LOTTERY OPERATOR AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 19___, by and between _____, a Nebraska corporation (hereinafter referred to as "Contractor") and the CITY OF LA VISTA, Sarpy County, Nebraska, a municipal corporation (hereinafter referred to as "City").

R E C I T A L S:

WHEREAS, a majority of the vote by the registered voters of the City of La Vista was cast in favor of authorizing the establishment of a municipal lottery in 1989; and

WHEREAS, the Mayor and City Council established a keno-type lottery and awarded successive contracts to operate said lottery, the last of which expires September 30, 2008; and

WHEREAS, the Mayor and City Council of the City of La Vista authorized the advertisement for proposals for the lottery to be operated by an independent contractor lottery operator beginning _____; and

WHEREAS, Contractor's proposal for operating the lottery was accepted by the City of La Vista; and

WHEREAS, Contractor agrees to conduct a lottery in compliance with all applicable laws and regulations of the United States, State of Nebraska, and City of La Vista; and

WHEREAS, the proceeds of the lottery shall be used solely as permitted by law, including community betterment purposes, awarding of prizes, and the payment of taxes and expenses.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Definitions.

a. Gross Proceeds. "Gross Proceeds" shall mean the total aggregate receipts received from the conduct of the lottery without any reduction for prizes, discounts, taxes, or expenses and shall include receipts from admission costs, any consideration necessary for participation, and the value of any free tickets, games, or plays used; but shall not include any amounts received from the sale of concessions or any other legitimate business operations as authorized hereinbelow.

b. Expenses. "Expenses" shall mean all costs of operating the lottery and related expenses, including, but not limited to, costs associated with the purchasing, printing or manufacturing of any items to be used or distributed in the lottery, all office or clerical expenses in connection with the lottery, all promotional

expenses of the lottery, all salaries of persons employed to operate, conduct, or supervise the lottery, any rental or lease expense related to the lottery, any fee or commission paid to any person associated with the lottery and all other taxes or costs associated with the operation of the lottery but not including prizes awarded or state lottery taxes paid pursuant to section 9-648 of the Nebraska Revised Statutes.

c. Lottery, Keno Lottery or Keno-Type Lottery. "Lottery," "Keno Lottery" or "Keno-Type Lottery" shall mean any lottery as permitted by Neb. Rev. Stat. §9-607(1)(c)(ii).

d. Others. For the purposes of this Agreement and except for those definitions expressly set forth herein, unless the context otherwise requires, the definitions found in the Nebraska County and City Lottery Act, Neb. Rev. Stat. §§9-601 *et seq.*, and any rules and regulations promulgated thereunder, and as any of the foregoing is amended from time to time, shall be used.

2. Rights and Duties of Contractor. The City hereby grants to Contractor and the Contractor hereby accepts the exclusive right to operate personally and directly, on behalf of the City and pursuant to the Nebraska County and City Lottery Act, (§9-601 et seq. of the Nebraska Revised Statutes), a municipal, keno-type lottery within the city limits of the City. In operating said lottery, Contractor acts in the capacity of an independent contractor only.

The Contractor agrees that the keno-type lottery offered by it will conform in all respects to this Agreement, the terms of the Contractor's Proposal to the City as accepted by the City ("Contractor's Proposal"), the City of La Vista Proposal Specifications for the Keno Lottery Operation ("Specifications for Lottery") as adopted by the City and pursuant to which Contractor's Proposal was accepted, and the City Council's Resolution Conditionally Awarding the Keno-Type Lottery for the City of La Vista ("City Council Resolution"). The Specifications for Lottery, the Contractor's Proposal and the City Council Resolution referred to in this subsection are attached as Exhibits "A," "B" and "C," respectively and are incorporated herein by their reference and made a part of this Agreement. To the extent that any terms of the Contractor's Proposal, the Specifications for Lottery, the City Council Resolution or this Agreement are inconsistent, the terms most favorable to the City shall apply.

The Contractor agrees to operate a keno-type lottery at one location within the City. The location shall be the headquarters for all keno lottery operations and the location at which winning numbers are selected. A description of the location is included in the Contractor's Proposal attached hereto as Exhibit "B." The Contractor may not add to or make structural alterations to any lottery location, and the Contractor may not change or add locations for said lottery operations, or add satellite locations, without the prior written consent of the City which shall not be unreasonably withheld; provided that any proposed addition or change to or in location shall not delay or interrupt keno lottery operations and shall comply with all applicable City ordinances and state statutes. Any proposal to change or add to the lottery location must be in the form required in the Specifications for Lottery

and shall be subject to all provisions of this Agreement. Each lottery location shall comply with such qualification standards adopted by the City by ordinance or resolution pursuant to Neb. Rev. Stat. §9-642.01 governing lottery sales outlet locations, and shall be subject to such other terms and conditions as the City, in its sole discretion, determines necessary or advisable.

Prior to commencing operation, the Contractor shall not operate the lottery without first obtaining the required lottery operator's license from the State of Nebraska. The Contractor shall maintain a valid operator's license as required by Neb. Rev. Stat. §9-630 at all times during the term of this Agreement. Contractor also shall ensure that each employee of Contractor has and maintains in effect a valid lottery worker license as required by Neb. Rev. Stat. §9-631.01.

The Contractor shall provide the expertise, equipment, services, supplies, employees and location necessary to operate the keno-type lottery on behalf of the City. Each outside ticket used in the keno lottery shall have the City's name printed clearly thereon, and shall bear numbers, which numbers shall be in sequence. No such ticket shall be sold unless the name of the City and number are printed thereon.

