

PROFESSIONAL SERVICES AGREEMENT
FOR COMPREHENSIVE ACCOUNTING AND AUDITING SERVICES

THIS PROFESSIONAL SERVICES AGREEMENT FOR COMPREHENSIVE ACCOUNTING AND AUDITING SERVICES (this “**Agreement**”) is made and entered into this 4 day of December, 2023 (the “**Effective Date**”), by and among the **MISSISSIPPI LOTTERY CORPORATION**, a Mississippi corporation (the “**Corporation**”), **CARR, RIGGS & INGRAM, LLC**, d/b/a CARR, RIGGS & INGRAM CPAs and Advisors, an Alabama limited liability company (the “**Firm**”), and, for the limited purposes of Sections 15 and 24 hereof, the **MISSISSIPPI OFFICE OF THE STATE AUDITOR** (“**OSA**”). The Corporation, the Firm and OSA are sometimes referred to herein individually as a “**Party**” or collectively as the “**Parties.**”

RECITALS

WHEREAS, the Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018) (the “**Act**”), created the Corporation to organize and operate a lottery in the State of Mississippi;

WHEREAS, the Corporation organized, and, beginning on November 25, 2019, has operated the Mississippi Lottery (the “**Mississippi Lottery**”);

WHEREAS, on June 5, 2023, the Corporation issued a Request for Proposals No. 9 for comprehensive accounting and auditing services, attached hereto as Exhibit A and incorporated herein by reference (the “**RFP**”);

WHEREAS, the Firm submitted the proposal dated July 7, 2023, attached hereto as Exhibit B and incorporated herein by reference (the “**Proposal**”) in response to the RFP;

WHEREAS, on August 22, 2023, the Board of Directors of the Corporation (the “**Board**”) accepted the Proposal and authorized the Corporation’s President (the “**President**”) to negotiate the terms of a professional services agreement for comprehensive accounting and auditing services with the Firm, consistent with the terms of the RFP, and authorized the Board Chairman to approve and execute such agreement; and

WHEREAS, subject to the terms and conditions hereinafter set forth, the Corporation desires to retain the Firm to provide comprehensive accounting and auditing services to the Corporation, and the Corporation desires to perform such services for the Corporation.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Corporation and the Firm, intending to be legally bound, hereby agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, the Corporation retains the Firm to provide comprehensive accounting and auditing services to the Corporation as contemplated by the RFP and the Proposal, and the Firm agrees to provide such services to the Corporation.

2. **Scope of Services.** The auditing services and related terms and conditions to be performed by the Firm at the request of the Corporation (the “Services”) are included in Exhibit C for the year ending June 30, 2024 and fully incorporated into this Agreement. The Firm anticipates providing similar additional exhibits to the Corporation prior to each successive audit (June 30, 2025 and 2026 plus any extensions) or for other work requested by the Corporation. In addition, the Firm agrees to:

- i. Present the approved draft of the audit report to the Corporation and the State Auditor’s Office within seventy (70) days after the close of the Corporation’s fiscal year;
- ii. Present the final audit report and opinion to the Corporation and the State Auditor’s Office within ninety (90) days after the close of the Corporation’s fiscal year: and
- iii. Provide eight (8) bound copies of the audited financial statement, books, and records to the Board each year at the Firm’s expense.

3. **Term.**

- a. Unless sooner terminated in accordance with the provisions of Section 17 or other provisions of this Agreement, the term of this Agreement shall commence on the Effective Date and shall continue for a period of three years (the “Initial Term”), subject to one (1) two (2) year extension of the term of this Agreement (the “Extension Option”) as set forth below. The Initial Term plus any extension shall be collectively referred to herein as the “Term.”
- b. At the sole option of the Corporation, the Corporation, with the consent of OSA, may exercise the Extension Option by providing notice of same to the Firm no later than one hundred eighty (180) days prior to the expiration of the Initial Term.
- c. Pursuant to Section 45 of the Act, the Firm shall not be eligible to receive a consecutive engagement beyond the five-year period described herein.
- d. The Firm shall cooperate fully and in good faith and shall assist the Corporation and the subsequent accounting and auditing firm, in accordance with professional standards, upon the expiration of this Agreement, at no cost to the Corporation.

