

**IOWA LOTTERY AUTHORITY**



**RFP IL 18-04  
REQUEST FOR PROPOSALS  
INSTANT TICKET PRINTING AND RELATED  
SERVICES**

**February 7, 2018**

# Table of Contents

Table of Contents .....	ii
<b>PART 1 – PROPOSAL SUBMISSION INFORMATION.....</b>	<b>1</b>
1.0 Introduction.....	1
1.1 Background Information.....	1
1.2 Overview of RFP .....	2
1.3 RFP Coordinator.....	2
1.4 Disclosure and Investigation Requirements .....	2
1.5 Restrictions on Communication .....	2
1.6 Schedule .....	3
1.7 Intent to Bid .....	3
1.8 Written Questions from Vendors .....	3
1.9 Vendor Pre-Proposal Conference .....	4
1.10 Addenda to the RFP .....	4
1.11 Acceptance of RFP Terms.....	4
1.12 Waiver of Deficiencies and Rejection for Non-Compliance .....	4
1.13 Rejection/Selection of Proposals .....	5
1.14 Acceptance Period .....	5
1.15 Proposal Content and Format.....	5
1.16 Proposal Submission .....	5
1.16.1 Volume I – Technical (Non-Price) Proposal.....	5
1.16.2 Volume II – Price Proposal.....	6
1.17 Letters of Transmittal .....	6
1.18 Proposal Opening .....	6
1.19 Withdrawal/Modification of Proposal .....	6
1.20 Late Proposals.....	7
1.21 Demonstrability of Proposed Equipment and Security .....	7
1.22 Proposal Clarification Process .....	7
1.23 Latitude in Proposal Contents.....	7
1.24 Proposal Disclosure.....	8
1.25 Disclosure and Ownership of Proposal Contents by the Lottery.....	8
1.26 Public Records and Requests for Confidentiality .....	8
1.27 Multiple Proposals from One Vendor Not Allowed .....	9
1.28 Costs Associated with Proposal.....	9
1.29 RFP and Contract are Non-Exclusive .....	9
1.30 Proposal Bid Bond.....	9
1.31 Litigation Bond.....	10
1.32 Assurance of Bonds .....	10
1.33 Disclosure Documents and Investigations .....	10
1.34 Disclosure of Litigation and Other Information .....	12
1.35 Change of Ownership or Financial Condition.....	12
1.36 Independent Price Determination .....	12
1.37 Hiring and other Business Relationships with Lottery Staff .....	13
1.38 Disqualification for Business Incapability .....	13
1.39 Applicable Laws and Procedures.....	13
1.40 Appeal of Award .....	13
1.41 Business Compliance. ....	14
1.42 Release of Claims .....	14
1.43 News Release Prohibition.....	14

1.44	Headings.....	14
<b>PART 2 – SPECIAL TERMS AND CONDITIONS .....</b>		<b>14</b>
2.0	Introduction.....	14
2.1	Contract Elements.....	15
2.2	Amendments to the Contract.....	15
2.3	Severability.....	15
2.4	Term of Contract.....	15
2.5	Covenant Against Contingent Fees .....	15
2.6	Audit and Accounting Requirements.....	16
2.7	Bonds and Insurance Qualifications.....	16
2.8	Insurance.....	16
2.8.1	Insurance Coverages.....	17
2.8.2	Certificates of Insurance.....	17
2.9	Performance Bond.....	17
2.10	Fidelity Bond.....	18
2.11	Force Majeure .....	18
2.12	Title to, Use of, and Compensation for, Intellectual Property.....	19
2.13	State or Federal Trademark Searches.....	19
2.14	Contractor Warranties.....	20
2.14.1	Warranties Not Limited .....	20
2.14.2	IP Warranty .....	20
2.14.3	Warranty Against Infringement .....	20
2.14.4	Warranty on Suitability and Merchantability .....	20
2.14.5	Warranty on Products.....	20
2.14.6	Warranty on Services .....	20
2.15	Ticket Purchase and Prize Payment Restrictions.....	21
2.16	Liquidated Damages Provisions .....	21
2.16.1	Notification of Liquidated Damages.....	21
2.16.2	Delivery of Non-conforming Tickets .....	21
2.16.3	Over-Redemption.....	22
2.16.4	Damages for Late Delivery.....	23
2.17	Security Program Under the Contract.....	23
2.17.1	Personnel Security.....	23
2.17.2	Security Violation Reporting.....	24
2.17.3	Security Information (Disclosure) Updates.....	24
2.18	Vendor Ethics and Integrity.....	24
2.19	Compliance with Association Standards .....	24
2.20	Taxes on Vendor .....	24
<b>PART 3 – SPECIFICATIONS.....</b>		<b>25</b>
3.0	Overview .....	25
3.1	Ticket Construction.....	25
3.2	Ticket Size .....	25
3.3	Ticket Symbols.....	26
3.4	Legends .....	26
3.5	Captions.....	26
3.6	Ticket Numbering .....	26
3.7	Barcode.....	27
3.8	Validation Code.....	27
3.9	Ticket Validation.....	27
3.10	Universal Product Code.....	28

3.11 Non-winning Ticket Hash File .....	28
3.12 Multiple Scratch Areas .....	28
3.13 Scratch-off Material .....	28
3.14 Protective Coating .....	28
3.15 Flood Coat Finish .....	29
3.16 Display Print Ticket Colors .....	29
3.17 Over Print.....	29
3.18 Security Tint .....	29
3.19 Layout .....	29
3.20 Ticket Stubs .....	29
3.21 Multiple Scenes.....	30
3.22 Color Pulses.....	30
3.23 Additional Options .....	30
3.24 Non-Traditional Games.....	30
3.25 Licensed Properties.....	30
3.26 Physical Feature Uniformity.....	31
3.27 Randomization .....	31
3.28 Knowledge of Location of Winning Tickets .....	31
3.29 Low-tier Prizes .....	31
3.30 High-tier Prize Distribution.....	31
3.31 Production Media .....	31
3.32 Quality Control .....	32
3.33 Game Governing Documents .....	32
3.33.1 Working Papers .....	32
3.33.2 Customer Specifications.....	32
3.34 Production Notification .....	33
3.35 Packaging .....	33
3.35.1 Number of Tickets Per Pack.....	33
3.35.2 Fanfolding.....	33
3.35.3 Pack Distribution Card.....	33
3.35.4 Shrink-wrap.....	33
3.35.5 Shipping Boxes.....	33
3.35.6 Box Labels.....	34
3.35.7 Box Markings.....	34
3.35.8 Tape.....	34
3.35.9 Skids.....	34
3.35.10 Skid Labels.....	34
3.36 Delivery .....	34
3.36.1 Delivery Vehicles and Loading.....	34
3.36.2 Delivery of Tickets.....	35
3.36.3 Delivery Tolerances.....	35
3.36.4 Development and Delivery of Working Papers.....	35
3.37 Security .....	35
3.37.1 Plant Security.....	35
3.37.2 Unused Materials.....	36
3.37.3 Ticket Security Analysis.....	36
3.37.4 Security Evaluation Sample Tickets.....	36
3.37.5 Printing Inspection Site Visits.....	36
3.37.6 Ticket Inspection, Monitoring and Testing.....	37
3.38 Reports, Files and Other Deliverables .....	37
3.38.1 Game Rules.....	37

3.38.2	Final Ticket Art.	37
3.38.3	Color Proof.	37
3.38.4	Prize Accountability.	38
3.38.5	Game Inventory and Validation Requirements.	38
3.38.6	End of Production Prize Structure.	38
3.38.7	Shipping Report.	38
3.38.8	Omitted Packs Report.	38
3.38.9	Shipping Control Manifest.	38
3.38.10	Void Sample Tickets.	38
3.38.11	Point of Purchase Poster.	39
3.38.12	ITVM Display Cards.	39
3.38.13	Game Audit Report.	39
3.38.14	Sample Game.	40
3.38.15	Audit Report for Sample Game.	40
3.38.16	Test Game.	40
3.39	Corporate Marketing Support.	40
3.39.1	Corporate Marketing Efforts.	40
3.39.2	Marketing Costs Included	41
3.40	Vendor Corporate Capability	41
3.40.1	Corporate Background Review.	41
3.40.2	Ticket Printing Experience.	42
3.40.3	Contract Performance.	42
3.40.4	Equipment and Resource Capabilities.	42
3.40.5	Financial Viability	43
3.41	Product Innovation	43
<b>PART 4 – Volume II – PRICE PROPOSAL</b>		<b>43</b>
4.0	Introduction.	44
4.1	Separately Sealed Price Proposal	44
<b>PART 5 – PROPOSAL EVALUATION</b>		<b>44</b>
5.0	Introduction	44
5.1	Evaluation Committee and Lottery CEO	44
5.2	Evaluation Steps	44
5.3	Information from Other Sources	45
5.4	Site Visits	45
5.5	Notice of Award and Contract Signing	45
<b>APPENDIX A: GLOSSARY</b>		<b>46</b>
<b>APPENDIX B: LOTTERY STANDARD</b>		<b>49</b>
<b>TERMS AND CONDITIONS</b>		<b>49</b>
<b>APPENDIX C: DISCLOSURE FORMS</b>		<b>54</b>
<b>APPENDIX D :</b>		<b>55</b>
<b>PROPOSAL COMPLIANCE AND CERTIFICATION STATEMENT</b>		<b>55</b>
<b>APPENDIX E:</b>		<b>57</b>
<b>PRICE PROPOSAL</b>		<b>57</b>
<b>APPENDIX F:</b>		<b>58</b>
<b>GAME LAUNCH INFORMATION</b>		<b>58</b>
<b>APPENDIX G:</b>		<b>59</b>
<b>TICKET / PACK SIZE INFORMATION</b>		<b>59</b>

APPENDIX H:.....	60
LETTER OF CREDIT.....	60
APPENDIX I:.....	64
CURRENT CONTRACTS AND PRICING.....	64
APPENDIX J:.....	65
TICKET SAMPLES.....	65
APPENDIX K:.....	66
EVALUATION SHEET.....	66

# PART 1 – PROPOSAL SUBMISSION INFORMATION

## 1.0 Introduction

The purpose of this Request for Proposal (RFP) is to solicit proposals from qualified firms or vendors (Vendor or Vendors) interested in printing instant tickets and providing related services for the Iowa Lottery Authority (Lottery), pursuant to the authority of Iowa Code, Chapter 99G. The Lottery does not intend to grant any Vendor exclusive rights to print all or a majority of Lottery instant games. It is the intention of the Lottery to award game orders to more than one Vendor, each of whom will be issued orders to produce games based upon the Lottery's determination of which Vendor can best serve the Lottery's interests for a particular game. The award of a contract does not guarantee the lottery will print any tickets with that vendor.

The Successful Vendor(s) will be expected to enter into a written agreement (the "Contract") with the Lottery following the Iowa Lottery Board's authorization to the Lottery to issue a notice of intent to award and enter into a contract consistent with the terms of the RFP, contingent upon successful completion of a DCI background check. The Contract issued will be for a two-year period beginning January 1, 2019 through December 31, 2020 plus four (4) additional one-year option periods with the option periods being exercised at the sole discretion of the Lottery.

During the course of this contract and extension periods, the Lottery gaming system contract will expire. As such, the resulting new gaming system contract may result in changes necessary to various aspects of this contract.

## 1.1 Background Information

Instant ticket sales for FY 2017 (July 2016 thru June 2017) were \$237.65 million. Lottery ticket sales for fiscal year 2017 by price point were:

Price	Net Dollar Sold FY 2017	Special Notes
\$1	\$10,830,768	
\$2	\$25,757,956	Bingo Only - \$8,327,682
\$3	\$33,751,416	Crossword Only - \$22,146,912
\$5	\$61,042,945	Crossword Only - \$25,643,060
\$10	\$58,536,350	Crossword Only - \$17,000,240
\$20	\$38,924,280	Game Book Only - \$12,782,700 Big Ticket 7 7/8" x 8" Only - \$7,032,280
\$30	\$8,806,770	First \$30 game launch March 2017

- Please note the first \$30 double-sided Crossword game will be launching in March 2018 at the size of 7 7/8" x 8".

The Lottery operates on a multiple game strategy and multiple price point strategy and plans to have at least 35 games available for sale at all times. New instant tickets will be introduced approximately every month. Information regarding instant ticket game launches for FY 2017 and FY 2018 is provided in Appendix F. The ticket sizes and pack sizes of current Lottery offered instant ticket games are provided in Appendix G. The Lottery has a base of approximately 2,300 retailers selling instant tickets within Iowa. The Lottery's current validation software system is operated by Scientific Games which includes FailSafe® barcode technology.

## 1.2 Overview of RFP

This RFP will provide the information necessary to submit Proposals. Part One provides background and Proposal preparation information. Part Two defines special terms and conditions that will apply to the subsequent Contract. Part Three contains technical and business specifications. Part Four defines how pricing must be submitted. Part Five describes evaluation criteria (how Proposals will be evaluated) and the proceedings leading to execution of a Contract with the Successful Vendor(s). Appendix A provides a glossary for terms used in this RFP. Appendix D provides the Proposal Compliance and Certification Statement that must be submitted.

## 1.3 RFP Coordinator

Except for questions relating to the disclosure requirements, the RFP Coordinator, acting on the Lottery's behalf, is the sole point of contact with regard to this RFP, from the date of release of this RFP until the Lottery's notice of award. The RFP Coordinator will make a reasonable effort to provide all applicable Vendors with questions and answers, amendments, and other essential information regarding this RFP. However, it is the Vendor's responsibility to ensure receipt of any information or applicable communications from the RFP Coordinator. All communications (with the exception of the Proposal) with the Lottery concerning this procurement must be addressed in writing and submitted by e-mail to the RFP Coordinator:

RFP Coordinator:	Terry Brown
Mail or hand deliver to:	Iowa Lottery, 13001 University Ave., Clive, IA 50325
E-mail address:	<a href="mailto:tdbrown@ialottery.com">tdbrown@ialottery.com</a>
RE:	Instant Ticket RFP Inquiry
Official website for postings:	<a href="http://www.ialottery.com">www.ialottery.com</a> "For Vendors" link found in top right corner

## 1.4 Disclosure and Investigation Requirements

This RFP requires a series of disclosures and willingness to comply with background investigational requirements of the Lottery. This is a major procurement solicitation and all relevant Iowa statutes are applicable. Questions regarding the disclosure and investigation requirements are to be directed to David Jobes, the Iowa Division of Criminal Investigation at (515) 725-6014., e-mail – [jobes@dps.state.ia.us](mailto:jobes@dps.state.ia.us)

## 1.5 Restrictions on Communication

Other than the RFP Coordinator, potential Vendors and their agents, lobbyists or representatives shall make no unsolicited contact, directly or indirectly, with any member of the Lottery Board of Directors, or any employee, agent, or representative of the Lottery regarding this RFP. This provision will remain in place from the time the RFP is issued until the notice of intent to award. Vendors shall not represent themselves to any member of the Lottery Board of Directors, or any employee, agent, or representative of the Lottery, or Iowa Lottery retailers as having the endorsement of the Lottery, nor as the Lottery's next supplier of gaming products and services. Vendors currently doing business with the Lottery may continue to do so; however, any communication regarding the RFP, not otherwise permitted in the RFP, is prohibited. The Lottery may disqualify a Vendor for causing a material violation or circumvention of the requirements of this section.



## 1.6 Schedule

The following are the milestones and significant dates for the RFP, Proposal and Contract award. Specified dates that have a time associated with them are CST.

Event	Date	Time *
RFP issued to Vendors	February 7, 2018	
Letter of Intent Due	February 13, 2018	4:00 pm
Questions from Vendors Due	February 27, 2018	4:00 pm
Questions and Answers provided to all Vendors	March 8, 2018	4:00 pm
Deadline for Submission of Proposal	April 12, 2018	3:00 pm
Site Visit by evaluation team (See Section 5.4)	April 30 – May11, 2018	
Board of Directors vote on Notice of Intent to Award subject to successful completion of DCI Investigation	June 2018	
Contract period begins	January 1, 2019	

\* All times refer to Central Time.

## 1.7 Intent to Bid

Vendors may submit a letter of Intent to Bid to the Lottery RFP Coordinator as specified in Section 1.3 by the date and time specified in Section 1.6. Vendors should provide Vendor identification information and an e-mail address for a Vendor point of contact. A written Intent to Bid does not bind the Vendor to bid. Additionally, if a written Intent to Bid is not sent to the Lottery, a bid may still be submitted pursuant to the schedule in Section 1.6. However, notice of any addendums, modifications, response to questions or other pertinent information, will only be sent to Vendors who have an Intent to Bid notice on file.

## 1.8 Written Questions from Vendors

It is the responsibility of each Vendor to examine the entire RFP and seek clarification in writing. The Lottery will consider no requests for clarification, change or modifications after this period. The Vendor will not be entitled to additional compensation, relief, or time by reason of the error or its later correction.

The RFP clarification procedure provides the only means by which a Vendor may request clarification of the RFP or additional information on the business, contractual, procedural and technical requirements of the procurement.

The Lottery will conduct one (1) round of Clarification Questions to assure Vendors are clear on the RFP terms, conditions and requirements and Proposal evaluation processes. The Vendor should review Section 1.6 (Schedule) to determine the milestones and dates for submitting written questions.

Written questions relevant to the RFP must be submitted via email in PDF or Microsoft Word formats. A RFP clarification question from a Vendor must:

- Be written in generic (i.e., non-proprietary) terms as all responses to inquiries will be available to all Vendors.
- Not contain price data.
- Cite a specific RFP section number and title (if any).
- Contain the subject line "Instant Ticket RFP Inquiry".
- Identify the section number (and subsection number) for each specific question.

- Be submitted timely.

SPECIAL NOTE: The Lottery may reject a Vendor's Proposal for the inclusion of specific pricing information in a clarification question.

An e-mail confirmation indicating receipt will be provided by the Lottery. It is the sole responsibility of the Vendor to verify receipt of questions by the Lottery.

The Lottery will attempt to respond to written questions by the dates specified in Section 1.6 (Schedule). An electronic copy of all written questions, together with the Lottery's written responses, will be posted on the Lottery's Official RFP Website. Vendors with a notice of Intent to Bid on file will receive an e-mail announcement that new information has been posted to the Lottery's website. Prospective Vendors should monitor the website for any information pertaining to the RFP.

## **1.9 Vendor Pre-Proposal Conference**

No conference will be held.

## **1.10 Addenda to the RFP**

The Lottery reserves the right to issue addenda to the RFP prior to the final due date in order to make changes to the requirements, correct defects or ambiguities, change the date, and place or time of critical milestones published in the RFP. Addenda to the RFP will be clearly identified as such. Only modifications made as written and posted addenda to the RFP by the Bid Coordinator will be valid and applicable addenda to this RFP. All addenda to this RFP will be uniquely identified and posted to the official website. The Vendor is solely responsible for obtaining all relevant information posted on the website and, by responding to this RFP, will be considered to have obtained all such posted addenda. Vendors with a notice of Intent to Bid on file will receive an e-mail announcement that an amendment to the RFP has been posted to the Lottery's website.

## **1.11 Acceptance of RFP Terms**

A Proposal submitted in response to this RFP will be considered a binding offer. By submitting a Proposal, each Vendor agrees that it fully understands, accepts and will abide by the terms and conditions of this RFP and it will not make claims for or have any rights to cancellation or withdrawal of its Proposal or other relief due to any misunderstanding or lack of information. The signature of the Vendor or an officer of the Vendor legally authorized to execute contractual obligations will indicate acceptance of this condition. The Lottery reserves the right to accept a Proposal or Proposals in whole or in part.

