



REQUEST FOR PROPOSALS

FOR A

FULL SERVICE LOTTERY SYSTEM

CONTRACT # C080005

OCTOBER 30, 2008

TABLE OF CONTENTS

APPENDICES AND ATTACHMENTS IV

PART 1 – GENERAL INFORMATION 1

1.1 INTRODUCTION 1
1.2 BACKGROUND INFORMATION..... 2
1.3 MINIMUM QUALIFICATIONS 3
1.4 SCHEDULE 3
1.5 VENDOR/CONTRACTOR DIFFERENTIATION..... 4
1.6 PERMISSIBLE CONTACTS..... 4
1.7 RESTRICTIONS ON COMMUNICATIONS WITH LOTTERY STAFF 5
1.8 PRE-OFFERING MEETING..... 5
1.9 QUESTIONS AND INQUIRIES 5
1.10 COSTS ASSOCIATED WITH PREPARATION OF PROPOSALS 5
1.11 CLARIFICATION PROCESS 6
1.12 ACCEPTANCE OF RFP CONTENT 6
1.13 NEWS RELEASES 6
1.14 ADVERTISING 6
1.15 FREEDOM OF INFORMATION LAW 6
1.16 AWARD 7
1.17 STATE’S RESERVED RIGHTS..... 7
1.18 PROTEST OR APPEAL..... 8
1.19 PROPOSAL FORMAT 10
1.20 PROPOSAL RECEIPT AND OPENING 12
1.21 LATE PROPOSALS 12
1.22 DEMONSTRABILITY OF PROPOSED SYSTEM..... 12
1.23 READINESS FOR PRODUCTION AND DELIVERY 13
1.24 LATITUDE IN PROPOSAL CONTENTS..... 13
1.25 PROPOSAL DISCLOSURE BY VENDOR 13
1.26 DISCLOSURE AND OWNERSHIP OF PROPOSAL CONTENTS BY THE LOTTERY 13
1.27 JOINT PROPOSALS..... 14
1.28 MULTIPLE PROPOSALS FROM ONE VENDOR PROHIBITED..... 14
1.29 MANDATORY AND DESIRABLE 14
1.30 MATERIAL DEVIATIONS..... 14
1.31 NON-EXCLUSIVE RIGHTS..... 15
1.32 PROPOSAL VALIDITY AND PROPOSAL BOND 15
1.33 LITIGATION BOND 15
1.34 DISCLOSURE AND INVESTIGATIONS DURING PROPOSAL EVALUATION 16
1.35 DISCLOSURE OF LITIGATION AND OTHER INFORMATION..... 16
1.36 CHANGE OF OWNERSHIP 17
1.37 SPECIFIED, INVITED AND OFFERED OPTIONS 17
1.38 NON-COLLUSIVE BIDDING REQUIREMENT 17
1.39 DISQUALIFICATION FOR NON-RESPONSIBILITY 17
1.40 PROCUREMENT LOBBYING RESTRICTIONS..... 18
1.41 HEADINGS..... 18

PART 2 – CONTRACTUAL PROVISIONS 19



2.1	GOVERNING LAW	19
2.2	TERM OF CONTRACT	19
2.3	EMERGENCY EXTENSION	19
2.4	STANDARD CLAUSES FOR ALL NEW YORK STATE CONTRACTS	20
2.5	NEW YORK STATE STANDARD VENDOR RESPONSIBILITY QUESTIONNAIRE	20
2.6	SUCCESSFUL VENDOR REQUIREMENTS AND PROCEDURES FOR EQUAL EMPLOYMENT AND BUSINESS PARTICIPATION OPPORTUNITIES FOR MINORITY GROUP MEMBERS AND NEW YORK STATE CERTIFIED MINORITY/WOMEN-OWNED BUSINESSES	20
2.7	OMNIBUS PROCUREMENT ACT COMPLIANCE	22
2.8	STIPULATION REGARDING NORTHERN IRELAND	23
2.9	TAX LAW SECTION 5-A	23
2.10	CHANGE IN FINANCIAL CONDITION	24
2.11	HIRING OF LOTTERY PERSONNEL	24
2.12	CODE OF CONDUCT FOR VENDOR	24
2.13	INFORMATION SECURITY BREACH AND NOTIFICATION ACT	25
2.14	FORM OF CONTRACTUAL AGREEMENT	25
2.15	CONTRACT ELEMENTS	26
2.16	SEVERABILITY	26
2.17	AUDIT AND ACCOUNTING REQUIREMENTS	26
2.18	SURETY AND INSURER QUALIFICATIONS	27
2.19	INSURANCE	27
2.20	PERFORMANCE BOND	29
2.21	FIDELITY BOND	29
2.22	VENDOR ERROR LIABILITY	29
2.23	LIQUIDATED DAMAGES PROVISIONS	30
2.24	OWNERSHIP OF MATERIALS	31
2.25	RIGHT OF USE	31
2.26	FORCE MAJEURE	32
2.27	SECURITY PROGRAM UNDER THE CONTRACT	32
2.28	PRODUCTION-READY ACCEPTANCE TEST FOLLOWING CONTRACT AWARD	34
2.29	END OF CONTRACT CONVERSION	35
2.30	EQUIPMENT AND SOFTWARE CORRECTIONS AND UPGRADES	35
2.31	APPROVAL OF HARDWARE AND SOFTWARE CHANGES AND UPGRADES	36
2.32	MANAGEMENT OF SOFTWARE AND DOCUMENTATION	37
2.33	RETAILER SETTLEMENT/COLLECTIONS & SUCCESSFUL VENDOR FEE PAYMENT	37
2.34	TITLE TO, USE AND COMPENSATION FOR INTELLECTUAL PROPERTY	38
2.35	EXCLUSIVE USE OF THE TRANSACTION PROCESSING SYSTEMS	38
2.36	ATTACHMENT OF THIRD PARTY SYSTEMS, TERMINALS OR PRODUCTS	39
2.37	TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS	39
2.38	COMPLIANCE WITH ASSOCIATION STANDARDS	39
2.39	TERMINATION FOR CAUSE	39
2.40	TERMINATION WITHOUT CAUSE OR FOR CONVENIENCE	40
2.41	LOTTERY MONETIZATION	40
2.42	DEFAULT	41
2.43	DISPUTES UNDER THE CONTRACT	41
2.44	ACCOUNTING RECORDS	42
2.45	DELEGATION AND/OR ASSIGNMENT	42
2.46	RIGHT TO AUDIT SUCCESSFUL VENDOR'S OPERATIONS	42
2.47	INDEMNIFICATION	42
2.48	SUFFICIENCY OF OPERATIONAL STAFF	43
2.49	APPROVAL OF STAFFING	43
2.50	SUCCESSFUL VENDOR RESPONSIBILITIES AS PRIMARY CONTRACTOR	43
2.51	SUBCONTRACT APPROVAL	44
2.52	COMPENSATION DURING CONVERSION	44
2.53	AUTHORITY OF LOTTERY	44
PART 3 – SCOPE OF WORK AND DELIVERABLES		45



3.0	INTRODUCTION	45
3.1	CENTRAL CONFIGURATION	45
3.2	TERMINALS FOR RETAILERS.....	50
3.3	COMMUNICATIONS NETWORK.....	63
3.4	SOFTWARE CONTROLS AND DATA MANAGEMENT	71
3.5	GAMES AND MARKETING	93
3.6	SUCCESSFUL VENDOR FACILITIES	99
3.7	STAFFING, SUPPORT SERVICES AND OPERATIONS SECURITY PLAN	104
3.8	IMPLEMENTATION	112
3.9	VENDOR CORPORATE CAPABILITY	115

PART 4 - PRICING.....120

4.0	INTRODUCTION	120
4.1	SEPARATELY-SEALED PRICE PROPOSAL	120
4.2	DURATION OF THE PRICE PROPOSAL.....	120
4.3	FORM OF THE PRICE PROPOSAL.....	120
4.4	PRICING AND SCORING OF OPTIONS	121
4.5	COST QUOTATION SHEET	121

PART 5 – EVALUATION AND SELECTION.....128

5.0	INTRODUCTION	128
5.1	EVALUATION COMMITTEE AND LOTTERY DIRECTOR.....	128
5.2	EVALUATION STEPS.....	128
5.3	INFORMATION FROM OTHER SOURCES	129
5.4	TECHNICAL PROPOSAL SCORING.....	129
5.5	SITE VISITS AND DEMONSTRATIONS.....	132
5.6	PRICE EVALUATION.....	133
5.7	FINAL COMPOSITE SCORE.....	133
5.8	NOTICE OF CONTRACT AWARD	133
5.9	DEBRIEFINGS.....	134
5.10	CONTRACT AND APPROVAL PROCESS	134



Appendices and Attachments

APPENDIX A	STANDARD CLAUSES FOR NYS CONTRACTS (§2.4)
APPENDIX B	GLOSSARY OF TERMS (§1.1)
APPENDIX C	CONTRACT FORM (§1.1)
APPENDIX D	DEMONSTRABILITY OF SYSTEM (§1.22)
APPENDIX E	NON-COLLUSIVE BIDDING CERTIFICATION (§1.38)
APPENDIX F	BIDDER/OFFERER DISCLOSURE/CERTIFICATION FORM (§1.40)
APPENDIX G	VENDOR RESPONSIBILITY QUESTIONNAIRE (§2.5)
APPENDIX H	EQUAL EMPLOYMENT OPPORTUNITY (§2.6A)
APPENDIX I	MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE PROGRAM (§2.6B)
APPENDIX J	NORTHERN IRELAND STIPULATION (§2.8)
APPENDIX K	TAX CERTIFICATIONS (§2.9)
APPENDIX L	LIQUIDATED DAMAGES AND SERVICE LEVELS (§2.23)
APPENDIX M	RETAILER CASE STUDY LIST (§3.36)
APPENDIX N	MANAGEMENT AND ADMINISTRATIVE REPORTS (§3.4.3 & 3.4.10)
APPENDIX O	RETAILER TERMINAL REPORTS (§3.4.4)
ATTACHMENT 1	DOCUMENT SUBMITTAL CHECKLIST (§1.19.1.H)
ATTACHMENT 2	VENDOR ACKNOWLEDGEMENT OF ADDENDUM (§1.9)
ATTACHMENT 3	NEW YORK LOTTERY REGIONAL OFFICES (§3.7.1.2)



PART 1 – GENERAL INFORMATION

1.1 INTRODUCTION

The New York State Division of the Lottery (herein referred to as the “Lottery”) is issuing this Request for Proposals (RFP) to invite interested Vendors to submit Proposals. The contract will be awarded to a firm to provide for the implementation and operation of a Full Service Lottery System (“System”) including associated gaming products, retailer network, and support services, as described further in Part 3 of this document.

The lottery gaming system and services under this RFP include, but are not limited to:

- On-line games;
- Instant ticket validation capabilities, instant games management system, and combined instant/on-line accounting;
- Primary and back-up computer system and facilities;
- Network communications;
- Retailer network;
- Facilities management; and
- Repair, maintenance and updates for equipment and software.

This RFP, and all activities leading toward the anticipated signing of a Contract pursuant to this RFP, are conducted under Lottery policies as enabled by State statutes. **Appendix B** is the glossary for terms used in this RFP.

In the RFP the Lottery has defined a series of objectives, requirements, and a proposal evaluation approach that will represent its best interests in conformance with Lottery policies, State regulations and New York State statutes.

The Successful Vendor is expected to enter into a written agreement (the “Contract”), in the form attached as **Appendix C** of this RFP, with the Lottery within seven (7) business days after notice of award identifying it as the Successful Vendor. The Contract will cover an implementation period plus seven (7) years of production operations including such time as is necessary to complete the Lottery business week then in progress, with an option for one (1) three year extension, exercised in whole or in part at the discretion of the Lottery.

An existing base of up to eighteen thousand (18,000) retailer terminals together with all related computer and network hardware, software and support services, must be



replaced as a result of this RFP. The separately acquired wide area network services that currently support the Lottery must also be replaced by the deliverables provided as a result of this RFP either by the Successful Vendor or a third party. All proposed System components must be delivered, installed, implemented, acceptance tested and ready to be operational by the agreed-upon schedule.

The new System must be capable of supporting the current gaming products offered to the public by the Lottery. As well, the Successful Vendor must be able to incorporate additional games and promotions into the System to support the Lottery's evolving marketing plans.

1.2 BACKGROUND INFORMATION

In Fiscal Year 2007-2008, the Lottery sold over \$6.6 billion instant and on-line lottery tickets and earned over \$2.1 billion to support education in New York.

Currently there are over 16,400 on-line terminals that sell New York Numbers (3-digit), Win-4 (4-digit), Mega Millions (5 of 56, 1 of 46), Lotto (6 of 59), Take Five (5 of 39), Pick 10 (10 of 20 of 80) and over 3,600 of the terminals sell Quick Draw (Keno). In addition, by the end of the current contract, there will be up to 14000 planned Self-Service Validators around the state that are used only for on-line tickets. In the Contract to be awarded pursuant to this RFP, these Self-Service Validators will be able to check the status of any lottery ticket and will be available to every retail location.

The Lottery introduces two to three new Instant games approximately every three to four weeks, and has fifty plus games on sale at all times.

All transactions generated on the on-line system (sales, cancels, validations, etc.) are passed in real time to the Lottery's IBM system via a TCP/IP connection to the Vendor's on-line gaming system.

The existing on-line network service is provided via State contract between the State's Office For Technology (OFT), and Verizon. Under the terms of a separate contract, the incumbent vendor acts as a sub-contractor to Verizon, providing Spacenet VSAT service into those areas outside of Verizon jurisdiction. Currently, there are approximately 14,300 Verizon landline DDS type circuits, and 1,900 Spacenet VSAT.

It should be noted that there are also several groups of IP pilot, or test locations that are not considered part of the OFT contract, but were implemented with the intention of testing various IP service offerings such as DSL, Frame Relay, cable offerings and IP VSAT. The total number of these pilot locations is less than 200.

The Lottery has the following objectives for issuing this RFP and entering into a Contract for the implementation and operation of the System.

- Install an integrated gaming System that will meet the gaming product needs of the Lottery for the term of the Contract.

- Obtain retailer terminals, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize risk for the Lottery.
- Obtain retailer terminals that will lead to high retailer and player satisfaction for quality and performance.
- Obtain a System that is sufficiently flexible to meet the Lottery's evolving requirements.
- Ensure that all proposed systems and services are ready to be operational by the agreed-upon schedule.
- Operate Instant ticket warehousing, distribution and associated services.
- Maximize net lottery proceeds for the State of New York.

Fulfillment of these objectives is consistent with the RFP evaluation criteria cited in this RFP.

1.3 MINIMUM QUALIFICATIONS

It is required as a minimum that any Vendor submitting a Proposal has one or more current North American clients to whom it supplies a Full Service Lottery System including central systems, retailer terminals, retailer network, and facilities management. The system must support instant and on-line games.

1.4 SCHEDULE

The following dates are established for informational and planning purposes. The Lottery reserves the right to change any of the dates.

<u>Event</u>	<u>Days To Complete</u>	<u>Date</u>	
RFP Issued		Thursday, October 30, 2008	
Vendors submit written questions	14	Thursday, November 13, 2008	Noon
Lottery answers issued in Addendum	7	Thursday, November 20, 2008	
Vendors submit written questions	6	Wednesday, November 26, 2008	2:00 PM
Lottery answers issued in Addendum	8	Thursday, December 4, 2008	
Price Proposal Submissions (Courier)	13	Wednesday, December 17, 2008	3:00 PM
Technical Proposal Submissions	2	Friday, December 19, 2008	3:00 PM
Retailer terminals delivered	14	Friday, January 2, 2009	
Start Site Visits & Vendor Presentations	35	Friday, February 6, 2009	
End Site Visits & Vendor Presentations	14	Friday, February 20, 2009	
Award Announced	28	Friday, March 20, 2009	
Contract Finalized	7	Friday, March 27, 2009	
Contract Approved	75	Wednesday, June 10, 2009	



Start Lottery Acceptance Testing (120 d before conversion)		Saturday, October 31, 2009
Complete Lottery Acceptance Testing (30 d before conversion)	90	Friday, January 29, 2010
Start Terminal Conversion		Tuesday, September 1, 2009
Full Conversion Completed	180	Sunday, February 28, 2010

1.5 VENDOR/CONTRACTOR DIFFERENTIATION

Throughout this RFP the terms "vendor", "proposer", "bidder", and "offerer" may be used interchangeably in reference to the preparation and submission of the proposal and any requirements preceding the award of the final contract. In describing post-contract award requirements, an effort is made to use the term "Successful Vendor."

