

TV-78



Over \$1.5 billion to education

GOVERNOR Margaret Wood Hassan
CHAIRMAN Debra M. Douglas
COMMISSIONER Paul J. Holloway
COMMISSIONER Doug Scamman
EXECUTIVE DIRECTOR Charles R. McIntyre

April 8, 2014

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

The New Hampshire Lottery Commission (NHLC) requests authorization to amend its current lottery gaming system services contract with Intralot, Inc., of Duluth, Georgia (vendor # 201001), originally approved by Governor and Council on September 9, 2009, Item #133 and amended April 17, 2013 (item#98); by exercising an option to extend for four (4) years. This amendment shall change the end date from July 2, 2016 to June 30, 2020; effective upon Governor and Council approval. 100% Lottery Funds

EXPLANATION

A Request for Proposal (RFP) was issued for a lottery gaming system on November 4, 2008. The evaluation committee reviewed and evaluated the two proposals received in response to the RFP. The committee unanimously agreed that Intralot, Inc. should be awarded the contract based on the strength of their proposal and best overall score. The original contract was approved by Governor and Council on September 9, 2009, Item #133, effective July 1, 2010 through July 2, 2016, with the NHLC retaining the sole option to extend the contract, at its discretion and with Governor and Council approval, for up to one period of four (4) years at the same base rate as year one, 1.435% of net lottery sales. The first contract amendment was a no cost amendment approved by Governor and Council on April 17, 2013 (item #98). The attached Amendment No. 2 includes exercising the one four (4) year extension option, effective upon Governor and Council approval to June 30, 2020. Intralot and the New Hampshire Lottery Commission agreed to the terms set forth in the understandings detailed in the amendment.



Live Free or Die

New Hampshire Lottery Commission 14 Integra Drive Concord, New Hampshire 03301
TEL 603.271.3391 FAX 603.271.1160 TDD 1.800.735.2964 www.nhlottery.com

Her Excellency, Governor Margaret Wood Hassan
And the Honorable Council

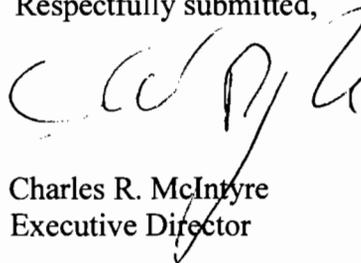
April 8, 2014
Page two

The purpose for bringing this amendment and extension request forward, well before the expiration of the contract, is that the time necessary to execute a rebid and conversion of our gaming system is two years. Such, that if we waited until the time of expiration, the Governor and Council would be put in the awkward position of either shutting down the entire lottery, or approving renewal. In order for the process to be meaningful and deliberative, the New Hampshire Lottery Commission feels that the matter should be brought at a time when there is real choice to be made, and not a choice between contract renewal and catastrophic failure of the lottery systems.

The New Hampshire Lottery Commission gaming system is connected to a secured communications network that controls and monitors the following functions: inventory control, sales, report generation, validation and accounting for all lottery transactions conducted by approximately 1,200 licensed lottery retailers. The lottery's gaming system is simultaneously the backbone and central nervous system of lottery operations.

The Commission respectfully requests Governor and Council approval of the attached Intralot, Inc. contract amendment and extension.

Respectfully submitted,



Charles R. McIntyre
Executive Director

CM: dc
Attachments

Amendment No.2
to
Contract Dated July 1, 2010
Between the New Hampshire Lottery Commission and
Intralot, Inc.

This Amendment No. 2 (this "Amendment") is made and entered into this 19 day of March, 2014, by and between the New Hampshire Lottery Commission (the "NHLC") and INTRALOT, Inc. ("INTRALOT"), collectively the "Parties", as follows:

The purpose of this Amendment is to effectuate the implementation of an Extension to the Contract, equipment exchange options and certain Offered Options, all pursuant to that certain Agreement entered into between the Parties (the "Contract") dated July 1, 2010, including but not limited to Section 3.5.9 of the Lottery Gaming System Request For Proposal, dated November 4, 2008, as incorporated by the Contract therein.

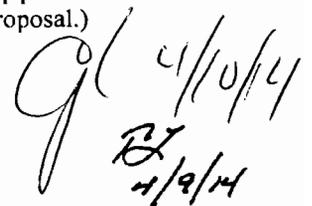
This Amendment to the existing Contract, authorizes the implementation of the provisions contained therein and therefore all terms and conditions of the Contract shall remain in full force and effect.

UNDERSTANDINGS

1. INTRALOT will receive the available 4 year extension from the New Hampshire Lottery, extending the end date from July 2, 2016 to June 30, 2020. *By 4/9/14*
2. Effective upon Governor and Council approval of this amendment, INTRALOT and the NH Lottery agree as follows: *By 4/10/14*
 - a. Dream Touch® Ticket Vending Machines. INTRALOT will provide 100 Dream Touch® online and instant ticket vending machines, subject to availability, after completion of manufacturing, development and testing. It is currently contemplated that delivery can be accomplished in or about 16 months following contract execution, however, as this product is still in development, the schedule is subject to further revision. When available, ten (10) Dream Touch® machines will be delivered to The New Hampshire Lottery for testing initially. The pricing to the NHLC for each Dream Touch® Ticket Vending Machine shall be mutually agreed upon.
 - b. Commencing on the Execution Date and continuing for 18 months thereafter, Intralot agrees, that any lease of current model WinStations will be charged to the NHLC at \$215.80 per WinStation per month, representing Contract year 1 pricing. Thereafter, the pricing for additional WinStations shall reflect Year 2 pricing for twelve (12) months; Year three (3) pricing for twelve months thereafter and Year four (4) pricing for twelve (12) months. (Reference Section 3.2.4.2 of the RFP & Intralot's Proposal of February 20, 2009, and 4.5.2.E of Intralot's Pricing Proposal dated February 20, 2009, as amended May 26, 2009.)
 - c. Jackpot Signs for Top Retailer Locations - Intralot will deliver up to an additional 200 Jackpot Signs for mutually agreed upon top retailer locations, at the reduced rate of \$10.00 per sign per month, based on a minimum order of 200 signs, over the remaining contract and Extension lease period. These signs would be the current model double jackpot signs, installed by Intralot. Price includes all installation and maintenance costs. (Reference Section 3.2.1.3.E of the RFP & Intralot's Proposal.)
 - d. Intralot will provide 200 units of Large PAD signs, 32"-37" at a cost to the NHLC of \$6.00 per pad per month, representing contract year 1 pricing. Delivery shall occur at a schedule to be determined by the parties.

