

**AGREEMENT FOR CONTRACTUAL SERVICES FOR BUSINESS PLAN AND
CONSULTING SERVICES PURSUANT TO REQUEST FOR QUALIFICATIONS
SP-15-0097**

THIS AGREEMENT, dated effective as of August _____, 2015, by and between the Department of Finance and Administration Office of the Arkansas Lottery ("OAL"), P.O. Box 3238, Little Rock, AR 72203 and Camelot Global Services North America ("Camelot"), 1800 JFK Boulevard, Suite 300, Philadelphia, PA 19103, witnesses that the parties have made the agreements set forth below:

RECITALS

WHEREAS, the State of Arkansas has, pursuant to Arkansas law, established the Lottery and authorized the Director of the Lottery ("Director") to enter into major procurement contracts including those for Consulting Services; and

WHEREAS, the Lottery issued a Request for Qualifications for Business Plan and Consulting Services ("RFQ"); and

WHEREAS, upon evaluation of the proposals submitted in response to the RFQ, the Lottery determined that the Camelot proposal dated July 17, 2015, ("Proposal") met or exceeded each of the requirements of the RFQ and was the Successful Vendor pursuant to the Lottery's competitive proposal process; and

WHEREAS, based on in-depth evaluations of the Camelot Proposal, the Lottery desires to enter into a contractual services agreement with Camelot to provide the scope of services specified in the RFQ; and

WHEREAS, Camelot desires to enter into such an agreement;

NOW, THEREFORE, in consideration of the above premises, and the mutual promises set forth below, and subject to compliance with Arkansas Law, the Lottery and Camelot, with this agreement (the "Agreement"), hereby make the following agreements:

AGREEMENTS

1. Contract Elements and Incorporations by Reference and Order of Priority

The contract elements ("Contract Elements"), which are incorporated by reference, and the order of priority shall be as follows;

- a. The RFQ, (Exhibit A);
- b. Camelot RFQ response, (Exhibit B);
- c. Any OAL Purchase Orders issued pursuant to this Agreement, (Exhibit C);

- d. Arkansas Lottery Commission Rules for Claims in Contract or Tort (Exhibit D).
- e. Arkansas Lottery Commission Procurement Contract and Vendor Rules (Exhibit E).

The terms of the Contract Elements may only be amended in writing and executed by OAL and Camelot.

2. Term of Contract: Five (5) years from the date of execution, with two (2) optional extension periods of one (1) year each. This contract shall automatically renew for each optional extension period upon the same terms and conditions hereof unless either Party informs the other Party, in writing, of its intent not to renew at least ninety (90) days prior to the expiration of the then current term. Both parties further agree that this contract may be terminated by either party with thirty (30) days written notice in the event it is determined that the services are no longer needed by OAL.

3. Terms of Compensation:

A. Within ten (10) days of the execution of this contract, OAL shall establish a separate fund to be known as the "Scholarship Growth Fund." The Scholarship Growth Fund shall consist of fifty percent (50%) of the amount of actual annual savings realized by OAL via the renegotiations of its payment obligations under its contracts. The annual savings shall be determined for the twelve (12) month period commencing with the date the renegotiated payment provisions are effective. Camelot shall be entitled to received "Base Compensation" solely from the Scholarship Growth Fund for services rendered hereunder.

1. If the Scholarship Growth Fund is not funded by October 31, 2015, Camelot may terminate this agreement by providing (10) days written notice to the OAL. In the event this contract is terminated under this Paragraph 3(A)(1), OAL shall reimburse Camelot for its demonstrated time and materials costs expended from the date of execution of this contract. In no event, however, shall OAL's obligations under this Paragraph 3(A)(1) exceed two hundred thousand dollars (\$200,000.00).

B. Camelot shall be entitled to additional "Incentive Compensation" which is performance-based compensation determined as a revenue share of additional (incremental) Net Proceeds earned above the Net Proceeds base of seventy-two million, three hundred six thousand, four hundred eighty dollars (\$72,306,480.00). "Net Proceeds" means amounts transferred to the Scholarship Fund pursuant to Arkansas law as of the date of this Agreement (i.e. calculated by deducting prizes, commissions and operations costs from total revenue generated by the Lottery). Provided, however, Net Proceeds shall be adjusted to exclude extraordinary expenses that impact the calculation of Net Proceeds by greater than one percent (1%) on an annual basis if such expense is not consistent with the business plan developed by Camelot. Extraordinary expenses shall not include payment of a prize expense.