1.6 PERMISSIBLE CONTACTS

In compliance with the Procurement Lobbying Act, as described in Section 1.40 of this document, the Contracting Officer and Finance Officer designated below are the only permissible points of contact with regard to all contractual matters relating to the services described herein unless additional points of contact are designated by the Contracting or Finance Officers. The Lottery is the only office authorized to clarify, modify, amend, alter or withdraw the specifications, terms, and conditions of this RFP and any contract awarded as a result of the RFP.

The written agreement resulting from this RFP will become binding and effective after approval by the Lottery and the NYS Offices of the Attorney General and the State Comptroller.

ALL VENDORS RESPONDING TO THIS RFP AND ALL COMMUNICATIONS CONCERNING THIS PROCUREMENT MUST BE ADDRESSED IN WRITING TO THE CONTRACTING OFFICER OR FINANCE OFFICER AS NOTED BELOW:

New York State Division of Lottery
 Finance Office
 One Broadway Center
 Schenectady, NY 12301-7500
 Gail P. Thorpe, Contracting Officer
 gthorpe@lottery.state.ny.us
 (518) 388-3329

Or

Deborah L. Martino, Finance Officer
 dmartino@lottery.state.ny.us
 (518) 388-3325



1.7 RESTRICTIONS ON COMMUNICATIONS WITH LOTTERY STAFF

Questions or comments concerning this procurement must be addressed in writing to the Contracting or Finance Officer, as directed above, in accordance with the requirements of the Procurement Lobbying Law set forth in Sections 139-j and 139-k of the New York State Finance Law. Lottery employees are permitted to communicate with vendors concerning this RFP only under circumstances described in the New York State Procurement Lobbying Law. Any vendor causing or attempting to cause a violation or circumvention of those requirements may be disqualified from further consideration for a contract award.

1.8 PRE-OFFERING MEETING

No conference will be held. The Request For Proposal and clarifications will suffice for proposal preparation.

1.9 QUESTIONS AND INQUIRIES

Questions from vendors regarding this RFP must be submitted in writing, either by e-mail or standard mail, and must be delivered to the Contracting or Finance Officer no later than the time and date specified in Section 1.4. **Neither faxed questions nor telephone questions are acceptable.** Responses to all questions will be provided to all prospective bidders.

Vendors are cautioned **that an RFP inquiry shall be written in generic terms and must not contain cost information.** The inclusion of specific cost in an inquiry may result in the Vendor's disqualification.

Any changes in the RFP resulting from such requests will be communicated via published addenda.

Written acknowledgement of all addenda issued prior to the Proposal due date shall become part of the Vendor's Proposal reply. A form for such acknowledgement will be provided with each addendum; such form is incorporated into this RFP as **Attachment 2.**

1.10 COSTS ASSOCIATED WITH PREPARATION OF PROPOSALS

Neither the Lottery nor the State shall be liable for any of the costs incurred by a vendor in preparing or submitting a proposal. The State of New York assumes no responsibility or liability for costs incurred by a vendor prior to the issuance of a formal contract. Total liability is limited to terms and conditions of the contract.

1.11 CLARIFICATION PROCESS

The Lottery may request clarifications from Vendors for the purpose of resolving ambiguities or questioning information presented in the Proposals. Clarifications are an opportunity to explain, but not to enhance, the Proposal. Clarifications may occur throughout the Proposal submission review and/or the Technical Proposal evaluation process. Clarification responses shall be in writing and shall address only the information requested. Responses shall be submitted to the Lottery within the time stipulated at the occasion of the request. As applicable, clarifications will be treated as addendums to the vendor's Proposal.

1.12 ACCEPTANCE OF RFP CONTENT

The contents of this RFP, any modifications, and the proposal will become contractual obligations if a contract ensues. Failure of the successful vendor to accept these obligations may result in cancellation of the award.

1.13 NEWS RELEASES

News releases pertaining to this RFP or the services, evaluation, data, or project to which it relates may not be made without prior written Lottery approval, and then only in accordance with express written instructions from the Lottery. No results of the program may be released without prior approval by the Lottery and then only to persons designated.

1.14 ADVERTISING

Each respondent agrees not to use the New York Lottery's name, logos, images, nor any data or results arising from this procurement or contract as part of any commercial advertising without prior written approval by the Lottery, and then only in cooperation with the Lottery.

1.15 FREEDOM OF INFORMATION LAW

During the evaluation process, the content of each bid/proposal will be held in confidence and details of any bid/proposal will not be revealed (except as may be required under the New York State Freedom of Information Law or other State law). The Freedom of Information Law provides for an exemption from disclosure for trade secrets or information the disclosure of which would cause substantial injury to the competitive position of a commercial enterprise. This exception applies both during and after the evaluation process. **If you believe your firm's bid/proposal contains any such trade secrets or other confidential or proprietary information, you must submit a request with your proposal to exempt such information from disclosure.** Such

request must be in writing, must state the reasons why the information should be exempted from disclosure and must be provided at the time of submission of the subject information. Requests for exemption of the entire contents of a bid/proposal from disclosure have generally not been found to be meritorious and are discouraged. Please limit any requests for exemption of information from disclosure to bona fide trade secrets or specific information, the disclosure of which would cause a substantial injury to the competitive position of your firm.

Pricing information may not be designated as proprietary or confidential.

1.16 AWARD

The Lottery reserves the right to award a contract for all, part or none of the services requested by this RFP and to waive any informality or technical defect if, in the Lottery's judgment, the best interest of the Lottery will be so served. In determination of awards, the qualifications of the bidder, the conformity with the specifications of services to be supplied and the delivery terms will be considered. The contract award will be based on "Best Value," the evaluation method for awarding a contract to the vendor whose proposal optimizes quality, cost, and efficiency among responsible offers. The determination will be based on a scoring of technical and cost proposals as defined in Part 5.

1.17 STATE'S RESERVED RIGHTS

In addition to any rights articulated elsewhere in this RFP, the Lottery reserves the right to:

- A. Make an award under this RFP in whole or in part;
- B. Amend the RFP and direct bidders to submit proposal modifications accordingly;
- C. Change any of the scheduled dates stated herein;
- D. Eliminate any non-material mandatory specification(s) that cannot be complied with by any of the prospective bidders;
- E. Reject any or all proposals received in response to this RFP, and to reissue a modified version of this RFP;
- F. Withdraw the RFP at any time, at its sole discretion;
- G. Seek clarifications of proposals;
- H. Use proposal information obtained through site visits, management interviews and the State's investigation of a bidder's qualifications, experience, ability or financial standing, and any material or information submitted by the bidder in response to the

Lottery's request for clarifying information in the course of evaluation and/or selection under this RFP;

I. Disqualify any bidder whose conduct and/or proposal fail to conform to the requirements of the RFP;

J. Request Best and Final Offers;

K. Negotiate with the Successful Offeror within the scope of the RFP in the best interests of the State;

L. Set aside the original Successful Offeror if it is determined that the Offeror is non-responsible. The Lottery may then award a contract to the Offeror with the next highest total combined score;

M. Set aside the contract award to the Successful Offeror should the Lottery be unsuccessful in finalizing an Agreement with that Offeror within a time frame acceptable to the Division; such time frame is to be determined solely by the Lottery based on the best interests of the State.

1.18 PROTEST OR APPEAL

In the event that a Proposer decides to protest the award decision, as defined in Sections 5.7 and 5.8 of this RFP, the following protest procedures will be followed:

- Any protest of the award decision must be filed with the Lottery's Contracting Officer, no later than ten (10) business days following the date of written Notification of Award to the unsuccessful Proposer.
- The formal protest must clearly state the basis for the protest and include all relevant documentation supporting such protest.
- The Lottery will conduct a review of the protest and will issue a written determination to the protesting party within fifteen (15) business days of receipt of the protest. If additional time for issuance of the determination is necessary, the Lottery will inform the unsuccessful Proposer of the delay and of the time frame within which a determination may be expected. The final written determination provided to the unsuccessful Proposer constitutes the Lottery's final determination in the protest proceeding.
- If the unsuccessful Proposer decides to appeal the Lottery's protest determination, the unsuccessful Proposer must file such appeal with the New York State Office of the State Comptroller (OSC) within ten (10) business days of receipt of the Lottery's written determination. The appeal must be in writing and must be served on the Lottery, the Successful Vendor, and any other party that participated in the protest conducted by the Lottery; the unsuccessful Proposer's

appeal must contain written affirmation that a copy of the appeal has been served as directed above.

- The protest appeal to the OSC Bureau of Contracts must be in writing and must contain specific factual and/or legal allegations setting forth the basis on which the protesting party challenges the contract award by the Lottery. The protest must be filed with: *Charlotte Breeyear, Director, Bureau of Contracts – 11th Floor, New York State Office of the State Comptroller, 110 State Street, Albany, NY 12236.*
- The Lottery will file an answer to the appeal with the OSC Bureau of Contracts simultaneously with the delivery of the contract to the OSC Bureau of Contracts for its review, or within seven (7) business days of the filing of the appeal, whichever is later. The Lottery's answer to the appeal must include written affirmation that, simultaneous to the filing with OSC, the answer was delivered to the protestor and the Successful Vendor.
- The Successful Vendor may, but is not required to, file an answer to the appeal with the OSC Bureau of Contracts. Such filing must include written affirmation that the answer was simultaneously delivered to the Lottery and the protester and must meet the filing requirements as noted above for the Lottery.
- The OSC Bureau of Contracts shall evaluate the merits of the protest, the Lottery's determination and any response submitted by an interested party. In this review the OSC Bureau of Contracts may require the Lottery, the protesting party, the Successful Vendor, or any other interested party to address additional issues raised; may obtain information from an outside source; or may determine whether it deems it necessary to conduct a fact-finding hearing, and the level of formality of any hearing conducted.
- The OSC Bureau of Contracts shall issue a written determination addressing the issues raised by the appeal. All interested parties shall be provided with a copy of the determination. The determination shall be made part of the procurement record.

In the event a Proposer initiates a protest or appeal, the Lottery reserves the right to delay the date for completion of the conversion by the Successful Vendor for any length of time, not to exceed the number of days taken for resolution of the appeal.

By submitting a Proposal in response to this RFP, the Proposer agrees that they will pay the costs of appeal specifically including, although not limited to, the difference in fees paid to the current vendor and the amount of compensation that would have been paid to the apparent Successful Vendor for the period of delay of the completion of conversion caused by the appeal.

1.19 PROPOSAL FORMAT

Vendors must submit a complete Proposal in response to the technical requirements described in “Part 3 – Scope of Work and Deliverables” and “Part 4 – Pricing” and in the format defined below. Proposals that do not conform to these requirements may be deemed non-responsive.

The Proposal must be submitted in two (2) separate volumes as defined below and received by the Lottery no later than the dates and times provided in Section 1.4. All responses must be submitted in a sealed package which must be identified on the outside of the enclosure with the Vendor's full name and address and the RFP number. The sealed package must be specifically addressed to the Contracting Officer. Electronic mail or faxed Proposals will not be accepted.

The Technical Proposal must be signed in ink by an official authorized to legally bind the vendor to its provisions and must include a statement as to the period during which the entire proposal remains valid. This period must be at least 18 months from the due date for response to this RFP.

1.19.1 VOLUME I – Technical (Non-Price) Proposal

The Technical Proposal shall include descriptive and technical matter only and must be appropriately labeled on the outside of the enclosure with the Vendor's name and address and the RFP number. **No cost figures shall be contained in the Technical Proposal.** Two (2) originals plus ten (10) copies of this part must be delivered to the Lottery's Contracting Officer. In addition, the Technical Proposal must be submitted on a CD using a Microsoft Word or PDF file. The electronic version must include all proposal sections within a single file to facilitate searches for terms across the breadth of the Proposal.

NOTE: to assist vendors in completion and submittal of the required forms, a Document Submittal Checklist is incorporated into this RFP as **Attachment 1**; this Checklist must be included with the vendor's technical proposal.

The contents of the technical (non-price) volume must follow this outline, employing divider pages with tabs to separate the response sections:

- A. Transmittal Letter. The transmittal letter shall contain names, addresses, and telephone numbers of individuals who are authorized by the Vendor to address matters related to the Proposal including, but not limited to, contractual, technical, site visit, and background investigation issues. The transmittal must also contain formal Agreement by the Vendor to comply with all Contractual Provisions (Part 2).
- B. Proposal Bond and Litigation Bond (see Sections 1.32 and 1.33).
- C. Disclosure of Litigation and Other Information (see Section 1.35).

- D. Acknowledgement of all RFP addenda in the form provided in Attachment 2.
- E. Response to Specifications (Part 3) in identical order to Part 3 subsections. **An original and four (4) copies of the required financial information (Section 3.9.10) must be filed with one of the original Technical Proposals, and not with all ten (10) copies.**
- F. Vendor-supplied technical documentation as appendices.
- G. Designation of proprietary information in the form described in Section 1.15 of this RFP.
- H. Submission of certifications and representations from the RFP Appendices. (App. E, F, G, H-2, J, K)
- I. List of all options and indication whether they are in the baseline cost or offered at an additional charge.
- J. Two of each type of proposed retailer terminal in working order, operating in stand-alone mode, for assessment by the Lottery. A retailer manual and/or user guide must be included. (Terminals need not issue New York Lottery games.) These terminals will be provided as required per the schedule Section 1.4. All types of point of sale devices and displays, including self-service terminals are included in this requirement.

1.19.2 VOLUME II – Price Proposal

The price volume must be so identified on a separate enclosure. The Price Proposal shall be signed in ink by an individual authorized to legally bind the Vendor. **Two (2) originals plus ten (10) copies of this part must be delivered to the Lottery’s Contracting Officer.**

The contents of the Pricing Proposal must adhere to the following outline, employing divider pages with tabs to separate these response sections:

1. Transmittal Letter.
2. Pricing for the Baseline System.
3. Pricing for Options.

The response must be in the format designated in Part 4.



1.20 PROPOSAL RECEIPT AND OPENING

All proposals shall be addressed to the Contracting Officer of the Lottery at Lottery headquarters in Schenectady. The Pricing Proposals must be delivered by overnight courier on the date indicated in Section 1.4. Upon request, the Lottery will confirm receipt of any Proposal by electronic mail.

The Technical Proposals must be delivered by Vendor staff or common carrier by the date and time indicated in Section 1.4. Upon delivery, the Lottery will provide a time stamped receipt indicating when the proposal was received at the Security Desk in the Lobby. This will be the official time of receipt. Price Proposals will be recorded and secured in the Lottery Finance Office and opened at the time defined in Section 1.4.

1.21 LATE PROPOSALS

Proposals submitted pursuant to this RFP must be received by the Contracting or Finance Officer no later than the date and time shown in Section 1.4. Failure of a Vendor to submit a Proposal by the specified time may result in rejection or disqualification of the Proposal. Proposals rejected or disqualified for lateness may be returned unopened to the Vendor.

1.22 DEMONSTRABILITY OF PROPOSED SYSTEM

The Lottery requires that all major elements of equipment and software, including the retailer network capabilities proposed by the Vendor but other than invited and offered options, must be capable of a demonstration that indicates the Vendor's ability to meet the requirements specified in this RFP. Failure to propose demonstrable products may result in rejection of Vendor's Proposal. Refer to RFP Section 5.5 (Site Visits for Discussions and Demonstrations) and **Appendix D: (Demonstrability of System)** for related information regarding demonstrability of the proposed system.

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 transactions, functions, and operations are expected.

In particular, the Lottery requires that the Vendor's System be capable of a performance simulation demonstrating the sale of 160,000 tickets per minute and 5,000 combined cancel and winning ticket validations per minute, concurrently.

Demonstrations may consist of a simulation at the Vendor's facilities, observing operations at another lottery, or a presentation at some other appropriate venue, which may include lottery retailer locations, as requested by the Lottery during the evaluation process.

1.23 READINESS FOR PRODUCTION AND DELIVERY

The Lottery requires that every major software and hardware item and network technology of the offeror, other than invited and offered options, in the proposed configuration must already be operational in at least one U.S. or Canadian lottery environment, with the exception that equivalent or improved newer releases or models of the proposed products and their architectures are acceptable. The Lottery will not consider or accept major configuration items that are at the specifications or conceptual stage only, early in development, or are products only announced but not yet engineered and ready for manufacture and delivery. The Lottery acknowledges that a Vendor's System would likely require adaptation to the New York requirements and that component parts would be ordered and assembled for delivery. A Proposal based on undeveloped products or systems, however, may be rejected.

1.24 LATITUDE IN PROPOSAL CONTENTS

Each Vendor is expected to provide the Lottery with information, evidence and demonstrations that will make possible a Contract 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, designs, systems, processes, and procedures.

There is no limit on the number of pages; however, Vendors should prepare their Proposals simply and economically, providing a straightforward and concise description of their abilities to satisfy the requirements of this RFP. Proposals that are of excessive length, or contain a preponderance of boilerplate text, are discouraged. Special bindings, colored displays, promotional material, etc., will receive no evaluation credit. Emphasis in each Proposal should be on completeness and clarity of content.

