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Kim Reynolds · Governor
Adam Gregg · Lt. Governor

Matthew N. Strawn · Chief Executive Officer

AGENDA

IOWA LOTTERY BOARD

March 29, 2023

10:30 am

Dial In: 515-206-9299
(No PIN # is required to join the call)

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes – December 6, 2022
- II. CEO Update
- III. Quarterly Reports
 - a. Sales & Marketing
 - b. External Relations and Social Responsibility
 - c. Finance
 - d. Legal and Operations
- IV. Lotto America
 - a. Game Changes
 - b. Game Rules
- V. Contract Extension – Strategic America
- VI. Adjournment

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

MINUTES

IOWA LOTTERY BOARD

December 6, 2022

10:00 a.m.

The Iowa Lottery Board convened at 10:00 a.m.; chair Mary Rathje presided.

Board Members Present:

Mary Rathje, Dana Wingert, Katie New, Hon. Michael Fitzgerald.

Board Members Present on Teleconference:

Mary Junge, Josh Cook.

Board Members Absent:

None.

Lottery Staff Participating:

Matt Strawn, CEO; Megan Tooker, EVP, Chief Administrative Officer and General Counsel; Jon Roth, Chief Revenue Officer; Mary Neubauer, VP, External Relations and Social Responsibility; Hale Strasser, VP, Lottery Systems; Kim Knight, VP, Finance and CFO; Steve Waymire, VP, Security; David Ranscht, AAG; Deb Bassett, Board Secretary.

Other Staff Present:

Kassandra Trenary, Director, Marketing and Advertising.

Others Present:

Tom Grady, Bucket Media; Karlyn Nosbusch, Bucket Media.

Others Present on Teleconference:

Xavier Leonard, Legislative Services Agency; Dar Danielson, Radio Iowa; John Schreurs, Strategic America.

CALL TO ORDER

Rathje called the meeting to order at 10:00 a.m. and roll was taken. There was a quorum. Rathje announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

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

APPROVAL OF AGENDA

Wingert moved to approve the revised agenda for the meeting. New seconded. Motion carried unanimously.

APPROVAL OF MINUTES

New moved to approve the September 27, 2022 board meeting minutes. Cook seconded. Motion carried unanimously.

CEO REPORT

Strawn began his remarks by stating the Iowa Lottery is in record territory for total sales and proceeds through the first four months of FY23. Raw sales data from November indicate the month was the third-highest grossing month of sales in the lottery's 37-year history. Lottery sales of \$152,605,971 through October represent a year-over-year increase of 5.46%. Lottery proceeds of \$33,866,227 through October represent a 1.9% increase over the same point last year. Sales of every product category, except scratch tickets and Pick 3, are outpacing last year's results through October.

Strawn reported that during a recent meeting of the World Lottery General Assembly, he voted in support of the expulsion of Russian and Belarussian lotteries from the World Lottery Association as a result of those nations' roles in the unprovoked war in Ukraine.

Strawn concluded his remarks by thanking Treasurer Fitzgerald for his service on the Lottery Board.

QUARTERLY REPORTS

Revenue:

Roth provided a sales and marketing report. The lottery's performance has improved YTD through October, with Mega Millions® and Powerball® sales being the significant contributors. FY23 continues strong with \$152.6 million in sales through the end of October, for an increase of 5.5% over FY22 YTD and exceeding FY23 budget by 30.7%. November has continued even stronger, with \$204 million in sales for an increase of 14.3% over FY22 YTD.

Roth stated the lottery has 2 major initiatives underway that will enable data driven strategic decisions in the future:

1. Product Portfolio Analysis: an analysis focusing on category and product performance; prize structure analysis; and price & product mix.
2. Retailer Incentive Research: an analysis to assess best practices in order to identify optimal approaches to retailer incentive structures, marketing programs and related opportunities.

The results of both initiatives will serve as the basis for strategic updates in FY24.

External Relations and Social Responsibility:

Neubauer reported the lottery recently added a chatbot to the lottery's website.

Neubauer also stated the lottery has submitted an application for the Responsible Gambling Verification through a partnership of the National Council on Problem Gambling (NCPG) and National Association of State and Provincial Lotteries (NASPL). The lottery has applied for verification at the Implementation Level; the NCPG will issue its report to the lottery in January.

Neubauer concluded her report by calling attention to a \$1 million Mega Millions® prize that remains unclaimed three months after it was won in Ames.

Finance:

Knight gave a financial report. Through October, YTD sales are \$152.6 million. The YTD sales are ahead of budget by \$35.8 million, or 31%. YTD sales are also ahead of sales for FY22 by \$7.9 million, or 5%. Through October, YTD proceeds are \$33.9 million. The YTD proceeds are ahead of budget by \$10.0 million, or 42%. YTD proceeds are also ahead of proceeds for FY22 by \$630K, or 2%. Through October, YTD prize expense is \$96.2 million. The YTD prize expense is ahead of budget by \$24.3 million, or 34%. YTD prize expense is also ahead of prizes for FY22 by \$5.0 million, or 5%. As sales increase, the prize

expense also increases. YTD operating expenses through October remain under budget at \$4.5 million and are comparable to the 5-year average.

