



Date: December 21, 2021

To: Maria Wagenhofer, Legislative Services Agency

From: Adam Steen, Director

RE: New Lease by and between E+G Properties, LLC and Iowa Department of Administrative Services on behalf of and for the benefit of the Iowa Lottery Authority

Leased Premises: Approximately, 11,980 Square Feet of office space located at 902 SE Shurfine Drive, Ankeny, Iowa 50021

Term of Lease: The lease shall commence by April 1, 2022 and shall end on August 31, 2030.

Cost of the Lease: For the lease term commencing on April 1, 2022 through August 31, 2030, the annual cost of this lease will be approximately \$102,010.97. The tenant will also pay a one-time tenant improvement cost of \$172,557.00. The total cost of this lease will be approximately \$1,026,566.03.

Source of Funding: The Iowa Lottery Authority uses revenue from the sale of tickets to pay for its operations, including the lease of office and warehouse space. Specifically, Iowa Code section 99G.38 mandates the Iowa Lottery Authority "be self-sustaining and self-funded." Section 99G.38 also permits the Authority to expend "income from the authority's operations" for the "administration" and "operation of the authority and the lottery." Section 99G.21 grants the authority broad powers, including the authority to lease and acquire real property. In FY2021, the Authority's sales totaled \$452,592,011. Therefore, the Authority has the means to pay for this lease.

Consequences of delaying or abandoning the lease: Currently, the Iowa Lottery Authority is leasing space at the Alcohol Bureau Division's warehouse. ABD has informed the Authority that ABD needs additional warehouse space and is thus unable to extend the Authority's lease beyond FY2022. It is essential for the Authority to have warehouse space in which to securely store and ship lottery tickets. With the assistance of DAS, the Authority has identified this particular location as its best option from both a geographic as well as economic standpoint.

We are submitting the above information, pursuant to 2021 Iowa Acts, House File 314. If you have questions or comments, please do not hesitate to contact Barbara Bendon at 515-281-8887 or email Barbara.Bendon@Iowa.gov.