

**IOWA LOTTERY AUTHORITY
VENDOR QUESTIONS AND LOTTERY RESPONSES FOR RFP IL 18-04
REQUEST FOR PROPOSALS FOR INSTANT TICKET PRINTING AND RELATED SERVICES**

1. We would like to respectfully request the lottery's tax ID number for the purposes of our courier shipment of the response to this RFP. Per our courier company, UPS, our understanding is that US Customs and Border Protection and US Homeland Security requires that this number be provided on documentation when the lottery is deemed to be 'importing' anything i.e. the proposal response. If this number is not provided on UPS' shipping paperwork that we fill out when we ship the boxes then it must be found and added to the paperwork by those agencies. When the tax ID number is left out, delays have been caused in the past. To ensure that there are no issues at customs and to expedite delivery, please provide the tax ID number.

The Lottery's tax ID is 42-1255824.

2. Will the Lottery please provide a print quality Lottery logo, preferably in EPS or vector-based format for use in our bid response?

Interested vendors can download a HD copy of the Lottery's logo at the following link:
http://www.ialottery.com/Pages/Pressroom/LAP_CorporateLogos.aspx

3. To demonstrate our broad range of ticket printing and design capabilities, we would like to submit supplemental marketing ticket samples in addition to the ticket samples requested in this RFP. To minimize the amount of material necessary to package these, will the Lottery please confirm that one copy of these supplemental samples is sufficient?

The Lottery will accept one copy of supplemental marketing ticket samples.

4. Will the Lottery please provide most recently amended pricing with all vendors, as well as current contracts and pricing for all vendors that resulted from the 2012 Instant Ticket Printing and Related Services RFP, or would the Lottery prefer that vendors obtained this information through the FOIA process?

Current contracts and most recently amended pricing for all vendors is attached as new Appendix I, and incorporated into this RFP by reference.

5. 1.26 Public Records and Requests for Confidentiality (pages 8-9): Will the Lottery consider an electronic version of the Public Copy submitted on a small portable storage device to be sufficient? i.e., Will the Lottery consider waiving the requirement for vendors to provide a hard copy of the Public Copy of their responses?

No. Vendors must submit both an electronic copy and a hard copy.

6. 3.9 Ticket Validation (pages 27-28): If the Lottery changes to a new validation system other than Failsafe® over the course of the contract, can the Lottery please confirm who will bear the costs of the new license?

The instant ticket printing vendor will not be required to bear the cost of any change to a new validation system barcode license.

7. 3.13 Scratch-off Material (page 28): Will the Lottery please clarify whether all 12 samples must demonstrate translucent scratch-off material?

Six samples should demonstrate translucent scratch-off material and six samples should demonstrate opaque scratch-off material.

8. 3.35.1 Number of Tickets Per Pack (page 33): Will the Lottery please clarify what is meant by “varying pack sales values within the same game”?

The Iowa Lottery would like to know if the vendor has the ability to produce varying pack sales values within the same game number. As an example, can the vendor produce a game that has both a \$300 pack value and a \$600 pack value within that game number?

9. 3.37.4 (page 36): Will the Lottery please explain what is meant by “add-up” play action. Will the Lottery please provide an example of a game that uses “add-up” play action?

A game using “add-up” play action is attached as new Appendix J, and incorporated into this RFP by reference.

9. 3.38.16 Test Game (page 40): Will the Lottery please provide examples of the types of games that would qualify as a test game not related to validation changes?

If the vendor suggests a new or untested printing process or play style, the lottery may request a test game be produced to ensure lottery processes and equipment can accommodate the new or untested processes or play style.

By way of reference, over the past six years, the Lottery has only requested a single test game where the vendor bore the cost of producing the game.

10. 3.40.5 Financial Viability (page 43): Given the voluminous nature of financial reporting materials, would the Lottery consider allowing vendors to submit the requested materials in digital format only, on a small portable storage device?

No. Vendors must submit both an electronic copy and a hard copy.

11. 5.4 Site Visits (page 45): Will the Lottery please clarify the focus of its site visits? For example, other lotteries have focused primarily on specific areas such as production, physical security, data security, marketing ideas, laboratory, etc. In addition, can the Lottery please provide a list of names and titles of Lottery participants who will attend site visits?

Each vendor who has submitted a letter of intent to bid on this RFP will receive a letter that addresses these questions. Any vendor who needs an additional copy of this letter should contact the RFP Coordinator.

