



STATE OF ARKANSAS
ARKANSAS LOTTERY COMMISSION

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November 25, 2014

The Honorable Robert Thompson, Co-Chair
The Honorable Mark Perry, Co-Chair
Arkansas Lottery Commission Legislative Oversight Committee
One Capitol Mall, Room R-501
Little Rock, AR 72201

Gentlemen:

On November 19, 2014, the Arkansas Lottery Commission approved a Second Amendment to the Agreement for Contractual Services for Instant Lottery Game Services and also approved execution of this contract subject to review by the Arkansas Lottery Commission Legislative Oversight Committee. As such, I am requesting that the ALCLOC place this contract on its agenda for review on December 5, 2014. The following information for review is provided:

1. Date of agreement: The Arkansas Lottery Commission (ALC) approved the language of the amendment at its meeting on November 19, 2014.
2. Term of agreement: The amendment does not change the term (length) of the contract between the parties.
3. Vendor or other parties to the agreement: Scientific Games International.
4. Value (cost or cost savings) projected for the agreement: SGI has agreed to reduce the Properties Plus loyalty program percentage allocation from the instant ticket prize structures to 1.35% (from the current 1.5%). The new rate of 1.35% will be used on all prize structures for instant ticket games executed after the signing of the amendment. The reduction in the percentage allocation does not impact the value of the points in the program. The value of each point will remain at \$0.015. ALC will pay approximately \$340,000 less each year for the cost of the loyalty program.

A copy of the proposed Second Amendment to the Agreement is attached. Please let me know if you would like additional information or have any questions regarding this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Bishop Wosley".

Bishop Wosley
Director

Enclosure

cc: John C. "Smokey" Campbell III, Chairman, Arkansas Lottery Commission

**SECOND AMENDMENT TO THE
AGREEMENT FOR CONTRACTUAL SERVICES FOR
INSTANT TICKET LOTTERY GAME SERVICES**

THIS SECOND AMENDMENT ("Second Amendment") TO THE AGREEMENT dated effective as of August 18, 2009 (the "Agreement"), is entered into on this ___ day of December, 2014, by and between the Arkansas Lottery Commission ("ALC"), P.O. Box 3238, Little Rock, AR 72203 and Scientific Games International, Inc. ("SGI"), 1500 Bluegrass Lakes Parkway, Alpharetta, GA 30004, witnesses that the parties have made the agreements set forth below:

RECITALS

WHEREAS, the ALC issued a Request for Proposal for Instant Ticket Lottery Game Services on June 19, 2009, with a proposal opening date of July 23, 2009, and subsequent addendums dated June 30, 2009, and July 15, 2009, ("RFP") for the implementation, operation and maintenance of an Instant Ticket Games System ("Gaming System"); and

WHEREAS, upon evaluation of the proposals submitted in response to the RFP, the ALC determined that the SGI proposal dated July 27, 2009, ("Proposal") met or exceeded each of the requirements of the RFP and was the Successful Vendor pursuant to the ALC's competitive proposal process; and

WHEREAS, the ALC entered into the Agreement with SGI to provide a comprehensive solution to instant ticket operations, including the manufacture of instant tickets, warehousing, ordering and distribution of instant tickets and marketing support services on August 18, 2012; and

WHEREAS, the parties now desire to amend the Agreement;

NOW, THEREFORE, in consideration of the above promises, and the mutual promises set forth below, and subject to compliance with Arkansas Law, the ALC and SGI, hereby amend the Agreement as follows:

- A. Scientific Games agrees to reduce the Properties Plus loyalty program percentage allocation from the instant ticket prize structures to 1.35% (from the current 1.5%). The new rate of 1.35% will be used on all prize structures for instant ticket games executed after the signing of this amendment.

The reduction in the percentage allocation does not impact the value of the points in the program. The value of each point will remain at \$0.015.

IN WITNESS WHEREOF, the parties have executed this Second Amendment on the ___ day of December, 2014.

ARKANSAS LOTTERY COMMISSION

Name:

Title:

SCIENTIFIC GAMES INTERNATIONAL, INC.

Name:

Title: