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SERVICE PROPOSAL

2008 - 2009 Annual Security Systems Service & Preventative Maintenance Program for NM Lottery

Version 1: 5.12.08

**Vincent Torrez
Wilma Atencio
The NM Lottery**
4500 Osuna Road NE
Albuquerque, NM
505-342-7650

Submitted by: Phill Jester



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Vincent Torrez
Wilma Atencio
The NM Lottery
4500 Osuna Road NE
Albuquerque, NM

Vincent and Wilma,

Attached please find our proposal Ver. 1, for the 2008/09 Annual Security Systems Service & Preventative Maintenance Program proposed for the coming year starting July 1, 2008 and ending June 30, 2009.

Per your instructions I have calculated the cessation of these services for the G-Tech building (to end November 30, 2008) however, I am adding these Services for the new InteraLot, Albuquerque site to start with this new 2008/09 Agreement.

Should you have any question or if I can be of any assistance with this or any other project please feel free to call me at 505-884-1970 ext261.

Thank you for your consideration.
Sincerely,

Phill Jester
Sales Consultant



FULL SERVICE CUSTOMER PROTECTION PLAN

Our company is an experienced Security Systems Integrator, with more than 45 years of experience. We currently sell and service the following types of equipment: Locks, Safes, Bank Equipment, Access Control, Closed Circuit Television, Intrusion Alarm Systems, and Fire Alarm Systems. In addition, we offer Locksmithing and Alarm Monitoring Services. We have an established track record of providing high quality service for a broad range of satisfied clients similar to your company such as M-Power, PNM, Smiths, Intel, Ameritel, and others. I have included reference contracts from some of these clients (attached).

Our Full Service Customer Protection Plan goes one step beyond most service plans—with more features designed to minimize system downtime, making it easier for you to perform your other daily job functions. These key features include:

1. Feature: Available 24 Hours a Day, 7 Days a Week

Service support from our technicians is available around the clock.

Benefit

Security systems never sleep. No matter what time of the day or week your system experiences problems, our technicians can respond, and respond quickly, keeping your downtime and inconvenience to a minimum.

2. Feature: Loaner or Replacement Equipment within 24 hours

If we can't fix the problem in the field, we will replace any defective equipment with loaner equipment from our service pool. Proper inventory planning and product standardization enables us to guarantee that the maximum time your system will be down will be 24 hours or less. In most cases, with this policy, field problems are corrected within 4 hours.

Benefit

Responding to a service problem is not enough—resolving it and resolving it quickly is all that matters. Our Defect Correctable Response Time feature guarantees instant loaner replacement of any defective equipment—reducing the amount of time your system is down. (badging printers excluded)

3. Feature: All Parts and Labor Included, 100%

All materials and labor required to support this Agreement are included.

Benefit

Under our Agreement, you can safely budget for the maintenance of your system. There will be no budgetary surprises associated with the normal servicing of your system.

4. Feature: Preventative Maintenance, Testing, and Cleaning

We will perform maintenance, testing, and cleaning according to the manufacturer's recommendations and in accordance with local fire and building codes.

Benefit

Proper maintenance and cleaning assures your system will have less down time. Cleaning of fire detection equipment is required by law. We will post a certification at each fire panel and keep testing logs on file. Testing assures the system is working properly and problems are discovered during non-emergency times.

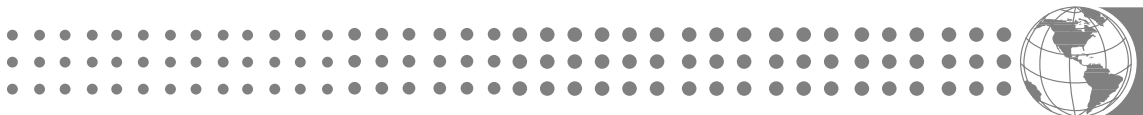
5. Feature: FREE Software, manual, and chip updates

We will maintain the latest minor release or maintenance upgrade of software, firmware and manuals for your system. Major releases or upgrades and operating system updates are not included.