12. Would the Lottery please publish the current instant ticket per 1,000 Price Schedules from its current instant ticket vendors?

See new Appendix I.

13. Section 1.15 Proposal Content and Format, page 5. *RFP Requirement: A Proposal must be fully responsive to the requirements stated in this RFP and provide a written description outlining its resources, capabilities and strengths to fully service the Lottery account and perform the services required. The Vendor must respond to every item that requires a response in this RFP in the order presented in the RFP with the section number specified in the response. Vendor's response must provide the required information requested as response notes.*

- Question: This requirement states that “Vendor’s response must provide the required information requested as response note.” Can the Lottery please confirm that responses are only required for the requirements identified with “Response Note” throughout the RFP?

The reference to “Response Note” throughout the RFP is intended to provide the vendor with additional information necessary to submit information as required by the RFP. It’s intended to provide additional vendor guidance, and not to serve as an exhaustive resource on which items require a response.

The RFP mandates responses in areas other than those noted as “Response Notes.” This includes, but is not limited to, the RFP requirements for submission of a Transmittal Letter, financials, and security documents, among others.

The Lottery encourages each vendor to thoroughly review the RFP and accept or respond to each section.

14. Question: Would the Lottery please allow other fonts as long as the size is still 12 point?

No.

15. Section 1.25 Disclosure and Ownership of Proposal Contents by the Lottery, page 8

Question: This section provides that all materials submitted become the property of the Lottery. Will the Lottery amend this section to provide that the Lottery only has the right to use the information contained in the materials submitted solely for evaluating the proposal and, if the Vendor is awarded a contract, any and all ideas presented shall only be used in accordance with the contract?

The Lottery will not consent to this change.

The Lottery's intent is to enter into contracts with qualified vendors, and to utilize tickets and art consistent with the terms of the instant ticket contracts reached with those vendors. The current RFP language reflects that intent. The current RFP language has been consistently and successfully utilized both with the current vendors who have indicated an intent to bid on this RFP, and in other Lottery RFP processes.

16. Section 1.31 Litigation Bond, page 10

RFP Requirement: Each Vendor must submit with the Proposal a Litigation Bond in the amount of one hundred thousand dollars (\$100,000). The litigation bond (a cashier's check is acceptable) shall be payable to the Iowa Lottery Authority. A claim upon the Bond may be made by the Lottery under the following conditions:

a. The Vendor sues the Lottery or any of its directors, officers or employees, other contractors, or retailers with regard to any matter relating to the award of a contract pursuant to this RFP; and

b. The Lottery or other Defendant(s) is the prevailing party in such suit.

- Question: It is a widely accepted practice in the lottery industry (and other industries undergoing public procurements) to include in such Litigation Bond a third condition that would need to be satisfied before the Bond may be drawn upon. Respectfully, would the Lottery add the following condition to conform to such industry standard?

- *c. A court determines that the action or any portion thereof was frivolous, or was brought in bad faith, or was not brought upon reasonable grounds.*

No.

17. Section 1.33 Disclosure Documents and Investigations, page 10-12

- Question: This section states that any Vendor, its parent, as well as any subsidiary corporation of the Vendor (not any other subsidiaries of the parent company) providing goods or services to the Lottery is required to undergo a DCI background check and must submit a Class L Business Entity application. If only the potential Vendor is providing lottery goods and services but no parent of the Vendor will be providing goods and services to the Lottery, will the Lottery please confirm that the parent of the Vendor does not need to submit a Class L Business Entity application with the proposal?

In general, the Iowa Lottery and the Iowa Division of Criminal Investigation will adhere to the requirements of Iowa Code 99G.22 and 531 Iowa Administrative Code 2.16.

Each bidding vendor shall complete a Class L form. In doing so, the bidding vendor must provide the specified information required by the form. Among other enumerated items, this includes detail about corporate parents and affiliated companies, owners, and entities holding a financial interest of five percent or more of the bidder.

Key employees as identified by the Lottery and DCI are also responsible for completing an L-1 form. Each bidding vendor has an obligation to assist the Lottery in the course of these background checks.

To facilitate the review, each bidding vendor is asked to submit \$10,000 for the cost of a background check as required by this RFP. This is not a set fee, but rather a reimbursement for DCI for the cost of the check.

