

1. **Section 1.1** - Could the Lottery please clarify if the successful bidder is expected to undertake the maintenance of the existing 335 pull-tab vending machines as part of the base price offer?

RESPONSE: No, the pull-tab machine maintenance is covered under a different contract.

2. **Section 1.16.3** - Can the Lottery please confirm that the core requirement is for vending machines to support Lotto, InstaPlay and Scratch games? This section makes reference to vending machines providing just Lotto and InstaPlay tickets. However, later requirements in Section 3.2.3 specify a requirement for machines that vend scratch, Lotto and InstaPlay tickets. The later section does invite other options.

RESPONSE: The Lottery is aware that there are two different types of kiosks available.

Section 1.16.3 speaks to Kiosks that can vend:

- Scratch, InstaPlay and Lotto games and,
- Kiosks that can vend InstaPlay and Lotto games.

Section 3.2.3 specifically requires vendors to provide 130 kiosks that vend a minimum of 24 scratch games along with the capability to vend InstaPlay, Lotto, Raffle games.

The Lottery will work with the Successful Vendor to develop a vending machine strategy that will maximize sales and revenue for the State of Iowa.

3. **Section 1.16** - Due to the voluminous amount of paper (approximately 400 pages) required to print these statements, would the Lottery accept all copies of the financial information required in Section 3.9.11 be submitted in electronic format (on three USB flash drives)?

RESPONSE: Yes, the Lottery will accept the information required in Section 3.9.11 submitted in electronic format. RFP section 1.16 and 3.9.11 were amended to allow for the electronic submission of the financial information.

4. **Section 1.25** - Section 99G.34 of the Lottery Code allows for confidentiality of Vendor's personal information (including social security codes in accordance with Section 2). Will the Lottery confirm that this also covers potential vendors, in the bidding process, and therefore any personal information provided would be kept confidential?

RESPONSE: Two separate statutory provisions provide confidentiality for records in the hands of the Iowa Lottery. Iowa Code 72.3 provides for the confidentiality of all aspects of a sealed bid during the bidding process. Once a notice of intent to award has been issued, additional material that a vendor may

claim as confidential may be protected only in accordance with Iowa Code 99G.34 or other applicable law. As noted in the fourth paragraph of Section 1.26, in the event the Lottery receives a request for the release of information that includes material a Vendor has marked as confidential, the Lottery will provide a written notice to the Vendor regarding the request by e-mail as soon as practicable. Such notification should afford a potential vendor the opportunity to seek an injunction to enjoin the Lottery from releasing such information in accordance with applicable law.

Section 99G of the Lottery Code allows for confidentiality of Vendor's information that involves computer systems and security information (Sections 3 & 7 of 99G.34). Will the Lottery confirm that this covers potential vendors, in the bidding process, and therefore our proprietary information would be kept confidential?

RESPONSE: Two separate statutory provisions provide confidentiality for records in the hands of the Iowa Lottery. Iowa Code 72.3 provides for the confidentiality of all aspects of a sealed bid during the bidding process. Once a notice of intent to award has been issued, additional material that a vendor may claim as confidential may be protected only in accordance with Iowa Code 99G.34 or other applicable law. As noted in the fourth paragraph of Section 1.26, in the event the Lottery receives a request for the release of information that includes material a Vendor has marked as confidential, the Lottery will provide a written notice to the Vendor regarding the request by e-mail as soon as practicable. Such notification should afford a potential vendor the opportunity to seek an injunction to enjoin the Lottery from releasing such information in accordance with applicable law.

5. **Section 1.26** - Will the Iowa Lottery please amend this section to the following?

"In the event the Lottery receives a request for the release of information that includes material a Vendor has marked as confidential, the Lottery will provide a written notice to the Vendor regarding the request immediately, and will not release the confidential information until the Vendor has had an opportunity to defend the confidentiality of the material. Confidential material will only be released if a court of competent jurisdiction requires it to be released in accordance with relevant laws."

RESPONSE: Section 1.26 provides Vendors with detail regarding compliance with applicable law. This Section will remain as it is currently written.

It is typical practice to provide a general statement at the beginning of our proposal stating what grounds we have marked our confidential information. Will the general statement, which will include the Iowa codes in which we are marking our confidential information, satisfy the above requirement?

RESPONSE: No. Section 1.26, specifically paragraphs one through three, provides Vendors with detail regarding the proper method to demonstrate reasonable efforts to ensure confidentiality under this RFP.

6. **Section 1.31** - This section is tagged as: RESPONSE NOTE: Acceptance. However, it includes a requirement to describe a system capability. Can the Lottery please clarify what response is required in this section?

RESPONSE: Acceptance is a sufficient response for this section. Vendors may demonstrate these system capabilities in response to other sections of this RFP.

7. **Section 1.33** - We note that the Lottery states that a claim upon the Bond may be made by the Lottery under the following conditions:

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

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

It is a widely accepted practice in the lottery industry [and other industries undergoing public procurements] to include in such Litigation Bond a third condition that would need to be satisfied before the Bond may be drawn upon, and we would ask that the Lottery add the following condition to conform to such industry standard:

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

RESPONSE: The language of current Section 1.33 shall remain as is.

8. **Section 2.1** - Because of the nature of the bidding and negotiation process, it has been our experience that there is more clarity in contracting with a time-based order of precedence because issues are clarified by the parties as time passes in these processes. Also, to the extent the language in a winning bidder's proposal includes language that conflicts with the RFP provides that the RFP would control. Since this could create an unintended conflict on the basis of why the proposal is accepted, will the Lottery amend this section to provide that the proposal will supersede the RFP in order of precedence, unless the contract states otherwise with regard to any particular provisions in which the Lottery decides?