## **1.12 Waiver of Deficiencies and Rejection for Non-Compliance**

The Vendor should note that material requirements of the RFP are those set forth as: (i) mandatory; (ii) without which an adequate analysis of Proposals is impossible; (iii) affect the competitiveness of Proposals, or (iv) affect the cost to the Lottery. Proposals that do not meet all material requirements of this RFP or that fail to provide all required information, documents, or supporting materials, or which include language that is conditional or contrary to the terms, conditions, and requirements, of the RFP, may be rejected as non-responsive. The decision as to whether a deficiency will be waived or will require the rejection of a Proposal will be solely within the discretion of the Lottery. Failure to comply with or respond to any part of this RFP may result in rejection of the Proposal. A waiver of non-compliance for a minor deficiency in the Proposal does not relieve the Successful Vendor(s) of a contractual obligation.

### **1.13 Rejection/Selection of Proposals**

The acceptance of a Proposal submission will not diminish the Lottery's right to negotiate specific contract terms, including price, with the apparent Successful Vendor(s). Issuance of the RFP in no way constitutes a commitment by the Lottery to award any Contract. The Lottery reserves the right to reject any or all Proposals received in response to the RFP, reject any Proposal which is conditional or incomplete, or cancel this procurement if it is in the best interest of the Lottery to do so.

### **1.14 Acceptance Period**

Proposals must remain valid for one (1) year following the Deadline for Submission of Proposal identified in Section 1.6 (Schedule). The Lottery will reject a Vendor's Proposal that is not valid for this proposal time period. The contents of the RFP and the Successful Vendor's Proposal, subject to contract negotiations, will become contractual obligations in the event of Contract award. The Lottery may cancel a Contract award for failure of the Successful Vendor(s) to accept these obligations.

### **1.15 Proposal Content and Format**

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.

Vendors must submit their Proposal as two (2) volumes in separate packages. The two (2) volumes must be identified as Volume 1 and Volume 2 as provided in Section 1.16. Vendors must submit one (1) original of each volume. The original of each volume must be signed in ink by an officer or agent of the Vendor with authority to contractually bind the Vendor. In addition to the originals, Vendors must submit five (5) additional hard copies (i.e. paper) of Volume 1 Technical Proposal and one (1) additional hard copy of Volume II Price Proposal. Vendors must also submit one (1) copy of the original Volume I Technical Proposal on a small portable storage device using a Microsoft Word or PDF file to be included with the "original" document only (not the additional copies). In addition to the aforementioned copies a public viewing copy marked as "Public Copy" must be included per Section 1.26. No cost figures are to be included within Volume 1.

All requested written documents must be submitted on 8 1/2" x 11" paper and size 12 Arial font, exceptions may apply to schematics, attachments, diagrams, etc.

### **1.16 Proposal Submission**

The Proposal must be submitted via US mail, sent by courier (e.g. Federal Express or United Parcel Service), or hand delivered. All responses must be in a sealed package(s) and identified on the outside by the Vendor's full name and address and must be specifically addressed to the RFP Coordinator. Responses must be received by the RFP Coordinator or RFP Coordinator's designee no later than the date and time shown in Section 1.6 (Schedule).

#### **1.16.1 Volume I – Technical (Non-Price) Proposal**

The Technical Proposal must contain information as to the manner in which the Vendor will fulfill all of the services as set forth in Part 3 (Specifications). 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 Note". The contents of the Technical Proposal must include:

- a. Letters of Transmittal (see section 1.17). One copy of the transmittal letter to be included with the original copy of the Technical Proposal.
- b. Bid Bond and Litigation Bond (see Sections 1.30 and 1.31). Bonds to be included with the original copy of the Technical Proposal.
- c. Disclosure of litigation, investigations, and other information (see Section 1.33), to be included with the original copy of the Technical Proposal.
- d. Class "L" Business Entity disclosure form required by the Lottery (see Section 1.33 and <http://www.ialottery.com/Pages/Vendors/VendorsMain.aspx>) must be provided in a separate binder or package. One hard copy (i.e. paper copy) and one (1) copy on a small portable storage device are required. Business Entity disclosure information is not to be placed on the small portable storage device with other technical information.
- e. Response to Technical Specifications (see Section 3). A response to all paragraphs where a response note is deemed appropriate in the order of which it appears in the RFP.
- f. Financial information (see Section 3.40.5). One hard copy (i.e. paper copy) plus two (2) copies on a small portable storage device are required and must be included with the original copy of the Technical Proposal.
- g. Vendor's Proposal Compliance and Certification Form (see Appendix D)

## **1.16.2 Volume II – Price Proposal**

The Price Proposal must be sealed and identified as Volume II Price Proposal. The Vendor must only include pricing information in the Price Proposal. Pricing information must not be referenced or identified in the Technical Proposal Volume of the Proposal. The contents of the Price Proposal must include:

- a. Letter of Transmittal (see Section 1.17).
- b. The Price Proposal (see Section 4).

## **1.17 Letters of Transmittal**

A Vendor submitting a Proposal in response to the RFP must submit a Letter of Transmittal. A separate Letter of Transmittal for Volume 1 and Volume 2 must be signed by an officer or agent of the Vendor with authority to bind the Vendor to the terms and offerings in the Proposal. Pricing information must not appear in any portion of any Letter of Transmittal. Each Letter of Transmittal must include:

- Any requests for confidential treatment of information identified in Section 1.26 (Public Records and Request for Confidentiality), if applicable.
- A clear Vendor's statement of compliance, exceptions or reasons for non-compliances with the requirements of the RFP for the duration of the acceptance period identified in Section 1.14 (Acceptance Period).
- An acknowledgement of any RFP addenda issued, if applicable.
- The name, telephone number and e-mail address of the Vendor's representative to contact regarding all technical matters concerning the Proposal.

## **1.18 Proposal Opening**

The Lottery will not voluntarily make Proposals subject to public opening or review from the time of receipt by the Lottery until the Notice of Intent to Award is issued. Once Notice of Intent to Award is issued, Proposals will be subject to the provisions of the Iowa Examination of Public Records (Open Records Act) (RFP Section 1.26).

## **1.19 Withdrawal/Modification of Proposal**

A Vendor may withdraw or modify its Proposal when a request is made in writing or e-mailed to the Bid Coordinator and such notice is received prior to the deadline for submitting a Proposal specified in Section 1.6 (Schedule).

## **1.20 Late Proposals**

A Proposal submitted pursuant to this RFP must be submitted and received by the Lottery no later than the Proposal Due date and time per the schedule in RFP Section 1.6. The Lottery will record the official date and time of receipt on each Proposal. The Lottery will reject a Proposal that is not submitted by the specified date and time. The Lottery will return a late Proposal that has been rejected to the Vendor unopened.

## **1.21 Demonstrability of Proposed Equipment and Security**

The Lottery requires that all printing processes and security procedures proposed be capable of a demonstration that indicates the Vendor's ability to meet the requirements specified in this RFP. Refer to RFP Section 5.4, Site Visits for further information.

While functions and features demonstrated upon request for the Proposal evaluation effort need not be identical in all respects to specifications of this RFP, common security and operations are expected.

## **1.22 Proposal Clarification Process**

The Lottery may request clarification from a Vendor for the purpose of resolving ambiguities or questioning information presented in a Proposal. The Lottery may request clarification on one (1) or more statements made by a Vendor in its Proposal at any point during the evaluation process. When the Lottery requests clarification from a Vendor, the Bid Coordinator will prepare a written request which will:

- Consist of a list of questions.
- Be sent in writing via e-mail to the contact person representing the Vendor with receipt to be acknowledged by the Vendor.
- Include a deadline for the Vendor to submit a response.
- Include appropriate references to the RFP or the Vendor's proposal.

The Vendor must send a response within the time indicated in the written request. If this proves to be unfeasible, the Lottery and the Vendor may agree on a different date for the Vendor to respond to the Lottery's request for clarification.

The Vendor's response must:

- Address only the information requested.
- Be submitted to the Bid Coordinator in writing via e-mail.
- Must not include any pricing information unless the request for clarification relates specifically to the Vendor's price proposal.

The Vendor must keep confidential all information that is exchanged as part of the proposal clarification process. The clarification process does not permit withdrawal, revision or additions to the technical elements of the Proposal after the Proposal has been submitted nor does it permit any change to the financial terms quoted. Clarifications are an opportunity to explain, but not enhance, the Proposal. A clarification request by the Lottery is not a negotiation.

## **1.23 Latitude in Proposal Contents**

Each Vendor is expected to provide the Lottery with information, evidence, and demonstrations that will make possible an award that best serves the stated interests of the Lottery. Vendors are given wide latitude in the degree of detail they offer or the extent to which they reveal plans, processes, and procedures. Vendors should prepare their Proposals simply and economically, providing a straightforward and concise description of their capability to satisfy the requirements of this RFP. Proposals that are of excessive length,

contain a preponderance of boilerplate text, or redundancy are discouraged. Emphasis in each Proposal should be on completeness and clarity of content.

Failure of a Vendor to provide the appropriate information or materials in response to each stated requirement or request for information may ultimately result in Proposal rejection based on non-responsiveness to the requirements of the RFP. Responses to complex RFP requirements that are stated in a form semantically equivalent to "Vendor agrees to comply" may be rejected for non-responsiveness at the discretion of the Lottery.

### **1.24 Proposal Disclosure**

Disclosure by a Vendor or agent of the Vendor of the Proposal contents prior to the Lottery's notification of its intent to award a contract may result in rejection of the Proposal.

### **1.25 Disclosure and Ownership of Proposal Contents by the Lottery**

All matters set forth in a Proposal, including technical and price information, may be subject to disclosure after the Lottery's notification of its intent to award a contract. All information in a Proposal and any Contract resulting from this RFP are subject to the provisions of Iowa Examination of Public Records (Open Records) Act regardless of copyright status or Vendor designations on pages of the Proposal.

Any and all materials submitted become the exclusive property of the Lottery. The Vendor waives all rights relating to the Proposal, including without limitation, any and all rights of identification of authorship and any and all rights of approval, restriction or limitation on use unless prohibited by law.

### **1.26 Public Records and Requests for Confidentiality**

The Successful Vendor's proposal shall be considered an open record after a contract is executed or all proposals are rejected. The Vendor shall not submit the entire proposal as proprietary or confidential, but may submit a part of the proposal as confidential subject to Iowa Code chapter 22 and 531 Iowa Administrative Code section 1.5. Vendors are encouraged to familiarize themselves with these provisions prior to submitting a Proposal. A copy of the Iowa Code and Iowa Administrative Code can be found on the State of Iowa's web page, [www.legis.state.ia.us](http://www.legis.state.ia.us) and located under the topic Iowa Law. All information submitted by a Vendor may be treated as public information by the Lottery unless the Vendor properly requests that information be treated as confidential at the time of submitting the Proposal. By submitting a Proposal, the Vendor grants the Lottery the right to make the required copies of the Proposal.

Any request for confidential treatment of specific information must be included in the transmittal letter with the Vendor's Proposal and must enumerate the specific grounds in Iowa Code chapter 22 which support treatment of the material as confidential and must indicate why disclosure is not in the best interests of the public. Pricing information cannot be considered confidential information. The request must also include the name, address, and telephone number of the person authorized by the Vendor to respond to any inquiries by the Lottery concerning the confidential status of the materials.

Any Proposal submitted which contains specific confidential information must be marked on the outside as containing confidential information, and each page upon which confidential information appears must be marked as containing confidential information. In addition to marking the confidential information in the body of the response, any page that contains confidential information will be noted as such in either the page header or page footer. The confidential information must be clearly identifiable to the reader wherever it appears. All copies of the Proposal submitted, as well as the original Proposal, must be marked in this manner. Failure to properly identify and articulate defensible grounds under Iowa Code Chapter 22 for specific confidential information shall be viewed as the Vendor's failure to take efforts reasonable under the circumstances to maintain the secrecy of the information and will relieve the Lottery or State personnel from any responsibility if confidential information is viewed by the public, a competitor, or is otherwise released.

Identification of the entire Proposal as confidential will be deemed non-responsive and may disqualify the Vendor.

If the Vendor designates any portion of the RFP as confidential, the Vendor must submit one copy of the Proposal plus one (1) on a small portable storage device both marked "Public Copy" from which the confidential information has been excised. These copies are in addition to the number of copies requested in section 1.15. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the document as possible.

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 Vendor's failure to request confidential treatment of material will be deemed by the Lottery as a waiver of any right to confidentiality the Vendor may have had.

### ***1.27 Multiple Proposals from One Vendor Not Allowed***

Each Vendor may submit only one (1) Proposal. Within the single Proposal, the Vendor may identify offered options including unsolicited products, services, features or substitutions that the Vendor believes may be appealing and useful to the Lottery.

### ***1.28 Costs Associated with Proposal***

Neither the Lottery nor the State of Iowa shall be liable for any of the costs of preparing or submitting a Proposal, including, but not limited to preparation, copying, postage, and delivery fees and expenses associated with any demonstrations or presentations that may be required by the RFP. Each Proposal should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content.

### ***1.29 RFP and Contract are Non-Exclusive***

Nothing in this RFP or the Contract resulting from this RFP shall preclude the Lottery from purchasing from other vendors. The Lottery's intent is to enter into contracts with multiple qualified Successful Vendors. Nothing in this RFP or any contract shall preclude the Lottery from purchasing unique or legally protected/licensed scratch games, equipment or other services for its use from any other source.

### ***1.30 Proposal Bid Bond***

Each Vendor must submit with the Proposal a Bid Bond, in form and substance and issued by an issuer acceptable to the Iowa Lottery Authority, in the amount of twenty-five thousand dollars (\$25,000) to guarantee the availability of the goods and services at the price(s) quoted in the Proposal. The bid bond (a cashier's check is acceptable) shall be payable to the Iowa Lottery Authority. If a cashier's check is used, the check will be deposited to the Lottery fund. Interest on the funds will not be credited to the Vendor.

The bid bond or proceeds from a cashier's check will be returned to any unsuccessful Vendor. The bid bond of the Successful Vendor(s) will be retained until the Contract is executed and the Lottery is furnished with an acceptable performance bond (see RFP Section 2.9). The check or bond will be forfeited to the Lottery if any Successful Vendor fails to submit in a timely fashion the performance bond or other security, as required, or fails to execute the Contract when required to do so by the Lottery.

### **1.31 Litigation Bond**

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.

The purpose of the Bond is to permit the Lottery or other defendants to recover damages, including reasonable attorneys' fees and the reasonable value of time of the Iowa Attorney General's Offices, expenses and court costs resulting from such litigation. The Litigation Bond shall remain in effect for a period of two (2) years from the date of submission of the Proposal. Following signing of a contract with any Successful Vendor(s), the Litigation Bond of any Vendor will be released upon acceptance by the Lottery of a Covenant Not to Sue.

### **1.32 Assurance of Bonds**

Bonds shall be issued by a reputable and reliable surety company with a record of successful continuous operation that is licensed to do business in the State of Iowa.

### **1.33 Disclosure Documents and Investigations**

This RFP represents a major procurement and as such, comprehensive disclosure information is required from each Vendor as provided herein. The disclosure documents to be completed by Vendors are referenced in RFP Appendix C.

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 investigation conducted by the Iowa Department of Public Safety, Division of Criminal Investigation (DCI) before a contract is awarded. The investigation may include the submission of disclosure documents, interviews and various records checks in addition to those identified in Appendix C.

The Lottery reserves the right to accept a Proposal which does not include all required information provided that any omitted information is promptly made available to the Lottery upon request. The Lottery or DCI may require any Vendors submitting a Proposal to provide additional background documentation after reviewing the documents initially submitted with the Proposal.

Any information provided to the Lottery in the disclosure documents as well as the results of the investigation conducted by the DCI will be used by the Lottery and Lottery Board to determine the Successful Vendor(s). The information may be used to disqualify a Vendor who does not meet the Lottery's standards. The DCI will confer with Vendors upon request regarding the completion of the disclosure documents. Vendors who wish to discuss the completion of the disclosure documents should contact David Jobes, the Iowa Division of Criminal Investigation at (515) 725-6014., e-mail – [jobes@dps.state.ia.us](mailto:jobes@dps.state.ia.us)

The Lottery may reject a Proposal based upon the results of these background checks and disclosures. The Vendor is advised that any person who knowingly provides false or intentionally misleading information in connection with any investigation by the Lottery may cause the Proposal to be rejected, or a subsequent contract to be canceled.

**REVIEW PROCESS.** Class "L" Business Entity documents, to be included with the RFP response, will be received by the Lottery, with the Lottery then providing these documents to the DCI. The DCI will conduct



a preliminary review of each Vendor's Class "L" Business Entity background form submission along with the Key Personnel Supplemental List.

Upon completion of the RFP evaluation process, the Lottery CEO will direct the DCI to conduct an applicable DCI background investigation on the Vendor(s). After the DCI has been directed to complete the DCI background investigation(s), the DCI will contact the Vendor(s) to make arrangements for the completion of the background investigation. Additionally the DCI will inform the Vendor(s) which individuals need to submit a DCI Class "L-1" background form and collect the application fees associated with those individuals. These individuals can expect to be contacted by a DCI agent or agents for the purpose of completing background investigations.

**DOCUMENT SUBMISSION REQUIREMENTS.** Vendors must submit the Class "L" Business Entity document and associated fee with the proposal. A Key Personnel Supplemental List must be included with the Class "L" to include personal information for all Vendor Key Personnel. This supplemental listing must contain:

- Employees full name
- Home address
- Date of birth
- Social security number or other unique personal identification number (Canadian Social Insurance Number)

All disclosure documents provided as part of the Proposal should be clearly identified as disclosure documents and should be contained in a separate envelope within the Proposal package. Only one composite copy of the disclosure documents should be submitted. 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, must submit a completed Class "L" Business Entity.

The Vendor(s) selected by the Lottery CEO for background investigation must also submit a completed DCI Class "L-1" Vendor Key Personnel (Class "L-1") for each "control person" of the Vendor. A control person is defined as all persons owning 5 percent (5%) or more of the Vendor, a subsidiary of the Vendor or the parent company of the Vendor and all officers and directors thereof. In addition the Lottery may require a Class "L-1" to be submitted for any person identified as a trustee, partner, sole proprietor, employee or other person in a sensitive position or relationship with the bidder. The Class "L-1" requires the submittal of one completed fingerprint card. To obtain the required number of blank fingerprint cards, the Vendor should contact the RFP coordinator.

Upon request from the Lottery or DCI, Vendors shall be required to provide additional records as requested to supplement the previously provided documentation relating to a background application. This may include records pertaining to an affiliated company.

**COST OF BACKGROUND INVESTIGATION.** The expense of conducting the background investigation(s) performed by DCI will be borne by the Vendor. The application fee is required prior to the start of the DCI investigation process. All fees are to be submitted in the form of a check or money order payable to the Iowa Division of Criminal Investigation. If at any time the investigative costs exceed the total amount of fees submitted by the Vendor, DCI may require additional funds, as it deems appropriate.

**Class "L" Business Entity** - An application fee is required for each Class "L" submitted. Fees associated with the Class "L" applications are \$10,000 for a domestic applicant Vendor and \$15,000 for a foreign applicant Vendor. Any funds not expended by the DCI in the review of the Vendor's Class "L" background form will be returned by the DCI to the Vendor.

If the Lottery or DCI requests additional records from such Vendor, the Vendor shall deposit with DCI the estimated cost of collecting and evaluating such information. All requests for additional funding shall be provided by the DCI or the Lottery in writing.

**Class "L-1" Vendor Key Personnel** – After review of the Key Personnel Supplemental List provided with the Proposal, the Lottery or DCI will notify the Vendor in writing which individuals need to have a background

investigation completed. Class “L-1” fees will be payable at that time. Fees associated with the Class “L-1” applications are:

- o Individual residing in Iowa: \$4,000
- o Individual residing within the contiguous United States: \$6,000
- o Individual residing outside the contiguous United States: \$7,000

### **1.34 Disclosure of Litigation and Other Information**

Since the Lottery has a strong interest in the Successful Vendor's continuing capability to produce secure, high quality products and services, the Lottery requires that Vendors list and summarize pending or threatened litigation, administrative or regulatory proceedings, investigations, or similar matters that could materially affect the Vendor or the Vendor's performance. As part of this disclosure requirement, Vendors must state whether any “control person” has ever been convicted of a felony or gaming related violation. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract. Vendors must disclose this information with any Proposal submitted.