Benefit

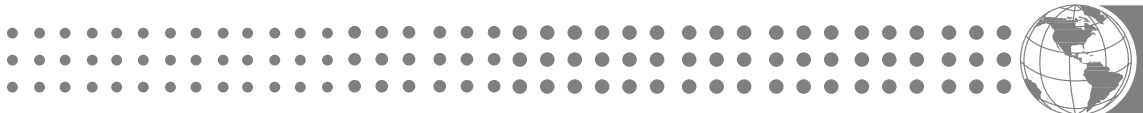
Our systems are built with a modular design. That means we can update the system with new features and capabilities. The newest software will assure that your system will operate with the latest features and efficiency available.

The design of our Full Service Customer Protection Plan evolved from the computer industry, with the primary mission of keeping your security system on-line, resolving problems quickly. Our Full Service Plan, combined with our in-depth technical infrastructure, enables our company to meet both your service needs and expectations.



Schedule of Services

Availability:	Seven days a week, 24 hours a day for emergencies.
Response Time Range:	Four hours plus Travel time (2) hours during normal business hours) following receipt of a service call for emergencies. The call must be placed by an authorized person.
Response Status:	Priority response.
Defect Correctable Response Time:	Broken equipment will be replaced with loaner equipment from our Service Pool. Resolution of the problem will be within 24 hours following the receipt of an emergency service call.
Parts Coverage:	100% Parts are covered as part of this plan.
Labor Coverage:	100% Labor is covered under this plan.
Instant Loaner:	We maintain a service pool of loaner equipment specifically designed to support our Full Service Plan clients. If our field technicians are not able to repair a piece of faulty equipment at your location, then we will replace it with a loaner, keeping your system up and running. The defective equipment will be repaired at our facility, and returned to your site accordingly. (Badging Printers excluded)
Items Not Covered:	This includes damage caused by misuse, abuse, accident, theft, disaster, fire, flood, water, wind, lightning, and Acts of God. In addition, items designed to fail in order to protect the equipment, such as power and/or lightning suppressers, are also not covered by this plan.
Preventative Maintenance:	Is according to the specific equipment manufacturer's recommendations. See "services for Related Equipment" schedule attached.



Description of Services for Applicable Equipment

Access Control & Video Badging Systems, Graphical User Interfaces (GUI)

The number of inspections will be (12) times per year. **IC** shall clean all reader heads. **IC** will re-calibrate the logic controllers, reset system flags and re-index all databases in the main computer and in each controller as needed. In addition, we will empty the buffers at each of the field controllers and manually reset the ground defaults so as to re-calibrate or reset communication interface. **IC** will generate any exceptions reports and system errors. Complete manual backup will be accomplished before buffer dumps occur. A ZIP drive or CD ROM backup will be stored by **IC** at that time. Many services may need to be performed during non-business hours so transactions are not lost. On an annual basis, **IC** will remove and bench clean the Video Badging Printer, check connections, adjust and calibrate system. The printer will be removed from site for four days. No replacement will be supplied. Map or logic updates for GUIs are not included. **IC** will reload new updated software for the entire system upon each manufacturer's minor release.

Video Cameras, Monitors, Recorders, Multiplexers, Switching Equipment & Graphical User Interfaces (GUI)

The number of inspections will be (12) times per year. **IC** shall check monitor power supply voltages, adjust vertical and horizontal frequencies if necessary, and perform required adjustments on video cameras and monitors to maintain satisfactory picture quality. Cameras will be cleaned if necessary. Video recorders will be removed from site and bench cleaned and re-calibrated as per recommendations by manufacturer (annually). A loaner unit will be supplied during the four-day cleaning period. Pan, tilt, and zoom housings will be cleaned, re-calibrated, and adjusted to maintain maximum performance. Map or logic updates for GUIs are not included.

Alarm System, Keypads, motion detectors, glass breaks, and sirens

The number of inspections will be (12) times per year. **IC** shall check power supply voltages and battery function. **IC** shall test all devices in the field to verify working order. **IC** shall perform a communication test for both the primary panel and any backup system with the monitoring station. **IC** shall verify with customer any changes to the monitoring response form. **IC** shall print out any exception reports and correct and problems.

General

Any system that maintains a certification by Underwriter's Laboratories, Inc. will be maintained according to the certificate requirements. All equipment failures due to **normal** use will be repaired or replaced at no charge; 100% parts and labor. Batteries for standby power in each system will be replaced as necessary. Mis-use, Vandalism, or power surges are not covered under this agreement.