RESPONSE: No. The language of current Section 2.1 shall remain as is.

9. **Section 2.5** - Will the Lottery amend this section to limit the emergency extension period to no more than three (3) thirty (30) day periods? As it is written, the Vendor is required to continue to provide services for an unlimited amount of time at the same rates that would have been established 10 years prior.

RESPONSE: The Lottery has amended section 2.5 to allow for up to six (6) thirty (30) day extension periods.

10. **Section 2.8** - It is widely accepted that insurance certificates suffice as evidence of insurance coverage in lieu of policies. This section states that the Successful Vendor must submit certificates and copies of each required bond and insurance contract, and any renewals thereof, to the Lottery. Will the Lottery please delete the words "and insurance contract" and amend the section as follows? "the Successful Vendor must submit certificates and copies of each required bond, and any renewals thereof, to the Lottery."

RESPONSE: The Lottery has amended section 2.8 to remove the words "and insurance contract".

11. **Section 2.10** - Surety Companies require that the Performance bond be annually renewable and that an Industry Standard bond form is used. Will the Lottery please confirm that the Performance bond can be renewed on an annual basis and that an Industry Standard bond form is acceptable?

RESPONSE: Confirmed.

12. **Section 2.11** - Would the State of Iowa accept a Crime/Employee Dishonesty insurance policy in the amount of five million dollars (\$5,000,000) for this requirement in lieu of a fidelity bond?

RESPONSE: No.

13. **Section 2.15** - Will the Lottery please include 'acts or omissions of telecommunications carrier' in the Force Majeure clause?

RESPONSE: No.

Will the Lottery agree to amend this paragraph to the following?

"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 after at least thirty (30) days, should its continuing operations, in its sole judgment, be materially threatened or harmed by reason of extended delay or failure of performance, whether due to force majeure or otherwise."

RESPONSE: No.

14. **Section 2.17** - Will the Lottery consider including language in the 2nd paragraph of this section that would include the following?

“The Lottery shall require any replacement vendor to sign a non-disclosure agreement between the Successful Vendor and the replacement Vendor during the conversion.”

RESPONSE: No. In the event that the Successful Vendor is different than the current system Vendor, the Lottery will allow those parties to negotiate the terms of any desired non-disclosure agreement relating to the transition. The Lottery's expectation is that any Lottery vendor, current or prospective, will work together to ensure a smooth transition.

15. **Section 2.22** - Would the Lottery please confirm that the Successful Vendor shall not be required to indemnify and hold harmless the State of Iowa and the Lottery, the Lottery's officers and directors, employees, staff, other Lottery Vendors, retailers, and all agents, employees, officer and directors thereof (the “Indemnified Parties”) against claims, damages, fees and expenses or losses (“Damages”) to the extent to which such Damages arise from the Indemnified Parties' own acts or omissions?

RESPONSE: The Lottery confirms that the Successful Vendor would not be responsible for indemnification under this provision to the extent that the Damages arise solely from the acts or omissions of the Indemnified Parties.

16. **Section 2.24** - Will the Lottery please confirm that the RESPONSE NOTE: Full is intended for requirement 2.24?

RESPONSE: Yes. The Successful Vendor shall demonstrate how its proposed solutions can integrate with terminals, terminal peripherals, games, software, products, or systems developed by other companies.

17. **Section 2.18.4** - It is asked that the Vendor's base price include offering of new games. Can more details be provided of such games and the number of online games expected to be launched per year so that the effort to support these can be more accurately priced? If this requirement is not known, would the Lottery accept a cap of new online games per year? In addition, can it be confirmed that the costs of the new game launches only includes support of these games via the existing sales channels at the start of the contract, i.e. not iLottery and not through in-lane?

RESPONSE: The Lottery is required to update multi-state games as changes in those games occur. Currently the Lottery is selling, Powerball, Mega Millions, Lotto America & Lucky For Life.

In addition, the Lottery sells Pick 3 and Pick 4 games and anticipates little to no changes in these games.

The Lottery also sells eight (8) InstaPlay games and will be adding two (2) more InstaPlay games at the \$20 price point before the existing contract expires. The Lottery has not changed any of these games from the time that the games were introduced.

Going forward, the Lottery anticipates little change to the practices described above.

Due to the rapidly changing face of the Lottery industry, it is challenging to describe a 10-15 year plan. The Lottery will work with the Successful Vendor to develop a gaming strategy that will maximize sales and revenue for the State of Iowa including how in-lane and iGaming can enhance the Lottery's portfolio.

18. **Section 2.26** - We respectfully request the Lottery consider restating paragraph 3 of section 2.26 (page 46) to provide for a more commercially equitable calculation. For example, Liquidated Damages can be measured in terms of actual lost profits to Lottery or lost revenue to the State of Iowa in those instances where such measurements can be promptly and accurately performed using readily available data and through calculations acceptable to both parties. With a growing retail network and a Vendor who receives its compensation as a percentage of actual sales, the commercial incentive for ensuring the highest possible uptime is already significant.

We, and applicable law, agree that liquidated damages aren't to act as penalty, therefore, we respectfully request the Lottery to amend this section to allow for lost revenues, if applicable, to be used to calculate liquidated damages, much like most other jurisdictions. Sales, and therefore revenues, are constantly tracked, so determining appropriated liquidated damages is not difficult to determine and more appropriate. We understand that not all liquidated damages involve lost sales, but the ones that are affected by lost sales, we respectfully ask the Lottery to consider amending the actual liquidated damages to reflect lost sales/revenues appropriately.

Will the Lottery agree to add language that will include a reasonable timeframe to assess liquidated damages? "The Lottery will assess liquidated damages within three (3) months of any incident."

