

Agreement for Contractual Services for Business Plan and Consultancy Services Contract

This Agreement for Contractual Services for Business Plan and Consultancy Services ("Agreement") is made effective as of July 1, 2022, ("Agreement Effective Date"), by and between the Department of Finance and Administration Office of the Arkansas Lottery ("OAL") and Camelot Global Services, (North America) Inc. ("Camelot"), individually known as "Party" and collectively known as "Parties" as follows:

RECITALS

WHEREAS, the State of Arkansas has, pursuant to Arkansas law, established OAL and authorized the Secretary of the Department of Finance and Administration, and the OAL Executive Director, to enter into contracts for the operation and promotion of the Arkansas Lottery; and

WHEREAS, the Parties entered into that certain First Amendment to Agreement for Contractual Services for Business Plan and Consultancy Services Pursuant to Request for Qualifications SP-15-0097 dated November 30, 2015; and

WHEREAS, the Parties entered into that certain Second Amendment to Agreement for Contractual Services for Business Plan and Consultancy Services Pursuant to Request for Qualifications SP-15-0097 dated July 1, 2020; and

WHEREAS, the Parties entered into a Third Amendment to Agreement for Contractual Services for Business Plan and Consultancy Services Pursuant to Request for Qualifications SP-15-0097 dated July 1, 2021, for a term of one (1) year; and

WHEREAS the Parties now desire to enter into this agreement for Camelot to provide consultancy services for a period of time not to exceed one (1) year;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which the Parties acknowledge, the Parties hereby enter into this contract for consultancy services, effective as of the Effective Date of the Agreement:

AGREEMENTS

1. ADDRESSES OF PARTIES: Camelot's address is 200 West Jackson Blvd., Suite 425, Chicago, IL 60606, and the address of the Department of Finance and Administration Office of the Arkansas Lottery is 124 West Capitol Ave., Suite 1400, Little Rock, AR 72201.
2. TERM OF AGREEMENT: The term of this Agreement shall commence on the Effective Date and continue uninterrupted until June 30, 2023, unless earlier terminated as set forth herein. The Parties further agree that this Agreement may be terminated without penalty by either Party with thirty (30) days written notice to the other Party. Compensation may be incurred through the thirtieth (30th) day after notice of termination has been provided by either Party. Invoicing and payment for all compensation incurred shall be in accordance as set forth in this Agreement. These compensation payments shall not constitute penalties under this Agreement.
3. COMPENSATION: The compensation for this Agreement shall be as follows:
 - a. Base Compensation. Beginning July 1, 2022, and throughout the term of this Agreement, OAL shall pay Camelot a compensation not to exceed Five Hundred Thousand Dollars (\$500,000.00) ("Base Compensation" and collectively, with other forms of compensation, ("Compensation")). Camelot shall provide a minimum of 500 (five hundred) dedicated days to the services provided pursuant to this Agreement. In the event OAL does not utilize any of its allocated 500 days during the term of this Agreement, the Compensation shall be reduced by One Thousand Dollars (\$1,000.00) for each day not utilized by OAL up to the allocated 500 days. The OAL shall pay the Base Compensation in 12 equal monthly installments totaling \$500,000.00 for the year term of this Agreement within fifteen (15) days of receiving an invoice each month from Camelot.
 - b. Additional Compensation. Camelot may be entitled to additional compensation calculated as follows:
 - i. For the period of July 1, 2022, to June 30, 2023, the term of this Agreement, in addition to the base amount of \$500,000.00, Camelot has the potential to receive additional

compensation for services performed up to One Million Dollars (\$1,000,000.00) based on the following formula:

A. Camelot shall receive five-percent (5%) total *Operating Income Before Transfers* that exceeds ninety-million-dollars (\$90,000,000.00).

B. Camelot shall receive a five-hundred-thousand-dollar (\$500,000.00) achievement bonus if combined sales of Natural State Jackpot (“NSJ”) and Lotto (“AR LOTTO or Arkansas Lotto”) equate to \$18.2M in FY23. If the launch of Lotto extends beyond week 14 FY23 (week commencing October 3, 2022) this target reduces by \$312,820.00 per week. *Net Sales shall be GAAP-based, which shall exclude any free tickets offered as part of a promotion.*

c. The maximum total compensation available to Camelot under this Agreement shall not exceed one-million-five-hundred-thousand-dollars (\$1,500,000.00).

4. **SERVICES TO BE PERFORMED AND JUSTIFICATION FOR CONSULTANCY SERVICE CONTRACT:** Camelot has assisted OAL for period of seven (7) years in the development of a broad-based network of retail establishments selling Arkansas Scholarship Lottery games (“ASL Games”). Over this period, Camelot has amassed knowledge of the intricate business operations conducted by OAL. OAL is now preparing to launch a new in-state draw game (“Lotto” or “AR LOTTO” or “Arkansas Lotto”) (“new game”) in or about September of 2022. During the preceding year, Camelot has assisted with various aspects of the new game, including assisting with focus groups, game features, marketing designs, etc. Camelot is uniquely qualified to perform these duties as a result of the resident knowledge that they possess regarding the current operations of OAL and the desired path forward for the successful launch of the new game. Camelot is believed to possess a unique perspective of understanding of the Arkansas retail market, having assisted OAL in the retail development of the original in-state draw game (“Natural State Jackpot”)(“NSJ”). The scope of work performed by Camelot shall also be subject to assignment by the OAL Executive Director, in his sole discretion. *The Parties further understand that this Agreement will only become effective upon ratification by the appropriate legislative authorities.*

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date(s) last set forth below.

**DEPARTMENT OF FINANCE AND ADMINISTRATION OFFICE OF THE
ARKANSAS LOTTERY**

Larry Walther, Secretary

Date



J. Eric Hagler, Executive Director

05/20/2022
Date


CAMELOT GLOBAL SERVICES (NORTH AMERICA) INC.



Wayne Pickup, CEO, Camelot Global
Services North America, Inc.

Date

06/07/2022



John Skrimshire, Vice President

Date

06/07/2022