By 4/10/14
4/9/14

- e. Intralot will provide 15 portable tablet devices, with portable printers, for usage by NHLC Sales Reps in Point Of Sale printing, sales report generations, and other such sales initiatives.
- f. Intralot will augment its current contractual annual marketing support allocation by an additional \$50,000 for market research. Unused money can be accrued year-to-year. This increase shall begin effective July 1, 2014. (Reference Section 3.5.1 of the RFP & Intralot's Proposal.)
- g. Intralot will order and install Microlot terminal wraps, as designed by the Lottery.
- h. Preventative Maintenance requirements addressed at Section 2.14.14 of the RFP (Terminal Preventative Maintenance) shall be deemed to be set at 180 days for said Terminal Preventative Maintenance. The results of such change shall be reviewed every 180 days for compliance with the standards set forth at 2.14.14 of the RFP and in the event there are 2 defaults during any 180 day period, the lottery can decide to revert to the original schedule under 2.14.14.
- i. Upgrade CDU's - Intralot shall install, at no additional cost, color displays that are designed to be larger and easier for players to see. (Reference Section 3.2.1.3.B of the RFP & Intralot's Proposal.)
- j. Intralot will provide the NHLC Intralot's Mobile 2 Apps. This software includes the "Unified Mobile App" for the NHLC, where a player can create e-playslips, check a ticket barcode, see winning numbers history and news, locate a retailer, and many more lottery player tasks as set forth in the specifications for the software.
- k. Intralot will provide the NHLC Intralot's iWare Dashboards. This software includes the current iWare Interface Tools for the NHLC, designed to create greater flexibility in managing retailer sales and statistical data.(Reference Section 3.5.3 of the RFP & Intralot's Proposal.)
- l. BOS segregation of duties. Intralot will revise the basic functionality of the module from a DEPARTMENT function to an individual function such that the NHLC can designate the permissions for each NHLC employee/user of BOS as is it deems necessary and appropriate. (Reference Section 3.4.1.22 of the RFP & Intralot's Proposal).
- m. Intralot agrees to the reissuing of single rolls of MicroLot terminal paper stock with the option to bring rolls back to the warehouse and create new cartons. (Reference Section 3.4.1.19 of the RFP & Intralot's Proposal.)
- n. Intralot agrees to revise the Instant Ticket by Ticket Account System and/or just Activate and Deactivate.
- o. Intralot agrees to expand its responsibility for the "Tel-Sell" function to 100% of the New Hampshire Lottery retail network from the prior partial responsibility. (Reference Section 3.4.6 of the RFP & Intralot's Proposal and 3.A of Intralot's Pricing Proposal.)
- p. Intralot shall create a system, within the current production system, that streamlines the process of tax reporting by updating the user interface, commonly referred to as the "1099" (Reference Section 3.4.8.2 of the RFP & Intralot's Proposal.)
- q. PROMOS - Intralot will develop and deliver a New Module making for an easier setup process and cleaner reports. (Reference Sections 3.5.5 and 3.2.1.2.S of the RFP & Intralot's Proposal.)



 4/10/14

 4/9/14

- r. Intralot will provide the following System Upgrades, which shall include:
 - i. UAT System tied directly to the Production System with regular restore updates as reasonably requested and mutually agreed upon by Intralot and the NHLC
 - ii. Intralot QA system being a mirror of the NHLC Test System
(Reference Sections 3.1.1, 3.1.3 and 3.4.1 of the RFP & Intralot's Proposal.)
- s. Intralot agrees to develop a New On-line Subscription System. (Reference Section 3.4.13 of the RFP & Intralot's Proposal.)
- t. Intralot will also facilitate the creation of space and maintain a facility, for NHLC usage, to store and secure roll ticket stock at the Intralot office at Sheep David Road. The cost for such leasehold improvements shall not exceed \$20,000.

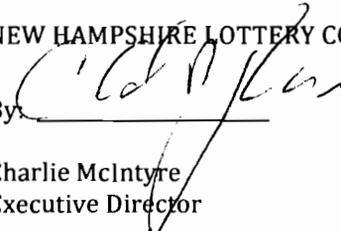
It is agreed between the NHLC and Intralot, that: election, delivery, specification and/or design, as applicable, implementation and deployment of the options set forth in this section 2, unless otherwise addressed herein, shall be subject to the mutual agreement of the NHLC and INTRALOT.

The elements contained herein, excepting clause 2(a) shall be completed within six (6) months of execution of this Amendment.

- 3. Additional Offered Options- Pursuant to the offered options provisions of the Intralot proposal as incorporated by reference into the Agreement:
 - a. Intralot offers, on a price TBD basis, the B-on® platform which is "any game-any time-anywhere" to include but not be limited to; Fastplay, Fastplay Progressive, Keno, Mobile, the MP-NG, and the VLOTOS state of the art VLT central monitoring system.
- 4. This Amendment No. 2, its exhibits and attachments hereto sets forth the entire understanding between Parties with respect to the matters set forth herein and supersedes all prior representations, understandings or agreements, whether written or oral, expressed or implied regarding those matters specifically set forth herein.

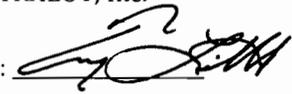
IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be executed by their duly authorized officers as of the day and year first written above (the "Execution Date).

NEW HAMPSHIRE LOTTERY COMMISSION

By: 

Charlie McIntyre
Executive Director

INTRALOT, Inc.

By: 

Thomas F. Little
President & CEO

Approved as to form, substance and execution by the Attorney General this 10th day of April, 2014

Division of Attorney General Office

By: Rosemary A. Hill

Approved by the Governor and Council this _____ day of _____, 2014

By: _____

**Certificate of Incumbency
and
Authority
INTRALOT, Inc.**

I, **Jay M. Lapine**, being the Secretary of INTRALOT Inc., a Georgia corporation, do hereby certify that as of the date of this Certificate the following persons are duly qualified and acting Officers of INTRALOT Inc, holding the offices set forth opposite their names below. Further, said Officers are empowered to act on behalf of and bind the Corporation and any of its Subsidiaries in matters connected with the execution of contracts in the conduct of INTRALOT Inc. business. It is further certified that such actions and authority are consistent with corporate By-Laws, in effect and un-amended.