Failure by a Vendor to provide the appropriate information or materials in response to each stated requirement or request for information may result in lower scores during the evaluation or determination of a non-responsive proposal. 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.

1.25 PROPOSAL DISCLOSURE BY VENDOR

Disclosure by a Vendor or agent of the Vendor, of Proposal contents prior to the notice of Contract award may result in rejection of the Proposal.

1.26 DISCLOSURE AND OWNERSHIP OF PROPOSAL CONTENTS BY THE LOTTERY

All matters set forth in a Vendor's Proposal, including technical and price information, may be subject to disclosure after notice of Contract award. All information in a

Vendor's Proposal and any Contract resulting from this RFP are subject to the provisions of New York's Freedom of Information Law regardless of copyright status or Vendor designations on pages of the Proposal.

Any and all materials submitted become the property of the Lottery. The Lottery reserves the right to use any and all information contained in a Proposal unless prohibited by law.

1.27 JOINT PROPOSALS

Two or more firms may join together to submit a Proposal in response to this RFP. If a joint Proposal is submitted, the Proposal shall define the responsibilities that each firm is proposing to undertake. Of the firms submitting a joint Proposal, one must be designated as the primary Vendor. Any Contract award issued as a result of this submission will be made exclusively to the primary Vendor. The Proposal must designate a single authorized official from one of the joint firms to serve as the sole point of contact between the Lottery and the joint responding firms.

1.28 MULTIPLE PROPOSALS FROM ONE VENDOR PROHIBITED

A Vendor shall submit a single Proposal only. Within the single Proposal, the Vendor may identify options, including solicited and unsolicited products, services, and features that the Vendor believes may be appealing and useful to the Lottery. The inclusion of options accommodates the purpose of defining alternatives through multiple Proposals.

1.29 MANDATORY AND DESIRABLE

Specifications in the RFP shall be regarded by the Vendor as mandatory, as denoted by terms such as "required," "must," "shall," and "will," and their semantic equivalents, except where a function, feature, or capability is specifically noted as being "desirable" or an "option." In the case of a "desirable," the Vendor is not required to offer such as expressly described in the RFP; however, the evaluation of the Vendor's offering may be more favorable if desirable functions, features, and capabilities are offered. "Options" are explained in Section 1.37.

1.30 MATERIAL DEVIATIONS

Material requirements of the RFP are those designated as mandatory, without which an adequate analysis and comparison of Proposals is impossible, or those that affect the competitiveness of Proposals, or the cost to the Lottery.

Proposals that do not meet all material requirements of this RFP or that fail to provide all required and mandatory information, documents, or supporting materials, or include

language that is conditional or contrary to terms, conditions, and requirements, may be rejected as non-responsive.

The Lottery, in its sole discretion, reserves the right to determine whether a Proposal meets the material requirements of the RFP.

1.31 NON-EXCLUSIVE RIGHTS

Nothing in this RFP or the Contract resulting from this RFP shall preclude the Lottery from purchasing other gaming concepts, products, services, or equipment, for use in another processing system or for use as an integral part of the System described in this RFP.

1.32 PROPOSAL VALIDITY AND PROPOSAL BOND

Proposals must remain valid for a period of eighteen (18) months.

Each Vendor must submit a Proposal Bond with the Proposal. The Proposal Bond must be acceptable to the Lottery in form and substance, and issued by a qualified issuer as described below, in the amount of one hundred thousand dollars (\$100,000). This bond will guarantee the availability of the goods and services at the price(s) quoted in the Proposal for a period of eighteen (18) months after submission of the Proposal. In lieu of the Proposal Bond, the Lottery will accept a certified check from the Vendor in this amount. The check or Proposal Bond shall be made payable to the New York Lottery.

The check or Proposal Bond will be returned to an unsuccessful Vendor upon the approval of the Contract. The check or Proposal Bond of the Successful Vendor will be retained by the Lottery until the Contract is signed and approved, and until the Lottery is furnished with an acceptable Performance Bond, as defined in Section 2.20. The check or Proposal Bond will be forfeited to the Lottery if the Successful Vendor fails to timely submit the Performance Bond or other security, as required, or fails to sign the Contract when required to do so by the Lottery.

Bonds shall be issued by a reliable surety company with a record of successful continuous operation and licensed to do business in the State of New York. Refer to Section 2.23 for additional qualifications and information.

1.33 LITIGATION BOND

Each respondent must submit with the Proposal a litigation Bond in the amount of one million dollars (\$1,000,000). A claim upon the Bond may be made by the Lottery if:

1. The respondent sues the New York Lottery, the State of New York, or any of their officers, employees, representatives, other contractors, or retailers with regard to any matter relating to this RFP, determination of responsiveness of Proposers or the award of a contract pursuant to this RFP; and



2. The Lottery or other defendant is the prevailing party in such suit.

The purpose of the Bond is to permit the Lottery or other defendants to recover damages, including the cost of appeal described in Section 1.19 relative to the additional cost in compensation to the current vendor during implementation or conversion delay, and including reasonable attorneys' fees, 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.

1.34 DISCLOSURE AND INVESTIGATIONS DURING PROPOSAL EVALUATION

Subsequent to Proposal submission, the Lottery may initiate investigations into the backgrounds of the Vendor and individuals or entities related to any officers, directors, members, principals, investors, owners, subcontractors, employees, or any other individuals or entities related to the Vendor, as deemed appropriate. Such background investigations may include fingerprint identification by the New York State Division of Criminal Justice Services (DCJS) and the Federal Bureau of Investigation (FBI), and such additional investigation as may be required.

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

If the Vendor or a substantial subcontractor is a subsidiary of a parent entity, the Lottery may request the above disclosures from the parent entity as necessary.

1.35 DISCLOSURE OF LITIGATION AND OTHER INFORMATION

Since the Lottery has a strong interest in the Successful Vendor's continuing ability to produce secure, high quality products and services, the Lottery requires that Vendors list and summarize pending or threatened litigation, administrative or regulatory proceedings or similar matters that could materially affect the Vendor. As part of this disclosure requirement, Vendors must state whether they or any owners, officers, directors, or partners have ever been convicted of a felony. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract. Such disclosures must be included in the Proposal.

This is a continuing disclosure requirement; any such matter commencing after submission of a Proposal and, with respect to the Successful Vendor after the approval of a Contract, must be disclosed in a timely manner in a written statement to the Lottery.

1.36 CHANGE OF OWNERSHIP

If a Vendor experiences a material change of ownership prior to Contract 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 5% of the Vendor or the parent company of the Vendor. Failure to notify the Lottery of such a change may result in the rejection of a Vendor's Proposal or termination of the Contract. The Lottery reserves the right, based on its assessment of a material change in ownership, to reject the Vendor's Proposal or terminate the Contract.

1.37 SPECIFIED, INVITED AND OFFERED OPTIONS

A **Specified Option**, as noted in this RFP, is identified as being of specific interest to the Lottery. The Lottery anticipates acquiring such from the Successful Vendor; although the Lottery may choose not to exercise such an option. **The Vendor is required to include all Specified Options in the Proposal.**

An **Invited Option**, as noted in this RFP, is identified as being of specific interest to the Lottery, although the Lottery makes no commitment to any quantity or timing for the acquisition. **The Vendor is not obligated to include an Invited Option in the Proposal.**

An **Offered Option** is not identified in this RFP but may be identified by the Vendor and included in the Proposal. This is an opportunity for Vendors to offer options that the Lottery may not have been aware of at the time the RFP was written. The Lottery makes no commitment to quantity or timing for acquisition of Offered Options.

1.38 NON-COLLUSIVE BIDDING REQUIREMENT

In accordance with Section 139-d of the New York State Finance Law, if the contract was awarded based upon the submission of bids, Successful Vendor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. The Successful Vendor further warrants that, at the time Successful Vendor submitted its bid, an authorized and responsible person executed and delivered to the Lottery a Non-Collusive Bidding Certification on Successful Vendor's behalf. Each respondent must submit an original Non-Collusive Bidding Certification Form (**Appendix E**) with their proposal.

1.39 DISQUALIFICATION FOR NON-RESPONSIBILITY

Financial and business stability and wherewithal to perform and support the Lottery are required. A Vendor, after notice and an opportunity to be heard, who is determined by the Lottery to not possess the capability to perform the Contract requirements, has a conflict of interest in serving the New York Lottery, or fails to demonstrate sufficient

technical ability, financial responsibility, legal capacity, security, integrity and reliability to assure good faith performance, may be rejected as non-responsible.

1.40 PROCUREMENT LOBBYING RESTRICTIONS

Pursuant to New York State Finance Law Sections 139-j and 139-k, this RFP includes and imposes certain restrictions on communications between the Lottery and a proposer during the procurement process. A proposer is restricted from making contacts from the earliest solicitation of offers through final award and approval of the resulting contract by the Lottery and the Office of the State Comptroller (“restricted period”) to other than designated staff members unless the contact is permitted by the statutory exceptions set forth in New York State Finance Law Section 139-j (3) (a). Designated staff members are identified in Section 1.6 of this RFP. Lottery employees are required to obtain certain information when contacted during the “restricted period” and to make a determination of the responsibility of the proposer/bidder pursuant to Sections 139-j and 139-k. A violation can result in a determination of non-responsibility, which can result in disqualification for a contract award. In the event of two determinations within a four-year period, an offeror will be debarred for a period of four years from obtaining a governmental procurement contract award. Further information about these restrictions can be found at:

<http://www.ogs.state.ny.us/aboutOgs/regulations/defaultAdvisoryCouncil.html>

The Lottery reserves the right to terminate the Contract in the event that the Lottery determines that the certification filed by the proposer in accordance with New York State Finance Law 139-k was intentionally false or intentionally incomplete. Upon such a determination, the Lottery may exercise its termination right by providing written notification to the proposer in accordance with the written notification terms of this contract.

The BIDDER DISCLOSURE/CERTIFICATION FORM (Appendix F) must be completed and submitted with the proposal.

1.41 HEADINGS

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

PART 2 – CONTRACTUAL PROVISIONS

2.1 GOVERNING LAW

The proposal process, the award procedure, and any contract resulting from this RFP shall be governed by the laws of the State of New York and shall be interpreted according to New York law. Any and all litigation arising under this RFP or any contract resulting hereunder shall be instituted in the appropriate court of the State of New York; and, by submitting a proposal, a Vendor is deemed to waive access to any other court which may have concurrent jurisdiction within or outside New York State.

2.2 TERM OF CONTRACT

For any contract awarded pursuant to this RFP, the term of such contract will begin upon approval by the New York State Office of the Attorney General and the State Comptroller and will be in effect from the Contract effective date, including an implementation term and seven (7) years of production operations, plus such time as is necessary to finish out the Lottery business week in progress. The Contract term may run a shorter term, as determined by the Lottery, due to causes such as 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 one (1) renewal of three (3) years provided that any such option to renew is exercised by the Lottery at least ninety (90) days prior to the end of the initial contract term or at a time mutually agreed upon by both parties.

2.3 EMERGENCY EXTENSION

The Lottery reserves the right to reactivate or further extend the initial Contract term, or any renewal thereof, at the rates and upon the terms and conditions then in effect on thirty (30) days' notice for one (1) or more additional thirty (30) day periods if a different Vendor is chosen for a subsequent Contract and the subsequent Vendor's System as delivered does not meet the requirements of the Lottery. To fulfill this requirement, the Successful Vendor for this Contract must maintain the System in a state of readiness through the date of full conversion and for thirty (30) calendar days thereafter.

Exercising these rights shall not be construed as obligating the Lottery to repeat the procurement process for any subsequent Contract or conferring any right or expectation for the Successful Vendor to continue operating the System after the expiration of any such emergency extension period.

2.4 STANDARD CLAUSES FOR ALL NEW YORK STATE CONTRACTS

Appendix A, a listing of the State of New York Standard Contract Clauses is attached. **Appendix A** becomes part of all New York State contracts.

2.5 NEW YORK STATE STANDARD VENDOR RESPONSIBILITY QUESTIONNAIRE

Vendor agrees to fully and accurately complete the New York State Standard Vendor Responsibility Questionnaire, which is attached as **Appendix G** (hereinafter the "Questionnaire"). The vendor acknowledges that the State's approval of the contract will be contingent upon the Lottery's determination that the vendor is responsible, and that the Lottery will be relying upon the vendor's responses to the Questionnaire in making that determination. The vendor agrees that if it is determined by the Lottery that the vendor's responses to the Questionnaire were intentionally false or intentionally incomplete, on such determination, the Lottery may terminate the contract by providing ten (10) days written notification to the Successful Vendor. In no case shall such termination of the contract by the Lottery be deemed a breach thereof, nor shall the Lottery be liable for any damages for lost profits or otherwise, which may be sustained by the Successful Vendor as a result of such termination.

2.6 SUCCESSFUL VENDOR REQUIREMENTS AND PROCEDURES FOR EQUAL EMPLOYMENT AND BUSINESS PARTICIPATION OPPORTUNITIES FOR MINORITY GROUP MEMBERS AND NEW YORK STATE CERTIFIED MINORITY/WOMEN-OWNED BUSINESSES

In accordance with Article 15-a of the New York State Executive Law (Participation by Minority Group Members and Women with Respect to State Contracts) and in conformance with the Regulations promulgated by the Minority and Women's Business Development Division of the New York State Department of Economic Development set forth at 5 NYCRR Parts 140-144, the Offeror / Successful Vendor agrees to be bound by the following provisions to promote equality of economic opportunity for minority group members and women, and the facilitation of minority and women-owned business enterprise participation.

A. EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION REQUIREMENTS

By submission of a bid or proposal in response to this solicitation, the Offeror agrees with all of the terms and conditions of Clause 12 of **Appendix A** – Equal Employment Opportunities for Minorities and Women. In addition, as part of the proposal, each respondent must submit a copy of the respondent's Equal Employment Opportunity

(“EEO”) Policy. If the respondent does not already have an EEO Policy in effect, then an EEO Policy must be adopted and a copy of the new policy must be submitted. **Appendix H contains Instructions for Completion (H-1), Work Force Employment Staffing Plan (H-2) and Work Force Employment Utilization Periodic Report Utilization Report (H-3) described below.**

Proposal and contract requirements:

1. Each proposal must include a Staffing Plan (**Appendix H-2**) describing the work force expected to be used on the contract. If it is impossible to describe the portion(s) of the respondent’s work force that will be devoted to performing the contract, then the staffing plan must describe the respondent’s total work force. The staffing plan must show the ethnic backgrounds, gender, and federal occupational categories of the members of the work force.

2. During the term of the contract, the Successful Vendor will be required to submit periodically, as defined below, to the Lottery a Work Force Utilization Report (**Appendix H-3**) showing the work force actually used in performing the contract, categorized by ethnic background, gender, and Federal occupational categories.

If the Staffing Plan provides for only the work force devoted to this contract, quarterly reporting is required. If the Staffing Plan includes the respondent’s total work force, semi-annual reporting is required.

3. All of the foregoing equal employment and affirmative action requirements are applicable to all subcontracts related to this contract. The Successful Vendor shall include in every subcontract in connection with this contract the requirement that subcontractors shall undertake or continue existing programs of affirmative action and, when requested, provide to the Successful Vendor information on the ethnic background, gender, and Federal Occupational Categories of the employees to be utilized on this contract.

4. The Successful Vendor will be required to follow the EEO Policy throughout the term of the contract.

As a precondition to contract award, the Successful Vendor’s EEO Policy must contain a statement agreeing to comply, during the performance of this contract, with the requirements of Appendix A, Clause 12 and the elements listed above.

B. MINORITY/WOMEN-OWNED BUSINESS PARTICIPATION

It is the policy of New York State to maximize the opportunities for the participation of New York State business enterprises, including minority and women owned business enterprises as offerers, subcontractors and suppliers for its procurement contracts. Information on the availability of New York State subcontractors and suppliers can be found in the Directory of Certified Minority and Women-Owned Business Enterprises available from the New York State Department of Economic Development,



http://www.empire.state.ny.us/Small_and_Growing_Businesses/mwbe.asp

In accordance with Article 15-A of the New York State Executive Law and Subtitle N of 9 NYCRR 540 et seq, the Division of the Lottery has established a goal of 15% participation by New York State Certified Minority Owned Business Enterprises and 5% participation by New York State Certified Women Owned Business Enterprises as sub-contractors/suppliers in this proposed contract. Attached to this RFP is a copy of the Minority and Women Owned Business Utilization Plan Form (**Appendix I-2**).

