

**MARYLAND STATE LOTTERY COMMISSION
MAY MINUTES**

DATE: May 28, 2003
TIME: 10:00 a.m.
PLACE: Maryland Lottery Headquarters

PRESENT: Chairman Frank C. Bonaventure
Commissioner Osborne Payne
Commissioner Carl Hein, III
Commissioner Bruce Reeder

Buddy Roogow, Director
Andrea Johnson, Principal Counsel
Tchicaya Ellis, Ph.D., Director, Research and Planning
Gina Smith, Assistant Director and CFO
Sandra Johnson, Chief Information Officer, Information Technology
Joseph Jason, Deputy Director, Sales
Jill Baer, Director, Creative Services
Tracey Cohen, Director, Product Development
Jimmy White, Director, Communications
Gary Smith, Product Development Manager
Suzanne Meltzer, Executive Assistant
Marie Torosino, Executive Associate

OTHERS
PRESENT: Ray Shaffer, IGT OnLine Entertainment Systems
David Blum, Eisner Communications
Diane Connell, Oberthur Gaming Technologies

CALL TO ORDER

Commissioner Payne called the meeting of the Maryland Lottery Commission to order at 10:15 a.m.

APPROVAL OF MINUTES

Commissioner Payne asked if there were any changes or corrections to the Minutes for April. Hearing none, Commissioner Payne requested a motion to approve the Minutes. Commissioner Hein made a motion to accept the Minutes and Commissioner Reeder seconded the motion. The Minutes were accepted by unanimous vote of the Commission. Commissioner Bonaventure abstained from the vote because he was not a member of the Commission at that time and thus was not present at that meeting.

ELECTION OF CHAIRMAN

Commissioner Payne welcomed and introduced Frank Bonaventure, the new member of the Maryland Lottery Commission.

Commissioner Payne stated the Commission needs to elect a new Chairman. Commissioner Hein made a motion to nominate Frank Bonaventure as Chairman of the Maryland Lottery Commission. Commissioner Reeder seconded the motion. Commissioner Payne stated it has been motioned and seconded that the Commission elect Frank Bonaventure as the Chairman of the Commission. At this time, Commissioner Payne turned the meeting over to Chairman Bonaventure.

Chairman Bonaventure stated thank you very much. It is an honor and a pleasure to serve on the Commission.

DATE AND TIME OF NEXT MEETING

Chairman Bonaventure stated the next Commission meeting has been scheduled for Wednesday, June 25, 2003 at 10:00 a.m. at Lottery Headquarters.

BERT SMITH AND COMPANY FINANCIAL REPORT

Ms. Gina Smith stated a representative from Bert Smith is not present today. She stated that the audited financial statement for February 2003 is provided in the Commission's folders. She then distributed the audited financial statement for March 2003 and the unaudited financial statement for April 2003. Ms. Smith stated there was nothing unusual to report in any of the statements.

Ms. Smith stated that the new auditing and accounting contract would be effective July 1, 2003. The new firm is Stout, Causey and Horning, P.A. However, Bert Smith, the current

firm, would be on-site until October completing the year-end financial statements.

Mr. Roogow stated the Auditing and Accounting Services Contract would be presented to the Board of Public Works on June 18, 2003. The Lottery will request the award of the Contract to Stout, Causey and Horning. Chairman Bonaventure asked that a meeting be set up to meet Stout, Causey and Horning. Ms. Smith responded it would be scheduled after the Board's approval of the Contract.

Mr. Roogow stated when Request for Proposals are issued and proposals are received, the Lottery reviews both the technical and financial proposal response to the RFP. In this case, the technical evaluation of Stout Causey and Horning was far superior and it overcame a bid that was a bit higher than the low bid. Ms. Meltzer stated the difference in price was \$15,000 per year. A question was raised as to what was the lowest bid. Ms. Meltzer responded Stout Causey and Horning's bid was approximately \$331,000 for a three-year term and Gorfine, Schiller and Gardyn's bid was \$284,000 for a three-year term. Commissioner Reeder asked if there were any option years. Ms. Meltzer responded there are three additional one-year option periods. Bids were received from Stout, Causey & Horning; Gorfine, Schiller & Gardyn; and Bert Smith & Company. Ms. Smith stated the Request for Proposals were sent to many vendors, but only three bids were received.