<u>Name</u>	<u>Office</u>
Thomas F. Little	President & CEO
Toula Argentis	Vice President, CFO and Treasurer
Jay M. Lapine	Vice President, CLO and Secretary
Lynn A. Becker	Vice President of Development & Asst. Treas. and Asst. Sec.
Christos Tzoumaras	Vice President of Operations
Byron Boothe	Vice President of Government Relations
John Pittman	Vice President of Marketing
George Mermigas	Vice President of Technology

IN WITNESS WHEREOF, I have executed this Certificate on behalf of INTRALOT Inc, effective this March 19,2014.



ATTESTATION

Jay M. Lapine, Secretary & Chief Legal Officer

I, the undersigned Secretary of Intralot, Inc., on this 3rd day of April, 2014, attest and certify as to the accuracy and valid effect of the Certificate set forth above.



Jay M. Lapine, Secretary & Chief Legal Officer

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that Intralot, Inc. a(n) Georgia corporation, is authorized to transact business in New Hampshire and qualified on February 9, 2009. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 2nd day of April, A.D. 2014

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State



ADDITIONAL REMARKS SCHEDULE

AGENCY Palmer & Cay, LLC		NAMED INSURED Intralot, Inc. 11360 Technology Circle Duluth GA 30097	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

Business Income - \$500,000

Deductibles:
 Business Income - 24 hours
 Flood - \$50,0000



ADDITIONAL REMARKS SCHEDULE

AGENCY Palmer & Cay, LLC		NAMED INSURED Intralot, Inc. 11360 Technology Circle Duluth GA 30097	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
 FORM NUMBER: 25 FORM TITLE: CERTIFICATE OF LIABILITY INSURANCE

Business Income - \$500,000

Deductibles:

Business Income - 24 hours

Flood - \$50,0000



24 June 2013

Marsh Ltd
Tower Place
London EC3R 5BU
+44(0) 20 7357 3858
FAX + 44(0) 20 79292705

Dear Sirs

CONFIRMATION OF INSURANCE – Intralot S.A. Integrated Lottery Systems And Services.

As requested by the above client, we are writing to confirm that we act as Insurance Brokers to the client and that we have arranged insurance(s) on its behalf as detailed below:

Type of Insurance: On-Line Lottery Games, On-Line Wagering Systems and Instant Ticketing Insurance.

INSURER: Primary 100% Lloyd's Underwriters and Insurance Companies
Excess 100% Lloyd's Underwriters and Insurance Companies

POLICY NUMBER: Primary B0509QR022213
Excess B0509QR022313

ADDITIONAL NAMED ASSURED: New Hampshire Lottery Commission.

CERTIFICATE HOLDER: New Hampshire Lottery Commission.

PERIOD OF INSURANCE: 27th June, 2013 to 26th June, 2014 both days inclusive at the Principal Address of the Assured.

SUM INSURED: Primary: USD 15,000,000
Excess: USD 5,000,000
As specified in the contract not to exceed USD 20,000,000 in all.

CANCELLATION: This insurance may be cancelled at any time at the request of the Assured in writing to the broker who effected the insurance, and the Premium will be adjusted on a pro rata basis for the period that Insurers are on risk, but the full policy Premium shall be payable to Insurers should an event occur prior to the date of termination which gives rise to a valid claim under this insurance.

The date that termination shall occur is 60 days following written notice of intent to terminate being sent to the broker who effected the insurance.

PRINCIPALS CLAUSE: As attached.

Principals Clause

Where any Contracted Service(s) entered into between the Assured and their customer for the supply of a particular game or lottery so requires, this insurance is automatically extended to confer Additional Insured status to the Assured's customer in accordance with and subject to the terms, conditions, exclusions, endorsements and addenda of this insurance and will indemnify any such customer with respect to claims made against them by a third party entity, not being a party to the said Contracted Service(s) and arising from an act or omission on the part of the Assured (or the Assured's sub contractors or suppliers for which the Assured is responsible) which gives rise to a legal liability as insured under this insurance.

The Insurers agree to waive all rights of subrogation or action that they may have or acquire against the customer, always provided that such customer shall, as though they were an Assured, observe, fulfil and be subject to the terms, exclusions, limits, exceptions, conditions and endorsements of this insurance in so far as they can apply.

Notwithstanding the conference of Additional Insured status to the Assured's customer afforded by this clause, it is expressly understood and agreed that this insurance does NOT extend to indemnify such customer or the Assured for claims arising from any act, error, omission or failure to act on the part of or strictly attributable to such customer.

It is understood and agreed however that the conference of Additional Insured status afforded to the customer by virtue of this clause shall not prejudice the rights and remedies available to the customer pursuant to the terms and conditions of their Contracted Service(s) with the Assured.

It is further understood and agreed that the Limit of Indemnity as stated herein applies irrespective of the number of Additional Insureds included pursuant to this insurance and that the conference of Additional Insured status to any such customer does not confer any greater rights in respect of this insurance than those rights enjoyed by the Assured.

We have placed the insurance which is the subject of this letter after consultation with the client and based upon the client's instructions only. Terms of coverage, including limits and deductibles, are based upon information furnished to us by the client, which information we have not independently verified.

This letter is issued as a matter of information only and confers no right upon you other than those provided by the policy. This letter does not amend, extend or alter the coverage afforded by the policies described herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this letter may be issued or pertain, the insurance afforded by the policy (policies) described herein is subject to all terms, conditions, limitations, exclusions and cancellation provisions and may also be subject to warranties. Limits shown may have been reduced by paid claims.

We express no view and assume no liability with respect to the solvency or future ability to pay of any of the insurance companies which have issued the insurance(s).

We assume no obligation to advise yourselves of any developments regarding the insurance(s) subsequent to the date hereof. This letter is given on the condition that you forever waive any liability against us based upon the placement of the insurance(s) and/or the statements made herein with the exception only of wilful default, recklessness or fraud.

This letter may not be reproduced by you or used for any other purpose without our prior written consent.

This letter shall be governed by and shall be construed in accordance with English law.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Neil Daly', written over a horizontal line.