Any unused sum from this \$10,000 payment will be returned to the bidding vendor at the completion of the background check process. Conversely, in the event that unforeseen circumstances require expenses in excess of \$10,000 to complete a background check as required by this RFP, the Lottery and DCI will contact the bidding vendor to make additional arrangements for reimbursement.

18. Question: If the Vendor's parent entity must also submit a Class L application, would the Lottery please confirm that an additional \$10,000 fee shall not be required?

See response to Question 17.

19. Question: With respect to the Class L-1 application, will the Lottery please confirm this is only intended and required to be submitted by a natural person and not a corporate entity?

Yes.

20. Question: Would the Lottery please confirm that the completed Class L and Class L-1 applications would fall within the records designated as confidential under the Lottery's Administrative Code Section 531-1.5(1)(d), (g) and/or (h)? If not, then is that completed form available for public access under the Iowa public records law unless the Vendor can demonstrate that the information contained therein falls within the exceptions of the public records law and the Lottery's Administrative Code?

This is accurate.

The Lottery maintains records submitted by a prospective vendor for the purposes of a background check as confidential security records pursuant to Iowa Code 99G.34(4) and 531 Iowa Administrative Code 1.5(1)(d), (g), and (h).

21. Section 2.4 Term of Contract, page 15

RFP Requirement: Unless terminated sooner, the Contract resulting from this RFP will be in effect from the Contract effective date and then for a period of two (2) years. The Contract term may run a shorter period, as determined by the Lottery, due to causes such as, but not limited to, Contract termination or loss of statutory authority by the Lottery.

The Lottery reserves the right to renew the Contract at its sole option up to a maximum of four (4) additional one (1) year periods or any combination thereof, (i.e., one year, two years or three years),...

- Question: The Lottery does not reference a four (4) year extension (full term of extensions). Will that be an option?

The Lottery may exercise available option periods in any combination, including a full term extension, at the sole discretion of the lottery.

22. Section 2.6 Audit and Accounting Requirements (items a and b), page 16

- Question: Will the Lottery please confirm that the SEC and financial reports for the Vendor's parent corporation will satisfy the requirements of subsections (a) and (b) of this section?

This is a question about ongoing reporting obligations under a prospective contract. Each bidding Vendor has a different legal and operational structure. As a result, the Lottery will determine the scope of ongoing auditing and accounting obligations for Vendor-affiliated organizations following the results of a successful background investigation and award of contracts.

23. Section 2.9 Performance Bond, page 17

- Question: Surety Companies require that the Performance Bond be annually renewable and that an Industry Standard bond form is used. Will the Lottery please confirm that the Performance Bond can be renewed on an annual basis and that an Industry Standard bond form is acceptable?

Annual renewal is acceptable on the industry standard bond form.

24. Section 2.12, Paragraph 1, Sentence 2, Title to, Use of, and Compensation for, Intellectual Property, page 19

RFP Requirement: To the extent a Successful Vendor(s) utilizes or relies upon third-party Intellectual Property Rights in fulfilling its obligations under the Contract, the Successful Vendor(s) will represent that it has the valid right to use such intellectual property right. In addition, in the event of failure to perform or breach of contract the Successful Vendor(s) must ensure continued right of use of licensed intellectual property by the Lottery.

- Question: As the continued use of third party Intellectual Property Rights would necessarily require the consent of a third party which Vendor does not control, will the Lottery consider amending the second sentence to provide that Vendor shall "use commercially reasonable efforts" to ensure continued right of use of licensed intellectual property by the Lottery?

No. The obligation referenced in this section arises in a circumstance where the Vendor has utilized the intellectual property of a third party. If the dispute arises over the Vendor's use of intellectual property of a third party, the Vendor has an obligation to rectify the resulting breach.

25. Section 2.14.5 Contractor Warranties, page 20

RFP Requirement: The Successful Vendor(s) must warrant that any product and related services will be new and unused and free of defects in material, design and workmanship.

- **Question:** Will the Lottery consider amending this requirement to provide that any product and related services will be new and unused and free of “material” defects in material, design and workmanship?

No. The current RFP language has been utilized in the Lottery’s prior instant ticket contracts.

