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Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

# **AGENDA**

## **IOWA LOTTERY BOARD**

### **September 26, 2017**

### **10:30 am**

**Dial In: 1-866-685-1580**  
**Code: 000 999 0332**

- I. Call to Order
  - a. Approval of Agenda
  - b. Approval of Minutes – June 27, 2017
- II. Employee Recognition
- III. Quarterly Reports
  - a. Financial
  - b. Marketing
  - c. Security
  - d. IT Systems
  - e. External Relations
  - f. Legal
    - i. Tipton Trial Wrap Up
    - ii. Columbia School of Journalism - Release of Information
- IV. Pull Tab Printing RFP
- V. Instant Ticket Printing Contract Extensions
- VI. FY19 Budget Approval
- VII. Fiscal Policy Updates
- VIII. Lotto America Overview/Game Rules
- IX. CEO Update
  - a. BOD – New Member
- X. Adjournment

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# MINUTES

## IOWA LOTTERY BOARD

June 27, 2017

10:00 a.m.

The Iowa Lottery Board convened at 10:00 a.m. at Lottery Headquarters in Clive; Board Chairperson Mike Klappholz presiding.

### **Board Members Present:**

Mike Klappholz; Connor Flynn; Mary Rathje; Mary Junge; Mike Fitzgerald.

### **Board Members Absent:**

None.

### **Lottery Staff Participating:**

Terry Rich, CEO; Larry Loss, EVP; Brenda Nye, VP, Finance; Cam Coppess, VP, Security; Hale Strasser, VP, Systems Operations; Rob Porter, VP, Legal Counsel; Mary Neubauer, VP, External Relations; David Ranscht, Assistant AG; John Lundquist, Assistant AG; Deb Bassett, Board Secretary.

### **Others Present:**

David Berger, Scientific Games; Adam Phillips, Treasurer's Office; Mackenzie Nading, House Republican Caucus staff; Bill Petroski, Des Moines Register; Cassie Kibling, Iowa Lottery; Rochelle Vasquez, Attorney General's Office.

### **CALL TO ORDER**

Chairperson Klappholz called the meeting to order at 10:00 a.m. and roll was taken. There was a quorum.

### **APPROVAL OF AGENDA**

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

### **APPROVAL OF MINUTES**

Rathje asked a date be corrected for the March 28, 2017 meeting minutes.

Flynn moved to approve the March 28, 2017, board meeting minutes. Junge seconded. Motion carried unanimously.

Rich recognized Cassie Kibling for her role related to the Hot Lotto case. Rich stated that Cassie took the initial call from Canada in November 2011 about the Hot Lotto jackpot and recognized that something did not feel right about the caller's claim.

### **QUARTERLY REPORTS**

#### **Financial:**

Nye gave a financial report. Through May, sales are ahead of budget by 7% and ahead of the 5-year average by 5%. Proceeds through May are ahead of budget by 13% but 2% behind the 5-year average. However, proceeds are on track to be in the top five proceeds years in Iowa Lottery history. Sales are on track to be the second highest in Iowa Lottery history.

**Marketing:**

Wood gave an update on InstaPlay and this year's summer promotion, Frogger. She also discussed several upcoming promotions, including the holiday promotion, Secret Santa; a special winter promotion, Tiny Home/Big Wins, that will launch soon after the holiday promotion ends; and next spring's promotion, Powerball Power Cruise 2.

**Security:**

Coppess provided a security report for the 2<sup>nd</sup> quarter (April – June, 2017). There was discussion about the report. Rich stressed that of 130 million transactions that occurred in 2016, 99.99% of those transaction had no security related inquiry. Records of contact included in the report does not necessarily mean that there has been a violation.

**IT:**

Strasser discussed some of the projects IT Systems has been working on. The projects include a cross platform mobile app, testing of the new kiosks that are replacing ITVM's, and the replacement of the current sales force management system with LAPIS, a gem-intelligence system.

**External Relations:**

Neubauer had nothing to report other than what Porter would be discussing during his legal report.

**Legal:**

Porter gave an update on the Hot Lotto investigation and the pending criminal proceedings against Eddie Tipton. There was discussion about the case. Rich stated that it was important to remember that Tipton was an employee of the Multi-State Lottery Association and not an Iowa Lottery employee.

Rathje moved to approve the Quarterly Reports. Flynn seconded. Motion carried unanimously.

**EMPLOYEE PAY PLAN COMPESATION**

Rich asked the board to approve the compensation for lottery key employees consistent with the within-grade merit increases authorized by the legislature and governor. This includes a 1% across-the-board increase effective June 30, 2017 and the authority to approve raises for key employee based upon performance up to the maximum level in the key employee's pay grade with the raise being available on the increase eligibility date.

Junge moved to approve the key employee compensation. Rathje seconded. Motion carried unanimously.

**FY18 BUDGET – FINAL**

Nye stated that the board approved the preliminary FY18 budget in September and adjustments made to that budget include:

- The costs related to the kiosks that will replace the ITVM's were moved to the Retailer Lottery system line item.
- The Lottery Operations budget updates include: Administrative payroll – includes across-the-board increases for all staff and step increases for those staff members not currently at the top of their pay range.
  - Professional fees – includes IT hosting fees for the new salesforce automation software solution that will be implemented this fall

- Equipment – includes the additional cost of software for the salesforce automation solution, replacement iPads or similar equipment for use with that software, various software licenses and new analytics software.

Nye requested the board approve the FY 2018 proposed budget.

Flynn moved to approve the FY18 proposed budget. Junge seconded. Motion carried unanimously.

#### **FISCAL POLICIES**

Nye stated that the Lottery's fiscal policies have been updated to reflect current information from the corresponding DAS policies.

Nye requested the board approve changes to eight (8) policies effective July 1, 2017 and approve a new policy related to electronic receipts effective retroactively to June 5, 2017, the date the requirement began.

Rathje moved to approve the fiscal policies. Flynn seconded. Motion carried unanimously.

#### **HVAC SYSTEM MAINTENANCE RECOMMENDATION**

Porter reported that the current contract for facilities maintenance ends August 20, 2017. An RFP was issued and two bids were received.

Porter requested the Board permit the Lottery to submit a notice of intent to award the RFP to Baker Group subject to the completion of a background check.

Rathje moved to approve the recommendation. Flynn seconded. Motion carried unanimously.

#### **WLA 2017**

Rich asked the Board to approve up to two people to attend the World Lottery Association conference.

Flynn moved to approve the request. Rathje seconded. Motion carried unanimously.

#### **SELF-EXCLUSION PROGRAM**

Neubauer requested the Board approve a change to the policy for the self-exclusion program so that it would match the self-exclusion program for casinos that was approved by the Iowa legislature.

Junge moved to approve the conforming policy change. Rathje seconded. Motion carried unanimously.

Flynn moved to have the board recess for lunch. Junge seconded. Motion carried unanimously. The board recessed at 11:30am.

Flynn moved to have the board reconvene. Junge seconded. Motion carried unanimously. The board went back in session at 12:07pm.

#### **ADMINISTRATIVE RULES**

Porter discussed the comprehensive review of the Lottery's administrative rules and proposed changes. Porter requested the Board authorize the Lottery to move forward with the Notice of Intended Action for the rule changes.

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

#### **COLLECTIVE BARGAINING CHANGES**

Porter provided a high-level overview of legislative changes to collective bargaining and the impact to contract-covered Lottery employees. Base wages are now the only mandatory bargaining subject; other topics are permissive and some are specifically excluded from bargaining. The Lottery is updating its employee handbook to reflect changes and the new handbook will be effective in July.

#### **STRATEGIC PLANNING**

Rich provided an overview of the lottery's strategic planning for the near future.

#### **ILOT SECURITY PRACTICES AND INTEGRITY**

Rich and Porter discussed the 2009 Ombudsman report, the proposed suggestions contained in the report and recent newspaper articles about the Lottery's current practices.

#### **CEO UPDATE**

Rich provided the board his CEO update.

#### **ELECTION OF OFFICERS**

Junge moved to nominate Connor Flynn as chair. Rathje seconded. Motion carried unanimously.

Junge moved to nominate Mary Rathje as vice chair. Flynn seconded. Motion carried unanimously.

Flynn presented Klappholz with a gift for his service as board chair.

#### **ADJOURNMENT**

Junge moved to adjourn. Flynn seconded. Motion carried unanimously.

Meeting adjourned at 1:46 pm.

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2017

June 30, 2017		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2017	23,477,855	24,903,072	23,632,301	25,244,816	26,997,242	27,197,660	31,905,507	29,700,139	30,596,726	27,338,762	28,973,109	24,952,811
	5-year av.	24,456,151	25,940,756	24,617,034	25,486,553	27,312,000	27,520,770	32,424,788	30,127,524	31,061,472	27,667,752	29,370,200	25,182,384
	Actual '17	32,964,786	26,681,566	25,881,328	26,389,149	29,727,840	28,420,548	28,990,640	29,845,160	31,970,423	29,348,128	32,137,392	29,885,849
Prize Expense	Budget FY 2017	13,956,616	14,803,847	14,048,427	15,007,000	16,048,745	16,167,885	18,966,506	17,655,505	18,188,489	16,251,764	17,223,316	14,833,415
	5-year av.	14,753,208	15,376,630	14,538,122	15,161,469	15,731,423	17,216,882	19,364,442	17,764,470	19,086,348	16,212,399	17,385,913	15,177,272
	Actual '17	19,638,247	16,797,147	15,829,952	16,510,060	17,666,394	18,431,976	17,504,363	17,694,238	20,861,130	18,142,578	19,062,196	17,482,288
Operating Expenses	Budget FY 2017	1,159,018	1,295,375	1,204,727	1,229,243	1,121,127	1,206,747	1,164,432	1,156,962	1,288,279	1,158,402	1,260,984	1,375,394
	2-year av.	1,076,139	977,545	1,002,983	1,023,962	983,978	1,200,509	1,024,982	995,750	1,063,325	990,392	1,064,393	1,100,706
	Actual '17	1,031,110	1,078,325	997,684	1,035,019	1,107,867	1,100,520	1,094,583	1,027,704	1,101,789	1,034,911	1,254,743	1,493,638
Total Proceeds	Budget FY 2017	4,936,993	5,170,692	4,931,385	5,325,558	5,888,690	5,855,108	7,119,813	6,554,660	6,656,142	5,940,090	6,261,866	5,103,588
	5-year av.	5,834,699	5,970,453	6,453,205	6,275,145	7,241,802	5,686,223	8,334,905	7,835,507	7,106,183	7,030,221	7,298,430	4,960,522
	Actual '17	8,482,628	5,304,496	6,168,146	5,667,010	7,230,014	5,012,849	6,503,570	7,602,318	6,266,486	6,686,312	8,327,087	7,523,812

YEAR TO DATE

Gross Sales	Budget FY 2017	23,477,855	48,380,927	72,013,228	97,258,044	124,255,286	151,452,946	183,358,453	213,058,592	243,655,318	270,994,080	299,967,189	324,920,000
	5-year av.	24,456,151	50,396,907	75,013,941	100,500,494	127,812,494	155,333,264	187,758,052	217,885,576	248,947,048	276,614,800	305,985,000	331,167,384
	Actual '17	32,964,786	59,646,352	85,527,680	111,916,829	141,644,669	170,065,217	199,055,857	228,901,017	260,871,440	290,219,568	322,356,960	352,242,810
Prize Expense	Budget FY 2017	13,956,616	28,760,463	42,808,890	57,815,890	73,864,635	90,032,520	108,999,026	126,654,531	144,843,020	161,094,784	178,318,100	193,151,515
	5-year av.	14,753,208	30,129,838	44,667,960	59,829,429	75,560,852	92,777,734	112,142,176	129,906,646	148,992,995	165,205,393	182,591,306	197,768,579
	Actual '17	19,638,247	36,435,394	52,265,346	68,775,406	86,441,800	104,873,776	122,378,139	140,072,377	160,933,507	179,076,085	198,138,281	215,620,569
Operating Expenses	Budget FY 2017	1,159,018	2,454,393	3,659,120	4,888,363	6,009,490	7,216,237	8,380,669	9,537,631	10,825,910	11,984,312	13,245,296	14,620,690
	2-year av.	1,076,139	2,053,684	3,056,667	4,080,629	5,064,607	6,265,116	7,290,098	8,285,848	9,349,173	10,339,565	11,403,958	12,504,664
	Actual '17	1,031,110	2,109,435	3,107,119	4,142,138	5,250,005	6,350,525	7,445,108	8,472,812	9,574,601	10,609,512	11,864,255	13,357,893
Total Proceeds	Budget FY 2017	4,936,993	10,107,685	15,039,070	20,364,628	26,253,318	32,108,426	39,228,239	45,782,899	52,439,041	58,379,131	64,640,997	69,744,585
	5-year av.	5,834,699	11,805,152	18,258,357	24,533,502	31,775,304	37,461,527	45,796,432	53,631,939	60,738,122	67,768,343	75,066,773	80,027,295
	Actual '17	8,482,628	13,787,124	19,955,270	25,622,280	32,852,294	37,865,143	44,368,713	51,971,031	58,237,517	64,923,829	73,250,916	80,774,727