RESPONSE: The existing language of Section 2.26 is consistent with law and will remain as is.

Liquidated damages are meant as a reasonable assessment of damages the Lottery would incur upon the Vendor's breach. In order to avoid the Lottery's receiving an unfair windfall if it is entitled to receive other damages in addition to liquidated damages, would the Lottery please agree to delete the second paragraph in Section 2.26?

RESPONSE: The existing language of Section 2.26 is consistent with law and will remain as is.

Given that the Lottery has full indemnification protection, and may assess liquidated damages and has adequate remedies, would the Lottery consider a commercially reasonable cap on a Contractor's liability for damages under the Contract? A cap is often the lesser of the annual value of the agreement, or the amount of the performance bond.

RESPONSE: The existing language of Section 2.26 is consistent with law and will remain as is.

In order to best forecast our models, will the Lottery please provide the total liquidated damages paid by the current vendor over the current contract term?

RESPONSE: \$294,857

19. **Section 2.26.7** - Would the Lottery consider some non core functionality being dropped into a UAT environment 60 calendar days before go live or at least later than the predefined 180 days? Code releases into acceptance testing environments during transitions can be scheduled in a phased manner to allow early starting of core central system and terminal functionality with more peripheral areas such as multimedia released later in the UAT test cycles.

RESPONSE: The Lottery will begin system testing 180 days prior to go live. The Lottery will work with the Successful Vendor on a finalized testing schedule.

20. **Section 2.26.11** - Will the Lottery please describe what the Retailer Maintenance reports/files in Group B include and how they are used by the Lottery?

RESPONSE: A non-exhaustive list of examples of Retailer Maintenance reports/files that may fit in Group B can be found in Appendix D. The exceptions are items 1 and 7 that relate solely to drawings and are therefore in Group A. The reports are used to perform and support daily critical business operations.

21. **Section 2.26.12** - Will the Lottery please provide a list of reports which are currently provided to retailers via the Retailer Website, and which of these reports fall into Groups A, B and C?

RESPONSE: The following reports are in the Lottery's Retailer Website (Gem Retailer):

- **GROUP A:**
 - Chain Statement
 - Statement
- **GROUP B:**
 - 13 Week Sales
 - Activations and Settlements

- Active Packs
- Adjustments
- Inventory Details
- Inventory Reconciliation
- Inventory Summary By Game
- Issued Packs
- Packs Of Concern
- Returned Packs
- Sales Activity Comparison
- Sales, Cashes, and Commissions
- Scratch Games
- Scratch Pack Settlement
- Scratch Ticket Distribution
- Winners

22. **Section 2.26.13** - Can the Lottery provide more specifics regarding the 2 hour repair time or clarify what triggers the 2 hour window to begin and what indicates the repair time clock ends? To be more cost effective, is the Iowa Lottery be willing to consider a 3-4 hour time window?

RESPONSE: The Lottery will maintain the 2 hour window in this Section. This timeframe is triggered through notice to the Vendor that terminals, kiosks, or associated peripheral devices are non-operational. This condition ends when the Vendor has resolved the problem.

Would the Lottery consider modifying Category A to include top 40% of retailers, Category B to include middle 20% of retailers and Category C to include bottom 40% of retailers?

RESPONSE: The existing language of this provision shall remain.

Would the Lottery consider modifying the chronic retailer's clause to include; in which the retailer has failed and required a dispatch and repair three times "for the same problem and same terminal unit" in any thirty day period including terminal replacements...which is in the vendor's control and caused by failed Lottery equipment?

RESPONSE: No. The language of this Section shall remain as currently written.

Will the Iowa Lottery please define the basis of retailers in each category, so that potential Vendors can properly estimate Field Service staffing numbers? Additionally, does the Lottery expect the categories to be dynamic or static throughout the term of the contract?

RESPONSE: The Lottery will work with the Successful Vendor to identify the retailers that populate each category. These are dynamic categories.

23. **Section 2.26.15** - Can the Lottery please confirm if the 90 days to modify or install additional games is business days or calendar days? Additionally, is the Lottery amenable to offering flexibility to the specified timeline for the release of new games, or potentially waiving the timeline in this scenario in order to encourage greater innovation for new game development.

RESPONSE: The 90 days referenced are calendar days. The Lottery has already provided a mechanism in existing Section 2.26.15 to allow for flexibility in scheduling when necessary, and so the current language in this Section will remain.

24. **Section 2.26.22** - Will the Lottery consider amending the language to the following?

“The Successful Vendor is required to comply with all commitments of the RFP, the Proposal, and the Contract, and all clarifications and amendments to these documents in accordance with all approved timelines. If the Successful Vendor fails to provide products, services, data, or documents as obligated pursuant to these requirements and agreed upon timelines, the Lottery may invoke liquidated damages where not otherwise specifically addressed by another liquidated damage provision.”

RESPONSE: No. The expectation contained in Section 2.26.22 requires a Successful Vendor to perform all contractual commitments within the timelines established pursuant to this Contract or otherwise set by the Lottery.

25. **Section 2.26.24** - Would the Lottery please consider modifying the “shall be assessed” language to “may be assessed” in order to provide the parties an ability to interpret the recommendations? Such a modification will also be consistent with language used in the other requirements in Section 2.26.

RESPONSE: The Lottery has amended section 2.26.24 to read “may be assessed”.

Alternatively, would the Lottery please consider restating the requirement in 2.26.24 to the following?

“1. Condition

If the Successful Vendor fails to address recommendations or requirements made as a result of a system, security and/or control audit that are reasonably determined to be actionable, or fails to comply with required Lottery, Lottery Association, or Lottery multi-jurisdictional group or game standards, a liquidated damage may be assessed.