3. Assignability. The parties agree that all rights and obligations under this contract are personal to the parties and that neither this contract nor any rights or obligations hereunder may be assigned, transferred, or subcontracted by Contractor without the prior express written consent of the City. Any attempt to assign, transfer, or subcontract without such prior consent of the City shall be deemed a material breach of this Agreement.

4. Concessions. Contractor may sell concessions on the premises of the lottery operations provided that the Contractor shall comply with all applicable federal, state, and local laws, rules and regulations in selling concessions on a lottery operation premises. Concessions shall be limited to food, soft drinks, and alcoholic beverages. All proceeds, expenses and liabilities resulting from the sale of the concessions shall be the property and sole responsibility of the Contractor and the Contractor shall maintain separate records and bank accounts for all concessions which shall not be commingled with any funds or proceeds received in the conduct of the lottery game; provided, however, that nothing herein shall limit the auditing, examining or reporting requirements provided for in this Agreement with respect to concessions sales or lottery proceeds. Any audit of the Contractor's concessions that is required from time to time by the City shall be paid for by the City.

It is understood and agreed by the Contractor that the City, in approving this Agreement, is not making any representation or guarantee or giving any assurance that the Contractor shall be granted a license to allow for the sale of liquor at the lottery location. Any application to sell alcoholic beverages on lottery premises shall be reviewed and considered according to the procedures adopted and applied with respect to any similar type of liquor license.

5. Record Keeping and Auditing. The Contractor agrees to maintain or cause to be maintained complete books and records of all operations associated with the operation of said lottery including, but not limited to, all costs and proceeds associated with the lottery and concession sales. All books and records must be sufficient to comply with the provisions of the Nebraska County and City Lottery Act, Neb. Rev. Stat. §§9-601 *et seq.*, and the rules and regulations promulgated thereunder. Contractor shall submit to the City monthly financial reports for said operations no later than fifteen days following the last day of each month's operations. Said monthly reports shall contain all information related to proceeds, expenses, prize payouts, taxes, fees, and commissions for the month reported. The City may, at its option, request any other report, and further request that any report be submitted weekly or at any other interval. City shall have the right, without notice, to review and examine all operations, books and records of Contractor relating to the lottery operations, concessions and any other business the City authorizes at the lottery location. The City may conduct or have conducted an audit of the Contractor's books and records annually or at any other time, the cost of which shall be shared equally by the City and the Contractor if outside auditors are used.

The Contractor agrees to keep, during this Agreement, current financial statements of the Contractor, each officer, member or partner of the Contractor, all shareholders of the Contractor or other persons holding or owning greater than five percent (5%) of the outstanding debt or equity of the Contractor, and every person in charge of day-to-day operations of the keno lottery, to maintain said statements for five (5) years after preparation, and to provide said statements to City upon request. Said financial statements of Contractor shall be prepared by an independent certified public accountant. Contractor shall prohibit the transfer of its shares, equity interests or debt, or management of the day-to-day operations of the keno lottery, to anyone not disclosed in that capacity to the City at the time of submission of its proposal without prior approval of the City.

The Contractor agrees to notify the City within thirty (30) days of the commencement of any investigation or litigation, whether administrative, civil or criminal, involving Contractor, any officer, member or partner of Contractor, any shareholder of Contractor or any person in charge of the day-to-day operations of the lottery. In addition, Contractor agrees to notify City of any suspected, alleged or actual violation of applicable laws, rules or regulations involving the lottery operations within twenty-four (24) hours of learning of the same.

Contractor shall be responsible for all federal, state, and local taxes, licensing and reporting requirements for itself, the City, employees, and lottery winners as provided or permitted by law; provided, however, that if any applicable lottery or wagering tax shall materially change, either party shall have the right to request the other to discuss how the change shall be allocated under this Agreement. City shall pay the lottery tax [which presently is two percent (2%)] payable to the State of Nebraska from time to time pursuant to §9-648 of the Nebraska Statutes. Contractor shall prepare and submit in a timely manner to the City the report therefor, and City shall file said report and pay the corresponding tax. The Contractor shall register with the Internal Revenue Service pursuant to §4412 of the Internal Revenue Code, and report and pay in a timely manner the

federal wagering tax imposed under §§4401 *et seq.* of the Internal Revenue Code. The Contractor shall submit to the City a copy of all reports of any kind filed with the Nebraska Department of Revenue or the Internal Revenue Service within ten (10) days of such filing.

All Gross Proceeds of the lottery, except instant cash prize payouts of less than $1,500.00, shall be deposited to a separate bank account maintained at a bank of City's choosing. All expenses and prizes, except instant cash prize payouts of less than $1,500.00, shall be paid by check drawn on said bank account. All prizes of an amount of $1,500.00 or more shall be paid by check. Contractor shall continue to fully comply with all income tax reporting/withholding requirements of the Internal Revenue Service and the Nebraska Department of Revenue as required, without regard to the amount from time to time herein authorized for instant cash prize payout.

In the event this Agreement is terminated or forfeited prior to the expiration of its term, the Contractor shall immediately submit to the City a financial report prepared as would otherwise be required, showing all required information for the time which has elapsed since the period for which the payment was made. Payment for said period shall be due to the City within fifteen (15) days following the termination.

Contractor shall immediately comply with all requests of City for information or access arising out of compliance procedures or other requirements of federal, state or local laws, rules or regulations. City reserves the right to modify from time to time all recordkeeping, auditing and reporting requirements as it may deem to be in the best interests of City.

