



STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**EXHIBIT C5**  
OFFICE OF THE ARKANSAS LOTTERY  
Post Office Box 3238  
Little Rock, Arkansas 72203-3238  
Phone: (501) 683-2000  
Fax: (501) 683-1878  
<http://myarkansaslottery.com>

September 11, 2020

The Honorable Joyce Elliot Co-Chair  
The Honorable Laurie Rushing Co-Chair  
ALC – Lottery Oversight Subcommittee  
One Capitol Mall, 5th Floor  
Little Rock, AR 72201

**RE: *Scientific Games, Inc Term Contract No. 4600034816; Intralot, Inc. Term Contract No. 4600034952; Camelot Global Services Term Contract No. 4600036646.***

Dear Senator Elliot and Representative Rushing:

The Department of Finance and Administration Office of the Arkansas Lottery (OAL) respectfully requests the Arkansas Legislative Council Lottery Oversight Subcommittee (ALC LOS) schedule a meeting in October of 2020 and place the above-listed contracts on its agenda for review. The following provides the basis and background for this request.

1. Scientific Games, Inc. Term Contract No. 4600034816 was last reviewed by this subcommittee on October 15, 2015. The contract terms have not been modified nor amended since the review and the contract is scheduled to expire on August 18, 2026.
2. Intralot, Inc. Term Contract No. 4600034952 was last reviewed by this subcommittee on August 17, 2017. The contract terms have not been modified nor amended since the review and the contract is scheduled to expire on August 14, 2026.
3. Camelot Global Services Term Contract No. 4600036646 was last reviewed by this subcommittee on June 18, 2020. The contract terms have not been modified nor amended since the review and the contract is scheduled to expire on June 30, 2022.
4. All three of the above-listed contracts have compensation terms that are tied to the sales of the OAL. When the sales of the OAL increase, compensation paid to the above-listed vendors increase.
5. Because the OAL has seen growth in its sales, the OAL needs to modify the projected total contract amount that is currently reflected in AASIS for each of the above-listed contracts. The projection is based on the estimated sales growth of the OAL for the remainder of the contract terms and the summation of same is attached hereto as Exhibit "A."

6. Arkansas Code Annotated Section 19-11-265(a)(4)(A)(ii)(b) (as amended last regular session) now requires that an increase in the total projected contract amount be reviewed as it is now defined as a material change in the contract.
7. Although the OAL is not altering the terms of the above-listed contracts in any way, the attached summation of the total projected contract price must be reviewed prior to the OAL being able to modify the total projected cost for each of the above-listed contracts in AASIS.

Please call me if you have any questions or need additional information.

Very Truly,

A handwritten signature in black ink, appearing to read "J. Hagler", with a long horizontal stroke extending to the right.

J. Eric Hagler  
Director, Office of the Arkansas Lottery

Enclosures as stated

cc: The Honorable Asa Hutchinson, Governor of Arkansas  
Mr. Larry Walther, Secretary of the Arkansas Department of Finance and Administration

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total Amount to Increase AASIS Amounts
Projection for Additional Funds Needed in AASIS								
Scientific Games	-	11,497,237	18,431,623	19,906,153	21,498,646	23,218,537	4,179,337	98,731,533
Intralot	9,702,658	14,227,427	14,594,249	14,972,077	15,361,239	15,762,076	2,695,823	87,315,549
Camelot	-	426,965	4,200,000					4,626,965



