

ARKANSAS SCHOLARSHIP LOTTERY



RETAILER CONTRACT

THIS CONTRACT is entered into by and between the **ARKANSAS LOTTERY COMMISSION** (hereinafter referred to as "the ALC") and _____ (hereinafter referred to as "Retailer") doing business as _____, whose business address is _____.

1. Scope of Contract

- a. This Contract authorizes Retailer to sell lottery games as directed by the ALC, at the ALC's sole discretion.
- b. The section titles found in this Contract are solely for convenience and are not intended to affect the meaning of the Contract.

2. Term

This Contract shall begin on the date it is fully executed by the parties and shall remain in effect for a period of two (2) years unless suspended or terminated as provided herein or by the ALC's Retailer Rules. In the event that Retailer and the ALC have entered into any Contracts dated prior to the date of this Contract, this Contract shall replace any prior Contract in its entirety. For business entities with multiple locations, the locations governed by this Contract shall be listed separately in an Appendix to this Contract.

3. Compliance with Statutes and Rules

Retailer shall comply with all provisions of relevant Arkansas Statutes, as amended from time to time including the Arkansas Scholarship Lottery Act, Ark Code Ann. § 23-115-101 et seq., as well as rules and promulgated by the ALC. Retailers shall comply with all policies and procedures of the ALC established for each game and such other policies and procedures as may be established by the ALC.

4. Sale of Lottery Games

- a. Retailer shall sell only lottery games approved by the ALC and no other state or national lottery games except as may be expressly authorized by the ALC for locations in Arkansas.
- b. Retailer shall sell tickets for games as directed by the ALC in the manner provided by this Contract and other controlling statutes, rules, regulations and procedures.
- c. Retailer shall not sell lottery tickets to anyone less than eighteen (18) years of age.
- d. Retailer shall only accept cash as payment for lottery tickets and shall not accept checks, credit cards, debit/check cards, money orders, or gift cards as payment for lottery tickets.
- e. Retailer shall not sell lottery games at any price other than that established by the ALC.
- f. Retailer shall make lottery games available for sale to the public during Retailer's normal business hours.
- g. Retailer shall not be engaged in business exclusively as a lottery ticket retailer.
- h. Retailer shall sell lottery games only at the location stated on the Retailer License issued to Retailer by the ALC. Retailer shall display Retailer License in a conspicuous location within Retailer's place of business.
- i. Retailer shall display and maintain in prominent locations point-of-sale materials provided by the ALC, including, but not limited to, playstations, electronic displays, and odds pieces.

5. Cooperation with Lottery Representatives

Retailer shall fully cooperate with Lottery employees or agents and law enforcement agencies in the investigation and recovery of lost, stolen, altered or counterfeit games, and in other investigations. Retailers shall immediately report to the ALC any knowledge of unlawful activities or other improprieties concerning lottery operations. Retailer shall be accountable for all instant games received, all online games generated, and online game stock received, and all funds received by Retailer. Retailer shall cooperate in the collection of funds owed to the ALC and in the review of and/or physical inspection of lottery games, online game stock, records and equipment by ALC employees or agents on demand.

6. Retailer Sales Commission

With the exception of Special Games as designated by the ALC for which the ALC shall pay to Retailer a commission of up to ten percent (10%) of the purchase price, the ALC shall pay to Retailer a Base Instant & Online Games Commission of five percent (5%) of the purchase price of all lottery games sold. The ALC shall also pay to the retailer a Selling Commission of one percent (1%) of the prize amount on each ticket sold by the Retailer that is validated and paid to a player with a prize amount of ten thousand dollars (\$10,000) or more. This Selling Commission shall not exceed a payment of twenty five thousand dollars (\$25,000). All payment shall be made in accordance with rules established by the ALC for settlement with Retailer. The Retailer may be eligible for other such Commissions as provided by the ALC's Retailer Rules.

7. Retailer Cashing/Redemption Commission

The ALC shall pay to Retailer a Cashing Commission equal to one percent (1%) of the prize value of lottery games validated and paid by Retailer at its authorized location, up to the cashing limit of \$500.00

8. Instant Ticket Inventory

Retailers are authorized to order and receive instant lottery games on a modified consignment basis. Instant lottery games received by Retailer will remain on consignment for a specified number of days after they are activated for sale by Retailer or after a specified percentage of low-tier prizes are redeemed, whichever occurs first. At that time, instant game books/packs will be automatically settled by the ALC. Unsold lottery games that have been previously settled may be returned to the ALC for credit within time frames and under conditions specified by the ALC. Retailer agrees that it is liable to the ALC for all lottery games accepted by any employee or representative of Retailer. Activated lottery games shall be deemed to have been purchased by Retailer unless returned with time frames and under conditions specified by the ALC. Should Retailer fail to return lottery games in the manner provided by the ALC, Retailer shall be responsible for payment to the ALC of the net sales value (retail sale value less commission) of the lottery games, except for lost, stolen or damaged lottery games, which shall be handled as provided in Sec. 9 of this Contract.

9. Lost, Stolen or Damaged Lottery Games

Retailer must immediately notify the ALC by telephone as soon as the Retailer knows, or should have known about the occurrence of lost, stolen or damaged lottery games. The total amount due to the ALC for active and inactive books will be included in the Retailer's next weekly settlement report.

10. Non-Transferability and Non-Assignability of Retailer Obligations

- a. This Contract is not assignable or transferable in whole or in part to any other person or entity. Retailer shall give the ALC at least thirty (30) days prior written notice any change in ownership, location or of persons designated by the Retailer License.
- b. Retailer shall provide proper training and instruction to its employees concerning the rules and procedures of the ALC and shall be responsible for the acts and omissions of its employees.
- c. Retailer may not relieve itself of any retailer obligations by entering into management or other agreements involving operation of its business.

11. Access to Records

Retailer shall maintain such financial and accounting records as the ALC shall require. Retailer shall make those records, including game book inventories, available for inspection and review at any time they are requested by the ALC or any authorized agent designated by the ALC. Retailer shall make available for review by the ALC any other books, documents, papers and records of Retailer that are directly pertinent to the sale of lottery games for the purpose of investigation or audit, or making excerpts, transcripts and copies.