PAYMENTS WORKING GROUP UPDATE

Knight reported the findings of the Payments Working Group. The group looked at ways to modernize prize payment options. Currently, players receive prize payments by cash, check or money order at retail locations and by check in nearly all instances at lottery offices. The working group identified two additional prize payment options for the lottery to implement, including:

- Allowing prize payments on non-reloadable prepaid debit cards for prizes from \$20-\$600 at participating retail locations and for prizes from \$20 - \$5,000 at lottery offices.
- Allowing prize payments by ACH payments directly to winner accounts for prizes up to \$5 million at lottery offices only.

The lottery will begin a pilot project in CY23 of prize payments on non-reloadable prepaid debit cards at select retail locations and has a goal of offering prize payments via non-reloadable prepaid debit cards at lottery offices by the end of FY23. The ACH payment option is expected to be available at lottery offices after implementation of prize payments via non-reloadable prepaid debit cards.

MULTI-JURISDICTION DRAW GAME RULES

Tooker requested the Board approve the recommendation to amend the multi-jurisdiction lotto draw game rules to require prizes be claimed within 180 days. The current prize-claim period in Iowa for Powerball®, Mega Millions®, Lotto America®, and Lucky for Life® is 365 days, the longest in the United States and outside the norm for the U.S. lottery industry. The change will allow the funds from prizes that expire in Iowa without being claimed to more quickly benefit players through the Lottery's prize pools for future game and promotions.

Wingert moved to approve the prize claim period to 180 days. Junge seconded. Motion carried unanimously.

FISCAL POLICY UPDATE

Tooker requested the Board approve a recommendation to adopt an employee referral program. The purpose of the program is to incentivize lottery employees to encourage job seekers to apply for open lottery positions.

New moved to approve the fiscal policy update. Wingert seconded. Motion carried unanimously.

BOARD MEMBER RECOGNITION

Chair Rathje recognized Treasurer Fitzgerald for 20 years as a member of the board.

ADJOURNMENT

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

Meeting adjourned at 11:15 a.m.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2023
February 28, 2023

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2023	29,659,327	29,421,354	26,322,781	31,367,288	28,330,955	30,927,309	35,785,444	29,338,046	34,267,550	31,898,250	34,321,951	30,659,745
	Actual '23	44,238,093	33,672,563	32,852,383	41,842,932	51,431,952	38,825,335	48,866,615	36,473,073	-	-	-	-
Prize Expense	Budget FY 2023	18,298,547	18,087,439	16,412,408	19,123,060	17,633,220	19,140,462	21,819,012	18,273,367	21,168,253	20,059,348	21,380,541	19,105,343
	Actual '23	26,916,442	22,393,790	20,901,296	26,033,469	30,638,674	26,052,121	29,653,328	22,648,421	-	-	-	-
Operating Expenses	Budget FY 2023	1,207,471	1,313,053	1,259,696	1,214,149	1,293,618	1,279,525	1,278,394	1,199,071	1,338,928	1,159,838	1,367,324	1,352,183
	Actual '23	1,039,787	1,254,852	1,110,597	1,121,883	1,154,753	1,091,765	1,169,786	1,115,669	-	-	-	-
Total Proceeds	Budget FY 2023	6,746,765	5,474,794	5,134,204	6,562,580	5,659,164	4,962,972	7,693,629	6,455,068	5,753,212	6,480,676	7,054,565	5,879,443
	Actual '23	11,122,326	5,376,525	7,103,656	10,283,720	14,041,170	7,426,090	12,906,031	8,276,147	-	-	-	-
YEAR TO DATE													
Gross Sales	Budget FY 2023	29,659,327	59,080,681	85,403,462	116,770,750	145,101,705	176,029,014	211,814,458	241,152,504	275,420,054	307,318,304	341,640,255	372,300,000
	Actual '23	44,238,093	77,910,656	110,763,039	152,605,971	204,037,923	242,863,258	291,729,873	328,202,946	-	-	-	-
Prize Expense	Budget FY 2023	18,298,547	36,385,986	52,798,394	71,921,454	89,554,674	108,695,136	130,514,148	148,787,515	169,955,768	190,015,116	211,395,657	230,501,000
	Actual '23	26,916,442	49,310,232	70,211,528	96,244,997	126,883,671	152,935,792	182,589,120	205,237,541	-	-	-	-
Operating Expenses	Budget FY 2023	1,207,471	2,520,524	3,780,220	4,994,369	6,287,987	7,567,512	8,845,906	10,044,977	11,383,905	12,543,743	13,911,067	15,263,250
	Actual '23	1,039,787	2,294,639	3,405,236	4,527,119	5,681,872	6,773,637	7,943,423	9,059,092	-	-	-	-
Total Proceeds	Budget FY 2023	6,746,765	12,221,559	17,355,763	23,918,343	29,577,507	34,540,479	42,234,108	48,689,176	54,442,388	60,923,064	67,977,629	73,857,072
	Actual '23	11,122,326	16,498,851	23,602,507	33,886,227	47,927,397	55,353,487	68,259,518	76,535,665	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.29%	61.70%
Prize Payout - Actual	62.10%	62.53%
Sales - Actual increase (decrease) vs. Budget		36.10%
Proceeds - Actual increase (decrease) vs. Budget		57.19%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2023

