

MINUTES

**ARKANSAS LOTTERY COMMISSION
Special Meeting via Conference Call
Monday, December 29, 2014
2:00 p.m.
124 West Capitol Avenue, Third Floor
Little Rock, Arkansas**

Call to Order

Vice Chairman Baldrige called the meeting to order via conference call, explaining that Chairman Campbell had asked her to chair the meeting because he had lost his voice. Also present by telephone were Chairman Campbell, Pierce, Engstrom, Frazier, Hammons, Lamberth, Scott and Streett. ALC employee Director Woosley was present, as were staff members Backes, Ralston, Vick, J. Smith, and others.

Consideration of Extension of the Online Lottery Game Services and Lottery Gaming System and Services Contract

Commissioner Baldrige recognized Director Woosley, who requested that the Commission approve an extension of the existing RFP with Intralot, Inc. for Online Lottery Game Services and Lottery Gaming System and Services. The original contract was awarded to Intralot and the agreement signed on August 15, 2009. The rate that ALC is currently paying Intralot is 2.45% of net sales of online and instant sales. The contract was amended on August 1, 2012, to add 600 Player Advertising Displays (PADS) in exchange for 400 26-inch monitors. He said that Intralot has also provided an annual SAS-70/SOC1-2 audit, at their cost. For the past two years they have donated, on behalf of the ALC, \$20,000 [each year] to the Upward Bound program.

Director Woosley said that negotiations began around the March/April time frame, and at the November ALC meeting, an offer was considered and rejected. Negotiations continued and on December 3, 2014, a final offer was received, which he now presented to the ALC for consideration:

1. Intralot accepts all three available 1-year extensions to the Contract, commencing August 15, 2016, through August 14, 2019;
2. Intralot will continue to be compensated at the rate of 2.45% of instant and online sales until July 1, 2015;
3. Thereafter until the extension years expire on August 14, 2019, Intralot shall be compensated at the rate of 2.165% of instant and online sales; and
4. Intralot will provide a one-time marketing allowance of \$100,000 and will continue to provide annually to ALC through the extension years a \$25,000 commitment for System audit fees and a \$25,000 commitment for charitable contributions supported by ALC.

Director Woosley stated that savings, based on \$422 Million in sales, is the difference between 50 months at 2.45%, or over \$43 Million versus 50 months at 2.165%, or about \$38 Million. That would constitute total savings of over \$5 Million.

Discussion followed.

Commissioner Frazier made a motion to accept the extension of the Online Lottery Game Services and Lottery Gaming System and Services Contract. Commissioner Lamberth seconded the motion. Commissioners Campbell, Baldrige, Frazier, Lamberth, Pierce, Scott, Hammons and Streett voted yes, Commissioner Engstrom voted no, and the motion carried. The contract extension was approved and would be forwarded to the Arkansas Lottery Commission Legislative Oversight Committee for review at their next meeting.

There being no further business, the meeting was adjourned.