Proposal and contract requirements:

1. Proposers must include a summary of their MBE / WBE utilization plans in their Proposals. The plans shall include the business name of the supplier / sub-contractor, a description of the proposed products or services to be provided, contact information for a representative of the supplier / sub-contractor, and the estimated value of the payments over the seven year contract term.
2. The Successful Vendor must submit the complete Utilization Plan **within fourteen (14) days after notification of the contract award** for review and acceptance by the Lottery. Instructions for completing the Utilization Form are contained in **Appendix I-1**.
3. The contact information for the designated officer who will be assigned the responsibility and authority to monitor the MWBE program for this contract shall be provided in **Appendix I-1**.
4. Any modifications or changes to the agreed participation by certified Minority or Women-Owned Business Enterprises (MWBEs), over the term of the contract, must be reported on a revised Utilization Plan.
5. During the term of the contract, the Successful Vendor will be required to submit to the Lottery a **Quarterly Activity Report (Appendix I-3, Parts 1 & 2)** showing MWBE's actually used in performing the contract; this information shall be broken down by subcontractor/supplier and dollar amount of purchase/service. **The Quarterly Activity Report must be received by the Lottery 45 calendar days following the end of the previous quarter. The State's fiscal year is April 1 through March 31; the quarterly end dates are: June 30, September 30, December 31, and March 31.**

2.7 OMNIBUS PROCUREMENT ACT COMPLIANCE

If the contract is for \$1 million or more, by entering into the contract the Successful Vendor agrees (i) to make reasonable efforts to encourage the participation of New York State business enterprises as subcontractors and suppliers on the contract and retain documentation of such efforts to be provided to the State upon request; (ii) to comply with the federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended; (iii) to make reasonable efforts to provide notification to New York State residents of employment opportunities on the contract through listing any such positions with the Job Service Division of the New York State Department of Labor or providing such

notification in such a manner as is consistent with existing collective bargaining contracts or agreements and to retain documentation of such efforts to be provided to the State upon request; and (iv) to cooperate with the State of New York in seeking to obtain offset credits from foreign countries as a result of the contract.

2.8 STIPULATION REGARDING NORTHERN IRELAND

In compliance with the MacBride Fair Employment Principles, Section 165.5 of the New York State Finance Law, the Successful Vendor must stipulate that the Successful Vendor and any legal entity in which the Successful Vendor holds a ten percent or greater ownership interest and any individual or legal entity that holds a ten percent or greater ownership interest in the Successful Vendor either (i) has no business operations in Northern Ireland; or (ii) shall take lawful steps in good faith to conduct any business operations such person or persons has or have in Northern Ireland and shall permit independent monitoring of compliance with such principles.

The NORTHERN IRELAND STIPULATION FORM (Appendix J) must be completed and submitted with the proposal.

2.9 TAX LAW SECTION 5-A

The vendor awarded a contract pursuant to this RFP must comply with the requirements of Tax Law section 5-a, which requires persons awarded contracts valued at more than \$100,000 with state agencies, public authorities or public benefit corporations to certify that they, their affiliates, their subcontractors, and the affiliates of their subcontractors have a valid certificate of authority to collect New York State and local sales and compensating use taxes. A Successful Vendor, affiliate, subcontractor, or affiliate of a subcontractor must be certified as having a valid certificate of authority if such person has made sales delivered within New York State of more than \$300,000 during the relevant period. The Office of the State Comptroller (OSC) or other responsible approver cannot approve the contract unless the Successful Vendor is registered with the New York State Tax Department to collect sales and compensating use taxes. The forms listed below must be filed in compliance with Tax Law Section 5-a. Successful Vendors can visit the New York State Department of Taxation and Finance website to obtain more information:

http://www.tax.state.ny.us/pdf/publications/sales/pub223_606.pdf

Appendix K – ST-220-TD

http://www.tax.state.ny.us/pdf/2006/fillin/st/st220td_606_fill_in.pdf

Appendix K – ST-220-CA

http://www.tax.state.ny.us/pdf/2006/fillin/st/st220ca_606_fill_in.pdf

NOTE: ST-220-TD is to be filed directly with the Tax Department at the address provided on the form; ST-220-CA is to be filed with the Lottery as part of the vendor's proposal submission.



2.10 CHANGE IN FINANCIAL CONDITION

If a vendor who has submitted a proposal in response to this RFP experiences a substantial change in financial condition prior to the award of a contract pursuant to this RFP, or if a successful vendor experiences a substantial change in financial condition during the term of a contract with the Lottery, the Director of the Lottery must be notified in writing at the time the change occurs or is identified. Failure to notify the Lottery of such a change may result in rejection of a vendor's proposal or termination of the contract.

2.11 HIRING OF LOTTERY PERSONNEL

At all times during the proposal evaluation period and continuing for one year following either the award of a contract or the rejection of all proposals, vendors are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Lottery employee involved in the evaluation of proposals, the contract award, or contract negotiations. A vendor making such an offer or proposition may be disqualified from further consideration.

2.12 CODE OF CONDUCT FOR VENDOR

The Lottery is an extremely sensitive enterprise because of the nature of the business and because it is government operated; therefore, it is essential that its operation, and the operation of other enterprises which would be linked to it in the public mind, avoid not only impropriety but also the appearance of impropriety. Due to this, Successful Vendors associated with the Lottery are expected to:

- A. Offer goods and services only of the highest standards;
- B. Use their best efforts to prevent the industry from becoming embroiled in unfavorable publicity;
- C. Make sales presentations in a responsible manner; and when it is necessary to point out the superiority of their goods or services over those of their competitors, to do so in such a manner as to avoid unfavorable publicity for the industry;
- D. Avoid promotional activities which could be interpreted as improper and result in embarrassment to the industry;
- E. Report security problems or potential security problems to the New York Lottery Director.
- F. Not offer or give any gift, gratuity, favor, entertainment, loan or any other thing of material monetary value to any Lottery employee, or to any individual with the intent of unduly influencing the outcome of this project.

G. Not disclose any business sensitive or confidential information gained by virtue of this Contract to any party without the consent of the Lottery.

H. Take no action in the performance of this Contract to create an unfair, unethical or illegal competitive advantage for itself or others.

I. 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 the Contract, receive restitution from, debar, or take any other appropriate actions against the Successful Vendor.

2.13 INFORMATION SECURITY BREACH AND NOTIFICATION ACT

Section 208 of the New York State Technology Law (STL) and Section 899-aa of the New York State General Business Law (GBL) require that State entities and persons or businesses conducting business in New York who own or license computerized data which includes private information including an individual's unencrypted personal information plus one or more of the following: social security number, driver's license number or non-driver ID number, account number, credit or debit card number plus security code, access code or password which permits access to an individual's financial account, must disclose to a New York resident when his or her private information was, or is reasonably believed to have been, acquired by a person without valid authorization. Notification of breach of the security of that private information to all individuals affected or potentially affected must occur in the most expedient time possible without unreasonable delay, after necessary measures to determine the scope of the breach and to restore integrity, but with delay if a law enforcement agency determines that notification would impede a criminal investigation. When notification is necessary, the State entity or person or business conducting business in New York must also notify the following New York State agencies: the Attorney General, the Office of Cyber Security & Critical Infrastructure Coordination (CSCIC) and the Consumer Protection Board (CPB). Information about the law and the notification process is available at:

<http://www.cscic.state.ny.us/security/securitybreach/>

2.14 FORM OF CONTRACTUAL AGREEMENT

The successful vendor will be expected to sign a contractual agreement with the Lottery in the form attached as **Appendix C** to this RFP. The Lottery does not intend to negotiate any changes in the provisions of the contract form. Any exception to the contract form must be raised in a vendor question submitted to the Lottery pursuant to the schedule set forth in Section 1.4 of this RFP and in accordance with Section 1.11 of this RFP.

2.15 CONTRACT ELEMENTS

The contract resulting from this RFP will include the following parts:

- Appendix A – Standard Terms for all New York State Contracts
- Addendums to the Contract
- Appendix C - Contract
- Clarifications and Addendums to the RFP
- RFP
- Clarifications to the Vendor's Proposal
- Vendor's 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.

2.16 SEVERABILITY

If a court of competent jurisdiction determines any portion of a Contract to be invalid, it shall be severed and the remaining portion of a Contract shall remain in effect.

2.17 AUDIT AND ACCOUNTING REQUIREMENTS

Under the Contract, the Successful Vendor must meet specific auditing and accounting obligations:

- A. The Successful Vendor 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 audited financial statements shall be provided to the Lottery within one quarter after the close of the Successful Vendor's fiscal year.
- B. The Vendor shall provide the Lottery with a copy of any Securities and Exchange Commission (SEC) 10-K report (or the appropriate non-U.S. equivalent) at the time of filing, together with any other report required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended.
- C. A third party audit of the Successful Vendor's New York operations must also be conducted annually. This audit will be a Statement on Auditing Standards (SAS) 70 audit at the sole discretion and determination of the Lottery, and shall be paid for by the Successful Vendor. For this review the Successful Vendor will suggest, for the Lottery's approval, the firm(s) to perform the work. All financial aspects of the audit shall be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants. Annual reviews shall occur on a April-to-March basis and will be reported not later than May to the

Lottery. The first audit shall cover a partial year ending with the State's fiscal year.

- D. The Successful Vendor is required to maintain its books, records and all other evidence 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.

2.18 SURETY AND INSURER QUALIFICATIONS

All required bonds and insurance must be issued by companies which are "A" or higher rated by A.M. Best & Co., have a record of successful continuous operation, are licensed, admitted, and authorized to do business in the State of New York, and are approved by the Lottery. Required coverage and limits 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 must submit copies of each required insurance contract, and any renewals thereof, to the Lottery upon the Lottery's request. The insurance policies must provide thirty (30) days' advance written notice to the Lottery of cancellation, termination or failure to renew any policy.

2.19 INSURANCE

The Successful Vendor shall obtain and maintain insurance for risks set forth below which may arise out of or result from the Successful Vendor's operations under the Contract, whether such operations are by the Successful Vendor 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:

- Claims under workers' disability compensation, disability benefit and other similar employee benefits acts.
- Claims for damages because of bodily injury, occupational sickness or disease, or death of the Successful Vendor's employees, or any person other than Successful Vendor employees.
- 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 Successful Vendor, the Lottery, and the State of New York for any losses incurred due to System downtime, for acts or omission caused by the Successful Vendor during the time that terminals are expected to be operational, machine error, or for any error or

omission caused by the Successful Vendor, its officers, employees, agents, subcontractors, successors or assigns regardless of negligence.

2.19.1 Insurance Coverage and Limits

Specific coverage requirements are listed below. The specified dollar amounts are minimum limits. Statement of self-insurance to cover these obligations may be considered non-responsive.

- A. Property Insurance. Insurance on all buildings, fixtures and equipment provided or used in providing the System or service must be maintained in the amount of actual replacement cost thereof. This policy must insure personal property including contents, equipment, and mobile items against fire, collision, flood, etc. Lottery retailers are not responsible for assuming or maintaining any terminal or equipment insurance.
- B. General Liability Insurance. Commercial General Liability and Property Damages Insurance with limits not less than \$5,000,000 for any one person and \$10,000,000 for any one occurrence for personal injury, and \$5,000,000 for any one occurrence for property damages.
- C. Errors and Omissions Insurance. Amount: \$25,000,000.
- D. Automotive liability insurance covering drivers and vehicles employed in connection with the operation of the on-line system with limits of not less than \$2,000,000 for personal injury to each person, \$4,000,000 for personal injury in each accident, and \$2,000,000 for property damage.
- E. Worker's Compensation Insurance. To cover all of Vendor's employees during the term of the Contract in accordance with New York Statutes, or other applicable worker's compensation laws.

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

All other insurances covered by this Section must be effective when performance commences under the Contract and continue through the term of the Contract or any extension thereof. The Lottery must receive thirty (30) days' advance written notice of cancellation, termination or failure to renew any policy.

2.19.2 Certificates of Insurance

Certificates of insurance and any renewals thereof must be furnished to the Lottery Contracting Officer on or before the date of Contract approval, with the exception of the certificate for Errors and Omissions Insurance, which must be furnished no later than ten (10) business days prior to production start-up. The Lottery must be named as an additional insured on all Certificates of Insurance as allowable.

2.20 PERFORMANCE BOND

Upon notification of the Contract award, the Successful Vendor will be required to obtain a Performance Bond or other acceptable form of security in the amount of twenty-five million dollars (\$25,000,000) for every year of the Contract. The Performance Bond may be paid in full or in part to the Lottery if the Successful Vendor defaults in the performance of the Contract or has occasioned uncompensated liquidated damages.

The Performance Bond may be assessed liquidated damages if these damages have not been received by the Lottery within thirty (30) calendar days of written notice to the Successful Vendor that they have been incurred.

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

Along with its Proposal, each Vendor must include a letter from a qualified surety company or agent acting on behalf of such surety stating that the Vendor will be able to secure a Performance Bond in the amount required by the RFP.

2.21 FIDELITY BOND

Upon notification of award and prior to Contract approval, the Successful Vendor must obtain a Fidelity Bond in the amount of five million dollars (\$5,000,000) covering any loss 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 arising as a result thereof were paid under the fidelity bond.

2.22 VENDOR ERROR LIABILITY

In addition to any Liquidated Damages, the Successful Vendor will be liable for any specific and definite financial obligations arising as a result of errors and faults by the Successful Vendor's staff, subcontractors and the System. These cases include, but are not limited to, errors in entry or posting of winning numbers by System operators, software and hardware errors that create retailer or payout liabilities, and apparent winning tickets issued by the Successful Vendor's System and presented for redemption which are not identified as valid, winning tickets in the transactions supplied by the Successful Vendor to the Lottery's Internal Control System (ICS). The Successful Vendor will pay all prize costs for any such ticket, and shall pay any additional cost incurred by the Lottery under the indemnification provisions in Section 2.47 of this RFP.

2.23 LIQUIDATED DAMAGES PROVISIONS

In the below Liquidated Damages sections, and **Appendix L**, the Lottery and the Successful Vendor agree that it will be extremely impractical and difficult to determine actual damages sustained by the Lottery. The goods and services to be provided under the Contract are not readily available on the open market. Further, any breach by the Successful Vendor will delay and disrupt the Lottery's operations and will lead to damages. Therefore, the parties agree that the liquidated damages, as specified in all the sections are reasonable and are not to be construed as a penalty.

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 section applicable to any single incident.

2.23.1 Notification of Liquidated Damage Assessment

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

2.23.2 Conditions for Cancellation of Liquidated Damage Assessments

As determined appropriate by the Lottery, the following are the conditions under which the Successful Vendor may obtain relief from the continued assessment of liquidated damages that have been assessed.

- A. Except as waived in writing by the Lottery, no liquidated damages assessed shall be terminated or suspended until the Successful Vendor issues a written notice verifying the correction of the condition(s) for which liquidated damages were assessed, and all corrections have been subjected to system testing or other verification at the discretion of the Lottery.
- B. As appropriate, the Successful Vendor shall conduct system testing of any correction, as the Lottery deems necessary. Such testing shall be developed jointly by the Lottery and the Successful Vendor, and must be approved by the Lottery, including the test script, test environment, and test results. A notice of correction will not be accepted until verified by the Lottery.

2.23.3 Severability of Individual Liquidated Damages

If any portion of the liquidated damages provisions is determined to be unenforceable in one or more applications, that portion remains in effect in all applications not determined to be invalid and is severable from the invalid applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision or provisions shall remain in full force and effect.

2.23.4 Waivers of Liquidated Damages

The waiver of any liquidated damages due the Lottery shall constitute a waiver only as to such liquidated damages and not a waiver of any future liquidated damages. Failure to assess liquidated damages or to demand payment of liquidated damages within any period of time shall not constitute a waiver of such claim by the Lottery.

2.23.5 Payment of Liquidated Damages

All assessed liquidated damages will be deducted from any moneys owed the Successful Vendor by the Lottery and, in the event the amount due the Successful Vendor is not sufficient to satisfy the amount of the liquidated damages, the Successful Vendor shall pay the balance to the Lottery within thirty (30) calendar days of written notification. If the amount due is not paid in full, the balance will be deducted from subsequent payments to the Successful Vendor. At the Lottery's sole option, the Lottery may obtain payment of assessed liquidated damages through one (1) or more claims upon the Performance Bond.

2.23.6 Applicability of Liquidated Damages

The Successful Vendor shall not be required to pay liquidated damages for delays solely due to matters as enumerated in the section entitled "Force Majeure," or for time delays specifically due to, or approved by, the Lottery. Liquidated damages and service levels for this implementation are documented in **Appendix L**.

2.24 OWNERSHIP OF MATERIALS

Ownership of all data, documentary material and operating reports originated and prepared exclusively for the Lottery pursuant to any Contract resulting from this RFP shall belong to the Lottery.

The Successful Vendor will retain ownership of the retailer terminals, terminal peripherals, gaming computer systems, network systems, system documentation, software, and other materials originally supplied by the Successful Vendor.