6. Advertising and Promotion. The Contractor shall be responsible for all marketing, advertising and promotion of all keno lottery operations. In the event that federal or state law precludes the Contractor from engaging in any type of desired advertising, such advertising may be proposed and placed by the Contractor and purchased by the City, if permitted by law, subject to prompt and complete reimbursement by the Contractor. The City, by and through the Mayor and City Council or their designee, reserves the right to review and modify or reject any advertising, marketing or other promotional activity for the keno lottery operation for any reason, or require its discontinuance.

The Contractor shall be responsible for all marketing, advertising and promotion of all keno lottery operations, and the Contractor shall expend not less than $20,000.00 per year of its funds on advertising and promoting the City’s keno lottery. In addition to, but not in limitation of the foregoing, the Contractor also shall (subject to City’s right to review and modify or reject any advertising, marketing or other promotional activity for the keno lottery operation for any reason, or require its discontinuance) implement other programs and activities to promote the City’s keno lottery, including:

- Food specials during all major sporting events to attract new as well as maintain a customer base.

- “Register to Win” promotions (for trips and/or merchandise) throughout the term of the contract.

- A player-tracking system to reward repeat players with gifts and prizes.

- Offer (with City approval) Super Five and Super Six Spot progressives, to enhance player participation, as the 5 and 6 spot is an attainable goal. May run seven days per week or select slow-revenue days.

- Contractor will belong to all area Civic Groups in order to keep a high profile with other business organizations.

- Contractor will work to have a banquet/meeting room facility as a means to introduce the Keno Game to new groups.

- Contractor will remain visibly active in the Community and Charitable Fund Raisers in order to keep La Vista Keno in a positive light.

- Contractor will work with local Keno Operators to expand the game of Keno through legislative action.

- Contractor will work with lobbyist regarding State Gaming to prevent negative interests that may hinder the game of keno.

- Contractor will keep informed (and keep the City informed) as to the local keno market and make recommendations to the City to ensure that La Vista Keno has the best games to be played, as well as remain competitive and viable.

- Key managers that live in La Vista will receive a bonus compensation based on gross keno revenue.

7. Term. The term of this Agreement shall commence between _____, 2008 and _____, 2008 (the actual date of commencement to be determined by the City and communicated to Contractor no less than 30 days before the commencement date); and shall terminate on September 30, 2013; provided, however, that the Contractor shall be subject to a probationary period of twelve (12) months during which the City shall review and examine the lottery operations conducted by the Contractor and may cancel this Agreement and terminate said lottery operations for any reason whatsoever upon fifteen (15) days' notice to Contractor. Subject to possible earlier termination as set forth in this Paragraph or in Paragraph 22 of this Agreement, the fixed term of this contract shall expire on the date specified in this Paragraph, provided, however, that the contract term shall continue beyond the end of the initial five year term for an additional five year term unless the City shall serve notice of nonrenewal upon the Contractor no later than July 31, 2013.

8. Hours of Operation. The Contractor shall operate the lottery only on the days and during the times set forth below:

Seven days per week from 9:00 a.m. to 1:00 a.m., with the following exceptions:

Closing will be 6:00 p.m. on Christmas Eve
Opening will be 6:00 p.m. on Christmas Day
Opening at 7:00 a.m. on Saturdays and Sundays

Any reduction in hours of operation requires City approval.

9. Compensation and Proceeds of Lottery Operations.

a. Contractor Regular Compensation. Contractor shall be entitled to an amount not to exceed ten percent (10%) of the gross lottery proceeds as Contractor compensation from which amount Contractor shall pay and be fully responsible for payment of all Expenses of the lottery and Contractor shall indemnify and save harmless City from all liability or loss in respect thereto.

b. Contractor Payment of Expenses. From said amount of Contractor compensation, Contractor shall be solely responsible for the payment of all Expenses and operations of the lottery, including taxes (which includes federal wagering taxes imposed under Section 4401(a) of the Internal Revenue Code), insurance, rent, advertising, printing, manufacturing, supplies, equipment, fees, commissions, salaries, and all other such Expenses incurred in the operation of the lottery or otherwise related thereto; provided, however, that the City and not the Contractor shall pay the two percent (2%) lottery tax imposed by §9-648 of the Nebraska Revised Statutes; and provided further, however, that if any applicable lottery or wagering tax shall materially change, either party shall have the right to request the other to discuss how said change shall be allocated under this Agreement.

c. Contractor Obligation to Effectuate Prize Percentage Payout and Owner Percentage Payout:

(1) City to Designate Percentage. The City shall designate the percentage or percentage range of Gross Proceeds to be paid as prizes [which shall not be less than the statutory minimum sixty-five percent (65%)] and the percentage of Gross Proceeds to be paid to the City as Owner.

(2) Contractor Implementation. Contractor shall establish, and propose revisions thereto as necessary, a schedule of prizes necessary to effectuate payment of total prize winnings in the amount of the percentage or percentage range of Gross Proceeds which City shall designate are to go to prizes ("Designated Prize Payout Range") and necessary to effectuate

payment to City of the corresponding percentage of Gross Proceeds that is to go to the City ("Designated City Gross Payout Percentage"). The Contractor shall operate within the Designated Prize Payout Range and corresponding Designated City Gross Payout Percentage.

(3) Progressive Jackpot Set Aside. During such times as the City shall authorize a progressive jackpot funded by setting aside a percentage of daily Gross Proceeds (Not including Gross Proceeds from any Super 5 or Super 6 game), the percentage of daily Gross Proceeds (Not including Gross Proceeds from any Super 5 or Super 6 game) authorized by City for said purpose shall be "set aside" for prize accumulation up to a total prize amount (Not including Gross Proceeds from any Super 5 or Super 6 game) authorized by City ("Progressive Jackpot Set Aside"). The Progressive Jackpot Set Aside shall be two percent (2%) of Gross Proceeds (Not including Gross Proceeds from any Super 5 or Super 6 game) with a maximum accumulation of Two Hundred Thousand Dollars ($200,000.00). Contractor shall deposit said Progressive Jackpot Set Aside not less often than weekly to an account of City established for that purpose.