CONTINUATION
CERTIFICATE

Fidelity and Deposit Company of Maryland

, Surety upon

a certain Bond No. **LPM09076882**

dated effective **6/15/2012**
(MONTH-DAY-YEAR)

on behalf of **Intralot, Inc.**
(PRINCIPAL)

and in favor of **New Hampshire Lottery Commission**
(OBLIGEE)

does hereby continue said bond in force for the further period

beginning on **June 15, 2013**
(MONTH-DAY-YEAR)

and ending on **June 15, 2014**
(MONTH-DAY-YEAR)

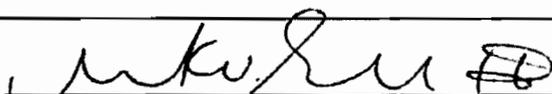
Amount of bond **Five Million Dollars and 00/100 (\$5,000,000.00)**

Description of bond **Performance Bond for Lottery Gaming System**

Premium: **\$46,250.00**

PROVIDED: That this continuation certificate does not create a new obligation and is executed upon the express condition and provision that the Surety's liability under said bond and this and all Continuation Certificates issued in connection therewith shall not be cumulative and that the said Surety's aggregate liability under said bond and this and all such Continuation Certificates on account of all defaults committed during the period (regardless of the number of years) said bond had been and shall be in force, shall not in any event exceed the amount of said bond as hereinbefore set forth.

Signed and dated on **4/30/2013**
(MONTH-DAY-YEAR)
Fidelity and Deposit Company of Maryland

By 
Attorney-in-Fact **Mark W. Edwards, II**

McGriff, Seibels & Williams, Inc.
Agent

2211 7th Avenue South, Birmingham, AL 35233
Address of Agent

(800) 476-2211
Telephone Number of Agent

Power of Attorney
FIDELITY AND DEPOSIT COMPANY OF MARYLAND

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by FRANK E. MARTIN JR., Vice President, and ERIC D. BARNES, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Robert Reed DAVIS**, of Atlanta, Georgia, its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed, ~~any and all bonds and undertakings, and the execution of such bonds or undertakings in pursuance of these presents, shall be binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.~~ any and all bonds and undertakings, and the execution of such bonds or undertakings in pursuance of these presents, shall be binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 28th day of October, A.D. 2010.

ATTEST:

FIDELITY AND DEPOSIT COMPANY OF MARYLAND



Eric D. Barnes

Eric D. Barnes Assistant Secretary

Frank E. Martin Jr.

By: *Frank E. Martin Jr.* Vice President

State of Maryland }
City of Baltimore } ss:

On this 28th day of October, A.D. 2010, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came FRANK E. MARTIN JR., Vice President, and ERIC D. BARNES, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Maria D. Adamski

Maria D. Adamski Notary Public
My Commission Expires: July 8, 2011

EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertaking, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seal of the Company thereto."

CERTIFICATE

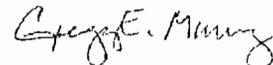
I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 30th day of April, 2013.



Assistant Secretary

sent 4/3 for 11/11/13

G+C 4/17/13
98



GOVERNOR Margaret Wood Hassan
CHAIRMAN Debra M. Douglas
COMMISSIONER Paul J. Holloway
COMMISSIONER Doug Scamman
EXECUTIVE DIRECTOR Charles R. McIntyre

March 21, 2013

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

The New Hampshire Lottery Commission (NHLC) requests authorization from the Governor and Council to amend its current lottery gaming system services contract, originally approved by Governor and Council on September 9, 2009, Item #133, with Intralot, Inc., of Duluth, Georgia (vendor # 138125) to provide an enhanced LOTOS gaming system, which system includes an advertising program known as a Player Advertising Displays (PADS). This amendment to the contract shall be effective upon Governor and Council approval through July 2, 2016. This is a no cost amendment.

EXPLANATION

In over 800 stores throughout New Hampshire, the public currently sees and interact with the PADS located in lottery retailer locations. The NHLC would like to offer inventory on the PADS to suitable and compatible commercial entities. The requested action to the gaming system contract will provide the NHLC with improved and expanded advertising options. The attached Memorandum of Understanding and the Amendment to the Professional Services Contract detail the specifics of these changes. The program will offer a much broader range of advertising lottery products at the retail check-outs for which the NHLC will receive 33% of gross advertising sales revenue for this PAD ADVERTISING PROGRAM. Intralot will, from its 67% revenue share, absorb costs associated with program implementation management fees, additional staffing, hardware upgrades, bandwidth costs, brokerage fees, and all media resource costs.

The original contract was approved by Governor and Council on September 9, 2009, Item #133, effective July 1, 2010 through July 2, 2016, with the NHLC retaining the sole option to extend the contract, at its discretion and with Governor and Council approval, for up to one period of four (4) years at the same base rate as year one, 1.435% of net lottery sales.



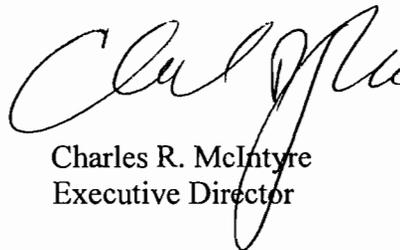
Her Excellency, Governor Margaret Wood Hassan
And the Honorable Council

March 21, 2013
Page two

The New Hampshire Lottery Commission gaming system is connected to a secured communications network that controls and monitors the following functions: inventory control, sales, report generation, validation and accounting for all lottery transactions conducted by approximately 1,200 licensed lottery retailers. The lottery's gaming system is simultaneously the backbone and central nervous system of lottery operations.

The Commission respectfully requests Governor and Council approval of the attached Intralot, Inc. contract amendment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Charles R. McIntyre". The signature is fluid and cursive, with a large loop at the end.

Charles R. McIntyre
Executive Director

CM:dc
Attachments

**AMENDMENT TO
PROFESSIONAL SERVICES CONTRACT**

Now come the New Hampshire Lottery Commission, hereinafter "the Commission," or "NHLC" and Intralot, Inc., hereinafter "the Contractor" or "Intralot", and, pursuant to an agreement between the parties that was approved by Governor and Council on September 9, 2009 hereby agree to modify same as follows:

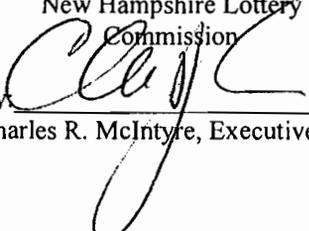
1. Section 3.5.5 of the Lottery Gaming System Proposal, as more fully described in the attached "Memorandum of Understanding".
2. All other provisions of the contract shall remain in effect
3. This modification shall be effective on the date of approval by Governor and Council.

This modification of an existing agreement is hereby incorporated by reference to the existing agreement by the parties and must be attached to the said agreement.

IN WITNESS WHEREOF, the parties, hereto have set their hands as of the day and year first above written.

THE STATE OF NEW HAMPSHIRE

New Hampshire Lottery
Commission

By: 
Charles R. McIntyre, Executive Director

Intralot, Inc.

