

Maryland Lottery
LICENSING, PROGRAM & SERVICES AGREEMENT
Powerball Power Cruise Draw Games Promotion
#2018-03

This agreement (the "AGREEMENT") is made this _____ day of _____, 2018, between the Maryland State Lottery and Gaming Control Agency ("LOTTERY"), with offices at 1800 Washington Blvd., Suite 330, Baltimore, MD 21230 and Alchemy3, LLC ("ALCHEMY"), with offices at 860 Warsaw Road, Suite 200, Roswell, GA 30075.

WHEREAS, LOTTERY and ALCHEMY desire to enter into this AGREEMENT for ALCHEMY to provide specific trip and cash prizes, fulfillment of such trip and cash prizes, and website and mobile application design and hosting services in connection with this special Powerball game promotion titled the *Powerball Power Cruise Draw Game Promotion* (the "PROMOTION").

The PROMOTION and AGREEMENT execution is contingent upon a minimum level of participation amongst all participating LOTTERIES (as a group "LOTTERIES" or individually "PARTICIPATING LOTTERY") authorized to sell Powerball ("GAME") to purchase prizes of \$132,750 that will be awarded in local jurisdictions. ALCHEMY has contracted with Royal Caribbean for the private charter.

1) PROMOTIONAL APPLICATION:

As used herein, the term "PROMOTIONAL APP" or "APP" "PROMOTIONAL APPLICATION" shall refer to ALCHEMY's proprietary *Collect 'n Win Promotional* concept (patented by the USPTO under U.S. Patent No. 9,424,718 issued August 23, 2016) and to ALCHEMY's software application for mobile devices that allows the PROMOTION to be played from mobile devices.

- a) During the term of this AGREEMENT, ALCHEMY shall grant LOTTERIES selling Powerball the right to use the PROMOTIONAL APPLICATION in association with the terminal-generated lottery game identified as POWERBALL. The APP shall be used for the purposes of providing ALCHEMY's specific promotional drawing services related to the PROMOTION.

Note: Use of the PROMOTIONAL APP by either a PARTICIPATING LOTTERY or a player is not required to participate in the PROMOTION.

2) DESCRIPTION OF PROMOTION AND PRIZES

- a) **PROMOTION Description.** The description and other elements of the PROMOTION, other than the particulars of the PROMOTION prizes, are described in detail below in section 2 (b - i, ii, iii).
- b) For valuable consideration, ALCHEMY3 shall provide LOTTERY with the following prizes for the PROMOTION:

- i) Cruise Trip Prizes (“Prizes” or “Prize” or “Power Cruise Prizes”; singular, “Prize” or “Power Cruise Prize”):

ALCHEMY shall provide twenty-five (25) cruise vacation trips for two (2) persons as described below, though the LOTTERY may use the Prizes for instant tickets, terminal tickets, second chance, and other LOTTERY promotions, as determined by the LOTTERY:

The Prize is a five-night Caribbean Cruise for each Power Cruise Prize winner and one guest. Each Power Cruise Prize, i.e., trip, includes: (i) roundtrip coach class airfare for two (2) persons from any primary airport in the continental United States (including the District of Columbia) and Puerto Rico to the destination airport in Fort Lauderdale, FL; (ii) ground transportation between the destination airport and hotel and the hotel and the port, and from the port to the destination airport for the return flight; (iii) one double occupancy hotel room for the night before the cruise departure; (iv) stateroom for two aboard the charter sailing of the Royal Caribbean Cruise; (v) two hundred and fifty dollars (\$250) in spending money and (vi) two hundred fifty dollars (\$250) nonrefundable ship credit. When ALCHEMY does a drawing, ALCHEMY shall draw the required number of winners plus the number of alternate winner names as determined by the LOTTERY. Within five hours of a LOTTERY winner’s name being drawn for the Prize, ALCHEMY shall provide the LOTTERY with each winner’s and alternate winner’s name so the LOTTERY can determine whether each winner owes setoffs. If any original winner does not pay that original winner’s required setoff payments (State Obligations), an alternate winner shall become the winner, with the alternate winner’s name and social security number being provided to and checked by the LOTTERY.

The cruise portion of the Prize includes all the amenities onboard the ship including but not limited to: all meals, non-alcoholic beverages, entertainment, primary gratuities, port fees and ship taxes and attendance at the Special Concert Event described herein and opportunities to win on board Cash Event prizes.

Federal and jurisdictional tax withholdings gross-up shall be recorded by LOTTERY based on the value of the Power Cruise Prize (as detailed in section 9b), and shall be reported and remitted by ALCHEMY to the appropriate taxing jurisdictions.

ALCHEMY will send an IRS tax form W-2G to the Power Cruise Prize Winners and provide a copy to the LOTTERY.