	Current Month	Year to Date
Prize Payout - Budget	59.45%	59.45%
Prize Payout - 5-Year Average	60.27%	59.72%
Prize Payout - Actual	58.50%	61.21%
Sales - Actual increase (decrease) vs. 5-Year Average		6.36%
Proceeds - Actual increase (decrease) vs. 5-Year Average		0.93%
Sales - Actual increase (decrease) vs. Budget		8.41%
Proceeds - Actual increase (decrease) vs. Budget		15.82%

# IOWA LOTTERY AUTHORITY

## Statement of Net Position

June 30, 2017

FINAL

	Year-to-date 6/30/2017	Year-to-date 6/30/2016
<b>Assets</b>		
Current assets:		
Cash	27,216,862.12	25,843,311.50
Cash on hand	600.00	600.00
Restricted assets - cash	612,511.56	658,831.56
Prepaid expense	48,209.15	157,177.52
Interest receivable	41,823.55	30,475.18
Accounts receivable, net	3,013,564.69	5,237,873.81
Ticket inventories	2,301,613.21	2,472,610.30
Investment in prize annuities	716,052.34	1,200,610.16
Total current assets	<u>33,951,236.62</u>	<u>35,601,490.03</u>
Noncurrent assets:		
Prize reserve	5,058,601.90	5,214,116.97
Investment in prize annuities	487,094.99	737,979.22
Capital assets, net	8,164,730.64	8,132,188.92
Total noncurrent assets	<u>13,710,427.53</u>	<u>14,084,285.11</u>
<b>Total assets</b>	<b><u>47,661,664.15</u></b>	<b><u>49,685,775.14</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>1,682,026.30</u></b>	<b><u>819,439.70</u></b>
<b>Liabilities</b>		
Current liabilities:		
Multi-State Prize Payable	1,169,807.00	1,742,984.00
Mega Millions Prize Payable	399,325.02	1,495,133.02
Hot Lotto Prize Payable	252,811.00	236,093.50
All or Nothing Prize Payable	60,776.62	89,060.36
Pick 4 Prize Payable	51,204.40	236,888.90
Pick 3 Prize Payable	139,638.00	328,047.80
Lucky for Life Prize Payable	931,098.64	999,933.24
InstaPlay Prize Payable	37,494.00	-
Retailer/Other Deposits	17,500.00	7,500.00
Current Obligation/Annuities	1,400.00	1,400.00
Annuity Prizes Payable	716,052.34	1,200,610.16
Accounts payable and accruals	1,124,308.27	1,568,544.80
Unearned revenue	394,971.94	535,290.44
Salary and benefits payable	527,279.26	469,417.46
Compensated absences	897,237.13	856,672.73
State withholding payable	69,840.45	55,283.30
Federal withholding payable	98,750.00	74,500.00
Due to State General Fund	22,537,210.30	21,135,798.19
Total current liabilities	<u>29,426,704.37</u>	<u>31,033,157.90</u>
Long-term liabilities:		
Accounts payable and accruals	-	14,554.00
Net pension liability	6,157,225.00	4,966,584.00
Prize reserve	5,058,601.90	5,214,116.97
Compensated absences and OPEB	1,629,307.48	1,431,236.27
Annuity prizes payable	487,094.99	737,979.22
Total long-term liabilities	<u>13,332,229.37</u>	<u>12,364,470.46</u>
<b>Total liabilities</b>	<b><u>42,758,933.74</u></b>	<b><u>43,397,628.36</u></b>
<b>Deferred Inflows of Resources</b>	<b><u>227,227.00</u></b>	<b><u>553,509.00</u></b>
<b>Net Position</b>		
Net investment in capital assets	8,164,730.64	8,132,188.92
Unrestricted	(1,807,200.93)	(1,578,111.44)
<b>Total net position</b>	<b><u>6,357,529.71</u></b>	<b><u>6,554,077.48</u></b>

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Twelve Months Ending June 30, 2017**  
**FINAL**

	Month ended 6/30/2017	Month ended 6/30/2016	Year-to-date 6/30/2017	Year-to-date 6/30/2016
Operating revenues:				
Instant-scratch ticket sales	\$19,635,274.00	\$19,045,232.53	\$237,617,703.00	\$233,681,883.53
InstaPlay sales	608,480.00	-	5,820,274.00	-
Pick 3 sales	628,003.50	574,552.50	7,318,686.00	7,376,765.50
Powerball sales	5,139,655.00	3,821,622.00	54,292,902.00	74,851,132.50
Mega Millions Sales	1,272,065.00	2,714,269.00	14,957,109.00	16,401,018.00
Hot Lotto sales	743,419.00	717,415.00	8,210,714.00	8,827,600.00
Pick 4 sales	337,338.50	307,539.50	3,946,272.50	3,554,718.50
All or Nothing sales	246,581.00	277,314.00	3,186,443.00	3,989,479.00
Lucky for Life sales	436,098.00	560,814.00	5,599,966.00	3,154,994.00
Pull-tab sales	838,935.29	1,192,547.79	11,292,740.27	15,073,332.46
Application fees	100.00	850.00	3,600.00	4,175.00
Other	620.10	343.58	18,841.41	33,065.40
Total operating revenues	29,886,569.39	29,212,499.90	352,265,251.18	366,948,163.89
Operating expenses:				
Scratch ticket prizes	12,099,487.00	11,779,238.00	155,043,946.65	151,760,770.95
InstaPlay prizes	406,040.41	-	3,781,705.83	-
Pick 3 prizes	372,582.10	339,631.50	4,261,970.20	4,369,699.30
Powerball prizes	2,521,186.71	1,877,360.50	25,876,219.71	36,729,335.50
Mega Millions prizes	598,885.50	1,339,034.50	7,351,574.63	7,975,529.00
Hot Lotto prizes	364,255.50	345,606.50	4,000,053.00	4,223,017.65
Pick 4 prizes	238,120.10	173,183.70	2,367,035.50	2,082,846.10
All or Nothing prizes	144,702.63	164,936.27	1,882,219.97	2,363,458.77
Monopoly Millionaires' Club prizes	-	-	-	(21,052.29)
Lucky for Life prizes	185,160.08	766,614.52	3,521,939.77	2,525,898.69
Pull-tab prizes	523,804.18	742,030.73	7,056,493.93	9,422,427.90
VIP Club prize expense	14,894.75	12,853.13	252,465.45	168,607.42
Promotional prize expense	13,167.38	7,854.23	224,942.73	166,862.17
Advertising/publicity	555,441.56	579,443.67	6,592,551.64	6,822,152.18
Retailer compensation expense	1,966,339.43	2,716,255.37	22,914,755.08	24,560,884.62
Ticket expense	272,948.55	230,029.01	3,264,974.90	3,242,036.39
Vendor compensation expense	622,629.10	610,283.38	7,183,035.12	7,597,515.86
Salary and benefits	1,148,124.60	844,133.40	10,714,712.56	9,977,828.08
Travel	19,477.01	22,123.30	278,278.77	281,549.13
Supplies	15,175.68	13,328.00	109,650.58	133,163.71
Printing	-	7,358.58	3,201.90	8,389.98
Postage	247.50	357.10	5,817.18	6,636.17
Communications	114,922.06	119,998.96	253,908.18	263,414.08
Rentals	25,414.24	26,015.67	304,713.92	309,411.76
Utilities	12,156.48	15,280.71	90,824.36	87,941.83
Professional fees	45,182.18	100,178.58	191,333.99	183,403.18
Vending machine maintenance	37,045.59	50,390.76	526,285.21	598,961.53
Outside services and repairs	71,462.46	90,159.81	791,219.47	825,169.37
Data processing	8,245.21	9,887.68	117,020.94	122,421.34
Equipment	91,057.03	241,509.97	1,071,249.44	655,521.07
Reimbursement to other state agencies	30,042.99	38,166.98	427,884.20	430,088.05
Depreciation	45,884.70	27,301.65	460,967.26	333,223.38
Other	6,189.39	4,980.07	68,936.24	56,015.91
MUSL/Lotto administrative expense	12,862.30	10,282.82	154,543.33	127,705.14
Total operating expenses	22,583,134.40	23,305,809.05	271,146,431.64	278,390,833.92
Operating income	7,303,434.99	5,906,690.85	81,118,819.54	88,557,329.97
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(7,523,811.46)	(5,866,079.53)	(78,274,726.75)	(85,524,619.37)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	48,682.21	43,077.35	182,107.48	194,872.94
Gain (Loss) on disposal of capital assets	3,252.02	(4,043.84)	(722,748.04)	28,156.16
Net non-operating revenues (expenses)	(7,471,877.23)	(5,827,046.02)	(81,315,367.31)	(87,801,590.27)
Change in net position	(168,442.24)	79,644.83	(196,547.77)	755,739.70
Net position beginning of period	6,525,971.95	6,474,432.65	6,554,077.48	5,798,337.78
Net position end of period	6,357,529.71	6,554,077.48	6,357,529.71	6,554,077.48



**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2013 THROUGH 2017**  
**FINAL**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>
<b>OPERATING REVENUES</b>					
Instant-scratch ticket sales	237,617,703	233,681,884	211,986,968	188,754,111	202,299,747
Instaplay sales	5,820,274	-	-	-	-
Pick 3 sales	7,318,686	7,376,766	7,046,335	6,948,165	6,804,870
Powerball sales	54,292,902	74,851,133	52,231,108	61,153,876	81,385,271
Mega Millions sales	14,957,109	16,401,018	17,980,367	21,835,102	13,317,888
Hot Lotto sales	8,210,714	8,827,600	11,111,717	10,434,227	11,664,946
Raffle sales	-	-	-	242,960	-
Pick 4 sales	3,946,273	3,554,719	3,231,397	3,224,892	3,085,784
All or Nothing sales	3,186,443	3,989,479	4,542,846	3,196,195	-
\$100,000 Cash Game sales	-	-	-	2,530,984	4,483,605
Monopoly Millionaires' Club sales	-	-	591,605	-	-
Lucky for Life sales	5,599,966	3,154,994	-	-	-
Pull-tab sales	11,292,740	15,073,332	16,045,073	15,734,917	16,209,309
Application fees	3,600	4,175	3,800	4,375	5,125
Other revenue	18,841	33,065	6,220	99,932	11,706
<b>Total operating revenues</b>	<b>352,265,251</b>	<b>366,948,164</b>	<b>324,777,436</b>	<b>314,159,736</b>	<b>339,268,251</b>
<b>OPERATING EXPENSES</b>					
Scratch ticket prize expense	155,043,947	151,760,771	137,660,011	121,968,549	128,096,203
Instaplay prize expense	3,781,706	-	-	-	-
Pick 3 prize expense	4,261,970	4,369,699	4,164,551	4,101,291	4,009,581
Powerball prize expense	25,876,220	36,729,336	25,386,810	29,583,455	39,682,727
Mega Millions prize expense	7,351,575	7,975,529	8,593,263	10,946,296	6,538,181
Hot Lotto prize expense	4,000,053	4,223,018	5,351,407	5,042,963	5,652,815
Raffle prize expense	-	-	-	101,536	-
Pick 4 prize expense	2,367,036	2,082,846	1,993,339	1,905,110	1,812,515
All or Nothing prize expense	1,882,220	2,363,459	2,684,292	2,134,024	-
\$100,000 Cash Game prize expense	-	-	-	610,955	2,740,099
Monopoly Millionaires' Club prize expense	-	(21,052)	626,847	-	-
Lucky for Life prize expense	3,521,940	2,525,899	-	-	-
Pull-tab prize expense	7,056,494	9,422,428	10,028,418	9,851,090	10,140,042
VIP Club prize expense	252,465	168,607	264,651	519,101	1,950,002
Promotional prize expense	224,943	166,862	128,699	184,615	179,603
Advertising/Publicity	6,592,552	6,822,152	6,766,994	6,942,677	6,603,905
Retailer compensation expense	22,914,755	24,560,885	20,977,399	20,131,428	22,116,797
Ticket expense	3,264,975	3,242,036	3,255,589	3,447,828	3,945,970
Vendor compensation expense	7,183,035	7,597,516	6,626,139	6,378,256	6,885,203
Online game expense	-	-	6,563	-	295,663
Salary and benefits	10,714,712	9,977,828	9,565,122	9,419,070	9,375,334
Travel	278,279	281,549	417,200	419,444	425,300
Supplies	109,650	133,164	130,723	111,765	100,620
Printing	3,202	8,390	6,291	20,915	13,459
Postage	5,817	6,636	6,118	6,993	6,337
Communications	253,908	263,414	227,509	179,250	155,755
Rentals	304,714	309,412	308,922	307,062	304,452
Utilities	90,824	87,942	126,902	122,461	103,386
Professional fees	191,334	183,403	162,782	126,332	125,004
Vending machine maintenance	526,285	598,962	579,061	567,775	577,841
Outside services & repairs	791,219	825,169	873,809	605,983	326,659
Data processing	117,021	122,421	105,400	89,573	57,072
Equipment	1,071,249	655,521	506,016	306,901	380,142
Reimbursement to other					
state agencies	427,884	430,088	418,625	426,958	415,056
Depreciation	460,967	333,223	278,004	287,356	245,805
Other	68,936	56,016	79,976	81,906	67,345
MUSL administrative expense	154,543	127,705	100,803	75,173	37,050
<b>Total operating expenses</b>	<b>271,146,430</b>	<b>278,390,834</b>	<b>248,408,235</b>	<b>237,004,091</b>	<b>253,365,923</b>
<b>Operating income (loss)</b>	<b>81,118,821</b>	<b>88,557,330</b>	<b>76,369,201</b>	<b>77,155,645</b>	<b>85,902,328</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2013 THROUGH 2017**  
**FINAL**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>
<b>Non-operating revenues (expenses)</b>					
State General Fund	(78,274,727)	(85,524,619)	(72,365,900)	(72,167,680)	(82,764,005)
Veterans Trust Fund	(2,500,000)	(2,500,000)	(2,151,167)	(1,804,434)	(2,126,724)
Interest income	182,107	194,873	76,038	58,768	110,073
Interest expense	-	-	(8,046)	(12,622)	(33,453)
Gain (Loss) on disposal of capital assets	(722,748)	28,156	(364,252)	-	-
<b>Net non-operating revenues(expenses)</b>	<b>(81,315,368)</b>	<b>(87,801,590)</b>	<b>(74,813,328)</b>	<b>(73,925,968)</b>	<b>(84,814,109)</b>
<b>Change in net position</b>	<b>(196,547)</b>	<b>755,740</b>	<b>1,555,873</b>	<b>3,229,677</b>	<b>1,088,219</b>
Net position, beginning of period, as restated*	6,554,077	5,798,338	4,242,465	6,284,179	5,195,960
<b>Net position, end of period</b>	<b>6,357,530</b>	<b>6,554,077</b>	<b>5,798,338</b>	<b>9,513,856</b>	<b>6,284,179</b>