4. **Compensation.** The Firm will submit to the Corporation, on a quarterly basis beginning subsequent to the quarter ending June 30, 2023, invoices for its professional services. Its rates for the duration of the Term shall be on an hourly basis, as follows:

Partner	\$300
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Manager	\$200
Senior	\$150
Staff	\$120

Provided, however, that (a) the Firm agrees to make reasonable efforts to provide the Services in a manner that will achieve an average hourly rate of no more than \$180 per hour and (b) that the Firm's fees for Services under this Agreement shall not, in the aggregate, exceed the following: \$60,000 for the audit of financial statements, book and records, per fiscal year during the Term; \$20,000 for review of internal processes and controls, per fiscal year during the Term; and \$20,000 for assistance with the financial report prepared by the Board, per fiscal year during the Term. The Firm's fees may be adjusted annually based on the Consumer Price Index (CPI), not to exceed three percent (3%) in any one calendar year.

The Firm's fees may increase if the Firm's duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards.

The Firm may suspend or terminate services if any invoice is not paid within forty-five (45) days of receipt. The Firm is not responsible to the Corporation for any consequences of nonpayment.

5. Work Standards.

- a. The Firm hereby agrees that it shall at all times comply with and abide by all the terms and conditions set forth in this Agreement, all requirements of the Act and all applicable laws and regulations. The Firm further agrees that it shall perform its duties and responsibilities as set forth in this Agreement by following and applying the highest professional standards.
- b. The Firm agrees to comply with all applicable rules, policies, procedures and regulations adopted from time to time by the Corporation pursuant to the Act and all other applicable federal, state and local laws, rules, regulations, ordinances or executive orders.
- c. If the Corporation becomes dissatisfied with the work product or the working relationship with any of the individuals assigned to perform services under this Agreement, the Corporation may require the prompt replacement of any or all such individuals in such capacities.
- d. The Firm hereby designates Cheryl Wallace, CPA or such other person or persons as it may designate from time to time by notice to the Corporation, as its primary contact with the Corporation for purposes of this Agreement.

6. Changes in Work. By written or oral request by the President or his designee(s), the Corporation may from time to time make changes in the Services; provided,

however, to the extent any such changes are outside the scope of this Agreement, the Corporation and the Firm shall in good faith negotiate mutually acceptable terms and compensation.

7. **Conflict of Interest.** The Firm covenants that it shall not during or after the Term directly or indirectly engage or be concerned or interested in any business or activity which would create a conflict in the manner or degree of performance of Services required by this Agreement or otherwise would conflict with the interests of the Corporation.
8. **Independent Contractor.**
 - a. Both the Corporation and the Firm, in the performance of this Agreement, will be acting in their own separate capacities and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one Party shall not be deemed to be construed to be employees, agents or partners of the other Party for any purposes whatsoever. To the extent permitted by applicable law, neither Party will assume any liability for any injury (including death) to any persons, or any damage to any property or other claim arising out of the acts or omissions of the other Party or any of its agents or employees. It is expressly understood and agreed that the Firm is an independent contractor of the Corporation in all manners and respects and that neither Party to this Agreement is authorized to bind the other Party to any liability or obligation or to present that it has any such authority.
 - b. The Firm shall be solely responsible for all compensation, withholding taxes and benefits for its employees, officers, directors, members or partners and for providing all necessary unemployment and workmen's compensation insurance therefor.
9. **Assignment.** The Firm may not assign any right or obligation under this Agreement without the prior written consent of the Corporation.
10. **Publicity.**
 - a. The Firm shall submit to the Corporation all advertising, sales promotion, and other publicity matters for the benefit of the Firm relating to this Agreement or the Services provided to the Corporation, wherein the Corporation's name or the name of the Mississippi Lottery appears, and the Firm shall not publish or use such advertising, sales promotion, or publicity matter without the prior written consent of the Corporation.
 - b. Neither the Firm nor its employees, officers, directors, members or partners shall issue any press release, conduct any press or news conference, participate in any media interview or otherwise make any public statement with respect to or in connection with the Corporation or the Mississippi Lottery without the prior written consent of the President or his designee(s) in each instance.