February 28, 2023		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2023	29,659,327	29,421,354	26,322,781	31,367,288	28,330,955	30,927,309	35,785,444	29,338,046	34,267,550	31,898,250	34,321,951	30,659,745
	5-year av.	31,271,788	32,666,612	30,104,677	34,632,627	30,436,261	34,195,547	39,648,290	30,980,341	36,422,159	34,715,288	36,029,043	32,709,710
	Actual '22	34,805,463	35,848,683	38,190,315	35,863,981	33,793,692	39,055,540	41,561,778	32,289,982	36,665,395	36,660,496	34,169,472	33,758,973
	Actual '23	44,238,093	33,672,563	32,852,383	41,842,932	51,431,952	38,825,335	48,866,615	36,473,073	-	-	-	-
Prize Expense	Budget FY 2023	18,298,547	18,087,439	16,412,408	19,123,060	17,633,220	19,140,462	21,819,012	18,273,367	21,168,253	20,059,348	21,380,541	19,105,343
	5-year av.	19,511,123	20,551,910	18,873,244	21,460,967	18,747,257	22,793,372	23,986,123	18,979,664	23,791,611	21,753,528	22,557,975	20,761,240
	Actual '22	22,212,471	23,030,405	23,405,501	22,622,122	20,920,915	25,873,345	25,533,663	21,427,554	23,447,700	23,213,448	21,538,971	20,988,013
	Actual '23	26,916,442	22,393,790	20,901,296	26,033,469	30,638,674	26,052,121	29,653,328	22,648,421				
Operating Expenses	Budget FY 2023	1,207,471	1,313,053	1,259,696	1,214,149	1,293,618	1,279,525	1,278,394	1,199,071	1,338,928	1,159,838	1,367,324	1,352,183
	5-year av.	1,082,107	1,093,682	1,077,106	1,148,073	1,117,414	1,077,297	1,126,386	1,019,809	1,103,090	1,098,846	1,136,285	1,255,499
	Actual '22	1,042,718	1,128,836	1,128,282	1,155,532	1,126,856	1,075,696	1,109,407	1,033,788	1,172,700	1,093,795	1,098,442	501,953
	Actual '23	1,039,787	1,254,852	1,110,597	1,121,883	1,154,753	1,091,765	1,169,786	1,115,669	-	-	-	-
Total Proceeds	Budget FY 2023	6,746,765	5,474,794	5,134,204	6,562,580	5,659,164	4,962,972	7,693,629	6,455,068	5,753,212	6,480,676	7,054,565	5,879,443
	5-year av.	7,333,080	7,045,063	6,912,017	8,493,290	6,986,392	6,614,802	10,120,743	7,578,408	7,309,389	8,169,593	8,386,794	7,288,311
	Actual '22	7,924,582	7,352,489	9,614,890	8,364,150	7,867,371	8,011,186	10,483,802	6,376,567	7,948,894	8,261,301	7,510,304	8,235,884
	Actual '23	11,122,326	5,376,525	7,103,656	10,283,720	14,041,170	7,426,090	12,906,031	8,276,147				
YEAR TO DATE													
Gross Sales	Budget FY 2023	29,659,327	59,080,681	85,403,462	116,770,750	145,101,705	176,029,014	211,814,458	241,152,504	275,420,054	307,318,304	341,640,255	372,300,000
	5-year av.	31,271,788	63,938,400	94,043,077	128,675,704	159,111,965	193,307,512	232,955,802	263,936,143	300,358,302	335,073,590	371,102,633	403,812,343
	Actual '22	34,805,463	70,654,146	108,844,461	144,708,442	178,502,134	217,557,674	259,119,452	291,409,434	328,074,829	364,735,325	398,904,797	432,663,770
	Actual '23	44,238,093	77,910,656	110,763,039	152,605,971	204,037,923	242,863,258	291,729,873	328,202,946	-	-	-	-
Prize Expense	Budget FY 2023	18,298,547	36,385,986	52,798,394	71,921,454	89,554,674	108,695,136	130,514,148	148,787,515	169,955,768	190,015,116	211,395,657	230,501,000
	5-year av.	19,511,123	40,063,033	58,936,277	80,397,244	99,144,501	121,937,873	145,923,996	164,903,660	188,695,271	210,448,799	233,006,774	253,768,014
	Actual '22	22,212,471	45,242,876	68,648,377	91,270,499	112,191,414	138,064,759	163,598,422	185,025,976	208,473,676	231,687,124	253,226,095	274,214,108
	Actual '23	26,916,442	49,310,232	70,211,528	96,244,997	126,883,671	152,935,792	182,589,120	205,237,541				
Operating Expenses	Budget FY 2023	1,207,471	2,520,524	3,780,220	4,994,369	6,287,987	7,567,512	8,845,906	10,044,977	11,383,905	12,543,743	13,911,067	15,263,250
	5-year av.	1,082,107	2,175,789	3,252,895	4,400,968	5,518,382	6,595,679	7,722,065	8,741,874	9,844,964	10,943,810	12,080,095	13,335,594
	Actual '22	1,042,718	2,171,554	3,299,836	4,455,368	5,582,224	6,657,920	7,767,327	8,801,115	9,973,815	11,067,610	12,166,052	12,668,005
	Actual '23	1,039,787	2,294,639	3,405,236	4,527,119	5,681,872	6,773,637	7,943,423	9,059,092	-	-	-	-
Total Proceeds	Budget FY 2023	6,746,765	12,221,559	17,355,763	23,918,343	29,577,507	34,540,479	42,234,108	48,689,176	54,442,388	60,923,064	67,977,629	73,857,072
	5-year av.	7,333,080	14,378,143	21,290,160	29,783,450	36,769,842	43,384,644	53,505,387	61,083,795	68,393,184	76,562,777	84,949,571	92,237,882
	Actual '22	7,924,582	15,277,071	24,891,961	33,256,111	41,123,482	49,134,668	59,618,470	65,995,037	73,943,931	82,205,232	89,715,536	97,951,420
	Actual '23	11,122,326	16,498,851	23,602,507	33,886,227	47,927,397	55,353,487	68,259,518	76,535,665	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.29%	61.70%
Prize Payout - 5-Year Average	61.26%	62.48%
Prize Payout - Actual	62.10%	62.53%
Sales - Actual increase (decrease) vs. 5-Year Average		24.35%
Proceeds - Actual increase (decrease) vs. 5-Year Average		25.30%
Sales - Actual increase (decrease) vs. Budget		36.10%
Proceeds - Actual increase (decrease) vs. Budget		57.19%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ending Wednesday, November 30, 2022