2.25 RIGHT OF USE

If, for any reason other than a breach of the Contract by the Lottery, the Successful Vendor loses the ability or refuses to service the Lottery, as provided by this Contract, the Lottery shall acquire a right of use (sometimes called a "usufruct") in the source and object program instructions, and the documentation for those programs as owned by the Successful Vendor, in conjunction with any contract deliverables that are necessary to provide the central system, central facility, the backup facility, the communications network, retailer terminals, related equipment, procedures, and production gaming scripts.

Such usufruct shall be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering and

improving the operational characteristics of the programs and systems being used under the Contract. Such usufruct shall be limited in time for the duration of the Contract term and in scope to those items being used by the Lottery and on the Lottery's behalf under the Contract. All items, including modifications or alterations thereof, shall be kept in confidence, except to the extent that they are public records under New York law, and shall be returned to the Successful Vendor when their usufruct purposes have been fulfilled.

If there has been a determination, in the sole discretion of the Lottery, that a discontinuation of the Successful Vendor's operations may be anticipated and this provision may be exercised, the Successful Vendor shall provide training to the Lottery in the operation of the System, at the Lottery's request.

2.26 FORCE MAJEURE

A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled and without the fault or negligence of the non-performing party. As herein used, Force Majeure includes, but is not limited to, fire, explosion, unusually severe action of the elements, 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 delays arising as a result thereof or to predict and through advance planning avoid such delays.

Except as otherwise provided in the contract, neither the Successful Vendor nor the Lottery shall be liable to the other 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 a period of non-performance due to Force Majeure, payments from the Lottery to the Successful Vendor will be suspended.

2.27 SECURITY PROGRAM UNDER THE CONTRACT

Prior to operations under the Contract, the Successful Vendor shall establish a security program for the entire System, subject to the written approval of the Lottery. This program must be updated, reviewed, and approved annually by the Lottery. The

Successful Vendor must adopt, maintain and enforce an approved Operations Security Plan (see Section 3.7.13).

2.27.1 Vendor Personal Background

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of such Vendor it deems appropriate. Background investigations may include fingerprint identification by the New York State Division of Criminal Justice Services (DCJS), the Federal Bureau of Investigation or other domestic or foreign law enforcement agencies. The Lottery reserves the right to require the removal of any and all employees of such Vendor 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.

Upon award of the Contract, the Successful Vendor shall comply with the following security requirements by providing:

- A. A list of the names, addresses, dates of birth and Social Security numbers (or comparable number for foreign nationals) of all employees and subcontractors assigned to and associated with this Contract.
- B. Authorizations signed by the employees and subcontractors to allow law enforcement agencies to release relevant background information. This may be extended to include officers, investors, owners, and associates.
- C. Assurance to the Lottery that, as changes are made throughout the Contract term and any extension thereof for the aforementioned personnel, any changes in the required data and authorization shall be reported to the Lottery within one (1) month.
- D. 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 (as defined by Securities and Exchange Commission Regulation §240.13d-3) in the amount of five percent (5%) or more of the ownership interest in, or any class of equity securities of, the Successful Vendor or the parent company of the Successful Vendor. Background investigation and licensing may be required for these new owners and if the investigation results are unsatisfactory, the Lottery may, at its option, terminate the Contract, after providing thirty (30) days written notice to the Successful Vendor.
- E. Unfettered and unannounced access, inspection and evaluation privileges for all phases of performance and for all facilities and premises used by the Vendor in fulfillment of this Contract and any extension thereof.

F. Immediate notification in writing to the Lottery Security Director of all terminations and resignations of employees and staff assigned to and associated with this Contract.

2.27.2 Security Violation Reporting

The Successful Vendor shall immediately report to the Lottery Security Director any security procedural violation, violation of law (e.g., theft), or disappearance of any play slips, instant tickets, on-line ticket stock, validation files, or other equipment, software or material used or to be used in the performance of this Contract.

2.27.3 Security Information Updates

The Successful Vendor shall report any change in, addition to, or deletion from, the security information reported 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 Security Director within thirty (30) days of the effective date of the change, addition, or deletion. In particular, the Successful Vendor 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.

2.28 PRODUCTION-READY ACCEPTANCE TEST FOLLOWING CONTRACT AWARD

The Lottery will conduct a series of acceptance tests of the Successful Vendor's installation, in accordance with the specifications of this RFP, the Proposal, the Contract, and working papers developed jointly by the Successful Vendor and the Lottery during the implementation period. The Successful Vendor's assistance in arranging these tests is required.

The Lottery will not consider System components ready for Lottery acceptance testing while still under development by the Successful Vendor, or still subject to Quality Assurance verification by the Successful Vendor. The Lottery may establish reasonable standards for readiness of the System for acceptance testing, known as "entry criteria."

Acceptance testing must include parallel testing, during which transaction log data from past business days is re-processed by the new System to show that all transactions have been handled properly, and that reports are correct and balance as appropriate.

All defects discovered during acceptance testing must be corrected and re-tested by the Successful Vendor in a timely manner. If the software is shown to contain such number of defects as to render the System un-testable and their remedy is untimely in the judgment of the Lottery, the Lottery reserves the right to halt acceptance testing until the System is corrected and testable once again. Acceptance testing halts may lead to delays in System delivery and liquidated damage assessments for the Successful Vendor.

The Lottery, at its sole discretion, will determine whether performance against the acceptance tests is adequate, and whether conversion can proceed to production as scheduled. Passing an acceptance test in no way removes the obligation for the Successful Vendor to meet, and to continue to meet, all documented specifications. Failure of the Successful Vendor to pass these tests may result in the Successful Vendor having to make corrections, delay conversion, pay liquidated damages, or forfeit up to the full amount of the Performance Bond.

2.29 END OF CONTRACT CONVERSION

It is contemplated that the Lottery, approximately eighteen (18) months prior to the expiration of the Contract resulting from this RFP, will award a new Contract for replacement of the System. The parties understand and agree that the Lottery may utilize part of the last year of the Contract resulting from this RFP or any renewal or extension thereof for conversion to the replacement gaming system.

The Successful Vendor shall cooperate fully and in good faith in the conversion. Cooperation may include, but not be limited to, sharing of files, instant ticket pack inventory files, instant validation files, and retailer authority files. The Lottery may determine in its sole discretion that cooperation by the Successful Vendor shall include providing information to allow ticket bar codes to be read by a third-party system for validation. Failure by the Successful Vendor to cooperate fully and in good faith may result in the assessment of liquidated damages, as defined in Section 2.23.

The Successful Vendor further shall remove all equipment and materials relating solely to the Successful Vendor's gaming system from each retailer location and from Lottery property after final conversion of any location to the replacement gaming system, within a reasonable period as set by the Lottery. Equipment and materials not so removed by the Successful Vendor shall be considered abandoned and may be disposed of at the Lottery's discretion at the cost of the Successful Vendor.

2.30 EQUIPMENT AND SOFTWARE CORRECTIONS AND UPGRADES

2.30.1 Corrections

The Successful Vendor must report any relevant deficiencies in hardware or software used in the System and is responsible for ensuring that corrections from the supplier are incorporated in the configuration in a timely and responsible manner. At the time the Successful Vendor is notified that a supplier intends to discontinue supporting a version of the supplier's hardware or software used in the system it is the Successful Vendor's obligation to acquire and install an appropriate upgrade with the Lottery's prior approval.

2.30.2 Workload Accommodation

The Successful Vendor must provide any upgrades such that:

1. Increased volumes of on-line transactions from any source shall be included in the Successful Vendor's base price for the System.
2. Increased volumes of instant product distribution and sales from any source shall be included in the Successful Vendor's base price for the System.
3. Expanded requirements from multi-jurisdictional organizations in which the Lottery participates or elects to participate in the future shall be included in the Successful Vendor's base price for the System.

2.30.3 Management Information and Reporting Changes

All software and stored procedure changes for scheduled administrative reports, ad hoc reports, screen displays, processing options, and other features required for the Lottery to manage the gaming system, meet reporting obligations, and respond to new business needs or rules, are included. This Section shall pertain to any expanded reporting necessary for management information terminals, as well as to the interface reporting necessary for accurate tracking by Lottery staff for service and repair calls.

2.30.4 Other Changes

Changes and enhancements to the equipment and software which exceed RFP-specified and current requirements and which are not otherwise accommodated by the Pricing Method and Options detailed in Part 4, such as additional terminal peripherals, game enhancements, game options, promotions, new games, new terminal types, new administrative reporting or changes to existing administrative reporting and new retailer user interface features, will be handled as follows:

1. Software changes are included in the base price, even if additional developments are required to create or adapt software for the Lottery's needs; and,
2. Capital equipment, facilities, third-party licenses, royalties, or substantive service additions or changes will have their pricing negotiated with the Lottery.

2.31 APPROVAL OF HARDWARE AND SOFTWARE CHANGES AND UPGRADES

The Successful Vendor's configuration management system and practices shall preclude unauthorized changes to the System. Any engineering changes or variations from the designs and specifications of the RFP, the Proposal, the Contract, or signed-off working papers must be **approved in writing** by the Lottery prior to installation or implementation.

2.32 MANAGEMENT OF SOFTWARE AND DOCUMENTATION

Before production operations under the System begins, a complete set of the Successful Vendor's software source programs, program object code, operations manuals, service manuals, written procedures, and any such other materials necessary for the Lottery to operate the System must be delivered to the Lottery or to a Lottery-approved escrow agent. The software source and object programs, and documentation, can be delivered on mutually-agreeable media. Installation packages for third party software products licensed by the Successful Vendor must be included. These materials would allow the Lottery to (i) continue operations in the event the Successful Vendor becomes unable to perform, and (ii) confirm that only authorized software and procedures are employed with the System. In this regard, access by the Lottery to the escrow (if escrowed) shall be at the Lottery's discretion for auditing its contents, or for preparation to assume operations of the System.

As System changes are implemented, both the change and change documentation shall be provided to the Lottery (or escrow) to continue the Lottery's protection. Changes to Lottery's (escrow's) copy of these materials must occur within one (1) week of installation in production operations.

2.33 RETAILER SETTLEMENT/COLLECTIONS & SUCCESSFUL VENDOR FEE PAYMENT

At the end of the sales week, currently Sunday through Saturday, the Successful Vendor must produce an automated clearing house sweep file for the amounts due from or to each retailer for sales activities and adjustments (initiated by the Lottery or the Vendor) from the prior week. This file will be used by the Successful Vendor to electronically withdraw funds from retailer bank accounts directly into the Successful Vendor's bank account. The Successful Vendor will then retain their appropriate fee from the collection proceeds. For the purpose of the provisions of the State Finance Law and the Lottery for Education Law governing the retention of a portion of sales revenues as compensation, the Successful Vendor shall be considered a "licensed retailer".

The Successful Vendor will be responsible for maintaining two (2) bank accounts; a Concentration/Float account and a Retailer Bonding account. The weekly sweep proceeds will be deposited to the Concentration/Float account and appropriate transfers will be made to a designated Lottery account. Settlement funds collected via the ACH sweep must be made available to the Lottery on the fourth calendar day following the end of each sales week. Weekly service charges collected from retailers via the ACH sweep will be deposited to the segregated Retailer Bonding account. Further details on maintenance of the Retailer Bonding account are provided in Section 3.4.8.6.

In the weekly transfer to the Lottery account, the Successful Vendor must include amounts not yet collected from retailers due to insufficient funds or other reasons. To support the instances of insufficient funds caused by retailers, the Lottery will provide float funds to the Successful Vendor's Concentration/Float account. The Successful

Vendor is then responsible for completing the initial and follow-up contact with the retailer to collect insufficient fund amounts. The Lottery Gaming Services unit and the Successful Vendor will work together in the collection efforts. In the event funds are deemed uncollectible after repeated collection efforts, the Successful Vendor will be authorized by the Lottery to transfer funds from the Retailer Bonding account to the Concentration/Float account.

On a monthly basis, the Successful Vendor will provide reconciliation reports of the Concentration/Float account and the Retailer Bonding account to the Lottery Gaming Services unit. The Successful Vendor will also produce supporting detail of accounts receivable for all retailers in electronic format and provide an aging of accounts receivable report, as well as any other reports as may be deemed necessary by the Lottery to reconcile the activity in the Concentration/Float account and the Retailer Bonding account.

2.34 TITLE TO, USE AND COMPENSATION FOR INTELLECTUAL PROPERTY

To the extent that the Successful Vendor utilizes or relies upon the Intellectual Property Rights of a third party in fulfilling its obligations under the Contract, the Successful Vendor will provide the Lottery with whatever assurance the Lottery deems necessary that the use of such third party Intellectual Property Rights is permissible. In addition, in the event of failure to perform or breach of Contract the Successful Vendor must ensure continued right of use of licensed intellectual property by the Lottery.

While the Lottery and the Successful Vendor agree that Intellectual Property associated with any product or service provided by (or developed solely by) the Successful Vendor during the term of this Contract and used by the Lottery will remain the property of the Successful Vendor, the Successful Vendor will grant a license to the Lottery to make use of any such Intellectual Property on a perpetual basis with respect to Lottery conduct of games. There shall be no additional charge for this right of the Lottery.

Intellectual Property fees for third-party products, logos, trademarks, brands or labels that the Successful Vendor deploys in the System under the Contract shall be addressed in Section 2.30.4 of the RFP. The Successful Vendor may not separately charge the Lottery an Intellectual Property fee for any items owned by the Successful Vendor.

2.35 EXCLUSIVE USE OF THE TRANSACTION PROCESSING SYSTEMS

Use of the Successful Vendor's hardware and software configuration that processes ticket transactions for the Lottery must be exclusive to the Lottery. Transactions from other sources shall not be commingled with the gaming transactions of the Lottery without prior Lottery authorization.

2.36 ATTACHMENT OF THIRD PARTY SYSTEMS, TERMINALS OR PRODUCTS

The Lottery reserves the right to attach to the System or otherwise install: terminals, terminal peripherals, games, software, products, or systems other than those required by this RFP including but not limited to systems allowing customers to use electronic mail, mobile phones, and the internet to play lottery games.

The Successful Vendor shall be required to supply to the Lottery, interface specifications to permit other products to carry out all functions and capabilities desired by the Lottery. The Successful Vendor shall provide support to the Lottery in conducting future procurements for such products including providing facilities and support to allow other Vendors to attach or install and test products during the evaluation process. The Lottery will monitor progress to ensure full cooperation.

Should the Lottery propose to add terminals, products, systems, or services not supplied by the Successful Vendor for this RFP, but for which the Successful Vendor would gain responsibility, appropriate remuneration of the Successful Vendor shall be negotiated under Section 2.30.

2.37 TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS

Restrictions apply to the purchase of tickets and payment of prizes regarding individuals related to the Successful Vendor or the Successful Vendor's significant subcontractors. No officer, employee, or immediate supervisor of such employee, or relative living in the same household as these individuals shall purchase a New York Lottery ticket or be paid a prize in any New York Lottery game if (i) they conduct duties directly pursuant to the Contract; or (ii) they have access to information made Confidential by the Lottery. The Successful Vendor shall ensure that this requirement is made known to each affected individual and must define how they will comply with this requirement.

2.38 COMPLIANCE WITH ASSOCIATION STANDARDS

All services, products, systems, and procedures to be employed by the Successful Vendor 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.

2.39 TERMINATION FOR CAUSE

The Lottery may immediately terminate any contract issued as a result of this RFP for any of the following reasons by providing written notice to the Successful Vendor:

1. If the Successful Vendor furnished any statement, representation, warranty, or certification in connection with this RFP or the resultant Contract which is materially false, incorrect, or incomplete.
2. If the Successful Vendor fails to perform any material requirement of the Contract or is in violation of a specific provision.
3. If the Successful Vendor or a subcontractor commits a fraudulent act or other criminal act in its contractual performance of this Contract or any other contract with another agency during the terms of this Contract.
4. If any officer or employee of the Successful Vendor or of any subcontractor purchases a New York lottery ticket or attempts to claim a prize in any New York lottery game.

The State and the Lottery will not be liable for any costs incurred if termination is for any of the causes stated above. In the case of default by the Successful Vendor, the Lottery may cancel the contract immediately and procure the articles and/or services from other sources and hold the Successful Vendor responsible for any excess costs or lost revenue occasioned thereby.

2.40 TERMINATION WITHOUT CAUSE OR FOR CONVENIENCE

The Contract shall be terminable by the Lottery without cause, at the sole discretion of the Lottery, upon thirty (30) days written notice.

When it has been determined that a Contract shall be terminated without cause or for the convenience of the Lottery, the Director or his/her designee shall be authorized to negotiate a settlement with the Successful Vendor.

Compensation to a Successful Vendor for a Contract terminated without cause for the convenience of the Lottery shall be limited to reasonable expenses for products, materials, and supplies, and for services rendered, and not yet, or not fully compensated. The Lottery will make no payments for furnished work, work in progress, or raw materials acquired unnecessarily in advance or in excess of Lottery's delivery requirements.