DIRECTOR'S REPORT

Mr. Buddy Roogow stated sales are \$366,000 ahead of last year. Pick 3 continues to show a decline. The reasons for the decline were the difficult winter and players migrating to other games such as Pick 4 and Keno. Pick 4, Keno, Keno Bonus and instant sales continue to show a healthy growth. Mega Millions sales are behind last year. Last year at this time, the Lottery had a Mega Millions' jackpot of \$325 million, but there have been no big jackpots this year. Lotto and Bonus Match 5 continue to perform fairly well. Revenues are slightly behind last year. Payouts for Pick 3 have been rather low and Pick 3 revenue is \$12 million ahead of last year. Sales and revenue are close to last year's figures. The Bureau of Revenues Estimates' estimate for the Lottery is \$454 million. The Lottery completed the distribution of funds for the fiscal year to the Maryland Stadium Authority of \$21.9 million.

The 30-minute game show associated with the Cash Encounters \$10 instant ticket will air on Saturday, May 31, 2003 on WJZ, WTTG, WBOC, and News Channel 8. No commercials will be shown other than Lottery commercials. There are still two \$1 million top prizes remaining in the Cash Encounters instant game.

The NASPL Conference will be held in New Orleans, Louisiana from September 14 to 18, 2003. Brochures were provided to the Commission.

The Instant Ticket Vending Machines (ITVM) contract will be presented to the Board of Public Works on June 18, 2003. ITVMs are extremely productive in generating sales for the Lottery.

Mr. Roogow stated there are a number of vacant positions the Lottery will be filling in the Sales area due to retirements and resignations. With the freeze in place, the Lottery has to go through a freeze exemption process for approval. The Lottery is considered a “green” agency whereby it receives higher priority for possible exemption.

Chairman Bonaventure asked if a lottery game starts to decline in sales, does the Lottery pull the game. Mr. Roogow responded the Lottery pulled the Cash In Hand game nine months ago. The game began in 1998 and was a 7 of 31 game with a \$500,000 top prize. The game never generated the sales the Lottery hoped it would. In 1998, the laws changed that allowed the Lottery to offer cash options instead of annuities. Sales declined to such a level that the game did not generate enough interest. The Lottery brought back Bonus Match 5, with a \$50,000 top prize, to replace Cash In Hand. This game has brought in sales of \$400,000 to \$450,000 per week. Mr. Roogow stated the Lotto game is the mainstay of any state lottery. With the advent of Mega Millions, all states’ Lotto games are suffering. The Lottery is working with IGT to find ways to make the Lotto game more exciting.

Commissioner Reeder stated the Lottery has done a great job in coming close to the budget estimates despite the bad winter weather.

IGT ONLINE ENTERTAINMENT SYSTEMS

Mr. Ray Shaffer, Account Executive, stated IGT is the supplier of the on-line computer system and games for the Maryland Lottery. They were formerly called Automated Wagering International (AWI).

Mr. Shaffer stated the Business Requirements Document is created when a new game or idea is on the table and this eventually becomes the specifications. The InWin game has been approved and the preliminary schedule has been done. The expected implementation is February 2004. The final Business Requirements Document for Keno To Go has been sent to the Clifton office for final sizing to determine how long it will take to implement. The Business Requirements Document for the Internal Control System has been approved and sent to Elsym, and IGT anticipates activation in September or October 2003.

Mr. Shaffer stated the SAS-70 audit found no major problems and a preliminary report will be received in early July.

Mr. Shaffer stated IGT made a presentation to the Lottery’s Managing for Results Committee on promotional ideas to help Lottery sales.

EISNER COMMUNICATIONS

Mr. David Blum, Vice President, stated Eisner's role is to present new advertising ideas and work with the Lottery to help meet the revenue numbers.

Mr. Blum stated the Keno summer special would kick-off on June 2, 2003. This promotion will increase the Keno ten spot prize to \$250,000. The Lottery had two Keno ten-spot winners last year. Mr. Blum presented the point of sale material to the Commission for this promotion. Mr. Blum gave an overview of the two radio commercials associated with the Keno promotion before playing them for the Commission. These commercial are tagable for a winner, if there is one. The promotion will have a strong media schedule for three weeks.

Mr. Blum stated in June 2003, the Pick 3 promotion will run. Television commercials for this campaign will be presented to the Commission at next month's meeting. Print advertising to go along with the television commercial will start in June 2003. Mr. Blum gave a description of the three print ads before presenting them to the Commission.

Mr. Blum stated work will begin this Friday on a new television commercial that will feature the crabs, Jimmy and Shelley. A radio commercial is also in the works for Fun in the Sun scratch-off ticket. Eisner is also working on the point of sale material for the on-line promotion for the July 4th holiday.