	Month ended 11/30/2022	Month ended 11/30/2021	Year-to-date 11/30/2022	Year-to-date 11/30/2021
Operating revenues:				
Instant-scratch ticket sales	\$24,262,802.00	\$23,762,826.00	\$113,156,036.00	\$120,591,313.00
InstaPlay sales	2,385,101.00	1,730,944.00	10,801,112.00	8,534,860.00
Pick 3 sales	717,074.00	751,599.00	3,774,675.50	3,857,510.00
Powerball sales	17,969,908.00	3,664,010.50	38,920,697.00	23,367,331.00
Mega Millions Sales	2,611,862.00	1,271,116.00	21,363,653.00	9,007,861.00
Pick 4 sales	481,670.50	461,026.00	2,438,271.00	2,270,410.00
Lucky for Life sales	707,746.00	676,270.00	3,546,276.00	3,234,578.00
Lotto America sales	1,100,973.00	477,452.00	4,688,126.00	2,516,942.00
Pull-tab sales	1,194,815.71	998,448.99	5,349,076.67	5,121,329.50
Application fees	300.00	225.00	2,250.00	2,925.00
Other	475.38	308.72	2,849.41	3,308.10
Total operating revenues	<u>51,432,727.59</u>	<u>33,794,226.21</u>	<u>204,043,022.58</u>	<u>178,508,367.60</u>
Operating expenses:				
Scratch ticket prizes	16,025,139.83	15,157,937.00	76,927,284.84	79,878,969.67
InstaPlay prizes	1,809,596.75	1,300,268.15	8,005,014.25	6,073,031.46
Pick 3 prizes	430,244.40	450,959.40	2,264,805.30	2,314,506.00
Powerball prizes	8,985,210.50	1,832,642.50	19,403,303.89	11,684,816.50
Mega Millions prizes	1,332,267.22	635,558.00	10,726,990.10	4,503,930.50
Pick 4 prizes	341,650.00	276,615.60	1,753,100.10	1,362,246.00
Lucky for Life prizes	420,638.20	401,930.89	2,107,675.96	1,918,752.36
Lotto America prizes	550,486.50	238,726.00	2,344,063.00	1,258,471.00
Pull-tab prizes	743,440.89	626,277.15	3,351,434.38	3,196,690.02
Advertising/publicity	765,198.89	694,249.05	4,389,134.08	3,472,128.57
Retailer compensation expense	3,305,166.67	2,210,069.71	13,203,720.91	11,666,606.90
Ticket expense	496,382.59	256,912.73	1,532,808.56	1,310,498.91
Vendor compensation expense	851,105.36	520,095.96	3,219,658.41	2,727,218.29
Salary and benefits	867,912.87	887,172.05	4,439,968.44	4,465,272.13
Travel	26,343.16	23,737.17	151,858.17	111,945.25
Supplies	9,987.75	3,430.59	49,362.36	54,443.53
Printing	80.00	-	406.08	-
Postage	360.38	297.03	1,950.53	1,503.35
Communications	14,286.08	14,809.18	74,580.92	70,474.75
Rentals	9,099.48	18,226.45	48,749.07	88,447.97
Utilities	9,081.14	7,183.68	41,269.23	35,921.21
Professional fees	24,349.00	9,122.85	55,443.58	46,492.88
Vending machine maintenance	27,552.00	23,856.00	118,944.00	111,216.00
Outside services and repairs	96,970.81	85,476.92	601,031.78	503,227.21
Data processing	12,511.85	10,737.47	62,561.00	53,563.79
Equipment	19,860.96	33,291.79	139,181.03	108,393.54
Reimbursement to other state agencies	80,714.03	68,316.29	223,137.84	210,981.96
Depreciation	42,485.27	42,518.83	234,304.80	202,556.36
Amortization	45,884.70	-	226,992.66	-
Other	20,976.54	4,187.24	78,361.85	23,325.88
MUSL/Lotto administrative expense	8,833.83	3,284.90	44,169.15	13,948.35
Total operating expenses	<u>37,373,817.65</u>	<u>25,837,890.58</u>	<u>155,821,266.27</u>	<u>137,469,580.34</u>
Operating income	<u>14,058,909.94</u>	<u>7,956,335.63</u>	<u>48,221,756.31</u>	<u>41,038,787.26</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(14,041,170.41)	(7,867,371.44)	(47,927,397.46)	(41,123,483.13)
Interest income	26,282.45	7,074.71	114,664.27	39,571.94
Interest expense	(2,919.00)	-	(14,444.26)	-
Gain (Loss) on disposal of capital assets	-	-	-	35,593.00
Net non-operating revenues (expenses)	<u>(14,017,806.96)</u>	<u>(7,860,296.73)</u>	<u>(47,827,177.45)</u>	<u>(41,048,318.19)</u>
Change in net position	41,102.98	96,038.90	394,578.86	(9,530.93)
Net position beginning of period	5,921,818.00	4,295,979.72	5,568,342.12	4,401,549.55
Net position end of period	<u>5,962,920.98</u>	<u>4,392,018.62</u>	<u>5,962,920.98</u>	<u>4,392,018.62</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ending Saturday, December 31, 2022