\* beginning Net Position was restated in FY 2015 due to implementation of GASB 68, Accounting and Financial Reporting for Pensions

**IOWA LOTTERY AUTHORITY  
CONFERENCE AND TRAINING OUT-OF-STATE TRAVEL  
FY 2017**

<b>EMPLOYEE</b>	<b>DATE</b>	<b>CONFERENCE/TRAINING EVENT</b>	<b>DESTINATION</b>	<b>COST</b>
Brad Carter	Jul 2016	Creative Pro 2016 Conference - Photoshop & Illustrator Users	Minneapolis, MN	\$ 1,878.66
Sally Robson	Jul 2016	Olson's Annual VIP Marketer Summit	Minneapolis, MN	\$ 268.63
Cam Coppess	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 2,099.03
Mary Neubauer	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 2,089.30
Brenda Nye	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 1,938.66
Rob Porter	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 1,942.92
Hale Strasser	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 1,885.78
Teri TeBockhorst	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 2,004.40
Cindy Weber	Aug 2016	2016 NASPL Professional Development Seminar	Pittsburgh, PA	\$ 2,003.92
Larry Loss	Sept 2016	PGRI Lottery Expo 2016 Conference	Miami, FL	\$ 1,402.10
Larry Loss	Sept 2016	Purely Digital Xchange Conference	Ann Arbor, MI	\$ 49.00
Larry Loss	Oct 2016	2016 NASPL Business Develop & Product Innovations Conf	Atlanta, GA	\$ 1,690.46
Hale Strasser	Oct 2016	2016 NASPL Business Develop & Product Innovations Conf	Atlanta, GA	\$ 2,172.09
Terry Rich	Nov 2016	World Lottery Summit 2016	Singapore	\$ 4,643.61
Cam Coppess	Mar 2017	GLI Round Table 2017	Las Vegas, NV	\$ 1,077.18
Roger Pauly	Apr 2017	NASPL Lottery Leadership Institute Seminar	St. Louis, MO	\$ 1,790.23
Brad Carter	Apr 2017	NASPL Lottery Leadership Institute Seminar	St. Louis, MO	\$ 1,835.88
Brad Wells	Apr 2017	MGIR Spring 2017 Conference	Deadwood, SD	\$ 481.77

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2018  
August 31, 2017

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Gross Sales</b>	Budget FY 2018	25,040,187	26,514,716	25,199,976	26,063,594	27,126,655	27,334,007	32,204,745	29,923,071	30,850,681	28,329,991	29,995,886	25,836,491
	Actual '18	28,206,485	38,467,880	-	-	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	Budget FY 2018	14,858,996	15,742,543	14,954,742	15,472,229	16,254,469	16,378,716	19,297,294	17,930,100	18,485,931	16,891,189	17,891,887	15,399,545
	Actual '18	17,143,244	22,941,217	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	Budget FY 2018	1,221,802	1,311,871	1,222,236	1,291,537	1,273,991	1,224,256	1,316,795	1,174,968	1,259,991	1,221,196	1,322,765	1,428,719
	Actual '18	1,106,067	1,200,084	-	-	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	Budget FY 2018	7,503,535	5,307,273	5,036,450	5,214,347	5,587,819	5,630,531	6,633,855	6,163,853	6,354,931	5,660,603	6,008,910	5,152,114
	Actual '18	6,524,204	9,995,533	-	-	-	-	-	-	-	-	-	-

YEAR TO DATE

<b>Gross Sales</b>	Budget FY 2018	25,040,187	51,554,903	76,754,879	102,818,473	129,945,128	157,279,135	189,483,880	219,406,951	250,257,632	278,587,623	308,583,509	334,420,000
	Actual '18	28,206,485	66,674,365	-	-	-	-	-	-	-	-	-	-
<b>Prize Expense</b>	Budget FY 2018	14,858,996	30,601,539	45,556,281	61,028,510	77,282,979	93,661,695	112,958,989	130,889,089	149,375,020	166,266,209	184,158,096	199,557,641
	Actual '18	17,143,244	40,084,461	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses</b>	Budget FY 2018	1,221,802	2,533,673	3,755,909	5,047,446	6,321,437	7,545,693	8,862,488	10,037,456	11,297,447	12,518,643	13,841,408	15,270,127
	Actual '18	1,106,067	2,306,151	-	-	-	-	-	-	-	-	-	-
<b>Total Proceeds</b>	Budget FY 2018	7,503,535	12,810,808	17,847,258	23,061,605	28,649,424	34,279,955	40,913,810	47,077,663	53,432,594	59,093,197	65,102,107	70,254,221
	Actual '18	6,524,204	16,519,737	-	-	-	-	-	-	-	-	-	-

Current Month Year to Date

Prize Payout - Budget	59.37%	59.36%
Prize Payout - Actual	59.64%	61.09%
Sales - Actual increase (decrease) vs. Budget		15.69%
Proceeds - Actual increase (decrease) vs. Budget		7.62%

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the One Month Ending Monday, July 31, 2017**

	Month ended 7/31/2017	Month ended 7/31/2016
Operating revenues:		
Instant-scratch ticket sales	\$18,732,024.00	\$17,947,395.00
InstaPlay sales	861,768.00	-
Pick 3 sales	642,877.00	588,653.00
Powerball sales	3,891,489.00	8,160,716.00
Mega Millions Sales	1,635,967.00	3,378,855.00
Hot Lotto sales	859,303.00	801,855.00
Pick 4 sales	370,564.00	309,214.50
All or Nothing sales	-	286,640.00
Lucky for Life sales	443,622.00	449,182.00
Pull-tab sales	768,870.56	1,042,275.82
Application fees	175.00	175.00
Other	634.80	172.73
Total operating revenues	<u>28,207,294.36</u>	<u>32,965,134.05</u>
Operating expenses:		
Scratch ticket prizes	12,209,292.50	11,875,454.00
InstaPlay prizes	575,347.25	-
Pick 3 prizes	378,296.20	348,271.80
Powerball prizes	1,817,243.50	4,052,286.00
Mega Millions prizes	758,778.50	1,675,669.83
Hot Lotto prizes	419,501.50	393,690.50
Pick 4 prizes	220,028.40	183,938.70
All or Nothing prizes	(2,266.00)	170,634.42
Lucky for Life prizes	263,659.24	266,961.88
Pull-tab prizes	479,308.35	653,427.18
VIP Club prize expense	12,165.35	12,341.70
Promotional prize expense	11,888.83	5,570.62
Advertising/publicity	696,110.73	613,399.18
Retailer compensation expense	1,838,084.54	2,109,991.69
Ticket expense	241,997.41	220,897.66
Vendor compensation expense	640,378.60	664,478.55
Salary and benefits	876,912.52	826,710.81
Travel	24,723.87	28,603.63
Supplies	23,912.63	20,499.23
Printing	4,800.00	1,111.96
Postage	250.36	313.09
Communications	12,364.71	11,620.31
Rentals	25,617.45	25,480.35
Utilities	9,378.78	11,297.58
Professional fees	8,900.72	6,593.10
Vending machine maintenance	37,045.59	50,390.76
Outside services and repairs	51,127.91	66,133.28
Data processing	6,829.24	9,721.32
Equipment	25,999.21	29,369.38
Reimbursement to other state agencies	29,718.38	28,965.43
Depreciation	45,910.38	26,994.06
Other	4,553.07	4,493.37
MUSL/Lotto administrative expense	6,302.10	15,016.74
Total operating expenses	<u>21,754,161.82</u>	<u>24,410,328.11</u>
Operating income	<u>6,453,132.54</u>	<u>8,554,805.94</u>
Non-operating revenue (expenses):		
Proceeds provided to State General Fund	(4,024,204.45)	(5,982,627.81)
Proceeds provided to Veteran's Trust Fund	(2,500,000.00)	(2,500,000.00)
Gain (Loss) on disposal of capital assets	5,350.00	19,700.00
Net non-operating revenues (expenses)	<u>(6,518,854.45)</u>	<u>(8,462,927.81)</u>
Change in net position	(65,721.91)	91,878.13
Net position beginning of period	6,357,927.10	6,554,077.48
Net position end of period	<u>6,292,205.19</u>	<u>6,645,955.61</u>

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Two Months Ending Thursday, August 31, 2017**