2. Damages

1) In the event that audit recommendations addressing any of the Successful Vendor's activities are not corrected, as per a mutually agreed course of action, within sixty (60) days of notification, the Successful Vendor may be assessed liquidated damages of five thousand dollars (\$5,000) at the end of the initial sixty (60) day period and an additional five thousand dollars (\$5,000) for each subsequent thirty (30) day period or any portion thereof, for which the audit recommendation corrections have not been completed.

RESPONSE: No. The only change to Section 2.26.24 is that the damages from that section "may be assessed". The rest of this Section remains as is.

26. Section 2.26.31 - Will the Lottery amend the last sentence of #2 in Section 2.26.31 to the following?

"In addition, the Successful Vendor will be liable for the prize amount of the erroneously produced and/or validated ticket if a prize was paid in accordance with the game rules and prize claim procedures."

RESPONSE: The Lottery has amended section 2.26.31 to read "In addition, the Successful Vendor will be liable for the prize amount of the erroneously produced and/or validated ticket to the extent a prize was already or must be paid in accordance with the game rules and prize claim procedures."

27. Section 2.26.32 - Will the Lottery amend #2 in Section 2.26.32 to the following?

"In the event that the Successful Vendor's gaming system produces a defective or nonconforming ticket or electronic ticket due to any terminal equipment, printer malfunction, communication error, or hardware or software failure, the Successful Vendor may be charged liquidated damages of one thousand dollars (\$1,000) for each incident and will be liable for the prize amount of the ticket or eticket if a prize was paid in accordance with the game rules and prize claim procedures."

RESPONSE: The Lottery has amended paragraph 2 of 2.26.32 to read as follows:

"In the event that the Successful Vendor's gaming system produces a defective or nonconforming ticket or electronic ticket due to any terminal equipment, printer malfunction, communication error, or hardware or software failure, the Successful Vendor may be charged liquidated damages of one thousand dollars (\$1,000) for each incident. In addition, Vendor will be liable for the prize amount of the ticket or eticket to the extent a prize was already or must be paid in accordance with the game rules and prize claim procedures."

28. Section 2.29 - The Lottery is requiring Vendors to comply with standards or change software for any enhancements required by the Lottery without any

additional compensation throughout the term. Will the Lottery put a reasonable cap or limit on uncompensated work to be done?

RESPONSE: No. Under Section 2.29, the Lottery expects the Successful Vendor's system will comply with security and operational standards of applicable multi-jurisdictional associations. The Lottery is currently a member of NASPL, WLA, and MUSL, and a Successful Vendor's software must be able to keep pace with those standards in the manner currently set forth in this Section.

29. **Section 3.1.1.7** - In terms of disaster recovery for data centers (number of days to return to a PDC/BDC configuration), it appears that the requirement in Section 3.6 (5 days) conflicts with that of 3.1.1.7 (30 days). If both are referring to recovering from a Force Majeure event, will the Lottery please remove the requirement in 3.6 or make it match 3.1.1.7? If not, can the Lottery please clarify the distinction between the two requirements?

RESPONSE: The Lottery has amended section 3.6 to reflect 30 days.

30. **Section 3.1.3** - Please confirm that the Lottery's other 3rd party providers will provide production equivalent systems and infrastructure to integrate with the acceptance testing environment.

RESPONSE: This subsection refers to the Successful Vendor's provision of systems and infrastructure, not that from third parties.

There is a reference to the provision of management terminals for the Lottery users. It is recommended that any Lottery users terminals are set up using the Lottery's normal build and their network access in order to provide valid testing. As such while we could provide the actual desktop devices, it is recommended that they are connected by the Lottery and installed with appropriate software by the Lottery.

RESPONSE: Desktop devices and printers are provided by the Successful Vendor, are on the Vendor's segregated test network within the Lottery's facility, and are not accessible to the Lottery's internal network. The vendor shall install the devices, software and configure the devices on the test system.

Can the Lottery please confirm that the ICS is to be provided by the vendor and used by the Lottery as referenced in other sections?

RESPONSE: Yes.

Can the Lottery please confirm that the Lottery will provide test systems and integration points for Lottery systems such as check writing application.

RESPONSE: Yes.

Can the Lottery confirm that the Lottery will be responsible for user acceptance testing and operational acceptance testing of their procedures for both ICS balancing and draw management activities.

RESPONSE: Yes.

31. **Section 3.1.4** - Please advise what timescales the Lottery will work towards for approving the selection of an ICS vendor?

RESPONSE: The Lottery will work with the Successful Vendor to ensure prompt review and approval of an ICS vendor. The ICS solution must be in place by January 2021.

32. **Section 3.2.1.2.3(b)** - If the minimum ticket length required is 5 inches, what is the maximum length required for Iowa Lottery tickets?

RESPONSE: The Lottery has not set a maximum requirement for this provision, as it would be governed by the capabilities of the equipment provided by the Successful Vendor. Currently, a ten (10) play Powerball ticket, including the Powerplay, is seven (7) inches. The \$10 InstaPlay ticket is currently the longest ticket printed at eleven (11) inches. \$20 InstaPlay tickets are currently in development and may be longer printed tickets.

33. **Section 3.2.1.2** - Would the Lottery please elaborate on the requirement for Terminals to display 8-days of transactions at a time, and to print the last 50 transactions. Does this requirement apply only to player- activated terminals, or to all player and clerk activated terminals?

RESPONSE: Both.

Would the Lottery please elaborate on the requirement in this section, 3.2.1.2 Retailer Lotto Terminal Features and Functions, for exporting these transactions lists via USB. The last sentence uses the word "System" to describe download capabilities but this section describes Terminal functions.