The foregoing paragraph shall not apply to progressive jackpot set asides from the proceeds of a particular game, rather than as a percentage of daily Gross Proceeds, and any reference in this Agreement to Progressive Jackpot Set Aside shall be limited to amounts set aside for progressive jackpots out of daily Gross Proceeds. Furthermore, Gross Proceeds set aside for the Progressive Jackpot Set Aside shall not include any Gross Proceeds from any Super 5 or Super 6 game.

(4) Approved Prize Payout Schedule/Percentage. The City hereby authorizes and approves:

(a) Approved Prize Payout Schedule. The City authorizes Contractor to use all of the following Payout Schedules (herein collectively “City’s Approved Prize Payout Schedule”):

i. Regular Payout Schedule (includes Regular, Top/Bottom, Left/Right, Split and 20 Spot Special), a copy of which is attached hereto as Exhibit "D," and which schedule Contractor represents to City will, to the best of Contractor's knowledge and belief, result in an estimated payout (exclusive of Progressive Jackpot Winnings) of seventy-five and two-tenths percent (75.2%) or less; provided, however, that the part of the schedule for Top/Bottom, Left/Right, Split and 20 Spot Special games will, to the best of Contractor’s knowledge and belief, result in an estimated prize payout (exclusive of Progressive Jackpot Winnings) of eighty percent (80%) or less for Top/Bottom, seventy-three and four tenths percent (73.4%)

or less for Left/Right, seventy-three and four-tenths percent (73.4%) or less for Split, and eighty-three percent (83%) or less for 20 Spot Special. The Contractor shall offer games per the Regular Payout Schedule in addition to and simultaneous with the other approved schedules until such time as City determines to discontinue or modify City's Payout Schedule.

ii. First Alternate Payout Schedule ("$1.50 Special"), a copy of which is attached hereto as Exhibit "E," and which schedule Contractor represents to the City will, to the best of Contractor's knowledge and belief, result in an estimated prize payout (exclusive of Progressive Jackpot Winnings) of seventy-six and five-tenths percent (76.5%) or less. The Contractor shall offer games per the First Alternate Payout Schedule in addition to and simultaneously with the other approved Payout Schedules until such time as City determines to discontinue or modify City's Payout Schedule.

iii. Second Alternate Payout Schedule ("Quarter Madness"), a copy of which is attached hereto as Exhibit "F," and which schedule Contractor represents to City will to the best of Contractor's knowledge and belief, result in an overall average prize payout (exclusive of Progressive Jackpot Winnings) of eighty percent (80%) or less. The Contractor shall offer games per the Second Alternate Payout Schedule in addition to and simultaneous with the other approved Payout Schedules until such time as City determines to discontinue or modify City's Payout Schedule.

iv. Third Alternate Payout Schedule ("Super 5" and "Super 6"), a copy of which is attached hereto as Exhibit "G," and which schedule Contractor represents to City will to the best of Contractor's knowledge and belief, result in an overall average prize payout (inclusive of progressive jackpot winnings of the Super 5 and Super 6 games) of seventy-six and two tenths percent (76.2%) or less for Super 5, and seventy-six and two tenths percent (76.2%) or less for Super 6. The percentage of proceeds of the Super 5 or Super 6 games designated for the progressive jackpot shall be set aside (separately for each game) for prize accumulation (Super 5 and Super 6 Progressive Jackpot Set Aside). The Super 5 and Super 6 Progressive Jackpot Set Aside shall be four percent (4%) of proceeds for each game. The Contractor shall offer games per the Third Alternate Payout Schedule until such time as City determines to discontinue or modify City's Payout Schedule.

As used herein, the term "Approved Prize Payout Schedule" shall, until further notice from the City to Contractor, include the Regular Payout Schedule (Exhibit "D"), First Alternate Payout Schedule (Exhibit "E"), Second Alternate Payout Schedule (Exhibit "F") and the Third Alternate Payout Schedule (Exhibit “G”).

All wagers and all winning payouts shall be taken, made, and accounted for to City completely separate as between the Regular Payout Schedule and each of the Alternate Payout Schedules. The Contractor, at its own expense, shall purchase such additional equipment and software and pay all expenses of running a separate system for each of the Approved Prize Payout Schedules.

Contractor shall not, without the prior approval of the City Council, deviate from the Approved Prize Payout Schedule or take any bet or pay any prize not reflected thereon or that is inconsistent therewith. The foregoing payout schedule shall remain in effect as the Approved Prize Payout Schedule until changed by resolution of City’s Mayor and Council.

(b) Approved Prize Payout Percentage. The City herewith approves a Prize Payout (exclusive of Progressive Jackpot Winnings, but not progressive jackpot winnings from Super 5 or Super 6 games) of between seventy-eight percent (78%) and eighty percent (80%) ("Approved Prize Payout Percentage" or “Designated Prize Payout Range”) and a corresponding minimum Designated City Gross Payout Percentage as follows:

When Progressive Jackpot Set Aside is in effect:	Between 18% and 20%
When Progressive Jackpot Set Aside is not in effect:	Between 20% and 22%

Gross receipts remaining after payment of the prizes in accordance with the Approved Prize Payout Schedule and the Progressive Jackpot Set Aside shall be the "City's Gross Payout."