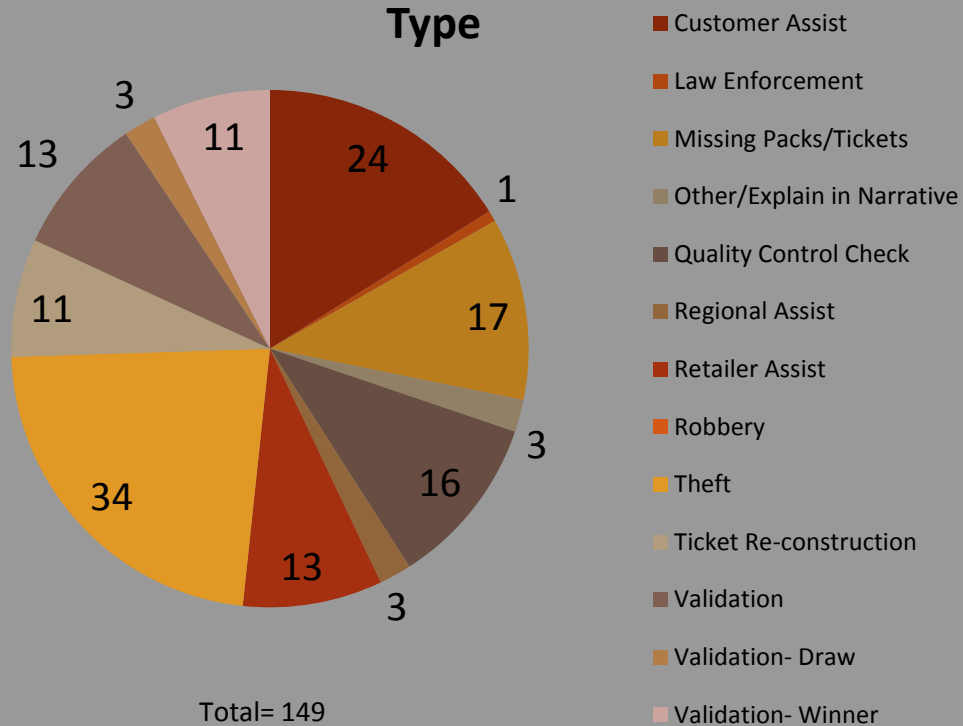
	Month ended 8/31/2017	Month ended 8/31/2016	Year-to-date 8/31/2017	Year-to-date 8/31/2016
Operating revenues:				
Instant-scratch ticket sales	\$19,004,394.00	\$18,309,236.00	\$37,736,418.00	\$36,256,631.00
InstaPlay sales	751,273.00	-	1,613,041.00	-
Pick 3 sales	643,007.50	590,276.00	1,285,884.50	1,178,929.00
Powerball sales	12,981,062.00	3,681,852.50	16,872,551.00	11,842,568.50
Mega Millions Sales	2,316,987.00	1,084,565.00	3,952,954.00	4,463,420.00
Hot Lotto sales	994,281.00	668,710.00	1,853,584.00	1,470,565.00
Pick 4 sales	364,271.00	317,618.50	734,835.00	626,833.00
All or Nothing sales	-	286,810.00	-	573,450.00
Lucky for Life sales	454,424.00	525,072.00	898,046.00	974,254.00
Pull-tab sales	958,180.79	1,217,425.72	1,727,051.35	2,259,701.54
Application fees	350.00	350.00	525.00	525.00
Other	511.50	450.49	1,146.30	623.22
Total operating revenues	<u>38,468,741.79</u>	<u>26,682,366.21</u>	<u>66,676,036.15</u>	<u>59,647,500.26</u>
Operating expenses:				
Scratch ticket prizes	12,880,831.00	12,338,904.97	25,090,123.50	24,214,358.97
InstaPlay prizes	501,554.87	-	1,076,902.12	-
Pick 3 prizes	380,424.50	350,325.60	758,720.70	698,597.40
Powerball prizes	6,460,723.50	1,804,006.50	8,277,967.00	5,856,292.50
Mega Millions prizes	1,142,649.50	533,037.49	1,901,428.00	2,208,707.32
Hot Lotto prizes	486,410.50	326,485.00	905,912.00	720,175.50
Pick 4 prizes	213,502.60	184,321.10	433,531.00	368,259.80
All or Nothing prizes	(4,208.00)	168,424.30	(6,474.00)	339,058.72
Lucky for Life prizes	259,876.73	312,069.24	523,535.97	579,031.12
Pull-tab prizes	598,001.38	759,409.34	1,077,309.73	1,412,836.52
VIP Club prize expense	15,112.04	15,000.00	27,277.39	27,341.70
Promotional prize expense	6,337.88	5,163.79	18,226.71	10,734.41
Advertising/publicity	502,724.18	470,812.74	1,198,834.91	1,084,211.92
Retailer compensation expense	2,459,281.54	1,718,638.87	4,297,366.08	3,828,630.56
Ticket expense	253,617.83	217,412.45	495,615.24	438,310.11
Vendor compensation expense	734,799.21	541,953.01	1,375,177.81	1,206,431.56
Salary and benefits	949,955.10	892,366.86	1,826,867.62	1,719,077.67
Travel	25,098.79	24,412.13	49,822.66	53,015.76
Supplies	5,940.92	22,808.55	29,853.55	43,307.78
Printing	-	60.00	4,800.00	1,171.96
Postage	283.41	376.46	533.77	689.55
Communications	10,879.75	11,737.41	23,244.46	23,357.72
Rentals	25,671.82	25,590.61	51,289.27	51,070.96
Utilities	9,365.65	10,480.91	18,744.43	21,778.49
Professional fees	9,973.78	7,016.60	18,874.50	13,609.70
Vending machine maintenance	37,045.59	50,390.76	74,091.18	100,781.52
Outside services and repairs	80,705.07	65,193.43	131,832.98	131,326.71
Data processing	7,560.84	9,670.12	14,390.08	19,391.44
Equipment	67,629.30	12,683.34	93,628.51	42,052.72
Reimbursement to other state agencies	29,240.78	32,352.17	58,959.16	61,317.60
Depreciation	46,393.06	27,043.19	92,303.44	54,037.25
Other	14,839.01	3,767.53	19,392.08	8,260.90
MUSL/Lotto administrative expense	6,316.43	11,016.45	12,618.53	26,033.19
Total operating expenses	<u>28,218,538.56</u>	<u>20,952,930.92</u>	<u>49,972,700.38</u>	<u>45,363,259.03</u>
Operating income	<u>10,250,203.23</u>	<u>5,729,435.29</u>	<u>16,703,335.77</u>	<u>14,284,241.23</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(9,995,532.87)	(5,304,496.16)	(14,019,737.32)	(11,287,123.97)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Gain (Loss) on disposal of capital assets	-	5,525.00	5,350.00	25,225.00
Net non-operating revenues (expenses)	<u>(9,995,532.87)</u>	<u>(5,298,971.16)</u>	<u>(16,514,387.32)</u>	<u>(13,761,898.97)</u>
Change in net position	<u>254,670.36</u>	<u>430,464.13</u>	<u>188,948.45</u>	<u>522,342.26</u>
Net position beginning of period	<u>6,291,807.80</u>	<u>6,645,955.61</u>	<u>6,357,529.71</u>	<u>6,554,077.48</u>
Net position end of period	<u><u>6,546,478.16</u></u>	<u><u>7,076,419.74</u></u>	<u><u>6,546,478.16</u></u>	<u><u>7,076,419.74</u></u>



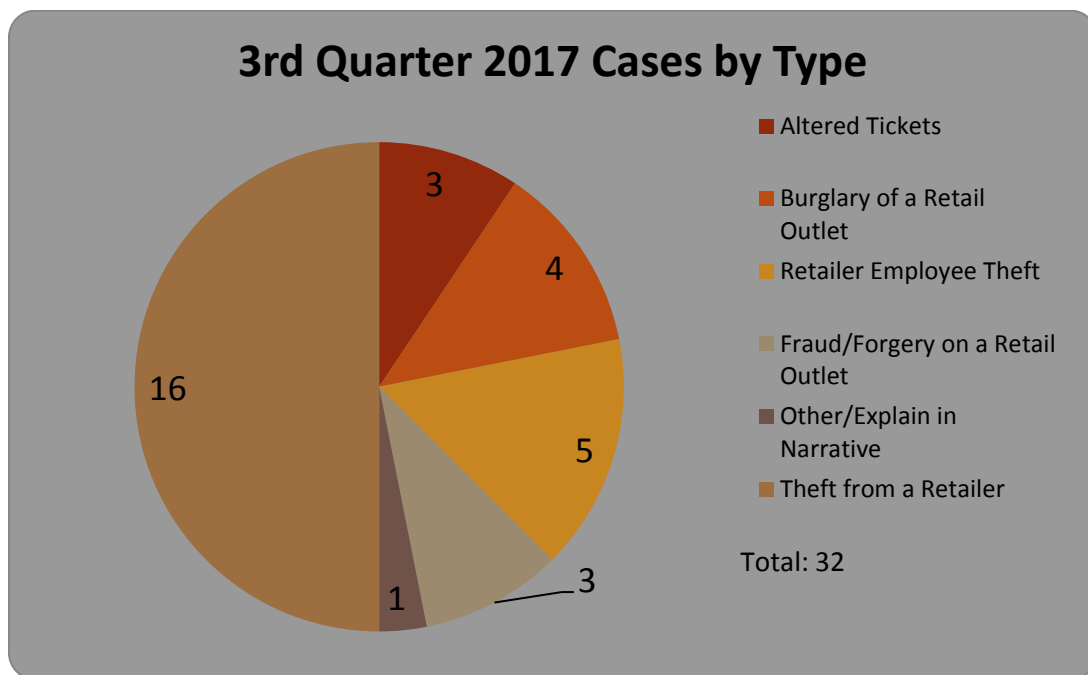
# June - September 2017 Security Report



**3rd Quarter 2017 Record of Contacts by  
Type**



**Other:** (1) Monthly ticket re-construction audit; (1) Follow up with subject offering to give advice on how to prevent Lottery Fraud; (1) Quarterly Vendor Inspection



#### Other Duties and Activities;

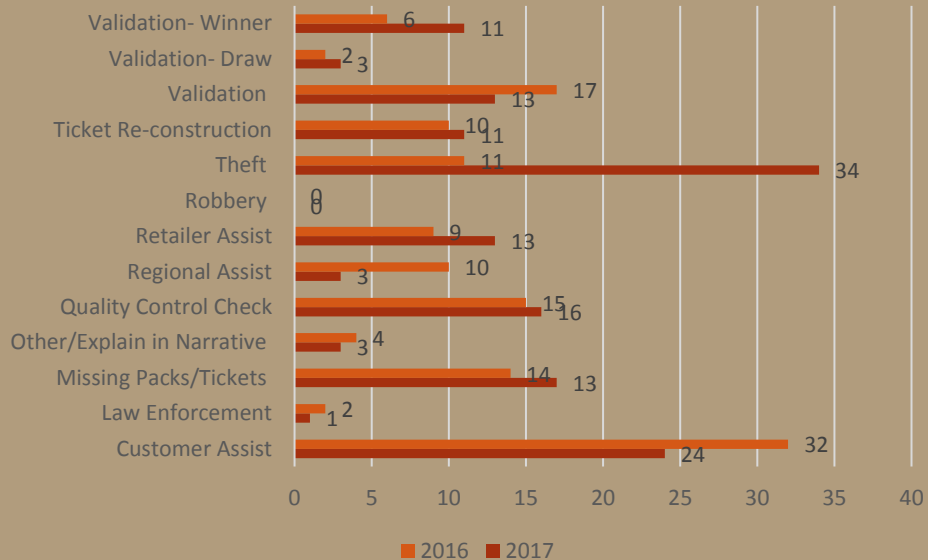
- Winner Validation for (5) Frogger promotional drawings
- Conducted **48** compliance checks on retail outlets, sent follow up letters to all retailers to provide results of the compliance check at their store
- **44** Retail Employee Claim Verifications
- Quarterly review of Frequent Winners



### Comparison of Cases 3rd Quarter 2016 to 3rd Quarter 2017



### Comparison of Record of Contacts 3rd Quarter 2016 to 3rd Quarter 2017





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Clive Iowa 50325-8225  
[www.ialottery.com](http://www.ialottery.com)  
515.725.7900

Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

Date: September 26, 2017  
To: Iowa Lottery Board  
Terry Rich  
From: Deirdre Demmerly  
Lily Kryuchkova  
Martha Scanlan  
Re: Pull-tab Printing Recommendation

The current contract and all extensions for pull-tab ticket printing and related services expire on March 31, 2018. Accordingly, the Iowa Lottery issued RFP IL 18-01, Request for Proposal, Purchase of Pull-tab Tickets on July 31, 2017.

The purpose of this Request for Proposal (RFP) is to solicit proposals from qualified firms or vendors interested in printing pull-tab tickets and providing related services for the Iowa Lottery Authority (Lottery), pursuant to the authority of Iowa Code, Chapter 99G. The Lottery reserved the right at its sole discretion to award multiple contracts to print Lottery pull-tab tickets, but noted that the award of any contract would not guarantee that the Lottery would print any tickets with the successful Vendor.

### **Background Information**

Pull-tab ticket sales for calendar year 2016 were approximately \$13.9 million.

The Lottery operates on a multiple game strategy and multiple price point strategy and plans to have at least 20 games available for sale at all times. The Lottery plans to introduce new pull-tab tickets approximately every other month. The Lottery has a base of approximately 340 retailers selling pull-tab tickets within Iowa.

### **RFP Process**

Several Lottery staff members participated in the RFP process, including the following:

#### **RFP Coordinator**

- Terry Brown

#### **RFP Evaluation Team**

- Deirdre Demmerly
- Lily Kryuchkova
- Martha Scanlan

#### **RFP Advisors**

- Rob Porter
- Larry Loss

The Lottery set the deadline for submission of proposal for September 11, 2017. Only one vendor submitted a proposal for this RFP: American Games, Inc. a Pollard Banknote Company. American Games, which has its facility based in Council Bluffs, Iowa, is the Lottery's current vendor for pull-tab tickets.

The evaluation committee determined that a site visit to American Games was unnecessary, as Lottery officials are familiar with the facility and printing processes of this incumbent vendor.

As the Lottery received a sole bid, the Evaluation Committee reviewed the technical proposal on a "Pass/Fail" basis to ensure that the proposal met the criteria established by the Lottery. All categories were scored a "Pass" by the evaluation committee. After the Evaluation Sheets were completed, the Price Proposal was opened. The committee reviewed the price proposal and assigned it a "Pass" score as well.