12. Financial Conditions

- a. Retailer is required to remit to the ALC all monies received from the operation of lottery games, less the amount retained as compensation for the sale of lottery games and the amount paid out as prizes, in a manner and on a schedule determined by the ALC.
- b. Retailer shall maintain any and all commercial bank accounts required by the ALC and comply with all rules and regulation of the ALC concerning monies due to the ALC from the sale of lottery games. The ALC is authorized to make adjustments to settlements as deemed necessary.
- c. Dishonored electronic funds transfers, plus applicable penalties, and other invoiced items are due immediately. If a check or electronic transfer of funds to the ALC is dishonored, the ALC reserves the right to withhold credits and institute any and all legal actions authorized by law. Retailer agrees that any legal action brought to collect unpaid funds from Retailer may be brought in the appropriate court in Pulaski County, Arkansas. Should the ALC prevail in any action, Retailer shall pay the expenses of collection and /or litigation, including reasonable attorneys' fees.

13. Report of Change in Condition

If, at any time during the term of this Contract, either the Retailer or the Responsible Person listed on the Retailer's application, or amendments thereto, is convicted of, or enters a plea of guilty or nolo contendere, regardless of adjudication, to an offense punishable as a felony or an offense involving dishonesty or gambling, or if such person incurs a tax delinquency with the federal government or any taxing authority within the State of Arkansas, Retailer shall report such event to the ALC in writing within fifteen (15) days of the occurrence of that event. Should such event occur, or should Retailer fail to report such event, this Contract may be terminated or suspended and any subsequently filed application may be rejected.

14. Indemnification and Liability for Damage to Personal Property

- a. Retailer shall defend, protect and hold harmless the State of Arkansas, the ALC, and any officers or employees thereof, from and against all claims, suits or actions arising from any willful or negligent act or omission of Retailer or its agents while performing under the terms of this Contract. This provision in no way alters or modifies the rights and privileges set forth in Ark. Code Ann. §23-115-208.
- b. Retailer shall be responsible for any loss or damage to the property of the ALC or its vendors including but not limited to loss of profit or revenue which results from the willful or negligent act or failure to act of the Retailer. Retailer agrees that upon the theft, loss, destruction or damage of any property of the ALC or its vendors, Retailer shall immediately notify ALC Security at its location in Little Rock, Arkansas, by telephone and shall take all reasonable steps to protect that property from further damage or loss.

- c. In the event of any negligent or intentional damage to the equipment or material supplied to Retailer, the parties agree that Retailer shall pay a sum equal to the cost of repair or replacement.

15. Payment of Prizes by Retailer

Retailer shall redeem and pay all winning lottery games valued at five hundred dollars (\$500) or less which are authorized and validated through Retailer's Lottery terminal. Retailer shall, upon presentation of such winning lottery games, perform the necessary authorization and validation as called for by the rules and regulations of the ALC. Winning games valued greater than five hundred dollars (\$500) shall be paid by the ALC only, and if paid by Retailer, may not be reimbursed to Retailer and may subject Retailer to Internal Revenue Service penalties. Under no circumstances shall Retailer charge the player a fee for the service of redeeming winning lottery games. Retailer agrees that the ALC has the right to immediately suspend or terminate sales should Retailer refuse to redeem and pay a properly presented game.

16. Terminal Requirements

- a. The ALC and its vendors and suppliers shall provide Retailer with equipment, such as Lottery terminals, game dispensers, and playstations. The equipment will be used exclusively in connection with lottery business. All equipment and supplies provided to Retailer by the ALC or its vendors shall remain the property of the ALC or its vendors. Retailer shall acquire no interest whatsoever in the equipment or supplies.
- b. Retailer and its employees who sell lottery games shall meet training standards established by the ALC, relating to the operation of lottery terminals and the sale of lottery products.
- c. Retailer may pay a nominal fee to the ALC for the use, maintenance and upkeep of lottery provided equipment. The amount of the fee may be subject to change upon written notice by the ALC and does not constitute a material change in the Contract. Such charges may be collected by the ALC in the same manner and at time that other amounts owed the ALC are collected.
- d. Retailer shall be responsible for meeting terminal installation requirements as specified by the ALC, including, but not limited to, electrical circuitry; telephone line and equipment; counter, roof, and building space; and conduit, if applicable. All expenses associated with the items required to be furnished by Retailer shall be the sole responsibility of Retailer.

17. Accessibility for the Disabled

Retailers shall comply with all applicable policies, procedures, statutes, ordinances, laws, executive orders, rules and regulations adopted by federal, state, and local governments, without limitation, to provide accessibility for individuals with disabilities as required by the Americans with Disabilities Act of 1990, 42 U.S.C. 1201.

18. Ability to Engage in Sale of Lottery Tickets

Retailer represents that it is not prohibited from the sale of lottery games. In the event it is determined that any restriction or document exists which may be applicable to Retailer and which would prohibit the sale of lottery games, or restrict the sale of lottery games in any manner, the existence of such restrictions or document shall be grounds for termination or suspension of this Contract, at the sole discretion of the ALC.

19. Use of ALC logo

Upon prior written request and approval, Retailer may use and display the Arkansas Scholarship Lottery logo, other trademarked or other advertising material without charge to the user or compensation to the Commission for its use.

20. Termination

- a. This Contract may be terminated by Retailer at any time upon a twenty (20) calendar day written notice to the ALC. The Retailer must return all property, materials, and unused or unsold lottery games belonging to the ALC or to the vendor before 5:00 p.m. of the twentieth day.
- b. Retailer shall maintain the commercial bank account required by this Contract for at least thirty (30) calendar days following termination.
- c. The ALC may immediately terminate this Contract or suspend Retailer for a period of time specified by the ALC from receiving, activating, validating, selling and cashing lottery games, and may reject any subsequently filed application for a new Contract if Retailer fails to comply with the terms of this Contract. The reasons for termination or suspension of this Contract, or rejection of any subsequently filed application for a new Contract, include, but are not limited to, the following:
 1. Retailer has provided false or misleading information in obtaining a Retailer Contract and Retailer License;
 2. Retailer fails to renew Retailer License;
 3. Retailer loses Retailer License;
 4. Retailer has entered a plea of guilty or nolo contendere or has been convicted of an offense punishable as a felony or an offense involving gambling, subject to the exclusions set forth in Ark. Code Ann. §23-115-601;
 5. Retailer has outstanding tax delinquencies owed to the federal government or any taxing authority within the State of Arkansas;
 6. Retailer has jeopardized the integrity, security or efficient operation of the ALC;
 7. The ownership or location of the Retailer's business has changed;
 8. Retailer has failed to accurately account for lottery games, revenues or prizes as required by the ALC;
 9. Retailer has failed to remit or is delinquent in remitting money owed to the ALC;
 10. Retailer has committed any fraud, deceit or misrepresentation to the ALC or to any individual purchasing lottery games or redeeming a prize from Retailer;
 11. Retailer has sold a lottery game or paid a prize to any person under 18 years of age;