(5) City's Net Payout. From the City's Gross Payout the following amounts shall be deducted in arriving at City's Net Payout:

(a) The Contractor's regular compensation in the amount of ten percent (10%) of Gross Proceeds to be retained by Contractor;

The amount of City's Gross Payout remaining after provision for the foregoing being hereinafter referred to as "City's Net Payout" which in respect to each month's operation shall be not less than the City's Guaranteed Net Payout as hereinafter defined.

(6) City's Guaranteed Net Payout. In no event shall Contractor in respect to the lottery operation of any calendar month, after Contractor's payment of prize winnings, Progressive Jackpot Set Aside and Operator's compensation, pay to City an amount less than five percent (5%) of the Gross Proceeds of the lottery for said month, plus the amount of lottery tax that must be paid to the State of Nebraska in respect to said month. ("City's Guaranteed Net Payout"). In respect to any calendar month in which the City's Net Payout is less than City's Guaranteed Net Payout, the Contractor shall pay to City from Contractor's own funds the amount of such deficiency by the fifteenth (15th) day of the next month.

(7) Prize Payouts Exceeding Authorized Prize Payout. If prize payouts, exclusive of the Progressive Jackpot Set Aside (but not progressive jackpot winnings from Super 5 or Super 6 games), made strictly in accordance with the Approved Prize Payout Schedule shall, in any month, exceed the Approved Prize Payout Percentage , thereby causing "Excess Prize Payout" (and thereby resulting in Contractor's failure to satisfy the City minimum Designated City Gross Payout Percentage) for said month, then in such event Contractor shall not solely on account thereof be in default of this Agreement and Contractor's compensation shall not be reduced (except as may be necessary to effect payout to City of City's Guaranteed Net Payout for the month), provided

(a) All prize payouts are strictly in accordance with the Approved Prize Payout Schedule and the terms of this Agreement; and

(b) Such Excess Prize Payout is not the result of negligent operation or payout on the part of the Contractor.

d. Payment of City’s Payout. The payment to City of City Net Payout or City Guaranteed Net Payout, whichever is greater, shall be made no later than fifteen (15) days following the last day of the lottery operations for each month and shall be accompanied by the monthly financial report as provided for in Section 5 of this Agreement. The Contractor may retain its ten percent (10%) compensation (subject to any reduction necessary to pay City’s Guaranteed Net Payout). Interest shall accrue on all past due payments due the City at the legal rate of interest allowed under Nebraska law, as adjusted from time to time.

10. Minimum Receipts Requirement (Standard of Performance). Contractor represents that it will achieve annual gross receipts from the operation of the lottery of

Seven Million Dollars ($7,000.000.00), which representation is an essential inducement to this Agreement upon which the City has relied and goes to the essence hereof. Failure, for whatever reason, to achieve annual gross receipts of at least Seven Million Dollars ($7,000,000.00) for each year of operation shall be deemed unsatisfactory performance and shall, without limitation, constitute a failure of performance and breach of this Agreement. Upon such failure of performance, or whenever, in City's judgment, the Contractor is or will be unable, for any reason, to achieve the required minimum standard of performance, City may, upon fifteen (15) days' notice to Contractor, terminate this Agreement. City, in its sole and absolute discretion and without any obligation whatsoever to do so, may reduce the minimum performance requirements of this Agreement.

11. Default. The Contractor will be deemed in default of this Agreement upon the happening of any of the following events:

a. Insolvency of the Contractor;

b. The filing of a petition of bankruptcy for the protection, under Chapters 7, 11 or 13 of the Bankruptcy Code, of the Contractor, any officer, member or partner of Contractor, or any shareholder of Contractor owning greater than five percent (5%) of the outstanding equity of the Contractor;

c. The conviction of Contractor, any officer, member, partner or employee of Contractor, or any shareholder of Contractor owning greater than five percent (5%) of the outstanding equity of the Contractor, of a felony relating to the honesty or trustworthiness of the Contractor in performance of this Agreement or in the performance of any other gaming operation. Conviction of any of the foregoing or any other crime involving moral turpitude or of such a nature as, in the opinion of the City, may in any way adversely reflect upon the keno lottery operation or the City, or in any way give the appearance of impropriety, shall give the City, by and through the Mayor and City Council, the right to terminate this Agreement or demand the removal of the offending party. Failure to honor any demand for removal hereunder shall constitute a breach of this Agreement;

d. The failure to comply with any federal, state, or local law, rule or regulation;

e. The failure to commence lottery operation as required by this Agreement, or the interruption or cessation of operations at any lottery location for:

(1) A continuous period of three (3) days without prior written City approval; or

(2) Fifteen (15) days of interruption accumulated during any six (6) month period without prior written City approval;

f. The failure to provide material information or access to operations, the furnishing of false information, or the omission of material information as required to be disclosed by Contractor under this Agreement, the Specifications for Lottery, the City Council Resolution or the Contractor's Proposal;

g. Any evasion or attempt to evade any material provision of the Agreement, or any fraud, or deceit upon, or attempt to defraud or deceive, the City, any governmental body or patrons of the keno lottery operation;

h. The failure to cooperate with any certified public accountant or other person performing audit or review functions pursuant to this Agreement, the Police Department, any City officials, the City Council, officials of the Department of Revenue, or any other person authorized to monitor or enforce this Agreement or any subject covered herein or related hereto;or

i. Any breach of this Agreement.