By: 
Thomas F. Little, President & CEO

STATE OF Georgia

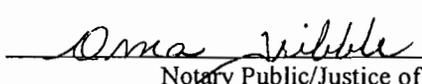
County of Forsyth

On this the 28th day of February 2013 before me, Oma Tribble, the undersigned officer, personally appeared Thomas F. Little who acknowledged himself/herself to be the CEO/President of a corporation, and that he/she, as such Thomas F. Little, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Thomas F. Little.

President + CEO - Intralot, Inc.

In witness whereof I hereto set my hand and official seal.




Notary Public/Justice of the Peace

Approved as to form, substance and execution by the Attorney General this 2 day of April, 2013.

Division of Attorney General Office

By: 

Approved by the Governor and Council this _____ day of _____, 2013

By: _____

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE NEW HAMPSHIRE LOTTERY COMMISSION AND
INTRALOT, INC.**

This Memorandum of Understanding (this "MOU") is made and entered into this 27 day of FEBRUARY, 2013, by and between the New Hampshire Lottery Commission (the "NHLC") and INTRALOT, Inc. ("INTRALOT"), collectively the "Parties", as follows:

The purpose of this MOU is to memorialize the understanding of the parties with regard to advertising revenue and certain program elements thereof, all pursuant to that certain Agreement entered into between the Parties (the "Contract"), and approved by the Governor and Council on September 9, 2009, including but not limited to Section 3.5.5 of the Lottery Gaming System Request For Proposal, dated November 4, 2008, as incorporated by the Contract therein.

This MOU neither amends or modifies of the existing Contract, however, it does interpret and implement the provisions contained therein and therefore all terms and conditions of the Contract shall remain in full force and effect.

UNDERSTANDINGS

1. INTRALOT and the NHLC agree that Intralot will provide an enhanced LOTOS gaming system to include:
 - HORIZON content delivery software package and enhancements as may be required.
 - Advertising content delivery to all installed PAD devices operated by the NHLC
 - If necessary, additional central system hardware including servers at the PDC and BDC
 - Necessary and required additional network bandwidth, if any.
 - Additional staff as determined by Intralot to be needed and will assume responsibility for any additional staffing or advertiser acquisition costs in support of the PAD advertising program.

2. INTRALOT and the NHLC agree to implement, through the use of mutually agreed upon; statements of work, implementation schedules, and financial terms including revenue share, the proposal as set forth in **Exhibit 1**, attached hereto and incorporated by this reference herein.

3. INTRALOT and the NHLC further agree that, subject to further mutually agreed upon review and modification, the advertising units shall generally be described as follows:
 - Available & Contracted Player Advertising Displays (known as PADS, throughout) are, except for those specific retail environments outlined by the New Hampshire Lottery Commission, defined as; all display units at NHLC retail locations connected to the Horizon System and able to accept Playlist content for the purposes of advertising include; standalone display monitors at retail check-out, MP upper display areas (future), TVM display areas (where available) and may include KENO or 2nd Game monitors should they become available in the marketplace.
 - Advertising will consist of no more than 20% of the overall PAD Playlist for Zone 1 and No more than 25% of Zone 2 sponsorships or as agreed to by NHLC.
 - Advertising units are available in intervals of 5 seconds.

- Advertising units can be purchased in blocks up to (3) 5 second intervals not to exceed 15 seconds in length.
 - Advertising units will have a minimum of 15 seconds of Lottery content between Advertisements.
 - Advertisers and advertising content must be reviewed by the Lottery and is subject to Lottery approval, in its sole discretion. An approval process will be developed consistent with the Lottery's objectives and will provide for Advertiser opportunity to present storyboard concepts to the Lottery before Advertiser is subject to their own production or creative costs.
 - Advertising units are available on all available & contracted PADS. Initial launch minimum advertising period of 1 calendar month, ongoing flight schedules will vary based on sales and availability.
 - All costs for advertising methods and media shall be borne by the advertiser and must meet the established release & development schedule set forth by Intralot and NHLC.
4. The NHLC will receive 33% of gross advertising sales revenue for this PAD ADVERTISING PROGRAM. INTRALOT will, from its 67% revenue share, absorb costs associated with; program implementation, management fees, additional staffing, hardware upgrades, bandwidth costs, brokerage fees, and all media resource costs.
5. Notwithstanding the forgoing, the NHLC will have the ability to offer limited time allotments for targeted Public Service Announcements for specific State Government Institutions.
6. This MOU, its exhibits and attachments hereto sets forth the entire understanding between Parties with respect to the matters set forth herein and supersedes all prior representations, understandings or agreements, whether written or oral, expressed or implied regarding those matters specifically set forth herein, but shall not be deemed to be waiver of the NHLC's right to enforce any and all provisions of the Contract.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed by their duly authorized officers as of the day and year first written above.

NEW HAMPSHIRE LOTTERY COMMISSION

By: 

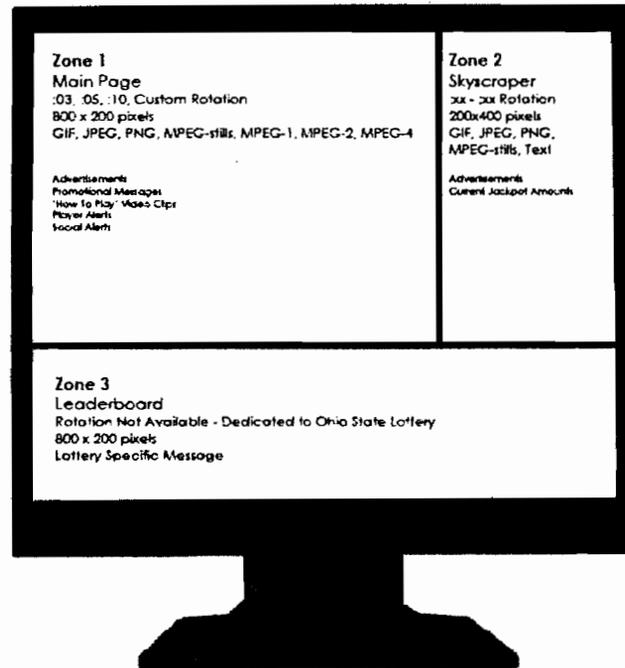
Charlie McIntyre
Executive Director

INTRALOT, Inc.