### **Pricing**

Should the Lottery elect to exercise all option periods relating to this proposed Agreement, the cost over the entire 57 month term would be \$1,337,000. Compared to the current contract cost of \$1,292,900 over the same time period, this bid represents an approximately 3.5% increase over the existing contract pricing.

The RFP committee believes the proposed contract cost is reasonable, in light of both the length of time that has passed since the last bid for these services and the fact that the vendor likely anticipates less revenue due to the Lottery's actions to significantly decrease the number of pull-tab vending machines in licensed retail locations.

### **Duration**

If approved by the Board, the term of the initial contract award from this RFP would be from 4/1/2018 thru 12/31/2019. The Lottery would also have three optional extension periods, covering the calendar years of 2020, 2021, and 2022 respectively.

### **Recommendation**

The evaluation team recommends that the Lottery seek to have the Lottery Board approve the issuance a Notice of Intent to Award to American Games, Inc. a Pollard Banknote Company, Council Bluffs, Iowa, for RFP IL 18-01, Request for Proposal, Purchase of Pull-tab Tickets. The Board is further requested to authorize the Lottery to enter into an agreement with American Games, a Pollard Banknote Company, for the services set forth in this RFP on terms consistent with those outlined in RFP IL 18-01 and the vendor's response to the RFP.

### **Attachments**

Evaluation Sheets

## EVALUATION PROCESS

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

Scoring Methodology:

- The score for "Cost" will be calculated as follows:  
Lowest Single Proposal Price / Contractor's Single Proposal Price
- The score for the other components will be as follows:  
0 = not acceptable or applicable;  
1 = marginally meets the Lottery's requirements  
2 = meets Lottery's requirements  
3 = marginally exceeds Lottery's requirements.  
4 = exceeds Lottery's requirements

- For each component the score will be multiplied by the points available to get a weighted score.  
The weighted scores from each component will be added together to get a final score for the Contractor.

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

COMPONENT	POINTS		MAXIMUM SCORE	WEIGHTED SCORE	Vendor 1		Vendor 2		Vendor 3	
					Score	Weighted	Score	Weighted	Score	Weighted
<b>COST</b>										
4.0 Cost	600	*	1.00	=	600.00					
<b>TECHNICAL</b>										
3.1.1 Samples	30	*	4	=	120.00					
3.1.2 Ticket Construction	15	*	4	=	60.00					
3.1.6 Play Numbers/Symbols	15	*	4	=	60.00					
3.1.7 Confirming Caption/Verification Symbol or Devise	15	*	4	=	60.00					
3.1.8 Validation and/or barcode functions	15	*	4	=	60.00					
3.1.13 Randomization	10	*	4	=	40.00					
3.1.21 Ticket Security	15	*	4	=	60.00					
3.1.22 Test Game	15	*	4	=	60.00					
3.1.14 Working Papers	40	*	4	=	160.00					
3.1.15 Ticket Production Timetable	20	*	4	=	80.00					
3.6.1 Suggested Game/Promotion/Marketing	20	*	4	=	80.00					
3.5.2 Plant Security Requirement	35	*	4	=	140.00					
3.5.3 Waste Materials	10	*	4	=	40.00					
3.5.4 Storage	15	*	4	=	60.00					
3.7.5 Vendor Printing Equipment	30	*	4	=	120.00					
3.7.4 Vendor Performance	10	*	4	=	40.00					
3.7.3 Vendor Business Experience	10	*	4	=	40.00					
3.7.2 Vendor Personnel	30	*	4	=	120.00					
TOTAL SCORE:	950.00				2,000.00					

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

Vendor Proposal Scored September 2017  
Scoring Panel Members  
Deirdre Demmerly  
Lily Kryuchkova  
Martha Scanlon

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

# COMPILATION OF THE SINGLE PROPOSAL PRICE - EXAMPLE

		50% CPI Index Markup		3% Inflation							
Ticket Quantity	Number of Orders	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
		Cost of Order	Yearly Cost	Cost of Order	Yearly Cost	Cost of Order	Yearly Cost	Cost of Order	Yearly Cost	Cost of Order	Yearly Cost
1,500,000	1	\$19,260.00	\$19,260.00	\$19,548.90	\$19,548.90	\$19,842.13	\$19,842.13	\$20,139.76	\$20,139.76	\$20,441.86	\$20,441.86
3,500,000	14	\$41,580.00	\$582,120.00	\$42,203.70	\$590,851.80	\$42,836.76	\$599,714.64	\$43,479.31	\$608,710.34	\$44,131.50	\$617,841.00
Ticket Orders:	15		\$601,380.00		\$610,400.70		\$619,556.77		\$628,850.10		\$638,282.86
New Game Development:	11	\$3,722.00	\$40,942.00	\$3,777.83	\$41,556.13	\$3,834.50	\$42,179.50	\$3,892.02	\$42,812.22	\$3,950.40	\$43,454.40
Yearly Total:			\$642,322.00		\$651,956.83		\$661,736.27		\$671,662.32		\$681,737.26

\$3,309,414.68

SINGLE PROPOSAL PRICE - EXAMPLE



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

Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

Date: September 26, 2017

To: Iowa Lottery Board  
From: Larry L. Loss  
Re: Instant ticket printing contract extensions

The Iowa Lottery issued RFP IL 12-02, Request for Proposal, Instant Ticket Printing and Related Services on March 2, 2012.

The purpose of that Request for Proposal (RFP) was to solicit proposals from qualified firms or vendors interested in printing instant tickets and providing related services for the Iowa Lottery Authority (Lottery), pursuant to the authority of Iowa Code, Chapter 99G. The Lottery did not intend to grant any Vendor exclusive rights to print all or a majority of Lottery instant games. It was the intention of the Lottery to award game orders to more than one vendor, each of whom would be issued orders to produce games based upon the Lottery's determination of which vendor could best serve the Lottery's interests for a particular game.

On May 31, 2012, The Iowa Lottery Board approved the Iowa Lottery to issue a Notice of Intent to Award, subject to successful completion of DCI investigation, to the following vendors:

- GTECH Printing Corporation (GTECH), Lakeland, FL
  - Due to the merger of GTECH S.p.A. and International Game Technology (IGT), the contract initially awarded to GTECH Printing Corporation is now with IGT.
- Pollard Banknote Limited (PBN), Winnipeg, MB
- Scientific Games International, Inc. (SGI), Alpharetta, GA

Subsequently, background investigations were completed and contracts negotiated with all three vendors. The initial term of the contract was for two years and the contract provided for four one-year extensions.

The initial contract term was January 1, 2013 through December 31, 2014.

On September 23, 2014, the Lottery Board approved the Iowa Lottery to exercise the first extension available on all of the instant ticket contracts, extending the term of each through December 31, 2015.

On September 29, 2015, the Lottery Board approved the Iowa Lottery to exercise the second extension available on all of the instant ticket contracts; extending the term of each of the contracts through December 31, 2016.

On September 27, 2016, the Lottery Board approved the Iowa Lottery to exercise the third extension available on all of the instant ticket contracts; extending the term of each of the contracts through December 31, 2017.

There is one additional one-year extension still available under these instant ticket contracts.

**Background Information**

The Lottery operates on a multiple game strategy and multiple price point strategy and plans to have at least 24 games available for sale at all times. New instant games will be introduced every month. As part of the monthly game introductions, the Lottery utilizes games with different ticket sizes, price points and prize structures.

One of the goals of the RFP was to contract with multiple instant ticket printing vendors so the Lottery had access to as many licensed products, proprietary games and printing techniques as possible. All three vendors possess unique offerings that aid the Lottery in growing instant ticket sales. When choosing games, the Lottery evaluates several factors when deciding which vendor to use to print a game, including, but not limited to, price, proprietary printing techniques, design and licensed properties. Ultimately, the Lottery determines which vendor can best serve the Lottery's interests for a particular game.

Since the inception of the current contract, the Iowa Lottery has grown sales from \$188.8 million in FY 2012 to \$238 million in FY 2017.

The Iowa Lottery printed 46 games in FY 2017:

<u>Vendor</u>	<u># of Games</u>	<u>Contract Value (Approx)</u>
IGT	11	\$ 409,000
PBN	16	\$1,678,000
SGI	19	\$ 815,000
Total	46	\$2,902,000

**Recommendation**

Iowa Lottery staff is asking for Board approval to exercise the fourth and final extensions of the Instant Ticket Printing and Related Services contracts with IGT, PBN and SGI, thus extending the contract through December 31, 2018.

**EXTENSION AND AMENDMENT OF  
AGREEMENT FOR THE PURCHASE OF  
INSTANT TICKETS AND RELATED SERVICES**

This Extension and Amendment of Agreement for the Purchase of Instant Tickets and Related Services ("Extension No. 4") is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** ("Lottery") and **IGT Global Solutions Corporation** formerly known as GTECH Corporation ("IGT" or "Contractor").

In consideration of the mutual covenants contained in this Extension No. 4, the sufficiency of which is acknowledged, it is agreed as follows:

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

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

**1.2** IGT is a corporation, incorporated under the laws of Delaware, and engaged in the business of printing lottery scratch tickets and other services. The address for Contractor is 10 Memorial Boulevard, Providence, RI 02903.

**SECTION 2. EXTENSION OF TERM.**

On or about March 27, 2013, the Lottery and Contractor entered into an Agreement for the Purchase of Instant Tickets and Related Services ("Agreement"). The term of the Agreement was for two years beginning January 1, 2013 through December 31, 2014, plus up to four (4) additional one-year option periods or any combination thereof (i.e., one year, two years, three years, or all four years) exercisable at the option of the Lottery. On March 11, 2015, pursuant to that certain Extension and Amendment of Agreement for the Purchase of Instant Tickets and Related Services ("Extension No. 1"), the Lottery exercised its option to extend the Agreement for one (1) year through December 31, 2015. On October 22, 2015, pursuant to that certain Extension and Amendment of Agreement for the Purchase of Instant Tickets and Related Services ("Extension No. 2"), the Lottery exercised its option to extend the Agreement for one (1) year through December 31, 2016. On October 21, 2016, pursuant to that certain Extension and Amendment of Agreement for the Purchase of Instant Tickets and Related Services ("Extension No. 3"), the Lottery exercised its option to extend the Agreement for one (1) year through December 31, 2017. Pursuant to Sections 5 and 18.7 of the Agreement, a fourth one (1) year option period is hereby exercised by the Lottery extending the term of the Agreement through December 31, 2018.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED.**

Except as specifically modified hereby, the terms of the Agreement (as extended and amended by Extension No. 1, Extension No. 2 and Extension No. 3 which are hereby ratified and confirmed) shall remain in full force and effect.



#### **SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension No. 4 and have caused their duly authorized representatives to execute this Extension No. 4.

##### **Iowa Lottery Authority**

By: \_\_\_\_\_

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

Name: Larry Loss

Title: Executive Vice President

##### **IGT Global Solutions Corporation**

By: \_\_\_\_\_

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

Name: Joseph S. Gendron

Title: Senior Vice President, WLA North America

**EXTENSION AND AMENDMENT OF  
AGREEMENT FOR THE PURCHASE OF  
INSTANT TICKETS AND RELATED SERVICES**

This Extension and Amendment of Agreement for the Purchase of Instant Tickets and Related Services (Extension) is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** (Lottery) and **Pollard Banknote Limited Partnership** (Contractor).

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

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

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

**1.2** The Contractor is a limited partnership established under the laws of the Province of Manitoba, Canada, and whose business, among other things, includes printing of instant tickets. Contractor's principal place of business is 1499 Buffalo Place, Winnipeg, Manitoba R3T 1L7.

**SECTION 2. EXTENSION OF TERM.**

On or about December 28, 2012, the Lottery and Contractor entered into an Agreement for the Purchase of Instant Tickets and Related Services ("Agreement"). The term of the Agreement was for two years beginning 1/1/2013 through 12/31/2014, plus up to four (4) additional one-year option periods exercisable at the option of the Lottery. Pursuant to Section 5 of the Agreement, the fourth option period is hereby exercised extending the term through December 31, 2018.

**SECTION 3. AMENDMENTS.**

**Schedule B – Pricing** – According to Sections 3.1.2 and 3.2.1 of Schedule A to the Agreement, the Lottery may request tickets in other sizes or packaging at prices mutually agreeable to both parties. The Agreement is hereby amended to include revised Schedule B – Pricing (amended 1/1/2016) which provides pricing for Gigantic ticket pricing (Big Ticket) 8" x 8", 8" x 10" and 8" x 12" (15/pack).

**Schedule C – Licensed Properties** – Schedule C Licensed Properties has been revised to include all current licensed properties list and pricing grid available from Pollard Banknote Ltd.