11. Confidentiality; Ownership of Work Product.

- a. For purposes of this Agreement:
 - i. “**Confidential Information**” means any and all items or information of the Corporation which are: (A) marked “confidential” or some similar designation; or (B) valuable, proprietary and confidential information belonging to or pertaining to the Corporation that does not constitute a Trade Secret (as hereinafter defined) and that is not generally known but is known only to the Corporation and those of its employees, independent contractors or agents to whom such information must be confided for business purposes, including, without limitation, information regarding the Corporation’s customers, suppliers, and retailers; and
 - ii. “**Trade Secret**” means business or technical information of the Corporation, including but not limited to a formula, pattern, program, device, compilation of information, method, technique or process that: (A) derives independent actual or potential commercial value from not being generally known or readily ascertainable through independent development or reverse engineering by persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.
- b. In recognition of the need for the Corporation to protect its legitimate business interests, the Firm hereby covenants and agrees that with regard to any Confidential Information or Trade Secrets (at all times that such information remains a Trade Secret under applicable law), the Firm will regard and treat all such items as strictly confidential and wholly owned by the Corporation, and will not, for any reason or in any fashion, either directly or indirectly, use, disclose, transfer, assign, disseminate, reproduce, copy or otherwise communicate any such Confidential Information or Trade Secrets to any individual or entity for any purpose other than in accordance with this Agreement or pursuant to the instructions from a duly authorized representative of the Corporation.
- c. Subject to applicable law, the Firm shall own all working papers and all other files and documents prepared in connection with providing the Services. Provided, however, nothing herein is intended to grant any rights, license or title in the Confidential Information or Trade Secrets in the event they are included in the Firm’s working papers or files.

- 12. Representations, Warranties and Additional Covenants.** The Firm hereby represents, warrants or covenants, as the case may be, to the Corporation that as of the Effective Date and at all times throughout the Term, as follows:

- a. The Firm has the power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, and the Firm has taken all necessary and appropriate action to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement. The execution and delivery of this Agreement and the performance of its obligations under this Agreement are not in contravention of any provision of law or any material indenture or agreement by which the Firm is bound and do not require the consent or approval of any governmental body, agency, authority or other person or entity which has not been obtained. This Agreement constitutes the valid and legally binding obligation of the Firm, enforceable against the Firm in accordance with its terms.
 - b. The Firm is not currently debarred from contracting with a political subdivision or agency of the State of Mississippi or federal government.
 - c. The Firm is, and will remain at all times during the term of this Agreement, qualified to do business in the State of Mississippi.
 - d. The Firm is, and will remain at all times during the term of this Agreement, registered with the Mississippi Office of the State Auditor as a CPA firm.
13. **Indemnity.** The Firm agrees to indemnify, defend and hold harmless the Corporation, the Board, the Corporation's agents, officers, directors, employees and representatives, the State of Mississippi and its agencies and political subdivisions, and their respective agents, officers, employees and representatives, against any and all third-party suits, damages, expenses (including, without limitation, court costs, attorneys' fees and other damages), losses, liabilities and claims of any kind, to the extent caused by any breach of this Agreement or relating to the Services provided under this Agreement that are attributable to or resulting from intentional, deliberate misconduct or gross negligence of the Firm and/or any of its agents, employees, officers, directors, members, partners, principals, representatives or subcontractors. In no event shall the Firm be obligated to indemnify the Corporation in any manner whatsoever for the Corporation's own negligence.
14. **LIMITATION OF LIABILITY.** THE PAYMENT OBLIGATIONS UNDERTAKEN BY THE CORPORATION UNDER THIS AGREEMENT ARE SUBJECT TO THE AVAILABILITY OF FUNDS TO THE CORPORATION. THERE SHALL BE NO LIABILITY ON THE PART OF THE CORPORATION EXCEPT TO THE EXTENT OF LOTTERY OPERATIONS AND OTHER FUNDS AVAILABLE TO THE CORPORATION. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, UNDER NO CIRCUMSTANCES WILL THE STATE OF MISSISSIPPI, ITS GENERAL FUND OR ANY OF ITS AGENCIES OR POLITICAL SUBDIVISIONS BE RESPONSIBLE OR LIABLE AS A RESULT OF THIS AGREEMENT OR ANY LIABILITY CREATED HEREBY OR ARISING HEREUNDER.