Commissioner Reeder asked if Pick 3 sales are declining in other states. Mr. Roogow responded Pick 3 sales are significantly reduced in other states. Pick 3 was traditionally an urban game and with the decline in urban population, Pick 3 has declined. People are going after the higher prize structure of Pick 4. Pick 3 is a tough game to advertise in comparison to Lotto jackpots and scratch-off winners.

REPORTS

Legal Division – Andrea Johnson, Principal Counsel

Ms. Andrea Johnson distributed her report to the Commission. She gave an overview to the Commission of the activities the Attorney General's Office have been working on. She stated there were no revocations to present to the Commission this month.

Ms. Johnson stated a draft proposed settlement agreement has been prepared regarding Party Time Liquors, a Lottery agent whose Lottery license was suspended. It is still being negotiated and when it is finalized, it will be presented to the Commission. This agent's Lottery license was suspended and they are not selling Lottery tickets. She then gave a description of the process for the suspension of an agent's Lottery license.

Ms. Johnson stated her office reviewed and approved for legal sufficiency the Instant Ticket Vending Machines Contract and the Auditing and Accounting Services Contract.

She also reviewed proposed agreements and sponsorships for the Communications' Division.

Ms. Johnson stated a reconsideration hearing was held on May 22, 2003 on the denial of the Lottery license application for Remington's. A decision in writing will be sent to the applicant. Chairman Bonaventure asked who hears the appeal of the denial after the reconsideration level. Ms. Johnson responded an appeal of a denial at the reconsideration level comes before the Commission.

Ms. Johnson stated the Lottery has entered in to an agreement with the Maryland Toll Authority to sponsor a Bay Bridge toll-free day on June 6, 2003 from 6:30 p.m. to 12:30 a.m. The cost to the Lottery is \$43,305 for the six hour period. The Lottery will advertise this for one week prior to the event. The Lottery may sponsor a second toll-free day if the first one is successful. Mr. Roogow stated the cost was estimated on the number of vehicles going across the Bay Bridge. Signage was shown to the Commission.

Ms. Johnson stated a request was received from the HBO television show "The Wire" asking for permission to use one of the Lottery's drawings in one of the show's scenes. The Lottery granted permission for use of the drawing.

Ms. Johnson stated effective April 28, 2003, the Governor issued Executive Order No. 01.01.2003.13. The Order requires all departments and State agencies to advise the Chief Counsel to the Governor and the Office of the Maryland Attorney General of any instance of possible criminal or unethical conduct by any employee or contractor of the State. A copy of the Order was attached to her report.

Administration, Finance and Operation – Gina Smith, Deputy Director, CFO

Ms. Gina Smith distributed her report to the Commission. She stated her report is broken down by the various AFO Divisions and she then gave a brief description of each Division.

Ms. Smith stated her report contains various statistical information regarding the Customer Resource Center as well as the Agent Administration Unit. The Customer Resource Center statistics show the number of claims processed and number of Lotto and Mega Millions subscriptions processed. Also shown are statistics on child support and State restitution intercepts. The Agent Administration Unit processes agent applications and denials of new requests. The report shows the number of applications received, approved and installed.

Ms. Smith stated Facilities Management handles the Montgomery Park suite day-to-day operations. The Finance Division is in charge of audit, finance and accounting for the Agency.

Three years of budgets are ongoing. For FY02, they are making sure the budget is liquidated. For FY03, they are monitoring the close out phase for the year-end. A Budget Amendment was submitted last Friday for \$400,000 for vendor fees for the on on-line

games. For FY04, the Legislature approved the budget and she is working on distribution to the Lottery Departments.

The Small Procurement Division, which handles procurements under \$25,000, is working on obtaining brochures to update the Lottery games and is working with Sales in obtaining various point of sale materials.

The Director's Report previously sent to the Commission contained the updated status of the legislative audit. If the Commission has any questions, she would be happy to answer them. The Auditors will be returning to the Lottery on June 11, 2003 to do a six-month follow up. They will take each finding in the audit report, look at the recommendation and give us their response.

Ms. Smith stated Human Resources processed exception requests from the Agency to the Department of Budget and Management to fill vacancies in the Sales area and other positions. The Lottery was granted permission to fill these positions. The Security Division spends time following up on complaints from customers, investigates and monitors agent locations, and handles any other security issues.