This schedule is only meant to offer a general guideline of what services are needed on different types of equipment. The schedule does not imply or obligate that **IC** will perform all services listed on the schedule especially if they do not apply to specific manufacturer's equipment.



Equipment to Be Covered

New equipment, used or existing equipment

As of June 30, 2007 all security, access control and CCTV equipment installed at the main NM Lottery building, at the G-Tech building and at the KOB location (Smartplay rack intrusion alarm) falls under this Agreement.

All new security, access control and CCTV equipment now installed at the new IntraLot, Albuquerque, NM site will be added and covered under 2008/09 agreement.

Also included under this 2008/09 Agreement is the Annual 24/7 InfoGraphics Software Support and Maintenance Licenses.

Exceptions:

Spares:

IC has the right to utilize any existing customer owned spare equipment or redundant equipment during an emergency provided that IC replaces or repairs the equipment at IC's expense and in an expeditious manner.

Obsolescence:

Some of the equipment owned by the customer may become obsolete within the next three years. If the equipment becomes obsolete and unsupportable, the customer must replace the equipment at its expense for the equipment to continue under this agreement. Equipment most likely to become obsolete is the computer system that runs the access control system and certain versions of the Infographics software and hardware.



Service Investment Information

Customer Name: NM Lottery
Term of Contract: July 1, 2008 to June 30, 2009
Date Begin: July 1, 2008
Billing Period: Quarterly (in advance)

Type of System (brief description)	Monthly Amount	Annual Amount
Annual renewal to provide service and preventive maintenance for CCTV, Access Control and Intrusion Systems currently installed. Include InfoGraphics Access Control Annual 24/7 S/W support and maintenance License at the NM Lottery and other NM Lottery associated locations: NM Lottery Main Building SmartPlay Rack at KOB The NM Lottery Trolley G-Tech Building until Nov 30th, 200 The IntraLot Albuquerque Office <div style="text-align: right;">July 1, 2008 to June 30, 2009</div>		
Tax (based on Abq @ 6.875%)	\$2,226.84	\$26,722.10
Total 2007 -2008 Service & PM	\$153.10	\$1,837.14
	\$2,379.94	\$28,559.24
Service: Hourly Rate \$85.00 per hour After Hours \$127.00		