Disclosure information is a continuing requirement; any such matter commencing after submission of a Proposal and, with respect to any Successful Vendor(s) after the execution of a Contract, must be disclosed in a timely manner in a written statement to the Lottery.

As part of the continuing disclosure requirement, disclosure documents must be submitted for any new litigation. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract.

### **1.35 Change of Ownership or Financial Condition**

If a Successful Vendor(s) who has submitted a Proposal in response to this RFP experiences a “material (substantial) change in its ownership or financial condition” prior to award, or during the term of a Contract with the Lottery, the Lottery must be notified in writing at the time the change occurs or is identified. “Material change in ownership” is defined as any merger, acquisition, assignment or change in parties who comprise ownership greater than five (5) percent of a Successful Vendor(s) or the parent company of a Successful Vendor(s). “Material change in financial condition” is defined as any event which, following Generally Accepted Accounting Principles (GAAP), would require a disclosure in the annual report of a publicly traded United States corporation.

As part of the continuing disclosure requirement, disclosure documents must be submitted for a new “control person”. The costs associated with background investigation will be borne by a Successful Vendor(s). Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract.

### **1.36 Independent Price Determination**

By submission of a Proposal, the Vendor certifies that in connection with the Proposal:

- a. The prices in the Proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition with any other Vendor or with any competitor.
- b. Unless otherwise required by law, the prices quoted have not been knowingly disclosed by the Vendor and will not knowingly be disclosed by the Vendor prior to award directly or indirectly to any other Vendor or to any person not representing the Vendor.
- c. No attempt has been made or will be made by the Vendor to induce any other person or entity to submit or not submit a Proposal for the purpose of restricting competition.

### **1.37 Hiring and other Business Relationships with Lottery Staff**

During the period from the RFP release until the signing of the Contract, Vendors are prohibited from officially or unofficially soliciting, making any employment offer or proposing any business arrangement whatsoever to any Lottery employee or board member. A Vendor making such an offer or proposition may be disqualified from further consideration, or a Contract signed pursuant to this RFP may be terminated. Furthermore, for the duration of this RFP process, Vendors, their employees and any representative, designee or agent of the Vendor shall refrain from:

- a. Providing meals, entertainment, or other expenses for Iowa Lottery Authority employees, Iowa elected officials or board members.
- b. Providing gifts of any value to Iowa Lottery Authority employees, Iowa elected officials or board members. Iowa Code chapter 68B and Chapter 99G contains laws which restrict gifts which may be given or received by state employees and requires certain individuals to disclose information concerning their activities with state government. Vendors are responsible for determining the applicability of the chapter to their activities and for complying with those requirements. In addition, Iowa Code 722.1 provides that it is a felony offense to bribe a public official.

### **1.38 Disqualification for Business Incapability**

The Successful Vendor(s) must have financial and business stability and the wherewithal to perform and support the Lottery.

If, at any time prior to the signing of a Contract, the Lottery determines that a Vendor does not possess adequate financial ability or requisite stability to carry out the obligations of the Contract, the Lottery reserves the right to disqualify that Vendor from further consideration.

If, at any time after Contract execution, the Lottery determines that the Successful Vendor(s) does not possess adequate financial ability or business stability, has a conflict of interest, or lack security, integrity and reliability to assure performance in carrying out the obligations of the Contract, the Lottery reserves the right to terminate the Contract pursuant to Appendix B Section 4 (Termination for Cause).

### **1.39 Applicable Laws and Procedures**

This RFP, the Proposals, the resulting Contract, and the processes associated with the procurement, shall be governed by the laws of the State of Iowa. With respect to any and all legal actions or proceedings arising under this RFP or any resulting Contract, a Vendor, by submission of a Proposal, consents to the venue and jurisdiction of all courts of the State of Iowa which is the place of the issuance of this RFP, the place where a contract will be executed, and the principal place where the obligations of the Successful Vendor(s) to the Iowa Lottery Authority are to be performed.

### **1.40 Appeal of Award**

Any Vendor whose bid or Proposal has been timely filed and who is aggrieved by the award of the Lottery may appeal the decision by filing a written notice of appeal before the Iowa Lottery Authority Board, 13001 University Avenue, Clive, Iowa 50325-8225, within five days of the date of the notice of intent to award, exclusive of Saturdays, Sundays, and state legal holidays. To be considered timely, the notice of appeal must actually be received at this address within the five-day time frame specified. The notice of appeal shall state the grounds upon which the Vendor challenges the Lottery's award. Following receipt of a notice of appeal that has been timely filed, the board shall notify the aggrieved Vendor and the Successful Vendor(s) who received the contract award of the procedures to be followed in the appeal. The Board may appoint a designee to proceed with the appeal on its behalf.

### **1.41 Business Compliance.**

The Vendor must be in compliance with the laws regarding conducting business in the State of Iowa. The Vendor certifies by signing the letter of transmittal that the Vendor and any proposed subcontractors either are presently in compliance with such laws or shall be in compliance with such laws prior to any resulting contract award. The Vendor shall provide documentation of compliance upon request by the Iowa Lottery. The compliance to conduct business in the state shall include but may not be limited to:

- a. Registration of business name with the Iowa Secretary of State (if applicable)
- b. Certificate of authority to transact business/certificate of good standing (if applicable)
- c. Taxes (e.g. city/county/state/federal)
- d. State and local certifications (e.g. professions/ occupations/activities)
- e. Licenses and permits (e.g. city/county license, sales permits)
- f. Insurance (e.g. worker's compensation/unemployment compensation)

Any foreign company based outside of the United States that does not have an Employer Identification Number assigned by the IRS will need to complete the appropriate IRS W-8 form (found on the [www.irs.gov](http://www.irs.gov) website).

### **1.42 Release of Claims**

With the submission of a Proposal, each Vendor agrees that it will not bring any claim or have any cause of action against the Lottery or the State of Iowa based on any misunderstanding concerning the information provided herein or concerning the Lottery's failure, negligent or otherwise, to provide the Vendor with pertinent information as intended by the RFP. Additionally, each Vendor releases each source of information of all claims, whether known or unknown, consulted by the Lottery to obtain information regarding the Vendor's criminal history, credit data, the Vendor, the Vendor's product, services, personnel or subcontractors which the Lottery deems pertinent to this RFP.

### **1.43 News Release Prohibition**

Vendors will not issue any news release or make any statement to the news media pertaining to this RFP, their Proposal, any proposed contract, or the work to be performed, without the prior written approval of the Lottery. Failure to comply with the News Release Prohibition may result in rejection of the Proposal or in termination of a Contract.

### **1.44 Headings**

The headings used in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions thereof.

## **PART 2 – SPECIAL TERMS AND CONDITIONS**

### **2.0 Introduction**

This section describes certain special terms and conditions that apply to the Lottery's procurement and which by virtue of incorporation will become part of the Contract executed pursuant to this RFP. Additional contractual terms for this procurement are provided in Appendix B: Iowa Lottery Terms and Conditions. The Successful Vendor(s) will be expected to sign a Contract based on the terms of this section and those in Appendix B. By submitting a Proposal, the Vendor agrees to the Terms and Conditions contained in this section and in Appendix B.

## **2.1 Contract Elements**

The Contract between the Lottery and the Successful Vendor(s) shall include as integral parts thereof:

- a. Addendums to the Contract
- b. The Contract
- c. The Terms and Conditions for Iowa Lottery contracts
- d. Clarifications, including questions from Vendors and applicable responses, and addenda to this RFP
- e. This RFP
- f. Amendments to the Proposal and any Proposal clarifications
- g. The Proposal

In the event of a conflict in the provisions of these documents, the order of precedence shall be as listed above from the highest to the lowest.

The failure of a party to insist upon strict adherence to any term of a Contract resulting from this RFP shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

## **2.2 Amendments to the Contract**

Any Contract provision resulting from this RFP may not be modified, amended, altered, changed, renewed, varied, waived or augmented, except in writing executed by the parties hereto. Any breach or default by a party shall not be waived or released other than in writing and signed by the other party.

## **2.3 Severability**

If a court of competent jurisdiction determines any portion of a Contract executed pursuant to this RFP to be invalid, that portion shall be severed and the remaining portions of the Contract shall remain in effect.

## **2.4 Term of Contract**

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), provided that any such option to renew is exercised in writing by the Lottery at least ninety (90) days prior to the end of the initial period, or any renewal thereof, or at a time mutually agreed upon by both parties. The Lottery may opt to award more than one renewal at a time, and may negotiate the terms of the renewal.

## **2.5 Covenant Against Contingent Fees**

The Vendor warrants that no person, selling agency or other agency has been employed or retained to solicit or secure an agreement pursuant to this RFP upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For breach or violation of this warranty, the Lottery shall have the right to terminate any Contract in accordance with the termination clause, and in its sole discretion, to deduct from any Contract or otherwise recover the full amount of any such commission, percentage, brokerage or contingent fee.

## **2.6 Audit and Accounting Requirements**

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.
- c. The Successful Vendor(s) is required to maintain its books, records and all other information pertaining to the Contract in accordance with generally accepted accounting principles (GAAP) (or the appropriate non-U.S. equivalent) and such other procedures specified by the Lottery. These records shall be available to the Lottery, its internal auditors or external auditors (and other designees) at all times during the contract period and for five (5) years from the contract expiration date or final payment on the contract, whichever is later.

## **2.7 Bonds and Insurance Qualifications**

All required bonds and insurance must be issued by companies which are rated A- (Excellent) or higher by A. M. Best Company. All such companies must be approved by the Lottery, have a record of successful continuous operation, and be licensed, admitted, and authorized to do business in the State of Iowa. Required bonds and coverages must be put into effect as of the effective date of the Contract and must remain in effect throughout the term of the Contract, as determined by the Lottery. The Successful Vendor(s) must submit certificates and copies of each required bond and insurance contract, and any renewals thereof, to the Lottery. The insurance policies must provide thirty (30) days advance written notice of cancellation, termination or failure to renew any policy.

## **2.8 Insurance**

The Successful Vendor(s) shall purchase and maintain insurance providing coverage for the claims set forth below which may arise out of or result from the Successful Vendor(s) operations under the Contract, whether such operations be by the Successful Vendor(s) or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- a. Claims under workers' compensation, occupational disease disablement, disability benefits and other similar employee benefits acts.
- b. Claims for damages because of bodily injury, occupational sickness or disease, or death of any person, including Successful Vendor(s) employees.
- c. Claims for damages because of injury to or destruction of tangible property, including any resulting loss of use.

Errors and Omissions Insurance that will indemnify the Lottery and the State of Iowa for any losses incurred or any other error or omission caused by the Successful Vendor(s), its officers, employees, agents, subcontractors or assigns regardless of negligence.

## 2.8.1 Insurance Coverages.

Specific coverage requirements are listed below. Dollar amounts defined below are minimums and the Successful Vendor(s) must purchase and maintain these minimum insurance coverages. Statements of self-insurance to cover these obligations will be considered non-responsive.

- a. Property Insurance. Insurance on all buildings, fixtures and equipment provided or used in the production of instant tickets must be maintained in the amount of actual replacement cost thereof. This policy must insure personal property including contents and equipment against fire, flood, and all other insurable hazards.
- b. General Liability Insurance. Commercial General Liability and Property Damages Insurance with limits of not less than \$2,000,000 combined single limit for Bodily Injury and Property Damage per occurrence and \$1,000,000 Aggregate.
- c. Professional Liability and Errors and Omissions Insurance. Amount: \$1,000,000.
- d. Automobile Bodily Injury and Liability Insurance. Insurance with a combined single limit of not less than \$1,000,000.
- e. Workers' Compensation Insurance. To cover all of Successful Vendor(s) employees during the term of the contract in accordance with Iowa statutes, or other applicable worker's compensation laws.

Professional Liability and Errors and Omissions Insurance must indemnify the Lottery, its directors, officers and employees, and the State for direct or indirect loss due to any error or omission caused by the Successful Vendor(s) and coverage must continue until one (1) year past the term of the Contract.

All other insurances required by this section must be effective upon execution of the Contract and continue in full force and effect throughout the term of the Contract. The Lottery must receive thirty (30) days advance written notice of cancellation, termination, or failure to renew any policy.

## 2.8.2 Certificates of Insurance.

Certificates of insurance must be furnished to the Lottery no later than thirty (30) days following Contract execution, with renewal certificates provided each year thereafter. The Lottery will be named as an additional insured on all Certificates of Insurance as allowable.

## 2.9 Performance Bond

Within ten (10) days of execution of the contract, a Successful Vendor(s) must provide to the Lottery, a performance bond, irrevocable Letter of Credit, or other form of security acceptable to the Lottery in the amount of two hundred fifty thousand dollars (\$250,000) during the term of the Contract. The performance bond shall bind the Successful Vendor(s) to fully and faithfully perform its obligations under the Contract, and provide payment to the Lottery if the Successful Vendor(s) defaults in the performance of the Contract or has caused or incurred any uncompensated liquidated damages.

The performance bond may be used to satisfy liquidated damages payments due the Lottery that have not been received within thirty (30) calendar days after written notice of liquidated damage occurrence has been given to the Successful Vendor(s) by the Lottery.

Other forms of security may be acceptable but are subject to the Lottery's discretion and approval. Failure to post an additional bond or security within seven (7) days after notice that proposed security is inadequate, shall be grounds for immediate termination of the Contract.

### Letter of Credit as Performance Security.

**Letter of Credit as Performance Security.** Any Contract resulting from this RFP will allow an irrevocable Letter of Credit as performance security to be provided. The Successful Vendor(s) shall maintain an irrevocable Letter of Credit, in the amount of USD \$250,000.00 with payment in favor of the Lottery as provided herein. Any irrevocable Letter of Credit submitted must be in the form and include

language substantially similar to the language provided as Appendix H of the RFP. The irrevocable Letter of Credit includes any amendments, additions, or replacement letters (collectively referred to as "Letter of Credit") and shall be issued by a financial institution that is well capitalized pursuant to Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) guidelines, that is FDIC or NCUA insured, that is registered to do business in the State of Iowa, and that has a physical presence in Iowa ("Issuing Bank"). If at any time the Issuing Bank fails to satisfy these requirements for any reason, Contractor shall obtain a substituted irrevocable Letter of Credit from another institution. Successful Vendor(s) shall pay the cost of maintaining the irrevocable Letter of Credit.

**Delivery and Duration.** The Successful Vendor(s) shall deliver the irrevocable Letter of Credit, original in form, to the Lottery before performing any services pursuant to the Contract, and in all cases no later than fifteen (15) calendar days following final execution of the Contract. The irrevocable Letter of Credit shall be in place for the term of the Contract and any extensions or renewals thereof. A lapse of the irrevocable Letter of Credit will be a material breach of the Contract.

**Nonrenewal of Letter of Credit.** In the event the Lottery receives a Notice of Non-Renewal from the Issuing Bank, the Successful Vendor(s) must provide a substituted irrevocable Letter of Credit for the next Contract year no later than sixty (60) calendar days prior to the expiration of the Letter of Credit then in effect. Any substituted irrevocable Letter of Credit submitted must be in the form and include language substantially similar to the language provided as Appendix H to the RFP.

**Rights to Draw on the Letter of Credit.** The Lottery shall have the right to draw upon the Letter of Credit in one or more drawings for either a portion or the full amount upon occurrence of any of the following events: (i) the Contract has been terminated by the Lottery for cause; (ii) the Successful Vendor(s) is in default under the terms of the Contract and any notice period provided in a notice of default has expired; or (iii) the Successful Vendor(s) is in default under the terms of the Contract and the issuance of a notice of the default is barred or stayed by law; or (iv) the Successful Vendor(s) fails to make payments due to the Lottery that have not been received within thirty (30) calendar days after written notice of liquidated damage occurrence has been provided to the Successful Vendor(s) by the Lottery. The Lottery may draw upon the Letter of Credit as often as any of the foregoing events occur up to the full amount of the Letter of Credit.

**Amendment.** Successful Vendor(s) shall promptly cause the Letter of Credit to be amended if the Lottery reasonably requests an amendment, such as to change the address for notices. If the Letter of Credit is lost, stolen, or damaged, Successful Vendor(s) shall cooperate with Lottery to replace such Letter of Credit.

## **2.10 Fidelity Bond**

Prior to Contract execution, the Successful Vendor(s) will be required to obtain a fidelity bond in the amount of two hundred fifty thousand dollars (\$250,000) during the term of the Contract 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. Such an event, in the sole discretion of the Lottery, could be grounds for termination of the contract, whether or not the losses or damages arising as a result of the act or event are paid under the fidelity bond or insurance.

If a subcontractor is not covered by the Successful Vendor's policy the Successful Vendor(s) must ensure the subcontractors have their own coverage.

## **2.11 Force Majeure**

A force majeure occurrence is an event or effect that cannot be reasonably anticipated, prevented or controlled and without the fault or negligence of the non-performing party. As herein used, force majeure may include, but is not limited to fire, explosion, Act of God, strike or labor disturbance, rationing, war, terrorism, act of any governmental authority or agency, civil disturbance, governmental interference, or any other cause which is beyond the control of the party affected, and which, by the exercise of reasonable diligence, said party is unable to prevent or to predict or through advance planning avoid.

Except as otherwise provided herein, the Lottery shall not be liable to the Successful Vendor(s) for any delay in, or failure of performance of, any covenant contained herein nor shall any such delay or failure of



performance constitute default hereunder, to the extent that such delay or failure is caused by force majeure. The existence of such causes of delay or failure shall extend the schedule for performance to such extent as may be necessary to complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

Any such delay in or failure of performance shall not in and of itself give rise to any liability for damages; however, the Lottery may elect to terminate the Contract for cause should its continuing operations, in its sole judgment, be materially threatened or harmed by reason of extended delay or failure of performance. During any such period, the Successful Vendor(s) shall continue to be responsible for all costs and expenses related to alternative performance. The Successful Vendor(s) shall not be relieved of its responsibility for any obligation being performed by a subcontractor or supplier of services unless the subcontractor or supplier is prevented from timely performance by a “force majeure” as described here.

## ***2.12 Title to, Use of, and Compensation for, Intellectual Property***

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.

The Successful Vendor(s) shall indemnify and hold harmless the State of Iowa, the Lottery, the Lottery's officers and directors, employees, staff, other Lottery Vendors, retailers, and all agents, employees, officers and directors thereof, from and against any and all claims, damages, fees and expenses (including any attorneys' fees and including reasonable value of time for the Attorney General's Office) arising from or related to any claims that any or all of the products or services provided by the Successful Vendor(s) under the contract violate the Intellectual Property Rights of a third party.

While the Lottery and the Successful Vendor(s) agree that Intellectual Property associated with any product or service provided by (or developed solely by) the Successful Vendor(s) during the term of this Contract and used by the Lottery will remain the property of the Successful Vendor(s), the Successful Vendor(s) will grant a license or authority to the Lottery to make use of any such Intellectual Property with respect to Lottery conduct of games and business until the latter of the following: contract expiration or the end of a game utilizing the license. There shall be no additional charge for this right of the Lottery.

The Successful Vendor(s) obligation under this Section shall not extend to any liability caused by (a) the negligence of or the unauthorized use by the Lottery, the state of Iowa, or its agents, officials or employees, or any act or omission of a third party, not a subcontractor of the Successful Vendor(s).

The Lottery's trademarks, trade names and service marks used on materials produced will remain the sole property of the Lottery and shall be reproduced exactly as specified by the Lottery. The Lottery's marks shall not be used on any materials other than those authorized by the Lottery.

