

MODIFICATION #5

INSTANT TICKET GAMES AND RELATED SERVICES CONTRACT PRIMARY CONTRACT #2013-01P

This Modification #5 dated _____, 2017 ("Modification #5") to the Instant Ticket Games and Related Services Primary Contract #2013-01P dated August 23, 2013 ("Contract") is by and between the **Maryland State Lottery and Gaming Control Agency** ("Lottery"), an agency of the State of Maryland having an office at Montgomery Park Business Center, Suite 330, 1800 Washington Boulevard, Baltimore, Maryland, 21230, and **Pollard Banknote Limited** ("Contractor" or "Primary Contractor"), a public corporation incorporated under the laws of Canada, having its principal place of business at 1499 Buffalo Place, Winnipeg, Manitoba, Canada R3T 1L7.

WHEREAS, on August 21, 2013, the Maryland Board of Public Works ("BPW") awarded the Primary Contract to the Contractor to provide Instant Ticket Games and Related Services, to include but not limited to, Instant Ticket design, Instant Ticket planning, production, security and delivery to the Lottery's warehouse; delivery of Instant Tickets to the Lottery's Retailers; and marketing and sales support;

WHEREAS, Contract Section 4.2. CONTRACT TERM, states that this Contract shall commence on or about September 1, 2013 and expire on August 31, 2017, for a term of approximately four (4) years. The Lottery, at its sole option, shall have the unilateral right to extend the Contract for one (1) additional three (3) year renewal period, for a total Contract term of approximately seven (7) years. All other terms and conditions, including price, shall remain the same during the renewal period;

WHEREAS, Contract Section 4.3. COMPENSATION AND METHOD OF PAYMENT, subparagraph 4.3.6, states that the total amount of this Contract for the initial four (4) year term excluding any future modifications shall not exceed Seventeen Million Four Hundred Thousand Dollars (\$17,400,000.00). In the event that the Lottery exercises its unilateral option to extend the Contract in its sole discretion, the amount of this Contract for the Renewal Option three (3) year period excluding any future modifications shall not exceed Fourteen Million Five Hundred Fifty Thousand Dollars (\$14,550,000.00);

WHEREAS, on August 23, 2013, the Lottery approved Modification #1 which revised Contract Section 4.51 MINORITY BUSINESS ENTERPRISE COMPLIANCE to add a mandatory contractual provision covering Liquidated Damages as required by State Law, but did not change the NTE amount of the Contract;

WHEREAS, on January 8, 2014, the BPW approved Modification #2 which added the WebPlay™ proprietary game and play style as an available Additional Task under the Contract and increased the Contract's NTE ceiling by the amount of Three Million Two Hundred Seventy Thousand Six Hundred Seventy Nine Dollars (\$3,270,679.00), resulting in a total Contract NTE amount of Twenty Million Six Hundred Seventy Thousand Six Hundred Seventy Nine Dollars (\$20,670,679.00);

WHEREAS, on March 17, 2015, the Lottery approved Modification #3 which added the Eco-Scratch product as an available Additional Task under the Contract but did not change the NTE amount of the Contract;

WHEREAS, on July 26, 2017, the BPW approved Modification #4 which:

- 1) amended the Contract to authorize the unilateral right of the Lottery to extend the Contract for three (3) additional one (1) year renewal periods, rather than one (1) additional three (3) year renewal period as originally stated in the Contract;
- 2) specified that in the event that the Lottery exercises its unilateral option to extend the Contract in its sole discretion, the amount of this Contract for each of the three (3) renewal option one (1) year periods excluding any future modifications shall not exceed Four Million Eight Hundred Fifty Thousand Dollars (\$4,850,000.00); and
- 3) exercised the Lottery's right under 1) above to extend the Contract for the first of the three one (1) year renewal option periods, extending the term until August 31, 2018, and retains its unilateral right to exercise at its sole discretion the two remaining one (1) year renewal options;

WHEREAS, RFP Section 5.2.4 – Ticket Support, paragraph #3, contains the following requirement:

Licensing Agreements – The Contractor, when required by the Lottery, shall obtain and be responsible for any licensing agreement whenever necessary for any game to be printed during the term of the Contract. The Contractor shall obtain approval of any licensing fee prior to incurring any licensing fee to be paid by the Lottery, and shall submit such a fee to the Lottery for payment. There shall be no additional charge to the Lottery by the Contractor for services rendered to obtain the licensing agreement.