	Month ended 12/31/2022	Month ended 12/31/2021	Year-to-date 12/31/2022	Year-to-date 12/31/2021
Operating revenues:				
Instant-scratch ticket sales	\$ 24,726,530.00	\$ 26,064,125.00	\$ 137,882,566.00	\$ 146,655,438.00
InstaPlay sales	2,778,288.00	2,122,516.00	13,579,400.00	10,657,376.00
Pick 3 sales	748,260.50	784,576.50	4,522,936.00	4,642,086.50
Powerball sales	3,297,791.00	5,386,233.50	42,218,488.00	28,753,564.50
Mega Millions Sales	3,990,336.00	1,762,389.00	25,353,989.00	10,770,250.00
Pick 4 sales	490,843.00	492,687.50	2,929,114.00	2,763,097.50
Lucky for Life sales	675,520.00	714,286.00	4,221,796.00	3,948,864.00
Lotto America sales	991,821.00	551,391.00	5,679,947.00	3,068,333.00
Pull-tab sales	1,125,945.71	1,177,335.00	6,475,022.38	6,298,664.50
Application fees	1,100.00	475.00	3,350.00	3,400.00
Other	813.83	7,041.86	3,663.24	10,349.96
Total operating revenues	38,827,249.04	39,063,056.36	242,870,271.62	217,571,423.96
Operating expenses:				
Scratch ticket prizes	18,043,118.00	18,604,700.67	94,970,402.84	98,483,670.34
InstaPlay prizes	2,013,589.81	1,504,364.13	10,018,604.06	7,577,395.59
Pick 3 prizes	448,956.30	470,745.90	2,713,761.60	2,785,251.90
Powerball prizes	1,649,228.50	2,695,226.50	21,052,532.39	14,380,043.00
Mega Millions prizes	2,001,538.67	865,410.16	12,728,528.77	5,369,340.66
Pick 4 prizes	294,505.80	295,612.50	2,047,605.90	1,657,858.50
Lucky for Life prizes	401,485.18	424,525.14	2,509,161.14	2,343,277.50
Lotto America prizes	495,910.50	275,695.50	2,839,973.50	1,534,166.50
Pull-tab prizes	703,788.44	737,064.00	4,055,222.82	3,933,754.02
Advertising/publicity	695,638.84	674,200.09	5,084,772.92	4,146,328.66
Retailer compensation expense	2,534,535.27	2,593,703.71	15,738,256.18	14,260,310.61
Ticket expense	300,619.10	319,817.63	1,833,427.66	1,630,316.54
Vendor compensation expense	611,366.50	624,534.33	3,831,024.91	3,351,752.62
Salary and benefits	810,656.20	872,371.80	5,250,624.64	5,337,643.93
Travel	28,376.01	17,630.92	180,234.18	129,576.17
Supplies	6,827.43	4,409.65	56,189.79	58,853.18
Printing	40.00	-	446.08	-
Postage	361.47	300.08	2,312.00	1,803.43
Communications	15,210.46	16,957.19	89,791.38	87,431.94
Rentals	8,991.88	17,116.60	57,740.95	105,564.57
Utilities	12,185.69	9,131.90	53,454.92	45,053.11
Professional fees	13,365.25	7,252.76	68,808.83	53,745.64
Vending machine maintenance	25,200.00	22,848.00	144,144.00	134,064.00
Outside services and repairs	151,604.74	99,886.89	752,636.52	603,114.10
Data processing	12,511.75	10,730.57	75,072.75	64,294.36
Equipment	78,624.44	31,690.92	217,805.47	140,084.46
Reimbursement to other state agencies	41,258.90	45,797.51	264,396.74	256,779.47
Depreciation	35,916.77	43,830.52	270,221.57	246,386.88
Amortization	45,884.70	-	272,877.36	-
MUSL/Lotto administrative expense	8,833.83	2,789.67	53,002.98	16,738.02
Debit card fees	16,539.18	-	69,514.56	-
Other	4,568.83	4,197.63	29,955.30	27,523.51
Total operating expenses	31,511,238.44	31,292,542.87	187,332,504.71	168,762,123.21
Operating income	7,316,010.60	7,770,513.49	55,537,766.91	48,809,300.75
Non-operating revenue (expenses):				
Proceeds to state causes	(7,426,089.73)	(8,011,186.24)	(55,353,487.19)	(49,134,669.37)
Interest income	45,459.84	(15,083.38)	160,124.11	24,488.56
Interest expense	(2,877.90)	-	(17,322.16)	-
Gain (Loss) on disposal of capital assets	-	(4,196.00)	-	31,397.00
Net non-operating revenues (expenses)	(7,383,507.79)	(8,030,465.62)	(55,210,685.24)	(49,078,783.81)
Change in net position	(67,497.19)	(259,952.13)	327,081.67	(269,483.06)
Net position beginning of period	5,962,920.98	4,392,018.62	5,568,342.12	4,401,549.55
Net position end of period	5,895,423.79	4,132,066.49	5,895,423.79	4,132,066.49