15. **Dispute Resolution Procedures.** Prior to the Firm bringing any judicial enforcement action against the Corporation with respect to any claims or controversies arising in connection with the performance of this Agreement, the Firm must first pursue and exhaust any and all remedies available to it in accordance with the dispute resolution procedures adopted by the Corporation, as amended from time to time (collectively, the “**Dispute Resolution Procedures**”).

Any dispute concerning a question of fact related to accounting treatment arising under this Agreement shall be disposed of by good faith negotiation between duly authorized representatives of the Corporation, OSA and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm, and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the Corporation and OSA a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of its position on the issue in dispute and under review. The review will be handled by a three (3) person OSA arbitration panel composed of the Mississippi Deputy State Auditor, the Mississippi Director of Technical Assistance and the Mississippi Director of the Financial and Compliance Audit Division, or their respective designees. The decision of the OSA arbitration panel on the review shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or unsupported by substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the Agreement.

16. **Rejection of Services; Termination.**

- a. The Corporation, with the written consent of OSA’s authorized representative, is empowered to accept or reject the services furnished by the Firm in compliance with the material provisions of this Agreement and Exhibit C. However, any rejection of services must be based solely on the Firm’s failure to comply with the material terms of this Agreement, and may not be based on the nature of the Firm’s opinion on the financial status of the Corporation in its audit report.
- b. Termination by the Corporation for Cause. Upon the breach of any provision of this Agreement by the Firm and/or the failure of the Firm to perform any obligation or observe any covenant required of it hereunder, the Corporation, with the written consent of OSA, shall have the right to send a written notice to the Firm specifying such breach and/or failure and demanding cure within ten (10) days of receipt of such notice. If the Firm has not remedied such breach and/or failure within the cure period, or has not made substantial progress toward remedying such breach and/or failure within the cure period, then the Corporation may terminate the Agreement immediately by sending a written notice of termination to the Firm. However, prior to termination of this Agreement by the Corporation, the Corporation must provide written justification to OSA documenting the reasons for requesting termination of the

Agreement. The Corporation must obtain written approval from the OSA prior to terminating the Agreement. In the event of termination for cause by the Corporation, in addition to other remedies provided to the Corporation herein or available at law or in equity, the Firm shall bear all costs associated with the issuance of a new agreement for comprehensive accounting and auditing services, including, but not limited to, the cost of reissuing another request for proposals and any additional costs resulting from an acceleration of services necessary for the timely completion of such services.