RESPONSE: The Lottery has amended 3.2.1.2 Item 25 to read: The terminal should also have capabilities to export such transaction lists to external devices via USB and Lottery management interfaces through secure file transfer.

34. **Section 3.2.3.3** - Will the Lottery please provide a definition of a computerized game?

RESPONSE: The Lottery has amended section 3.2.3 item 3 to strike the term "computerized game". The Lottery expects Kiosks offered pursuant to this RFP to be capable of selling all Lottery products that a traditional lottery retail terminal can sell.

In the Price Quotation Sheet, under Lottery-Specified Options, there are multiple line items for additional kiosks and references to RFP Section 3.2.3, item 4.

However, there is no item 4 in that section. Only item 3 refers to kiosks as a Required Option.

Can the Lottery please clarify?

RESPONSE: The 130 newly manufactured machines or self-service kiosk are Required Options to be in the vendors base price. The additional specified kiosks found in the Specified Options pricing sheet are related to the last sentence of RFP Section 3.2.3 Item 3.

The Lottery has amended the Specified Option Pricing Sheet to reflect the correct section reference.

35. **Section 3.3.1** - Can the Lottery please provide further clarity around the Lottery owned data centers and network design so that a detailed network design can be proposed that links up to all of the relevant users. It is acknowledged that the requirement asks for the vendor to be responsible for firewalls and switches, but we are requesting more specifics about network design. For instance, we are unaware if the network link goes into one or more data centers and then connects through the Lottery's network to the other claim centers and regional offices.

RESPONSE: Each Lottery regional office and the Lottery central warehouse are separately connected to Lottery Headquarters' data center via dedicated private circuits using a hub and spoke network topology. The Successful Vendor shall have one or more dedicated private network connections to the Lottery Headquarters to provide Lottery staff with network access to the Vendor's gaming system.

36. **Section 3.3.6** - Will the Lottery please confirm that the Lottery will provide the desktops and mobile devices for the sales team to connect to the vendor provided sales force automation system

RESPONSE: Yes, confirmed.

37. **Section 3.4.4.3** - Would the Lottery please provide general information about the anticipated Lottery end-users for the data warehouse, and examples of intended use cases for the data warehouse? This information will be helpful in ensuring the best possible solution to meet the Lottery's unique needs.

RESPONSE: Lottery's Data Warehouse users will be internal Lottery staff that want to conduct data warehousing and forecasting reporting models, and conduct daily system operations.

Would the Lottery please share information about lottery-supplied applications that will connect to the data warehouse, and will these applications reside on systems within the Lottery's internal network environment?

RESPONSE: In addition to authorized Lottery users being able to directly query the Data Warehouse itself, Lottery's internal applications that support financial information and Sales/Operations reporting will be among the in-house written applications to leverage this information.

38. **Section 3.4.7** - There are no specific requirements to the management of annuities within the claims system. Can the Lottery provide any such requirements for supporting the calculation, tracking and payment of annuities.

RESPONSE: This is a function that is performed internally by the Lottery.

39. **Section 3.4.9-2** - Regarding Section 3.4.9, item 2, can the Lottery please confirm our understanding that this requirement is only about providing the data (Appendix F) to the Lottery by various means such as secure FTP, direct access, API, etc.?

RESPONSE: The Lottery seeks the capability to directly access a real-time working copy of all of the relational database information in the CGS.

The "ia-adhoc server" mentioned is not an actual deliverable by the Successful Vendor.

RESPONSE: If the Vendor's solution allows for timely querying of database information, then the server itself does not need to be an actual on-site deliverable. The Lottery currently has an on-site physical ia-adhoc server because the network bandwidth to support an offsite solution was cost prohibitive. Any solution would need to follow NIST standards regarding information security.

Will the Lottery please provide additional information and, if possible, examples to clarify what is meant by "solutions for the generation and production of sales force automation deliverables for the Lottery."?

RESPONSE: The Vendor solution shall describe how sales, games, settlements, retailer information, etc. is rolled up to a reporting format that can be used by authorized Lottery users.

Will the Lottery please provide additional information and, if possible, examples to clarify what is meant by "solutions for the generation and production of retailer reporting deliverables for the Lottery and shall include any related cost in the baseline system price."?

RESPONSE: The Vendor solution shall describe how sales, games, settlements, retailer information, etc. is rolled up to a reporting format that can be used by authorized Lottery users.

40. **Section 3.4.12** - Will the Lottery please provide more detail around the current mailing services managed by the current VIP Club?

RESPONSE: Currently, Lottery only utilizes electronic mail for VIP Club communications.

41. **Section 3.4.16.2** - Section 3.4.16.2 references “pre-paid vouchers” whereas the corresponding section of the pricing sheet references “gift card.” Can the Lottery please clarify if the latter is a mistake?

RESPONSE: The Lottery has amended the Specified Option pricing sheet to reference “pre-paid vouchers”.

42. **Section 3.4.18.7** - Does the Lottery expect the prospective vendor to provide the document management system or integrate with the Lottery’s existing system?

RESPONSE: The Lottery is asking for the Vendor system to allow integration with external systems via APIs. Rather than a document management system, the Lottery would prefer any proposed system to allow storage of data elements related to retailer licensing and the ability to import and export these data elements.

Please describe a process during which electronic signature and document management solution would be used.

RESPONSE: A prospective retailer would go to a secure, State hosted Internet based, licensing portal, enter data, and submit it to the Lottery for review and workflow.

Will the Lottery please describe and/or provide examples of data that the Lottery intends to import from external sources via APIs? Will the Lottery please provide examples of external sources?