26. Section 2.16 Liquidated Damages Provisions, page 21

Iowa’s law regarding damages, specifically liquidated damages, provides that:

- 1) *There must be a good faith attempt to set the amounts of liquidated damages.*
- 2) *Parties may establish an alternative measure of liquidated damages for breach from that stated in the contract.*
- 3) *Recovery for a breach of contract is limited to compensatory damages and liquidated damages constituting a penalty assessment will not be enforced.*
- 4) *No double recovery of damages is allowed.*

- **Question:** Based upon Iowa law and notwithstanding the provisions of Section 2.16, would the Lottery amend Section 2.16 of the RFP to provide: (i) that the Successful Vendor may furnish, and the Lottery will consider, factual evidence where available to establish that the Lottery’s actual damages were less than the liquidated sum; (ii) that the Lottery will not assess more than its actual damages for any incident where the evidence establishes that the Lottery’s actual damages were less than the liquidated amount; and (iii) that the Lottery will not assess liquidated damages in multiple categories for the same incident if to do so would amount to an unenforceable penalty under Iowa law?

No. The Lottery’s existing RFP language is both consistent with Iowa law and with the current instant ticket agreements.

27. **Question:** Will the Lottery consider adding the following provision?

“The Vendor shall not be required to pay liquidated damages for delays or losses solely due to matters of the type enumerated in Section 2.11 (Force Majeure) or for events caused by, or approved by, the Lottery, its agents, representatives or retailers or third parties not subject to Vendor’s control or direction. Liquidated damages shall be pro-rated for partial periods.”

No. The Lottery’s existing RFP language is both consistent with Iowa law and with the current instant ticket agreements.

28. Section 3.23 Additional Options, page 30

- **Question:** Would the Lottery please allow for “to be determined” or “to be negotiated” pricing for non-printing options (i.e. interactive games, retail technologies, warehouse and distribution, etc.)? Due to the variety and scope of services that vendors can provide it is too difficult to price certain non-printing services.

Non-printing options, except those specifically requested in this RFP, may be presented as “to be determined” or “to be negotiated.”

29. Section 3.38.16 Test Game, page 40

RFP Requirement: The Lottery may request the print of a test game not related to validation changes. Upon Lottery's determination to print a test game, there shall be no cost to the Lottery if the test game is subsequently purchased.

- Question: Would the Lottery please clarify? This statement would seem to be contradictory.

The Lottery does not believe there is any contradiction. The Lottery may request the print of a test game. If the Lottery subsequently purchases the game that was tested, the Lottery will not be subject to additional costs for that test game.

30. Question: Would the Lottery please provide an estimate of test game printing specifications, as well as an estimated volume of test games required during the contract term?

The lottery is unable to determine the specifications or the estimated volume as new processes presented by the vendor will determine if a test game will be needed.

However, as noted previously, over the past six years, the Iowa Lottery has only obtained a single test game where the expenses were borne by the vendor.

31. Section 3.39.1 Corporate Marketing Efforts, page 40

RFP Requirement: The Vendor shall present a holiday marketing strategy to the Lottery. The holiday marketing strategy shall include but not be limited to play actions, game designs, prize structures and marketing support strategies. All travel costs and any presentation preparation costs will be the responsibility of the Vendor.

- Question: Will the Lottery confirm that the deliverables referenced in this requirement (i.e. holiday marketing strategy) are required by the successful vendor and are not to be presented in the proposal?

The assumption is accurate. This is a contract requirement, not a requirement for the RFP proposal.

32. Section 3.41 Production Innovation, page 43

- Question: Would the Lottery please confirm that any product innovations described in this section can be listed as "to be negotiated"? Some of these options have yet to be developed for the marketplace.

Yes, products that have yet to be developed for the marketplace may be listed as "to be negotiated."

33. Section 5.2 Evaluation Steps, page 44

- Question: Will the Iowa Lottery provide vendors with evaluation points or section weighting to the various mandatory bid requirements? A more detailed evaluation criteria will help bidders provide more detailed responses to the requirements and services most important to the Lottery.

Yes, see new Appendix K, which is incorporated into this RFP by reference.

34. Question: Sections 5.2(a), 5.2(b), and 5.2(c) do not provide detailed guidance on how the evaluation, review, and scoring of proposals will be done. Further, item (a) in Section 5.2 directs Vendors to Section 1.21 for the minimum qualifying requirements for Pass/Fail evaluation. Section 1.21 does not appear to provide such requirements. With this in mind, would the Lottery please provide Vendors with the minimum qualifying requirements (and the corresponding section reference) and guidance on how technical proposals will be evaluated?