By: 

Thomas F. Little
President & CEO

Exhibit 1
EXPLANATION OF PAD ADVERTISING PROGRAM



- INTRALOT will provide Horizon Content Management System to NHLC
- INTRALOT will manage content playlists for NHLC for all 3 Zones
- INTRALOT will manage advertising process with appropriate media resources
- INTRALOT will implement and oversee content management & approval process for NHLC and Advertisers
- Media Kit will be developed and produced by Intralot (to include high quality retail environment photography).
- Media Kit and recommended fee schedule will be provided to Intralot's Media Broker, New Hampshire Lottery Commission and those media agents representing the New Hampshire Lottery Commission
- Creative technical standards and guidelines will be developed and produced by or on behalf of Intralot
- Advertiser contracts (& letter of intent) will be developed by or on behalf of Intralot.
- Advertisers can be contacted by Intralot's Media Broker, New Hampshire Lottery Commission and those media agents representing the New Hampshire Lottery Commission.
- Additional media brokers, signage brokers may be contacted to handle special retail chains, or other contracted business types.
- All advertising accounts will be managed by Intralot's Media Agent(s).
- Available Advertising Units will be maintained by Intralot's Media Agent.
- Media Portal will be provided by or on behalf of Intralot to accommodate creative uploads
- Approval process to be established between Intralot, Advertiser and New Hampshire Lottery Commission
- Playlists will be managed by Intralot
- Pre-flight reporting will be provided to Intralot's Media Agent to provide to Advertisers
- Actual flight reports will be provided to Intralot's Media Agent to provide to Advertisers and their accounting dept.

- All financial billing and settlements will be handled by Intralot's Media Agent with the Lottery having a right to review and audit.
- Sales / Credits will be handled as agreed by NHLC and Intralot
- Commission schedules will be developed to accommodate sales & contract efforts whether advertisers are brought under contract by Intralot's Media Broker, New Hampshire Lottery Commission and those media agents representing the New Hampshire Lottery Commission, directly through retailers or by other contracted media brokers.

G + L 9/9/09

133



Over \$1 billion to education

GOVERNOR John H. Lynch
CHAIRMAN Richard Campbell, Jr.
COMMISSIONER Paul J. Holloway
COMMISSIONER Debra M. Douglas
EXECUTIVE DIRECTOR Rick A. Wisler

June 22, 2009

His Excellency, Governor John H. Lynch
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

The New Hampshire Lottery Commission (NHLC) ® requests authorization from the Governor and Council to enter into a contract with Intralot, Inc. of Duluth, Georgia (Vendor # 138125), for the period of July 1, 2010 through July 2, 2016, with the NHLC retaining the sole option to extend the contract, at its discretion and with Governor and Council approval, for up to one period of four (4) years at the same base rate as year one, 1.435% of net lottery sales. This contract request is for the purpose of providing the NHLC with a lottery gaming system connected to a secured communications network that will securely inventory, sell, inquire, validate and account for all lottery transactions conducted by approximately 1,200 licensed lottery retailers.

FY 11 funding in account 1029-106-0855 is subject to legislative approval in the budget.

EXPLANATION

The lottery's gaming system is the backbone of lottery operations. The public and retailers will see and interact with the sales terminals located in every licensed lottery retailer. These terminals are connected by a secured communications network to a central computer system running software designed specifically to meet the NHLC's needs and the most recent lottery industry standards. The central system records and fully accounts for every lottery ticket transaction. Lottery staff uses the gaming system to track sales and trends, obtain sales and inventory information for all retailers, maintain the subscription database for Powerball and Megabucks, and control instant ticket inventory and shipments thereof to retailers. Additionally, this contract will upgrade the lottery's instant ticket vending machines to a new model that increases the number of offered instant games to 25, as well as offering all on-line lottery games such as Powerball and Megabucks.

The current gaming system was activated on July 1, 2000. That system's contract expires June 30, 2010 and does not allow for any additional renewals. As with any major computer system transition, a significant lead time was scheduled to allow adequate time to develop an RFP, review and score proposals, award a contract, develop a gaming system to meet the NHLC's immediate and future needs, transfer data, and train approximately 1,200 retailers on the use of the new sales terminals.



Live Free or Die

New Hampshire Lottery Commission
TEL 603.271.3391 FAX 603.271.1160

14 Integra Drive Concord, New Hampshire 03301
TDD 1.800.735.2964 WWW.nhlottery.com

In the fall of 2007 the NHLC established an on-line RFP committee ("Committee") consisting of lottery and OIT staff with vast experience in their fields. The four lottery members of the Committee have over 77 years of cumulative lottery experience. The Committee consisted of:

- Robert Preston, Games Manager of the NHLC and RFP Contracting Officer.
- Georges Roy, Administrator III of the NHLC
- Maura McCann, Program Information Officer of the NHLC
- Leigh Tilton, Accountant III, Human Resources and ICS Supervisor of the NHLC
- Jeffrey King, IT Manager of the Office of Information Technology (OIT).

Jeffrey King was a non-scoring participant but offered technical advice throughout the process. Additional technical assistance was provided by Gary Gassin and Michael Huffenberger of the Battelle Memorial Institute, a well recognized company that has vast experience assisting lotteries with the development and review of gaming system RFPs. Both Mr. Gassin and Mr. Huffenberger also were non-scoring participants.

Following a series of internal development meetings and individual vendor briefings, the New Hampshire Lottery Commission issued a Request for Proposal (RFP) for a lottery gaming system on November 4, 2008. Notices announcing the availability of the RFP were emailed to the three vendors who have contracts with North American lotteries, noticed in the lottery industry daily newsletter "Lottery Insider" and posted on the Division of Purchase and Property's web site. Following a number of written clarification questions submitted by vendors and NHLC responses, written proposals to the RFP were submitted to the NHLC by the deadline of February 20, 2009 by 4:00 p.m. A total of two proposals were submitted from the following vendors with the following price quotes:

- Intralot, Inc. of Duluth, Georgia at a base rate of 1.435% of net lottery sales.
- Scientific Games, Inc. of Atlanta, Georgia at a base rate of 1.830% of net lottery sales.

The Committee reviewed the two submitted written proposals. The committee determined that both proposals met the RFP requirements. The committee then evaluated the proposals based on two criteria.

- The first was for technical and consisted of areas including central system configuration, sales terminals, communications network, software controls and data management, lottery games and marketing, vendor facilities, staffing, support services and operations security plan, implementation and vendor corporate capability. A maximum total of 1,000 points could be awarded.
- The second criterion was cost - valued at a maximum of 1,000 points for base price plus the cost of specified options. The lowest bid received 1,000 points and the other proposal was awarded points relative to the lowest cost.