## ***2.13 State or Federal Trademark Searches***

The Successful Vendor(s), at Vendor's expense shall be required to obtain a state and federal trademark search or trade name search from competent legal counsel for the name selected for each game before approval of final Working Papers for each game and related promotion. A written opinion from competent trademark counsel shall be submitted to the Lottery indicating that it is appropriate for the Lottery to use the name selected.

An electronic version of the written opinion from competent trademark counsel must be submitted to the Lottery prior to the Lottery's signature of executed working papers for every game.

## **2.14 Contractor Warranties.**

### **2.14.1 Warranties Not Limited**

The warranties expressed in the contract will be intended to modify the warranties implied by law only to the extent that they expand the warranties applicable to the goods and services provided by the Successful Vendor(s).

### **2.14.2 IP Warranty**

Warranty Regarding Intellectual Property Rights. The Successful Vendor(s) will warrant that, in the performance of this contract; the Successful Vendor's work product and the information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished, used, or relied upon by the Successful Vendor(s) will not infringe any copyright, patent, trademark, trade dress or other intellectual property right of Vendor or others provided; however, that the Successful Vendor(s) need provide no such warranty for information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to the Successful Vendor(s) by the Lottery.

### **2.14.3 Warranty Against Infringement**

The Successful Vendor(s) must warrant that the production, design and use of ticket product by the Lottery provided by the Successful Vendor(s) will not infringe on any patent, trademark, copyright, trademark, service mark, trade secret or other right held by any third party. The contract will also require the Successful Vendor(s) to indemnify the Lottery and the State of Iowa in the event that a third-party asserts that the Lottery's use of the product is a violation of such party's rights; provided, however, that the Successful Vendor(s) need provide no such warranty for information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to the Successful Vendor(s) by the Lottery.

### **2.14.4 Warranty on Suitability and Merchantability**

The Successful Vendor(s) must warrant that the products and services provided to the Lottery will be suitable for the particular purpose of use in a state lottery and are merchantable. The Successful Vendor(s) also acknowledge that the Lottery is relying on the Successful Vendor's skill and judgment to provide product and services fit in all aspects for this purpose that will be designed to maximize the ticket sales of the Lottery.

### **2.14.5 Warranty on Products**

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.

### **2.14.6 Warranty on Services**

The Successful Vendors) must warrant that all services provided shall be performed in a prompt, competent and workmanlike manner by properly trained individuals in accordance with the highest standards in the Successful Vendor's profession, that goods and services will be free and clear of any lien or claim by any party at the time of delivery and that no misrepresentations have been made including material omissions.

## **2.15 Ticket Purchase and Prize Payment Restrictions**

Restrictions apply to the purchase of tickets and payment of prizes regarding individuals related to the Successful Vendor(s) or the Successful Vendor's subcontractors. Pursuant to the Iowa Code section 99G, no ticket or share issued by the authority shall be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any vendor or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any such person if such officer, employee, agent, or subcontractor has access to confidential information which may compromise the integrity of the Lottery. The Successful Vendor(s) shall ensure that this requirement is made known to each affected individual.

To ensure compliance with this requirement, the Successful Vendor(s) and its subcontractors shall provide a list of such individuals within thirty (30) days of the award of the contract. The list shall include name, address, date of birth, and social security number or other unique personal identification number (Canadian Social Insurance Number), and shall be updated to maintain current information. This requirement applies throughout the duration of the Contract.

## **2.16 Liquidated Damages Provisions**

With respect to each of the liquidated damages sections set forth in the RFP and the Contract, the Lottery and the Successful Vendor(s) agree that it would be extremely impractical and difficult to determine actual damages which the Lottery will sustain in the event of a breach by the Successful Vendor(s). The Lottery and the Successful Vendor(s) further agree that the goods and services to be provided under the Contract are not readily available on the open market and any breach by the Successful Vendor(s) will delay and disrupt the Lottery's operations and will result in damages. Therefore, the parties agree that the liquidated damages as specified in all the sections of the RFP and the Contract are reasonable and are not to be construed as a penalty.

In no case shall liquidated damages be measured in terms of potential lost revenue or potential lost net profit to the Lottery, unless and to the extent that a court of competent jurisdiction should determine that a liquidated damages provision is unenforceable as a matter of law.

Assessment of liquidated damages shall be in addition to, and not in lieu of, such other remedies as may be available to the Lottery. Except and to the extent expressly provided herein, the Lottery shall be entitled to recover liquidated damages under each and every section applicable to any given breach, occurrence or incident.

### **2.16.1 Notification of Liquidated Damages.**

Upon determination that liquidated damages are to be or may be assessed, the Lottery shall notify the Successful Vendor(s) of the assessment in writing. The availability of any period of cure will depend on the situation and will be in the sole discretion of the Lottery.

### **2.16.2 Delivery of Non-conforming Tickets**

#### **Condition**

After any test or inspection conducted by the Lottery, no more than 5 percent (5%) of the tickets of any particular game may fail to meet the requirements contained in the working papers. The Lottery will have the sole right to reject the non-conforming tickets, packs or the entire order containing the non-conforming tickets. If the quantity of non-conforming tickets is such that the rejection of the tickets does not interrupt the scheduled sale of the game, the Successful Vendor(s) shall refund any Lottery purchase price paid for the non-conforming tickets and any related expenses or pay a minimum isolated pack fee.

The Successful Vendor(s) will be responsible for all costs and expenses related to the replacement, return or destruction of non-conforming tickets. The risk of loss on non-conforming tickets remains with the Successful Vendor(s) at all times prior to and after rejection and does not pass to the Lottery upon initial acceptance by the Lottery. If the quantity of non-conforming tickets is such that the game is terminated, interrupted or delayed, and the Successful Vendor's failure to deliver conforming tickets will interfere with the Lottery's ability to maximize sales, liquidated damages may be assessed at the option of the Lottery.

#### **Reasonable Expenses Reimbursement**

The Lottery may require Successful Vendor(s) to pay a minimum of \$500 per incident as a non-conforming isolated pack fee. In the event of excessive multiple non-conforming isolated packs, the Lottery may require Successful Vendor(s) to pay the actual Lottery purchase price plus any related expenses.

Since the damages accruing to the Lottery for lost sales will be difficult or impossible to ascertain, the Lottery may require Successful Vendor(s) to pay as liquidated damages five thousand dollars (\$5,000) per calendar day that the Lottery is unable to sell tickets of the game as originally scheduled and beginning with the fifteenth (15) calendar day the Lottery may require Successful Vendor(s) to pay liquidated damages of seven thousand-five hundred dollars (\$7,500) per calendar day for each day that tickets are not sold as scheduled.

### **2.16.3 Over-Redemption**

#### **Condition**

If over-redemption occurs, the Lottery may require the Successful Vendor(s) to pay for all prize liabilities incurred that are attributable to over-redemption in addition to any damages with respect to the delivery of nonconforming tickets. If over-redemption occurs, the Lottery may require the Successful Vendor(s) to reimburse the Lottery for all prize liabilities incurred which are attributable to over-redemption and to indemnify the Lottery.

If a game is interrupted as a result of over-redemption, the Successful Vendor(s) shall take all reasonable steps, including the payment of overtime, to ensure that the Lottery obtains replacement tickets in the shortest possible time. The Lottery will not be charged for any additional expenses incurred to facilitate the expedited delivery of replacement tickets.

The Successful Vendor's liability for over-redemption shall extend to all instances of over-redemption including instances discovered after the expiration, cancellation or termination of the contract. Over-redemption will be considered a material breach of the contract and the Lottery may cancel the contract or seek any other legal or equitable remedy available by the contract or authorized by law.

#### **Reasonable Expenses Reimbursement**

To determine the prize liability attributable to over-redemption a prize consisting of a free ticket in any game shall be valued at 60 percent (60%) of the retail sale price of a ticket and a product prize shall be valued at cost to the Lottery.

If the Lottery interrupts a game due to over-redemption as defined above, the Lottery may require the Successful Vendor(s) to reimburse the Lottery for the aggregate of the Lottery's purchase price from the Successful Vendor(s) of any tickets not sold by the Lottery due to the interruption of the game and the expenses of the Lottery.

The Lottery may require the Successful Vendor(s) to reimburse the Lottery's expenses on a proportionate basis which reflects the relationship which the number of tickets unsold has to the number of tickets ordered in the game. In determining the percentage of tickets sold and unsold, the total, delivered quantity shall be used, unless all deliveries have not yet been made, in which case, the ordered quantity shall be used. In either case, the Lottery shall pay only for tickets actually sold to the public.

#### **2.16.4 Damages for Late Delivery.**

In the event of a delay in the delivery of tickets, the Lottery may require the Successful Vendor(s) to pay liquidated damages of five thousand dollars (\$5,000) per calendar day that the Successful Vendor(s) does not fully meet the delivery schedule in Working Papers for the first fourteen (14) calendar days during which the schedule is not met. Beginning with the fifteenth (15) calendar day following the scheduled delivery date, the Successful Vendor(s) will pay liquidated damages of seven thousand-five hundred dollars (\$7,500) per calendar day for each day the schedule in the Working Papers is not met. Late deliveries will be considered a material breach of the contract and the Lottery may cancel the contract or seek any other legal or equitable remedy available by the contract or authorized by law.

### **2.17 Security Program Under the Contract**

The Successful Vendor(s) shall establish a plant security system at all plants in which game tickets are to be produced to ensure the security of tickets in all stages of production including without limitation, design, material procurement, production, transportation, storage, distribution, validation, and disposition of game tickets and production media. Prior to contract execution, current plant security procedures for all plants used by the Successful Vendor(s) and any subcontractors shall be provided. Thereafter, the plant security procedures must be updated and reviewed annually, and receive written acceptance by the Lottery.

#### **2.17.1 Personnel Security.**

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of the Successful Vendor(s) it deems appropriate. Such background investigations may include fingerprint identification.

The Successful Vendor(s) consents to cooperate with such investigations, and to instruct its employees to cooperate. The Lottery reserves the right to require the removal of any and all employees of such Successful Vendor(s) from any responsibility in the performance of services as provided for under this RFP, based upon the results of background checks, or if the Lottery finds that any such employee is not performing in the best interest of the Lottery. The Lottery may terminate any resulting Contract based upon adverse results of these background checks if the Lottery determines that its integrity, security, or goodwill may be in jeopardy.

The ability to conduct such investigations is a continuing right of the Lottery throughout any resulting Contract. The Lottery may extend this requirement to include any officers and employees of the Successful Vendor(s) and any subcontractors involved in any way. The Lottery may also extend this requirement to include investors and owners (with a five percent (5%) or greater interest).

Upon award of a Contract, the Successful Vendor(s) shall submit and allow, at a minimum, the following security elements:

- a. A list of the names, addresses, dates of birth, and Social Security numbers or other unique personal identification number (Canadian Social Insurance Number) of all employees and subcontractors assigned to and associated with the Contract.
- b. Notification in writing to the Lottery within ten (10) business days if a person, group of persons, partnership, corporation, associate group of investors, limited liability company or other legal entity acquires directly or indirectly the beneficial ownership in the amount of five percent (5%) or more of the ownership interest in, or any class of equity securities of, the Successful Vendor(s) or the parent company of the Successful Vendor(s). Background investigation and licensing may be required for these new owners and if the investigations are unsatisfactory, the Lottery may, at its option, terminate the Contract, after providing thirty (30) days written notice to the Successful Vendor(s).
- c. Unfettered and unannounced access, inspection and evaluation privileges for all phases of performance and for all facilities and premises used by the Successful Vendor(s) in fulfillment of the Contract and any extension thereof.

### **2.17.2 Security Violation Reporting.**

The Successful Vendor(s) shall immediately report via telephone and in writing to the Lottery's Vice President of Security, any security procedural violation, system compromise, violation of law (e.g., theft), or disappearance of any paper stock, data media, cylinders, tickets, waste, film, printing plates, software or material used or to be used in the performance of this Contract.

### **2.17.3 Security Information (Disclosure) Updates.**

The Successful Vendor(s) shall report any change in, addition to, or deletion from, the security information disclosed to the Lottery. The report shall be in the form of a letter addressed to the Lottery and shall be delivered to the Lottery's Vice President of Security within thirty (30) days of the effective date of the change, addition, or deletion. In particular the Successful Vendor(s) must report the involvement of any of the Successful Vendor's employees, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation.

## **2.18 Vendor Ethics and Integrity**

The Successful Vendor(s) is obligated to meet high standards for ethics and integrity under any resulting Contract. The Successful Vendor(s) and employees:

- a. Shall accept no pay, remuneration, or gratuity of any value for performance on or information derived from this project from any party other than the Lottery as described in the Contract, or from any party under contract to the Lottery or seeking to contract with the Lottery with respect to this project.
- b. Shall comply with Iowa Code chapter 68B and 99G, which contains laws which restrict gifts which may be given or received by state employees and requires certain individuals to disclose information concerning their activities with state government. Vendors are responsible for determining the applicability of the chapter to their activities and for complying with those requirements. In addition, Iowa Code 722.1 provides that it is a felony offense to bribe a public official.
- c. Shall not disclose any business sensitive or confidential information gained by virtue of the Contract to any party without the explicit written consent of the Lottery.
- d. Shall take no action in the performance of the Contract to create an unfair, unethical, or illegal competitive advantage for itself or others.
- e. Shall not have any financial or personal interests relating to this project (other than the Contract itself) without the explicit written consent of the Lottery.

For violation of the above provisions, the Lottery may terminate any resulting Contract, receive restitution from, debar, or take any other appropriate actions against the Successful Vendor(s).

## **2.19 Compliance with Association Standards**

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. The Lottery is currently a member of NASPL, WLA and MUSL.

## **2.20 Taxes on Vendor**

The Successful Vendor(s) may be subject to certain taxes, including but not limited to sales tax, motor vehicle fuel tax, personal or corporate income tax or other taxes or assessments, and to licensing fees or

other miscellaneous fees or charges which may be imposed by federal, state, or local law or ordinance. The Successful Vendor(s) shall be solely responsible for paying any such taxes and shall promptly pay all such taxes, fees or charges when due. The Lottery is a tax-exempt entity and no payment will be made for any taxes levied on the Successful Vendor(s) for any purpose. Such taxes must not be included in the Proposal prices.

## PART 3 – SPECIFICATIONS

### 3.0 Overview

This section describes the minimum features and specifications required for the production of instant tickets desired by the Lottery that Vendor(s) must be capable of providing. **Unless otherwise noted in the RESPONSE NOTES, the following items in this section shall be included in the base price.**

**RESPONSE NOTE:** The vendor must acknowledge that the Lottery's online game system contract will expire during the course of this contract's extension periods and that the resulting game system may require changes to the definition for printer files.

The Vendor shall present an overview of the ticket features and services available and ways the Vendor is evolving to meet industry changes. This information should include methods of printing and production by which the Vendor intends to produce and package the tickets. These capabilities should be supported by responses to other RFP items to follow.

### 3.1 Ticket Construction

Tickets produced shall be printed on 10-point virgin/recyclable or recycled/recyclable white card stock; which will not curl, separate or be easily split. This does not pertain to card stock for dual-layered tickets or other optional stock required for special features (i.e. foil) which will be specified in the working papers (refer to Section 3.23). Tickets produced shall utilize environmentally friendly products.

**RESPONSE NOTE:** The Vendor shall describe its capability to use soy base inks or otherwise environmentally-friendly products for over prints, display printing, imaging, protective coating, and scratch-off material on the tickets.

Individual tickets within a pack shall be separated by perforations. Each perforation must be clean cut in a manner which allows easy removal of the tickets from each other during the sale process while at the same time not permitting accidental separation during normal handling or vending. Currently, the Lottery uses SGI PlayCentral HD instant ticket vending machines. All tickets produced must properly dispense in Iowa "Take-A-Ticket" and Schafer Systems on-counter and in-counter dispensers as well as instant ticket vending machines.

**RESPONSE NOTE:** The Vendor shall state production methods and quality control used to assure tickets may be dispensed from automated instant ticket machines. The Vendor shall relate any experience with tickets being dispensed from machines and provide data regarding that experience.

### 3.2 Ticket Size

Industry standard game ticket size(s) are 2.4"x4", 4"x4", 4"x6", 4"x8" and 4"x10". The Lottery also currently offers for sale at all times: a Game Book, and 2 versions of a 7 7/8" x 8" ticket of which one is a Crossword version. The Lottery may request tickets in other sizes at prices mutually agreeable to both parties.

**RESPONSE NOTE:** The Vendor shall describe the full range of ticket sizes offered by the Vendor. The Vendor must provide at least one ticket sample from five (5) different games at each size that have been produced by the Vendor during the past year. The Vendor must provide at least one ticket from a Bingo and Crossword game.

### **3.3 Ticket Symbols**

Ticket symbols must be printed in black or colored ink on the front of the ticket. Symbols must be uniformly positioned and aligned on the tickets unless otherwise specified by the Lottery in the working papers. To avoid pick out, the symbols must float. The Successful Vendor(s) must provide security recommendations regarding the potential pick out problems associated with the positioning or alignment specified in the working papers. All symbols must be printed with a computer-controlled imaging printer with fonts approved by the Lottery and be sufficiently legible so as to be readily discernible to a person with normal vision under normal lighting conditions. At the request of the Lottery, additional fonts must be created at no additional cost.

**RESPONSE NOTE:** The Vendor shall provide samples of up to twelve (12) font styles and discuss the range currently available to the Lottery for use in ticket production.

**RESPONSE NOTE:** The Vendor shall provide samples of up to one hundred (100) symbols and discuss the range of symbols currently available.

**RESPONSE NOTE:** The Vendor shall describe their ability to print symbols with dual color or multi-color imaging. Additional costs for dual color or multi-color imaging must be stated in Appendix E.

### **3.4 Legends**

Lottery tickets may require legends in order to facilitate game play.

### **3.5 Captions**

Lottery tickets may require captions for each play symbol to provide redundancy for security reasons and to prevent consumer disputes. A caption underneath the symbol spells out or abbreviates the symbol in type smaller than the symbol itself in a different but recognizable form. The captions that will be used in the game will be specified in the working papers.

### **3.6 Ticket Numbering**

Lottery tickets produced by a Successful Vendor(s) must have a game, pack and ticket number printed on the back of the ticket, 0.1" above the barcode, in the form of GGG-PPPPPP-TTT where:

GGG	is the 3-digit game number
PPPPPP	is the 6-digit pack number
TTT	is the 3-digit ticket number

Pack numbers will start at 100001. Test pools and production starting pools shall be listed in the Customer Specifications. If test pools and production starting pools vary from specified Customer Specifications, this information shall be listed in the Working Papers. If a game re-order is placed, the re-order starting test (if needed) and production pools will be listed in the re-ordered Working Papers. Pack numbers will be consecutive except for omissions that occur in production. Vendor procedures must ensure that the same pack number is on all tickets within a given pack and that no pack numbers are duplicated in the game as a whole.



Each ticket within a pack must have an individual, consecutive number starting with 000. No omissions are allowed within the pack. Vendor procedures must ensure that individual, consecutive ticket numbers are on each ticket in the pack, and that there are no breaks in ticket numbering in the pack.

The front of the ticket must contain the 6-digit pack number and 3-digit ticket number.

**RESPONSE NOTE:** Vendor must describe the changes that would be necessary to accommodate a 4-digit game number during the course of this contract.

### **3.7 Barcode**

A unique barcode representation of the game, pack, ticket and validation data must appear on the back of the ticket. The barcode must contain twenty-two (22) digits in the form of GGG-PPPPPP-TTT-VVVVVVVVCC where:

GGG	is the 3-digit game number
PPPPPP	is the 6-digit pack number
TTT	is the 3-digit ticket number

**VVVVVVVVCC is the 8-digit pad field – always “0” value CC is a 2-digit check code.**

The bar code will be determined using an algorithm to be provided to the Successful Vendor(s). The barcode the Lottery currently uses is a standard interleaved two of five symbology utilizing standard start and stop characters. Each barcode character measures 0.4” high and .175” in length. The barcode with stop and start characters measures approximately 2.02” in length. The barcode has a quiet zone at each end measuring a minimum of .18” in length. The barcode has lines across its top and bottom. The barcode starts with a narrow bar, narrow space, narrow bar, narrow space (start character) and ends with a wide bar, narrow space, narrow bar (stop character). The distance from the middle of the barcode to the edge of the ticket is .35”.