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Seven Months Ending Tuesday, January 31, 2023

	Month ended 1/31/2023	Month ended 1/31/2022	Year-to-date 1/31/2023	Year-to-date 1/31/2022
Operating revenues:				
Instant-scratch ticket sales	\$26,486,973.00	\$26,687,407.45	\$164,369,539.00	\$173,342,845.45
InstaPlay sales	3,666,165.00	3,178,834.00	17,245,565.00	13,836,210.00
Pick 3 sales	732,380.00	721,352.50	5,255,316.00	5,363,439.00
Powerball sales	5,658,108.50	5,731,018.50	47,876,596.50	34,484,583.00
Mega Millions Sales	8,956,318.00	2,506,714.00	34,310,307.00	13,276,964.00
Pick 4 sales	475,920.00	447,847.50	3,405,034.00	3,210,945.00
Lucky for Life sales	708,808.00	682,156.00	4,930,604.00	4,631,020.00
Lotto America sales	991,091.00	569,098.00	6,671,038.00	3,637,431.00
Pull-tab sales	1,190,851.81	1,037,349.77	7,665,874.19	7,336,014.27
Application fees	500.00	225.00	3,850.00	3,625.00
Other	937.70	424.86	4,600.94	10,774.82
Total operating revenues	<u>48,868,053.01</u>	<u>41,562,427.58</u>	<u>291,738,324.63</u>	<u>259,133,851.54</u>
Operating expenses:				
Scratch ticket prizes	17,532,906.33	16,981,402.86	112,503,309.17	115,465,073.20
InstaPlay prizes	2,415,628.56	2,389,920.32	12,434,232.62	9,967,315.91
Pick 3 prizes	439,428.00	432,811.50	3,153,189.60	3,218,063.40
Powerball prizes	2,830,783.00	2,868,022.50	23,883,315.39	17,248,065.50
Mega Millions prizes	4,487,107.45	1,253,357.00	17,215,636.22	6,622,697.66
Pick 4 prizes	285,552.00	268,708.50	2,333,157.90	1,926,567.00
Lucky for Life prizes	421,269.40	405,429.15	2,930,430.54	2,748,706.65
Lotto America prizes	495,545.50	284,549.00	3,335,519.00	1,818,715.50
Pull-tab prizes	745,107.72	649,462.08	4,800,330.54	4,583,216.10
Advertising/publicity	678,847.92	706,434.37	5,763,620.84	4,852,763.03
Retailer compensation expense	3,174,213.73	2,666,011.90	18,912,469.91	16,926,322.51
Ticket expense	262,379.99	284,816.92	2,095,807.65	1,915,133.46
Vendor compensation expense	807,391.94	625,122.83	4,638,416.85	3,976,875.45
Salary and benefits	908,948.55	873,364.52	6,159,573.19	6,211,008.45
Travel	21,458.39	14,426.08	201,692.57	144,002.25
Supplies	25,160.17	20,667.13	81,349.96	79,520.31
Printing	637.59	787.14	1,083.67	787.14
Postage	3,839.81	3,593.93	6,151.81	5,397.36
Communications	16,676.69	14,886.48	106,468.07	102,318.42
Rentals	8,984.98	17,100.30	66,725.93	122,664.87
Utilities	14,022.46	10,656.17	67,477.38	55,709.28
Professional fees	7,276.50	7,732.85	76,085.33	61,478.49
Vending machine maintenance	25,200.00	22,848.00	169,344.00	156,912.00
Outside services and repairs	114,461.80	109,619.69	867,098.32	712,733.79
Data processing	12,621.35	10,835.07	87,694.10	75,129.43
Equipment	43,452.83	64,340.16	261,258.30	204,424.62
Reimbursement to other state agencies	39,652.94	34,751.70	304,049.68	291,531.17
Depreciation	32,975.69	44,657.71	303,197.26	291,044.59
Amortization	45,884.70	-	318,762.06	-
MUSL/Lotto administrative expense	54,063.37	2,789.67	107,066.35	19,527.69
Debit card fees	16,650.38	-	86,164.94	-
Other	15,066.69	5,078.30	45,021.99	32,601.81
Total operating expenses	<u>35,983,196.43</u>	<u>31,074,183.83</u>	<u>223,315,701.14</u>	<u>199,836,307.04</u>
Operating income	<u>12,884,856.58</u>	<u>10,488,243.75</u>	<u>68,422,623.49</u>	<u>59,297,544.50</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(12,906,030.98)	(10,483,802.24)	(68,259,518.17)	(59,618,471.61)
Interest income	82,068.83	274.80	242,192.94	24,763.36
Interest expense	(2,836.78)	-	(20,158.94)	-
Gain (Loss) on disposal of capital assets	2,839.00	-	2,839.00	31,397.00
Net non-operating revenues (expenses)	<u>(12,823,959.93)</u>	<u>(10,483,527.44)</u>	<u>(68,034,645.17)</u>	<u>(59,562,311.25)</u>
Change in net position	60,896.65	4,716.31	387,978.32	(264,766.75)
Net position beginning of period	5,895,423.79	4,132,066.49	5,568,342.12	4,401,549.55
Net position end of period	<u>5,956,320.44</u>	<u>4,136,782.80</u>	<u>5,956,320.44</u>	<u>4,136,782.80</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eight Months Ending Tuesday, February 28, 2023