His Excellency, Governor John H. Lynch
And the Honorable Council

June 22, 2009
Page three

The two proposals received the following scores:

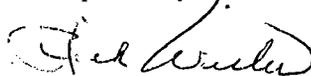
- Intralot received a total of 1,882.5 points consisting of 882.5 points for technical and 1,000 points for price.
- SGI received a total of 1,681.06 points consisting of 943.5 points for technical and 737.56 points for price.

The Committee unanimously agreed that Intralot, Inc. should be awarded the contract based on the strength of their proposal and best overall score. The Committee presented a report of its findings and recommendation to the lottery's Executive Director and the Lottery Commission. Following a review of the report and a series of questions the Commission is satisfied with the Committee's process and agrees with the Committee's recommendation. A copy of the Committee's report is attached to this letter. One copy of the related documents is available at the Department of Administrative Services and will be provided if requested.

It should be noted that the Committee estimates Intralot's evaluated cost proposal including specified options is approximately \$11 million less over six years than SGI's evaluated cost proposal. It is further estimated that the Intralot contract will result in a significant cost savings to the state of New Hampshire of approximately \$1 million annually when compared to the NHLC's current contract.

The Commission respectfully requests Governor and Executive Council approval of a six year contract with Intralot, Inc. The contract allows for one (1) four year option to renew. The contract ending date is July 2, 2016 instead of June 30, 2016 since this is the ending of our sales week and is more convenient and easier for approximately 1200 retailers to settle their balances due with the lottery.

Respectfully submitted,



Rick Wisler
Executive Director

RW:dc
Attachment

Subject: FORM NUMBER P-37 (version 1/09)

AGREEMENT
The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name <div style="border: 1px solid black; padding: 2px;">New Hampshire Lottery Commission</div>		1.2 State Agency Address <div style="border: 1px solid black; padding: 2px;">14 Integra Drive, Concord, New Hampshire, 03301</div>	
1.3 Contractor Name <div style="border: 1px solid black; padding: 2px;">Intralot, Inc.</div>		1.4 Contractor Address <div style="border: 1px solid black; padding: 2px;">11360 Technology Circle, Duluth, GA 30097</div>	
1.5 Contractor Phone Number <div style="border: 1px solid black; padding: 2px;">770-295-2463</div>	1.6 Account Number <div style="border: 1px solid black; padding: 2px;">1029-106-0855</div>	1.7 Completion Date <div style="border: 1px solid black; padding: 2px;">July 2, 2016</div>	1.8 Price Limitation <div style="border: 1px solid black; padding: 2px;">1.435% of net sales</div>
1.9 Contracting Officer for State Agency <div style="border: 1px solid black; padding: 2px;">Rick Wisler, Executive Director</div>		1.10 State Agency Telephone Number <div style="border: 1px solid black; padding: 2px;">603-271-3391</div>	
1.11 Contractor Signature <div style="border: 1px solid black; padding: 2px;"></div>		1.12 Name and Title of Contractor Signatory <div style="border: 1px solid black; padding: 2px;">THOMAS F. LITTLE, PRES. & CEO</div>	
1.13 Acknowledgement: State of Georgia , County of Fulton On June 12, 2009 , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace <div style="border: 1px solid black; padding: 2px;">[Seal]</div>			
1.13.2 Name and Title of Notary or Justice of the Peace <div style="border: 1px solid black; padding: 2px;"> Jenny P. Newsom, Notary Exp. Dec. 12, 2010</div>			
1.14 State Agency Signature <div style="border: 1px solid black; padding: 2px;"></div>		1.15 Name and Title of State Agency Signatory <div style="border: 1px solid black; padding: 2px;">Rick Wisler, Executive Director</div>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By: _____ On: _____			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT. Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

Contractor Initials *BJ*
Date *6/12/09*

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

EXHIBIT A
SCOPE OF SERVICES

The scope of services is as set forth in the following documents, which are hereby incorporated by reference into this Agreement:

1. The Request for Proposals for a Lottery Gaming System (hereinafter "RFP"), dated November 4, 2008, issued by the New Hampshire Lottery Commission (hereinafter "NHLC"). Attachment 1 hereto.
 - a. The contract terms and conditions are set forth in Part 2 of the RFP and the Contractor's Proposal (hereinafter "Proposal") Volume 1, Parts 2.0-2.52 (Terms & Conditions Agreements to Comply) at pages 2/1-45. The Proposal is on file with the NHLC.
 - b. The contract specifications are set forth in Part 3 of the RFP and the Contractor's Proposal Volume 1, Binder 1, Parts 3.0-3.3.5 and Volume 1, Binder 2, Parts 3.4-3.9.10 (Response to Specifications / RFP).
 - c. Contract objectives and administrative provisions are set forth in Parts 1 and 2 of the RFP, particularly, without limitation, sections 1.0 (Introduction), 1.1 (Lottery Objectives), 1.2 (Overview of the RFP), and 2.5 (Term of Contract).
2. The Proposal, dated February 20, 2009, submitted by INTRALOT, inc. (hereinafter "Contractor") in response to the RFP.
3. Responses dated December 10, 2008 by the NHLC to prospective bidders' Clarification questions regarding the RFP (Attachment 2 hereto).
4. Responses dated January 8, 2009, by the NHLC to prospective bidders' Clarification questions regarding the RFP (Attachment 3 hereto).
5. Addendum 3 to the RFP, posted by the NHLC on January 13, 2009 (Attachment 4 hereto).
6. Responses dated February 3, 2009, by the NHLC to prospective bidders' Clarification questions regarding the RFP (Attachment 5 hereto).
7. The Contractor's response dated May 4, 2009 to clarification questions by the NHLC to the Contractor regarding interpretation of the Proposal (Attachment 6 hereto).
8. The Contractor's response dated May 28, 2009 to clarification questions by the NHLC to the Contractor regarding interpretation of the Proposal (Attachment 8 hereto.)

The Contractor's Proposal meets or exceeds all RFP requirements as specified in the Report on Proposal Evaluation and Recommendations for the New Hampshire Lottery

TRC
by [signature]
06/18/09

Commission Lottery Gaming System Procurement dated April 22, 2009 (Attachment 9 hereto). The Contractor has requested no modifications to the RFP or other contract terms. Any conflicts between the provisions of the RFP and the Proposal shall be construed in favor of the NHLC.