RESPONSE: Demographic information about Lottery retailers that may interact with Iowa Department of Revenue and Iowa Alcoholic Beverages Division.

43. **Section 3.5.1.3** - Will you please describe the Lottery’s current slate of promotions for the next one year?

RESPONSE: The Lottery would be willing to share the Marketing promotions plan with the successful vendor.

44. **Section 3.5.4** - Will the Lottery please provide instant game bin counts by retailer?

RESPONSE: Yes. See attached spreadsheet "A44 – Facings". Please note that some retailers sell only Pull-Tab tickets and are not included on the attached spreadsheet.

If unavailable, will the Lottery please provide overall average number of bins by retailer?

RESPONSE: Answered above.

Will the Lottery please provide prize structures for all instant games launched in the last 12 months plus any other instant games that are currently available for sale?

RESPONSE: All instant games' prize structures are available on the Lottery's website <https://www.ialottery.com/Pages/Games-Scratch/ScratchGamesListing.aspx>.

45. **Section 3.6.1** - Regarding the hosting of internet facing portions of the system, such as iLottery, iGaming, Mobile App, Retailer Website and Sales Force Automation, will the Lottery consider hosting of these solutions outside of the PDC in Iowa, at the Vendor's own data centers within the contiguous forty eight (48) United States?

RESPONSE: The Lottery is willing to consider all options as it relates to all Internet facing portions of the system.

46. **Section 3.6.8** - Would the Lottery please clarify if it expects that the pricing provided by the Bidders for the "Ticket Warehousing and Distribution services option" will include the shipping cost of the Instant Tickets to the Retailers?

RESPONSE: The Lottery anticipates the shipping charges would be a separate cost. The Vendor may describe other pricing options.

Approximately what percentage of the pallet storage space in the ABD's warehouse is currently used for Scratch tickets? For pull-tab tickets? For other Lottery items?

RESPONSE: The inventory distribution percentage varies throughout the year based on the Lottery's game ordering patterns. Currently, the space available has been adequate.

Scratch	= 65%
Pull-tabs	= 15%
Other	= 20%

As of July 1, 2019, how much Scratch ticket inventory was held in each of the regional offices? With DSRs?

RESPONSE: 2% of the scratch tickets are held in the regional office. 1% of the scratch tickets are held by the DSRs.

Is the current warehouse space more than enough, enough, or less than enough for the Lottery's operations?

RESPONSE: To accommodate future growth, the Lottery is looking to expand its storage space by 100 - 150 pallets.

What is the Lottery's monthly lease payment for the space in the ABD warehouse? Is the ABD open to leasing the existing space to the Lottery's selected Computer Gaming System vendor?

RESPONSE: The Lottery's current lease rate is \$6,970 per month with ABD. The Vendor should anticipate procuring warehouse space other than from ABD.

47. **Section 3.7** - Will the Lottery please confirm it is asking for a full-time FTE for ongoing retailer training?

RESPONSE: No, the Lottery is not asking for a full-time FTE for ongoing retailer training.

Will the Lottery please provide a current vendor organization chart?

RESPONSE: The Lottery will not be providing the current vendor's organization chart.

48. **Section 3.7.3** - Will the Lottery please provide the weekly average number of retailer moves, adds, changes, and removals?

RESPONSE: The Lottery averages seven (7) retailer changes per week.

49. **Section 3.8.4** - Part 6 of Installation and Acceptance Testing - During previous transitions, we have experienced greater project success when we received entry and exit criteria and UAT early in the project lifecycle. Is the Lottery willing to commit to providing this information at least 90 days prior to the start of acceptance testing?

RESPONSE: The Lottery understands the premise and is committed to work with the successful vendor as soon as feasible prior to the start of UAT.

50. **Section 3.9.9** - Can the Lottery please clarify if this section is asking for information specifically about the retail communications network or about more general communication with Lottery teams and stakeholders?

RESPONSE: The Lottery is seeking information pertaining to the Vendor's abilities to provide and support the system's retailer communications network.

51. **Section 3.9.11** - Will the Lottery amend this section to include the following?

“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, if required by the Lottery at the time of contract execution.”

RESPONSE: No.

52. **Section 3.5.2.5** - Question: We would like to respectfully request the Lottery to elaborate on the differences in deliverables required under Section 3.5.2.5, Internet Games (page 134), and Section 4.1, Internet/Mobile Games (page 167). Our interpretation of these two sections is that the requirements are essentially identical. A full response to each is certainly possible but would result in a large body of duplicated content. We wish to be respectful of the reviewer’s time and will appreciate clarifying descriptions of content expected in these two RFP sections.

RESPONSE: The Lottery has amended section 3.5.2 to remove item 5 and amended section 4.1 to include the following: “The Vendor shall address the depth/breadth of its iGaming library”.

53. **Section 4.4** - Can the Lottery please clarify if both requirements in this section are Invited Options, or only the functionality to account for Scratch ticket sales as they occur?

RESPONSE: The Lottery has amended section 4.4 to clarify which requirement is an invited option. The Lottery has amended the Invited Options pricing table to include section 4.4. The Lottery has amended section 3.4.4.2 to include items 14 & 15 as follows:

14) The system should be capable of suspending sales of certain Scratch games immediately upon the request of the Lottery. Such a request might routinely be issued when the last top prize of a game has been claimed.

15) Vendor shall explain how its solution permits statuses and status changes that result from functions performed in the System, and how its solution would facilitate individual tickets from the same pack to have different exception statuses.

54. **Section 4.7** - Will the Lottery please be more specific and/or provide an example for what data planning is?

RESPONSE: The Lottery seeks responses that describe the Vendor’s Business Intelligence capabilities to assist with decision making.