**RESPONSE NOTE:** The Vendor shall describe it’s capability to print a standard interleaved two of five symbology.

### **3.8 Validation Code**

The tickets must contain a unique 10-digit validation code printed in the play area on the front of the ticket. The validation code must be covered by opaque scratch-off material and in the form of VVVVVV[VVV]VV where:

VVVVVVVVVV – is the encrypted 8-digit validation number/prize code and a 2-digit check code. The ticket numbering will be formulated according to an algorithm to be provided when the contract is awarded. Three (3) consecutive digits of this ten (10) digit number will be boxed in an apparently random manner, giving six (6) possible positions for the box (the last two (2) digits cannot be boxed) as per the *algorithm*.

### **3.9 Ticket Validation**

Tickets produced must be compatible with the Lottery’s current Scientific Games Wave® terminal, as well as any other online gaming system vendor’s terminal that the Lottery may utilize in the course of this Agreement including any extensions. Complete specifications will be provided to the Successful Vendor(s).

**RESPONSE NOTE:** The Vendor shall explain their ability or compatibility with the Lottery’s current validation system to perform validations of their games. The Vendor must also describe it’s

capability to print a 2D datamatrix barcode under the scratch-off material. The Lottery currently utilizes the Failsafe® technology for validation of tickets.

### **3.10 Universal Product Code**

Each ticket produced for the Lottery must have a Universal Product Code (UPC) marking placed on the back. The UPC symbol must conform to specifications in the technical manuals published by the Uniform Product Code Council, Inc., Dayton, Ohio. The UPC will be in the form of:

0 15936 GGGYY C

where: GGG represents the 3-digit game number

YY represents the year ticket was printed

C is the check digit

### **3.11 Non-winning Ticket Hash File**

The Successful Vendor(s) must provide a file that contains all non-winning tickets. These tickets should be identified through the entry of the game, pack, ticket, and validation numbers. Through the use of a hash process this entry will produce a unique hash number from the human-readable information printed on the ticket and a unique hash number from the scan-2-win barcode information that can be used to access the non-winning ticket hash file. This would be required for all games. The Lottery shall provide criteria for the hash string to be utilized to the Successful Vendor(s). At a minimum, the Successful Vendor(s) shall utilize processes and technology that will maintain the integrity of the games included in the hash files. No additional fees may be assessed by the Successful Vendor(s) for the creation of hash files.

### **3.12 Multiple Scratch Areas**

The Successful Vendor(s) must provide multiple scratch areas on the ticket if designated by the Lottery in the working papers.

**RESPONSE NOTE:** The Vendor shall describe their capabilities of printing multiple scratch areas on tickets.

### **3.13 Scratch-off Material**

The Successful Vendor(s) must provide a scratch-off material that covers the play area with minimal overlap into the display area. The scratch-off material must be smooth, easily removed by scratching, and of a quality that will maintain the security of ticket symbols and validation number. A Successful Vendor(s) awarded a contract shall be required to report any changes in composition of scratch-off material or process to the Lottery prior to printing.

If specified in the working papers, the translucent scratch-off material must reveal an imaged symbol prior to scratching the area and to display the same or identical symbol on a different background or border color after the area is scratched. All costs of providing this feature shall be included in the base ticket price for any "Bingo" and "Crossword" games.

**RESPONSE NOTE:** The Vendor shall describe the process to be used for compliance with this section. The Vendor must provide at least twelve (12) ticket samples produced using this process.

### **3.14 Protective Coating**

The ticket symbols under the scratch-off material must be covered with a translucent protective coating which will ensure that the symbols will be legible after the consumer removes the scratch-off material.

### **3.15 Flood Coat Finish**

The display printing on the ticket front must have full coverage of a varnish type coating or UV coating to provide a shiny finish to the tickets, unless stated otherwise in the game papers.

### **3.16 Display Print Ticket Colors**

Display printing on the front of the ticket shall be either four (4) color process or up to five (5) spot colors. Tickets shall be printed from edge to edge, except perforation area, with either an outside border or full bleed process. Ticket backs shall be printed in one color as specified. Tickets with a price greater than one dollar (\$1) must have the ticket price screened on the ticket back. Final ticket specifications for each of the items discussed in this section shall be designated by the Lottery in each set of Working Papers.

**RESPONSE NOTE:** The Vendor shall explain their capability of using more colors on ticket fronts and backs than those indicated. The Vendor must state in Appendix E any savings for not using full varnish or UV coating.

### **3.17 Over Print**

The Successful Vendor(s) must provide up to five (5) colors per pulse for the over print. The over print must be an artistic design, which at a minimum, covers the area covered by the scratch-off material. The over print must be sufficiently defined, unblurred, and sharp to highlight any tampering with the ticket. If specified in the working papers, a four color process or another over print process that produces, in the Lottery's sole determination, equivalent results shall be used for the over print.

**RESPONSE NOTE:** For each additional color used above 5 per pulse, additional over print costs must be stated in Appendix E. The Vendor must state in Appendix E any savings for printing less than 5 colors per pulse for the over print.

### **3.18 Security Tint**

Unless specified by the Lottery, all tickets produced must have a security tint.

**RESPONSE NOTE:** The Vendor shall provide a labeled and scratched ticket sample of each color security tint available. The Vendor must state in Appendix E any savings for not using a security tint.

### **3.19 Layout**

Tickets must be produced with either a vertically oriented layout (i.e., ticket reads left to right across the shorter dimension and down the longer dimension) or a horizontally oriented layout (i.e., ticket reads left to right along the longer dimension and down the shorter dimension) as specified by the Lottery in the working papers.

### **3.20 Ticket Stubs**

The Successful Vendor(s) must produce tickets with stubs if designated in the Working Papers. Each perforation utilized must be clean cut in a manner which allows easy removal of the stubs by the consumer after purchase of the ticket while at the same time not permitting accidental separation during normal handling. Each ticket stub must have a validation code as specified in Section 3.8. The validation code

may or may not match the validation number of the main ticket as specified by the Lottery in the working papers. Each stub must have a barcode as specified in Section 3.7 which matches the pack ticket number on the main ticket. Each stub must have an individual ticket number as specified in Section 3.6 which matches the main ticket.

**RESPONSE NOTE:** The Vendor shall describe this capability. Additional costs for producing stub tickets must be stated in Appendix E.

### **3.21 Multiple Scenes**

If requested in the Working Papers by the Lottery, the Successful Vendor(s) must print a single game with multiple scenes included in a single pack of tickets.

**RESPONSE NOTE:** The Vendor shall describe this capability. Additional costs for producing a multiple scene game must be stated in Appendix E. The Vendor must indicate any potential per scene additional costs not included in a per scene flat rate.

### **3.22 Color Pulses**

The Successful Vendor(s) must print a single game with multiple color pulses if stated in the Working Papers. Each color pulse will contain consecutive packs.

**RESPONSE NOTE:** The Vendor shall describe this capability. Additional costs for multiple color pulses must be stated in Appendix E. The Vendor must indicate any potential per pulse additional costs not included in a per pulse flat rate.

### **3.23 Additional Options**

The Successful Vendor(s) must be capable of providing additional printing options or card stock.

**RESPONSE NOTE:** The Vendor shall describe any other capabilities, optional card stock and all other available options. Include the cost of each item described either per item or per thousand (1,000) tickets in Appendix E. Pricing shall not include statements such as "To be determined" or "To be negotiated" or similar statement.

### **3.24 Non-Traditional Games**

The Lottery is interested in new ticket features and non-traditional games available such as dual-layered tickets with play action on both sides, pouches and other specialty tickets.

**RESPONSE NOTE:** The Vendor shall describe any non-traditional games or features available. Additional costs must be stated in Appendix E.

### **3.25 Licensed Properties**

A full range of licensed properties must be made available for the production of tickets.

**RESPONSE NOTE:** The Vendor shall provide a list of all licensed properties available. Indicate those properties on the list that are offered at an additional cost. Additional costs for the properties indicated must be stated in Appendix E.

### **3.26 Physical Feature Uniformity**

All tickets produced shall have no characteristic indicating whether a ticket is a winning or non-winning ticket, including without limitation the following characteristics: unique information or symbols on the face of the ticket stock; perforations; cuts; exposed lot numbers; exposed ticket numbers; staples; fold; packaging; color, thickness or texture of scratch-off material; over prints; protective coating; and printing registration or misregistration.

### **3.27 Randomization**

The odds of winning any prize of any level on a given ticket must not vary from the actual odds rounded to 2 digits of winning that prize as stated in the final approved prize structure by reason of deficiencies in randomization, including without limitation, by virtue of the ticket's location in its pack, shipping box, Vendor omits or pool. This requirement is not intended to prevent the use of a guaranteed, low-end prize structure or selective seeding within pools as specified by the Lottery in the working papers. The Lottery will specify in the working papers the maximum, consecutive string of losing tickets. The Lottery also reserves the right to inspect, at any time, the methodology and implementation of randomization either on its own or with the aid of an independent statistician.

### **3.28 Knowledge of Location of Winning Tickets**

The Successful Vendor(s) must ensure the pack number data which is contained in any document or computer file which could associate pack number data with play data or the validation number will be kept in a highly secure environment and be destroyed in a manner and time agreed upon by the Lottery.

### **3.29 Low-tier Prizes**

The Successful Vendor(s) must ensure that each pack of tickets contains a guaranteed dollar value of low-tier prizes. Up to five (5) different configurations of low-tier prizes must be incorporated, at random, into packs of tickets in a single game if requested by the Lottery. Each configuration must have the same total dollar value of low-tier winners, but each configuration must have varying numbers of winners of various denominations. The prize structures used are subject to approval by the Lottery in the working papers.

### **3.30 High-tier Prize Distribution**

The Successful Vendor(s) must ensure high-tier prizes are randomly distributed within the pools of tickets. The pool size is subject to the approval of the Lottery in the working papers. High tier prizes must be guaranteed proportionally to maintain the odds for the production run and selected high tier prizes delivered to the Lottery must be equal to the number shown on the approved prize structure in the Working Papers.

### **3.31 Production Media**

If game tickets are produced at a location other than the location where the production media is produced, the Lottery reserves the right to accompany the production media to the printer, at Vendor's expense, and to accept custody of the production media if deemed necessary. Any media must be transported in sealed containers. If a seal is broken, the data cannot be used. Any production data that is transported via satellite or land-line, including encryption key transport, must be encrypted and transferred using a method approved by the Vice President of Lottery Security.

**RESPONSE NOTE:** The Vendor shall describe their media production process.

### **3.32 Quality Control**

All tickets must be inspected during all stages of the printing process from color sign-off through shipping to ensure all tickets meet working paper specifications.

### **3.33 Game Governing Documents**

#### **3.33.1 Working Papers**

For each game ordered, the Lottery will require a complete set of working papers describing the details of the ticket production. The approved final set of working papers become the governing document pertaining to the game and take precedence over any other conditions of the contract in the event of any conflict in the specifications or requirements. The working papers will contain the detailed specifications of the game including ticket design, prize structure, game restrictions & patterns, validation requirements, packaging & shipping, and fonts used and may reference standard customer specifications. Final executed copies of the approved working papers stamped as executed and stamped with actual execution date, must be delivered via sftp site immediately after game has been executed by vendor.

#### **3.33.2 Customer Specifications**

The Successful Vendor(s) must prepare and provide a complete set of customer specifications that will govern all tickets produced for the Lottery. The customer specifications must be updated or reviewed routinely upon request by the Lottery. The customer specifications to be provided must include the following:

- Barcode specifications including vendor packaging, FailSafe®, Interleaved 2 of 5 and UPC Packaging/Shipping specifications
- POS specs for ITVM cards and oversized posters (if posters are requested by the Lottery or permanently assigned as being required for that specific type of game like Game Book) and destination quantities for each Lottery region. It is the responsibility of the printing vendor to ensure that ITVM cards are packaged separately for each Region with the Regions location noted on each package to be delivered no later than the date tickets are delivered to the Lottery.
- Back of ticket wording and markings
- Hash file requirements
- GLEPs security test pack procedures after ticket is printed
- Final ticket art in jpg and EPS formats, UPC artwork file, and to include all play and prize symbols with exactly matching covered and uncovered artwork version for each available prize tier
- Audit report sent via secured e-mail to the Lottery's Chief Financial Officer
- Delivery tolerance +-5%
- Test and production start pools
- Pack ticket number locations and format on front and back of ticket.
- Ticket stock specs
- Perforations
- Game programming specs
- Reconstruction
- Deliverables
- Event Timeline including max allowable days between events for each step starting with Lottery initiating game number thru Vendor delivery of tickets to Lottery.
- PNG files
- Kiosk files for both artwork and game load information
- ITVM artwork (front & back jpg)
- Lab Results
- Void tickets

### **3.34 Production Notification**

The Successful Vendor(s) must notify Lottery in writing of production dates and initial sign-off time at least 15 calendar days prior to production. For any changes made to the production schedule by the Vendor after the 15 calendar days' official notice, the Vendor shall provide full reimbursement to the Lottery for all additional costs associated with any travel, employee overtime and additional costs specifically related to the Vendor schedule changes. Refer to Section 3.37.5 which defines Lottery travel.

### **3.35 Packaging**

#### **3.35.1 Number of Tickets Per Pack.**

The Successful Vendor(s) must package tickets in packs of ten (10), twelve (12), fifteen (15), thirty (30), sixty (60), seventy-five (75), one hundred (100), one hundred fifty (150) or three hundred (300) tickets as specified by the Lottery in the Working Papers. Consequently, all Lottery packs have a sales value of three hundred dollars (\$300).

**RESPONSE NOTE:** Vendor must describe their ability to accommodate varying pack sales values, (i.e. \$500 or \$600 packs) and varying pack sales values within the same game.

#### **3.35.2 Fanfolding.**

The Successful Vendor(s) must fan fold the tickets in packs as specified by the Lottery in the Working Papers or Lottery customer specifications.

#### **3.35.3 Pack Distribution Card.**

The Successful Vendor(s) must produce and insert a pack distribution card in each pack of tickets. The working papers must specify the barcode to be printed on each pack distribution card with the cards to be readable through the shrink-wrap.

The pack distribution cards are used for Lottery warehouse and retailer pack activation as most of our pack sizes are packaged with artwork facing outward on both sides with some pack sizes allowing 1 ticket front and 1 ticket back to appear per pack, but every pack requires the pack distribution card. The front facing artwork can require a printing vendor to need a special barcode on ticket fronts to allow scanning while pack is running thru printing presses. The single backside outward facing pack sizes currently include the \$1, \$2 and \$20 pack sizes or anywhere the number of ticket sides for the entire pack results in an odd vs even number of sides.

#### **3.35.4 Shrink-wrap.**

The Successful Vendor(s) must shrink wrap each pack of tickets in clear plastic. There must be a perforation in the shrink-wrap to facilitate easy opening. The shrink-wrap must not impede the ability to read the barcode on the pack distribution card.

#### **3.35.5 Shipping Boxes.**

The Successful Vendor(s) must package tickets in the box size specified by the Lottery in the Working Papers. The packs of tickets are to be placed in the shipping boxes in the configuration specified by the Lottery in the Working Papers. The shipping boxes to be used shall be 275 lb. test and ECT 44 lb.

### **3.35.6 Box Labels.**

The Successful Vendor(s) shall place box labels facing outward and be visible on the ends of the box and on the side of the skid specified by the Lottery in the Working Papers. Shipping boxes must be numbered from 00001 with the label showing the game name, shipping box number, "From-Through" pack numbers, amount of packs in box and omissions if any.

### **3.35.7 Box Markings.**

The Successful Vendor(s) must place the following statement on each box (printed or stamped): "This carton contains materials that are registered by number and which will be void if stolen." There must be no printing on the carton or on the sealing tape other than information specified by the Lottery.

### **3.35.8 Tape.**

The top and bottom of each box must be sealed with tape. No staples or glue can be used. The tape must not obscure labels or other markings on the carton.

### **3.35.9 Skids.**

The Successful Vendor(s) must pack the shipping boxes on skids the size specified by the Lottery in the Working Papers with labels outwardly visible. The skids must be constructed of hardwood lumber or of number two softwood, capable of withstanding multiple handling by forklift trucks without splintering or collapsing. The shipping boxes must be stacked on skids in the configuration specified by the Lottery in the Working Papers. The skid height is not to exceed 54 ½" from skid deck to top of the top box. Each layer of shipping boxes is to be separated by a cardboard sheet and the four (4) corners are to be stabilized by cardboard brackets running to the height of the skid. The skids must be secured by stretch wrapped plastic and covered with a rain cap.

### **3.35.10 Skid Labels.**

The Successful Vendor(s) must affix only one skid label to the middle section on the end of the lowest numbered side of each skid load of boxes. There is to be one (1) label per skid placed on the front of the skid. The label must show the game name, the lowest and highest box numbers loaded on the skid and the skid number. Skids must be numbered one (1) through the highest skid number for the game.

## **3.36 Delivery**

### **3.36.1 Delivery Vehicles and Loading.**

The Successful Vendor(s) must deliver tickets in exclusive-use, sealed trucks from plant to warehouse. The truck's seal number must appear on the bill of lading. Skids of finished tickets must be loaded with the lowest numbered skid in the "nose" of the trailer (where nose is defined as the area nearest the truck cab and rear is defined as the unloading doors) and the highest numbered skid at the rear of the trailer. A minimum of three (3) feet of clearance must be left between the last skid loaded and the cargo doors at the rear of the delivery vehicle to facilitate unloading.



### **3.36.2 Delivery of Tickets.**

The Successful Vendor(s) must deliver the tickets FOB to the Lottery Warehouse in Ankeny, Iowa (50021) or to any other designated warehouse location in Iowa. Continuous and uninterrupted delivery, without storage, must be made in accordance with the delivery schedule specified in the Working Papers.

The Successful Vendor(s) must accelerate the delivery of tickets if requested by the Lottery or warehouse up to 20 million tickets if delivery is to be delayed. Ownership of the tickets shall remain with the Vendor until delivery is made.

**RESPONSE NOTE:** The Vendor shall indicate if accelerated delivery is available for an additional price per day. State the additional price per day in Appendix E. The Vendor must also describe their ability to warehouse and store up to 20 million tickets until delivery is required. State the additional costs, if applicable, in Appendix E.

### **3.36.3 Delivery Tolerances.**

The Successful Vendor(s) must deliver the ordered quantity for each game plus or minus 5 percent (5%). For a contract using a price-per-thousand basis, the Lottery will be billed and will pay only for the actual number of conforming tickets delivered. Deliveries in excess of the ordered quantity plus the delivery tolerance may be accepted by the Lottery on consignment only.

### **3.36.4 Development and Delivery of Working Papers.**

The Successful Vendor(s) must prepare game Working Papers that include the details regarding each game's specifications. The Working Papers must be presented to the Lottery for review no more than ten (10) working days from the Lottery's approval of the prize structure and final game design, including artwork. Revisions to any Working Papers (including drafts) must be made within five (5) working days of the date changes were submitted to the Successful Vendor(s) by the Lottery, unless Successful Vendor(s) receives prior approval from the Lottery to exceed that limit. The Lottery may grant an extension for exceptional circumstances.

**RESPONSE NOTE:** The Vendor shall provide a sample copy of Working Papers. The Vendor must describe their ability to alter or customize the order of sections within the Working Papers.

