



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

AGENDA

IOWA LOTTERY BOARD

May 15, 2018
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 – March 20, 2018
- II. Approval of Notice of Intent to Award RFP IL-18-02 – Advertising and Related Services
- III. Approval of Personnel Changes
 - a. Director of Retail Services Recommendation
 - b. Vice President of Sales and Marketing Recommendation
 - c. Executive Vice President and Chief Operating Officer Recommendation
- IV. Adjournment

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

MINUTES

IOWA LOTTERY BOARD

March 20, 2018

10:30 a.m.

The Iowa Lottery Board convened at 10:31 a.m. at Lottery Headquarters in Clive; Board Chairperson Connor Flynn presiding.

Board Members Present:

Connor Flynn; Mary Rathje; Mary Junge (phone); Mike Klappholz; Sherrae Hanson; Mike Fitzgerald.

Board Members Absent:

None.

Lottery Staff Participating:

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

Others Present:

David Berger, Scientific Games; Colleen Rowan, IGT.

CALL TO ORDER

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

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

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Klappholz moved to approve the December 19, 2017, board meeting minutes. Rathje seconded. Motion carried unanimously.

QUARTERLY REPORTS

Financial:

Nye gave a financial report. The Performance Measures through January show that year-to-date sales are more than 13% ahead of budget and proceeds are more than 27% ahead of budget.

There was a brief discussion following Nye's financial report.

Marketing:

Wood provided results for the holiday promotion, “Secret Santa”. This was the first time players were allowed to enter their non-winning tickets via the Lottery’s new mobile app. The promotion performed well overall. Wood also discussed several other initiatives including: the “Tiny Home, Big Wins” promotion that runs through August 28th; the \$30 Colossal Crossword scratch ticket which launched in early March; the Lotto America ad campaign; the spring promotion, “Powerball Power Cruise II”; the “Lotto Surprise” sampling promotion which gives free lotto plays to random players with a qualifying purchase; and the summer promotion, “Jackpot Party”.

Wood also gave an update on the Advertising and Media RFP. She expects a final recommendation to be made by the first of May.

Security:

Copess provided a security report for January – March, 2018. There was discussion about the report and ticket theft.

IT Systems:

Strasser gave a report on continuity of operations, efforts to support marketing promotions and other , IT-related projects.

External Relations:

Neubauer talked about National Gambling Awareness Month and the lottery’s efforts to put forth PSA messages that highlight the issue. Neubauer also gave a legislative update on board appointments, sports betting and the passage of a bill related to the Iowa Veterans Trust Fund.

Legal:

Porter discussed improvements to the winner claim form and the Lottery’s records retention policy.

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

MEMBERSHIP DUES

Loss requested the approval of membership dues for Iowa Grocery Industry Association (IGIA), Petroleum Marketers and Convenience Stores of Iowa (PMCI), North American Association of State & Provincial Lotteries (NASPL) and the World Lottery Association (WLA).

Klappholz moved to approve the membership dues. Rathje seconded. Motion carried unanimously.

LOTTERY VISION 2019

Rich talked about management’s vision and goals for the Iowa Lottery in 2019.

CLOSED SESSION

Flynn stated: “The Chair is advised that the Board’s legal counsel has a matter to discuss with the Board within the parameters of Iowa Code section 21.5(1)(c), which provides for closed session to discuss strategy with counsel in matters presently in litigation or where litigation was imminent where its disclosure would be likely to prejudice or disadvantage the position of the governmental body in that litigation.

The Chair will now entertain a motion to go into closed session pursuant to Iowa Code chapter 21.5(1) (c). Do I hear such a motion?”

Junge moved for the board to go into closed session. Rathje seconded. A roll call vote was taken. Flynn – aye; Rathje – aye; Junge – aye; Klappholz – aye; Hanson – aye. Motion carried unanimously.

The board entered into closed session at 11:45 am. No action was taken during the closed session. Open session resumed at 12:26 pm.

WLS 2018 and La Fleurs 2018 Innovation Exchange

Loss requested approval for one staff member to travel to the 2018 World Lottery Summit and the La Fleurs 2018 Innovation Exchange.

