

**Question 6**

.....please provide all documents, including but not limited to all reports, memorandum, and/or opinions in any form that you and/or your office have received relative to the contract extension

**Response to Question 6**

Throughout the course of negotiations, the Rhode Island Lottery performed extensive research into lottery contracts in other states and consulted with the North American Association of State and Provincial Lotteries (NASPL), of which Rhode Island is a member. Copies of those documents are enclosed.....In addition, the Rhode Island Lottery consulted with...the Lottery's long-time outside counsel, regarding the contract extension.

<b>Pages in Section</b>	<b>Date</b>	<b>Description</b>
2-5	March 2019	Summary of Delaware contract
6-144	September 25, 2001	Delaware contract
145	March 15, 2019	email from West Virginia to Director Aubin
146-199		Continuation of Delaware contract
200-273	December 19, 2008	Pennsylvania contract
274	?	Summary of South Dakota contract
275-440		Continuation of Pennsylvania contract
441-519	June 27, 2019	Mississippi request for proposals for instant ticket lottery game services
520-617	June 27, 2019	Mississippi request for proposals for online lottery gaming system
618-636	August 17, 2007	Kansas contract for online gaming system, communications network and related services
637-824	September 13, 2016	Kansas contract for production of instant tickets
825-1061	?	Iowa request for proposals for computer gaming system and related products and services
1062	March 2019	Summary of West Virginia contract

## DELAWARE LOTTERY

### INITIAL AGREEMENT

#### Vendor

- Automated Wagering International/Now Scientific Games

#### Term

- September 2001
- 7 Years/5-1 Year Renewal Options

#### Amendments

- Total of 9 Amendments to date.
- The 8<sup>th</sup> Amendment extended the Agreement (under Delaware Law) through February 25, 2018.
- The 9<sup>th</sup> Amendment extended the Agreement, and consolidated all services, through October 29, 2022.

#### Current Fees Paid

- Online Game Sales: **5.371%**
- Keno Sales **9.95%**
- Instant Ticket Net Sales **5.6%**
- VLT Net Proceeds **1%**
- Sports Betting/Racinos **15.625% Net Revenue**
- Sports Betting/Retailers **25% Net Revenue**
- Charitable VLT Fee **25%\***

#### New Product Pricing

- Self-Service Terminals **4.8% Online and Instant Sales**
- RaceTrax Sales **9.95%**
- Sports Mobile **40% Net Revenue**

#### \*Charitable VLT Fee

- SciGames must provide up to 450 refurbished VLTs for qualifying charitable organizations. The Delaware Lottery receives 40% of total net win, less 1% for responsible gaming; and SciGames receives 25% of such net win.

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- If the average for all terminals is below \$3,640,000 per year/per terminal, then the subset of terminals installed that does produce \$3,640,000 per year will be calculated.
- The result of this calculation will be the terminals ("base terminals" which under no circumstances shall be less than seventy-five) that SciGames will provide free of charge. Lottery will then be charged for each terminal in excess of the "base" terminals at the rate of \$5,400 per year.
- Incremental pricing for opening any significantly different new venues where Sports Wagering will be conducted will be negotiated.
- At the time of this Agreement, the Lottery and SciGames were unable to resolve the issue regarding the location and possible cost of a remote hot backup system in a timely fashion to avoid impacting the launch of the Sports Wagering System.
- Parties agreed that sufficient backup was already in place with the secondary or redundant system located with the primary system to protect the parties' interests on a temporary basis. Parties were to negotiate the location, cost, and installation of the remote backup system.
- SciGames was required to work directly with the venues to determine the final solution for the interaction between the venue staff and the risk management hub and whether on-site management would be required.
- SciGames was required to provide customized weekly parlay cards to include the teams and point spreads for football games scheduled to be played during the upcoming football weekend and a payoff table.

#### **INDEMNITY DUE TO SPORTS WAGERING LOSS**

- In the event of a Sports Wagering Loss, SciGames agreed to compensate the Lottery for the amount of the Lottery's Sports Wagering Loss for the State's fiscal year. SciGames would be required to pay a Sports Wagering Loss within fifteen days of the fiscal year end.
- Sports Wagering Loss is defined as the aggregate amount of any actual loss by the Lottery on Sports Lottery Wagers made with the Lottery. A Sports Wagering Loss only includes net sum of actual losses (after consideration of revenue received) by the Lottery from patrons' Sports Wagers and does not include any operating costs, taxes, and other ancillary expenses and costs or losses by any other party, including the Sports Lottery venues.
- An example for illustrative purposes: If Sports Wagering Loss for a particular fiscal year is \$1,000,000, and the Lottery has, in fact, paid out the Sports Wagering Loss from funds, then SciGames shall compensate the Lottery in the amount of \$1,000,000.

**South Dakota**

**Online Central System, Video Lottery Central System, and Related Services**

**Contract Terms: (option to extend in any combination not to exceed 15 years)**

<b>Initial:</b>	<b>11/03/19</b>	<b>11/02/26 Years 1-7</b>
<b>Extension:</b>	<b>11/03/26</b>	<b>11/02/29 Years 8-10</b>
<b>Extension:</b>	<b>11/03/29</b>	<b>11/02/34 Years 11-15</b>

**Cost:**

**1 Initial One Time Payment of \$500,000**

**2 Online and Instant Tickets:**

7.2270% Total Sales includes all hosting services for software, access to all hardware, training, conversion, all hardware and software maintenance costs.  
Total Sales includes net sales for draw games and instant tickets.

6.5043% If extended to years 11-15.

**3 Video Lottery:**

Contract does not mention

**Rhode Island Lottery**

**Master Contract**

**Contract Terms:**

**01/01/03                      01/30/23**

**Cost:**

**Commission:**

**1 Online and Instant Tickets**

5.00% \$0 - \$275 million in sales  
1.00% Over \$275 million - \$400 million in sales  
5.00% Over \$400 million

**2 Video Lottery**

2.50% \$0 - \$500 million of NTI  
1.00% Over \$500 million to \$1 billion in NTI  
2.50% Over \$1 billion in NTI

**Income:** Lottery received \$12,500,000 initial payment.

## WEST VIRGINIA LOTTERY

### AGREEMENT

#### Vendor

- IGT

#### Term

- June 2018
- 7 Years/3-1 Year Renewal Options

#### Fees Paid

- Traditional Game Net Sales: **4.2822%**
- Annual Estimated Payment: **\$8,221,824**

#### Lottery Leases Equipment from IGT

- Annual Equipment Cost      **\$2,854,800\***

\***Lease Rates** – IGT cannot raise annual lease rates without Lottery approval.

#### Other Services

IGT provides warehouse/inventory controls and Sales Force

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