**SECTION 4. AGREEMENT OTHERWISE UNCHANGED.**

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

**SECTION 5. 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 Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Lottery Authority**

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

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

**Pollard Banknote Limited Partnership**

By: \_\_\_\_\_  
Name: Douglas E. Pollard  
Title: Co. Chief Executive Officer

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

**EXTENSION AND AMENDMENT OF  
AGREEMENT FOR THE PURCHASE OF  
INSTANT TICKETS AND RELATED SERVICES**

This Extension of Agreement for the Purchase of Instant Tickets and Related Services (Extension) is effective on the last date set forth below and is made by and between the **Iowa Lottery Authority** (Lottery) and **Scientific Games International, Inc.** (SGI or Contractor).

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

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

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

**1.2** The Contractor is a corporation, incorporated under the laws of Delaware, and engaged in the business of printing lottery scratch tickets and other services. The address for Contractor is 1500 Bluegrass Lakes Parkway, Alpharetta, Georgia 30004.

**SECTION 2. EXTENSION OF TERM.**

On or about December 28, 2012, the Lottery and Contractor entered into an Agreement for the Purchase of Instant Tickets and Related Services ("Agreement"). The term of the Agreement was for two years beginning 1/1/2013 through 12/31/2014, plus up to four (4) additional one-year option periods exercisable at the option of the Lottery. Pursuant to Section 5 of the Agreement, the fourth option period is hereby exercised extending the term through December 31, 2018.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED.**

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

**SECTION 4. EXECUTION.**

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

**Iowa Lottery Authority**

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

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

**Scientific Games International, Inc.**

By: \_\_\_\_\_  
Name: John Schulz  
Title: S.V.P. Instant Production

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

## Budget For Lottery Fund

	FY 2017 ACTUAL	FY 2018 BOARD APPROVED FINAL BUDGET	FY 2019 BOARD APPROVED PRELIMINARY BUDGET	FY 2019 FALL PROPOSED BUDGET
<u>Resources</u>				
Lottery sales	352,242,810	334,420,000	333,820,000	337,300,000
Interest income	182,107	500,000	500,000	500,000
Application fees	3,600	5,000	5,000	5,000
Other	18,841	5,000	5,000	5,000
<b>Total Resources</b>	<b>352,447,359</b>	<b>334,930,000</b>	<b>334,330,000</b>	337,810,000
<u>Expenses and Change in Net Assets</u>				
Prizes	215,620,569	199,557,641	200,867,504	204,057,000
Retailer compensation	22,915,600	22,352,605	22,347,472	22,579,862
Advertising production and media purchases	6,591,777	13,356,800	13,352,800	13,512,000
Retailer Lottery system/Terminal Communications	7,408,978	9,489,381	5,716,434	6,566,227
Instant/Pull-tab ticket expense	3,272,386	3,928,000	4,142,000	3,957,500
Vending machines & maintenance/Ticket dispensers	1,384,719	508,500	1,965,800	548,940
Courier delivery of instant tickets	594,508	660,000	660,000	660,000
Interest expense	-	-	-	-
Lottery operating expense	13,357,893	15,270,127	14,971,892	15,228,127
Increase (decrease) in net assets	526,200	(447,275)	(412,100)	(412,100)
<b>Total Expenses and Change in Net Assets</b>	<b>271,672,632</b>	<b>264,675,779</b>	<b>263,611,802</b>	266,697,556
<u>Proceeds</u>				
Proceeds Transfer to General Fund	78,274,727	67,754,221	68,218,198	68,612,444
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total Proceeds Transfers</b>	<b>80,774,727</b>	<b>70,254,221</b>	<b>70,718,198</b>	71,112,444
<b>Total Expenses and Proceeds</b>	<b>352,447,359</b>	<b>334,930,000</b>	<b>334,330,000</b>	<b>337,810,000</b>

## Lottery Operations - Budget Detail

	FY 2017 ACTUAL	FY 2018 BOARD APPROVED FINAL BUDGET	FY 2019 BOARD APPROVED PRELIMINARY BUDGET	FY 2019 FALL PROPOSED BUDGET
Administrative payroll*	10,714,713	11,534,327	11,302,592	11,534,327
Travel	273,368	435,000	435,000	410,000
Supplies	77,856	105,000	105,000	105,000
Printing	3,202	20,000	20,000	20,000
Postage	5,817	7,000	7,000	7,000
Communications	253,908	186,000	186,000	186,000
Rentals	304,714	320,000	320,000	320,000
Utilities	90,824	101,000	101,000	101,000
Professional fees	169,933	259,500	225,000	259,500
Outside services and repair	202,040	341,500	419,000	419,000
Data processing	117,021	125,000	125,000	125,000
Equipment	189,281	696,200	479,200	494,200
Reimbursement to state agencies	427,884	506,000	506,000	506,000
Depreciation	460,967	547,600	655,100	655,100
Other expenses	66,365	86,000	86,000	86,000
<b>Total operating expenses</b>	<b>\$ 13,357,893</b>	<b>\$ 15,270,127</b>	<b>\$ 14,971,892</b>	<b>\$ 15,228,127</b>

\*2019 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases

## **Iowa Lottery Authority—Financial Management**

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.103	<b>Page No.</b> 1 of 1	<b>Effective Date</b> July 31, 2017
<b>Subject</b> Travel—General—Meal Reimbursement			

1. Meal reimbursement shall be allowed only in conjunction with an overnight stay, except:
  - a. When a meal is provided and is an integral part of a meeting, conference, retreat, or special event, and prior approval obtained from the Chief Executive Officer (CEO) or designee.
  - b. When approved by a Vice President and the CEO, or designee for any such meal reimbursements.
2. “Travel Status” is defined by the IRS as having an overnight stay either the day of the meal reimbursement or the night previous to the meal reimbursement.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.205	1 of 4	July 31, 2017
<b>Subject</b> 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.** The allowance for lodging shall not exceed a maximum of \$65.00 (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, radios, 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 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 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. 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, CFO, or Executive Vice President 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.

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## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.205	2 of 4	July 31, 2017
<b>Subject</b> Travel—In-State—Subsistence Allowance			

- (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.

All other requests for lodging reimbursement above the defined maximum must have the prior approval of the ILA's CEO, CFO, or Executive Vice President. 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 a claim and the reason for this is not noted, the claim 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 claim.

- (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 receipt should be attached to one employee's TP, copies of the receipt should be attached to the other employees' TPs, and the payments must be adequately cross-referenced and submitted together. If separate receipts are issued, no cross-referencing is necessary.
- (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 \$28.00 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 TP.

### **Maximum Reimbursable Meal Rates:**

- (a) Breakfast   \$ 5.00  
(b) Lunch       8.00  
(c) Dinner      15.00  
TOTAL         \$28.00

### **Maximum Reimbursable Conference Meal Rates\*:**

- (a) Breakfast   \$ 7.00  
(b) Lunch       10.00  
(c) Dinner      18.00

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.205	3 of 4	July 31, 2017
<b>Subject</b> Travel—In-State—Subsistence Allowance			

TOTAL     \$35.00

\*Reimbursable Conference Rate is limited to meals actually furnished by the conference.

- (1) Those traveling on ILA business who are required to depart **prior** to 6:00 a.m. ~~and return after 7:00 p.m. to their official domicile 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 ~~prior to~~ **after** 6:00 a.m. ~~and return but prior to lunch with an overnight stay~~ may be reimbursed actual expenses up to the allowable maximum per day for ~~breakfast, lunch and dinner.~~
- (3) Those traveling on ILA business who are required to depart ~~prior to 6:00 a.m. and return after lunch, but prior to 7:00 p.m. may be reimbursed actual expenses up to the maximum per day for breakfast and lunch~~ **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 ~~who are required to depart after 6:00 a.m. and return prior to 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch 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 ~~who are required to depart after 6:00 a.m. but prior to lunch, and are required to return after 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner 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 ~~who depart after lunch and return after 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for dinner 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 TP 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.

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## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.205	4 of 4	July 31, 2017
<b>Subject</b> Travel—In-State—Subsistence Allowance			

- (9) Receipts for meals are required per Executive Order #13~~signed May 26, 2009~~. See Procedure 210.102 for more details.

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- (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 TP. 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.

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EXAMPLE: Employee is eligible only for lunch reimbursement. The cost of the meal is \$7.73 and the employee leaves a \$1.15 tip. Maximum allowed is \$8.00 the current allowable rate for reimbursement for lunch.

EXAMPLE: Employee is eligible only for lunch reimbursement. The cost of the meal is \$3.00 and the employee leaves a 50¢ tip. Maximum allowed is \$3.45 – the actual spent for the food plus 15% for the tip.

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

## Iowa Lottery Authority--Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.300	1 of 2	July <del>1, 2004</del> 31, 2017
Subject			
Travel—Out-of-State—Mode of Transportation			

- ▲
1. **Use of privately owned automobile.** Authorized use of a privately owned vehicle will be subject to the rules of the ILA (see procedure 210.130(2)).
    - a. If an employee desires to use his/her personally owned vehicle instead of a common carrier and it is authorized by the ILA Board or CEO, whichever is applicable, he/she will be allowed the cost of mileage (not to exceed the cost of coach air fare) to the air terminal nearest their destination plus expenses incurred to final destination and subsistence allowance en route. Out-of-state subsistence allowance will be allowed only for the number of meals and nights lodging which would have been necessary had the employee used the available public transportation to the destination instead of his/her private vehicle. Taxi or mileage expenses will be allowed at destination if incurred while on official business (see procedure 210.140 for limitations). A cost comparison must be included on the travel claim.
    - b. If two or more employees on official business travel in one privately owned vehicle instead of by common carrier, the use of one vehicle may be authorized on a mileage basis not to exceed the statutory limit per mile. The passenger shall denote this on his/her travel payment. See procedure 280.201.
  2. **ILA vehicles.** See procedures 210.130 and 210.131.
  3. **Rental or charter of special conveyances.** The rental or charter of aircraft, automobiles, boats, buses, or other special conveyances shall be held to a minimum but may be authorized in those cases when no public or ordinary means of transportation is available, or when such public or ordinary means of transportation cannot be used advantageously in the best interest of the ILA. Specific justification shall accompany the voucher in each instance where the use of the special conveyance is authorized and include such information as the location where special conveyance commenced and the points visited. A comparison of costs between public or ordinary means of transportation and costs of the special conveyance is required.
  4. **Airline travel accommodations.** When the CEO determines that airline travel is the most economical or advantageous to the ILA, the use of airline travel may be authorized.
    - a. The most economical mode of airline travel is considered to be coach or economy class, if available. If coach class is not available, it should be noted on ~~the claim~~ ~~the airline ticket stub~~ that is submitted for reimbursement of expense. See Procedure 210.325 for more information on requirements for reimbursement of airline tickets.
    - b. A cost comparison between flying and driving must be included on the claim when the

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## Iowa Lottery Authority--Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.300	2 of 2	July <del>1, 2004</del> <u>31, 2017</u>
<b>Subject</b> Travel—Out-of-State—Mode of Transportation			

ordinary means of transportation is not utilized.

EXAMPLE: Employee drives to Los Angeles, California instead of flying. In this instance, since the ordinary means of transportation is flying, a cost comparison between flying and driving is necessary.