- ii) Special Event Concert

ALCHEMY will coordinate and contract with a nationally recognized musical group to perform an exclusive concert onboard the chartered cruise. The group will be determined and communicated to the LOTTERY by December 31, 2017. ALCHEMY will cover all fees associated with providing this concert for the sailing of the cruise including production costs, booking fees, agent commissions, travel expenses and rider

for talent. Final selection of the band will be made by ALCHEMY.

iii) Onboard Prizes

All registered Power Cruise Prize Winners will be eligible for a chance to win the following prizes:

- 300 - One Hundred Dollars (\$100)
- 100 - Two Hundred-Fifty Dollars (\$250)
- 140 - Five Hundred Dollars (\$500)
- 5 - Five Thousand Dollars (\$5,000)
- 2 - Grand Prizes of Fifty Thousand Dollars (\$50,000)

Rules

- A Power Cruise Prize Winner can only win one of the \$100 - \$500 onboard prizes.
- Onboard Prizes \$100 - \$500 will be distributed onboard the ship in the form of a Prepaid Gift Card that can be used, on shore at least in U.S. territories or onboard the ship.
- Grand Prize Drawing prizes of \$5,000 and \$50,000 will be awarded on the final evening of the cruise. ALCHEMY will draw the onboard prize winners from all registered Power Cruise Prize Winners. ALCHEMY will notify LOTTERY, prior to issuing the check so the LOTTERY can check for debt setoff.
- All Power Cruise Prize Winners that win a \$100 - \$500 prize are also eligible to win a Grand Prize Drawing prize of \$5,000 OR \$50,000. (A Power Cruise Prize Winner cannot win more than once in the Grand Prize Drawings).
- Grand Prize Drawing prizes of \$5,000 and \$50,000 prizes will be issued in the form of a check within fifteen (15) days after both the end of the cruise trip and the onboard prize winner clearing the LOTTERY's setoff requirements.
- Grand Prize Drawing prizes of \$5,000 and \$50,000 - ALCHEMY will deduct and remit any required federal and jurisdictional withholding taxes; ALCHEMY will send an IRS tax form W-2G to the onboard prize winner and provide a copy to the LOTTERY.

3) PROPERTY:

- a) As used herein, the term "PROPERTY" shall collectively refer to the related titles, names, logos, trademarks, copyrights, artwork and photographs associated with Royal Caribbean International and the images, logos, and music of the nationally recognized musical group as outlined in Subparagraph c of this Paragraph 3. The PROPERTY is under exclusive license from Royal Caribbean Cruises Ltd., d/b/a Royal Caribbean International ("**LICENSOR**"). ALCHEMY warrants ALCHEMY is the exclusive licensor or sub-licensor of the PROPERTY to lotteries, and for the offering of a cruise as a prize.
- b) During the term of this AGREEMENT, ALCHEMY hereby grants LOTTERY the right to reproduce, use and make copies of the PROPERTY in association with the PROMOTION. Notwithstanding anything to the contrary contained in this

AGREEMENT or in any other writing, licensed products that have been manufactured and distributed during the term of this AGREEMENT may remain in circulation and be distributed and sold beyond the term of the license without any additional cost from LOTTERY to ALCHEMY, LICENSOR or any other entity. ALCHEMY hereby also grants all of LOTTERY's retailers and contractors the rights to reproduce, use and make copies of the PROPERTY in association with the PROMOTION on behalf of the LOTTERY.

- c) As detailed in Section 2) b) ii, ALCHEMY will coordinate and contract with a nationally recognized musical group to perform an exclusive concert onboard the chartered cruise. LOTTERY can use talent images, logos, music as provided by ALCHEMY. Only pre-approved, provided talent assets may be used to promote the Power Cruise program, and may be subject to additional artist approval prior to release.

4) UTILIZATION OF PROPERTY:

- a) ALCHEMY authorizes LOTTERY to reproduce and use graphic and other creative elements for the PROPERTY to support the PROMOTION and related advertising, including the following:
 - 1. The approved designs, names, logos, symbols, emblems, ship images, characters, artwork, depictions, illustrations, labels, insignia, indicia, trade dress and visual representations associated with the PROPERTY; and
 - 2. The name Royal Caribbean Cruises Ltd.
- b) Pre-approved creative elements of the PROPERTY shall be provided by ALCHEMY for the LOTTERIES' use with the PROMOTION, within 60 days of execution of this AGREEMENT. The nationally recognized musical group will be determined and communicated to the LOTTERY by December 31, 2017 and available assets will be delivered to the LOTTERY no later than January 31, 2018.
- c) The LOTTERY shall submit all artwork for website, point-of-sale, advertising, marketing and promotional materials (collectively the "ARTWORK") for the PROMOTION to ALCHEMY for approval. The LOTTERY shall not disseminate any advertisement or promotion until it has procured ALCHEMY's written approval. ALCHEMY shall have ten (10) business days to approve each piece of ARTWORK or return same to the LOTTERY for revision. The LOTTERY shall submit all such revised ARTWORK to ALCHEMY, and ALCHEMY shall have up to an additional ten (10) business days to approve all such revised ARTWORK or return same to the LOTTERY for further revision. Unless ALCHEMY notifies the LOTTERY otherwise, if ALCHEMY does not return the ARTWORK within the aforementioned time periods, the ARTWORK shall be deemed not approved by ALCHEMY. ALCHEMY is responsible for ensuring that all above-mentioned items and any tickets and other items that display any PROPERTY have the appropriate patent, trademark or copyright notations thereon. ALCHEMY is responsible for obtaining any required approval from LICENSOR. The LOTTERY and all other

Indemnified Parties (as defined below) may rely on any approval by ALCHEMY of any copyright, patent, and trademark notices appearing within each unit of ARTWORK. ALCHEMY shall defend, indemnify and hold harmless the LOTTERY, the Maryland State Lottery and Gaming Control Commission ("Commission"), the State of Maryland, and their agencies, officers, officials, members, retailers, agents and employees, contractors, and subcontractors (or subcontractors or independent contractors thereof), (all of whom are jointly referred to as "Indemnified Parties" or, individually, as "Indemnified Party") from and against any and all claims or suits that may arise regarding said copyright, patent, and trademark notices when the PROPERTY is used by any Indemnified Party as specified by ALCHEMY.

- d) On request, ALCHEMY shall provide the LOTTERY with examples of approved promotional material(s) produced by other LOTTERIES that have entered into a licensing AGREEMENT with ALCHEMY for the use of the PROPERTY for the sole purpose of providing guidance to the LOTTERY in its creation of the ARTWORK. LOTTERY hereby requests that ALCHEMY provide LOTTERY with examples of approved promotional material(s) produced by other LOTTERIES that have entered into a licensing AGREEMENT with ALCHEMY for the use of the PROPERTY.
- e) ALCHEMY warrants and represents that it acts as either owner or agent of the LICENSOR of the PROPERTY with respect to the copyright and/or trademark rights thereof, and has the full exclusive authority to license the use of same to the LOTTERY. ALCHEMY shall provide proof of such authority upon request by the LOTTERY. LOTTERY hereby requests proof of such authority.
- f) ALCHEMY warrants that it acts as owner of PROPERTY with respect to the copyright and trademark rights thereof, and has the full exclusive authority as LICENSOR to license the use of the same to LOTTERY.
- g) If ALCHEMY, for any reason whatsoever, loses the right to license any of the PROPERTY during the Term of the AGREEMENT, LOTTERY will retain the use of the license and the rights to use the Property until the originally scheduled expiration of the AGREEMENT. In the event ALCHEMY is notified by LICENSOR of the expiration or termination of ALCHEMY's license for any of the Property, then LOTTERY shall have the right through the Term of the AGREEMENT to sell and/or continue to sell any ticket using that Property, and to award any related Prizes, and to continue promoting the PROMOTION and to continue offering and providing any Prizes and ALCHEMY shall continue to provide the Prizes. (b) In the event ALCHEMY is notified by the LICENSOR of the expiration or termination of any LICENSOR's Licensing Contract and that LOTTERY will not be allowed to retain the use of the PROPERTY or licenses until expiration of the Term or that the complete Prize will not be provided, then ALCHEMY shall return to LOTTERY all fees, including any license fee, and any other amounts paid under the AGREEMENT; and pay LOTTERY all amounts required for LOTTERY to offer another promotion with equivalent prizes. (c) This Paragraph supersedes all other conflicting sections in this AGREEMENT relating to termination by LICENSOR or ALCHEMY. Other available remedies may also apply and are not waived.

5) TRADEMARK AND OTHER REQUIREMENTS:

- a) LOTTERY agrees to place the appropriate corresponding marks as indicated by ALCHEMY, which may include a superscripted TM ("TM"), a copyright symbol ("©") and/or a registered trademark symbol ("®") after first and most prominent use of the PROPERTY on the ARTWORK, or as may otherwise be required by ALCHEMY or the LICENSOR and as authorized by the United States Patent and Trademark Office. In addition, any required PROPERTY legal legend and/or licensed product logo shall be included in the ARTWORK designs as required by ALCHEMY. These guidelines and requirements will be provided by ALCHEMY in advance of all ARTWORK creation.