STATE OF ARKANSAS  
**AMENDED AWARD**  
**Term Contract**

Vendor No. 100214563  
 Contact  
 Your reference 390502

SCIENTIFIC GAMES INTERNATIONAL INC  
 1500 BLUEGRASS LAKES PKWY  
 ALPHARETTA GA 30004

Contract No. 4600034816  
 Date 06/23/2015

Contact Jacob A Saugey  
 Telephone 501-371-6182  
 Fax 501-324-9212

Our ref. ST  
 Incoterms FOB  
 DESTINATION

**Send Invoice To:**

DFA-Office of the Arkansas Lottery  
 PO Box 3238  
 Little Rock, AR 72203

**Ship To:**

DEPARTMENT OF FINANCE AND ADMINISTRAT  
 OFFICE OF THE ARKANSAS LOTTERY  
 PO Box 3238  
 LITTLE ROCK AR 72203

Valid from: 02/16/2016  
 Valid to: 08/18/2026

Item	Material/Description	Target Qty	UM	Unit Price	Amount
	Target value	63,153,937.50 USD			
0004	10024604 TECH SERVICE, ENTERTAINMENT Instant Ticket Lottery Game Services: Scientific Games International; **Percentages** ***NOTE*** Line Four (4) replaces Line Three (3) due to a material number change. *** THIRD AMENDMENT to the agreement for contractual services originally established August 18th, 2009. 1. The Lottery exercises the remaining extensions under the Agreement such that the Term of the Agreement now expires on August 18th, 2019. 2. The parties agree to amend Section 2 of the Agreement to provide that the Term shall expire Seven (7) years following the completion of the current Term, as extended herein, with said expiration date August 18th, 2026. 3. Scientific Games International (SGI) agrees to reduce the aggregate percentage of sales from 1.81% to 1.30% of Net Sales (As this term is defined in the RFP). The parties agree that the Properties Plus program and the use of Failsafe by the Lottery shall continue throughout the extended term, except to the extent reasonably agreed upon by the parties in writing. 4. The parties agree that should the total Net Sales of Lottery instant ticket sales exceed \$360,000,000.00 in a contract year of the Agreement, SGI	50,310,000	each	1.00	\$ 50,310,000.00

**GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:**

All purchasing rules and regulations defined by the State of Arkansas apply to this document.

*Marnie Davidson*

Purchasing Official/Fiscal Officer

07/18/2017



STATE OF ARKANSAS  
**AMENDED AWARD**  
**Term Contract**

Vendor No. 100214563  
 Contact  
 Your reference 390502

Contract No. 4600034816  
 Date 06/23/2015  
 Our reference ST

Item	Material/Description	Target Qty	UM	Unit Price	Amount
	<p>shall receive a one-time bonus payment in the amount equivalent to 4.5% of all such incremental sales exceeding \$360,000,000.00. During the contract year running from August 18,2015 through August 17, 2016, such bonus payment, if any, shall be calculated based on the total Net Sales of instant ticket sales for such contract year, then multiplied by the percentage of the contract year comprised of the period running from the effective date of this Third Amendment through August 17, 2016.</p> <p>5. The new rate shall be effective for all sales of Lottery tickets as of the Effective Date of this Amendment (November 14th, 2015).</p> <p>6. SGI agrees to continue to provide, at no additional cost to the Lottery, an annual SOC 2 Type 2 audit of the Players Club pursuant to all applicable AICPA Trust Service principles during the extension term.</p> <p>7. SGI Agrees to provide the Lottery with an Arkansas Specific Player Segmentation Study in accordance with the schedule and scope to be agreed upon by the parties at no additional cost to the Lottery.</p> <p>8. Except as amended by this Third Amendment, all other terms and conditions of the Agreement, including but not limited to the Recital, shall remain in effect as set forth therein.</p> <p>The dollar value of this Amendment is based on a projected estimate of \$360,000,000 in sales at 1.3% or \$4,680,000 per year. The monthly value is \$390,000 per month. The First 45 months of this extension have a value of \$17,550,000.</p> <p>The Seven Year renewal has a value of \$32,760,000.</p> <p>The combined the value of this Amendment is \$50,310,000.00.</p> <p>*** Text changed ***</p>				
0006	<p>10024604            TECH SERVICE,ENTERTAINMENT            FIRST AMENDMENT TO THE AGREEMENT FOR CONTRACTUAL SERVICES FOR INSTANT TICKET LOTTERY GAME SERVICES            **POINTS FOR PRIZES PROGRAM**            NOTE: Line Five (5) created to replace Line Two (2) due to a Material Number change.            *** Text changed ***</p>	5,319,123	each	1.00	\$ 5,319,123.00
0006	<p>10024604            TECH SERVICE,ENTERTAINMENT            Instant Ticket Lottery Game Services.            Properties Plus LOYALTY PROGRAM percentage allocation from the instant ticket prizes at 1.35%            Miscellaneous Services:            SECOND AMENDMENT TO THE AGREEMENT FOR CONTRACTUAL SERVICES FOR INSTANT TICKET LOTTERY GAME SERVICES.            PROPERTIES PLUS LOYALTY PROGRAM.            ALLOCATION IS 1.35% ON ALL PRIZE STRUCTURES FOR INSTANT</p>	7,524,815	each	1.00	\$ 7,524,814.50