The contract is for the implementation of a Lottery Gaming System (both instant and on-line product support) with associated gaming products and services. An existing base of approximately 1,250 on-line sales terminals, 225 instant ticket vending machines, 750 self-service ticket checkers, all related computer and network hardware and software, and the communications network will be replaced under this contract.

The new System shall support the current gaming products offered to the public by the NHLC as well as incorporating additional games and promotions into the System to support NHLC's evolving marketing plans. To this end, the Contractor shall implement and operate the new System in accordance with the objectives of the NHLC as set forth in the RFP at Part 1.1.

TAL
by
JMM
06.18.09

EXHIBIT B
CONTRACT PRICE, METHOD OF PAYMENT & TERMS OF PAYMENT

The contract price, method of payment and terms of payment are set forth in the RFP, including, without limitations, Part 2.24, the Proposal at Volume II Binder 1, and the contractor's letter to the NHLC dated May 28, 2009 which are attached hereto as Attachments 7 and 8.

Contract Price

Payments to the Contractor for all base system services required under this Agreement shall be 1.4350% of the sum of net instant and net on-line sales. Net instant sales is defined as gross sales minus returns for instant games and net on-line sales is defined as gross sales minus cancellations for on-line game(s). Payments for any options elected by the NHLC shall be at the rate detailed in the Contractor's Proposal at Volume II Binder 1 and the contractor's letter to the NHLC dated May 28, 2009. These payments made by the State shall be complete reimbursement to the Contractor for all expenses, of whatever nature, incurred by the Contractor in the performance hereof, and shall be the only compensation to the Contractor for the services hereunder. The State shall have no other liability to the contractor.

Base System Services Payment

The Contractor shall submit to the NHLC weekly invoices commencing with the first week following implementation. Every weekly invoice shall begin with Sunday and end with Saturday. Weekly invoices shall identify the weekly net sales for instant and on-line games, the price percentage to which the Contractor is entitled, and the total amount billed based on the percentage of net sales. The submitted invoices will be confirmed by the NHLC based on management and accounting reports. Confirmed invoices will be paid within 30 days of receipt.

Optional Services Payment

The Contractor shall submit to the NHLC monthly invoices for any options selected by the NHLC. Invoices will be paid within 30 days of receipt.

Options

Pre-Paid Gift Card Processing: The Contractor shall provide reader/writer that permits the use of pre-paid gift cards at start-up. This option includes hardware and software, installation, service, and any special purpose cards for players. This option is included in the base contract price and is at no additional cost to the NHLC.

VIP Card Processing: The Contractor shall provide reader/writer that permits the use of player cards in the NHLC's VIP/Replay program at start-up. This option includes hardware and software, installation, service, and any special purpose cards for players.

*1 PL
WJ
06.18.09*

This option is included in the base contract price and is at no additional cost to the NHLC.

Flat Panel Advertising Display: The Contractor shall provide 1,230 17 inch flat panel displays to the NHLC at start-up. The NHLC shall pay the Contractor \$6.00 per month per display. The monthly fee shall include all installation and service for such displays. Any additional displays requested by the NHLC shall be at the rate of \$6.00 per month.

Dual Function Instant Ticket Vending Machines: The Contractor shall provide 300 dual function vending machines, including hardware, software, installation, service and relocation to the NHLC at start-up. The NHLC shall pay the Contractor \$215.80 per month per machine. Additional dual function vending machines may be requested by the NHLC in batches of 25 at the prorated cost defined on page 1 section E. of Intralot's letter of May 28, 2009 (attachment 8).

Liquor Store In-Lane Solution: The Contractor shall provide 76 in-lane solutions including hardware, software, installation and service to the NHLC at start-up. The NHLC shall pay the Contractor \$73.56 per month per liquor store.

In-Store Wireless Powerball Signage: The Contractor shall provide 600 Powerball wireless signs including hardware, software, installation and service to the NHLC at start-up. The NHLC shall pay the Contractor \$11.76 per month per sign. Additional Powerball signs may be requested by the NHLC at the prorated cost defined on page 3 section 3.B. of Intralot's letter of May 28, 2009 (attachment 8).

Content Management System: The Contractor shall provide at start-up an application that facilitates management and distribution of text, audio, image and video materials delivered electronically to retailer terminals for presentation on the flat panel displays. This option is included in the base contract price and is at no additional cost to the NHLC.

Keyless Validation: The Contractor shall provide at start-up a keyless validation application for instant tickets with no keystrokes required by the retailer or player. This option includes hardware and software, installation and service. This option is included in the base contract price and is at no additional cost to the NHLC.

Alternative Retailer Device Play: Should the NHLC desire alternative retailer device plays, the Contractor shall provide Coronis MP units including hardware, software, installation and service at the prorated cost defined on page 3 section 3.C. of Intralot's letter of May 28, 2009 (attachment 8).

Additional Communication Cost: Should the number of data communications per retailer exceed 1,250, the NHLC shall pay the Contractor \$45 per month per retailer greater than 1,250. The Contractor agrees to provide retailer communication at no charge for up to 300 retailers greater than 1,250 if the NHLC implements monitor games and sales from those games are equal to or greater than \$19,500,000 annually.

TAL
WJL
JML
06.18.09

Additional microLot Terminals: The Contractor shall provide additional microLot sales terminals including hardware, software, installation and service as desired by the NHLC at the prorated cost defined on page 5 section 4 of Intralot's letter of May 28, 2009 (attachment 8).

Retailer Terminal Monitor Games Equipment: Should the NHLC desire monitor game equipment, the Contractor shall provide such equipment including hardware, software, installation and service at the prorated cost defined on page 6 Schedule A of Intralot's letter of May 28, 2009 (attachment 8).

TPL
by
Pam
06.18.09

EXHIBIT C
ADDITIONAL PROVISIONS

The Contractor has neither requested nor been granted any modifications of contract, Proposal or RFP terms.

The Contractor agrees that in the event that it asserts an event of Force Majeure as a defense pursuant to Section 2.17 of the RFP, it shall exercise its best efforts to provide to the NHLC the documentary evidence on which the Contractor relies in asserting Force Majeure and which would reasonably establish and support its assertions of Force Majeure and the NHLC shall give fair consideration to the evidence provided.

The contract may be extended up to a maximum of one (1) four (4) year extension as referenced in Section 2.5 of the NHLC's RFP.

The parties agree that general liability coverage of \$1 million per occurrence, with "excess liability" coverage of \$9 million per occurrence meets the requirement of \$10 million pursuant to the RFP, section 2.10.1.

TPL
by
Jan
06.18.09