12. Retailer has sold a lottery game at any place other than the place authorized by the Retailer License;
 13. Retailer has not prominently displayed its Retailer License at the authorized sale location;
 14. Retailer has not prominently displayed and maintained ticket dispensers/displays and point-of-sale materials provided by the ALC;
 15. Retailer has not made point-of-sale information for lottery products accessible to the public;
 16. Retailer has sold games at a price other than that established by the ALC;
 17. Retailer has materially changed any factor considered by the ALC in selecting Retailer;
 18. Retailer has charged a fee to redeem a lottery game or has required a customer to purchase another item in order to purchase or redeem a lottery game;
 19. Retailer has paid a prize of more than five hundred dollars (\$500);
 20. Retailer has exchanged a book(s), lottery game(s), ticket(s), or ticket stock with another lottery retailer;
 21. Retailer has purchased a book(s), games(s) or ticket(s) from another lottery retailer for resale;
 22. Retailer is no longer duly organized, in good standing, and qualified to do business in the State of Arkansas;
 23. Retailer has violated any rule or regulation promulgated by the ALC;
 24. Retailer has violated any directive or instruction issued by the ALC; or
 25. Retailer has violated any provision of The Arkansas Scholarship Lottery Act, Arkansas Code Annotated §§ 23-115-101 et seq. and 6-85-201 et seq.
- d. Retailer shall promptly surrender possession of property of the ALC or its vendor upon request of the ALC.
- e. Suspension Procedure. The ALC may suspend this Contract without prior notice if it determines that immediate suspension is necessary in order to ensure the integrity, security, honesty or fairness of the operation of the ALC.

21. Unauthorized Aliens

The employment of unauthorized aliens by any vendor is considered a violation of Section 274A (e) of the Immigration and Nationality Act, 8 USC 1324a. If Retailer knowingly employs unauthorized aliens, such violation shall be cause for unilateral cancellation of the Contract.

22. Discrimination

Retailers shall comply with all applicable policies, procedures, rules and regulations adopted from time to time by the ALC, and all other applicable federal, state, and local laws, rules, regulations, ordinances of, executive orders, including without limitation, the Arkansas Scholarship Lottery Act, and all other labor, employment, and anti-discrimination laws, and all provisions required thereby to include herein, and hereby incorporated by reference.

23. Recourse in the Event of Suspension or Revocation

Retailer agrees that in the event Retailer contests any suspension or termination of this Contract, Retailer's remedy shall be found in the relevant provisions of the Arkansas Scholarship Lottery Act, Arkansas Code Ann. §23-115-101 et seq. and the ALC's Retailer Rules.

24. Breach

- a. Retailer agrees that failure by Retailer to comply with any of the terms of this Retailer Contract shall constitute a breach of this Contract.
- b. The parties agree that, if Retailer breaches this Contract the ALC shall require Retailer to pay the full amount of the value of all lottery games issued to Retailer but not settled.
- c. Retailer agrees that it shall be liable for all costs incurred by the ALC in collecting the amounts due it from Retailer, including any court costs and reasonable attorneys' fees.
- d. The parties agree that failure of a party to pursue its legal remedies in case of breach shall not operate as waiver of that breach, nor the remedies therefor.

25. Severability

Retailer agrees that the invalidity or unenforceability of any provision of this Contract shall not affect or diminish the validity or enforceability of the remaining provisions.

26. Ethics Policy; Gifts Prohibited

Lottery employees are prohibited by the Arkansas Scholarship Lottery Act and Section 12 of the Arkansas Lottery Commission Retailer Rules from accepting gifts of any value from entities doing business with the ALC. Retailer agrees that it will not offer or provide to any Lottery employee any gift or other item of value that would violate the above and acknowledges that the ALC may unilaterally cancel this Contract if Retailer violates this provision.

27. Lottery Retailer Rules

- a. The ALC Retailer rules, including any rule amendments, promulgated by the ALC are incorporated by reference and made a part of this Contract as if fully set forth herein.
- b. Retailer's signature on this Contract signifies that it has received a complete copy of the ALC's Retailer Rules. Additional copies of the Rules can be obtained by sending a written request to the Arkansas Scholarship Lottery, Staff Attorney, Post Office Box 3238, Little Rock, Arkansas 72203-3238. The Rules are also available on the ALC website at lotterycommission.arkansas.gov/

28. Independent Contractor

Retailer is an independent contractor licensed by the ALC strictly to sell approved lottery games. As such, Retailer's action and or inaction associated with its business shall not be imputed to the ALC, the State of Arkansas, or their Commissioners, officers, employees, vendors or agents.

29. Notice

Arkansas Scholarship Lottery – Retailer Contract

All notices and statements provided for or required by this Contract shall be in writing and shall be mailed to:

Arkansas Scholarship Lottery
Post Office Box 3238
Little Rock, AR 72202

IN WITNESS WHEREOF, the parties have caused this Contract to be executed on the date(s) set forth below.