2018 Royal Caribbean Cruises Ltd®

For POS, the following:

POWER CRUISE™ is a trademark of Alchemy 3, LLC. Used under license. Royal Caribbean International logo is a registered trademark of Royal Caribbean Cruises Ltd. and is used with permission. ©2018 Royal Caribbean Cruises Ltd® Powerball® and Power Play® are federally registered trademarks and are used with permission of the Multi-State Lottery Association®. All rights reserved.

- b) LOTTERY shall not claim adversely to any right or interest of LICENSOR in and to: (i) the licensed marks; or (ii) any trademarks, service marks, trade dress or trade names confusingly similar to the Marks of the LICENSOR. LOTTERY agrees not to attempt to register or to use or to aid any third party in attempting to register or use any trademarks, service mark, or trade name, or apply for any copyright or design right which may be confusingly similar to the marks in any territory.
- c) The LOTTERY shall indicate that the licensing rights for the PROPERTY have been obtained from ALCHEMY in all press releases issued by the LOTTERY for this PROMOTION. Upon request, the LOTTERY shall provide ALCHEMY with the following samples for this PROMOTION, as appropriate:
 - i. Five (5) samples of all point-of-sale advertising pieces;
 - ii. Two (2) dubs of all TV and/or radio advertising;
 - iii. Two (2) samples of all out of home advertising;
 - iv. Two (2) samples of all print advertising; and
 - v. Two (2) samples of all retailer sell-in and related communications materials.

6) WARRANTIES AND INDEMNIFICATION

- a) ALCHEMY and LOTTERY represent that they will comply with all applicable intellectual property laws, rules and regulations in connection with the use of the PROPERTY and activities related thereto, pursuant to this AGREEMENT.

- b) ALCHEMY represents and warrants that it is duly organized under applicable law; that it has the right and authority to enter into and perform this AGREEMENT and to grant the rights granted herein and that it is duly authorized to legally operate and conduct business in the State of Maryland. ALCHEMY also represents and warrants that when executed this AGREEMENT will be a valid and binding obligation of ALCHEMY, and that LOTTERY's use of the PROPERTY will not result in any fee in addition to that provided in this AGREEMENT and will not violate the rights of any third party.
- c) ALCHEMY represents and warrants that each approval given by ALCHEMY pursuant to section 4(c), above, shall constitute a new additional warranty (such new additional warranty not to derogate from any other warranty set out herein) to LOTTERY to the effect that LOTTERY shall be entitled to use the PROPERTY as provided for in the AGREEMENT without liability for infringement thereof.
- d) ALCHEMY shall:
- (i) defend LOTTERY and any other Indemnified Parties in any litigation to which either may be named a party as a result of using the PROPERTY as provided for in the AGREEMENT; and,
 - (ii) indemnify, defend, and hold harmless LOTTERY and its jurisdictions, and any other Indemnified Parties from and against any and all liability, including but not limited to claims, demands, losses, costs, damages and expenses of every kind and description (including death), or damages to persons or property arising out of or in connection with or occurring during the course of the AGREEMENT whether or not such liability is founded upon or grows out of the acts or omissions of ALCHEMY, its officers, employees, agents, independent contractors or subcontractors (or subcontractors or independent contractors thereof), or a breach of the warranties given by ALCHEMY under this AGREEMENT, or from and against any and all claims of infringement or alleged infringement of any trademarks, copyrights, patents or other intellectual property rights (including but not limited to the misappropriation of personality or violation of moral rights) of any third party arising out of or related strictly to the use of the PROPERTY or the APP in accordance with this AGREEMENT or for any other reason.

7) PROMOTIONAL PERIOD:

February 1, 2017 (when all participating LOTTERIES are expected to have executed their Agreements, and the deposit for the chartered ship is secured) through January 31, 2019 (when all winners are expected to have completed their travel back from the cruise portion of the Prize to their homes).

Project Milestones:

- October 15, 2017: 1st Deposit due by ALCHEMY to Royal Caribbean Cruises for privately chartered ship for Power Cruise

- November 2017- Feb 2018: Program support, style guide production, software development and testing support. ALCHEMY will establish a software development and testing schedule approved by the LOTTERY
- December 2017: Talent and production crew contracted and security deposit due from ALCHEMY.
- April, 2018: PROMOTION launch; ALCHEMY support and deployment
- April 12, 2018 – June 7, 2018: PROMOTION support – draw processing, winners selected by ALCHEMY
- June 2018 – August 2018: Winner verification by LOTTERY, ALCHEMY Winner notification and coordination begins
- July 2018: 2nd Payment due to Royal Caribbean Cruises from ALCHEMY for privately chartered Power Cruise
- September 2017 – Dec 2017: Tax payments processed by ALCHEMY
- July 2017 – Nov 2017: Travel arrangements and cruise preparations (flight, hotel and ground transportation) completed by ALCHEMY
- Jan 2019: ALCHEMY to Secure onboard prizes and process ship credits
- January 12-17, 2019: Power Cruise Prize occurs