5. **Train travel.** In cases where train travel is utilized, the most economical mode shall be considered coach fare, if available.
6. **Purchase of tickets.** Tickets for all transportation (airline, train, bus, etc.) shall be acquired as economically and efficiently as possible. ILA travel coordinators will set procedures for making reservations within the ILA. Airline tickets booked on behalf of an employee must follow airline regulations. [See Procedure 210.325 regarding payment policies for tickets.](#)

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.305	<b>Page No.</b> 1 of 5	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 31, 2017</u>
<b>Subject</b> Travel—Out-of-State—Subsistence Allowance			

1. The phrase “Subsistence Allowance” used herein shall be construed to include all charges (including applicable taxes) for meals and lodging (single rates only).
2. Officers, employees, and board members and any others traveling on behalf of the ILA with an overnight stay shall be allowed lodging and meal expense when required to travel outside the state with the appropriate approvals. They are reimbursed within the following guidelines:
  - a. **Lodging.** Lodging is not limited outside the state (see procedure 210.330 for exceptions), but the incurred expenditures are to be reasonable and within the amount of the travel approved on the Travel Department Authorization (TDA) document.
    - (1) ORIGINAL RECEIPTS for lodging must accompany the claim in order to receive reimbursement. A credit card slip is not allowable as an original lodging receipt. ~~The IL~~ lodging receipts must be consist of itemized billing obtained from the overnight lodging facility and contain such information as the date(s) of the stay, room number, number of occupants, name of lodging facility, name of guest, location of lodging facility, charge per night, and additional pertinent information which may be used to verify other sections of the travel payment. A lodging facility “statement” is not an invoice and is not acceptable. A cash register tape is also not acceptable, as it does not contain the required information. Express/Rapid check out receipts must also be itemized. 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) Reimbursement for lodging expense is limited to the night preceding, the nights during, and the night of the ending date of the convention or meeting.
    - (3) When employees room together, the cost of the room should be split between the employees equally. If only one receipt is provided, the original receipt should be attached to one travel payment, copies of the receipt should be attached to the other employees’ travel payments, and the claims must be adequately cross-referenced and submitted together. If separate receipts are issued, no cross-referencing is necessary.
    - (4) When an employee works at one location for a week or more, the weekly or monthly rate of the facility should be reported.
    - (5) When seeking overnight lodging, employees must request “state,” “government,” “commercial,” or “conference” rates as many facilities offer discounted rates, which an ILA employee can and should obtain.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.305	<b>Page No.</b> 2 of 5	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 31, 2017</u>
<b>Subject</b> Travel—Out-of-State—Subsistence Allowance			

- b. **Meals.** The ILA has established reasonable maximum meal reimbursements. The reimbursement rate will increase automatically to a higher rate if the Department of Administrative Services raises its rates for state employees. The allowance for meals shall be actual expenses, not to exceed the following limitations. ~~These limitations parallel the federal government's four-level structure. The limitations are detailed into four (4) levels. See procedure 210.306 for a listing of cities that corresponds to each level.~~

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
Breakfast	\$7.00	\$7.00	\$8.00	\$9.00
Lunch	\$8.00	\$9.00	\$10.00	\$11.00
Dinner	<u>\$16.00</u>	<u>\$21.00</u>	<u>\$25.00</u>	<u>\$30.00</u>
	\$31.00	\$37.00	\$43.00	\$50.00

- (1) Reimbursement for meals is ~~based upon departure and return times, limited to lunch and dinner the day preceding and breakfast and lunch the day after the meeting. If the employee departs from the official domicile before 6:00 a.m. the day of the meeting, the employee is eligible to be reimbursed for breakfast. A notation to this effect must be included on the travel payment. If there is no notation on the travel payment, reimbursement for breakfast will not be allowed (see procedure 280.201 for an example). If returning on the same day as the last day of the meeting, and arrival back at the official domicile is after 7:00 p.m., reimbursement for dinner is allowable. A notation to this effect must be included on the travel payment. If there is no notation on the travel payment, reimbursement for dinner will not be allowed (see procedure 280.201 for an example).~~
- (2) The actual amount spent for the meal(s) must be reported on the employee's travel payment for reimbursement, even though the amount allowed will be the lesser of actual or the maximum.
- (3) Employees are not eligible for reimbursement of a meal if the meal is provided by an outside source (i.e., meals provided in the conference registration, or purchased by other outside sources, etc.). However, employees are eligible for a meal reimbursement even if the meal was provided on the airplane as part of the cost of the airfare.

When the employee is not eligible for a meal, this must be noted on the travel payment. When this occurs, the maximum for the day becomes the allowable total of the other meals for which the employee is eligible on that particular day. (See

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.305	<b>Page No.</b> 3 of 5	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 31, 2017</u>
<b>Subject</b> Travel—Out-of-State—Subsistence Allowance			

procedure 280.201 for an example.)

- (4) When the employee is eligible for more than one daily meal, the actual expense can be distributed between those eligible meals, and the amount allowed will be the lesser of actual or maximum applicable to the combined cost of the eligible meals. If a meal is provided by an outside source, the employee is not eligible for that meal and the maximum reimbursable amount is the combined total of only the eligible meals.

EXAMPLE: An employee is attending a two-day conference in Miami, FL (Level 4). The first day, lunch and dinner are provided as part of the registration fee. The employee is eligible for reimbursement for breakfast only. Therefore he/she is eligible for the lesser of the actual cost of breakfast or the maximum allowed (\$9.00 in this case).

- (5) If an allowable meal is part of the conference, but is not included in the registration fee, the actual amount of the meal should be listed on the travel payment. To determine if reimbursement for the meal is allowable, ~~see Procedure 210.315(4).~~ See Procedures 240.150 or 240.171. Documentation that supports this meal must be attached to the travel payment. As in (3) above, the meal is then deducted from the allowable reimbursable total of the other meals claimed.

EXAMPLE: Employee attends a conference in Kansas City, MO (Level 3). Cost of an allowable lunch, which is not included in the registration fee is \$11.50 (\$1.50 more than the maximum allowed). The employee should list the \$11.50 on the travel payment for lunch that day.

Documentation supporting the \$11.50 lunch must be included with the travel payment. In addition to reimbursement for his meal, the employee is also eligible for reimbursement of the lesser of actual or \$33.00 (the maximum allowed for reimbursement for a level 3 city breakfast and dinner), provided the employee was eligible to receive reimbursement for 3 meals that day.

- (6) A tip of no more than 15% per meal is allowable, and is allowable only up to the maximum allowed for reimbursement.

EXAMPLE #1: Employee is eligible for dinner while attending a conference in Toledo, OH (Level 2). The actual cost of dinner was \$18.57. The employee left a 15% tip which amounted to \$2.79. The employee may claim reimbursement of \$21.00, which is the lesser of the maximum allowed (\$21) and the actual spent,



## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.305	<b>Page No.</b> 4 of 5	<b>Effective Date</b> <del>August 15, 2011</del> <u>July 31, 2017</u>
<b>Subject</b> Travel—Out-of-State—Subsistence Allowance			

including tip (\$21.36).

EXAMPLE #2: Employee is eligible for lunch while performing her normal job duties in Baltimore, MD (Level 4). The actual cost of the lunch was \$4.67. The employee left a 15% tip which amounted to \$.70. The employee may claim reimbursement of \$5.37, which is the lesser of the maximum allowed (\$11.00) and the actual spent, including tip (\$5.37).

- (7) Charges for room service are an allowable reimbursable expense as long as the total of meals, including the room service charge, is within the maximum allowable limits.
  - (8) Alcoholic beverages are NOT an allowable reimbursable expense and are not an allowable use of ILA monies.
  - (9) Meals included on lodging receipts will be compared to the travel payment.
  - (10) When traveling out-of-state and there is no overnight lodging, the meals are taxable and ~~should be coded to object code 2119~~ therefore are not eligible for reimbursement without the approval of the Vice President and CEO, or designee. (see procedure 210.109 for the definition of travel status).
  - (11) Exceptions to the above limitations may be requested in writing. Requests should be directed to the CEO, or designee.
  - (12) Receipts for meals are required per Executive Order #13-~~signed May 26, 2009.~~ See Procedure 210.102 for more details.
3. Reimbursement for lodging and meals preceding and following a meeting, as outlined above, generally are adequate for going to or returning from any point in the continental United States. However, when scheduling problems necessitate additional meals or lodging away from the domicile, these exceptions must be noted on the claim.
  4. In certain instances, it is less expensive to leave earlier or return later than what would be required to attend the conference, meeting, etc. In these situations, reimbursement of expenses is allowable up to the lesser of the actual or the cost to the ILA had the employee left when necessary to attend to attend the conference, meeting, etc. A cost comparison must accompany the travel claim that is submitted for reimbursement.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.305	<b>Page No.</b> 5 of 5	<b>Effective Date</b> <del>August 15, 2011</del> <u>July 31,</u> <u>2017</u>
<b>Subject</b> Travel—Out-of-State—Subsistence Allowance			

5. When traveling within 50 miles of the border of Iowa, in-state subsistence rates apply. See procedure 210.330 for additional information.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.330	<b>Page No.</b> 1 of 1	<b>Effective Date</b> <del>August 15, 2011</del> <u>July 31,</u> <u>2017</u>
<b>Subject</b> Travel—Out-of-State—Travel With In-State Limitations			

1. Employees who incur meal expenses within the state while leaving or returning from out-of-state travel will not be subject to the in-state meal limitations. These expenses should be coded to out-of-state travel.
2. Employees who travel within a fifty-mile distance beyond the ~~state-Iowa~~ border shall be subject to in state meal and lodging expense limitations, unless prior approval is received from the CEO, CFO, or Executive Vice President. These expenses should be coded to out-of-state travel.
3. An approved Travel Department Authorization (TDA) document number is required as noted in Procedure 210.315.
4. Refer to procedure 210.205 and 210.305 for more details.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	230.550	1 of 2	July <del>4, 2003</del> 31, 2017
<b>Subject</b> Payment Policies—Pre-Payment of Expenses			

1. Before a warrant or its equivalent be issued, a voucher with appropriate invoices shall be presented with certain required information on the voucher or invoice. Among the requirements is that the “thing furnished” be noted on the claim. However, the CEO or a designee may authorize the prepayment of claims when the best interests of the ILA are served. Several Attorney General opinions reaffirm that “thing furnished” means that the goods or service must be provided to the ILA before payment can be made. A more recent opinion states that exceptions based on common industry practices and current business procedures can be made to the “thing furnished” code specifications.
2. The following expenses may be prepaid without prior written approval from the CEO or a designee:
  - a. Contracts for software purchases, software maintenance, or other maintenance contracts that have been negotiated with a clause requiring prepayment.
  - b. Subscriptions may be paid up to 8 weeks in advance to avoid missing issues.
  - c. Publications.
  - d. Rentals - building space, PO boxes, parking spaces and booths (only the portion that must be pre-paid to reserve a space). Documentation must be attached to the claim.
  - e. Yearly memberships approved by the ILA Board (see procedure 240.150(3b)).
  - f. Registration fees if there is documentation attached to the claim that indicates the registration must be paid prior to the function, or, there is documentation attached that indicates there is a savings of at least equal to the current general fund earning rate of the State Treasurer if registration is paid in advance. All other registrations must be paid/reimbursed after the function has occurred.
  - g. Advance payments on contracts are allowable in certain instances. Reimbursement of expenses should be utilized whenever possible. The time elapsing between the receipt of the money and its disbursement should be minimized as much as is administratively feasible. In certain circumstances, the grantee may lack sufficient working capital to provide the services for which the grant was made. Advance payments may be made under the following guidelines.
    - (1) Advance payments may be made up to one month in advance of the anticipated expenditure. This is considered to be administratively feasible on a state-wide basis. Requests for advance payments in excess of one month must have the prior written

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	230.550	2 of 2	July <del>1, 2003</del> <u>31, 2017</u>
<b>Subject</b> Payment Policies—Pre-Payment of Expenses			

approval from the CEO. See procedures 240.150, 210.151 and 240.170 for details on how to submit the request.

- (2) When it has been determined by the ILA that the grantee lacks sufficient working capital to provide the service of the grant, the grantee may be given a two-month “working capital advance” (i.e., an advance may be made for up to two months of projected expenses). After the initial two-month “working capital advance” has been made, the grantee should submit claims for reimbursement on a monthly basis. This should allow the grantee enough startup funds to commence the project, while also allowing them to maintain a one-month advance after the initial startup, which parallels (1) above.
    - (a) Documentation that indicates the grantee lacks sufficient working capital to commence the project must be attached to the initial claim.
    - (b) Documentation supporting the projected costs must be attached to the initial claim.
  - (3) In both instances, all other procedures relating to original signatures and proper referencing are applicable.
  - (4) These are general guidelines that parallel most federal regulations. If there are federal or other written guidelines that are more restrictive, those must be followed by the ILA. If there are less restrictive federal or other written guidelines, a letter of prior approval requesting exemption to the above guidelines should be submitted to the CEO (see procedure 240.150). Documentation supporting the less restrictive guidelines must be attached to the request for exemption.
3. Any expense not specifically mentioned in provisions 2(a) through 2(g) MUST have prior approval to be paid in advance of receiving the good/service. Prior approval will be allowed only under the following circumstances.
- a. If prepayment is required in order for the ILA to receive the good/service.
  - b. If the ILA can document that it will ~~incur substantial savings by paying for the good/service in advance.~~ benefit through reduced rates equal to or greater than the current General Fund earning rate of the State Treasurer.
  - c. See procedures 240.150, 240.155, 240.170, and 240.171 for additional information and the sample request form.

## Iowa Lottery Authority

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	240.150	1 of 2	<del>January 7, 2013</del> <u>July 31, 2017</u>
<b>Subject</b> Miscellaneous—Prior Approvals—One-Time Approvals			

Prior approvals are necessary because they represent a deviation from normal ILA reimbursement policies and are used to alert all interested parties of the necessary exceptions to standard practices.