RETAILER

(Applicant or Responsible Person Name): _____

Doing Business As: _____

Title: _____

(Signature) _____

Date: _____

Location ID or Chain ID Number: _____

ARKANSAS LOTTERY COMMISSION

By: _____ (Director)

_____ (Date)

State of Arkansas Lottery
ARKANSAS LOTTERY COMMISSION

ADDENDUM

To: Vendors
From: ARKANSAS LOTTERY COMMISSION
Date: 7/22/2009
Subject: ALC-090004

The following change(s) to the above referenced Request for Proposal have been made as designated below:

- ☒ Change of specification(s)
___ Additional specification(s)
☒ Change of bid opening time and date
___ Other

CHANGE OF SPECIFICATIONS

- **1.2 SCHEDULE OF EVENTS:** Delete "Answers to vendor questions July 29, 2009" and substitute "Answers to vendor questions July 24, 2009" and delete "Evaluation of proposals Approximately 7 days after proposal opening" and substitute "Evaluation of proposals Approximately 7 days after proposal opening by 4:00 p.m. C.D.T (Central Daylight Time)."
- **1.3 CAUTION TO VENDORS:** Delete the sentence "The Official Price Proposal Sheet is posted and may be downloaded at www.lotterycommission.arkansas.gov/ " and substitute "The Official Advertising, Marketing and Media Services Proposal Price Sheet is now posted and can be downloaded at www.lotterycommission.arkansas.gov/ "
- **1.11 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS:** Delete the sentence "The RFP evaluation committee chairperson will schedule the time and location for each demonstration or presentation." and substitute "The RFP evaluation committee chairperson may schedule the time and location for each demonstration or presentation."
- **1.12 PERFORMANCE SECURITY:** Delete "In order to assure full performance of all obligations imposed on a Vendor by contracting with the ALC, the Vendor will be required to provide a performance security in an amount of at least .05% of the total proposal price submitted by the Vendor within ten (10) working days from date of receipt of the ALC's written notification by mail of its intent to award a proposal." and substitute "In order to assure full performance of all obligations imposed on a Vendor by contracting with the ALC, the Vendor will be required to provide a performance security in an amount One Hundred Thousand Dollars (\$100,000.00) within ten (10) working days from date of receipt of the ALC's written notification by mail of its intent to award a proposal."
- **1.26 VENDOR QUALIFICATIONS:** Delete " Complete the cost schedule exactly as shown under Section 4 and Attachment B" and substitute "Complete the cost schedule exactly as shown under Section 4 and Attachment B and the Supplemental Pricing Information as shown under Attachment C."

CHANGE IF BID OPENING TIME AND DATE

- The Proposal Opening Date and Time as listed in the columned section at the top of page one (1) of ALC-090004 shall be deleted and the following Date and Time for Proposal Opening shall be substituted: July 31, 2009, at 4:00 p.m. CDT (Central Daylight Time).

The specifications by virtue of this addendum become a permanent addition to the above referenced Request for Proposal. FAILURE TO RETURN THIS SIGNED ADDENDUM MAY RESULT IN REJECTION OF YOUR BID. BIDS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED. THE BID ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE BID NUMBER, DATE, AND HOUR OF BID OPENING AND BIDDER'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS LOTTERY COMMISSION.

Company: _____
Signature: _____
Date: _____

OFFICIAL ADVERTISING, MARKETING AND MEDIA SERVICES PROPOSAL PRICE SHEET

The undersigned agrees to provide Advertising, Marketing and Media Services to the Arkansas Lottery Commission in accordance with the Request for Proposal, and any amendments or addendums thereto for proposal no. ALC - 090004. ***Proposer is required to provide the percentage, in the format shown below, as well as to attach hereto an itemized listing of the pricing for each of the component parts and services that comprise the percentage.***

DESCRIPTION (Written in Words and Number)	PERCENTAGE
_____ Services	_____ %

1. BY SUBMISSION OF A PROPOSAL, THE PROPOSER CERTIFIES:

1.1 Prices in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition.

1.2 No attempt has been made nor will be by the proposer to induce any other person or firm to submit a proposal for the purpose of restricting competition.

1.3 The person signing this proposal certifies that he/she is authorized to represent the company and is legally responsible for the decision as to the price and supporting documentation provided as a result of this advertisement.

1.4 Proposer will comply with all Federal regulations, policies, guidelines, and requirements.

1.5 Prices in this proposal have not been knowingly disclosed by the proposer and will not be prior to award to any other proposer.

2. GENERAL INFORMATION:

Proposer Name _____ Phone () _____

Fax () _____

Mailing Address _____

City _____ State _____ Zip _____

SSN/Employer Identification Number _____

3. OWNERSHIP AND CONTROL:

Proposers Legal Structure:

_____ Sole Proprietorship _____ General Partnership
_____ Corporation _____ Limited Partnership
_____ Limited Liability _____ Other _____

If Proposer is a sole proprietorship, list:

Owner Name _____ Phone () _____

Mailing Address _____

City _____ State _____ Zip _____

SSN/Employer Identification Number _____

Beginning date as owner of sole proprietorship _____

Provide the names of all individuals authorized to sign for the Proposer:

NAME (printed or typed)

TITLE

VERIFICATION

I certify under penalty of perjury, that I am a responsible official (as identified above) for the business entity described above as Proposer, that I have personally examined and am familiar with the information submitted in this disclosure and all attachments, and that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including criminal sanctions, which can lead to imposition of a fine and/or imprisonment.

(Signature)

(Name and Title) (Typed or Printed)

(Date)

ATTACHMENT B

COST SCHEDULE

DO NOT modify this format.

Vendors shall provide a credit, charge a fee, provide without charge (\$0), or does not offer (N/A) the following services:

Service	Charge for Services	Maximum Rating Points	Total Evaluation Points Awarded
Media Placement	_____ % of Charge for Service (Must not exceed 5%)	20	_____
Advertising & Marketing Services		20	
Creative Director	\$ _____ hourly charge (Not to exceed \$225.00)	3	_____
Art Director	\$ _____ hourly charge (Not to exceed \$175.00)	3	_____
Copy Writer	\$ _____ hourly charge (Not to exceed \$105.00)	3	_____
Account Supervisor	\$ _____ hourly charge (Not to exceed \$125.00)	3	_____
Account Manager/Coordinator	\$ _____ hourly charge (Not to exceed \$75.00)	2	_____
Staff Accountant	\$ _____ hourly charge (Not to exceed \$50.00)	2	_____
Promotional Specialist	\$ _____ hourly charge (Not to exceed \$100.00)	2	_____
Promotional Staff	\$ _____ hourly charge (Not to exceed \$25.00)	2	_____

ATTACHMENT C
Supplemental Pricing Information
(Additional Vendor Categories)

DO NOT modify this format.