As of the twelve (12) month period that commences on the effective date hereof (and is recalculated on the anniversary date of such effective date), Camelot shall be paid the sum of the following:

1. If Net Proceeds are greater than \$72,306,480, 12.5% of the amount that is calculated as the lesser of Net Proceeds or \$80,000,000 minus \$72,306,480.

$$[(\text{Net Revenues}/\$80,000,000) \text{ less } \$72,306,480] \times 0.125$$

2. If Net Proceeds are greater than \$80,000,000, but less than \$90,000,000, 13.75% of the amount that is calculated as the lesser of (Net Proceeds minus \$80,000,000) or \$10,000,000.

$$[(\text{Net Proceeds minus } \$80,000,000)/\$10,000,000] \times 0.1375$$

3. If Net Proceeds are greater than \$90,000,000, 15.00% of the amount that is calculated as Net Proceeds minus \$90,000,000.

$$[\text{Net Proceeds minus } \$90,000,000] \times 0.15$$

C. In order to compensate Camelot for its development of the Business Plan in compliance with this Contract, Camelot's right to receive Incentive Compensation and OAL's obligation to pay the Incentive Compensation shall be as follows:

1. In the event OAL terminates this Agreement, not for cause, within twenty-four (24) months from the date of the execution of the contract, Camelot's right to receive Incentive Compensation and OAL's obligation to pay Incentive Compensation shall be 12.5% of the amount of Net Proceeds greater than \$72,306,480.00 for the remainder of the terms of the Agreement.

2. In the event OAL terminates this Agreement, not for cause, from the first day commencing after the twenty-fourth month of the Agreement through the last day of the term of the Agreement, Camelot's right to receive Incentive Compensation and OAL's obligation to pay Incentive Compensation shall be as set forth in subparagraph B above for the remainder of the terms of the Agreement.

3. In the event OAL terminates this Agreement for cause, Camelot shall not be entitled to receive Incentive Compensation in any amount.

4. In the event Camelot terminates this Agreement at any time, Camelot's right to receive Incentive Compensation and OAL's obligation to pay Incentive Compensation shall be 12.5% of the amount by which Net Proceeds are greater than \$72,306,480.00 without regard to the amount of Net Proceed for the remainder of the Agreement.

4. Additional Covenants

a. It shall be a breach of ethical standards for a person to be retained, or to retain a person, to solicit or secure a state contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the contractor for the purpose of securing business. Camelot hereby covenants and agrees that no person shall:

(i) be excluded from participation in, or be denied benefits of, this Agreement, or

(ii) be excluded from employment, denied any of the benefits of employment or otherwise be subjected to discrimination on the grounds of handicap or disability, age, race, color, religion, sex, national origin or ancestry, or any other classification protected by federal, Arkansas state constitutional, or statutory law. Camelot agrees to, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

b. Camelot further agrees to maintain documentation for all charges against the OAL under this Agreement or any modifications or amendments thereto. The books, documents, papers, accounting records, and other evidence pertaining to products and/or services to be provided or performed or money received under this Agreement:

(i) shall be maintained for a period of five (5) full years from the date of the final payment; and

(ii) shall be subject to audit or inspection at any reasonable time and upon reasonable notice by the OAL or its duly appointed representatives. Camelot agrees to make such materials available at its offices, and copies thereof shall be furnished to the OAL or its duly appointed representative by Camelot, at no cost to the OAL or its duly appointed representative, if requested by the OAL or its duly appointed representative. Such records shall be maintained in accordance with any applicable provisions of generally accepted accounting principles (or other applicable accounting principles or policies) and any other applicable procedures established by the OAL from time to time.

c. Camelot and the Lottery shall be bound to confidentiality of any information that its employees may become aware of during the course of performance of contracted services. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the Contract.

d. The parties agree that the OAL is subject to the Arkansas Freedom of Information Act ("AFOIA"). The parties further agree Camelot will stamp or otherwise mark any generated or provided document it considers to be proprietary prior to providing the document to OAL. If the OAL receives an AFOIA request for a Camelot-generated or provided document that has been stamped or otherwise marked confidential,

the OAL will notify Camelot of said request and allow Camelot to respond within twenty-four hours indicating whether or not it considers the requested information to fall under any exemption recognized by AFOIA and to take necessary steps to protect the confidentiality of the requested information.

e. Camelot represents and warrants that its performance under the Contract will not knowingly infringe any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity and that it will not constitute the unauthorized use or disclosure of any trade secret of any other person or entity.

f. The parties further agree that any and all disputes which may arise from this Contract shall be governed and resolved under the Arkansas Lottery Commission Rules for Claims in Contracts or Torts.

g. Camelot further agrees that it is subject to all requirements of the Arkansas Lottery Commission Major Procurement Rules, whether such requirements are specifically set forth in the RFQ or not.

h. The Parties further agree that governance under this Contract will be shared among Camelot, the Director of the OAL, and the Director of the Arkansas Department of Finance and Administration ("DFA"). The Director of DFA shall have final decision-making authority on behalf of the OAL and the Chief Executive Officer of Camelot shall have final decision-making authority on behalf of Camelot on matters pertaining to the scope of services provided under this Contract.

IN WITNESS WHEREOF, the parties have executed this Contractual Services Agreement on this _____ day of August, 2015.

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION

Larry Walther
Director

OFFICE OF THE ARKANSAS LOTTERY

Bishop Woosley
Director

CAMELOT GLOBAL

(Name)