1. **Iowa Lottery Authority** – Prior approval is needed from the CEO or a designee for the following:
  - a. Exceptions for out-of-state subsistence allowance above state limits. See procedure 210.305.
  - b. Certain prepayment of expenses. See procedure 230.550 for when this is necessary. See procedure 240.171 for a sample request form.
  - c. When providing physical examination for existing employees - unless employee is covered by a ~~contract~~collective bargaining agreement. See procedure 220.300.
  - d. When establishing deposit accounts. See procedure 240.250.
  - e. When requesting the establishment of, or a change to, imprest petty cash funds. See procedure 240.300.
  - f. When requesting an exception to the standard procedure for advance payments on contracts (see procedure 230.550(2)(g)).
2. **Chief Executive Officer or Designee**- Prior approval is needed from the Chief Executive Officer or a designee and must be documented and signed on the form, “Request for Exception to ILA Policies” (see procedure 240.171), and attached to the claim. ~~for the following:~~ 1/3 approval alone is not sufficient.
  - a. An approved Travel Department Authorization (TDA) for all/any out-of-state travel.
    - This approval is to be applied by the CEO per Iowa Code 8A.512A(2)(a).
  - b. In certain instances when expenses are incurred on behalf of any employee (including board members), and the ILA wants to reimburse the 3rd party directly. See procedure 210.115 for specifics. Also see procedure 240.171 for sample request form.
  - c. When lodging is required for an employee in their official domicile or residence, or when lodging is unavoidably needed in excess of the ILA limits, except as mentioned in procedure 210.205(2)(~~a~~)(3). See procedure 240.171 for sample request form.

## Iowa Lottery Authority

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 240.150	<b>Page No.</b> 2 of 2	<b>Effective Date</b> <del>January 7, 2013</del> <u>July 31,</u> <u>2017</u>
<b>Subject</b> Miscellaneous—Prior Approvals—One-Time Approvals			

d. Meals within official domicile or place of residence. See procedure 210.108.

e. Meals not associated with a conference and are unavoidably needed in excess of allowable limits.

f. When conference meals are unavoidably needed in excess of the maximum Reimbursable Conference Meal Rates. See procedure 240.171 for sample request form.

**3. Department of Administrative Services-Human Resources Enterprise – DAS-HRE** requires prior approval for the following:

a. When using private employment and placement agencies not on a state contract. See Procedure 230.350.

b. When requesting reimbursement for Educational Assistance Leave. See Procedure 220.150.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 240.170	<b>Page No.</b> 1 of 1	<b>Effective Date</b> <del>July 1, 2003</del> <u>July 31, 2017</u>
<b>Subject</b> Miscellaneous—Request for Exception to Lottery Policies--General			

1. Certain expenses require approval for an exception to the ILA reimbursement rules from the CEO or a designee prior to incurring the expense.
  - a. Procedure 240.150 requires prior approval for an exception from the CEO or a designee for certain one-time expenses.
  - b. Procedure 240.155 requires prior approval for an exception from the CEO or designee for blanket approvals.
2. Below is a summary of the types of exceptions and how to request prior approval:
  - a. A one-time exception for an employee or a group of employees. See procedure 240.171 for a sample of the form to use and instructions on completing the form. See procedure 240.150 for an explanation of when an exception may be approved.
  - b. An exception for an expense/situation that occurs frequently. This is commonly referred to as a blanket approval. See procedure 240.171 for a sample of the form to use and instructions on completing the form. See procedure 240.155 for an explanation of when a blanket approval may be issued.
3. Request for prior approval for exceptions should be obtained and processed prior to the event's occurrence and prior to submittal of the claim for payment. An approved copy of the request must be attached to the claim when it is submitted for payment.





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Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

Date: September 26, 2017

To: Iowa Lottery Board  
From: Larry L. Loss  
Re: Approval to Join the Lotto America Game

Lotto America is a lotto style game that is set to launch in November 2017, with an initial draw on November 15<sup>th</sup> in approximately fifteen different states in North America. The Iowa Lottery has had interest in joining this lotto game. We believe the price point and game odds make it an attractive addition for the Lottery.

This is a new multi-state lotto game, but one with a retro feel. The name is a throwback to the first multi-state lotto game that became known for big jackpots in the United States. Iowa was a founding member of the original version of Lotto America, which began back in 1988 and made headlines around the world at the time for its jackpots before ultimately being replaced by Powerball in 1992.

#### Game Design

Ticket Price:	\$1.00 base, additional \$1.00 optional multiplier for non-jackpot prizes
Drawings Held:	Wednesday & Saturday
Matrix:	Double matrix game: (5 of 52) plus (1 of 10)
Ticket Cancellations:	Not allowed
Advance and Multi-Draw Option:	Allowed, at jurisdictional discretion
Prize Claim Period:	At jurisdictional discretion
Ineligible Players:	As described by Iowa Law.

#### Prize Structure

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

Number of Matches Per LA Play	Prize Pool		Rounded Percent Allocated to Prize
	<u>Odds</u>	<u>Probable Set Prize Amount</u>	
All five (5) of first set plus One (1) of second set	1:25,989,600	Jackpot	46.20%
All five (5) of first set and None of second set	1:2,887,733.33	\$20,000	1.39%
Any four (4) of first set plus One (1) of second set	1:110,594.04	\$1,000	1.81%
Any four (4) of first set and None of second set	1:12,288.23	\$100	1.63%

Any three (3) of first set plus One (1) of second set	1:2,404.22	\$20	1.66%
Any three (3) of first set and None of second set	1:267.14	\$5	3.74%
Any two (2) of first set plus One (1) of second set	1:160.28	\$5	6.24%
Any one (1) of first set plus One (1) of second set	1:29.14	\$2	13.73%
None of first set plus One (1) of second set	1:16.94	\$2	23.61%

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

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

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

### Sales

For FY18, the Iowa Lottery is projecting sales of \$2,500,000.

For FY19, the Iowa Lottery is projecting sales of \$6,000,000.

### Expenses

The Iowa Lottery's actual expense will be determined based on the percentage of Iowa's quarterly sales to the total quarterly Lotto America sales.

### Recommendation

Iowa Lottery staff believes that the Lotto America game would be a good addition to our lotto game portfolio and will raise additional revenue for the State of Iowa. It is the recommendation of Lottery staff that we should move forward with joining the Lotto America game and we are asking for your approval to do so.

## IOWA LOTTERY GAME SPECIFIC RULES

# LOTTO AMERICA<sup>SM</sup>

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

### SECTION 1 – DEFINITIONS

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

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

K. "Set Prize" means all other prizes except the Grand Prize that are advertised to be paid by a single cash payment and, except in instances outlined in these rules, will be equal to the prize amount established by the MUSL Board for the prize level.

L. "Specific game rules" means the rules promulgated by the Lottery pursuant to Iowa Code section 99G.9(4) and 531 Iowa Administrative Code Chapter 20 that contain the features of a particular computerized game or promotion.

M. "Terminal" means a device issued by the Lottery to a licensed retailer that is authorized by the Lottery to function with the Lottery's central computer system for the purpose of issuing, entering, receiving, and processing lottery transactions.

N. "Winning numbers" means the indicia selected during a drawing which shall be used to determine winning plays for the Lotto America game contained on a game ticket. There will be six (6) winning numbers for each drawing, the first five (5) from a field of fifty-two (52) numbers and the last one (1) from a field of ten (10) numbers.

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

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

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

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

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

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

promotion.

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

A. Cost. A game play in the Lotto America lottery game shall sell for one dollar (\$1.00). In conjunction with the purchase of a Lotto America game play, players may also purchase the All Star Bonus<sup>SM</sup> option for an additional one dollar (\$1.00).

B. Game Tickets. Game tickets shall be printed on ticket stock that meets all specifications and requirements of the Iowa Lottery, the Multi-State Lottery Association, and the Lotto America Product Group, including but not limited to confidential specifications.

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

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

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

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

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

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

### **SECTION 5– DRAWINGS**

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

### **SECTION 6– PRIZES**

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

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

<b>Number of Matches Per LA Play</b>	<b>Prize Pool Odds</b>	<b>Probable Set Prize Amount</b>	<b>Rounded Percent Allocated to Prize</b>
All five (5) of first set plus One (1) of second set	1:25,989,600	Jackpot	46.20%
All five (5) of first set and None of second set	1:2,887,733.33	\$20,000	1.39%
Any four (4) of first set plus One (1) of second set	1:110,594.04	\$1,000.00	1.81%
Any four (4) of first set and None of second set	1:12,288.23	\$100	1.63%
Any three (3) of first set plus One (1) of second set	1:2,404.22	\$20	1.66%
Any three (3) of first set and None of second set	1:267.14	\$5	3.74%
Any two (2) of first set plus One (1) of second set	1:160.28	\$5	6.24%
Any one (1) of first set plus One (1) of second set	1:29.14	\$2	13.73%
None of first set plus One (1) of second set	1:16.94	\$2	23.61%

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

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

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

paid to set prize winners for the multiplier numbers drawn.

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

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

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

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

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

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

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



Group.

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

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

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

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

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

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

## **SECTION 7- CLAIMS**

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

The submission of a valid winning Game Ticket to the Lottery or its authorized agent shall be the sole method of claiming a prize or prizes. All prize claims shall be made within three hundred sixty-five (365) calendar days of the drawing date in which the prize is won. For purposes of determining the claim period, the first (draw) day shall be excluded, and the last day included. In the event the last day falls on a Saturday, a Sunday, or a legal holiday, the time to claim shall be extended to close of business on the



next day thereafter when Lottery offices are open for business. Any prize not claimed within the specified period shall be forfeited.

## **SECTION 8- PAYMENT**

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

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

If an annuity has a cash value of less than \$250,000.00, the Lotto America Product Group, in its sole discretion, may elect to pay the cash value of the annuity. All prizes paid by annuities shall be paid in thirty (30) graduated annual installments with the initial payment being made by check, to be followed by twenty-nine (29) payments funded by the annuity. Except as may be controlled by a member's governing statute, the amount of each payment shall be determined in accordance with Lotto America Product Group's established annuity payment policies and/or rules. The initial payment of an annuitized prize shall be made by the lottery after the completion of internal validation procedures. Annual payments after the initial payment shall be made by the lottery to coincide with the month on the Federal auction on the date at which the bonds were purchased to fund the annuity, with graduated annual installments defined in the Lotto America Lotteries' Finance and Operations Procedures. Payments shall escalate by a factor of five percent (5%) annually except as otherwise determined by the Product Group, and annual payments shall be rounded down to the nearest even one thousand dollar (\$1,000.00) increment. All such payments shall be made within seven (7) days of the anniversary of the annual auction date.

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

B. Shared Jackpots. Shares of the Grand Prize shall be determined by dividing the cash available in the Grand Prize pool equally among all winners of the Grand Prize. Winner(s) who elect a cash payment shall be paid their share(s) in a single cash payment. If the jackpot is a guaranteed amount, then the amount of the cash payment shall be determined by dividing the official advertised jackpot amount by the annuity factor obtained through the Lotto America Product Group formal quote process.

C. Estate Proceedings/Annuity Prizes. In the event of the death of a Jackpot winner during the annuity payment period, upon petition of the estate of that winner (the "Estate") to the Iowa Lottery and with the consent of the Product Group, the Iowa Lottery may accelerate the payment of all the remaining lottery proceeds to the Estate consistent with the requirements of Iowa law.

D. Timing of Payment.

The Lottery may delay payment of any prize pending a final determination by the CEO, and without

accrual or payment of any interest or penalty, under any of the following circumstances:

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

## **SECTION 9- PROHIBITED PLAYERS**

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

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

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

A. Player Responsibility. The Player has sole responsibility for ensuring the accuracy of the game play and the other data on the Game Ticket. Players make game play selections and play Lotto America at their own risk. Retailers and other Lottery-approved distributors act solely on behalf of the player in entering the game plays. The Participating Lotteries are not responsible for lost, altered, or stolen tickets.

B. Compliance with Law. By purchasing a ticket or making a claim relating to the Lotto America game, each purchaser and/or claimant agrees to abide by all applicable statutes, rules, and regulations of the Iowa Lottery.

C. Disputes. Any claims or litigation relating to the Game Tickets and/or prizes may only be brought

against the selling lottery in the jurisdiction where the Game Ticket was purchased. Any claims or litigation relating to Game Tickets and/or prizes for a Lotto America ticket sold in Iowa shall apply Iowa law and shall solely be brought in the Iowa District Court for Polk County or the United States District Court for the Southern District of Iowa, Central Division, wherever jurisdiction is appropriate.

D. Final Determinations. Consistent with Iowa Code Chapter 99G, decisions made by the CEO of the Iowa Lottery, including but not limited to those relating to the declaration of prizes, the payment or transfer of prizes, the eligibility of players, and/or the interpretation of these rules, shall be final and binding on all purchasers and any person making a claim relating in any way to this Lotto America game.

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