Upon written notification, the Contract shall be null and void as of that date, and each party shall be relieved of any obligation or liability to the other, except with respect to any clauses specifically stated in the contract to survive termination.

2.41 LOTTERY MONETIZATION

As of the date of this RFP, the State of New York is considering, but has not authorized, monetization of the Lottery's financial structure by offering a private investor the

opportunity to make a large investment in the Lottery in exchange for the right to share in the Lottery's future growth. In the event that a monetization investment is authorized, the Lottery may require the Contractor awarded a Contract pursuant to this RFP to enter into discussions with the Lottery or a private sector investor, or both, for the purpose of making appropriate adjustments to the Contract in order to accommodate and align the interests of the Contractor, the Lottery, and the private sector investor.

2.42 DEFAULT

The Lottery reserves the right to cancel the Contract and to pursue any and all legal remedies provided at law, in equity, in this RFP or in the Contract for breach or nonperformance of a Contract or other infractions, whether or not such default results in the cancellation of a Contract executed pursuant to this RFP.

In addition to the remedy of Contract cancellation and all other remedies available to the Lottery hereunder, in the Contract, at law or in equity, the Lottery may in its sole discretion accept partial, incomplete or otherwise non-complying performance, and may deduct from the price to be paid under the Contract a sum which in the Lottery's determination reasonably reflects the difference in value between the contract as it was to have been performed and as it was actually performed.

The Lottery shall be entitled to collect costs incurred as the result of any breach, including court costs and reasonable attorneys' fees.

2.43 DISPUTES UNDER THE CONTRACT

In the event that any dispute arises between the parties with respect to the performance required of the Successful Vendor under the Contract, the Director shall make a determination in writing and dispatch to the Successful Vendor. That interpretation shall be final, conclusive and not subject to review in all respects unless the Successful Vendor, within thirty (30) days of receipt of said writings, delivers a written appeal to the Director or his duly authorized designee. The decision of the Director on any such appeal shall be made within thirty (30) days and shall be final and conclusive and the Successful Vendor shall thereafter in good faith and due diligence render such performance as the Director has determined is required of it. The Successful Vendor's options with respect to any such decision on appeal shall be whether 1) to accept the determination of the Director as a correct and binding interpretation of the Contract, or 2) to make such claims as it may desire before the appropriate court of competent jurisdiction.

Pending a final judicial resolution of any such claim, the Successful Vendor shall proceed diligently and in good faith with the performance of the Contract as interpreted by the Director and the Lottery shall compensate the Successful Vendor pursuant to the terms of the Contract.

2.44 ACCOUNTING RECORDS

The Successful Vendor is required to maintain its books, records and all other evidence pertaining to the contract in accordance with generally accepted accounting principles 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) full years from the expiration date or final payment on the contract, whichever is later.

2.45 DELEGATION AND/OR ASSIGNMENT

No delegation of any duties under this contract shall be binding upon the state until the Lottery has given written consent to such delegation; nor shall assignments of rights to moneys due or to become due under this contract be permitted to any firm other than Successful Vendor, except by express written consent of the Lottery.

2.46 RIGHT TO AUDIT SUCCESSFUL VENDOR'S OPERATIONS

The Lottery reserves the right to audit the Successful Vendor's records and operations as they relate to New York Lottery operation. Said audits may be conducted by the Lottery's own auditors, by an independent firm, or a State agency specified by the Lottery. The Successful Vendor shall agree to cooperate fully with any and all audits.

2.47 INDEMNIFICATION

The Successful Vendor shall indemnify, save harmless and forever defend the Lottery, the State of New York, and their respective officers, agents, directors, employees, other contractors, and retailers from and against any and all claims, liabilities, losses, damages, costs, injuries or expenses (including reasonable fees and expenses of attorneys of the Lottery's choice and court costs), which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of:

1. The Successful Vendor; or,
2. A subcontractor of Successful Vendor; or,
3. Any person directly or indirectly employed by or in an agency relationship with the Successful Vendor or a subcontractor, or which may arise out of or be related to the Successful Vendor's response to this RFP or its or any of its subcontractor's performance or failure to perform under any Contract.

The Successful Vendor shall indemnify and hold harmless the State of New York, the Lottery, the Lottery's officers and directors, other Lottery staff, other State contractors, retailers, and all agents, employees, officers and directors thereof, from any and all

claims, damages, fees and expenses (including any attorneys' fees) arising from or related to any claims that any or all of the products or services provided by the Successful Vendor under the contract violate the Intellectual Property Rights of a third party.

All obligations of indemnification shall survive the termination of the Contract.

2.48 SUFFICIENCY OF OPERATIONAL STAFF

The Lottery will conduct periodic reviews with the Successful Vendor regarding the adequacy of Successful Vendor staff skills, service practices, and headcount. The Successful Vendor is obliged to provide quality service and failure to do so must be reflected in additions and improvements. Inadequate staffing and performance may be reflected in liquidated damages and other remedies available to the Lottery. The Lottery will provide formal notice of inadequacy and will determine whether a cure period is reasonable prior to initiating any actions against the Successful Vendor.

2.49 APPROVAL OF STAFFING

The Lottery reserves the right to interview the all personnel assigned by the successful vendor to this project and to require reassignment of personnel deemed unsatisfactory by the Lottery either at Contract inception or during the term or any extension thereof. The Lottery must approve subcontractors for this project and may require the Successful Vendor to replace subcontractors who are determined to be unacceptable.

2.50 SUCCESSFUL VENDOR RESPONSIBILITIES AS PRIMARY CONTRACTOR

The Successful Vendor will assume sole responsibility and liability for delivery, installation and maintenance of all equipment, software and support services offered in its Proposal and for the provision of all other goods and services offered in or acquired by its Proposal, and will directly make such representations and warranties to the Lottery to which the Lottery and the Successful Vendor may agree, whether or not is the Successful Vendor is the manufacturer, producer or direct provider of the equipment, software or services.

The Successful Vendor may have subcontractors; however, the Successful Vendor must accept full responsibility for and will be strictly liable to the Lottery for any such subcontractor's performance. The Lottery will consider the Successful Vendor to be the sole point of contact with regard to all contractual matters.

2.51 SUBCONTRACT APPROVAL

Any proposed subcontracts shall be subject to the prior written approval of the Lottery. Subcontractors are subject to background checks of personnel and principals, and may also require vendor licensing.

2.52 COMPENSATION DURING CONVERSION

The Successful Vendor for this RFP will receive no compensation from the Lottery until a complete conversion has been effected, production operations are fully supported by the Successful Vendor's systems, and the Lottery has formally accepted the System.

2.53 AUTHORITY OF LOTTERY

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages, and the determination of payment due or to become due, the decision of the Lottery shall be final and binding.

PART 3 – SCOPE OF WORK AND DELIVERABLES

3.0 INTRODUCTION

This section describes the systems and services specifications for the Full Service Lottery System (the “System”). Prior to the detailed responses to Part 3, the Vendor must provide the following summary level responses:

1. Overview. Present an overview of the System’s design and experience in the field.
2. Flexibility of the System. The System must be flexible, able to grow, and customized to suit the business needs and rules of the New York Lottery. Flexibility and adaptability are critical as the gaming environment can be expected to evolve over the course of the Contract. **Response Note:** Only an overview is required here. These capabilities should be supported by responses to other RFP items to follow.
3. Certified Equipment. The proposed equipment must have been inspected for safety and approved by a reputable testing laboratory, and all proposed equipment must be in compliance with FCC regulations suitable for devices of the types proposed. Alternatively, if the devices proposed are new models, and not yet inspected and/or certified, the Vendor must commit to providing a document showing certification as of the Contract signing.
4. New and Unused Equipment. All proposed transaction processing computers, front-end processors, networking equipment, retailer terminals, diagnostic equipment, etc. must be new and unused. Equipment proposed must be compliant with current electronic technology manufacturing standards and be of current manufacture by the Vendor or his suppliers. All hardware models and software versions installed at start-up must represent the proposed version or then-current equivalent or better version, at the same price and at the Lottery’s discretion.
5. OSHA Standards. All products offered for purchase and installation at the Lottery shall meet all Occupational Safety and Health Administration (OSHA) safety standards as required.

3.1 CENTRAL CONFIGURATION

The Lottery requires a configuration capable of handling the immediate and long-range needs of the Lottery, as defined in the following sections.



Response Note: Configuration block diagrams, down to the component level of the proposed System, must be submitted with the Proposal. Each hardware and software item must be identified by manufacturer, product name and model number as applicable. For software, version numbers must be provided, or such will be assumed to be the latest release at the time of conversion. Any deviations from the suppliers' standard hardware and software products must be disclosed and an explanation provided. (Installation of any such deviations would require prior approval of the Lottery.)

3.1.1 Gaming Configuration at the Primary Site

1. Transaction Processing/Database/Games Administration Hosts. All game, database, and games administration functions for mission-critical on-line and instant gaming support must be supported by a protectively redundant configuration. At the primary site, the processing complex must consist of at least two (2) physically separate systems, networked or clustered for high availability processing and storage redundancy. A component failure in one primary site system must not cause a failure in the other system(s).
2. Failover. The remaining system(s) will immediately assume the load in case of a failure in one system, without loss or corruption of any data and transactions received prior to the time of the failure.
3. Operations Procedures. Procedures for computer operations staff, especially regarding failure situations, must be straightforward. It is **required that in addition to operator-prompted failover that the System be able to recover from failures without operator intervention** ("auto-failover"). **Response Note:** The Vendor's Proposal must discuss a typical failure scenario and describe the procedures that operators would use for corrections.
4. Secure Connections. There must be no capacity to connect into any gaming system from a remote non-retailer terminal without Lottery approval. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms. Connections to other remote systems and terminals must be protected by firewalls, encryption, and/or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Lottery approval.
5. Time Synchronizing. Multiple systems in the configuration must have a time-synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time standard is required.
6. Host Location. The primary site computers must be located in New York within an approximate radius of twenty (20) miles of Lottery Headquarters.

7. Disaster Recovery. In the event of irreparable damages at the primary site, or of an unplanned, extended abandonment of the primary site, the Successful Vendor shall provide at no additional cost those servers and network elements, facilities, and other components necessary to resume Lottery sales under a two-site operational scenario. Such host processors, facilities, and other components shall be furnished, installed and operational within thirty (30) days after the disaster. Until a permanent primary site can be re-established, substitute facilities must meet Lottery-approved environmental and security measures.

3.1.2 Remote Backup Configuration

1. Remote Backup Hosts. The Successful Vendor shall provide two (2) or more remote backup systems that will take over for the primary site systems if necessary. Data transferred to and recorded at the remote site will always contain the most recent transactions, allowing a takeover. The retailer network must have a routing independent of the primary site so that the backup site can be reached by data communications without the primary in place. Games administration functions must be available at the remote backup site, as well as being available remotely by communications from the primary site. The Successful Vendor shall demonstrate on a quarterly basis that the remote site is fully functional by operating in production from that site upon request of the Lottery.
2. Remote Backup Sizing. The remote backup systems must be of the same processing capacity and architecture as the central site systems.
3. Remote Backup Location. The remote backup systems and their facility shall be supplied by the Successful Vendor and may be located at the Successful Vendor's discretion and subject to Lottery approval. No other Successful Vendor clients or applications shall be served from this facility without written approval from the Lottery.
4. Secure Connections. These systems have the same specification as the primary systems, given in Section 3.1.1.4 and the response may reference that, if identical.
5. Disaster Recovery. This section has the same specification as Section 3.1.1.7 and the response may reference that response, if identical.

3.1.3 Testing and Development Configuration

A dedicated test system must be provided, and as well any of the above production systems must be available for testing by the Lottery, with full support from the Successful Vendor. (The Lottery will work with the Successful Vendor to identify and assess any possible risks or impacts on production operations.)

1. Test System. The Successful Vendor must provide a system for user acceptance testing by the Lottery. The testing system must be located at the primary site and must support testing from the test room at the Lottery.

Components of the testing system must be identical in architecture to the production systems and must include database as well as transaction processing features, as does live production. The test system is intended for use only by the Lottery and will not be used by the Vendor as a development environment. In the event of multiple failures of active production systems, components of the test system must be able to be updated and activated for production in case of further hardware or software failure. The simultaneous use of the test and production systems will have no effect or impact whatsoever on either system's operation.

2. **Test Retailer Terminals.** At least three (3) of each type and logical configuration of retailer terminal (which must include all POS equipment provided by the Successful Vendor) must be permanently installed and available for testing by the Lottery. (At times the Lottery may require the installation of more management and retailer terminals for specialized tests. All these terminals shall be supplied within the baseline cost to the Lottery.) The testing terminals must support testing of all features and options available on the production System, thus the test terminals must be configured in all logical configurations (e.g., retailer, privileged retailer) with all peripherals that represent configurations at retailer locations. The Successful Vendor must support connectivity for at least three (3) management terminals and a printer for testing. The management terminals (personal computers) must be supplied by the Successful Vendor as part of the test system.
3. **Testing System Communications.** The testing terminals must be supplied with any and all communications mechanisms employed in the field. The testing system must be able to connect to the Lottery's test ICS.
4. **Secure Connections.** The system has the same specification as the primary systems, given in Section 3.1.1.4. The response may reference that response, if identical.
5. **Vendor's Development and Test System.** The Successful Vendor must not conduct software development or its own quality assurance activities on any of the production systems nor on the Lottery test systems identified above, but rather must employ separate development and Quality Assurance (QA) system(s), located at either site or at a location convenient for the Successful Vendor.

3.1.4 Gaming Quantitative Performance Criteria

1. The System must initially support a network of eighteen thousand (18,000) on-line retailer terminals.
2. The ability to expand the System to accommodate up to twenty-five thousand (25,000) active retailer terminals must be available, should such an expansion opportunity be desired by the Lottery.

3. The System as delivered must be capable of handling up to one hundred sixty thousand (160,000) sales transactions per minute on a continuous basis.
4. The System as delivered must be capable of processing up to five thousand (5,000) combined cash (validations) and cancel transactions per minute, while selling at the rate above.
5. Each single play (single panel) on-line ticket shall be produced in no more than four (4) seconds from completion of data entry ("Send" is pressed or play slip is inserted) to availability of the ticket for the retailer. Faster response time is **desirable**.
6. Ability through the retailer terminal to sell a minimum of fifty (50) single play quick pick tickets without requiring operator re-entry.
7. Variable length, multi-play (up to 10 [ten] board) on-line tickets shall be produced in no more than six (6) seconds after completion of data entry ("Send" is pressed or play slip is inserted) to availability of the ticket for the retailer. Faster response time is **desirable**.
8. All other transactions (e.g. instant pack transactions, winning ticket validations, cancels, and brief on-line and instant ticket reports, etc.) shall be produced in no more than five (5) seconds after completion of data entry ("Send" is pressed) to availability of the ticket or report to the retailer. Faster response time is **desirable**.
9. Primary site system recovery in auto-failover mode from a one-system failure must be accomplished in no more than two (2) minutes while still maintaining current transactions. This includes the ability to fully service the communications network supporting the retailer terminals. Faster recovery time is **desirable**.
10. Backup site system recovery from a primary site failure in auto-failover mode must be accomplished in no more than two (2) minutes without loss of any transactions. This includes the ability to fully service the communications network supporting the retailer terminals, and supplying management terminal functions. Faster recovery time is **desirable**.
11. The System must have the as-delivered capacity in all hardware and software aspects to accommodate three hundred (300) concurrent instant games being in any status (e.g. loaded, distributed, settled, activated, disabled, returned), an on-line sales day of at least one hundred million dollars (\$100,000,000) and an on-line jackpot over one billion dollars (\$1,000,000,000).



The response time specifications of this section shall be considered met if greater than 95% of the transactions of particular types comply with the specifications.

3.1.5 Operating Hours

The ability to accommodate near twenty-four (24) hour-a-day operations is required by the Lottery (specified as a minimum of 23 hours of sales and validations, including instant ticket processing). Current operating hours are 5:30 am until 12:15 am Eastern Time.

3.2 TERMINALS FOR RETAILERS

The Successful Vendor is required to supply the Lottery with terminals as specified in this section. The initial terminal counts are set forth below and the Successful Vendor must be able to deliver, install, and support additional terminals as ordered by the Lottery under the terms defined in the Contract.

3.2.1 Retailer On-line Terminal Hardware

The network will begin with approximately eighteen thousand (18,000) full function on-line terminals for retailers. Within the baseline price, the Vendor must also supply additional terminals for training, testing, and spares, as described in Section 3.7.

3.2.1.1 On-line Terminal Identification

No manufacturer's or Vendor's logo or identification shall be attached. The terminal may bear a serial number or bar code for maintenance and logistics.