Service Agreement

1. **SERVICES:** Integrated Controls USA, Inc. shall service, and warranty the system(s) as designed by Integrated Controls and approved by Customer, in accordance with Integrated Control's Proposal (attached).
2. **CHARGES:** The Customer agrees to pay Integrated Controls, its agents or assigns, the Service charge and, if applicable, lease charges as listed in the Service Proposal, subject to the terms and conditions as listed in the Proposal and Sales and Service Agreement.
3. **MAINTENANCE, SERVICE:** Customer hereby authorizes and empowers Integrated Controls to perform or cause to be performed the work necessary to fulfill the terms of this Agreement, including but not limited to maintenance, inspection, testing, and repair of the systems on its premises. Such work shall be performed in a workmanlike manner in accordance with Integrated Control's standard practices and shall be completed in accordance with a mutually agreed upon schedule, unless stated otherwise in the Proposal. The obligation of Integrated Controls to provide service related to the maintenance of the system pertains solely to the items specified in the Bill of Materials as listed in the Proposal. Integrated Controls is not obligated to maintain, repair, service, replace, operate or assure the operation of any device, system, or property belonging to Customer or to any third party to which such specified systems or components are attached, unless specifically agreed upon in the Proposal. In order to protect Customer from losses resulting from, damage to, or destruction of Integrated Controls systems, Customer shall include such systems in the coverage provided in its liability and fire insurance policies. Integrated Controls will provide service availability in accordance with the coverage requirements listed in the Proposal and defined under "coverage type" while the equipment is located on the premises upon which it was installed. The service to be provided is intended to keep the equipment in, or restore the equipment to, good working order. Unscheduled, on-call remedial maintenance, is also to be provided by Integrated Controls under this Agreement as necessary. Service provided by Integrated Controls under this Agreement does not assure against, nor does Integrated Controls assume any liability for, interruptions in operation of the equipment covered by this Agreement. When covered by our Full Service Agreement, the service also includes preventative maintenance based upon the specific needs of the individual equipment as determined by Integrated Controls.
4. **ACCESS:** Integrated Control's technicians shall have reasonable access upon their arrival to the equipment covered under this Agreement to provide service thereon. Customer agrees to provide an escort for each technician as needed without substantial delay or as to not impede the efficiency of performing the work.
5. **OWNERSHIP:** The Customer represents that it is the owner of the equipment installed premises and of the equipment to be serviced under this Agreement, or, if not the owner, has authority from the owner to include such equipment under this Agreement.
6. **OPERATION:** Customer represents and agrees to properly test and set the system on every closing and to properly turn off the system on each opening (if applicable); to test any detection device, or other electronic equipment designated in the Proposal prior to setting the system for closed periods and to notify Integrated Controls promptly if such equipment fails to respond to the test; to use the equipment properly and follow proper operating procedures (if customer requires Integrated Controls service); if Integrated Controls representatives are sent to Customer's premises in response to a service call or alarm signal caused by the Customer improperly following operating instructions or failing to close or properly secure a protected point, to pay an additional service charge at the prevailing rate per occurrence; and that all walls, doors, skylight, windows or other elements of the premises as now constructed or to be constructed are or will be placed and maintained in such condition, at Customer's expense, as to permit proper installation and operation of the system(s).
7. **DELAYS - INTERRUPTION OF SERVICE:** Integrated Controls shall not be liable for any delays, however caused, or for interruptions of service caused by strikes, riots, floods, acts of God, loss of communication and or other signal transmission lines, or by any event beyond the control of Integrated Controls. Integrated Controls will not be required to furnish service to Customer while such interruption shall continue.
8. **EQUIPMENT COVERED:** Refer to attached Proposal or Equipment List," as applicable.

9. **EXCLUSIONS:** Services to be provided by Integrated Controls pursuant to this Agreement do not include:

- a) Repair of damage or increase in service time caused by failure to continually provide a suitable operating environment with all facilities as prescribed by Integrated Controls and/or the equipment manufacturer, including, but not limited to, the failure to provide, or the failure of, adequate and regulated electrical power, air conditioning or humidity control; or such special requirements as contained in Rider "A" or the Proposal hereto.
- b) Repair of damage or increase in service time caused by use of the equipment for other than the ordinary use for which the equipment was designed or purpose for which it was intended.
- c) Repair of damage, replacement parts (due to other than normal wear) or repetitive service calls caused by the use of unauthorized supplies or equipment.
- d) Repair of damage or increase in service time caused by: accident, disaster, which shall include, but not be limited to, fire, flood, water, wind and lightning; transportation, neglect or misuse, alterations, which shall include, but not be limited to, any deviation from Integrated Control's physical, mechanical or electrical machine design; attachments, which are defined as the mechanical, electrical or electronic interconnecting to non-Integrated Controls equipment and devices not supplied by Integrated Controls.
- e) Electrical work external to the equipment or accessories furnished by Integrated Controls.

10. **ADDITIONAL CHARGES:** Unless otherwise specified in the Proposal, service charges for the system are based upon coverage as specified in the "hours of operation." Service performed outside this window, or as a result of the failure of the Customer to adhere to the requirements as specified by either the manufacturer or outside the scope of the Agreement, shall be chargeable at Integrated Control's prevailing rates. Customer shall not tamper with, adjust, alter, move, remove, or otherwise interfere with equipment without notice to Integrated Control's, nor permit the same by other Contractors. If customer chooses to change the system during an emergency or for any other reason, customer must give Integrated Controls notice of such changes within a reasonable amount of time. Any work performed by Integrated Controls to correct Customer's or other contractor's tampering with, adjusting, altering, moving, removing, or otherwise interfering with equipment shall be corrected and paid for by Customer at Integrated Control's prevailing rates. Remedial maintenance due to Acts of God or events beyond the control of Integrated Controls shall be corrected by Integrated Controls and paid for by Customer in accordance with Integrated Control's prevailing rates.

Integrated Controls may increase or decrease the periodic service charge according to the RFP by NM lottery authority pages 1-7 dated 8/5/2004, attached and made a part hereof.