WHEREAS, the Lottery has determined that at this time it requires the Contractor to obtain a licensing agreement for "Marilyn Monroe" to be used for an Instant Ticket Lottery Game; and

WHEREAS, the Contractor agrees to this modification.

NOW, THEREFORE, IN CONSIDERATION OF THE RECITALS, MUTUAL COVENANTS AND PROMISES HEREIN CONTAINED, THE PARTIES HERETO AGREE TO MODIFY THE CONTRACT AS FOLLOWS:

1. The Contract is hereby amended to authorize the Contractor to obtain the (i) trademark rights in and to the "Marilyn Monroe" word mark and the character mark in the signature set forth under common law and other similar laws of the Territory, to the extent recognized, and (ii) the image, likeness and persona of the late

actress, Marilyn Monroe owned by the Licensor, for use with an Instant Ticket Lottery Game and related activities;

2. The Licensed Mark Fee payable for this Game is 2% of the Lottery Ticket Retail Selling Price of lottery tickets bearing any of the Licensed Marks multiplied by the number of Lottery Tickets printed for the Customer. The Estimated Licensed Mark Fee for this Game is therefore \$124,800.00, being 3,120,000 Lottery Tickets x \$2.00 x 2%, and the NTE amount of the Contract shall be increased by that same amount; The contract contains an allowance of plus/minus 100,000 tickets to allow for printing press variations; therefore, the maximum ticket quantity could be as much as 3,220,000 resulting in an NTE license fee of \$128,800.00.
3. The technical specifications and price are defined in further detail in the attachments to this Modification #5;
4. The current total Not to Exceed amount for this Firm-Fixed Unit Price-Indefinite Quantity Contract #2013-01P as previously amended is Twenty Five Million Five Hundred Twenty Thousand Six Hundred Seventy Nine Dollars (\$25,520,679.00). The amount for this Modification #5 shall not exceed One Hundred Twenty Four Thousand Eight Hundred Dollars (\$128,800.00), resulting in a total contract Not to Exceed amount of Twenty Five Million Six Hundred Forty Nine Thousand Four Hundred Seventy Nine Dollars. (\$25,649,479.00);
5. Except for the terms that have been changed by this Modification #5, all other terms and conditions contained in the Contract as previously amended by Modification #1, 3 and 4 remain unchanged. Modification #2 expired at the end of the base Contract four-year term and was not continued in the Renewal Option periods;
6. This Modification is subject to approval by the Maryland Department of Budget and Management, the Maryland Board of Public Works, and any other necessary State officials.

IN WITNESS WHEREOF, THIS MODIFICATION #5 IS EXECUTED BY THE DULY AUTHORIZED OFFICIALS OR REPRESENTATIVES OF THE PARTIES HERETO.


Witness

POLLARD BANKNOTE LIMITED

By: 

Name: Douglas E. Pollard
Title: Co-Chief Executive Officer
Date: December 4, 2017

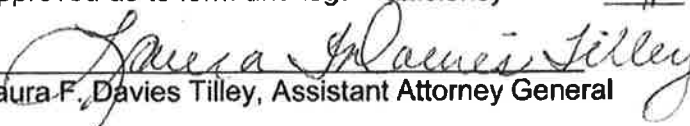
**MARYLAND STATE LOTTERY AND GAMING
CONTROL AGENCY**

Witness

By: _____
Gordon Medenica, Director

Date: _____

Approved as to form and legal sufficiency on this 27th day of December 2017.



Laura F. Davies Tilley, Assistant Attorney General

APPROVED BY MARYLAND BOARD OF PUBLIC WORKS: _____ ITEM#: _____
(date)