8) FEES:

- a) LOTTERY shall pay ALCHEMY a fee of One Hundred Thirty Two Thousand Seven Hundred Fifty Dollars (\$132,750) for the prize fulfillment responsibilities to be provided by ALCHEMY pursuant to this CONTRACT (the "Fee"). No other amount shall be due from the LOTTERY.
- b) Tax liability reimbursement as detailed in Section 9b. ALCHEMY shall bill the actual amount of taxes paid as detailed in Section 10.

9) GOODS AND SERVICES SPECIFICATIONS:

- a) Services Alchemy to provide to include, but not be limited to: project management, Smartphone/Internet development of promotional application designed to facilitate acceptance of entries, drawing file preparation, cash and non-cash prize fulfillment and customer service support for the aforementioned services.
 - i) Cost of program support, all testing, software development, and PROMOTION execution. The costs of goods and services outlined within this AGREEMENT includes and is not limited to program management, PROMOTION execution, software development, draw processing, independent third party draw auditing, customer service, creative design, style guides, creative spot design and production.
 - ii) A further breakdown of the fair market value of the prize as determined by the LOTTERY, based on interior rooms is as follows:

(1) Interior Rooms = \$5,200

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|--|------------|--------------------|
| Interior Room | \$5,200.00 | |
| Round trip Air | \$1,000.00 | |
| 5 Night Cruise, privately chartered ship | \$1,800.00 | |
| Taxes/Fees | \$250.00 | |
| Ship Taxes/Gratuities | \$600.00 | |
| Hotel | \$250.00 | |
| Ground Transportation | \$150.00 | |
| Ship Credit | \$250.00 | |
| Spending Money | \$250.00 | |
| Talent/Security/Onboard Entertainment | \$650.00 | (\$325.00 /person) |
| Total | \$5,200.00 | |

b) Power Cruise Prizes

ALCHEMY shall procure on behalf of LOTTERY one chartered sailing of the Royal Caribbean's *Majesty of the Seas*, with 25 staterooms (two-person occupancy) to be awarded to LOTTERY's participants as part of the Prize. Of that total number of staterooms, the Maryland Lottery (LOTTERY) shall receive the following allocation of room types:

Interior Staterooms – 12 @ \$5,200 = \$62,400
Oceanview Staterooms - 11 @ \$5,350 = \$58,850
Balcony Staterooms – 2 @ \$5,750 = 11,500 Room Total = \$132,750

Tax Calculations*

Interior Staterooms (\$5,200 prize value) – Qty 12

- 25% Federal Taxes = \$1,962.26
- 8.75% State Taxes* = \$686.79
- Total/room (inclusive of estimated Tax Withholdings) = \$7,849.05
- Total (12 x \$7,849.05) = \$94,188.60

Oceanview Staterooms (\$5,350 prize value) – Qty 11

- 25% Federal Taxes = \$2,018.87
- 8.75% State Taxes* = \$706.60
- Total/room (inclusive of estimated Tax Withholdings) = \$8,075.47
- Total (11 x \$8,075.47) = \$88,830.17

Balcony Staterooms (\$5,7500 prize value) – Qty 2

- 25% Federal Taxes = \$2,169.81
- 8.75% State Taxes* = \$759.43
- Total/room (inclusive of Tax Withholdings) = \$8,679.24
- Total (2 x \$8,679.24) = \$17,358.48

For all Power Cruise Prizes, taxes will be withheld as follows:

25% federal; 8.75% State tax (Maryland Residents); 7.5% (non-Maryland residents)
 Tax calculations will be made once actual winners are confirmed and invoiced as detailed in section 10.

Total Room \$132,750 + Total Estimated Taxes \$67,627.25 = \$200,377.25

ALCHEMY, on behalf of the LOTTERY, shall make withholding tax payments to the appropriate agencies for each Power Cruise Prize Winner based on the allocation of staterooms as listed above. Each Power Cruise Prize Winner shall receive a W-2G from ALCHEMY with the total value of the Power Cruise Prize, including required federal tax withholdings as shown above for each category of room. LOTTERY shall reimburse ALCHEMY the cost of all tax payments made on Power Cruise Prize Winner's behalf as detailed below and listed in section 8.

LOTTERY will determine stateroom allocations based on the LOTTERY's established promotional rules.