Vendor's information provided on this page will NOT BE USED FOR SCORING and NO EVALUATION POINTS will be awarded for ATTACHMENT C. The additional pricing information will be used to set a cap for any supplemental services offered, if the vendor is ultimately selected as the contractor. ALC will negotiate all supplemental pricing prior to the RFP being awarded to the successful contractor.

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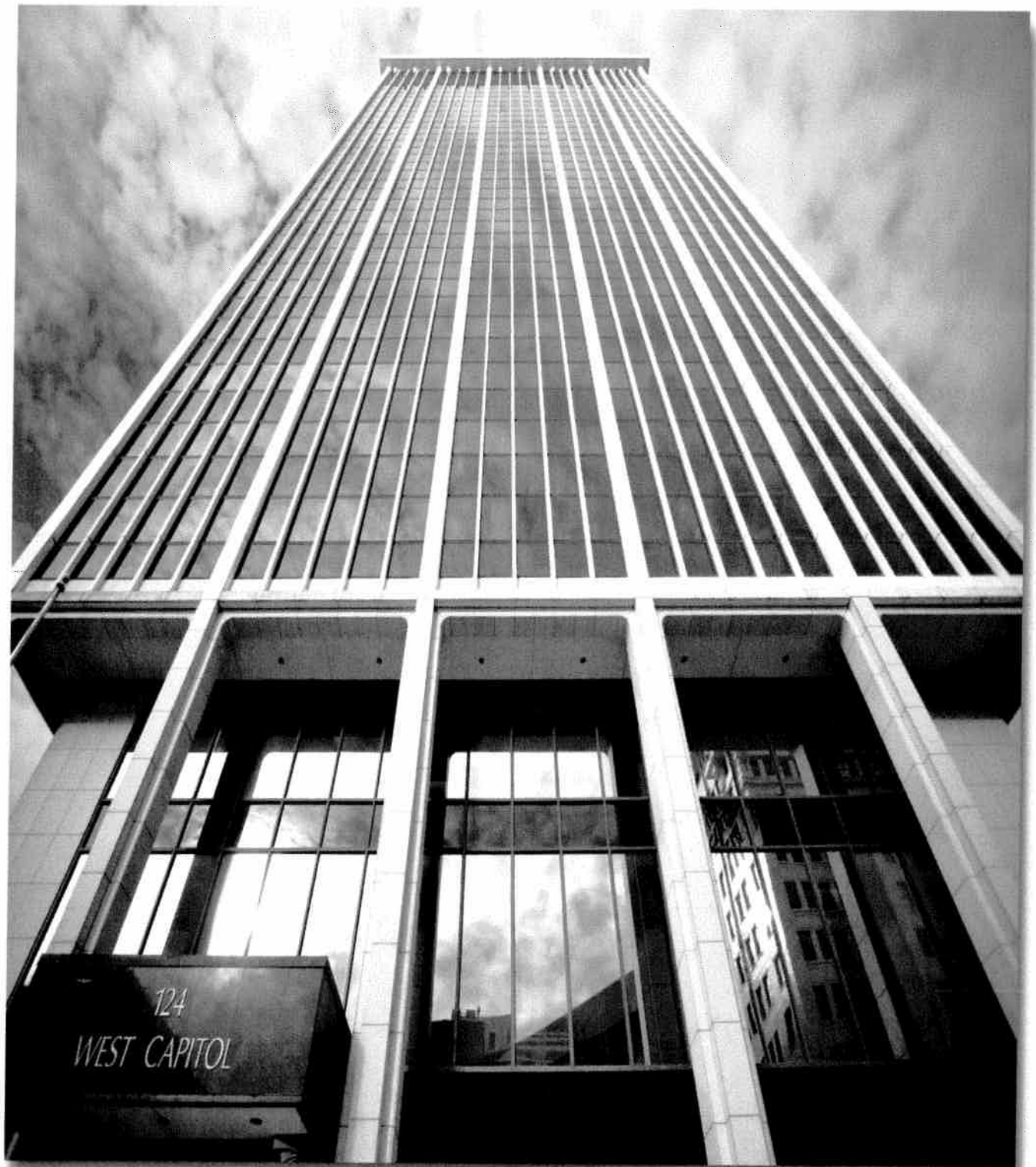
ARKANSAS LOTTERY COMMISSION

- Review Lease Options
- Establish Space Criteria
- Tour Buildings
- Evaluate Lease Proposals
- Negotiate Lease Terms
- Lease Agreement

ARKANSAS LOTTERY COMMISSION
PERMANENT OFFICE
Based on 5 - 6 year term avg.