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

CEO UPDATE

Rich provided the board his CEO update which included an industry update; upcoming personnel retirements, board oversight and new board members.

BOARD RECOGNITION

Rich announced that Klappholz's term ends on April 30th. Rich thanked Klappholz for his service to the Lottery and the State of Iowa since 2006.

ADJOURNMENT

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

Meeting adjourned at 12:40 p.m.



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: May 15, 2018

To: Iowa Lottery Board
From: Teri TeBockhorst and Rob Porter
Re: Advertising and Media Services RFP

The Iowa Lottery issued IL-18-02, Request for Proposals, Advertising and Related Services, on January 24, 2018.

The purpose of this Request for Proposal (RFP) was to solicit bids from qualified vendors to assist the Iowa Lottery in its brand building and strategic marketing efforts. The RFP sought solicitations for both creative advertising services and for media planning and buying services, and allowed vendors to bid on one or both portions of the RFP.

Eleven vendors participated in the mandatory vendor briefing. Two vendors ultimately submitted proposals, with each bidding on both portions of the RFP. Those vendors were Bucket Media and Strategic America. Strategic America is the Lottery's current provider of both media buying and creative advertising services. Summaries of the scores and process are provided in the attached bid summary document.

In FY 2017, the cost of the creative advertising agreement was approximately \$457,729 and the cost of the media planning and buying agreement was approximately \$4,662,481.

The contract for services that will result from this RFP will be for a two-year period from July 1, 2018 through June 30, 2020, with options to extend the Agreement for up to four (4) additional one-year periods at the discretion of the Lottery.

Recommendation -- Media Planning and Buying Services

The Iowa Lottery recommends that the Board allow the Lottery to issue a notice of intent to award this portion of the RFP to **Bucket Media**, and to enter into a contract consistent with the terms of the RFP, contingent upon successful completion of any required background check process.

Recommendation -- Creative Advertising Services

The Iowa Lottery recommends that the Board allow the Lottery to issue a notice of intent to award this portion of the RFP to **Strategic America**, and to enter into a contract consistent with the terms of the RFP, contingent upon successful completion of any required background check process.

Bid Summary--RFP IL 18-02
REQUEST FOR PROPOSALS-ADVERTISING AND RELATED SERVICES

On January 24, 2018, the Iowa Lottery issued a request for proposals for the provision of advertising services. The RFP split the proposal into two parts: media planning and buying services, and creative advertising services. Vendors were permitted to submit a bid on either portion, or both.

The Lottery held a mandatory vendor briefing on February 1, 2018, and eleven prospective vendors attended. At that time, the Lottery had an opportunity to both share detail about the RFP and to answer questions from the attending vendors.

The Lottery received bids from the following two vendors on this RFP:

Bucket Media, a Missouri corporation with offices in Ankeny, IA, Kansas City, MO, and Columbia, MO.

Strategic America, an Iowa corporation headquartered in West Des Moines, IA.

Both vendors satisfied all requirements for the Lottery's "phase one" review, and were designated as finalists. As a part of the "phase two" review, the Lottery participated in site visits and viewed presentations and samples of prior work from both bidders. Each vendor submitted a bid for both the media buying and creative advertising portions. The cost and technical proposals for each portion of the RFP were evaluated separately.

MEDIA PLANNING AND BUYING SERVICES

Summary:	Bucket	SA
Technical Proposal Points	818	791
Cost Proposal Points	300	278
Total Points:	1118	1069

For the media planning and buying proposal, Bucket Media both received the highest technical score from the committee and submitted the lowest cost bid. The committee was impressed by the proposal and presentation from Bucket Media, whom the committee believes has demonstrated the ability to perform the media planning and buying services set forth in the RFP.

CREATIVE ADVERTISING SERVICES

Summary:	Bucket	SA
Technical Proposal Points	758	872
Cost Proposal Points	300	247
Total Points:	1058	1119

For the creative advertising proposal, Bucket Media again submitted the lowest cost proposal. However, the committee found the technical proposal and business model from Strategic America to be better for this service. Strategic America received the highest overall score for this item. The committee believes Strategic America has demonstrated the ability to perform the creative advertising services set forth in the RFP.