Yes, see new Appendix K, which is incorporated into this RFP by reference.

35. Section 4. Default and Termination, page 50

- Question: Will the Lottery consider amending to provide that Vendor may terminate if the Lottery fails to perform as required by the Contract, including the failure to make timely payment for goods and services rendered?

Yes. The Lottery is amenable to negotiating mutual termination provisions consistent with those found in Section 9 (Default and Termination) of the existing instant ticket contracts. For reference, those contracts can be found in new Appendix I.

36. Section 11. Indemnification, page 51

- Question: Will the Lottery consider adding the following sentence at the end of this section: “Notwithstanding the foregoing, the Vendor’s indemnification obligations shall not apply to the extent any of the foregoing is caused by the negligence or reckless or intentional misconduct of the Lottery, its employees, agents or representatives?”

No.

37. Section 20. Vendor Representations, page 53

- Question: Will the Lottery consider amending to provide that any product and related services will be new and unused and free of “material” defects in material, design and workmanship?

No. See response to Question 25.

38. Appendix E: Price Proposal

The 2 columns at the far right of Appendix E, Price Proposal, specify pricing for “Game Book.”

- Question: Game Book is the proprietary product of a single vendor. May vendors provide pricing for similar, but alternately named products in these columns?

Yes.

39. Appendix F: Game Launch Information

The Lottery has provided prospective vendors with game launch information with price points and order quantity information for a period of years.

- Question: Considering that a number of different ticket sizes are available for several price points, would the Lottery please revise Appendix F to include the ticket sizes for the games listed on Appendix F?

Appendix F has been amended.

40. Question: Would the Lottery consider releasing Appendix F as an Excel spreadsheet, so vendors may data-sort the information provided?

An updated version of Appendix F is available as an Excel spreadsheet on the Iowa Lottery vendor website: <https://ialottery.com/Pages/Vendors/VendorsMain.aspx>

41. Section 3.37.4

Question: Would the Lottery please confirm the ticket samples requested in the RFP are only required with the Original of Volume 1 – Technical Proposal?

Yes.

42. Section 1.25 of the RFP provides that “[a]ny and all materials submitted become the exclusive property of the Lottery.” Section 1.26 of the RFP provides a mechanism for Vendors to protect confidential and proprietary information contained in their Proposals, acknowledging that some of the materials and associated intellectual property rights in such materials submitted by a Vendor are not owned by the Lottery but are, in fact, owned by the Vendor.

Question: Therefore, would the Lottery please reconcile these two provisions, which appear to be in conflict?

The Lottery does not believe there is a conflict between these two provisions. For more information, see response to Question 15.

43. Section 1.26

This section states that, if the Lottery receives a request for information marked confidential, written notice shall be given to the Vendor prior to the release of the information to allow the Vendor to seek injunctive relief pursuant to Section 22.8 of the Iowa Code. The Lottery will disclose the information marked confidential upon request unless a court of competent jurisdiction determines the information is confidential under Iowa Code Chapter 22 or other applicable law. The disclosure of information marked confidential upon request unless the entity submitting the information takes action to enjoin the release of such information is at odds with the provisions of Section 22.7 of the Iowa Code, which requires information that falls within an exemption from public disclosure be kept confidential, unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release such information.

Question: Could the Lottery please confirm that, if submitted information is marked confidential and the Lottery determines that there is a reasonable basis to conclude that such information is eligible for

protection under Iowa law, the burden shifts to the requesting party to seek disclosure of such confidential information, and not on the entity that submitted such confidential information?

The Lottery is not in a position to offer legal advice on this issue. In general, the legal burden and proof required for litigation under Iowa Code Chapter 22 depends both on provisions relied upon for confidentiality and the nature of the defenses to disclosure asserted in the case.

44. Section 1.31

It is accepted practice for the majority of Litigation bond forms to include a third condition that would need to be satisfied before the bond may be drawn upon.

Question: Therefore, would the Lottery be willing to add the following condition to conform to the industry standard?

1.31.c. A court determines that the action, or any portion thereof, was frivolous, or brought in bad faith, or not brought upon reasonable grounds.

No.

45. Section 1.33

The RFP states that any Vendor, its parent, as well as any subsidiary corporation of the Vendor (not any other subsidiaries of the parent company) providing goods or services to the Lottery is required to undergo a DCI background check and must submit a Class L Business Entity application.

