

Amendment No. 1

FIRST AMENDMENT TO VIDEO LOTTERY SERVICES AGREEMENT

THIS First Amendment to the AGREEMENT dated July 29, 2003, made and entered into this ____ day July, 2013 by and between the Government of the United States Virgin Islands, Department of Property and Procurement, on behalf of the Virgin Islands Lottery Commission (Hereinafter, referred to as "Government" or "Lottery Commission") and Southland Gaming of the Virgin Islands, Inc., (Hereinafter referred to as "Contractor") pursuant to a Settlement Agreement between the parties.

WHEREAS, the parties entered into a Video Lottery Services Contract (hereinafter "VLS Contract") dated July 29, 2003. The VLS Contract has operated very well and the parties have been pleased with the operation thereof; and

WHEREAS, the parties encountered a dispute regarding certain interpretations of certain provisions of the VLS Contract, which led to litigation, including the applicability of the local Gross Receipt Taxes; and

WHEREAS, the parties entered into negotiation to resolve the disputes stemming from the VLS Contract and they have reached an amicable resolution. The parties have determined that it is in the best interest of both parties and the best interest of the Government of the Virgin Islands to enter into a settlement agreement rather than engage in protracted litigation; and

WHEREAS, in the Settlement Agreement, the parties agreed that it would be in the best interest of all parties to provide for an extension of the VLS Contract. The Virgin Islands Lottery Commission also agrees to an extension of the VLS Contract; and

PC004LOT14
VIRGIN ISLANDS - JUL 18 2003

EXHIBIT B

WHEREAS, the Virgin Islands Lottery Commission and Southland Gaming wish to make amendments to the VLS Contract which resolve the issues stemming from the interpretation of the said contract; and

WHEREAS, that the services provided under the VLS Contract are professional services which allows for this Contract and this First Amendment to be procured without competitive bids or proposals pursuant to 31 VIC § 239(a)(4); and the VLS Contract also involves property and services for which it is impractical to obtain competition under 31 VIC § 239(a)(8) because of the operational integration between Southland Gaming and Lottery Commission and the prohibitive cost and loss of revenue that would be required to change video lottery contractors which would threaten the financial viability of the Lottery; and that the First Amendment to the VLS Contract is otherwise authorized by law and constitutes a material term to the Settlement Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to the following amendments to the aforesaid contract.

I. 2. TERM

Beginning at the commencement of the VLS Contract on July 29, 2003, the parties agree that the VLS Contract shall be for an initial term of five (5) years and thereafter shall be renewed for four (4) additional five (5) year periods, unless amended by the parties or the Contractor provides the Government written notice of its intent not to exercise this option at least six (6) months prior to the expiration of each five (5) year period or the Government has cause to terminate this Contract and provides the Contractor written notice of its intent to terminate pursuant to Section 22 and the Contractor fails to cure as provided therein.

PC004LOT14
Amends Contract No. PC-VIL-135-2003



II. 3. COMPENSATION

(d) The commissions to be paid to Contractor under section (a) above of this VLS Contract are calculated without any deduction for video lottery retailer commissions and beginning October 1, 2013, by separately applying each of the different percentages of lottery commissions to each threshold of weekly net game revenue for retail locations and Entertainment Centers as applicable for any given week. For example, if the weekly net game revenue for retail locations is \$700,000, then Contractor's lottery commissions for retail locations for that week would total \$321,000 – calculated as follows: 48.75% of weekly net game revenue under \$300,000 (\$146,250); plus 44.75% of weekly net game revenue between \$300,000 and \$600,000 (\$134,250); plus 40.50% of weekly net game revenue over \$600,000 (\$40,500). Notwithstanding the above, from October 1, 2013, until the earlier of the opening of Southland's Entertainment Center at Port-Of-Sale or December 31, 2014, Southland's video lottery commissions will be reduced by \$24,000 per month.

III. 12. SUBCONTRACTORS AND MANAGEMENT

[a].

