

Camelot Summary

Potential compensation to Camelot Global occurs only through two methods:

1. Additional funds made available through other vendor contract renegotiations will be split between the scholarship trust fund and a so-called "growth fund." This allows for the savings through found efficiencies to both immediately benefit students as well as be available to reinvest in the lottery for more sustainable improvement in net revenues. The growth account is accessible only by the Director of DFA, and can be utilized for Camelot-related or recommended expenses deemed necessary and benefitting to the Arkansas lottery.
2. Negotiations occurred in order to determine what a suitable beginning point, a "bogey," ought to be to determine growth. Despite data demonstrating a negative trend in lottery proceeds year to year, an agreed upon number reflecting the last twelve months' returns was determined to be best. Growth above this bogey (\$72,306,480) would result in the following commissions to Camelot:

Bogey to \$80M	12.50%
\$80M to \$90M	13.75%
\$90M+	15%

In order to work towards long-term, sustainable growth, the term of the contract will be 5 years, with two one-year extensions available to the lottery. This rightly reflects the long-term scope of lottery goals and realistically reflects time expectations for marked improvement.

In short, Camelot is to be paid only in the event they improve the Arkansas lottery's vendor contracts/grow the lottery.

The lottery had initially budgeted \$200K for consultant fees, but that money will remain unspent.