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STATE OF ARKANSAS  
AMENDED AWARD  
Term Contract

Vendor No. 100214563  
Contact  
Your reference 390502

Contract No. 4600034816  
Date 06/23/2015  
Our reference ST

Item	Material/Description	Target Qty	UM	Unit Price	Amount
	TICKET GAMES. NOTE: Line Six (6) added due to a Material Number expiration. The new material number (10024604) referenced starting 11/2/2016. *** Text changed ***				

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

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**Copy of Term Contract - DO NOT PROCESS**

Vendor No. 100214562  
 Contact  
 Your reference

INTRALOT INC  
 11360 TECHNOLOGY CIR  
 DULUTH GA 30097

Contract No. 4600034952  
 Date 06/25/2015

Contact Drake B Glover  
 Telephone 501-682-2554  
 Fax 501-324-9212

Our ref. ST  
 Incoterms FOB  
 DESTINATION

**Send Invoice To:**

DFA-Office of the Arkansas Lottery  
 PO Box 3238  
 Little Rock, AR 72203

**Ship To:**

DEPARTMENT OF FINANCE AND ADMINISTRAT  
 OFFICE OF THE ARKANSAS LOTTERY  
 PO Box 3238  
 LITTLE ROCK AR 72203

Valid from: 07/01/2015

Valid to: 08/14/2026

Target value 44,989,440.00 USD Business Area: 0613 Cost Center: 390502 If you have any questions regarding this Term Contract; contact Cheryl Reed or Marnie Davidson at 501-324-9057.					
Item	Material/Description	Target Qty	UM	Unit Price	Amount
0001	10112712 SERVICE, TECHNICAL SUPPORT Amendment no. 2 1. INTRALOT is granted by the "Arkansas Lottery Commission" now know as DFA-Office of the Arkansas Lottery, and accepts, for the consideration set forth below, all three (3) available 1 year extensions to the Contract, commencing August 15, 2016(the "Extension Effective Date") through August 14, 2019. 2. In consideration for the granting and acceptance of the Extension, INTRALOT and the ALC now know as DFA-OAL agree as follows: a. Intralot will continue to be compensated at the rate of 2.45% of instant and on-line sales until July 1, 2015;and b. Thereafter until the extension years expire on August 14,2019, Intralot shall be compensated at the rate of 2.165% of instant and on-line sales; and c. Intralot will provide a one-time marketing allowance of \$100,000.00 to be used by the DFA-OAL during the term of the agreement and its 3 year extension. Any funds not used at the expiration of the extension shall be	42,989,440.00	Lump Sum	1.00	\$ 42,989,440.00

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Vendor No. 100214562  
 Contact  
 Your reference

Contract No. 4600034952  
 Date 06/25/2015  
 Our reference ST

Item	Material/Description	Target QtyUM	Unit Price	Amount
	<p>forfeited; and</p> <p>d. Intralot will continue to provide annyally, through the extension years, a \$ 25,000 commiitment for System audit fees and a %25,000 commitment for charitable contributions supported by the DFA-OAL.</p> <p>3. This Amendment No. 2 sets forth the entire understanding between Parties with respect to the matters set forth herein and supersedes all prior representations, understandings or agreements, whether written or oral, expressed or implied regarding those matters specifically set forth herein. Unless otherwise mmodified herein the Contract shall remain in full force and effect according to its terms.</p>			
0002	<p>10134040                      VENDING MACHINE,TICKET                      Vending Machine, Ticket</p>	2,000,000 each	1.00	\$ 2,000,000.00
Estimated Net Value				<b>44,989,440.00</b>

**GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:**

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STATE OF ARKANSAS

AMENDED AWARD

Term Contract

Vendor No. 100212900  
Contact  
Your reference SP-15-0097

CAMELOT GLOBAL  
200 W JACKSON BLVD STE 425  
CHICAGO IL 60606

Contract No. 4600036646  
Date 01/29/2016

Contact Jacob A Saugey  
Telephone 501-371-6182  
Fax 501-324-9212

Our ref. ST  
Incoterms FOB  
DESTINATION

Send Invoice To:

DFA-Office of the Arkansas Lottery  
PO Box 3238  
Little Rock, AR 72203

Ship To:

DEPARTMENT OF FINANCE AND ADMINISTRAT  
OFFICE OF THE ARKANSAS LOTTERY  
124 W CAPITOL STE 1400  
LITTLE ROCK AR 72201

Valid from: 11/30/2015  
Valid to: 06/30/2022

Target value 18,950,000.00 USD  
\*\*\* Validity period changed \*\*\*

GENERAL CONDITIONS AND INSTRUCTIONS TO VENDOR:

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*Melanie M Hayslip*

Purchasing Official/Fiscal Officer

06/25/2020



STATE OF ARKANSAS

Term Contract

Vendor No. 100212900
Contact
Your reference SP-15-0097

CAMELOT GLOBAL
200 W JACKSON BLVD STE 425
CHICAGO IL 60606

Contract No. 4600036646
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LITTLE ROCK AR 72201

Valid from: 11/30/2015
Valid to: 06/30/2022

Target value 18,950,000.00 USD
State Contract SP-15-0097
Business Area: 0613
Cost Center: 390502
Fund Center: 700613

TO INSURE PROMPT PAYMENT USE THE CONTRACT NUMBER NOTED ABOVE ON ALL INVOICES AND INQUIRES. PLEASE SEND INVOICES TO THE BILL TO ADDRESS ABOVE.

TERM of Contract:

The Initial term of this Agreement shall be effective as of November 30th, 2015 and terminate on June 30th, 2020, with two (2) additional optional extension periods of twelve (12) months each.

Table with 5 columns: Item, Material/Description, Target QtyUM, Unit Price, Amount. Contains two rows of contract items for 'PRO SERVICE,CONSULTANT,MANAGEMENT'.

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Melanie M Hayslip

Purchasing Official/Fiscal Officer

06/25/2020



STATE OF ARKANSAS

Term Contract

Vendor No. 100212900  
Contact  
Your reference SP-15-0097

Contract No. 4600036646  
Date 01/29/2016  
Our reference ST

Item	Material/Description	Target Qty	UM	Unit Price	Amount
Projected Value: \$2,400,000.00 for four (4) years. Term: FY17 thru FY20 (July 1, 2016 to June 30th, 2020). Potential value of two (2) optional one (1) year extensions: \$1,200,000.00 or \$600,000.00 each year.					
0003	10090178 PRO SERVICE,CONSULTANT,MANAGEMENT Incentive Compensation: Estimated Value: \$3,100,000 per year.	15,500,000.00	Lump Sum	1.00	\$ 15,500,000.00
0004	10090178 PRO SERVICE,CONSULTANT,MANAGEMENT Expenses: Estimated value \$80,000.00 per year for the duration of contract and potential extensions.	400,000.00	Lump Sum	1.00	\$ 400,000.00
Estimated Net Value					<b>18,950,000.00</b>
If you have questions regarding this Term Contract; please contact Alan Saugey at 501-371-6182 or Marnie Davidson at 501-324-9068.					

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