	Month ended 2/28/2023	Month ended 2/28/2022	Year-to-date 2/28/2023	Year-to-date 2/28/2022
Operating revenues:				
Instant-scratch ticket sales	\$24,121,164.00	\$22,859,660.00	\$188,490,703.00	\$196,202,505.45
InstaPlay sales	2,526,783.00	1,958,390.00	19,772,348.00	15,794,600.00
Pick 3 sales	700,644.50	731,600.00	5,955,960.50	6,095,039.00
Powerball sales	4,605,078.00	2,936,127.50	52,481,674.50	37,420,710.50
Mega Millions Sales	1,482,648.00	1,200,311.00	35,792,955.00	14,477,275.00
Pick 4 sales	445,502.00	441,708.00	3,850,536.00	3,652,653.00
Lucky for Life sales	649,232.00	647,556.00	5,579,836.00	5,278,576.00
Lotto America sales	957,244.00	538,748.00	7,628,282.00	4,176,179.00
Pull-tab sales	984,777.01	975,881.79	8,650,651.20	8,311,896.06
Application fees	600.00	475.00	4,450.00	4,100.00
Other	1,361.86	157.86	5,962.80	10,932.68
Total operating revenues	36,475,034.37	32,290,615.15	328,213,359.00	291,424,466.69
Operating expenses:				
Scratch ticket prizes	15,238,862.52	15,897,992.00	127,742,171.69	131,363,065.20
InstaPlay prizes	2,186,315.02	1,494,455.65	14,620,547.64	11,461,771.56
Pick 3 prizes	420,386.70	438,960.00	3,573,576.30	3,657,023.40
Powerball prizes	2,302,049.50	1,468,512.00	26,185,364.89	18,716,577.50
Mega Millions prizes	753,455.43	600,155.50	17,969,091.65	7,222,853.16
Pick 4 prizes	267,301.20	265,024.80	2,600,459.10	2,191,591.80
Lucky for Life prizes	385,861.29	384,865.16	3,316,291.83	3,133,571.81
Lotto America prizes	478,622.00	269,374.00	3,814,141.00	2,088,089.50
Pull-tab prizes	615,567.64	608,215.34	5,415,898.18	5,191,431.44
Advertising/publicity	634,232.80	650,337.53	6,397,853.64	5,503,100.56
Retailer compensation expense	2,367,791.51	2,110,996.19	21,280,261.42	19,037,318.70
Ticket expense	355,312.62	404,765.53	2,451,120.27	2,319,898.99
Vendor compensation expense	581,525.64	493,217.97	5,219,942.49	4,470,093.42
Salary and benefits	817,698.31	802,720.09	6,977,271.50	7,013,728.54
Travel	21,411.02	23,518.05	223,103.59	167,520.30
Supplies	5,431.47	7,636.45	86,781.43	87,156.76
Printing	422.20	3,406.53	1,505.87	4,193.67
Postage	368.83	3,334.14	6,520.64	8,731.50
Communications	14,304.63	15,109.66	120,772.70	117,428.08
Rentals	9,193.93	17,107.60	75,919.86	139,772.47
Utilities	10,607.55	8,902.75	78,084.93	64,612.03
Professional fees	93,628.50	8,284.85	169,713.83	69,763.34
Vending machine maintenance	25,232.64	22,848.00	194,576.64	179,760.00
Outside services and repairs	119,882.51	82,883.48	986,980.83	795,617.27
Data processing	12,512.30	11,002.37	100,206.40	86,131.80
Equipment	90,511.56	34,333.47	351,769.86	238,758.09
Reimbursement to other state agencies	35,115.79	47,924.30	339,165.47	339,455.47
Depreciation	32,310.19	46,702.18	335,507.45	337,746.77
Amortization	45,884.70	-	364,646.76	-
MUSL/Lotto administrative expense	17,881.83	1,741.77	124,948.18	21,269.46
Debit card fees	13,130.05	-	99,294.99	-
Other	18,255.63	4,620.35	63,277.62	37,222.16
Total operating expenses	27,971,067.51	26,228,947.71	251,286,768.65	226,065,254.75
Operating income	8,503,966.86	6,061,667.44	76,926,590.35	65,359,211.94
Non-operating revenue (expenses):				
Proceeds to state causes	(8,276,147.03)	(6,376,567.19)	(76,535,665.20)	(65,995,038.80)
Interest income	105,749.01	3,954.04	347,941.95	28,717.40
Interest expense	(2,795.60)	-	(22,954.54)	-
Gain (Loss) on disposal of capital assets	4,638.11	2,650.00	7,477.11	34,047.00
Net non-operating revenues (expenses)	(8,168,555.51)	(6,369,963.15)	(76,203,200.68)	(65,932,274.40)
Change in net position	335,411.35	(308,295.71)	723,389.67	(573,062.46)
Net position beginning of period	5,956,320.44	4,136,782.80	5,568,342.12	4,401,549.55
Net position end of period	6,291,731.79	3,828,487.09	6,291,731.79	3,828,487.09