## **3.37 Security**

### **3.37.1 Plant Security.**

The Successful Vendor(s) shall establish a plant security system at all plants in which game tickets are to be produced to ensure the security of tickets in all stages of production including without limitation, design, material procurement, production, transportation, storage, distribution, validation, and disposition of game tickets and production media. Prior to contract execution, current plant security procedures for all plants used by the Successful Vendor(s) and any subcontractors shall be provided. Thereafter, the plant security procedures must be updated and reviewed annually, and receive written acceptance by the Lottery.

**RESPONSE NOTE:** The Vendor shall provide a written security plan, including procedures that detail security measures proposed for the Lottery. Items to be included should be facility security, game ticket construction security, anti-counterfeiting and validation security, game design security, ticket delivery security, and any other security measures offered.

**RESPONSE NOTE:** The Vendor shall explain how access to reports containing valuable game information such as pack numbers, ticket numbers, validation numbers, and prize amounts is controlled and where the reports are maintained.

### **3.37.2 Unused Materials.**

The Successful Vendor(s) must provide a report to be delivered at the end of the production of each game stating the number of pools used to produce the game converted to tickets, less the number of tickets shipped and the number of omits to estimate the game scrap. These materials must be destroyed by shredding, burning or dissolving on the printer's premises. Scrap materials cannot leave the printer's premises until processed to render them unrecognizable as lottery materials. An auditable record system must be used to account for all ticket stock and materials destroyed.

### **3.37.3 Ticket Security Analysis.**

The Successful Vendor(s) must make all reasonable efforts to minimize the possibility that tickets can be compromised. The Vendor must provide an analysis addressing all aspects of the security of its tickets including such items as ink, paper, scratch-off material, primer, seal, release and protective coating.

**RESPONSE NOTE:** The Vendor shall describe all efforts or programs of the Vendor designed to ensure ticket printing security and the results of any recent applicable laboratory test reports which have been performed on the tickets currently produced by the Vendor.

**RESPONSE NOTE:** The Vendor shall provide a confidential report documenting all known methods that can compromise their tickets.

### **3.37.4 Security Evaluation Sample Tickets.**

The Lottery intends to conduct a security evaluation of the ticket play action, specifically match 3, add-up, extended play, yours beats theirs, key-number or symbol match and tic-tac-toe, to be provided by the Vendor.

**RESPONSE NOTE:** The Vendor shall submit one hundred (100) tickets from six (6) games which show the following play actions produced by the Vendor; match 3, add-up, extended play, yours beats theirs, key-number or symbol match and tic-tac-toe. The Vendor must specifically identify any security features of the tickets submitted which differs from the tickets which the Vendor proposes to supply to the Lottery. The Vendor must also specifically identify any difference between the production method used to produce these tickets and the method which the Vendor proposes to use for the tickets supplied to the Lottery.

### **3.37.5 Printing Inspection Site Visits.**

The Lottery shall have the right, acting by itself or through its authorized representatives, to enter the premises of the Successful Vendor(s) at all times to examine the game and to inspect and copy the records of the Vendor pertaining to the operation of the Lottery account.

Normal travel expenses relating to ticket inspections will be paid by the Lottery.

If the printing and finishing processes are altered or rescheduled due to Vendor issues the Vendor shall provide full reimbursement to the Lottery for all additional costs associated with any travel, employee overtime and additional costs specifically related to the Vendor schedule changes.

At the Vendors discretion, Vendor may provide travel expenses for up to four (4) Lottery employees per calendar year to attend a Vendor sponsored security educational event.

### **3.37.6 Ticket Inspection, Monitoring and Testing.**

The Successful Vendor(s) will be required to provide the Lottery the following during the print process:

- Three packs of tickets from each game as defined in the Customer Specifications. None of these packs will contain any mid or high tier winners.
- At least one pack from the front, middle and end of the print run of each pulse must be provided to the Lottery security person on site for quality control testing. The packs for the quality control testing will not contain any high-tier or mid-tier prizes unless the prize is part of the GLEPS and these packs will be omit packs.
- If Lottery security is not attending the printing of tickets then all of the aforementioned packs will be shipped by overnight courier to Iowa Lottery VP of Security at the address below so the tickets can be tested prior to the game being shipped. Iowa Lottery Security will perform testing immediately and notify the vendor of any problems.

If the Lottery is not present during the printing of the tickets then all of the aforementioned packs must be shipped within 24 hours of the completion of the printing via overnight delivery to the Lottery Headquarters, Attn: VP of Security, to allow for testing to be completed prior to the game being shipped.

After the game is printed and packaged for shipping, the Vendor must send the Lottery VP of Security twelve pack numbers that do not contain any mid-tier or high-tier prizes unless the prize is part of the GLEPS. These twelve (12) pack numbers need to be on the game load file as testing will be conducted on these packs in Iowa, and these tests require being able to validate tickets through the Lottery test system. Two of these pack numbers may also be used for kiosk testing. Any remaining pack numbers may be used at any time by Security for compliance testing during the life span of the game.

## **3.38 Reports, Files and Other Deliverables**

### **3.38.1 Game Rules.**

The Successful Vendor(s) must provide draft proposed regulations for defining the rules of each game. The game rules format shall be provided by the lottery. The Successful Vendor(s) must provide the game rules at least thirty (30) business days prior to start of game sales or at the earliest available time after the game has executed.

### **3.38.2 Final Ticket Art.**

The Successful Vendor(s) must provide final ticket art at least thirty (30) business days prior to start of game sales or at the earliest available time after the game has executed. The Vendor shall be required to create a file with art for one (1) covered ticket and for ten (10) uncovered winning tickets showing as many different prize levels as possible with the VIRN, pack and ticket number replaced by the word VOID. The files shall be sent electronically to the Lottery the same day the tickets are delivered.

### **3.38.3 Color Proof.**

The Successful Vendor(s) must provide a color proof to the Lottery for approval at least one (1) week prior to ticket printing.

### **3.38.4 Prize Accountability.**

In order to ensure full accountability, optimum prize delivery is required with an accurate end-of-production prize structure report. This report must be delivered to the Lottery..

Any record game file or document that associates all or part of the validation number and all or part of the pack ticket number must be destroyed after the application of the barcode on the tickets, except as required by the Lottery for reconstruction.

**RESPONSE NOTE:** The Vendor shall explain how access to reports containing valuable game information such as pack numbers, ticket numbers, validation numbers, and prize amounts is controlled and where such reports are maintained.

### **3.38.5 Game Inventory and Validation Requirements.**

The Successful Vendor(s) must provide via a secured FTP site and the game inventory and validation files created according to the specifications "Definition for Printer Files Input for Scientific Games Aegis System" to be provided when the contract is awarded. Secured files must be sent to the Lottery no later than the date the tickets are delivered.

### **3.38.6 End of Production Prize Structure.**

The Successful Vendor(s) must provide an end of production prize structure to be delivered via secured ftp site or password protected email to the Lottery the same day the tickets are delivered.

### **3.38.7 Shipping Report.**

The Successful Vendor(s) must provide a shipping report which will list game number, game name, gross number of tickets, number of omitted tickets, net number of tickets, the gross number of packs, number of omitted packs, net number of packs, the range of pack numbers produced (lowest and highest pack numbers), the range of pack numbers shipped and the range of box numbers. A hard copy of the shipping report will be delivered with the tickets and a second hard copy will be couriered as a file or provided on a secure FTP site.

### **3.38.8 Omitted Packs Report.**

The Successful Vendor(s) must provide an omitted packs report which will list omitted packs in numerical order. Hard copy files to be provided with each line double-spaced and an electronic version as a single-spaced file. The omitted packs report will be delivered with the tickets.

### **3.38.9 Shipping Control Manifest.**

The Successful Vendor(s) must provide a shipping control manifest which will be a record of all packs manufactured, listed by box with the omitted packs indicated with an asterisk (\*) by the pack number. The number of good packs per box will be indicated for each box number. A hard copy, with no staples, will be delivered with the tickets.

### **3.38.10 Void Sample Tickets.**

The Successful Vendor(s) must provide ten thousand five hundred (10,500) actual size void sample tickets from the actual initial press run for each ticket order. All void sample tickets must bear the word "VOID" and must be non-winners. Void sample ticket pack numbers must start at VOID01 and run consecutively

without duplicating pack numbers. Ticket numbers must start at 000 and run consecutively within each pack. The 10-digit validation number must be printed as VOIDVOIDVO with three consecutive letters boxed excluding the last two (2) digits which cannot be boxed. The void sample tickets must be delivered on the same truck as the tickets.

### **3.38.11 Point of Purchase Poster.**

For all tickets sizes which cannot be dispensed in a Kiosk due to being oversized (which currently includes 7 7/8" x 8" tickets and Game Books), the Successful vendor(s) must provide 4,950 oversized posters per pulse with each ticket order at no additional cost. The poster size is to be 4.5" x 7.5" and will be printed on one side with the back side remaining blank. There will be no holes drilled. The poster design will be as specified in the Working Papers. The posters will be shrink-wrapped in units of twenty-five (25) and boxed in quantities as specified in the Working Papers for each Region. It is the responsibility of the Successful Vendor(s) to package and mark each Regional allotment separately and ensure quantity is correct for each Region. Posters must be delivered on the same truck as the tickets, or drop shipped to each individual region to arrive no later than the ticket delivery date.

### **3.38.12 ITVM Display Cards.**

The Successful Vendor(s) must provide five thousand, five hundred (5,500) 4" x 4" ITVM display card per pulse, with each ticket order. The front of the cards will display the ticket art, ticket price, the words [www.ialottery.com](http://www.ialottery.com), and a promotional message as specified in the Working Papers. The back of the cards will display the game name, game number, ticket price and pack quantity.

The cards will be shrink-wrapped in units of twenty-five (25) and boxed in quantities as specified in the Working Papers. The cards must be delivered to the Lottery warehouse by the date tickets are delivered to the Lottery warehouse. It is the responsibility of the Successful Vendor(s) to package and mark each Regional allotment separately and ensure quantity is correct for each Region.

### **3.38.13 Game Audit Report.**

The Successful Vendor(s) must engage a major firm of independent certified public accountants to review the procedures and controls employed by the Vendor during production of tickets. The certified public accounting firm will be required to submit a letter to the Lottery which states the tests performed on the Vendor's production procedures and the results of those tests. The Vendor shall provide the letter from the accounting firm within fourteen (14) calendar days of game delivery unless otherwise agreed to by the Lottery. The letter may be delivered via a secured electronic transmission.

These tests, performed by the outside firm of independent certified public accountants, must, at a minimum, include the following items:

- a. An audit of a sampling of the actual computer files that are used to run the computer imager which is issued to print the tickets must be conducted verifying game integrity;
- b. A statistically valid random sampling of finished packs of tickets in the Vendor's plant must be audited to determine conformity of the finished, actual tickets with the final approved prize structure as signed by the Lottery;
- c. An audit of a sampling of the computer files and the finished product must be conducted to determine conformity of all other game specifications including without limitation, conformity with the prize structure, the number of tickets per pack, number of packs per pool, the validation coding scheme, retailer validation codes, winning and losing ticket pattern distributions, and any special requirements the Lottery specifies in the Working Papers.

**RESPONSE NOTE:** The Vendor must indicate the savings reduction amount for not including a game audit for each game in Appendix E.

### **3.38.14 Sample Game.**

A sample game consisting of at least five thousand (5,000) tickets shall be produced by the Successful Vendor(s) if the Successful Vendor(s) has not produced a live game for the Iowa Lottery within the preceding eighteen (18) months of this RFP. The sample game must include all validation algorithms, over print, barcodes and media files associated with a live game. Creative ticket art will not be required. Production of a live game will not occur until the Lottery has successfully tested a sample game. All costs associated with the production and delivery of a sample game at the initiation of the contract will be borne by the Vendor.

### **3.38.15 Audit Report for Sample Game.**

The Successful Vendor(s) must provide a letter indicating the results of each sample game audit performed by the Vendor's accounting firm.

**RESPONSE NOTE:** The Vendor shall provide a sample letter as described and indicate whether the same firm will be auditing the Lottery's games as a result of an awarded contract.

### **3.38.16 Test Game.**

Upon a change in the Lottery's validation system, test games may be required. The Lottery will bear the cost of these games.

**RESPONSE NOTE:** The Vendor should include the cost to produce a test game in Appendix E.

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.

## ***3.39 Corporate Marketing Support***

### **3.39.1 Corporate Marketing Efforts**

The Successful Vendor(s) must apply its best efforts to support the Lottery game design and marketing, assisting the Lottery to achieve its financial objectives. The Lottery will require new games and features over the term of the Contract. A Successful Vendor(s) must be able to accommodate the Lottery's marketing plans and efforts with corporate marketing support that includes, but is not limited to:

- a. **Marketing Strategy.** An annual strategy meeting, including development of retailer promotional contests, consumer promotional programs or special events, game designs, marketing/sales staff seminars and retailer seminars may be held by the Successful Vendor(s) with the Lottery to discuss industry trends, new technology, new products and comparative sales analysis. The strategy meeting shall be held within the first quarter of the calendar year.

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.

At the Vendors discretion, Vendor may provide all travel expenses for up to four (4) Lottery employees per calendar year to attend a vendor marketing educational event or users conference.

b. Gaming Concept Design and Development. The availability of new gaming products and product ideas is critical to the Lottery. The Successful Vendor(s) is expected to have a continuous program of research into ticket concepts and products.

**RESPONSE NOTE:** The Proposal shall contain a brief description of the Vendor's ticket research program.

c. Marketing Support . The vendor shall provide marketing support to assist the lottery with prize structure and game design, game names, themes, play formats, industry trends, lottery data processing, lottery accounting, and lottery security. The Lottery reserves the right to approve the account representative(s).

The representative will be responsible for providing the following services:

- o Coordination of contract execution between the Lottery and the Vendor including Working Papers for specific games, ticket art design, prize structures, schedules, production, ticket printing and ticket delivery.
- o Provide support in game design and strategic planning of the instant product.
- o Recommend products, game offerings, prize structures, promotions, advertising campaigns, pricing and point-of-sale strategies.
- o Vendor representative must identify any special printing techniques or costs associated with the Vendors recommendation for tickets.
- o Be readily available by telephone or other means of business communication.

**RESPONSE NOTE:** The Vendor shall provide detailed information about the experience and qualifications of the personnel proposed to perform game and creative design services under a resulting contract.

### **3.39.2 Marketing Costs Included**

Costs for marketing services provided by the account representative and any required support staff shall be included in the printing prices provided in the pricing section.

## **3.40 Vendor Corporate Capability**

The Vendor is required to demonstrate corporate experience, technical capability, integrity, and financial means to support the Contract. Vendors must have a minimum of five (5) years of related lottery experience in instant ticket printing in North America and at least three (3) current clients who are members of the North American Association of State and Provincial Lotteries.

### **3.40.1 Corporate Background Review.**

The Vendor shall provide the following information:

- a. Name and address of the business entity making the Proposal.
- b. Type of business entity (e.g., corporation, partnership, etc.).
- c. Federal Tax ID Number.
- d. Place of incorporation, or other form of organization, if applicable.
- e. Name and location of major offices, plants and other facilities that relate to performance under the terms of this RFP.
- f. Name, address, and function of substantial subcontractors, associated companies, or consultants that will be involved in any phase of this project.

**RESPONSE NOTE:** The Vendor shall provide information requested in this section.

### 3.40.2 Ticket Printing Experience.

The Vendor shall describe, in detail, the current and historical experience of the Vendor with Lottery instant ticket printing; that is, a description and reference for all states for which the Vendor has printed instant tickets over the past five (5) years.

Each experience statement shall include the following details:

- a. Name of Lottery or gaming enterprise(s)
- b. Estimated contract value
- c. The term of the contract including effective dates
- d. Reason for contract end, if the contract is no longer in effect
- e. Type of services directly provided by the Vendor under the contract and whether the Vendor was a prime contractor or secondary contractor.
- f. The names, titles and telephone numbers that may be contacted to verify qualifying experience.

**RESPONSE NOTE:** The Vendor shall provide information requested in this section.

### 3.40.3 Contract Performance.

The Vendor must be a business in good standing with its customers and the business community, evidencing good delivery on the obligations of its contracts. The Vendor shall state the following:

- a. During the last five (5) years, has the Vendor had a contract terminated for default or cause? If so, the Vendor shall submit full details for contacting the entity affected.
- b. During the last two (2) years, has the Vendor been assessed any damages, claims or performance bonds penalties or traded or given up anything of value under any of its existing or past contracts, with date(s) and explanation(s)? Vendors must provide a summary report for any incidents of \$10,000 or more or \$50,000 cumulative in any one year per customer. The per incident data must be available upon request of the Lottery.
- c. During the last two (2) years, has the Vendor, a subsidiary or intermediary company, parent company or holding company been the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Vendor to engage in any business, practice or activity or if trading in the stock of these companies has ever been suspended, with date(s) and explanation(s)?
- d. During the last two (2) years, has the Vendor had a state or provincial lottery reprint, return or reject 50 percent (50%) or more of an order of tickets because of misprinting, substandard quality or non-conformance to Working Papers, with date(s) and explanation(s)?
- e. If any product or service offered under this RFP are being manufactured or performed at sites outside of the continental United States, the Vendor must disclose such information and provide details with the proposal.

**RESPONSE NOTE:** The Vendor shall provide information requested in this section.

### 3.40.4 Equipment and Resource Capabilities.

Ability to provide the instant tickets is critical to the project. The Vendor must have the equipment and resources available at a primary location and back-up facility if the primary resources are unavailable.

**RESPONSE NOTE:** The Vendor shall provide an explanation of the equipment and expertise with that equipment in relationship to ticket design.

**RESPONSE NOTE:** The Vendor shall provide a report of current production capabilities. The report should detail current contractual commitments, current production capabilities and capacities, and measures that would be taken to ensure timely production under a resulting contract, i.e. extra shifts, expansion of facilities, etc. The Vendor should also provide the location of the production plant that would be used to produce tickets under a resulting contract and back-



up facility. Vendor shall indicate the number of print presses available to accommodate Lottery's printing needs.

### **3.40.5 Financial Viability**

In order to ensure the Vendor's financial capability to perform under the contract, the Lottery requires the following financial information.

- a. **Submission of Financial Statements.** All Vendors and substantial subcontractors must submit audited financial statements (annual reports), or federal income tax returns if the Vendor or substantial subcontractor does not have audited financial statements prepared for the last three (3) fiscal years. Audited financial statements must be the result of an audit of the entity's records, reviewed in accordance with Generally Accepted Auditing Standards (GAAS) by an independent certified public accounting firm. The audited financial statements shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP), and must include Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, notes to the financial statements and any management letters that have been received for those years. The Proposal must include the most recent 10-K and 10-Q statements, if applicable, as well as any form 8-K, for two (2) years. For non-United States (US) entities the equivalent non-US accounting standards apply.
- b. **Subsidiaries.** If a Vendor or substantial subcontractor is a subsidiary of a parent entity and the Vendor or substantial subcontractor does not have its own, separate financial statements, the Vendor or substantial subcontractor may satisfy its financial responsibility submission requirements by submitting the consolidated financial statements of its parent entity if the consolidated financial statements include the activity of the Vendor or substantial subcontractor. If a Vendor or substantial subcontractor submits the consolidated financial statements of its parent, the parent must serve as financial guarantor of the Vendor or substantial subcontractor.
- c. **Parent Corporation Resources.** If the Vendor is a subsidiary and will rely on the financial resources of the parent to perform this contract, the parent must certify, in writing in a form acceptable to the Lottery, the availability of its resources to the Vendor. Parent entities that serve as financial guarantors of subsidiary firms shall be held accountable for all terms and conditions of the RFP and the resulting contract and shall execute the Contract as guarantor.

**RESPONSE NOTE:** An original in paper form plus two (2) additional copies in electronic format on a small portable storage device of the required financial information must be provided and should be submitted with the original copy of the Proposal (not with copies). All submissions must employ US currency or include a US currency conversion formula.