55. Part 5 - Will the Lottery please confirm if TBD pricing is allowed for Lottery-Invited Options?

RESPONSE: Vendors are not required to submit specifications and pricing for Invited Options. To the extent such detail is provided, it will be considered in

context in light of Vendor's overall capability and responsiveness to the RFP. Conditions of delivery are provided for bidding purposes, although other delivery conditions may apply and would be subject to negotiations.

56. **Section 5.4** - RFP states, "Lottery maintains discretion to evaluate the pricing in a manner that gives appropriate weight to the initial base period of the Contract". Would the Lottery please clarify what will be the weight of the initial base period in the total price scoring?

RESPONSE: The Lottery will not clarify the weight of the initial base period and individual renewal periods at this time. An addendum identifying the relative weights for specific evaluation criteria will be posted immediately prior to the RFP submission date.

Would the Lottery please clarify the weight of the "Required Options" in the scoring of the overall pricing proposal? Will the evaluation committee score all the "required options" listed in the price quotation sheet?

RESPONSE: The Lottery will not clarify the weight of the Required Options at this time. An addendum identifying the relative weights for specific evaluation criteria will be posted immediately prior to the RFP submission date. Yes all Required Options will be scored.

Could the Lottery please clarify if all the Specified Options as shown in the price quotation sheet will be included in the price proposal evaluation? If not, could the Lottery please explain when the selection process will take place?

RESPONSE: The Lottery will not clarify the weight of the Specified Options at this time. An addendum identifying the relative weights for specific evaluation criteria will be posted immediately prior to the RFP submission date. Yes all Specified Options will be scored.

RFP states, "Additional kiosk type 1 (including communications), (RFP Section 3.2.3, item 4)". Could the Lottery please define kiosk types 1 to 3, as there is no item 4 in section 3.2.3 of the RFP.

RESPONSE: The Lottery has amended the Specified Options sheet to correct the section reference to 3.2.3 item 3.

The Lottery has amended section 3.2.3 item 3 to clarify additional kiosk types are to be defined by the vendors. Please see the last sentence of section 3.2.3 item 3.

57. **Section 6.4.4** - RFP states, "Vendors are encouraged to identify which Specified, Invited or Offered options will be included at no additional charge in the quoted baseline price." Would the Lottery please explain how the specified, invited or offered options that a Bidder chooses to include in the base price percentage, will be scored as part of the price proposal evaluation?

RESPONSE: Pricing and scoring of options is set forth in section 5.4. The price evaluation formula is set forth in sections 6.4 & 6.6.

58. **Appendix C** - Would the Lottery please consider deleting “or that a default is likely to occur” in the 2nd bullet under Immediate Termination on page 205? Or in the alternative, would the Lottery consider amending this phrase to “or that a default has occurred?”

RESPONSE: No, the second bullet under Immediate Termination will remain as written.

Would the Lottery please consider deleting the 5th bullet under Immediate Termination on page 205; i.e. “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;”

RESPONSE: No, the fifth bullet under Immediate Termination will remain as written.

Would the Lottery please consider adding the term “materially” before “impair the Vendor’s performance under this Agreement” in the 7th bullet under Immediate Termination on page 205?

RESPONSE: No, the seventh bullet under Immediate Termination will remain as written.

Would the Lottery please confirm that the Successful Vendor shall not be required to defend, indemnify and hold the State of Iowa and the Lottery or its employees, agents, board members, appointed officials and elected officials (the “Indemnified Parties”) harmless from and against any and all liabilities, damages, loss, claims, suits or actions, settlements, judgments, costs and expenses (“Damages” to the extent to which such Damages arise from the Indemnified Parties’ own acts or omissions?

RESPONSE: The Lottery confirms that the Successful Vendor would not be responsible for indemnification under this provision to the extent that the Damages arise solely from the acts or omissions of the Indemnified Parties.

Would the Lottery please consider deleting “trademark counsel” from the 2nd bullet on page 208?

RESPONSE: No, the second bullet under Indemnification will remain as written.

59. **Section 1.1** - We note that the RFP requests various products and services that do not necessarily need to be supplied by the same Vendor that supplies the Computer Gaming System (CGS). Will the Iowa Lottery Authority allow a Vendor to respond to any sections or subsections that relate to a product or service that

can be supplied by a Vendor other than the CGS Vendor without responding to the mandatory CGS-specific specifications in the RFP?

RESPONSE: The Iowa Lottery is seeking proposals that are fully responsive to all sections to the RFP IL 20-01. RFP section 1.27 does allow for vendors to partner together for the submission of a proposal. Additionally the RFP allows for Subcontractors or Substantial Subcontractors that enable a vendor to offer the best proposals to the Iowa Lottery.

In addition, will the Iowa Lottery Authority waive/alter the requirement for Vendors to have current gaming system contracts with at least one (1) lottery jurisdiction who are current members of the North American Association of State and Provincial Lotteries (NASPL) (as per section 1.1 Introduction and Lottery Objectives, page 9)?

RESPONSE: No, the Iowa Lottery will not waive/alter the requirement in Section 1.1: "the Lottery will only consider proposals submitted with Vendors that can establish a minimum of five (5) years related experience and have current gaming system contracts with at least one (1) lottery jurisdiction who are current members of the North America Association of State and Provincial Lotteries (NASPL)."

60. Due to the complex nature of the RFP and the long lead time between Lottery answers and proposal due date, would the Lottery consider holding a 2nd round of vendor questions?

RESPONSE: The Lottery will not be holding a second round of vendor questions.

61. Will the Iowa Lottery please provide share of InstaPlay sales by game for the past year?

RESPONSE: - See attached spreadsheet "A61 – FY19 InstaPlay Sales".

