

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

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A N A C T

ENABLING THE RHODE ISLAND LOTTERY COMMISSION TO ENTER INTO A
MASTER CONTRACT WITH GTECH

Introduced By: Representatives Watson, Costantino, Landroche, Montanaro, and Almeida

Date Introduced: April 22, 2003

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Purpose. The purpose of this act is to induce GTECH Corporation to
2 construct, develop and maintain its new global corporate headquarters facility in the Capital
3 Center District of the City of Providence and to expand its manufacturing operations in the Town
4 of West Greenwich. This act, being necessary for the welfare of the state and its inhabitants, shall
5 be liberally construed to effectuate its purposes.

6 SECTION 2. Authorized procurement of Master Contract. Notwithstanding any
7 provisions of the general laws or regulations adopted thereunder to the contrary, including, but
8 not limited to, the provisions of Chapter 2 of Title 37, and Chapter 61 of Title 42, the Rhode
9 Island Lottery Commission (“Commission”) is hereby authorized and empowered to enter into a
10 Master Contract (“Master Contract”) with GTECH Corporation, a Delaware Corporation
11 (“GTECH”), which would have a term of twenty (20) years from its effective date for the
12 following purposes:

13 (a) to amend the terms and conditions of the Video Lottery Central Computer System
14 Agreement between GTECH and the Commission, dated as of December 20, 2001;

15 (b) to amend the terms and conditions of the On-Line Gaming Agreement between
16 GTECH and the Commission, dated January 29, 1997 and as amended thereafter;

17 (c) to amend he terms and conditions of the Video Lottery Terminal Technology
18 Provider License Agreement dated September 28, 2000; and

1 (d) to allow GTECH to purchase from the Commission for a payment of \$12,500,000 the
2 right to be exclusive provider to the Commission of information technology hardware, software
3 and related services pertaining to:

4 (i) the design, development, implementation and/or operation of Video Lottery Central
5 Communications Systems;

6 (ii) the design, development, implementation, operation, and/or sales of On-Line Games;
7 and

8 (iii) the processing of On-Line Game Wagers and Video Lottery Wagers. For purposes of
9 determining compensation, "NTI" means "Net Terminal Income." The Commission is hereby
10 empowered to fix in the Master Contract the annual compensation to be paid to GTECH provided
11 such annual compensation does not exceed the following percentage formulae:

12 **Lottery** **Percentage**
13 **(Calculated Annually)**

14		
15	Sales to \$275 million	5.00%
16	Sales from \$275-\$400 million	1.00%
17	Sales above \$400 million	5.00%

18
19 **VLT Central System**
20 **(Calculated Annually)**

21		
22	NTI up to \$500 million	2.50%
23	NTI from \$500 million-\$1 billion	1.00%
24	NTI above \$1 billion	2.50%

25
26 **VLT Machines**
27 **(Average daily income calculated on weekly basis)**

28		
29	NTI up to \$325	7.00%
30	NTI from \$325-\$500	1.00%
31	NTI above \$500	7.00%

32
33 Under the terms of the Master Contract authorized under this act, GTECH agrees that in
34 consideration of a twenty (20) year agreement with the Commission, GTECH shall undertake,
35 among others, the following obligations:

36 (a) GTECH (or a GTECH business affiliate) will develop and construct a new office
37 building of at least 210,000 square feet to be constructed in the Capital Center District in the City
38 of Providence and GTECH will relocate and maintain its world corporate headquarters in that
39 facility for the twenty (20) year term;

40 (b) GTECH will expand its manufacturing operations in the town of West Greenwich;

41 (c) GTECH (or a GTECH business affiliate) will invest in the aggregate on or before
42 December 31, 2008, at least \$100,000,000 in the state ("Investment Requirement"), in connection
43 with acquiring interests in land, building development projects or improvements to real property
44 or facilities and performing its obligations under the Master Contract, including, without
45 limitation, the provision of goods in connection with its business operations in Rhode Island

1 (“Investment Requirement Assets”); and

2 (d) GTECH will employ within the state during each calendar year, beginning in calendar
3 year 2006, during the term of the Master Contract with the Commission, at least 1,000 full-time
4 active employees at wage levels not less than those defined in Rhode Island general laws section
5 42-64.5-2(7) (“Employment Requirement”).

6 The Master Contract authorized under this act shall contain provisions which provide that
7 the Commission may terminate the Master Contract if GTECH fails to fulfill the Investment
8 Requirement on or before December 31, 2008, or if GTECH does not meet the employment
9 requirement in any calendar year after 2005.

10 As used in this section, the term “GTECH business affiliate” shall mean any corporation,
11 trust, partnership, joint venture or any other form of business entity which (acting jointly with
12 GTECH or at the direction of GTECH) owns, leases or finances Investment Requirement Assets
13 which are used by GTECH in its business operations in the state.

14 SECTION 3. Inconsistent provisions. Insofar as the provisions of this act are inconsistent
15 with the provisions of any other general or special law, the provisions of this act shall be
16 controlling and the limitations set forth in section 42-61.2-1(1) shall not apply to the Master
17 Contract.

18 SECTION 4. Agreement of the state. The state does hereby pledge and agree with
19 GTECH under this act that the state will not limit, alter, diminish, or adversely impact the rights
20 or economic benefits which vest in GTECH under the terms of the Master Contract authorized
21 hereby, unless authorized by this act.

22 SECTION 5. Effective date. This act shall take effect upon passage.

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