PERMANENT LEASE OPTIONS:									
Property Name / Address	Sq Ft Available	Availability	Rate/\$F 1st Year	Term	Services	Prikg/Cost @ 60 spaces	Ti Allowance	Incentive/ Other	1st Yr Rent
Downtown Union Plaza 124 West Capitol Avenue	Up to 30,457	Now	\$13.99/sf 3% annual escalation	3 years OR 6 years	Full Services Includes Security Guard *Includes Raised Floor	3 reserved spaces in basement and 35 spaces free in valet prikg deck. Add'l @ \$69.88	\$482,668.25 - 3yrs \$828,196.82 - 6 yrs Lessor is making available an add'l allowance of \$133,706 if needed.	First 3-months Rent Free (3 yrs) OR First 4-months Rent Free (6 yrs). Ten visitor spaces at street level - no charge.	
Comparison at 21,608 s.f.									
			\$300,868.94		\$0	\$ 21,148.32		(\$75,217.26)	\$248,800.00
Downtown Comcast Building 1020 Fourth Street	Up to 23,261	Now	\$14.75/sf 3% annual escalation	5 years	Full Services does not include Security Guard *Includes Raised Floor	Surface Lot Unlimited/\$0	\$100,766	Purchase Option: one time option to purchase with first 6 months - \$3.2M	
Comparison at 21,608 s.f.									
			\$317,213.50		0				\$317,213.60
Downtown Metropolitan Tower 426 West Capitol Avenue	Up to 22,502	Now	\$17.75/sf 1.5% escalation starting year 2	5 years	Full Services Includes Security Guard *Includes Raised Floor	Free: 1 resvd & 15 non-resvd in prikg deck. Add'l @ \$54.83	\$252,000 (\$16/sf) Lessee can buy-down initial lease term rate with TI savings.	Lessor will sublease first floor space in adj. Lyon Bldg for Claims Center @ \$14.25/sf	
Comparison at 21,608 s.f.									
			\$381,731.50		\$0	\$ 28,960.24			\$410,881.74
Downtown Regions Center 400 West Capitol Avenue	Up to 50,000	Now	\$13.07 2% annual escalation	6 years	Full Services Includes Security Guard	Limited parking available in Regions deck & adj lot; no #s proposed - \$80.63/mo deck rate.	\$1.00/sf or \$20,000 Sublessor will work with bldg operator to secure 1,522 raised floor on the 13th floor.	FREE use of Bank meeting & conference space on 4th floor. Workstations available to purchase.	
Comparison at 21,608 s.f.									
			\$281,083.42		\$0	\$ 58,053.36			\$338,138.78
Downtown Bank of America Building 200 West Capitol Avenue	Up to 23,973	Now	\$13.50/sf 3% annual escalation	5 years	Full Services Includes Security Guard	Free: 20 spaces in prikg deck. Add'l at \$48.38	\$284,730 Lessor will install 2000 sf raised floor within premises; does not include equipment.	First 6-months rent FREE with 6 yr term. Bank's mtg & conf rooms on 4th floor - no charge.	
Comparison at 21,608 s.f.									
			\$281,083.42		\$0	\$23,222.40		(\$130,700.00)	\$173,806.02
River Market District Museum Center Ste 215 500 President Clinton Avenue	Up to 17,785	Now	\$15.00	6 years	Full Services Fully Furnished Telephones/ Monitors Copier & Fax	Rent includes 3 deck prikg spaces; others at \$59.13/mo	Up to \$177,860 Lessor will install raised floor and provide a \$10/sf TI allowance. All furnishings & equipment are available for purchase at \$50,000 or \$375/month.	Lease commence Sept 1st with 3 months FREE rent.	17,785 max s.f.
Comparison based at max s.f.									
			\$266,775.00		\$0	\$ 40,444.92		(\$66,693.75)	\$240,628.17
Properties Considered/Proposals Reviewed:									
720 West Third Street									
Lafayette Square									
Westlake Corporate Park									
Lafayette Square									
Channel 4 Building (vacant)									
Stephens Building									
Peerless									
High Point Village (Benton)									
Baptist Convention - 525 Capitol									

Lease Space Primary Criteria:		Union Plaza	Comcast	Metro Tower	Regions Ctr	Bank of America	Museum Ctr
1)	Raised Floor for data room	√	√	√			
2)	Supporting equipment for raised floor	√	√	√			
3)	Ground Floor Claims Center - approx 2000 s.f.	√	√	√	√		
4)	Free Parking for Claims Center	√	√				
5)	Office Space to accommodate 50+ people	√	√	√	√	√	√
6)	Contiguous space for future expansion	√	√	√	√	√	
7)	Affordable Parking for employees	√	√	√		√	
8)	Secured Premises / Security Guard	√		√	√	√	√
9)	Flexible lease term	√			√	√	√
10)	Reasonable Tenant Improvement Allowance	√		√		√	√
11)	Available for occupancy by October 1st	√	√	√	√	√	√
12)	Convenient access to supporting state agencies	√	√	√	√	√	√
13)	Telecom Infrastructure for connectivity	√	√	√	√	√	√
14)	Located within/near major power grid	√	√	√	√	√	√
15)	Easy access to major thoroughfares	√	√	√	√	√	√



Exterior



1st Floor Lobby (Seating area to wait for valet parking)

Lease Terms	3- year term	6-year term
Total Square Feet	up to 30,457	up to 30,457
Estimated Area/rsf	21,506	21,506
Rental Rate - 1st Yr	\$13.99/sf	\$13.99/sf
1st Year Rent	\$ 300,868.94	\$ 300,868.94
Annual Escalations	3%	3%
Rental Incentive	3 months Free	4 months Free
Design Services	Free up to \$30,000	Free up to \$30,000
TI Allowance	\$ 492,560.25	\$ 626,195.92
Add'l TI Available	\$133,706 @ 7.75%	\$133,706 at 7.75%
Parking	35 spaces free	35 spaces free
Add'l Parking	\$21,148.32	\$21,148.32
Renewal Option	2 options @ 3-6 yrs	2 options @ 3-6 yrs
Raised Floor	No add'l cost	No add'l cost
Claims Center Prkg	10 spaces - no cost	10 spaces - no cost
Total Year 1	\$ 246,800.00	\$ 221,727.58

OUTSOURCING CLAIMS CENTERS

Attachment#4

OUTSOURCING CLAIMS CENTERS

Positions Unfilled/Eliminated	\$ 194,682	See Personnel Changes
Fringe Benefit Reduction (40%)	<u>\$ 77,873</u>	
Sub Total	\$ 272,555	
Estimated Annual Reduction In Admin, Lease, Utilities, Etc.	<u>\$ 170,000</u>	

Outsourcing Claims Centers Annual Savings \$ 442,555

ELIMINATE LIVE DRAWS

Eliminate Live Draws, Replace With Animation, Random Number Generator (RNG) & Web Cast

1. Purchase of ball sets & ball machines versus purchase and testing of a RNG
2. Eliminate payment of talent
3. Eliminate studio build out and up-fitting
4. Eliminate cost of TV production and broadcast personnel
5. Eliminate media buys with TV station partners

ADVERTISING AND MARKETING COST SAVINGS

Advertising and Marketing

1. Increase web base information, decrease print
2. Buy more cable, less traditional television and radio
3. Eliminate sports sponsorships, special events and festivals
4. Eliminate the purchase and maintenance of two vehicles
5. Purchase commercial spots already produced from other lotteries

PROPOSED NEW PERSONNEL BUDGET

Proposed New Personnel Budget

1. Positions Unfilled/Eliminated
2. All remaining offers at the grade classification 'base' pay
3. Reduction of grade classifications
4. Fringe benefit reduction