Question: Would the Lottery please confirm that the completed Class L and Class L-1 applications would fall within the records designated as confidential under the Lottery's Administrative Code Section 531-1.5(1)(d), (g) and/or (h)?

Yes. See response to Question 20.

46. Question: Is the Class L Business Entity \$10,000 application fee check due with the proposal?

Yes.

47. Section 2.6

The RFP states that "Under the Contract, the Successful Vendor(s) must meet these specific auditing and accounting obligations:

a. The Successful Vendor(s) shall have a complete corporate financial audit conducted annually, at its own expense. The audit must follow generally accepted auditing standards (GAAS), or the appropriate non-U.S. equivalent. A copy of the Successful Vendor(s) certified financial statements shall be provided to the Lottery within 180 days after the close of the Successful Vendor(s) fiscal year.

b. The Successful Vendor(s) shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K and 10-Q reports (or the appropriate non-U.S. equivalent) as they are issued, together with any other

reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended, through the duration of the contract.”

Question: Will the Lottery please confirm that the SEC and financial reports for the Vendor’s indirect, public parent corporation (which includes the consolidated results of operation for the public parent and all of its subsidiaries, including the Vendor) will satisfy the requirements of subsections (a) and (b) of this section?

See response to Question 22.

48. Section 2.7

This section states that the “Successful Vendor must submit Certificates and copies of each required bond and insurance contract.”

Question: Will the Lottery accept a Certificate of Insurance as evidence of coverage, as this is the industry standard, in lieu of policies?

Yes.

49. Section 2.10

This section states that a fidelity bond is necessary in the amount of \$250,000...”covering any loss or damage to the Lottery due to any fraudulent or dishonest act on the part of the Successful Vendor(s) officers, employees, agents or subcontractors. ”. A crime policy or fidelity bond is designed to protect the insured for losses from their employees; it is not designed to cover the employees of others; i.e. subcontractors or assignees.

Question: Therefore, would the Lottery be willing to delete the words “agent or subcontractor of the contractor?” Or, as an alternative, the Lottery could require the subcontractors or assignees to provide evidence of their own coverage.

See RFP Section 2.10. To the extent that the Vendor utilizes a permitted agent or subcontractor authorized by the Lottery, the Vendor has the responsibility to ensure that the agent or subcontractor maintains the fidelity coverage required by this section.

50. Section 2.19

The Lottery requires that all services, products, systems and procedures to be employed by the Successful Vendor(s) must comply with the game security and operational standards current at the time of Contract performance as issued by any multi-jurisdictional association of which the Lottery is a member or in the event the Lottery becomes a member.

There are two concerns with such a provision, both of which introduce unknown and unknowable costs into Vendor’s financial costs. The first requires the Vendor to be responsible for all costs to update all deliverables and services should a multi-jurisdictional organization make changes to its requirements at any time during contract performance. This could include capital intensive changes that occur towards the end of the contract, with no time available to allow the Vendor to realize any return on such investment. The second requires Vendor to agree to any future costs associated with any future

organization to which the Lottery may one day join. These uncertainties introduce material risk into a Vendor's financial projections.

Question: Therefore, would the Lottery be willing to consider some balanced approach that would enable the Vendor to recover any incremental capital expenditures caused by any requirements to which the Vendor must comply and which become an obligation following the date of Proposal submission? These forward-looking, unknowable costs all for the account of the Vendor is not an equitable allocation of risk.

The Iowa Lottery hereby rescinds RFP Section 2.19. Any successful vendor will remain responsible for compliance with the Iowa Lottery's game security and operational standards, in accordance with the terms of the Agreement between the Lottery and the vendor.

51. Section 3.37.4

In section 3.37.4, the Lottery requests one hundred (100) tickets from six (6) games which show a variety of play actions.

Question: Would the Lottery please clarify if it is requesting 100 tickets from each of the six games from each individual play style (600 tickets per play style), or does the Lottery want 100 tickets from one game from each of the six play styles, for a total of six games/600 tickets?

Please submit 100 tickets from each play style for a total of 600 tickets.

52. Section 3.40.5

Question: Due to the potential volume and size of financial statements, would the Lottery please confirm submission of financial statement on electronic media only is acceptable?

No. Submission should be provided as set forth in the RFP.