3.2.1.2 Retailer On-line Terminal Features and Functions

Retailer operated terminal features and functions must include, but not be limited to the following.

- A. Size. A compact size is required that will ensure retailer acceptance. If the terminal is modular, then it is important that the connecting data and power cables not be unwieldy or obtrusive.
Response Note: The Vendor shall list the dimensions and weight of the proposed terminal. Measurements must include specifications as to the required airflow and cover opening space of all required devices included in the proposal. Such measurements must take into consideration the typical layout of the proposed devices in a retail location scenario.
- B. Retailer Terminal Touch Screen. There must be included a retailer terminal touch screen that will automatically display the entire transaction being processed, and will accommodate graphics as well as text.

1. The screen must be capable of displaying retailer messages, reports, and transactions, including lists of past transactions, using such readability features as fonts, colors and screen layouts to provide displays easily read by the user.
2. There shall be sufficient screen functions to provide for the current Lottery games, and for reasonable expansion into new games and gaming options. The colors, locations, graphics, and text labels will be at the discretion of the Lottery.
3. The screen must be readable from a variety of user distances and viewing angles, and under various lighting conditions.

Response Note: Define the technology of the screen being offered, the rationale for selecting that technology, and the number of units deployed in the field.

- C. ID Card Reader. The terminal shall be capable of reading LSR and Successful Vendor customer service staff identification cards using a bar code or equivalent identifier. A password entry will also be required. The ID card shall cause certain capabilities to be made available to the individual via a menu of options, and shall record on the Lottery Gaming System any transactions which may be performed. Privileges for these identification cards shall be set through a management terminal.
- D. Ticket and Report Printer and Stock. Alternative printing technologies may be proposed. Regardless of the printing technology used, the tickets must be highly readable and long-lived under ordinary consumer use in the New York environment (e.g., ticket folding, hot weather, rain). At all times the ticket and report printer and its stock must be in compliance with multi-jurisdictional security standards that apply to the Lottery (e.g., Mega Millions, MUSL, NASPL rules).
1. The printer must be capable of producing tickets and reports using a variety of fonts as approved by the Lottery. Graphics, such as the Lottery or game logo, or a promotional coupon, must be producible.
 2. The printer must be capable of issuing tickets having uniform size or variable length as determined by the Lottery. Tear off tickets are not acceptable. Each ticket regardless of length must contain a pre-printed stock number on the back.

3. The printer must provide stacking for printed tickets which will accommodate not less than fifty (50) tickets printing serially in a multiple ticket request (bulk buy or repeat).
 4. Ticket stock for the printer must be pre-printed front and back with text, images, and colors, in a design approved by the Lottery. **Response Note:** Provide the dimensions of the ticket roll, average ticket length and the average number of tickets per roll.
 5. If thermal paper ticket stock is used, the paper must withstand at least 170 degrees Fahrenheit ambient temperature for greater than four (4) hours and must be top-coated. The Successful Vendor shall from time to time inform the Lottery of newly-available thermal paper stocks that exceed the properties of the paper then in use and that may represent a benefit for the Lottery. A change to improved stock may be negotiated.
 6. The Successful Vendor must provide methods to investigate and verify damaged and altered tickets, and these shall include security features of the ticket stock. **Response Note:** Security features of the Vendor's ticket stock and methods to investigate and verify damaged and altered tickets must be addressed. Vendors must include one (1) roll of sample ticket stock (New York specificity is not required) with their Proposal.
- E. Software Loading. Gaming software (the logic to perform gaming functions must be software driven) must be available via down-line loading and must also be available through a local load by a service technician.
1. Gaming software may be either solicited by the terminal (when such resident software needs replacement) or driven by the central system (when gaming software enhancements, e.g., new Lottery games, or corrections, are required).
 2. Downloading must not preclude near-24 hour operation of the terminals on the network.
 - a. Software must be downloadable in a modular fashion; only the modules requiring a change shall need to be downloaded.
 - b. Background downloading with storage of more than one software version is required, with

scheduling or prompting from central to activate the new version or return to the prior version.

- c. Multicast downloading to multiple terminals at a time must be supported.

- F. Secure Sign-On. The terminal must prohibit unauthorized use through a coded sign-on procedure. The System must permit changing of the code without a service call to the terminal. A password, for security purposes, is not to be displayed, printed or visible in any manner whatsoever at the terminal.

The password facility must permit multiple levels of secure access, including Lottery representative, Successful Vendor representative, store manager/owner, and clerk. This capability could be used to restrict privileged transaction types to authorized users; for example, store managers (but not clerks) may be able to display retailer financial reports and monitor transactions by individual clerks.

- G. User Interface Design. The design must minimize keystrokes and navigation through levels of nested screens and must accommodate common play methods and volumes of New York Lottery games to ensure utility and productivity for the user. Each game shall be set up with default play parameters and a subsequent wager shall use the same parameter setting, unless the wager details are altered by the retailer (a feature known to the Lottery as “implied wagering”). **Response Note:** Examples must be provided in the Proposal to depict selling a ticket. The final user interface design shall be developed jointly with the Lottery.

- H. Play Slip and Document Scanner. There must be a reader able to read player-completed play slips and other gaming relevant documents.

1. The reader must be capable of scanning winning tickets, playslips, and documents that are at least playslip size or larger.
2. The reader must provide flexibility in terms of its ability to read various colors and graphics on the play slips, and the latitude it allows for markings by players. Special markers shall not be needed for the play slips.
3. The reader must provide flexibility in the manner documents can be inserted.
4. The reader must be capable of rapid feeding of play slips by the retailer, allowing the retailer to quickly process a

stack of play slips. Vendors shall describe the speed and manner for which the reader is capable of processing play slips.

5. The reader must be capable of reading and processing existing game play slips.
 6. The reader shall be jam-resistant and have a simple mechanism for immediately clearing any jam or non-readable document.
 7. The reader must accommodate forms whose purpose is to collect information from retailers, players, or field service or maintenance personnel. The Successful Vendor may be called upon to collect such data and furnish a data file to the Lottery for analysis.
- I. Random Play Generator (RPG). The terminal must have a mechanism for generating one (1) or more random play numbers (quick pick numbers) for any game as requested by the retailer or via play slip. **Response Note:** The Proposal shall describe the algorithms and/or mechanisms employed in the System to ensure that the random number generator produces random outcomes. The RPG shall be certified by an independent third party organization and the Successful Vendor will be responsible for reimbursement of the cost of the certification process.
- J. Ticket Serial Numbers. Tickets produced by the terminals must bear a unique serial number in Arabic numerals and in a code that is readable by the terminal. The bar code must be an industry standard and not proprietary to the Vendor. The serial number must allow tickets to be unambiguously identified for the term of the Contract.
- K. On-Line Ticket Reader. The terminal must include a reader that will allow reading of on-line tickets, for validating or canceling a ticket under Lottery-specified terms. Winners must be able to be validated by manual entry also. Canceling is currently allowed through the reader or manual entry.
1. First read rate is a key factor in the success of the terminal. A first read rate exceeding ninety-five percent (95%) is mandatory.
 2. The ticket reader must default to ticket validation mode when a play ticket is offered for reading.

- L. Instant Ticket Reader. The terminal must read bar codes, primarily for instant ticket processing.
1. The terminal must be capable of validating winning instant tickets, both through bar code scanning and manual entry, and supporting other administrative functions which employ machine-readable codes such as the interleaved two (2) of five (5) bar code, PDF-417, and other standards such as UPC. The ability to accommodate standard matrix (2-D) bar codes is mandatory.
 2. The Lottery considers the bar code reader's first read rate for validating a winning instant ticket as a key retailer satisfaction item. A high first read rate is mandatory - in excess of ninety-five percent (95%). The bar code reader may not be a pen wand. Other bar code reading technologies, such as Charge Coupled Device, CMOS, and laser, may be proposed.
 3. The terminal must be capable of reading and processing serialized, bar coded coupons. Characteristics of the coupon bar code shall be similar to that for instant tickets.
 4. The retailer terminal's bar code reader must have a cable or other means to reach at least ten (10) feet from the terminal, giving it the ability to read different size and shape items (such as POS items, bar coded instant ticket packs, on-line ticket stock boxes), and in addition instant tickets in racks.
 5. The ability for the reader to allow customer age verification through reading a New York State driver's license or similar identification document. The information security standards of any driver's license data must be identified.
 6. The ability for the reader to capture claim information through reading a New York driver's license or similar identification document to be used in the processing of claim forms.
- M. Training Mode. The terminal must be capable of operating in a training mode. Training mode transactions that generate ticket facsimiles shall be marked "VOID - DEMO - NOT FOR SALE" or equivalent in the body of the ticket.

Training mode at retailer locations must be controllable from the central system and create a transaction for the central system advising that the terminal has entered/exited training mode. All

retailer-site training transactions shall be logged to the central system and labeled as training transactions.

- N. Self-Diagnostics. The terminal must be equipped with self-diagnostics and indicators that enable the retailer and service technicians to monitor the operating status of the terminal. It is **desirable** that terminal diagnostics and internal status conditions can be initiated and observed remotely by technicians or hotline operators.
- O. Transaction Integrity with Consumables Fault.
 - 1. The terminal must provide a method of preserving the integrity of the transaction when a printer fault, jam, misprint, or end-of-ticket-stock condition occurs. The Proposal shall describe how this condition is handled.
 - 2. When a printer is serviced or a fault corrected, the terminal must return to service when the lid is closed again without notable delay or disruption for the retailer.
- P. Peripheral Slots/Ports. The Lottery anticipates the possibility of using various peripheral attachments for the retailer terminals. Flexibility to enhance the terminals in such a manner is an important characteristic. In addition to interfaces for terminal features and peripherals identified in this RFP as required upon delivery, there must be a minimum of four (4) additional, initially unoccupied slots/ports for other peripherals. These ports shall be physically or logically secured when they are not in authorized use.
- Q. Environmental Fitness. Vendors shall describe how the terminal is suitable for the conditions of New York retailer locations: dedicated 110V 15 amp electrical circuit; small counter top spaces; difficult environmental conditions such as heat, cold, moisture, dust, grease, spilled liquids, and operator abuse.
- R. Power Cord. Each terminal must come equipped with a power cord at least ten feet (10') in length, with a three-prong grounded plug.
- S. Memory and Storage.
 - 1. The Lottery requires the ability to add games and to insert promotions that may consume terminal memory and storage. It is required that the terminal as-delivered provide at least a 100% margin of available game and promotion memory for future games and promotions as that anticipated to be consumed at conversion time by the current New York games.

2. The terminal must have sufficient memory to support at least three hundred (300) concurrent instant games using up to six (6) different bar code algorithms without an upgrade of terminal resources.
 3. The terminal's memory must be expandable and upgradeable. If flash memory is employed for storage the terminal must start with at least 1 GB of storage. **Response Note:** The Vendor shall describe this capability.
 4. If AC power to the terminal is interrupted, the gaming software (stored in the terminal's memory) must not be destroyed, modified or lost for a minimum period of seventy-two (72) hours from the occurrence of such failure.
- T. Casework Color. The casework of the terminal and any peripherals must be provided in a color selected by the Lottery among options available, using a manufacturer's standard color chart. The Lottery requires a durable and uniform color. **Response Note:** The Vendor must identify whether the color is applied to the surface, or molded throughout the casework. A color chart must be made available.
- U. Sound Generator. The terminal must be capable of producing musical tones and audio when certain transactions or functions are performed, or specified events occur. The use of sounds must not unduly delay the transaction processing time. The Lottery will define to the Successful Vendor which functions shall trigger this feature. It is required that the terminal be capable of supporting auxiliary speakers as a peripheral. The volume must be adjustable from a screen menu.
- V. Broadcast Messages. Messages from the central computer must be received and displayed to the retailer. If the terminal is not powered on or communicating with the central system at the time of broadcast, the central system will ensure that the terminal receives the message immediately upon sign on.
- W. Large Dollar Transaction Verification. The terminal screen must display a message for each "large dollar" purchase and validation that provides an option to the retailer to stop or take other appropriate action before completing the transaction. The Lottery will define the default amount of a "large dollar" transaction and must approve the terminal messages. The Vendor must propose a feature whereby a specific retailer can identify a default amount different from that selected by the Lottery.

- X. Previous Transaction Listing. The terminal must be able to display and print a listing of the last twenty-five (25) transactions accepted by the System, upon request of the retailer, in order to compare printed tickets with registered tickets. In display mode all the past transactions need not appear on the same screen at once.
- Y. Cancellations. The terminal must support ticket cancellations for those games that permit it. Cancellations must be governed by a set of parameter-driven rules as established by the Lottery.
- Z. Validation Limits. The terminal must not cash wins in excess of that permitted by New York regulations. The current limit is “\$600 or less.” For larger wins the terminal must return a response as defined by the Lottery, permitting the win to be claimed.
- AA. Language Agility. The Successful Vendor’s retailer terminal must be able to support foreign languages that are in common use in New York. At a minimum the terminal must support Spanish in addition to English. Since the same retailer terminal may be used by employees with different language skills, it is required that the terminal be capable of toggling easily between languages upon user request. Foreign language capability applies to the terminal display, help screens, and possibly to certain retailer reports, as determined by the Lottery, but not to tickets.
- BB. Terminal Case Design. The terminal’s design must partition electronic and electrical components from access by the retailer when conducting retailer tasks to operate or maintain the terminal (e.g., changing the paper or cleaning the reader window).
- CC. Pre-Paid Gift Card Processing. As an **Invited Option**, the terminal may be equipped with a reader or reader/writer that permits the use of pre-paid gift cards. Any additional software must be supplied by the Successful Vendor to manage use and accounting of the cards. The cost and obligation of obtaining or producing the pre-paid cards would be negotiable.
- DD. Last Transaction Display. The terminal must provide a mechanism for display of the last transaction of each type, including last wager, last cancel, last winner validation, last report, etc., as selected by the retailer.
- EE. Retailer Terminal Reports. All reports must include the words **INFORMATION ONLY – NOT FOR SALE** (or a similar Lottery approved message) at the top or bottom of the report.

3.2.1.3 Retailer On-line Terminal Attachments

- A. Player Advertising Display. The Vendor must propose a player advertising display (currently LED Starlets), for on-line retailer locations. The base proposal must include 5,000 units with a **Specified Option** of additional units in groups of 500, amortized over thirty-six (36) months or the remainder of the contract whichever is less. The Lottery's intent is to employ such devices to display graphics and messages, which will change daily or weekly and must be downloadable. The purpose of this display is to gain the attention of, and inform, potential players. Any such display must be clearly visible from fifteen (15) feet by players. Units must have the capability of being "programmed" by the Lottery management terminals.

Due to the wide diversity of available space in retailer locations, the player advertising display unit must be capable of both resting on the counter beside the terminal and being mounted on or suspended nearby the terminal. The exact location of the player advertising display unit will be decided by the Lottery in conjunction with the retailer on an individual retailer basis to optimize visibility.

- B. Player Transaction Display. The Vendor must propose a player transaction display for on-line retailer locations. The base proposal must include 10,000 units with a **Specified Option** of additional units in groups of 500, amortized over thirty-six (36) months or the remainder of the contract whichever is less. The player transaction display is a discreet, individual-oriented display for the player conducting the current transaction. This display may communicate the amount of the current transaction, or notify the player that he or she has a winning ticket. In the event that the ticket is a winning ticket, an appropriate message may be displayed. When not displaying a transaction, the player display may provide an advertising or informational message. The Lottery must approve the display design and message presentation to ensure functionality and player privacy. The Player Transaction Display must be connected to the retailer terminal in a manner that cannot be detached or removed by the retailer.
- C. Self-Service Validator. The Vendor must propose an on-line terminal peripheral that allows players to check their own on-line and instant tickets for winners. The proposal must include one for every retailer. These devices would be located either at the play stations or otherwise far enough away from the retailer terminal to minimize activity or traffic at the retailer counter. The Lottery invites the Vendor to consider certain advanced features for the Self-Service Validator, such as wireless function within the store. The

ability to allow player checking of instant tickets is required for PDF417 or other industry standard barcode technology enabled tickets. As a **Specified Option** the proposal must contain additional Self-Service Validators, in groups of 100, amortized over thirty-six (36) months or the remainder of the contract whichever is less.