Ms. Smith stated the last three pages of her report contain statistics on agent applications received, approved and installed as well as agent terminations, withdraws and revocations.

A question was asked as to what is the threshold for low sales at agent locations. Mr. Roogow responded \$500 a week or less is considered low sales. However, there is another threshold, which is a decline in sales trend, and the Lottery would work with the agent to increase sales or possibly revoke the Lottery license.

Commissioner Hein asked why is the Landover Claims Center still open when the number of claims of winning prizes is so low. Ms. Smith responded it serves a purpose for those players that cannot come to Baltimore. She stated agent plus claims are being sent to the personnel at Landover to process and enter into the system. It does not cost the Lottery any funds for this office because it is IGT's space.

Research and Planning – Tchicaya Ellis Ph.D., Director

Dr. Tchicaya Ellis distributed her report to the Commission. The report is separate into five sections—Tracking Studies, Market Research, Organizational Research, Managing for Results and the Minority Business Enterprise Program.

Keno research is being done to help provide direction in how best to reach the players and enhance promotions, and to look at sales at the DC border areas since the DC Lottery just started their Keno game. Results of the Retailer Satisfaction Study will be presented to Lottery staff this Thursday.

Dr. Ellis stated the Managing for Results Steering Committee, the CQI Council and Eisner

representatives received a presentation from IGT on promotional capabilities from a systems perspective.

Dr. Ellis stated the State has set an MBE goal that 25% of each contract is to use MDOT certified vendors. Each quarter a status report is completed on compliance of each of the Lottery's vendors. A summary of the report is contained in her report.

Commissioner Reeder asked how many billboards does the Lottery advertise on. Ms. Baer responded three billboards. Funds are available in the budget for more billboards. The Lottery is currently looking at an Anne Arundel County billboard location.

Information Technology – Sandra Johnson, Chief Information Officer

Ms. Sandra Johnson distributed her report to the Commission. Ms. Johnson stated the Information Technology (IT) Division continues to support a number of efforts at the Lottery. Year to date, IT has received 532 requests for technical assistance and there are currently 35 requests outstanding. IT is working with the Lottery Divisions on a number of promotions. IT, along with IGT, is testing the Summer of Fun promotion and Keno promotion that will start on June 2, 2003.

Ms. Johnson stated she attended the Board of Public Works meeting on April 30, 2003 for the extension of the Verizon contract. This is a \$4.5 million per year contract and the Board approved it. The contract runs from July 1, 2003 through June 30, 2004. Maryland pays \$85 per agent telephone line compared to Virginia who pays \$125 per agent line. This has been Maryland's cost for the past six to seven years.

Ms. Johnson stated she is working with the Procurement Director on the renewal of two maintenance contracts with Unisys for the LX backup computer and the Unisys LXE primary computer.

Ms. Johnson stated she is working on the legislative audit issues that affected the IT Division. IT and IGT met to work on the Keno Source Code Review, which was one of the audit issues. To date, no problems have been identified and there is no reason to believe that it is not working the way it should. She stated the 2002 audit of the IT Division by Pricewaterhousecoopers has been completed and she has reviewed the findings. The Lottery will prepare a final response to the report by mid-May.

Ms. Johnson stated she and two of her IT staff and one person from AFO continue to work on the NASPL Technical Standards Project. IT staff are driving the activity on one of the standards for the use of instant ticket UPC codes. A face-to-face meeting of the Steering Committee will take place at the NASPL conference in September to review the standards.

Ms. Johnson stated the radio communications project continues at the Riverboat Lottery agent in Colonial Beach, Virginia and it is going well. They are looking at eventually adding more terminals.

Ms. Johnson stated IT is testing software patches from IGT to correct problems that have been causing some terminals to re-boot and process duplicate transactions. IT is also testing software patches on the problem of instant ticket quota changes in the field.

Ms. Johnson stated review of the Business Requirements Documents have been completed for Keno to Go, InWin and the new Internal Control System.

Ms. Johnson stated 25 new computers were ordered this month. Budget and Management has been very careful as to what they are approving for purchase because of the constant changing technology.

Communications – Jimmy White, Director

Mr. Jimmy White stated a copy of his report is contained in the Commission's folders. He stated his report contains detailed descriptions of events that Communications has participated in the last month. He stated 100 events are held per year in various areas throughout the State. Communications has a number of responsibilities, one of which is the televised drawings. There are 1,500 drawings broadcast per year, both mid-day and evening, on WJZ-TV Channel 13.