LOTTERY will award the cruise packages as prizes in the PROMOTION or as otherwise determined by the LOTTERY. Each Cruise Package/Prize provided by ALCHEMY will consist of the item(s) as specified below:

| | |
|-------------------------------|---|
| <i>Hotel</i> | One (1) night accommodations (including hotel taxes) for two (2) at a deluxe hotel in the port city for the night prior to cruise departure. |
| <i>Airfare</i> | Roundtrip coach class airfare for two (2) persons from any primary airport in the continental United States (including the District of Columbia) and Puerto Rico to the destination airport in Fort Lauderdale, FL |
| <i>Cruise</i> | Five (5) nights onboard the Royal Caribbean's <i>Majesty of the Seas</i> departing from the Port of Fort Lauderdale to 2 port of call destinations, Cococay and Nassau Bahamas. Stateroom types included Interior, Oceanview, and Balcony. |
| <i>Spending Money (\$250)</i> | \$250 spending money will be provided in the form of a check to the winner no later than 14 days prior to departure. |
| <i>Ship's Credit (\$250)</i> | Each Prizewinner will be provided with a non-refundable two hundred fifty dollars (\$250) credit applied to their ship account to be utilized for incidental items such as: beverage service, shore excursions, specialty dining, casino gaming, and purchases made during the cruise and/or similar expenditures. |
| <i>Miscellaneous</i> | All primary gratuities on the ship (room attendant & dining room staff) and all Power Cruise Prize trip-related destination/departure taxes are also included in the Fee. Power Cruise Prize includes federal and state tax withholding gross up, paid by Lottery, so this benefit is not provided by Alchemy and should be removed from this chart. ALCHEMY will coordinate reporting and remittance with LOTTERY. |

- LOTTERY will not offer a cash option to a Power Cruise Prize Winner.
- ALCHEMY will offer Power Cruise Prize Winner and/or their guest a prepaid gift card of \$250 if they decline airfare to Fort Lauderdale.
- ALCHEMY will manage all fulfillment matters relating to the Power Cruise Prize.

- If the Power Cruise Prize Winner fails to show at the designated time of departure of the cruise ship their entire Power Cruise Prize shall be forfeited. Power Cruise Prize Winners who, prior to accepting the Prize, decline the Power Cruise Prize shall not be subject to tax reporting or withholding; in the event a Power Cruise Prize Winner declines the prize, the Lottery, at its sole discretion, may elect a replacement Power Cruise Prize Winner for the Power Cruise Prize. Power Cruise Prize Winners who accept the airfare booking and / or the cruise shall be subject to tax reporting and withholding regardless of whether they actually take the air flight and / or the cruise. Any Power Cruise Prize Winner who does not elect to take a guest, or whose guest does not actually take the flight and / or cruise are subject to the full Prize reporting and withholding.
- At the request of a Power Cruise Prize Winner and with the approval of the LOTTERY, ALCHEMY shall make necessary arrangements for a Power Cruise Prize Winner to transfer the Power Cruise Prize to a proxy once prior to the booking deadline at no additional cost to the LOTTERY or the winner. The Power Cruise Prize Winner shall remain subject to tax reporting and withholding even if they transfer the Power Cruise Prize.
- Age and other eligibility requirements to win the Power Cruise Prize shall be determined by each PARTICIPATING LOTTERY.
- The Power Cruise Prize Winner or guest(s) must have a valid credit card or shall be required to post cash deposit for incidentals to check into the hotel included with the Power Cruise Prize.

c) Onboard Prizes:

Cash prizes will be awarded as detailed in section 2 b iii. A full accounting of all winnings for each of the LOTTERY's Power Cruise Prize Winners shall be provided to the LOTTERY at the conclusion of the PROMOTION.

10) PAYMENT:

a) ALCHEMY shall invoice the LOTTERY on the following schedule:

- Within 30 days after proper invoice is received by LOTTERY, after this AGREEMENT is signed: 1st Deposit due to Royal Caribbean Cruises for privately chartered ship for Power Cruise: 20% = \$26,550.00
- Within 60 days after proper invoice is received by LOTTERY, after this AGREEMENT is signed, for Program support, style guide production, software development and testing support: 6% = \$7,965.00
- Within 60 days after proper invoice is received by LOTTERY, after this AGREEMENT is signed: Talent and production crew contracted and security deposit due: 3% = \$3,982.50
- April 12, 2018: PROMOTION launch; ALCHEMY support and deployment: 2% = \$2,655.00
- June 1, 2018: PROMOTION support - draw processing, winners selected: 4% =

\$5,310.00

- July 15, 2018: 2nd Payment due to Royal Caribbean Cruises for privately chartered Power Cruise: **20% = \$26,550.00**
 - September 1, 2018: Travel arrangements and cruise preparations: (flight, hotel and ground transportation) **35% = 46,462.50**
 - Nov 1, 2018: Secure onboard prizes and process ship credits: **10% = 13,275.00**
 - Dec 1, 2018: Tax withholding payments; based on actual taxes paid on behalf of LOTTERY winners. **(estimated \$67,711.25)**
 - **January 12-17, 2019: Power Cruise Prize to occur**
- b) All payments due to ALCHEMY shall be made by LOTTERY within thirty (30) days after a proper invoice is received by LOTTERY, after this AGREEMENT is signed, and invoices may not be sent until after this AGREEMENT is signed.