13001 University Avenue
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www.ialottery.com
515.725.7900

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

Memorandum

To: Iowa Lottery Board of Directors
From: Stephen Waymire
Date: March 29, 2023
Re: Activity Summary for Security Division 12/1/22 - 3/17/23

Incident Type	Incident Report	121
	Case Report	33
Contact Reasons	Burglary	3
	Criminal Mischief	1
	Damaged Tickets - Shipping	5
	Employee Theft	9
	Fraud/Forgery	8
	Law Enforcement Assist	1
	Missing Packs/Tickets	9
	Missing Tickets - Shipping	5
	Multiple Winner Review	1
	Other	5
	Player Assist	20
	Promotional Draw	3
	Quality Control Tickets	18
	Region Assist	2
	Retailer Assist	8
	Theft	15
	Ticket Re-construction	14
Validations	26	
VIP Club Account	1	
Retailer Inspections		94



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

Memorandum

To: Iowa Lottery Board of Directors

From: Megan Tooker

Date: March 23, 2023

Re: Revised Lotto America Rules

The Multi-State Lottery Association is changing the draw time for Lotto America from 10 pm CST to approximately 9:15 pm CST. Consequently, we need to update our game rules to reflect this change. I have drafted proposed amended rules for your review. On page one, I updated the version of the Iowa Code we reference from 2021 to 2023. On page 4, I updated the draw time from 10 pm to approximately 9:15 pm. I updated the footer of the rules to indicate this change takes effect on April 17, 2023.

IOWA LOTTERY GAME SPECIFIC RULES

LOTTO AMERICA®

The following are the game specific rules for the Iowa Lottery's implementation of the LOTTO AMERICA® multi-jurisdictional game. These game-specific rules are generated consistent with the authority in Iowa Code § 99G.9(4) (~~2021~~ 2023) and Iowa Code § 99G.31(2)(b) (~~2021~~ 2023). The game-specific rules are generated in compliance with the Computerized Lottery Games General Rules in 531 Iowa Administrative Code Chapter 20, and incorporate the rules in Chapter 20 except to the extent the rules in Chapter 20 are expressly inapplicable to multistate lottery games. In the event of inconsistencies, these game-specific rules control any contrary provisions of the Computerized Lottery Games General Rules in 531 Iowa Administrative Code Chapter 20. In purchasing a ticket for or otherwise participating in the LOTTO AMERICA multistate lottery game, the player agrees to comply with and abide by the Iowa Lottery's statutes, administrative rules, the national game rules adopted by the Multi-State Lottery Association and the Lotto America Product Group, and these Iowa-specific game rules.

SECTION 1 – DEFINITIONS

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

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

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

SECTION 2 – GAME DESCRIPTION AND PLAY

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

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

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

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

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

SECTION 3 – GAME TICKETS AND COST

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

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

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

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

SECTION 4 – CANCELLATIONS AND SELL-OUTS PROHIBITED

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

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

SECTION 5– DRAWINGS

Three drawings shall be held each week. Drawings shall be held each Monday, each Wednesday, and each Saturday beginning at ~~10:00~~ approximately 9:15 PM Central Time, except as otherwise determined by the Multi-State Lottery Association and the Lotto America Product Group. The Iowa sales cutoff time for the drawing shall be 8:59 PM Central Time, unless otherwise determined by the Iowa Lottery. The Multi-State Lottery Association and the Lotto America Product Group will determine all procedures for the game Drawings, which shall be open to the public and recorded. All Drawings shall be witnessed by an independent certified public accounting firm. Tickets are valid for only the draw date(s) shown on the ticket. At the option of the Lottery, Players may be allowed to purchase multi-draw plays for up to 10 consecutive drawings.

SECTION 6– PRIZES

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

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

Prize Pool

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

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

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

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

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

Prize Levels	Standard	With All Star Bonus			
		2X	3X	4X	5X
Match 5+0	\$20,000	\$40,000	\$60,000	\$80,000	\$10,000
Match 4+1	\$1,000	\$2,000	\$3,000	\$4,000	\$5,000
Match 4+0	\$100	\$200	\$300	\$400	\$500
Match 3+1	\$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 one hundred eighty (180) 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.

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

THIS EXTENSION, is effective on July 1, 2023 and is made by and between the **IOWA LOTTERY AUTHORITY** (Lottery) and **STRATEGIC AMERICA** (Agency). In consideration of the premises and the mutual promises and covenants contained herein, the parties hereto agree as follows:

SECTION 1. IDENTITY OF THE PARTIES.

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

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

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

SECTION 3. EXTENSION. On July 1, 2018, the Lottery and Agency entered into an Agreement for Creative Advertising Services (reference RFP 18-02). The term of the Agreement was for a two-year period with four one-year option periods. Pursuant to Section 4 of the Agreement, the fourth and final option period of the Agreement is hereby exercised through June 30, 2024. Agency shall submit an updated Schedule B to reflect contractually agreed rates, which when approved by the Lottery will be incorporated into this Agreement as if fully set forth herein.

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

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

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

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

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

Iowa Lottery Authority

Strategic America

Kim Knight
Vice President, Finance & CFO
Date _____

Name John C. Schreurs
Title: President/CEO
Date _____