REVISED PERSONNEL BUDGET

<u>Title</u>	<u>Grade</u>	<u>Slots</u>	<u>Amount</u>	<u>GR</u>	<u>Slot</u>	<u>Amt</u>	<u>Total</u>
<u>Positions Filled</u>				<u>Adj</u>	<u>Adj</u>	<u>Adj</u>	<u>Adjust</u>
Ex Dir		1	\$ 324,000		1		\$ 324,000
Leg/Comm	N909	1	\$ 105,000		1		\$ 105,000
VP Gaming	N922	1	\$ 225,000		1		\$ 225,000
VP Admin	N922	1	\$ 225,000		1		\$ 225,000
IT Gaming Dir	N919	1	\$ 150,000		1		\$ 150,000
IT Infra	N910	1	\$ 105,000		1		\$ 105,000
Attorney	N910	1	\$ 105,000		1		\$ 105,000
Sec Dir	N910	1	\$ 115,644		1		\$ 115,644
Sales Dir	N910	1	\$ 92,515		1		\$ 92,515
Sec Dep	N907	1	\$ 82,246	N904	1	\$ (7,246)	\$ 75,000
Proc/Con Dir	N908	1	\$ 105,000		1		\$ 105,000
Sales Trng/RR	N904	1	\$ 85,000		1		\$ 85,000
Total		12	\$ 1,719,405		12	\$ (7,246)	\$ 1,712,159
<u>Positions Unfilled</u>							
Adm Ana	C115	2	\$ 62,104		2		\$ 62,104
HR Man	C130	1	\$ 64,554		1		\$ 64,554
Treasurer	N917	1	\$ 122,914	N903	1	\$ (43,822)	\$ 79,092
Adv/Mkt Dir	N913	1	\$ 104,067		1		\$ 104,067
QA Sys Ana	C128	2	\$ 117,106		2		\$ 117,106
Net Eng	C130	1	\$ 64,554		1		\$ 64,554
Sr Data Base	C130	1	\$ 64,554		1		\$ 64,554
Paralegal	C126	1	\$ 53,109		1		\$ 53,109
Draw Mgr	C121	2	\$ 83,224		2		\$ 83,224
Sec Spec	C120	1	\$ 39,631		1		\$ 39,631
RSM	N901	2	\$ 130,000		2		\$ 130,000
MSR	C120	20	\$ 792,620		20		\$ 792,620
Pro/Ev Coor	C117	1	\$ 68,468		1		\$ 68,468
Pro Dev	N904	1	\$ 82,256		1		\$ 82,256
Gra Spec	C114	2	\$ 59,146		2		\$ 59,146
Gra Web Coor	C117	1	\$ 34,234		1		\$ 34,234
Pub Spec	C117	1	\$ 34,234		1		\$ 34,234
HR Gen	C121	1	\$ 41,612		1		\$ 41,612
Adm Sup Spe	C112	1	\$ 26,824		1		\$ 26,824
SMB Pro Coor	N901	1	\$ 73,125		1		\$ 73,125
Postal Cor	C110	1	\$ 24,330		1		\$ 24,330
Accountant	C122	6	\$ 262,158		6		\$ 262,158
Lic Spec	C115	3	\$ 93,156		3		\$ 93,156
IT Sec	C128	1	\$ 58,553		1		\$ 58,553
Computer Op	C113	2	\$ 56,330		2		\$ 56,330
Comm/App Sp	C125	2	\$ 101,160		2		\$ 101,160
Pay Spec	C120	1	\$ 39,631		1		\$ 39,631
Claims Assist	C112	2	\$ 53,648		2		\$ 53,648
Controller	N903	1	\$ 79,092		1		\$ 79,092
Adm Sup Sup	C113	1	\$ 28,165		1		\$ 28,165
Claims Mgr	C122	1	\$ 43,693		1		\$ 43,693
Total		65	\$ 2,958,252		65	\$ (43,822)	\$ 2,880,196
<u>POSITIONS UNFILLED/ELIMINATED</u>							
Copy Ed	C117	1	\$ 34,234		1	\$ (34,234)	\$ -
Pro/Ev Mgr	C124	1	\$ 48,171		1	\$ (48,171)	\$ -
Product Sp	C121	1	\$ 41,612		1	\$ (41,612)	\$ -
Pro/Ev Coor	C117	1	\$ 34,234		1	\$ (34,234)	\$ -
Adm Sup Spe	C112	1	\$ 26,824		1	\$ (26,824)	\$ -
Claims Assist	C112	4	\$ 107,296		4	\$ (107,296)	\$ -
Claims Mgr	C122	2	\$ 87,386		2	\$ (87,386)	\$ -
Total		11	\$ 379,757		11	\$ (379,757)	\$ -
Grand Totals		88	\$ 5,057,414		88	\$ (430,825)	\$ 4,592,355

NEW PERSONNEL BUDGET

PERSONNEL CHANGES

Positions Unfilled/Eliminated	\$ 379,757
Positions With Reduction In Grade	<u>\$ 51,068</u>
Sub Total	\$430,825
Fringe Benefit Reduction (40%)	<u>\$ 172,330</u>