11) FULFILLMENT SERVICES:

ALCHEMY shall provide fulfillment for all prizes awarded in the PROMOTION.

- a) If LOTTERY elects not to use ALCHEMY drawing services and conducts its own drawing, the LOTTERY shall provide ALCHEMY the names and contact information of Power Cruise Prize Winners within a reasonable number of days after completion of the drawing.
- b) ALCHEMY shall contract with third party company(ies) to assist in booking hotels, Royal Caribbean room confirmations, and flight arrangements to Fort Lauderdale; ALCHEMY shall provide company information to Lottery as requested and ALCHEMY remains liable to LOTTERY for all arrangements made by any of ALCHEMY's third party contractors. LOTTERY hereby requests full information regarding all such third party company(ies).
- c) ALCHEMY shall keep all Power Cruise Prize Winner information confidential and use it only to fulfill the Prizes in the manner specified herein. ALCHEMY will not release Power Cruise Prize Winner information without the express written consent of LOTTERY. ALCHEMY shall report to LOTTERY as each Power Cruise Prize Winner's Prize flight, hotel, cruise, and other travel reservations have been booked. ALCHEMY shall report the names and contact information of all Power Cruise Prize Winners and guests to LOTTERY.
- d) ALCHEMY shall provide to the LOTTERY prize certificates describing the Power Cruise Prize that can be provided to each Power Cruise Prize Winner after the Power Cruise Prize is claimed. The certificate will detail the Power Cruise Prize Winner's room tier, ship amenities, respective ports of call and will contain the name and contact information for the Power Cruise Prize Winner to contact to make reservations to fulfill the Power Cruise Prize.

12) MARKETING SUPPORT:

At no additional cost, ALCHEMY shall provide LOTTERY with:

- a) Assistance in designing Artwork as requested by LOTTERY. ALCHEMY shall provide support in designing point-of-sale or media advertising as permitted in Section 4. ALCHEMY with the help of the LICENSOR shall provide assistance in developing a television commercial spot that can be customized by the LOTTERY in support of the PROMOTION.
- b) A PROMOTION website that will be branded with the LOTTERY logo, LOTTERY PROMOTION marketing messaging, communicate the PROMOTION game rules, frequently asked questions, instructions on PROMOTION entry, redemption information and will provide players the ability to enter PROMOTION tickets through the website in accordance with the Game Rules and LOTTERY policies. ALCHEMY shall ensure that the PROMOTION website shall be accessible for visually impaired.
- c) Development, deployment, hosting and maintenance of the Collect 'N Win Smartphone/Internet PROMOTIONAL APP designed to facilitate acceptance of entries. Should any individual PARTICIPATING LOTTERY opt to utilize their own entry collection system, they may do so.
 - In-app push notifications
 - Powerball "Winner Take All" feature promotional/educational campaign design
- d) Reporting analytic services and access to all available KPI's and ALCHEMY generated reports.
 - a. Reporting analytics will be available for all Collect 'n Win LOTTERIES and provided on a mutually agreed upon schedule
- e) ALCHEMY drawing services will be conducted using a certified RNG in the presence of a 3rd party auditor to ensure mutually agreed upon procedures are followed. ALCHEMY will present the proposed drawing procedures to LOTTERY at least as soon as the Agreement is signed and preferably before the Agreement is signed. The procedures are to be mutually agreed upon by March 1, 2018. ALCHEMY's specific promotional drawing services include ALCHEMY's Collect 'N Win promotional app, including how entries are collected (i.e. symbols filling up a card to generate an entry); ALCHEMY using its RNG to select winners and alternates while viewed by an independent auditor; and, based on LOTTERY's direction, ALCHEMY will execute the drawings as directed by the LOTTERY, for the number of Prizes as allocated to the LOTTERY, based on the rules and guidelines of the LOTTERY for awarding the prizes; an independent auditor will be present to view and verify the drawing and related activities.
- f) A customer service hotline number and services, which are to be available Monday – A customer service hotline number and services, which are to be available Monday – Friday, 8AM to 8PM EST and Saturday, 8AM to 1:00PM EST to answer any questions relating to

the PROMOTION and Power Cruise Prize trip fulfillment.