### **3.41 Product Innovation**

Over the course of this contract, technology will change and innovation will occur. The lottery is interested in new products, product enhancements and innovations not described in this RFP. Vendors are encouraged to describe other printing technology, specialized games, digital/electronic tickets and mobile applications that can be delivered in a secure, cost effective, market oriented manner.

**RESPONSE NOTE:** Vendors may describe instant ticket options that they are developing for the marketplace.

## **PART 4 – Volume II – PRICE PROPOSAL**

## **4.0 Introduction**

This section describes the manner and conditions in which Vendors will submit pricing for the Lottery's consideration. Vendors that meet all of the specifications will be awarded a contract. Vendor ticket pricing shall remain firm for the initial contract period plus any option periods however, the Lottery can negotiate for better pricing. Vendors must complete the pricing matrix provided as Appendix E.

### **4.1 Separately Sealed Price Proposal**

The price Proposal must be so identified on a separately sealed enclosure. The price Proposal shall be signed in ink, and must be signed by an individual authorized to legally bind the Vendor.

## **PART 5 – PROPOSAL EVALUATION**

### **5.0 Introduction**

This section describes the evaluation process that will be used to evaluate each Proposal submitted. The capability of the Lottery to evaluate a Proposal is dependent upon the completeness and proper submission of the Proposal. The failure of a Vendor to provide information requested by this RFP, to submit according to the required format, or to respond appropriately to a clarification request or demonstration request, may result in rejection of the Proposal. ***The Lottery will award contract(s) to the responsible Vendor(s) submitting a qualified proposal.***

### **5.1 Evaluation Committee and Lottery CEO**

The Lottery intends to conduct a comprehensive, fair, and impartial evaluation of Proposals received in response to this RFP. In making this determination, the Lottery will be represented by an Evaluation Committee. The Evaluation Committee will evaluate each responsive Proposal that is properly submitted by a responsible Vendor and develop consensus findings.

The Evaluation Committee will provide its findings to the Lottery CEO and the Lottery Board of Directors. The Board will authorize the Lottery to issue a Notice of Intent to Award and enter into a contract consistent with the terms of the RFP, subject to successful completion of a DCI investigation.

### **5.2 Evaluation Steps**

The evaluation and award process will be comprised of all of the following:

- a. Pass/Fail evaluation of minimum qualifying requirements of the Vendor as provided for in RFP Section 1.21.
- b. Pass/Fail review of Proposals to assess compliance with Proposal submission requirements, including responsiveness to terms, conditions and requirements;
- c. Pass/Fail evaluation of proposed features, services, and references, using requirements and criteria defined in this RFP;
- d. Proposal clarifications and site visits (as determined necessary by the Evaluation Committee);
- e. Evaluation Committee presentation to the Lottery CEO and the Lottery Board of Directors;
- f. The Iowa Lottery Board authorizes the Lottery to issue a Notice of Intent to Award and enter into a contract consistent with the terms of the RFP, subject to a successful completion of a DCI background investigation;
- g. The Lottery CEO instructs the DCI to complete background investigation;
- h. DCI presents its findings to the Lottery;

- i. Negotiation and signing of the Contract.

### **5.3 Information from Other Sources**

The Lottery reserves the right to obtain, from sources other than the Vendor, information concerning the Vendor, the Vendor's offerings, capabilities, and past performance, that the Lottery deems pertinent to this RFP and to consider such information in evaluating the Proposal. References may be checked regarding the Vendor's past experience. The Evaluation Committee may select current or previous clients for each Vendor from the information provided in response to RFP Section 3.40.2 to contact for a reference. The Lottery may contact as many references as necessary, as many times as necessary, to support its understanding of the Vendor's performance and experience.

### **5.4 Site Visits**

Prior to completion of the evaluation process, Vendors may be required to provide an on-site tour of the production facility for the evaluators. The tour should be constructed to provide substantiating information and demonstrated performance to support Proposal content. No enhancements to the proposal may be offered. It is the Lottery's intent to conduct site visits as needed with Vendors who correctly submitted Proposals, meet all mandatory requirements, and otherwise are competitive. The determination as to need for site visits to specific Vendors, and the order and schedule of site visits, are at the sole discretion of the Lottery. The Lottery will provide for all expenses of the Evaluation Committee during site visits.

### **5.5 Notice of Award and Contract Signing**

The findings of the Evaluation Committee will then be presented to the Lottery CEO and Board, for consideration. The Lottery Board, after evaluation of the process and its results, will authorize the Lottery to issue a Notice of Intent to Award and enter into a contract consistent with the terms of the RFP,

**Contract negotiations shall not address transformational changes to terms and conditions, offered services, products, or pricing for performance of the Contract, but may address options, option delivery schedules, and other variations for the benefit of the Lottery.** This process shall continue at the sole option of the Lottery until an agreement is reached.

## APPENDIX A: GLOSSARY

**Bleed:** The outside border area of the ticket printed edge to edge.

**Bond:** A bond, cashier's check, or alternative security in form and substance and issued by a company acceptable to the Lottery.

**Central Time:** Central Standard or Central Daylight time, as applicable.

**Contract:** The written agreement resulting from the successful Proposal and subsequent negotiations, which shall incorporate, among other things, this RFP and the Successful Vendor's Proposal, and all modifications hereto and thereto, and in addition shall contain such other terms and conditions as may be required by the Lottery.

**Control Person:** A control person is defined as all persons owning five percent (5%) or more of the Vendor, a subsidiary of the Vendor or the parent company of the Vendor and all officers and directors thereof.

**Customer Specifications:** Document created by the Vendor that details information to be followed while producing a game specific to the Lottery.

**Deliverable:** A defined product or feature required by the RFP and/or proposed by a Successful Vendor(s).

**Fiscal Year:** The twelve (12) month period ending June 30 and named for the calendar year in which it ends. For example, fiscal year 2018 begins July 1, 2017 and ends June 30, 2018.

**Four-color Process:** When ink colors are screened and printed over one another to allow many different colors or shades to be "created" resulting in the ticket appearing to have many different colors and/or shades.

**Full Bleed:** Printing from one edge to the other without the standard border.

**GLEPS (Guaranteed Low End Prize Structure):** The prize structure dictates there will be a minimum exact set dollar amount of winners which is the same for every pack in the game. Combination of prizes to meet this minimum is reflected in different GLEP patterns shown in Working Papers.

**Instant Games:** Games sold on pre-printed tickets containing play and validation data under a coating as may be approved by the Lottery.

**Intellectual Property Rights:** Any rights with respect to inventions, discoveries, or improvements, including patents, patent applications and certificates of invention; trade secrets, know-how, or similar rights; the protection of works of authorship or expression, including copyrights and future copyrights; and trademarks, service marks, logos, and trade dress; and similar rights under any laws or international conventions throughout the world, including the right to apply for registrations, certificates, or renewals with respect thereto, and the rights to prosecute, enforce and obtain damages.

**Interleaved 2 of 5:** Images with imaging ink and consist of bars and spaces. The narrow bar width should equal the narrow space width and the wide bars width should equal the wide space width. There should only be those two sizes of spaces.

**Key Personnel:** A person identified as a trustee, partner, sole proprietor, employee or other person in a sensitive position or relationship with the bidder and all "control persons".

**Lottery:** The Iowa Lottery Authority also referred to in the RFP as the "Lottery."

**Lottery CEO:** The chief executive officer of the Lottery, or an employee authorized to act on behalf of the chief executive officer of the Lottery. Also referred to as the "CEO."

**Material change in ownership** is defined as any merger, acquisition, assignment or change in parties who comprise ownership greater than five percent (5%) of a Successful Vendor(s) or the parent company of a Successful Vendor(s).

**Material change in financial condition** is defined as any event which, following Generally Accepted Accounting Principles (GAAP), would require a disclosure in the annual report of a publicly traded United States corporation.

**Opaque:** The amount of show-through on a printed sheet. The better the opacity the more difficult it is to see the imaged data underneath in the play area.

**Over Print:** The final layers on top of the play area. The decorative design printed over the scratch-off coating in the play area.

**Pack:** A pack of instant game tickets, with individual tickets uniquely numbered by virtue of game/pack/ticket identifiers. Packs contain varying numbers of tickets, depending on the game.

**Person:** An individual, a partnership, a joint venture, a registered limited liability partnership, an association, a corporation, a limited liability company, a trust, an unincorporated organization or any other entity, business or enterprise, authorized to do business in the State of Iowa.

**Pool:** Unit of measure to divide game quantity for programming and printing purposes. Pool size is determined by prize structure. Each pool contains specified pack/book range.

**Proposal:** All materials submitted by a Vendor in response to this RFP, together with all addenda, clarifications, and demonstrations.

**Quiet Zone:** Area of white space on either side of the barcode which allows the scanner to identify the beginning and end of the scan area.

**Responsible Vendor:** A Vendor judged by the Lottery to have the capability in all respects to perform fully the Contract requirements and to have the integrity, security, reliability, and financial condition that will ensure good faith performance.

**Responsive Proposal:** Timely and conforming in all material aspects to stipulations of the RFP.

**RFP Coordinator:** The sole point of contact for Iowa's instant ticket RFP.

**Spot Color:** A single Pantone® Matching System (PMS) color of ink on an area of a ticket.

**State:** The State of Iowa and its departments, authorities, boards and commissions, officers and employees.

**Subcontractor:** For purposes of this RFP, where creating obligations or bearing restrictions, the term "subcontractor" refers to an entity retained by the Vendor to provide a contribution to the completion of the project.

**Successful Vendor:** A Vendor with whom the Lottery then executes the Contract pursuant to this RFP.

**Symbols:** The specific “symbols” used that are imaged. These define what the consumer uses to determine whether or not a ticket is a winner.

**Translucent:** A printing ink that does not conceal the color or image under it.

**Validation:** Process by which winning tickets are checked against computer files, to ensure that the ticket presented is valid, and that it has not been redeemed previously. Validations apply to both on-line and instant tickets.

**Validation Number:** A unique non-sequential number used to confirm play data in the secure area of the ticket; generally imaged below the play area. Also known as a Void If Removed Number (VIRN) number.

**Validation Code:** A security feature of instant tickets printed under the opaque coating. Also known as a VIRN.

**Vendor:** An entity that submits a Proposal in response to this RFP.

**Working Papers:** All game requirements organized into information sections, specific to parts of the production process. This information represents the requests of the Lottery and must be followed by the Vendor while producing a game.

# APPENDIX B: LOTTERY STANDARD

## TERMS AND CONDITIONS

### 1. Assignment and Delegation.

The Vendor shall not assign, transfer, convey, or otherwise dispose of this Agreement, its duties under this Agreement, or any rights, title, or interest in this Agreement to any other person, corporation, or other entity without the prior written approval of the Lottery and the Lottery Board as required. For purposes of this section a transfer or conveyance includes the sale or gift of a twenty-five per cent equity interest in the Vendor.

In the event that any person, or group of persons, hereafter acquires directly or indirectly the beneficial ownership (as defined by Securities and Exchange Commission Regulation 17 C.F.R. §240.13d-3) of five (5) percent or more of the ownership interest in, or any class of equity securities of, the Vendor, the Lottery must be notified in writing of such event. Background investigation may be required for these new owners. Such background investigations may include fingerprint identification by the Iowa Division of Criminal Investigation, the Federal Bureau of Investigation or the appropriate non-U.S. equivalent. By signing this Agreement, the Vendor consents to cooperate with such investigations, and to instruct its employees to cooperate. The expense of any investigation will be borne by the Vendor. The Lottery may terminate this contract based upon adverse results of these background checks. The ability to conduct such investigations is a continuing right of the Lottery throughout the contract term.

### 2. Records Retention and Access.

The Vendor shall maintain books, records, and documents which sufficiently and properly document and calculate all charges billed to the Lottery throughout the term of this Agreement for a period of at least three (3) years following the date of final payment, cancellation, expiration or completion of any required audit, whichever is later.

The Vendor shall retain and maintain all ticket validation, financial, and accounting records, and evidence pertaining to this Agreement and to each game offered under the Agreement in accordance with generally accepted accounting principles and sound business practice and any other procedures reasonably established by the Lottery.

The Vendor shall permit the Auditor of the state of Iowa or any authorized representative of the State or any authorized representative of the United States government, to access and examine, audit, excerpt and transcribe any directly pertinent validation records, financial records, accounting records, books, documents, papers, electronic or optically stored and created records or other records of the Vendor relating to or created as a result of the performance of this Agreement. These records shall be made available to the Lottery, its designees, the Auditor, or an authorized representative of the State or any authorized representative of the United States government at reasonable times and at no cost to the Lottery during the term of this Agreement and for a period of (3) years following the termination, cancellation or expiration of this Agreement.

### 3. Confidential Information.

All Confidential Information provided shall be clearly marked as Confidential Information by the party providing the information at the time of disclosure to the other party. The Vendor shall limit such identification to information it reasonably believes is entitled to confidential treatment pursuant to the public records provisions of Iowa law. Each party shall hold the Confidential Information of the other in strictest confidence and, except as previously authorized in writing by the other party, (i) shall use the Confidential Information only in furtherance of this Agreement, (ii) shall not copy Confidential Information and (iii) shall not disclose the Confidential Information to any person or entity except those employees of the party to whom the information has been disclosed who have a need to know the Confidential Information for purposes contemplated by this Agreement. The parties' obligations under this provision do not apply to information which: is publicly available or in the public domain when provided; is or becomes publicly available or public domain information through no fault of the recipient of the information subsequent to the time it was provided; is rightfully communicated to the recipient of the information by another party; is independently developed by the recipient; or is disclosed pursuant to law or the order of a court or government authority. The parties' obligations under this provision shall survive the conclusion of this Agreement and shall be perpetual.

No private or confidential data collected, maintained, or used in the course of performance of the Agreement shall be disseminated except as authorized by statute, either during the period of the Agreement or thereafter. Any data supplied to VENDOR by the Lottery shall be considered the property of the Lottery.

VENDOR shall use its best efforts to ensure that the details of the games planned by the Lottery are not disclosed to persons or organizations other than the personnel, agents, and subcontractors of VENDOR whose assistance is necessary for the production of tickets and related materials. In the event that VENDOR receives a request for information or records concerning the Lottery or its advertising plans, VENDOR shall immediately forward the request to the Lottery. VENDOR will not release the information subject to the request without the Lottery's permission or pursuant to a court order or as may be required by law.

In the event VENDOR receives a request from a third party (other than a subcontractor working on Vendor's Lottery account) for information supplied to VENDOR by the Lottery, VENDOR shall immediately notify the Lottery of the request by telephone and fax. VENDOR will not release the information subject to the request without the Lottery's permission or pursuant to a court order or as may be required by law.

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.

#### **4. Default and Termination.**

*Termination for Cause.* 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. Breach events include but are not limited to the following:

Vendor fails to perform as required by this Agreement; or

Vendor fails to make substantial and timely progress toward performance or fails to meet any of the material specifications and requirements of this Agreement, including without limitation the representations and warranties provided in this Agreement; or

*Notice of Cure.* If a cure is feasible and an opportunity to cure is provided, the notice shall specify the exact date by which the condition must be cured. Following expiration of the opportunity to cure and notice from the Lottery, the Lottery may seek any legal or equitable remedy authorized by this Agreement or by law.

*Immediate Termination.* 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 Vendor furnished any statement, representation, warranty or certification in connection with this Agreement, which is materially false, deceptive, incorrect or incomplete; If the Vendor fails to perform, to the Lottery's satisfaction, any material requirement of this Agreement or is in violation of any material provision of this Agreement, including, without limitation, the express warranties made by the Vendor; or
- If the Lottery determines that satisfactory performance of this Agreement is substantially endangered or that a default is likely to occur; or
- If the Vendor becomes subject to any bankruptcy or insolvency proceeding under federal or state law to the extent allowed by applicable state or federal law including bankruptcy laws; or
- If the Vendor terminates or suspends its business; or
- If the Lottery reasonably believes that the Vendor has become insolvent or unable to pay its obligations as they accrue consistent with applicable federal or state law; or
- If an officer, director or employee in contact with the Lottery's account is or has been convicted of a felony, any gambling related offense whether a misdemeanor or felony, or of any state or federal Racketeer Influenced or Corrupt Organization Act (RICO) by a court of competent jurisdiction; or
- If a lawsuit is filed against Vendor claiming that the Vendor's processes or materials violate any valid patent, trademark, copyright, other intellectual property right or contract, and the Lottery reasonably believes that the lawsuit may impair the Vendor's performance of this Agreement; or
- If during the course of this Agreement, the Vendor sells Iowa Lottery tickets to others; or
- If during the course of this Agreement any action by the Vendor interferes with the Lottery's relationship with its licensed retailers, or promotes products or distribution systems that compete with authorized Lottery products or distribution systems; or
- If cancellation occurs for any of the causes set forth above, the Lottery shall have no further obligation to the Vendor other than payment for services rendered and materials provided prior to cancellation. Payment will be made only upon submission of invoices and proper proof of the Vendor's claim. This provision in no way limits the remedies available to the Lottery in the event of a termination under this provision.

#### **5. Waiver.**

Any breach or default by Vendor shall not be waived or released other than by a writing signed by the Lottery. Failure by Lottery at any time to require performance by the Vendor or to claim a breach of any provision of the Agreement shall not be construed as affecting any subsequent breach or the right to require performance with respect thereto or to claim a breach with respect thereto. Only the following persons may execute a waiver of a term of this Agreement on behalf of the Lottery: the Lottery CEO, the Executive Vice President and Vice President of Finance.

#### **6. Termination for Lack of Authority or Funding.**

Notwithstanding anything in this Agreement to the contrary, and subject to the limitations, conditions, and procedures set forth below, the Lottery shall have the right to terminate this Agreement without penalty and without any advance notice as a result of any of the following:

- The legislature or governor fails in the sole opinion of the Lottery to appropriate funds sufficient to allow the Lottery to either meet its obligations under this Agreement or to operate as required and to fulfill its obligations under this Agreement; or
- If funds are de-appropriated, not allocated or if the funds needed by the Lottery in the Lottery's sole discretion are insufficient for any other reason; or
- If the Lottery's authorization to conduct its business is withdrawn or
- There is a material alteration in the programs the Lottery administers; or
- If Lottery's duties are substantially modified.

#### **7. Remedies of Vendor.**

In the event of termination of this Agreement the Vendor shall be paid for services completed prior to termination upon submission of invoices and proper proof of claim, for services and materials provided to the Lottery prior to cancellation and for reasonable industrial costs of work-in-progress.



## **8. No Release of Obligation.**

The expiration or termination of this Agreement for any cause shall not release Vendor from:

- Any obligations and duties remaining under any order accepted by the Vendor prior to such expiration or termination; or
- Any liability which at the time of expiration or termination has already accrued to the other party, or, which thereafter may accrue in respect to any event prior to expiration or termination; or
- Any liability from any obligation that survives expiration or termination.

## **9. Choice of Law and Forum.**

The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this Agreement without regard to the choice of law provisions of Iowa law.

In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Agreement, the proceeding shall be brought in Des Moines, Iowa, in Polk County District Court for the State of Iowa, if jurisdiction is proper. If however jurisdiction is not proper in the Iowa District Court, Polk County, but is proper only in a United States District Court, the matter shall be commenced in the United States District Court for the Southern District of Iowa, Central Division.

This provision shall not be construed as waiving any immunity to suit or liability, in state or federal court, which may be available to the Lottery or the State of Iowa.

## **10. Compliance with the Law and Regulations.**

The Vendor shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations and orders when performing within the scope of this Agreement, including without limitation, all laws applicable to the prevention of discrimination in employment, the administrative rules of the Iowa Department of Management or the Iowa Civil Rights Commission which pertain to equal employment opportunity and affirmative action, laws relating to prevailing wages, occupational safety and health standards, prevention of discrimination in employment, payment of taxes, gift laws, lobbying laws, laws dealing with the manufacture and transportation of gambling related materials and laws relating to the use of targeted small businesses as subcontractors or suppliers.