16. INTEGRATED CONTROLS IS NOT AN INSURER; LIQUIDATED DAMAGES; LIMITATION OF LIABILITY: The customer understands that: (a) Integrated Controls is not an insurer of the customer's property or the personal safety of persons in the customer's premises; (b) the customer will provide any insurance on its premises and its contents; (c) the amount the customer pays to Integrated Controls is based on the value of the service it provides and not in the value of the customer's premises or its contents; (d) alarm systems and Integrated Control's monitoring service may not always operate properly for various reasons; (e) it is difficult to determine in advance the value of the customer's property that might be lost, stolen or destroyed if the system or Integrated Controls' service fails to operate properly; (f) it is difficult to determine in advance how fast a police or fire department or others will respond to an alarm signal; and (g) it is difficult to determine in advance what portion, if any, of any property loss, personal injury or death would be proximately caused by Integrated Controls' failure to perform, its negligence, failure of phone lines, or a failure of the system; (h) it is difficult to determine if the cause of a loss is due to the customer's misuse or setting of the system; (i) it is difficult to determine if there was a intermittent failure in the phone lines or the system caused by power surges or other means; **THEREFORE CUSTOMER AGREES:** that INTEGRATED CONTROLS's is only liable for its direct cause of failure of the installation, monitoring, or repair of the system described in the bill of materials. That it may be difficult to determine the actual cause of any failure and that the burden of proof for Integrated Control's failure is upon the customer. The customer agrees that Integrated Controls liability shall be limited to the annual monitoring and service fee unless gross negligence by Integrated Controls is found and provable by customer, as liquidated damages and not as a penalty and this shall be your only remedy regardless of what legal theory is used to determine that INTEGRATED CONTROLS was liable for the injury or loss.

12. **RENEWAL:** The Service Agreement portion of these conditions is self-renewing for the term provided herein and at the prices in effect as of the date of renewal unless modified or canceled by either party in writing not less than thirty (30) days prior to the expiration date of this Agreement.

13. **TERMINATION/PAYMENT:** Integrated Controls has the option to terminate this agreement for cause should any payment due from Customer to Integrated Controls remain overdue for a period of more than thirty (30) days. Should Integrated Controls elect to exercise such cancellation option, said exercise shall be in writing, sent by certified mail, return receipt requested, and such cancellation shall be effective upon receipt. Since the billing period is quarterly in advance, IC shall refund any unused portion of the services prorated accordingly.

14. **SUCCESSORS:** The Agreement is not assignable by Customer or Integrated Controls except upon the written consent of the other party, which consent will not unreasonably be withheld.

15. **ENTIRE AGREEMENT:** This Agreement is to govern the providing of services by Integrated Controls to Customer as described herein. Nothing in this Agreement is to be construed as creating a lease or a leasehold agreement between the parties. This Agreement is not binding unless approved in writing by an authorized representative of Integrated Controls. If approval is not obtained, the only liability of Integrated Controls shall be to return to Customer the amount, if any, paid to Integrated Controls upon the signing of the Agreement by its Sales Representative. This writing, together with any individually signed acceptance of Proposals, rider, other attachments pertaining to this Agreement is intended by the parties as the final expression of their agreement with respect to the subject matter contained herein and also as the complete and exclusive statement of the terms and such Agreement, notwithstanding any prior, contemporaneous or subsequent purchase order or other document relating to said subject matter. There is no course of dealing or usage of the trade what would supplement or conflict with its terms. This Agreement may only be amended in writing signed by both parties. The RFP by NM lottery authority pages 1-7 dated 8/5/2004, is attached and made a part hereof.

16. **JURISDICTION:** This Agreement will be governed by the laws of the State of New Mexico.

The specifications, conditions, prices, proposal for the Service plan of:

CCTV, Access Control and Intrusion Systems currently installed to include an InfoGraphics Annual 24/7 S/W support at the NM Lottery and other NM Lottery associated locations

presented in this proposal are accepted as indicated by the signatures below.

Accepted By:

Firm Name: _____

Authorized Signature: _____

Printed Name, Title: _____

Date: _____

Integrated Controls:

Authorized Signature: _____

Printed Name, Title: _____

Date: _____