13) TERM

Subject to approval by the Maryland Department of Budget and Management, Maryland Board of Public Works, and any other necessary State officials, the term of this AGREEMENT shall commence as of the date it is approved by the Maryland Board of Public Works and shall continue up to and through One Hundred Eighty-Two (182) days after the Power Cruise Prize charter cruise Prize event is complete ("Term").

14) NOTICES

Any notice required to be given under this AGREEMENT shall be given in writing by registered or certified mail, return receipt requested, verified delivery service, or by personal service as follows:

If to LOTTERY: Gordon Medenica, Director
Maryland Lottery
1800 Washington Blvd.
Baltimore, MD 21230

With a copy to: Robert Howells, Procurement Officer
Maryland State Lottery and Gaming Control Agency
1800 Washington Blvd., Suite 330
Baltimore, MD 21230-1732

If to ALCHEMY: Paul Guziel, CEO
Alchemy3, LLC
860 Warsaw Road, Suite 200,
Roswell, GA 30075

or to such other address as either party hereto shall designate in writing for such notice. Notice shall be deemed given when received or the date such notice is first refused, if that be the case.

15) FORCE MAJEURE

Intentionally left blank. See Mandatory Terms.

16) TERMINATION FOR CAUSE

The LOTTERY may immediately terminate the AGREEMENT and receive a full refund of all funds paid for any of the following reasons:

A. If Alchemy furnished any statement or representation in connection with this

AGREEMENT which is materially false, incorrect or incomplete;

B. If Alchemy fails to perform any material requirement of the AGREEMENT or is in violation of any provision; or

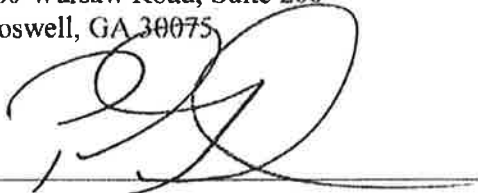
C. If Alchemy commits a fraudulent act or a criminal act in its performance of the AGREEMENT.

17) ENTIRE AGREEMENT

All terms and conditions of the Mandatory Terms, attached as Exhibit A, the Contract Affidavit, attached as Exhibit B, the Living Wage Requirements for Service Contracts, attached as Exhibit C and the Materials Requested by LOTTERY, attached as Exhibit D, are made a part of this AGREEMENT. This AGREEMENT represents the complete, total and final understanding, communication, and representations, oral or written, regarding the subject matter of the AGREEMENT, and shall be deemed to exist or to bind the parties hereto upon the later of: the time of execution by the parties or the written approval of the Maryland Department of Budget and Management, Maryland Board of Public Works, and any other necessary State officials. No other understanding, communication, or representations, agreements, statements or understandings, oral or written, regarding the subject matter of this AGREEMENT, shall be deemed to exist or to bind the parties hereto at the time of execution. In the event of a conflict in language between Exhibit A and any other document, the provisions set forth in Exhibit A shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT in two duplicate original counterparts to be effective on the date designated in Paragraph 13 above, Term. The persons executing this AGREEMENT expressly represent that they are authorized to execute this AGREEMENT on behalf of and to bind the respective parties.

ALCHEMY₃, LLC
860 Warsaw Road, Suite 200
Roswell, GA 30075



BY: Paul Guziel

ITS: CEO

MARYLAND STATE LOTTERY AND
GAMING CONTROL AGENCY
1800 Washington Blvd., Suite 330
Baltimore, MD 21230



BY: Gordon Medenica

ITS: Director

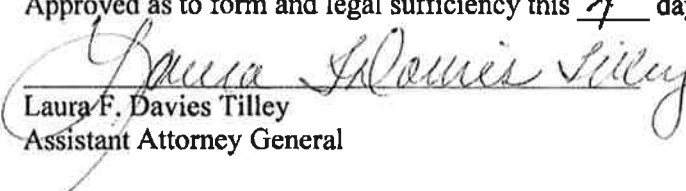
APPROVAL OF MARYLAND STATE LOTTERY AND GAMING CONTROL COMMISSION

I hereby affirm that on the _____ day of _____, 2017, at its stated monthly meeting for _____, 2017, the Maryland State Lottery and Gaming Control Commission gave its approval to the Maryland Lottery Licensing, Program & Services Agreement Powerball Power Cruise Draw Games Promotion #2018-03 pursuant to State Government Article 9-111(a)(5), subject to approval by the Department of Budget and Management and the Board of Public Works.

Kimberly Robertson Pannell
Chair
Maryland State Lottery Commission

Date _____

Approved as to form and legal sufficiency this 7th day of December, 2017:


Laura F. Davies Tilley
Assistant Attorney General

Approved Maryland Board of Public Works: Date: _____; Item # _____.