The Vendor declares that it has complied with all federal, state and local laws regarding business permits and licenses that may be required to carry out the work to be performed under this Agreement.

The Vendor shall give notice to any labor union with which it has a bargaining or other agreement of its commitment under this section of the Agreement. The Vendor shall make the provisions of this section a part of its contracts with any subcontractors providing goods or services related to the fulfillment of this Agreement.

The Vendor shall comply with all of the reporting and compliance standards of the Department of Management regarding equal employment. These requirements may require the Vendor to submit its affirmative action plan. The plan must comport with the Department of Management rules at 541 IAC chapter 4.

The Lottery may consider the failure of the Vendor to comply with any law or regulation as a material breach of this Agreement. In addition, the Vendor may be declared ineligible for future State contracts or be subjected to other sanctions for failure to comply with this section.

## **11. Indemnification.**

The Vendor agrees to defend, indemnify and hold the State of Iowa and the Lottery, its employees, agents, board members, appointed officials and elected officials, harmless from any and all liabilities, damages, loss, claims, suits or actions, settlements, judgments, costs and expenses, including reasonable value of time for the Attorney General's Office, and the costs and expenses and attorney fees of other counsel required to defend the Lottery, related to or arising from:

- Any violation or breach of this Agreement by the Vendor, its employees, or agents; or
- Any negligent acts or omissions of Vendor, its officers, employees, agents, board members, contractors, subcontractors, or trademark counsel employed by Vendor in the performance of this Agreement; or
- Any failure by the Vendor to comply with all local, state and federal laws and regulations; or
- Any failure by the Vendor to make all reports, payments and withholdings required by Federal and State law with respect to social security, employee income and other taxes, fees or costs required by the Vendor to conduct business in the State of Iowa; or
- Any event in which a third-party asserts that the Lottery's use of a product, design, and use of ticket product provided by Vendor to the Lottery is a violation of such party's rights; provided, however, that Vendor need provide no such indemnification for claims which relate solely to information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished to Vendor by the Lottery.

The Vendor's duty to indemnify as set forth in this section shall survive the expiration or termination of this Agreement and shall apply to all acts taken in the performance of this Agreement regardless of the date any potential claim is made or discovered by the Lottery.

## **12. Independent Contractor.**

The status of the Vendor shall be that of an independent contractor. The Vendor, its employees, agents and subcontractor performing under this Agreement are not employees or agents of the Lottery.

The Lottery shall not provide the Vendor with office space, support staff, equipment, tools, or supervision beyond the terms of this Agreement.

Neither the Vendor nor its employees, agents and subcontractors are eligible for any State employee benefits, including but not limited to, retirement benefits, insurance coverage or the like.

Neither the Vendor nor its employees shall be considered employees of the Lottery or the State of Iowa for federal or state tax purposes. The Lottery shall not withhold taxes on behalf of the Vendor (unless required by law). The Vendor shall be responsible for payment of all taxes in connection with any income earned from this Agreement.

### **13. Payment to Vendor.**

The Lottery shall pay all approved invoices in arrears and in conformance with Iowa Code Section 8A.514 and II IAC § 41.1(2). The Lottery may vary the terms of this provision by paying the bill for services in less than 60 days as provided in Iowa Code Section 8A.514. However, an election to pay in less than 60 days shall not act as an implied waiver of Iowa Code Section 8A.514.

Pursuant to Iowa Code Section 99G.38, the funds of the state of Iowa, as opposed to the funds of the Iowa Lottery Authority, are not available to meet the obligations of the Lottery that may arise from this Agreement.

### **14. Notices.**

Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by Federal Express, courier or other similar and reliable carrier which shall be addressed to each party as set forth as follows:

If to the <b>Iowa Lottery</b> :	Iowa Lottery Authority Attn.: Lottery COO 13001 University Ave. Clive, IA 50325
If to the <b>Vendor</b> :	Vendor Name Attn.: Vendor address

Each such notice shall be deemed to have been provided:

- At the time it is actually received; or
- Within one day in the case of overnight hand delivery, courier or services such as Federal Express with guaranteed next day of delivery; or
- Within five days after deposited the U.S. Mail in the case of registered U.S. Mail.

Copies of such notice to each party shall be provided separately.

From time to time, the parties may change the name and address of a party designated to receive notice. Such change of the designated person shall be in writing to the other party and as provided herein.

### **15. Related Services.**

The Lottery will reserve the right to contract with other vendors for related services during the contract term.

### **16. Infringement of Trademarks, Patents, Copyrights and Other Proprietary Rights.**

The Vendor represents and warrants that all the concepts and materials produced, or provided to the Lottery pursuant to the terms of this Agreement shall be wholly original with the Vendor or that the Vendor has secured all applicable interests, rights, licenses, permits, or other intellectual property rights in such concepts and materials.

The Vendor represents and warrants that the concepts and materials and the Lottery's use of the materials and the exercise by the Lottery of the rights granted by this Agreement shall not infringe upon any other work, other than material provided by the Lottery to the Vendor to be used as a basis for such materials, or violate the rights of publicity or privacy of, or constitute a libel or slander against, any person, firm or corporation and that the materials will not infringe upon the copyright, trademark, trade name, literary, dramatic, statutory, common law or any other rights of any person, firm or corporation or other entity.

The Vendor represents and warrants that, in the performance of this Agreement, the Vendor's work product and the information, data, designs, processes, inventions, techniques, devices, and other such intellectual property furnished, used, or relied upon by the Vendor will not infringe any copyright, patent, trademark, trade dress or other intellectual property right of the Vendor or others.

The Vendor also represents and warrants that the design and method of manufacture of materials provided pursuant to this Agreement shall not infringe on any patent.

### **17. Personnel to Perform the Services.**

The Vendor shall identify for the Lottery all employees of the Vendor and any subcontractors that provide goods or services necessary to the Lottery contract. The Lottery reserves the right to disapprove of any subcontractor used by the Vendor or any employee of the Vendor or any subcontractor directly involved in the Lottery contract. If the Lottery disapproves of any such person or subcontractor, the Vendor shall ensure that they are not involved in the Lottery contract. The Vendor shall require its

employees and the employees of any subcontractors involved in the Lottery contract to submit to background investigations by the Lottery, if requested, and to complete all background disclosure forms as may be required by the Lottery.

### **18. Prime Vendor Responsibilities.**

The Vendor shall assume all responsibility for the performance of all required services, whether or not subcontractors are involved. The Lottery shall consider the Vendor to be the sole point of contact with regard to all matters related to this Agreement and is not required to initiate or maintain contact with any subcontractor.

### **19. Taxes.**

The Vendor and its subcontractors, may be subject to certain taxes, including but not limited to sales tax, motor vehicle fuel tax, personal or corporate income tax or other taxes or assessments, and to licensing fees or other miscellaneous fees or charges which may be imposed by federal, state, or local law or ordinance. The Vendor and its subcontractors shall be solely responsible for paying any taxes incurred in the performance of this Agreement. The Vendor shall promptly pay all such taxes, fees or charges when due. The Lottery is a tax-exempt entity and no payment will be made for any taxes levied on the Vendor for any purpose.

### **20. Vendor Representations and Warranties.**

All representations and warranties made by the Vendor in all provisions of this Agreement and the Proposal by the Vendor, whether or not this Agreement specifically denominates the Vendor's promise as a warranty or whether the warranty is created only by the Vendor's affirmation or promise, or is created by a description of the materials and services to be provided, or by provision of samples to the Lottery, shall not be construed as limiting or negating any warranty provided by law, including without limitation, warranties which arise through course of dealing or usage of trade. The warranties expressed in this Agreement are intended to modify the warranties implied by law only to the extent that they expand the warranties applicable to the goods and services provided by the Vendor.

The Vendor represents and warrants that the related materials, goods and services to be provided to the Lottery pursuant to this Agreement shall be suitable for their intended purposes. The Vendor acknowledges that the Lottery is relying on the Vendor's skill and judgment to furnish services fit in all respects for this purpose which will be designed to maximize sales of the Lottery.

The Vendor represents and warrants that goods and services shall be merchantable.

The Vendor represents and warrants that title to the materials conveyed to the Lottery shall be good and that transfer of title is rightful and that the materials shall be delivered free of any security interest or other lien or encumbrance.

The Vendor represents and warrants that it has the right to enter into and to fully perform this Agreement upon the terms and conditions specified and that it has not granted and will not grant any right or interest to any person or entity which might derogate, encumber, or interfere with the rights granted to the Lottery.

The Vendor represents and warrants that product provided will be new and unused and free of defects in material, design and workmanship.

The Vendor represents and warrants that all services provided shall be performed in a prompt, competent and workmanlike manner by properly trained individuals in accordance with the highest standards of the Vendor's profession.

The Vendor expressly represents and warrants that all aspects of the goods and services provided by it during the performance of the Agreement will conform to the highest standards in the industry.

The Vendor also represents and warrants that the design, manufacture and sale or use by the Lottery of materials provided by the Vendor pursuant to this Agreement will not infringe on any intellectual property rights of any other person or entity.

The Vendor represents and warrants that the production, design, and use by the Lottery of goods and services provided by the Vendor will not infringe on any patent, trademark, copyright, trademark, service mark, trade secret or other right held by any third party; provided, however, that the Vendor need provide no such warranty for information, data, designs, processes, inventions, techniques, devices, and other such intellectual property furnished to Vendor by the Lottery.

The Vendor represents and warrants that the product and services provided shall meet each and every requirement and specification of this Agreement exactly as specified in this Agreement.

The Vendor represents and warrants that it has not made any misrepresentations to the Lottery related to this Agreement or the products and services to be provided pursuant to this Agreement. "Misrepresentations" include material omissions.

## **APPENDIX C: DISCLOSURE FORMS**

**All disclosure forms can be found on the Iowa Lottery Authority website.**

<http://www.ialottery.com/Pages/Vendors/VendorsMain.aspx>

**DCI class “L” Business Entity**

**Key Personnel Supplemental list (refer to sample format provided)**

**DCI class “L-1” Bidder Key Personnel**

**DCI class “O” Lottery Background**

## **APPENDIX D :PROPOSAL COMPLIANCE AND CERTIFICATION STATEMENT**

**I certify that the contents of the Bid Proposal are true and accurate. I also certify that no false statements have knowingly been made in this Bid Proposal.**

### **Certification of Independence**

By submitting a Bid Proposal in response to this RFP, I certify the following:

1. The Bid Proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the Lottery who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
2. The Bid Proposal has been developed independently, without consultation, communication or agreement with any other Contractor or parties for the purpose of restricting competition.
3. Unless otherwise required by law, the information found in the Bid Proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly, to any other Contractor.
4. No attempt has been made or will be made to induce any other Contractor to submit or not to submit a Bid Proposal for the purpose of restricting competition.
5. No relationship exists or will exist during the contract period between the Contractor and the Lottery that interferes with fair competition or as a conflict of interest.

### **Certification Regarding Debarment**

6. I certify that, to the best of my knowledge, the Contractor/Company (shown in signature box) and all of its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by a Federal Agency or State Agency; (b) have not within a ten-year period preceding this Bid Proposal been convicted of, or had a civil judgment rendered against them for commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes or commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for or other criminally or civilly charged by a government entity (federal, state, or local) with the commission of any of the offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this Bid Proposal had one or more public transactions (federal, state, or local) terminated for cause.

This certification is a material representation of fact upon which the Lottery has relied upon when this transaction was entered into. If it is later determined that the undersigned knowingly rendered an erroneous certification, in addition to other remedies available, the Lottery may pursue available remedies including suspension, debarment, or termination of the contract.

### **Certification Regarding Registration, Collection, and Remission of Sales and Use Tax**

7. Pursuant to Iowa Code sections 423.2(10) & 423.5(8) (2011) a retailer in Iowa or a retailer maintaining a business in Iowa that enters into a contract with a state agency must register, collect, and remit Iowa sales tax and Iowa use tax levied under Iowa Code chapter 423 on all sales of tangible personal property and enumerated services. The Act also requires

Contractors to certify their compliance with sales tax registration, collection, and remission requirements and provides potential consequences if the certification is false or fraudulent.

By submitting a Bid Proposal the undersigned certifies the following: (check the applicable box)

\_\_\_\_\_ is registered with the Iowa Department of Revenue, collects, and remits Iowa sales and use taxes as required by Iowa Code chapter 432; or

\_\_\_\_\_ is not a “retailer” or a “retailer maintaining a place of business in this state” as those terms are defined in Iowa Code subsections 423.1(42) & (43).

By submitting a Bid Proposal and signing this statement, Contractor indicates understanding and acknowledges that the Lottery may declare the bid or resulting contract void if the above certification is false. The Contractor also understands that fraudulent certification may result in the Lottery or its representative filing for damages for breach of contract.

I have the authority to bind the Contractor indicated below to the specific terms and conditions and technical specifications required in this RFP and offered in the Bid Proposal.

Business Name:	
Authorized Signature:	
Printed Name:	
Title:	
Date:	

## **APPENDIX E: PRICE PROPOSAL**

(Please see this Appendix as an Excel document attached to RFP 18-04)

## **APPENDIX F: GAME LAUNCH INFORMATION**

(Please see this Appendix as a PDF document attached to RFP 18-04)



## APPENDIX G: TICKET / PACK SIZE INFORMATION

### Ticket/Pack Size Information

The Iowa Lottery currently offers instant tickets in the following ticket and pack sizes:

4" by:	Ticket Price	Tickets Per Pack	
2.4	\$1.00	300	
4	\$2.00	150	
6	\$2.00	150	Bingo Only
6	\$3.00	100	
6	\$3.00	100	Crossword
6	\$5.00	60	
8	\$5.00	60	Crossword
8	\$5.00	60	
8	\$10.00	30	
8	\$10.00	30	Crossword
10	\$10.00	30	
8	\$20.00	15	
10	\$30.00	10	

### Special Tickets:

		Per Pack	
7 7/8"x8"	\$20.00	15	Big Ticket
7 7/8"x8"	\$20.00	15	Game Book
7 7/8"x8"	\$30.00	10	Double Sided Crossword

# APPENDIX H: LETTER OF CREDIT

(BANK LETTERHEAD)

## STANDBY LETTER OF CREDIT

Letter of Credit No.: \_\_\_\_\_ Issue Date  
\_\_\_\_\_

Iowa Lottery Authority  
Attn: VP of Finance  
13001 University Avenue  
Clive, IA 50325-8225

To Whom It May Concern:

At the request of \_\_\_\_\_ (the "Applicant"), we hereby establish this irrevocable Letter of Credit in favor of the Iowa Lottery Authority.

**1. Credit Amount.** The maximum credit available under this letter of credit is USD \$\_\_\_\_\_. Partial and multiple drawings may be made under this Letter of Credit. Each drawing honored shall reduce the amount available to be drawn under this Letter of Credit dollar for dollar.

**2. Expiration and Automatic Renewal.** This Letter of Credit shall be effective immediately on the issue date and shall expire at the close of business on the first Business Day on or after \_\_\_\_\_ (the "Expiration Date"). However, this Letter of Credit shall automatically and annually renew on the Expiration Date (the "Annual Renewal Date"). Under no circumstances shall we be required to honor this Letter of Credit after \_\_\_\_\_ (the "Final Expiration Date"). In addition, the Letter of Credit may be terminated by us before the Final Expiration Date as follows:

**a)** At least ninety (90) calendar days prior to the Expiration Date or any Annual Renewal Date we provide written notice not to renew this Letter of Credit. Any such notice or any other communication shall be sent by certified mail, to:

Iowa Lottery Authority  
Attn: VP of Finance  
13001 University Avenue  
Clive, IA 50325-8225

If we elect not to renew this Letter of Credit, we will also provide notice to Applicant simultaneously by certified mail; or,

**b)** You provide a signed statement on agency letterhead waiving the right to payment under this Letter of Credit prior to the next automatic renewal.

Irrespective of any other provision of this paragraph, if we receive a Drawing Certificate from you within the last 30 calendar days of any current term, the current term shall be extended automatically for a period of thirty (30) calendar days.

**3. Document to Be Presented.** Funds under this Letter of Credit are available to you upon presentation of a Drawing Certificate substantially in the form attached to this letter as Attachment A. The Drawing Certificate need not be identical to the attachment but must be signed by the CEO or CEOs designee of the Iowa Lottery Authority.

**4. Method and Notice of Presentment.** A Drawing Certificate shall be presented during our business hours on any Business Day prior to the expiration of this Letter of Credit. A Drawing Certificate may be delivered to us in the manner of your choice from the following methods:

At the following physical Iowa address:

By certified or express mail to the following physical Iowa address:

By electronic presentation via facsimile to this number \_\_\_\_\_.

By other electronic presentation means as follows:

A Drawing Certificate may be delivered to another physical Iowa address or fax number designated by us after providing at least ten (10) Business Days' prior written notice, delivered to you by certified mail. It is understood that drawings made by electronic presentation shall be deemed the operative instrument without the need of originally signed documents.

**5. Time and Method for Payment.** Payment shall be made to you in the amount demanded in the Drawing Certificate by the end of the third Business Day following the date the Drawing Certificate was presented to us. Payments shall be made with cashier's check sent by certified mail, postage pre-paid, return receipt requested, or by express delivery to the following address:

Iowa Lottery Authority  
Attn: VP of Finance  
13001 University Avenue  
Clive, IA 50325-8225

If we do not honor the Drawing Certificate for any reason, we will contact you prior to the end of the third Business Day. This contact will be followed by a written notice sent by certified mail to the address provided in paragraph 2.

**6. Jurisdiction and Choice of Law.** By presenting you with this Letter of Credit, we confirm that we are registered to do business in the State of Iowa. Further, we consent to the jurisdiction of the State of Iowa regarding any legal matters arising from this Letter of Credit. Any and all litigation commenced in connection with this Letter of Credit shall be

brought and maintained solely in Polk County District Court for the State of Iowa, Des Moines, Iowa, or in the United States District Court for the Southern District of Iowa, Central Division, Des Moines, Iowa, wherever jurisdiction is appropriate. This provision shall not be construed as waiving any immunity to suit or liability including without limitation sovereign immunity in State or Federal court, which may be available to you or the State of Iowa. Unless otherwise expressly stated herein, this Letter of Credit is subject to the International Standby Practices, International Chamber of Commerce ("ISP 98"), Publication No. 590. Matters not governed by the ISP 98 shall be governed by the laws of the State of Iowa without regard to the conflict of law provisions of Iowa law.

**7. Amendment.** This Letter of Credit may be amended from time to time by mutual consent of the parties. Any such Letter of Credit amendment shall only be made pursuant to a formal written amendment signed by both parties.

We hereby confirm to you that a Drawing Certificate presented in compliance with the terms and conditions of this Letter of Credit will be honored on sight in accordance with the provisions of this Letter of Credit.

Very truly yours,

By: \_\_\_\_\_ Title: \_\_\_\_\_

\_\_\_\_\_  
(Typed Name)

\_\_\_\_\_  
(Issuing Bank)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, year \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**Letter of Credit Attachment A: Drawing Certificate**

Letter of Credit No. \_\_\_\_\_

Date \_\_\_\_\_

[*Name and address of Issuing Bank*]

At sight, pay to the order of the Iowa Lottery Authority, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_). Payment by the Issuing Bank pursuant to this drawing shall be made by cashier's check delivered to the Iowa Lottery Authority, at the address provided in the Letter of Credit.

\_\_\_\_\_  
Authorized Signature for the Iowa Lottery Authority

\_\_\_\_\_  
(*Typed Name*)

Title: \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, year \_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Iowa

## **APPENDIX I: CURRENT CONTRACTS AND PRICING**

(Please see this Appendix as a PDF document attached to RFP 18-04)

## **APPENDIX J: TICKET SAMPLES**

(Please see this Appendix as a PDF document attached to RFP 18-04)

## **APPENDIX K: EVALUATION SHEET**

(Please see this Appendix as a PDF document attached to RFP 18-04)