12. Compliance with Governing Laws. The Contractor agrees to comply and conform with the Nebraska County and City Lottery Act, Neb. Rev. Stat. §§9-601 *et seq.* and all other applicable federal, state, and local laws, rules and regulations, as enacted, adopted or modified from time to time, and to notify the City of any violation of this Agreement or of any applicable law, rule or regulation governing or related to the keno lottery operation within twenty-four (24) hours of the time Contractor knows or should know of the violation, and to take any corrective action as necessary or advisable. In the event any such law should be changed, amended, repealed, or newly enacted, the Contractor shall conform the lottery operation to said change by the time of the effective date of the change in law. In the event this lottery is discontinued by an election authorized under Neb. Rev. Stat. §9-626 or 9-627, the City shall have the option to terminate this Agreement by giving thirty (30) days notice to Contractor. In the event the particular keno-type lottery placed in operation with this Agreement shall be declared illegal or the enabling statutes of the State of Nebraska are repealed or other similar federal, state, or local action, this Agreement shall terminate without liability to either party. In the event that a change in regulation by federal, state, or local law results in licensing, reporting, filing, disclosure, or other non-economic type regulation, the Contractor shall conform and comply with all such regulation as required and this Agreement shall continue in full force and effect. Should the City determine that a material provision of this Agreement is affected by any subsequent action of the federal or state government, the City Council shall have the right to modify any of the provisions herein to such reasonable extent as may be necessary to carry out the full intent and purpose of this Agreement. Notwithstanding anything in Paragraph 9.c. or 12 to the contrary, either City or Contractor may request renegotiation of the percentages set forth in Paragraph 9.c. or other terms of this Agreement if any law changes in a manner that materially affects the City’s keno lottery.

13. Cessation or Interruption of Operations. In the event that Contractor shall cease operations at any location for more than twenty-four (24) hours, the Contractor shall so notify the City in advance of the interruption as soon as possible stating the reasons for

the interruption and the anticipated length of the cessation of operations. In no event, however, may Contractor cease or interrupt operations for a period more than three (3) days without prior written approval by the City.

14. Insurance. Contractor shall, at all times, maintain insurance with an insurer acceptable to the City covering general liability in the amount of one million dollars ($1,000,000.00) per person and two million dollars ($2,000,000.00) per occurrence for bodily injury and one hundred thousand dollars ($100,000.00) for property damage and shall provide for assumed contractual liability coverage as imposed by this Agreement notwithstanding that the City be a named insured. Contractor shall provide proof of said insurance to the City and City shall be named insured therein. Insurance of the Contractor shall be the primary coverage for all losses and City's coverage, if applicable to the lottery operation, will be secondary coverage. Said insurance shall contain a non-cancellation provision requiring thirty (30) days' notice to the City prior to cancellation of coverage. Contractor shall maintain coverage for workers compensation as required by state law. Failure to maintain insurance as required shall constitute a breach of this Agreement.

15. Bond. Contractor shall provide and maintain a performance and payment bond in the form of a corporate surety acceptable to the City in the amount of, or deposit and maintain with the City a cash amount equal to, the largest payout possible under the lottery at any point in time (excluding the payout possible under any progressive jackpot from funds set aside in advance from daily Gross Proceeds, but not excluding any minimum prize payout guaranteed under any such progressive jackpot nor any progressive jackpot prize possible under the Super 5 or Super 6 games), or such greater amount required by applicable laws, rules or regulations, said bond or amount to guarantee Contractor's full and complete performance of this Agreement, including, but not limited to, payment to the City of all sums due hereunder and payment of all prizes claimed. Any bond provided hereunder shall provide that any termination or cancellation during this Agreement shall not be effective unless written notice of termination or cancellation is provided to the Contractor and to the City not less than thirty days before the effective date thereof. In the event notice of termination or cancellation satisfying the requirements of this paragraph is received, Contractor shall file with the City not less than twenty days before the effective date of said termination or cancellation a replacement bond in form and surety satisfactory to City in the amount of, or deposit and maintain with the City a cash amount equal to, the largest payout possible under the lottery at any point in time (excluding the payout possible under any progressive jackpot from funds set aside in advance from daily Gross Proceeds, but not excluding any minimum prize payout guaranteed under any such progressive jackpot nor any progressive jackpot prize possible under the Super 5 or Super 6 games), or such greater amount required by applicable laws, rules or regulations, said bond or amount to guarantee Contractor’s full and complete performance of this Agreement, including, but not limited to, payment to the City of all sums due hereunder and payment of all prize claims. Failure of the Contractor to provide or maintain a bond, or file or maintain an amount, in accordance with this paragraph shall be deemed a material breach of this Agreement.

16. Equipment and Security. Prior to commencing operation, the Contractor shall submit for inspection, testing, and approval all lottery equipment to be used in the keno lottery operation. Said inspections and/or tests shall be conducted by the City or its designee, and any such inspection may be in addition to any required by state law. Inspections or tests may also be conducted at any time during the course of this Agreement by the City or its designee without prior notice. The City retains the right to at any time during this Agreement inspect and reject any lottery equipment not meeting its approval. In the event of rejection, the Contractor shall immediately discontinue use of such lottery equipment and provide sufficient lottery equipment to perform under this Agreement.

The Contractor shall install and maintain in good and working condition, and update from time to time during this Agreement, security devices and measures to ensure the integrity, honesty, and fairness of the keno lottery operation in accordance with all applicable laws, rules and regulations and requirements of the City. Such security system is subject to inspection and approval of the City from time to time during this Agreement, which approval shall not be unreasonably withheld. The security system is subject to inspection and testing at any time without prior notice in the same manner described in the first paragraph of this Paragraph 16.

One copy of the detailed plans, drawings, and specifications of the security system, outlining in specific detail the system and devices used shall be kept on file, in a secured place, in the office of the City Clerk. The same shall be available only to individuals authorized by the City Clerk, with the concurrence of the Contractor, to have access to the same for the purpose of ensuring compliance with this Agreement, and in particular, the immediately preceding paragraph. Any such material shall not be construed to be a public record. The Contractor shall keep this information continually current.