Mr. White stated 22 press releases were issued and 19 clips were received from the clipping service. Eisner evaluated the news clips and they were valued at \$6,295.

Mr. White stated his Division also administers the VIP club. The Lottery communicates with the members via e-mail. There are 19,000 members in the VIP Club. Three promotions were done in the last month and a half. One was "A Refer a Friend Program" to the VIP Club and be qualified to win a trip to Ocean City or Rocky Gap. As a result of that promotion, 350 new members were signed up.

Mr. White stated Communications creates four newsletters. These newsletters include an employee newsletter, a retailer newsletter, a Promotional Partners newsletter for radio and television stations, and a community leaders newsletter. These newsletters keep everyone up to date on what the Lottery is doing. Copies of the most recent newsletters were included with Mr. White's report. Chairman Bonaventure asked how often are the newsletters published. Mr. White responded the newsletters are published monthly.

Creative Services – Jill Baer, Director

Ms. Baer distributed her report to the Commission. She stated she is responsible for developing advertising strategies and recommending and monitoring media that the Lottery uses on television, radio, print, direct mail, and outdoor.

Ms. Baer stated the Chinese Restaurant commercial ran during the season finales of prime

time programming. Pick 3 awareness campaign, “play your numbers before they play you”, ran for three weeks through the week of May 5, 2003.

Ms. Baer stated over the past three years, the Lottery has participated in advertising during sports programs to test that market. The Lottery ran two 30-second spots and three 15-second spots on Comcast Sports Net featuring a variety of scratch-offs. Marketlink includes all the cable channels and the Lottery ran the Pick 3 booster ad in May and also ran some scratch-off spots.

Ms. Baer stated the Pick 3 promotion aired on radio through May 5, 2003. In June, the Lottery will be airing Keno ads on the radio. In print, the Lottery is continuing the joint jackpot advertising in the Washington Post with the Virginia Lottery for the Mega Millions game. The next project is to launch a joint scratch-off game with Virginia.

Ms. Baer stated there are several proposals under review. One proposal is with Merriweather. The Lottery will have two hosting parties plus ten onsite opportunities for the Communications Division to be involved in. She is working with the Maryland Transportation Authority in sponsoring the Bay Bridge toll-free night the first weekend in June. Media presentations from the Baltimore Ravens and Washington Redskins are also being evaluated.

Three new commercials will be filmed featuring the crabs, Jimmy and Shelley, and introducing a third character, Scampi the Shrimp. The commercial shoot is this Friday at Flite 3 in Baltimore. A new round of scratch cam was shot in April and they should have the finished spots by the week of May 27, 2003. Keno radio spots will be aired starting on June 2, 2003 supporting the summer special.

Ms. Baer stated she is coordinating the Lottery’s advertising entries with Eisner for this year’s NASPL Awards Program in New Orleans, Louisiana.

The tape of the Cash Encounters game show will be shown to the Commission at the end of the meeting.

Mr. Roogow asked that Ms. Baer provide the Commission with details as to where the commercial is being shot on Friday if they wish to attend. Ms. Baer responded an e-mail message would be sent to the Commissioners with the details.

Sales – Joseph Jason, Deputy Director

Mr. Joseph Jason stated a copy of his report is contained in the Commission’s folders. He stated his Division trains, motivates and services the agent network. There are five regional managers in the Sales Department. Sales meeting are held monthly with all the Sales reps and the other Lottery Divisions are also invited to attend.

Mr. Jason stated last Wednesday, a special training session was held with the Sales

Division. Two representatives from the Schaefer Company attended and brought samples of various types of instant ticket dispensers that are currently available. At some agent locations, it is difficult for the Lottery to display instant tickets, and making the instant tickets more visible increases sales. Also at this training meeting, instructions for the Make a Difference (MAD) Program were distributed. A copy was attached to Mr. Jason's report. This program ran in 2000 and was very successful. Sales reps call on low sales agents weekly to help them increase their sales. Whereas the agents with higher sales are only called on every four or five weeks.

Mr. Jason stated new Pick 3 and Pick 4 brochures are available for placement in retailer locations. A brochure was given to each Commissioner.

Mr. Jason stated his Division is working with the Communications Division at the Wine in the Woods event in Columbia and the C & O Canal Festival. Sales also supports and helps Communications at agent locations where Lottery parties are held.

Mr. Jason stated his report contains information on the instant games available in the field as well as in the warehouse. The report also contains information on the instant ticket launch schedule for May as well as the games that have a final activation date in May. An Important Notice was sent to the agents listing the last activation dates for specific instant game and a copy was included in his report.

