color designated by the Lottery, and if desired by the Lottery shall display logos or artwork prepared by the Lottery. Each unit shall be durable, resistant to fading, rusting, marring and chipping. Windows shall be resistant to shattering, scratching and marring, while also containing cabinet and window surfaces that are easy to maintain and clean with common household cleaners.
8. The PTVM units must be U.L. or ETL approved, with a power cord of at least 9'6" in length and a minimum of 96 hours of battery back-up for retaining sales and credit data.

9. The PTVM units maintained pursuant to this Agreement shall each contain a unique serial number and provide for data analytics and reporting as designated by the Lottery. At a minimum, the Contractor shall submit on a weekly basis the following reports in a format approved by the Lottery:
 - a. a service call report;
 - b. a preventive maintenance report;
 - c. current PTVM location report;
 - d. current PTVM availability report.

10. At a minimum, the PTVM units maintained pursuant to this Agreement must provide the following reports without clearing or affecting data stored in the PTVM:
 - a. Current day sales including sales by dispensing unit;
 - b. Shift report including sales by dispensing unit;
 - c. Current week sales including sales by dispensing unit;
 - d. Previous week sales including sales by dispensing unit;
 - e. Ticket inventory by dispensing unit;
 - f. A report that shows, at a minimum, all activity from the time the currency was deposited into the PTVM to the time the accumulated credit returned to zero dollars;
 - g. A report showing when the PTVM was accessed and by whom;
 - h. Total sales for the PTVM (as tracked by a progressive counter that cannot be reset); and
 - i. A report that shows changes to bin value and additions or deletions of tickets from bins.

11. The PTVM units maintained pursuant to this Agreement shall have doors, drawers, and windows that are resistant to breaking, shattering, or attempts of theft. All units shall contain a warning device that will activate during unauthorized entry, but not during authorized access to the PTVM. Each unit should also have unique and separate cash and cabinet keys, with lists and keys provided to the Lottery as directed by the Lottery.

12. Contractor shall provide one American Games/Pollard Maxim 6 or Maxim 12 unit to the Lottery at no cost, which shall be delivered to the Lottery headquarters in Clive, Iowa no less than thirty (30) days prior to the beginning of the term of this Agreement. The test PTVM shall remain at the Lottery during the term of this Agreement for ongoing training and testing purposes.

13. The PTVM units maintained pursuant to this Agreement shall comply in all respects with applicable federal, state, and local laws, rules, regulations and policies, including but not limited to the Americans with Disabilities Act, the Iowa Civil Rights Act, and Iowa Code Chapter 99G.

SCHEDULE C
INSTALLATION/REMOVAL/TRAINING

1. At the Lottery's discretion, the Lottery may submit a request for the move, relocation, reinstallation, or removal of any PTVM maintained pursuant to this Agreement. Contractor shall coordinate the move, relocation, reinstallation, or removal with Lottery staff and the retail location. Any move, relocation, reinstallation, or removal of kiosks pursuant to this provision shall occur within five (5) business days of the Lottery's request, unless an emergency request from the Lottery mandates more prompt action. All kiosks shall be installed, moved, or removed between the hours of 7:00 a.m. to 5:00 p.m., Monday through Friday. Any variances to these time frames must be approved by the Lottery in writing. Contractor shall not remove any PTVM from the location where it was installed unless instructed by the Lottery. All costs associated with the move, relocation, reinstallation, or removal of units pursuant to this Schedule shall be the responsibility of the Lottery.
2. Contractor shall provide a complete and easy to understand instruction manual with each PTVM. At a minimum, the instruction manual should include illustrations of the PTVM operations. Additional manuals will be available upon Lottery request at no additional cost. If available, Contractor shall also provide a quick reference guide to operation with each PTVM.
3. Contractor shall conduct a comprehensive training program for the retailer on the day of delivery and installation or reinstallation of a PTVM unit maintained pursuant to this Agreement.
4. At no additional cost to the Lottery, Contractor shall collect and dispose of existing PTVM equipment on the schedule set forth by the Lottery. Contractor shall remove, deface, or otherwise cover Iowa Lottery logos and trademarks from any PTVM or equipment removed and disposed of pursuant to this Agreement.

SCHEDULE D
OCTOBER 1, 2022 - DECEMBER 31, 2023

PURCHASE – PTVM	<u>6 game</u>	<u>12 game</u>
Cost per machine:		
Cost of machines – outright purchase	\$5,362	\$6,952
Cost of relocation/removal services per machine, per occurrence	\$156	\$156
Repurchase price during term of Agreement including Option	\$1	\$2

NOTE: Purchase prices for additional machines after December 31, 2023, to be adjusted by any applicable CPI Increase. In the event of a CPI decrease, pricing will remain at the then current rates.

CPI PERCENTAGE ADJUSTMENT FOR MAINTENANCE OF PTVM, BEGINNING ON JAN 1, 2024 UTILIZING THE NATIONAL ALL URBAN CPI, OCTOBER 2022 TO OCTOBER 2023:

	<u>6 game</u>	<u>12 game</u>
Monthly cost per machine for maintenance services	100%	100%
Cost of relocation/removal services per machine, per occurrence	100%	100%

NOTE: In the event of a CPI decrease, pricing will remain at the then current rates.

MONTHLY MAINTENANCE FEE PER MACHINE, PER MONTH

Maintenance fee per machine is based on total number of machines in service:

250<Number of Machines<400	\$75 per machine, per month
400<Number of Machines<600	\$62 per machine, per month
600<Number of Machines<800	\$50 per machine, per month