Personnel Changes Annual Savings \$ 603,155

POSITIONS UNFILLED/ELIMINATED

<u>Title</u>	<u>Grade</u>	<u>Slots</u>	<u>Amount</u>	<u>Slot Adj</u>	<u>Amt Adj</u>	<u>Total Adj</u>
Ex Dir		1	\$ 324,000	1		\$ 324,000
Leg/Comm	N909	1	\$ 105,000	1		\$ 105,000
VP Gaming	N922	1	\$ 225,000	1		\$ 225,000
VP Admin	N922	1	\$ 225,000	1		\$ 225,000
Adm Ana	C115	2	\$ 62,104	2		\$ 62,104
IT Gaming Dir	N919	1	\$ 150,000	1		\$ 150,000
Attorney	N910	1	\$ 105,000	1		\$ 105,000
Sec Dir	N910	1	\$ 115,644	1		\$ 115,644
Sales Dir	N910	1	\$ 92,515	1		\$ 92,515
HR Man	C130	1	\$ 64,554	1		\$ 64,554
Treasurer	N917	1	\$ 122,914	1		\$ 122,914
IT Infra	N910	1	\$ 105,000	1		\$ 105,000
Adv/Mkt Dir	N913	1	\$ 104,067	1		\$ 104,067
QA Sys Ana	C128	2	\$ 117,106	2		\$ 117,106
Net Eng	C130	1	\$ 64,554	1		\$ 64,554
Sr Data Base	C130	1	\$ 64,554	1		\$ 64,554
Paralegal	C126	1	\$ 53,109	1		\$ 53,109
Sec Dep	N907	1	\$ 82,246	1		\$ 82,246
Draw Mgr	C121	2	\$ 83,224	2		\$ 83,224
Sec Spec	C120	1	\$ 39,631	1		\$ 39,631
RSM	N901	2	\$ 130,000	2		\$ 130,000
MSR	C120	20	\$ 792,620	20		\$ 792,620
Pro/Ev Coord	C117	2	\$ 68,468	1	\$ (34,234)	\$ 34,234
Pro Dev	N904	1	\$ 82,256	1		\$ 82,256
Gra Spec	C114	2	\$ 59,146	2		\$ 59,146
Gra Web Coord	C117	1	\$ 34,234	1		\$ 34,234
Pub Spec	C117	1	\$ 34,234	1		\$ 34,234
HR Gen	C121	1	\$ 41,612	1		\$ 41,612
Adm Sup Spe	C112	2	\$ 53,648	1	\$ (26,824)	\$ 26,824
SMB Pro Coord	N901	1	\$ 73,125	1		\$ 73,125
Postal Cor	C110	1	\$ 24,330	1		\$ 24,330
Accountant	C122	6	\$ 262,158	6		\$ 262,158
Claims Mgr	C122	3	\$ 131,079	1	\$ (87,386)	\$ 43,693
Lic Spec	C115	3	\$ 93,156	3		\$ 93,156
IT Sec	C128	1	\$ 58,553	1		\$ 58,553
Computer Op	C113	2	\$ 56,330	2		\$ 56,330
Comm/App Sp	C125	2	\$ 101,160	2		\$ 101,160
Pay Spec	C120	1	\$ 39,631	1		\$ 39,631
Proc/Con Dir	N908	1	\$ 105,000	1		\$ 105,000
Claims Assist	C112	6	\$ 160,944	2	\$ (107,296)	\$ 53,648
Controller	N903	1	\$ 79,092	1		\$ 79,092
Copy Ed	C117	1	\$ 34,234	0	\$ (34,234)	\$ -
Pro/Ev Mgr	C124	1	\$ 48,171	0	\$ (48,171)	\$ -
Product Sp	C121	1	\$ 41,612	0	\$ (41,612)	\$ -
Adm Sup Sup	C113	1	\$ 28,165	1		\$ 28,165
Sales Trng/RR	N904	1	\$ 85,000	1		\$ 85,000
Totals		<u>88</u>	\$ 5,023,180	<u>77</u>	<u>\$ (379,757)</u>	<u>\$ 4,643,423</u>

POSITIONS WITH REDUCTION IN GRADE

<u>Title</u>	<u>Grade</u>	<u>Slots</u>	<u>Amount</u>	<u>Gr Adj</u>	<u>Amt Adj</u>	<u>Total Adj</u>
Ex Dir		1	\$ 324,000			\$ 324,000
Leg/Comm	N909	1	\$ 105,000			\$ 105,000
VP Gaming	N922	1	\$ 225,000			\$ 225,000
VP Admin	N922	1	\$ 225,000			\$ 225,000
Adm Ana	C115	2	\$ 62,104			\$ 62,104
IT Gaming Dir	N919	1	\$ 150,000			\$ 150,000
Attorney	N910	1	\$ 105,000			\$ 105,000
Sec Dir	N910	1	\$ 115,644			\$ 115,644
Sales Dir	N910	1	\$ 92,515			\$ 92,515
HR Man	C130	1	\$ 64,554			\$ 64,554
Treasurer	N917	1	\$ 122,914	N903	\$ (43,822)	\$ 79,092
IT Infra	N910	1	\$ 105,000			\$ 105,000
Adv/Mkt Dir	N913	1	\$ 104,067			\$ 104,067
QA Sys Ana	C128	2	\$ 117,106			\$ 117,106
Net Eng	C130	1	\$ 64,554			\$ 64,554
Sr Data Base	C130	1	\$ 64,554			\$ 64,554
Paralegal	C126	1	\$ 53,109			\$ 53,109
Sec Dep	N907	1	\$ 82,246	N904	\$ (7,246)	\$ 75,000
Draw Mgr	C121	2	\$ 83,224			\$ 83,224
Sec Spec	C120	1	\$ 39,631			\$ 39,631
RSM	N901	2	\$ 130,000			\$ 130,000
MSR	C120	20	\$ 792,620			\$ 792,620
Pro/Ev Coor	C117	2	\$ 68,468			\$ 68,468
Pro Dev	N904	1	\$ 82,256			\$ 82,256
Gra Spec	C114	2	\$ 59,146			\$ 59,146
Gra Web Coor	C117	1	\$ 34,234			\$ 34,234
Pub Spec	C117	1	\$ 34,234			\$ 34,234
HR Gen	C121	1	\$ 41,612			\$ 41,612
Adm Sup Spe	C112	2	\$ 53,648			\$ 53,648
SMB Pro Coor	N901	1	\$ 73,125			\$ 73,125
Postal Cor	C110	1	\$ 24,330			\$ 24,330
Accountant	C122	6	\$ 262,158			\$ 262,158
Claims Mgr	C122	3	\$ 131,079			\$ 131,079
Lic Spec	C115	3	\$ 93,156			\$ 93,156
IT Sec	C128	1	\$ 58,553			\$ 58,553
Computer Op	C113	2	\$ 56,330			\$ 56,330
Comm/App Sp	C125	2	\$ 101,160			\$ 101,160
Pay Spec	C120	1	\$ 39,631			\$ 39,631
Proc/Con Dir	N908	1	\$ 105,000			\$ 105,000
Claims Assist	C112	6	\$ 160,944			\$ 160,944
Controller	N903	1	\$ 79,092			\$ 79,092
Copy Ed	C117	1	\$ 34,234			\$ 34,234
Pro/Ev Mgr	C124	1	\$ 48,171			\$ 48,171
Product Sp	C121	1	\$ 41,612			\$ 41,612
Adm Sup Sup	C113	1	\$ 28,165			\$ 28,165
Sales Trng/RR	N904	1	\$ 85,000			\$ 85,000
Totals		<u>88</u>	\$ 5,023,180	<u>\$ (51,068)</u>		<u>\$ 4,972,112</u>