- c. Termination by Corporation without Cause. The Corporation, with the written consent of OSA, may terminate this Agreement without cause, by providing a fifteen (15) day written notice of termination to the Firm. However, prior to termination of this Agreement by the Corporation, the Corporation must provide written justification to OSA documenting the reasons for requesting termination of the Agreement. The Corporation must obtain written approval from OSA prior to terminating the Agreement.
- d. In the event of termination, the Firm will be entitled to payment for services performed prior to termination, less payments previously made. In no instance will the Corporation pay the Firm an amount whereby one or more maximum fee amounts specified in Section 4 of the Agreement for each fiscal year or for the Term of this Agreement, as the case may be, are exceeded. All finished or unfinished tests, surveys, checklists, forms, manuals, reports or other material prepared by the Firm under this Agreement shall become the property of OSA.
- e. Termination upon Dissolution. This Agreement shall terminate automatically upon the dissolution of the Firm.
- f. Termination by the Firm for Cause. Upon the breach of any provision of this Agreement by the Corporation and/or the failure of the Corporation to perform any obligation or observe any covenant required of it hereunder, the Firm shall have the right to send a written notice to the Corporation specifying such breach and/or failure and demanding cure within forty-five (45) days of receipt of such notice. If the Corporation not remedied such breach and/or failure within the cure period, or has not made substantial progress toward remedying such breach and/or failure within the cure period, then the Firm may terminate the Agreement immediately by sending a written notice of termination to the Corporation.

17. **Modification; Waiver.** No amendment of this Agreement will be effective unless it is in writing and signed by the Parties. No waiver of satisfaction of a condition or failure to comply with an obligation under this Agreement will be effective unless it is in writing and signed by the Party granting the waiver, and no such waiver will constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation.

18. **Notice.** All notices and other communications hereunder (each, a “**Notice**”) shall be in writing and addressed to the Parties at the addresses set forth below (or to such other address that may be designated by the receiving Party from time to time in accordance with this Paragraph 18). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), email, or certified or registered mail (in each case, return receipt requested, postage pre-paid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving Party, and (b) if the Party giving the Notice has complied with the requirements of this Paragraph 18.

a. If to the Corporation:

Mississippi Lottery Corporation
1080 River Oaks Drive, Suite B-100
Flowood, MS 39232
Attn: Jeff Hewitt
Email: jhewitt@mslot.org

With a copy to (which shall not constitute Notice):

Balch & Bingham LLP
188 East Capitol Street, Suite 1400
Jackson, MS 39201
Attn: Lucien Smith, Esquire
Email: lsmith@balch.com

b. If to the Firm:

Carr, Riggs & Ingram CPAs and Advisors
400 West Parkway Place, Suite 300
Ridgeland, MS 39157
Attn: Cheryl Wallace, CPA
Email: cwallace@cricpa.com


19. **Applicable Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the State of Mississippi, without giving effect to its principles of conflicts of laws. Only after exhaustion of the Dispute Resolution Procedures, if applicable law permits any further appeals, any such appeal must be brought solely in the Chancery Court of Rankin County, Mississippi. The Firm irrevocably waives, to the fullest extent permitted by law, any right which it may now or hereafter have to appeal any final decisions of the Board other than pursuant to the Dispute Resolution Procedures, and the Firm irrevocably waives an objection which it may now or hereafter have to the venue of any appeal being solely in the Chancery Court of Rankin County, Mississippi.

20. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective permitted successors and permitted assigns.
21. **Counterpart Execution.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same Agreement. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
22. **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any applicable jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.
23. **Entire Agreement.** This Agreement, together with the RFP and the Proposal, constitutes the entire understanding between the Parties with respect to the subject matter of this Agreement and supersedes all other agreements, whether written or oral, between the Parties. In the event of an inconsistency among this Agreement, the RFP and/or the Proposal, the terms of this Agreement, as may be amended pursuant hereto, shall control the RFP and the Proposal, and the terms of the RFP shall control the Proposal.
24. **OSA Approval.** OSA has reviewed and hereby approves this Agreement.

MISSISSIPPI LOTTERY CORPORATION,
a Mississippi corporation

BY: 
Dr. Michael McGrevey
Chairman

MISSISSIPPI OFFICE OF THE STATE AUDITOR

BY: 
Jeff H. Goodwin, CPA, Interim Director
Agency Division

CARR, RIGGS & INGRAM, LLC



BY: 
ITS: 

EXHIBIT A

(RFP No. 9 attached)

EXHIBIT B

(Firm Proposal attached)

EXHIBIT C

(Firm Engagement Letter attached)