Any testing, inspection or approval of lottery equipment or security devices pursuant to this Paragraph shall not relieve Contractor of any responsibility for, or liability with respect to, any said equipment or devices.

The Contractor agrees to provide adequate training and supervision of its employees and adequate security of all tickets, boards, or other items to be used in the lottery game in order to ensure a fair and honest lottery. The lottery shall conform to the Specifications for Lottery, Contractor's Proposal and City Council Resolution and shall, upon request of City, provide a monthly ticket report to the City with a detailed record of all tickets and of each winning ticket and amount. Contractor shall provide in said monthly report the name and address of each winner of One Thousand Five Hundred Dollars ($1,500.00) or more on any single game. Said monthly ticket report shall be provided within fifteen (15) days following the last day of each month's operations. Contractor shall maintain all records that are necessary to create the monthly report for a period of five (5) years after the close of a particular month. Each employee who is engaged in the operation of the keno lottery or who has direct unsupervised access to the lottery equipment shall be individually bonded in the amount of Fifty Thousand Dollars ($50,000.00). Each employee shall be subject to a complete and thorough background investigation and criminal history check prior to, and throughout the term of employment, the cost of which shall be borne by the Contractor.

Said investigation may be conducted by any governmental agency or private investigator designated by the City.

In addition to, but not in limitation of, the foregoing and Contractor's Proposal with respect to any acquisition of gaming, computer or security equipment for use in the City's keno lottery operation, or renovations or improvements to the keno lottery building and facilities (which shall include, but not be limited to,_____), the Contractor shall invest not less than the following amounts on equipment and improvements to the keno lottery building and facilities:

Equipment:

Computer System	$_____
Ball Handling System	$ _____
Security System	$ _____
Other	$_____

(A description of the specific computer, ball handling, security and other systems and equipment that Contractor shall purchase and install is attached hereto as Exhibit "H" and incorporated herein by this reference.)

Building and Facilities Improvements/Renovations

Bar	$_____
Restaurant	$_____
Parking	$ _____
Other	$_____

In consultation with a professional interior designer, Contractor shall _____, specifically including, but not limited to, the following:

_____
_____
_____

All equipment purchases and improvements will require approval of the City and will be completed, installed and operational within ____ days after the _____ of this Agreement. Any deviation from the foregoing will require prior City approval.

17. Liability/Indemnification. The Contractor shall bear sole responsibility and shall hold the City harmless from and indemnify it against all claims (including all sums reasonably expended for attorneys fees and court costs in the defense of any claim or loss) arising out of or resulting from the operation of the lottery, including, but not limited to, the ownership, selection, possession, use, leasing, renting, operation, control, maintenance,

delivery, and installation of equipment provided by the Contractor. The Contractor further agrees to hold the City harmless from and indemnify it against any and all loss, damage, injury, and claims arising out of or resulting from the conduct of the lottery, including but not limited to bodily injury to third parties or damage to property, financial loss by reason of entitlement to or settlement of prizes exceeding net proceeds, failure by Contractor or its employees or agents to comply with the terms of this Agreement, and all injury or damage resulting from or arising out of any operations or services rendered under the terms and conditions of this Agreement whether or not the result of negligence, acts or omissions of Contractor.

The Contractor shall bear full responsibility and liability for any and all prizes in the operation of the keno lottery and shall be solely responsible for honoring and paying all prize claims. The Contractor shall pay all prizes in the manner and at the time required by this Agreement or applicable law, rule, or regulation and shall hold the City harmless from and indemnify it against the same. As specific and primary security for the Contractor's performance of this obligation:

a. Prior to commencing operation, the Contractor shall deposit with the City a cash reserve in an amount that is two (2) times the amount of the maximum prize that is possible to be won in any regular game, as adjusted from time to time. In the event the Contractor offers a progressive keno game with a prize exceeding the maximum possible prize in a regular game, the Contractor must maintain the cash reserve or alternative security in an amount not less than the sum of two (2) times the maximum prize possible to be won in the regular game plus the amount available to be won in the progressive game.

b. The City shall have the right to withdraw amounts from the reserve in the event the Contractor fails for any reason to pay legitimate claims of prizes.

c. The Contractor shall maintain and replenish the cash reserve or security as necessary to maintain the required reserve. After any drawing upon the reserve security, the Contractor shall replenish the reserve to the required amount before conducting any keno lottery game.

d. The City shall bear no responsibility or liability whatsoever for any prize claims and the cash reserve is to be maintained solely for the purpose of ensuring a fair and honest lottery and to assure the financial responsibility of the Contractor.

e. Said reserve shall be invested and maintained by City, subject to City's withdrawal, in a separate FDIC insured bank account which shall be interest bearing, the interest of which shall be credited to the reserve balance. The City alone shall have authority to withdraw funds and shall pay interest earned to the Contractor on a quarterly basis as long as the proper reserve balance is maintained.

f. The cash reserve shall be returned to the Contractor after all prizes and claims have been paid and settled at the termination of this Agreement.

18. Conflict of Interest - Operations. Neither Contractor, nor any officer, director, partner, member, employee of the Contractor, nor shareholders owning greater than five percent (5%) of the equity of Contractor, or any immediate family member of any of the foregoing, shall operate any other lottery or pickle card sales or other game of chance within a five (5) mile radius of the lottery location provided for herein without the prior written consent of the City Council of the City. The restrictions of this paragraph shall apply to Contractor and each partner, member or shareholder of Contractor during this Agreement and for a period of one year after this Agreement terminates. Furthermore, Contractor shall obtain and maintain in effect a covenant of each manager of the keno operation prohibiting said manager from competing with the City's keno operation while employed by Contractor or for a period of one year thereafter, in form and content satisfactory to the City.