53. Appendix B

The last paragraph of Section 3 of the Terms and Conditions states that "Notwithstanding anything to the contrary herein, in the event a public records request is made to the Lottery pursuant to Iowa Code chapter 22 regarding Confidential Information of the VENDOR, the Lottery shall notify VENDOR of the request. The Lottery may respond to the request for information with a release of the requested information unless VENDOR has obtained an injunction preventing release of the requested information."

Question: Will the Lottery consider amending the paragraph to state as follows:

"Notwithstanding anything to the contrary herein, in the event a public records request is made to the Lottery pursuant to Iowa Code chapter 22 regarding Confidential Information of the VENDOR, the Lottery shall notify VENDOR of the request along with a description of the Confidential Information that the Lottery is required to disclose prior to any disclosure so that VENDOR may seek a protective order or other remedy and the Lottery shall reasonably assist therewith. If the Lottery remains legally compelled to make such disclosure, it shall: (a) only disclose that portion of the Confidential Information that it is required to disclose; (b) if a protective order is not granted, use reasonable efforts to ensure that such

Confidential Information is afforded confidential treatment; and (c) agree that such Confidential Information shall continue to be "Confidential Information" for purposes of the Agreement."

No.

54. The first paragraph of Section 4 titled "Termination for Cause" states that "The Lottery may terminate this Agreement upon written notice for the breach by the Vendor of a material term, if such breach is not cured, provided that a cure is feasible within ten (10) days following receipt of written notice of breach from the Lottery."

Question: Will the Lottery consider amending the cure time frame to thirty (30) days?

Yes, the Lottery is amenable to negotiating the length of the cure time frame with successful vendors.

55. Also, the third paragraph of Section 4 titled Immediate Termination states that "The Lottery may terminate this Agreement, effective immediately without advance notice and without penalty or legal liability for any of the following reasons . . . If the Lottery determines that satisfactory performance of this Agreement is substantially endangered or that a default is likely to occur; or."

Question: Would the Lottery consider adding the word "material" before default?

No.

56. Appendix E

Question: Will the Lottery kindly confirm that, if a Vendor does not have the ability to produce a specified ticket size or a specific option, a "No Bid" response in the price proposal on Appendix E is permitted? For instance, Game Book is a proprietary offering owned by a Vendor.

Yes.

57. Question: Would the Lottery kindly provide a high-resolution version of their logo for use in our proposal response?

See response to Question 2.

58. Section 1.33

The RFP on page 10 and page 11 in Section 1.33 states that any Vendor, its parent, as well as any subsidiary corporation of the Vendor (not any other subsidiaries of the parent company) providing goods or services to the Lottery is required to undergo a DCI background check and must submit a Class L Business Entity application.

Question: If only the potential Vendor is providing lottery goods and services but no parent of the Vendor will be providing goods and services to the Lottery, will the Lottery please confirm that the parent of the Vendor does not need to submit a Class L Business Entity application with the proposal?

See response to Question 17.

59. Question: If the Vendor's parent entity must also submit a Class L application, would the Lottery please confirm that an additional \$10,000.00 fee shall not be required?

See response to Question 17.

60. Question: With respect to the Class L-1 application, will the Lottery please confirm this is only intended and required to be submitted by a natural person and not a corporate entity? If the application is also intended for a corporate entity, would the Lottery please provide guidance on how to complete it?

Yes.

61. Question: Further, to the extent a potential Vendor is part of a multi-level corporate structure, in an effort to be reasonable about the cost involved, would the Lottery please confirm that that investigation of control persons shall be primarily focused on those persons who have material decision making authority over the Vendor.

Yes.

62. Question: To the extent a Vendor and all other persons submit a Class L or Class L-1 application, for how long do such applications stay "current", meaning how long may the DCI rely on the existing application or applications?

This is subject to the Lottery's discretion. The Lottery may utilize information from a prior DCI investigation or other law enforcement investigation to satisfy the background check requirement.

63. Question: Would the Lottery please confirm that the completed Class L and Class L-1 applications would fall within the records designated as confidential under the Lottery's Administrative Code Section 531- 1.5(1)(d), (g) and/or (h)?

Yes—see response to question 20.

64. If not, then is that completed form available for public access under the Iowa public records law unless the Vendor can demonstrate that the information contained therein falls within the exceptions of the public records law and the Lottery's Administrative Code?

This is inapplicable as the Lottery considers these records confidential. See response to question 20.