Commissioner Reeder asked what happened with investigating the possibility of putting the Lottery logo on gas pumps and was this ever pursued. Ms. Baer responded they found it to be very expensive and there was limited distribution throughout Maryland.

Product Development – Tracey Cohen, Director

Ms. Tracey Cohen stated she manages the on-line and instant product. She introduced Mr. Gary Smith, Lottery Product Development Manager, and also introduced Ms. Diane Connell, Regional Sales Director from Oberthur Gaming Technologies. Ms. Cohen stated copies of her report are contained in the Commission's folders. She stated there are six instant tickets to present to the Commission today.

Ms. Cohen stated on-line efforts continue for InWin and Keno To Go. The Pick 3 promotion ended on May 18, 2003. They are collecting data and the results will be available next month.

The Keno ten spot top prize promotion will run during June. The Summer On-line Menu Promotion will run from July 7 to September 2, 2003. The Summer Keno Double promotion will also run during this same time period. She stated her Division continues to work with IGT and OGT to develop new games.

Mr. Smith then presented the instant tickets to the Commission.

Game #427 *Blackout Bingo* is a \$2.00 ticket with a top prize of \$30,000. It will be launched on an as needed basis.

Game #424 *Fun in the Sun* is a \$3.00 ticket with a top prize of \$30,000. Launch is scheduled for June 2003. This ticket will be supported with the Jimmy, Shelley, and Scampi television campaign.

Game #420 *Sizzlin' 7's* is a \$2.00 ticket with a top prize of \$7,777. Launch is scheduled for June 2003.

Ms. Andrea Johnson stated the Office of the Attorney General reviews all working papers for the instant tickets. Ms. Johnson stated Game #427 *Blackout Bingo*, #424 *Fun in the Sun* and #420 *Sizzlin' 7's* have been reviewed and approved for legal sufficiency.

Chairman Bonaventure made a motion to approve the above three instant tickets as presented to the Commission. Commission Payne seconded the motion and the tickets were approved by unanimous vote of the Commission.

Mr. Smith continued to present the instant tickets.

Game #421 *21 Tripler* is a \$1.00 ticket with a top prize of \$2,100. Launch is scheduled for August 2003.

Game #422 *High Card* is a \$1.00 ticket with a top prize of \$1,200. Launch is scheduled for September 2003.

Game #423 *Big Money Spectacular* is a \$10.00 ticket with a top prize of \$500,000. Launch is scheduled for July 2003.

Ms. Johnson stated #421 *21 Tripler*, Game #422 *High Card*, and Game #423 *Big Money Spectacular* have been reviewed and approved for legal sufficiency.

Chairman Bonaventure made a motion to approve the above three instant tickets as presented to the Commission. Commission Payne seconded the motion and the tickets were approved by unanimous vote of the Commission.

Procurement – Suzanne Meltzer, Procurement Director/Executive Assistant

Ms. Suzanne Meltzer stated she is responsible for large procurements for services over \$25,000. The Lottery will be presenting two contracts to the Board of Public Works on June 18, 2003. The Lottery will recommend that Interlott Technologies, Inc. be awarded the Instant Ticket Vending Machines and Related Services Contract and Stout, Causey and Horning, P.A. be awarded the Auditing and Accounting Services Contract.

Ms. Meltzer is requesting the Commission's approval of the Contract for Instant Ticket Vending Machines with Interlott Technologies. The contract is for a five-year term with a not to exceed amount of \$3,980,480. Two bids were received. One bid was received from Interlott Technologies and the other bid was received from Pollard Banknote. Interlott had the higher technical score and submitted the lower cost.

Chairman Bonaventure stated he had questions on the Contract regarding the indemnification clause and some smaller items. He asked that the Commission vote to approve the contract subject to these questions being answered. Chairman Bonaventure made a motion to approve the Contract for Interlott and it was seconded by Commissioner Payne. Contract was approved by unanimous vote of the Commission subject to the Chairman's questions being answered. Chairman Bonaventure stated he would meet with Ms. Meltzer later today.

Ms. Meltzer stated the Auditing and Accounting Contract has been completed and will be sent to the Commission for their review. The Contract will be presented for the Commission's approval at next month's Commission meeting.

ADJOURNMENT

There being no further business, Chairman Bonaventure adjourned the meeting at 12:10 p.m.

Respectfully submitted,

Buddy Roogow