19. Conflict of Interest - City Officials. No elected or appointed official of City or any member of his/her immediate family shall, either directly or indirectly, during his/her term of office and for one (1) year thereafter own any interest in or be employed by, or in any manner receive, either directly or indirectly, compensation, remuneration, payments or other thing of value from the Contractor, from any parent, subsidiary or affiliated entity of Contractor, or from any person owning an interest or working for any of the foregoing or promoting the interests thereof.

20. Player Ineligibility. Neither Contractor, nor any officer, director, partner, member, shareholder or employee of the Contractor, or their immediate families shall play the lottery or claim any lottery prizes; provided, however, that employees of the Contractor and their immediate families shall be allowed to play the lottery or claim lottery prizes at any time that is four or more hours prior to the commencement of, any work or duty by the employee related to the lottery; provided, further, however, that, notwithstanding anything in this paragraph to the contrary, employees shall not be permitted to purchase or play any way tickets that are to extend on to the employee's shift of work or duty for the lottery.

21. Personal Guaranty. All shareholders, members or partners owning greater than five percent (5%) of the equity of the Contractor shall execute a personal guaranty for all debts and obligations of Contractor arising out of this Agreement.

22. Termination. The City may terminate this Agreement upon five (5) days notice to the Contractor (or in accordance with such other notice required under applicable laws, rules or regulations) at any time the Contractor breaches any of the terms of this Agreement or is otherwise in default of this Agreement and shall have failed to cure such breach or default within said five (5) day period (or other period required by applicable laws, rules or regulations) after notice is given of such default or breach from the City.

23. Remedies. In the event of any breach of this Agreement and in addition to all remedies available under this Agreement, or at law or in equity, the City shall be entitled to affirmative or negative injunctive relief. All remedies provided in this Agreement or at law or in equity shall be cumulative.

24. Waiver. No waiver by either party to this Agreement at any time of any breach by the other party or of compliance by the other party with any condition or provision of this Agreement to be performed by the other party shall be deemed to be a waiver of similar or dissimilar provisions or conditions at the same or any prior or subsequent time.

25. Severability. Any invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, nor shall the invalidity or unenforceability of a portion of any provision of this Agreement affect the validity and enforceability of the balance of such provision. All other provisions and parts of provisions shall remain in full force and effect, provided however, if in the sole opinion of City, the removal or inoperative effect of any such provision or part of provision so declared invalid or unenforceable shall materially affect the City's rights hereunder, the City may terminate this Agreement.

26. Construction. This Agreement incorporates and integrates all terms and conditions of all documents and laws, rules and regulations mentioned herein or incidental hereto and constitutes the entire agreement between the parties hereto superseding any prior agreement or understanding whether oral or written, express or implied. This Agreement may not be discharged or modified except as provided herein or unless amended, modified, or discharged, in writing by agreement of both parties. Any and all such amendments or modifications to this Agreement shall be binding upon Contractor's surety or guarantor without notice to the surety or guarantor. References to sections of the Internal Revenue Code or Nebraska Statutes in this Agreement shall be interpreted to mean specified sections as amended from time to time.

27. Notices. Any notices required hereunder shall be deemed given or made upon its deposit in the United States mail, postage prepaid, addressed as follows:

a. To the City:

City of La Vista
Attention: City Clerk
8116 Park View Boulevard
La Vista, Nebraska 68128

b. To the Contractor:

_____
_____
_____
_____

A party may designate a different person or address by providing written notice of such change to the other party.

28. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Nebraska. The parties agree to submit and not object to personal jurisdiction of any state court of or located in Sarpy County, Nebraska, and that personal jurisdiction of and in any such court shall be proper, convenient and not objectionable.

29. Discrimination. No person shall, on the grounds of race, color, sex, age, national origin, or political or religious opinion or affiliation, be discriminated against in employment in connection with, be excluded from participation in, be denied the proceeds of, or be subject to unlawful discrimination of any nature in, any activity conducted pursuant to the terms of this Agreement; provided, however, that:

a. Contractor shall not employ anyone to work at the lottery premises (with the exception of food service personnel), allow anyone to play the lottery game, or allow anyone to serve alcoholic beverages on the lottery premises, who is under nineteen (19) years of age, and

b. Contractor shall not allow anyone under the age of twenty-one (21) to be served alcoholic beverages on the lottery premises.

30. Approval. This Agreement shall be subject to the approval of the Mayor and City Council of the City of La Vista, Nebraska.

IN WITNESS WHEREOF, the Contractor and the City have executed this Agreement on the date first written above.

_____, a Nebraska
_____

ATTEST:

_____
Witness

By _____

Title _____

ATTEST:

CITY OF LA VISTA, NEBRASKA, a Municipal Corporation

_____
City Clerk

By _____
Mayor

GUARANTY

By signing below, I, _____, hereby personally guaranty full performance and all debts and obligations of _____ ("Operator") arising out of or resulting from the foregoing Lottery Operator Agreement between Operator and the City of La Vista ("City"); and I agree to hold the City harmless from, and indemnify it against, any and all claims, liabilities, losses, suits, judgments and expenses whatsoever (including, but not limited to, attorneys fees and court costs) arising out of or resulting from any breach, negligence, act or omission of, arising out of or resulting from said Agreement.

DATED this _____ day of _____, 200___.

_____
Guarantor