(b). The Contractor is authorized to contract or subcontract with not more than 110 retail locations for the operation of video lottery, who shall also be known as "Retailers" or "locations" and shall not operate more than 2000 video lottery terminals during years one and two of this agreement. The number of Retailers may be increased by not more than twenty (20) for each year of the agreement beginning with year three. The selection and location of the Retailers shall be subject to the approval of the Executive Director of the Lottery. The Contractor may petition the Executive Director for authority to contract or subcontract with additional Retailers

PC004LOT14

Ames

Contract No. PC-VIL-135-2003

or to increase the number of video lottery terminals in any given year, subject to the applicable law, and rules and regulations.

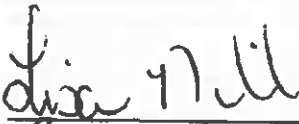
(c). The Executive Director of the Lottery may require a criminal background investigation of any Retailer. The right of the Lottery Commission to reject, revoke or suspend the authority of any Retailer to act as a location for video lottery terminals for any violation of the VLS Contract, the laws of the Virgin Islands or rules and regulations, shall not be the subject to waiver, abatement or laches and may be exercised at any time by the Lottery Commission without regard to prior acts or omissions of any employee, agent, or representative of the Lottery Commission, including but not limited to the Executive Director or the Commission.

(d). The parties agree that the Lottery Commission has the responsibility and authority to establish the amount of video lottery commissions for the video lottery Retailers contracted by the Contractor, and that the Lottery Commission, shall pay the Retailers' commission from the Government's share of video lottery net game revenues.

IN WITNESS WHEREOF, the parties have hereunto set their hands on this day and year first indicated above.

WITNESSES:

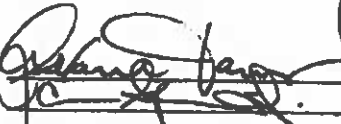
**GOVERNMENT OF THE
UNITED STATES VIRGIN ISLANDS**



Lynn A. Millin Maduro, Commissioner
Department of Property and Procurement

Lynn A. Millin Maduro, Commissioner
Department of Property and Procurement

12/8/13
Date



Angel E. Dawson, Jr., Chairman
Virgin Islands Lottery Commission

Angel E. Dawson, Jr., Chairman
Virgin Islands Lottery Commission

7/31/13
Date



Conrad E. Francois

Conrad E. Francois

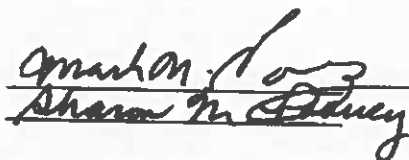
8.6.13
Date

PC004LOT14

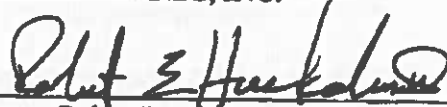
Amends Contract No. PC-VIL-135-2003

Executive Director of the Virgin Islands Lottery

**SOUTHLAND GAMING OF THE
VIRGIN ISLANDS, INC.**


Sharon M. DeLoach

By:



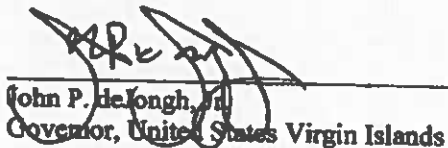
Robert E. Huckabee, III
President and CEO

Southland Gaming of the Virgin Islands, Inc.

8-6-13

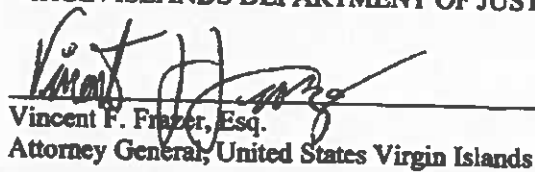
Date

APPROVED:


John P. deLoach, Jr.
Governor, United States Virgin Islands

11/6/13
Date

APPROVED AS TO LEGAL SUFFICIENCY
VIRGIN ISLANDS DEPARTMENT OF JUSTICE


Vincent F. Frazer, Esq.
Attorney General, United States Virgin Islands

10/8/13
Date

PC004LOT14

 Contract No. PC-VIL-135-2003