



11248 John Galt Boulevard • Omaha, NE 68137

Phone (402) 339-1200 • Fax (402) 339-7382

April 27, 2007

Don Herz
Finance Director
City of Lincoln
555 South 10 Street #103
Lincoln, NE 68508

RE: Big Red Keno – Corporate Changes & Renewal Request

Dear Don:

Big Red Keno is currently undergoing certain corporate changes as follows:

The entity under which Big Red Keno operates is changing. Big Red Lottery Services Ltd. and its various local affiliates are being combined into EHPV Lottery Services LLC, a Nebraska limited liability company. The new company will continue to do business under the name “Big Red Keno.”

Greg Erwin will remain the majority owner of Big Red Keno/EHPV Lottery Services LLC (70%). In addition Dan Pankow (Chief Executive Officer), Gary Vander Woude (Chief Financial Officer) and I will each own 10% of the combined company. Collectively, Dan, Gary and I have 45 years’ experience with Big Red. Rest assured that the direction, focus and philosophy of Big Red Keno will remain the same as it has been since our company started in 1991.

Accompanying this letter is a brief Assignment and Assumption Agreement to accomplish the company name change under the Lottery Operator Agreement, a proposed Council resolution to approve the assignment, and the Form 50G, Schedule I application which must be filed with the Nebraska Department of Revenue relative to this change.

Under the Lottery Operator Agreement, this change will need to be approved by the City Council. We respectfully request that you ask for this item to be placed on the Council agenda as soon as reasonably convenient. Once the Assignment Agreement and Schedule I application have been approved and signed, please send them back to me so

April 27, 2007

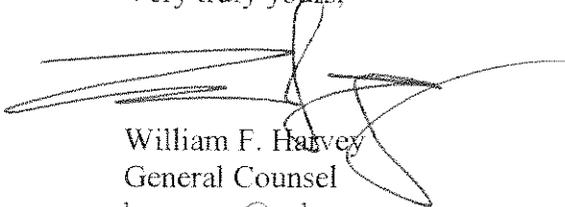
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that I can combine them with our check for the application fee and other relevant materials and get them filed with the Department of Revenue.

Another matter that has been discussed with the City is the issue of Big Red's contract renewal. Currently, less than 10 months is left on Big Red's contract with the City, and this is the longest Big Red and the City of Lincoln have allowed the contract to run without a renewal. Big Red hereby requests a renewal on the same terms and conditions as the existing contract. A brief renewal resolution is enclosed, the language of which is based on prior renewal resolutions.

Thank you for your assistance with this matter. Please feel free to contact me if you have any questions regarding our request.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William F. Harvey', with a large, sweeping flourish extending to the right.

William F. Harvey
General Counsel
harveypc@aol.com

c: Dana Roper, City Attorney

**LINCOLN LOTTERY OPERATOR
ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement is made by and between LINCOLN'S BIG RED LOTTERY SERVICES LTD., a Nebraska limited partnership ("Lottery Operator"), EHPV LOTTERY SERVICES LLC, a Nebraska limited liability company doing business as BIG RED KENO ("New Big Red"), and the City of Lincoln, a Municipal Corporation in the State of Nebraska ("City").

WHEREAS, the City and Lottery Operator entered into a Lottery Operator Agreement on March 10, 1993, which has been extended by agreement of the parties to run through March 9, 2008 (the "Agreement"); and

WHEREAS, Lottery Operator is undergoing a corporate reorganization in which its assets are being transferred to a new company which will carry on the business of the Lottery Operator, pursuant to a Purchase Agreement and related documents between the Lottery Operator and New Big Red; and

WHEREAS, the intent of the reorganization is to vest a minority share of ownership in executive management of the Lottery Operator, all of whom have been associated with the Lottery Operator for many years; and

WHEREAS, majority ownership and control of the Lottery Operator and New Big Red remains with Gregory D. Erwin, as it has since inception; and

WHEREAS, Lottery Operator has asked the City to approve the assignment of Lottery Operator's interest in the Agreement to New Big Red;

THEREFORE, in consideration of the foregoing and the agreements contained herein, the parties hereby agree as follows:

Lottery Operator hereby assigns all of its right title and interest under the Agreement to New Big Red, and New Big Red hereby accepts such assignment.

Subject to the granting of all necessary state licenses and approvals, the City hereby approves the assignment of the Agreement from Lottery Operator to New Big Red, and releases Lottery Operator from any obligations with respect to the Agreement for any period from and after the effective date of this instrument, to the extent that said obligations are assumed by New Big Red.

Lottery Operator agrees to continue to comply with and fulfill all of its obligations under the Agreement until all necessary state licenses and approvals have been received, and the transfer from Lottery Operator to New Big Red has been completed.

From and after the effective date of the transfer, New Big Red agrees to comply with all provisions of the Agreement as Operator under the Agreement. New Big Red will continue to operate the keno lottery in substantially the same manner as it has been operated by Lottery Operator, and subject to all requirements of the Agreement.

Before the effective date of the transfer, New Big Red shall post letters of credit or other security with the City in accordance with the terms of the Agreement.

Upon New Big Red posting proper substitute security, Lottery Operator's letters of credit previously posted with the City shall be released by the City to Lottery Operator.

The prize reserve fund, if any, will be transferred to New Big Red for the benefit of the City.

The City hereby approves New Big Red as the operator of all keno locations currently operated by Lottery Operator on the effective date of this instrument, subject to necessary state licensing and approvals.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized representatives.

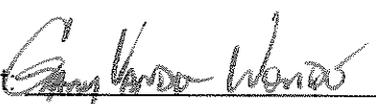
LINCOLN'S BIG RED LOTTERY SERVICES LTD.

By: Lincoln's Big Red Lottery Services Inc.

as Managing General Partner

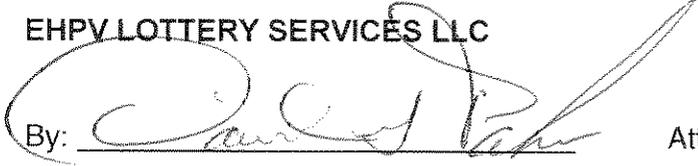
By: 

Gregory D. Erwin
Chairman & Sole Shareholder

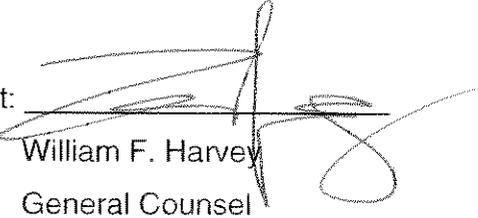
Attest: 

Gary Vander Woude
CFO

EHPV LOTTERY SERVICES LLC

By: 

Daniel G. Pankow
President & CEO

Attest: 

William F. Harvey
General Counsel

CITY OF LINCOLN, a Municipality in the State of Nebraska

By: _____
Mayor

Attest: _____
City Clerk