62. Will the Iowa Lottery please provide total annual sales by game for the last 10 fiscal years?

RESPONSE: Yes. See attached spreadsheet "A62 - Sales".

63. Will the Iowa Lottery please provide the designed payouts of each draw game the Lottery currently sells?

RESPONSE: Please view game rules by game at: <http://ialottery.com> and click on the "Games" button and view the game rules by each draw game hyperlink.

64. Will the Iowa Lottery please provide weekly instant sales by game for the last three years based on validations?

RESPONSE: Lottery does not track this information by validations. Instead, we have this information by week by game for settlements. See attached

spreadsheets "A64-Inst Sales by Retailer", "A64 – Inst Sales FY17", "A64 – Inst Sales FY18" and "A64 – Inst Sales FY19".

65. Will the Iowa Lottery please provide annual total sales for each instant vending machine (by product) and total annual sales for each pull tab vending machine?

RESPONSE: Same answer as provided in the following question.

66. Will the Lottery please include total aggregate annual sales for all instant vending machines and total aggregate annual sales for pull-tab vending machines and the number of machines on which total sales are based?

RESPONSE: - Yes. See attached spreadsheet "A66 – Pull-tab Sales", "A66 – PHD Sales FY18" & "A66 – PHD Sales FY19". Based on 115 PHD Kiosks and 335 Pull-Tab vending machines.

67. Will the Lottery please provide instant game launch schedules for previous FY, current FY, and upcoming FY (if available), including order quantity, prize payout, top prize, overall odds, and theme?

RESPONSE: Yes. See attached spreadsheet "A67 – Instant Game Launch".

68. Will the Iowa Lottery please provide instant game penetration data by game for a single recent week that would include: a count of retailers with game in active status for the week and estimated sales by validation by game for the same week?

RESPONSE: The Lottery is able to provide the following information: Retailer ID, Retailer Name, Game Number and Settles (not Validations) for a single recent week. The number of packs settled does not necessarily reflect the number of games for sale at a given retailer. See attached spreadsheet "A68 – Instant Game Penetration".

69. Will the Iowa Lottery please describe the Lottery's in-store Scratch ticket display strategy?

RESPONSE: Retailers sell sixteen (16) or more different games from dispenser(s). Games must be:

- A. Displayed in the primary sales area in a highly visible Lottery approved location
- B. Displayed on the front counter in plain view of the public, in Lottery approved dispensers
- C. Maintain inventory levels necessary to keep the dispensers full at all times

70. Does the Lottery currently provide, or plan to provide in the future, specific direction to its DSRs and/or retailers regarding Scratch ticket placement within

on-counter and/or Lotto/Scratch/InstaPlay kiosks to drive execution of Lottery-established planograms?

RESPONSE: Yes. See attachment "A70 - Planogram".

71. If the Lottery does provide planograms, will the Lottery please provide samples?

RESPONSE: Yes. See above.

72. Will the Iowa Lottery please provide how frequently DSRs visit retailers? Will the Iowa Lottery please confirm if the frequency of visits is the same for all retailers?

RESPONSE: The vast majority of retailers are visited weekly by the DSRs. The exception is based upon product offerings, low sales, or geography.

73. Will a contract be signed, and if so, will the Vendor have an opportunity to negotiate the final terms of the agreement? If so, what is the intended timeline for contract signing after award?

RESPONSE: Yes, the Lottery intends to sign a contract with the Successful Vendor. RFP section 6.8 details the parameters surrounding negotiation of the final terms of the agreement. The estimated timeline for contract execution is set forth in section 1.6 and includes issuing a notice of intent to award in March 2020 with contract execution in July 2020. The Vendor's bid is final and "valid for one year following the date on which Proposals are due, unless the period is extended by the Lottery" under section 1.14.

74. **Appendix F** - Regarding the check writing process, can the Lottery please confirm our understanding that tickets are first paid on Privileged Terminals, and then via the requested API, the Lottery pulls the payment information from the CGS in order to print the check?

RESPONSE: The validation check writing process is:

- The ticket is cashed through a privileged terminal and recorded on the CGS
- The ticket information is entered in the Check Writing Application
- The Check Writer sends a request to the CGS to confirm whether the ticket has been cashed on the CGS
- The CGS responds with a positive response with payment amount and ticket information – or a negative response if the ticket has not been cashed on the CGS
- If a positive response the check is printed

Regarding the check writer API, is the Lottery open to adapting its back-office system in order to consume APIs NOT developed as SOAP web services? For example, if the provider has existing RESTful APIs encoded in Json, will the Lottery accept this solution?

RESPONSE: Yes, Lottery is willing to discuss web service alternatives.

75. **Appendix G** - Could the Lottery please clarify how many DSRs (District Sales Representatives) or LSRs (Lottery Sales Representatives) are currently employed whether full-time or part-time?

RESPONSE: The Lottery has thirty-seven (37) full-time DSRs.

- Thirty (30) run sales routes
- Seven (7) cover temporary vacancies due to vacation/sick days etc.

76. **Appendix H** - Due to the potential volume and size of the required documents listed on page 25 of the "Class L" Business Entity Form, will the Lottery please confirm submission of these documents on USB only is acceptable?

RESPONSE: Supporting documents may be sent to Lottery on USB device so long as hard copy original application forms are provided to the Lottery.

77. **Appendix L** - Will the Lottery please confirm our understanding that suggested order does not include Pull-tabs?

RESPONSE: Correct.

Will the Lottery please provide additional explanation of the "safety stock number"?

RESPONSE: Lottery's safety stock number is the retailer's inventory buffer level for each individual game.