- D. Flat Panel Display. The Proposal must include an additional display attachment for the retailer terminal that is suitable for displaying advertising and game information to players within the store. The base proposal must include 13,000 units with a **Specified Option** of additional units in groups of 500, amortized over thirty-six (36) months or the remainder of the contract whichever is less. The display characteristics that the Lottery envisions include: minimum 15 inch diagonal, located within three (3) feet of the retailer terminal, visibility from ten (10) feet, and sound available through auxiliary speakers or through the terminal. The terminal must be capable of storing sound, static image files, and not less than 10 minutes of video for presentation on the display. The stored information must be downloaded over the retailer terminal network, as well as being loadable at the retailer location.
- E. In-Store Mega Millions, Lotto or other game Signage. The Lottery expects the Vendor to supply and install in-store wireless signs capable of displaying information regarding jackpot amounts, winning number information, advertisements, or Lottery authorized announcements. The base proposal must include 1,200 units with a **Specified Option** of additional units in groups of 100, amortized over thirty-six (36) months or the remainder of the contract whichever is less. Any proposed wireless capability should operate only at short range, nominally on the order of up to 100 feet. Radio signals must be designed so as not to interrupt or interfere with any electronic devices otherwise operated in the store or carried by store customers or employees in the store. The Successful Vendor must also support an existing population of approximately 4,000 signs (Carmanah Signs Inc. custom NY Lottery jackpot signs) owned by the Lottery.
- F. Quick Draw Monitors. The Lottery currently operates a Keno-like game (Quick Draw). Drawings occur every four (4) minutes which requires the use of monitors to display the winning numbers. At conversion the System will support 4,000 color monitor/receiver, flat panel video display with mounting brackets; 75% 26-inch and 25% 20-inch. The Successful Vendor will be required to supply and install new monitors and mounting brackets as required, of equal or greater capability. The location and number of monitors per retailer location will be determined by the Lottery. The Successful Vendor

must allow enough expansion capability within each retailer location to connect three (3) additional units. The Successful Vendor will be responsible for the maintenance of all monitors under the same guidelines as stipulated for retailer terminal maintenance. As a **Specified Option** the proposal must contain additional Game monitors, in groups of 100, amortized over thirty-six (36) months or the remainder of the contract whichever is less. As an **Invited Option** the proposal may offer various other sizes (e.g. 32-inch, 40-inch) flat panel video display with mounting brackets, in groups of 100, amortized over thirty-six (36) months.

- G. Quick Draw Annunciator Boards. The Lottery currently has 1,453 Winning number display boards in place that measure 33.5" x 33.5" which are similar in style and nature to those utilized in casinos and in bingo games and will require 1,600 to replace them. These display boards are electronically connected through the terminal and automatically light-up the winning Quick Draw numbers for the current drawing, display the current drawing number, and display the amount of time until the next drawing is held. It is **desirable** that the boards be made available with various colored lights. The displays shall be placed in social environment retailer locations as determined by the Lottery. The sizes will be determined by the Lottery, not to exceed 10 (ten) square feet in area. As an **Invited Option** the proposal may offer additional boards, in groups of 50, amortized over thirty-six (36) months. In the event that Annunciator Boards are not readily available commercially, Vendor's are free to propose alternative solutions.
- H. Cash Drawers. As an **Invited Option** the Proposal may offer cash drawers, in groups of 250, amortized over thirty-six (36) months, which connect to the retailer terminals and are triggered to open by the retailer terminal.
- I. Wireless Peripherals. As an **Invited Option**, the Proposal may include a mechanism for supporting terminal peripherals around the store on a wireless basis, in groups of 100 and amortized over thirty-six (36) months or remainder of the contract. Any proposed wireless capability should operate only at short range, nominally on the order of up to one hundred fifty (150) feet. Radio signals must be designed so as not to interrupt or interfere with any electronic devices operated otherwise in the store or carried by store customers or employees.

3.2.2 Privileged Validation Retailer Terminals

While not currently in use, the Lottery plans to offer a number of select retailers (Super Retailers) the ability to pay prizes valued at over \$600. The validation process will be the same as for lower value tickets and it is expected that a standard retailer terminal will be used for these validations, although the use of

software on authorized management workstations maybe be acceptable, subject to determination by the Lottery. A mechanism, to be developed between the Successful Vendor and the Lottery, will be created to allow access to a database of offsets (taxes, child support, etc.) which must be reviewed prior to payment of prizes over \$600. If offsets are required, the payment to the winner will be reduced accordingly. Additionally, the winner's name, address, and tax information will be recorded to allow creation of required tax reports. Prizes will be paid in cash or by a check written by the Super Retailer. These terminals will be considered part of the 18,000 terminal baseline allocation.

3.2.3 Multiple Terminals Per Retailer

The System must permit, and the Successful Vendor must support, more than one terminal temporarily or permanently installed at a retailer's location. The System must be able to account for individual and multiple terminals as part of a single retailer account. At times of large jackpots, or for promotions, the Lottery may require temporary installation of additional terminals at a single retailer location. Currently the Lottery has 750 retail locations with an additional 850 terminals. The Successful Vendor must provide the hardware required to connect multiple terminals at retailer locations whether or not they provide the network.

3.2.4 Specialty Terminals

The Lottery is aware that certain needs might be better served by alternatives to the conventional retailer terminals.

1. Wireless Terminals. The Lottery requires eight (8) retailer terminals that are mobile and capable of operating from a temporary location. These terminals will be considered part of the 18,000 terminal baseline numbers.
2. Combined Self-Service On-line and Instant Terminals. As a **Specified Option**, the Lottery requires that the Proposal offer 3,000 kiosks (ITVMs) that combine the services of an instant ticket vending machine and an on-line self-service terminal. These terminals shall be network connected to the central system. The sale of all on-line games shall be supported through an interface. There shall be at least twenty-four (24) bins for instant tickets. There must be a bill acceptor that permits all legal US tender up to a \$100 bill. As a further **Specified Option**, the combined on-line and instant kiosks may provide a wireless connection to the Lottery's network device, maximizing flexibility of location in the retailer establishment.
3. Alternative Retailer Sales Devices. As an **Invited Option**, the Lottery may consider terminals, peripherals, or integrated software that permits in-lane play, or other opportunities for sales of tickets, with a simplified set of features compared to the conventional retailer terminal. Such terminals could include instant only terminals, compact - low volume terminals, etc.

4. MultiLane Terminals - The Lottery requires a point of purchase solution for selected chain retail locations that reduces space requirements and provides a convenient method of selling all lottery products while also being utilitarian enough to act as or interface with the retailer's sales registers. It is desirable that this solution uses a browser based interface embedded in the retailer's PC based cash registers to achieve this need. Any proposed solution must address concerns related to payment card security and any required equipment or software is the responsibility and at the cost of the full service contract provider. The Lottery requires the provider to work with retail chains identified by the Lottery to develop any specialized programs or software. It should be assumed that the Successful Vendor will be required to design interfaces with five different cash register platforms. Any associated hardware or software must be specified by the proposer as well as an estimated time line for delivery of the solution. In the event the proposer cannot provide a solution that is based or resident on a retailer's sales register system an alternative strategy must be proposed.
5. Visually Impaired Retailer Terminals – As an **Invited Option**, the Lottery may consider terminals, peripherals, or integrated software designed to facilitate the use of terminals by visually impaired retailers or their staff. Solutions for both clerk activated terminals and self-service kiosks are desired.

3.3 COMMUNICATIONS NETWORK

For the purposes of this solicitation, the transport network is a **Specified Option**. The network may be provided by the Successful Vendor or by the New York State Office For Technology (OFT). The Lottery intends to ask OFT to review the network communications needs described in Vendor proposals submitted in response to this RFP. Based on that review, the Lottery will invite OFT to design and price a State-provided communications network proposal to support the Full Service Lottery System.

If OFT offers such a proposal, the Lottery intends to take it into consideration before deciding whether to accept a transport network offered as a Specified Option as part of a Vendor's proposal.

Vendors must propose a telecommunications network that will fully support an Internet Protocol (IP) based design, and will support Protocol Independent Multicast (PIM). It is expected that the proposed network will be "hybrid" in nature, comprised of landline technologies such as DSL or Frame Relay, VSAT and wireless (CDMA, radio, or any advanced communication technology described in Section 3.3.5). The Successful Vendor will be responsible for implementing and operating the network in compliance with agreed-upon specifications, including the responsibilities for network monitoring

and management, as well as ensuring that all aspects of all network components proposed are secure and fully compliant with pertinent standards.

Following is a brief overview of the existing network.

Currently there are over 16,400 terminals selling New York's on-line games. Over 3,600 of those terminals also sell Quick Draw (Keno). In addition, there are approximately 14,000 on-line Self-Service Validators around the state.

Existing Online Network service is provided via State Contract between the State's Office For Technology (OFT), and Verizon. Under the terms of a separate contract, the incumbent vendor acts as a sub-contractor to Verizon, providing Spacenet VSAT service into those areas outside of Verizon jurisdiction. Currently, there are approximately 14,300 Verizon landline DDS type circuits, and 1,900 Spacenet VSAT.

It should be noted that there are also several groups of IP pilot, or test locations that are not considered part of the OFT contract, but were implemented with the intention of testing various IP service offerings such as DSL, Frame Relay, cable offerings and IP VSAT. There are approximately 300 of these pilot locations which must also be covered by the new network solution.

Further note that the Lottery has consented to the implementation of a proprietary point-of-sale application that combines existing retailer point of sale platforms and adds the ability to vend on-line Lottery products. It is expected that this application will be operational at a key convenience store chain of approximately 300 locations and will be supported by IP connectivity (**of a yet to be determined configuration**). When considering network transport design parameters for their proposal, vendors should consider their equipment and software solution for chain stores.

3.3.1 Network Design and Implementation

The Vendor is provided wide latitude as to the topology and technologies proposed for the network. Multiple technologies must be employed in the design and the Vendor's proposal must make clear the distribution of different technologies across the retailer population. **Response Note:** All Vendor-provided networking components (those not within a carrier "cloud") must be of proven technology, currently in use in the same configuration as proposed, within the United States and identified by manufacturer and model number. Experimental and one-of-a-kind configurations will be deemed unacceptable at start-up.

The design must cover at a minimum the following network nodes, however, additional connections relevant to the network's topology and purpose may be employed as befits the design and Lottery business requirements. **Response Note:** If the Lottery does not exercise the **Specified Option** for the communications network the Successful Vendor will still have to include and support items 2 through 10 listed below as part of their base system.

1. On-Line Retailer Network. **Specified Option** Primarily the design must provide end-to-end on-line connectivity for retailer terminals to the gaming

system primary data center. Dial-up terminals are not permitted as part of the retailer network design. In addition, since gaming transactions must be processible at either data center, there must be links for connectivity between retailers and both data center sites and the network design must facilitate immediate switching between sites.

2. Inter-Site Connections. Since transactions must be logged at both data centers on a real-time basis to keep the sites synchronized, the Successful Vendor must provide inter-site links for game control and data flow.
3. Games Management Network. The proposed design must include other connections for games administration by the Successful Vendor and by the Lottery. This includes connections from the primary and backup data centers to the Lottery Headquarters for management terminals and to the Internal Control System (ICS). The proposed design will include the provision and programming of all security appliances necessary to protect the Lottery network from unauthorized access.
4. Administrative Connectivity. The Successful Vendor will be responsible for providing connectivity of the Games Management Network to the primary and backup instant ticket warehouses, the hotline and the telemarketing control center to support instant ticket logistics.
5. Regional Lottery Offices. The Lottery currently operates seven customer service centers at lottery offices and will soon operate eight more at Video Game Agent facilities. The Successful Vendor will be responsible for connectivity of the Games Management Network to those customer service centers for winner cashing, games monitoring and management functions.
6. Data Center Local Area Networks. Within the data centers there will be multiple LAN connections dependent upon the Successful Vendor's configuration.
7. Retailer In-Store Installation. Should any on-line network service carrier demarcation at the retailer premises not be near the retailer's prescribed location for the lottery terminal, it is the Successful Vendor's responsibility to provide and maintain the inside wiring or other mechanism to reach the terminal. This connection must be maintained even if the retailer modifies the in-store design.
8. Websites. The Successful Vendor must provide network access to special purpose websites (applications described elsewhere in the RFP).
9. ITVMs. The Successful Vendor must provide connectivity between the ITVM and the retailer terminal or the gaming system for the 1,000 EDS-Qs owned by the Lottery. The specific method of connectivity proposed must be described in detail. The intent of this requirement is to have activity from the ITVM reported on the gaming system to allow the Lottery to monitor

performance and bin statuses. If a Successful Vendor is unable to perform this function on the existing ITVM's they may instead choose to provide ITVM's of equal or better quality from a different manufacturer at no cost to the Lottery.

10. Temporary Terminal Locations. The Successful Vendor must provide connectivity for eight (8) wireless temporary terminal locations described in Section 3.2.4. As a Specified Option, pricing for additional units must be provided.

3.3.2 Network Design Features

Communications facilities must be designed with performance, monitoring, redundancy, diversity, and security features to enhance servicing the Gaming System.

1. Fault Tolerance. The Proposal must contain an analysis of the proposed configuration with regard to major points of failure that could afflict a significant proportion of the network. (For example, such points could include single telephone company central offices, trunk circuit backhauls, individual satellites, or satellite ground stations.)

It is required that the network exhibit redundancy and diversity that virtually eliminate single failures from being systemic. A single point of failure must not have the potential to cause a protracted service outage that can affect more than thirty percent (30%) of the total network. The Lottery anticipates network diversity within each geographic area.

2. Fault notification. System elements and diagnostic equipment must be able to notify the network or System monitor applications of significant transmission error rates or outages as soon as possible after occurrence.
3. Mitigation of Design Limitations. For each retailer network technology proposed the Vendor must identify its known limitations. The recitation of these factors must identify mechanisms the Vendor is proposing to mitigate such limitations. Examples of design limitations include but are not limited to: unavailability of service in certain areas; radio interference; adverse weather; variability in latency or bandwidth; failure of retailer clusters; carrier SLA that involves long response/repair times; long provisioning times.
4. Bandwidth. The network bandwidth must be adequate to support game play at high transaction rates plus downloads and video. For each technology proposed the Vendor must note the nominal bandwidth to and from the retailer, and the aggregate bandwidth through network paths shared by multiple retailers. **Response Note:** If bandwidth through various paths is shared then the design must describe which portion of the bandwidth is reserved or guaranteed for the New York Lottery. The proposal must include

a description of the bandwidth/subscriber ratio and minimum allocation of bandwidth to a terminal.

5. **Secure External Transmissions.** All data communications external to secured facilities must be encrypted from point of transmission to point of receipt, including any data transmitted directly from the gaming central systems to the remote backup system, to Lottery service centers and any other remote locations. Protected information includes but is not limited to plays, validations, security codes, reports, and downloaded software. Commercially available encryption mechanisms are acceptable if approved by any multi-jurisdictional associations of which Lottery may be a part, and if approved by the New York Lottery.
6. **Incomplete Transaction Protocol.** On incomplete or unresolved transactions between the host systems and the retailer terminals, there must be mechanisms for reporting and reconciliation. These may include retries, logging for reporting, and error messages to the retailer, System operators, and Lottery.
7. **Non-Responding Terminals.** If the central system finds a terminal that is not responding within a set number of re-tries or within a reasonable time window, the terminal's condition shall be proactively logged. The System shall make allowance for servicing of all other terminals on the network between re-tries of the terminal not responding and the System shall continue to attempt to service the terminal until the problem is resolved or the System is shut down for end-of-day processing. Non-responding terminals shall not preclude communication with other terminals. Non-responding terminals shall be apparent to a network monitoring application.
8. **Commercially Available Communications Protocols.** To enhance the "open systems" aspect of the System to introducing changes and improvements, it is required that lower-level communications protocols be widely used, commercially available protocols, not Vendor-proprietary.
9. **Connection to Systems and Networks Not Dedicated/Private.** Any connection made between the System that processes game transactions, and any other systems or networks that are not private and/or dedicated to New York Lottery game transaction processing (such as the Lottery administrative system and the Successful Vendor's administrative support system and development/QA system), must be effected through devices that detect and block or filter out unnecessary and unauthorized traffic. Traffic must be supported only from authorized nodes. Software transfers must be secured. **Response Note:** The Vendor must describe how the System will ensure that any such connections do not create vulnerability to unauthorized access, malware, denial of service attacks, and similar security threats.

10. Approval for Installation. If the Vendor's design calls for installations that must be approved by or negotiated with third parties, such as landlords, municipalities or other jurisdictions, property owners, or governmental agencies, the Vendor is responsible for implementation, and must cite the expected process, including how and by whom (**not** the New York Lottery) it will be carried out.
11. Network Overview. The Vendor must provide the following information as part of their proposal:
 - a. In the event VSAT is utilized, what size dish is proposed, and will it be covered?
 - b. What number of satellites and Earth stations are proposed?
 - c. What percentage of the network do you envision on each technology?
 - d. If proposing DSL is it a private or public solution?
 - e. If radio solutions are proposed, how do you assure that the terminal is not moved from the approved location?
12. Single Point of Failure Analysis. Annually, as part of the Network Reporting Requirements, the successful vendor will create and provide a "Single Point of Failure Analysis" report on the various segments of the Communications Network that would cause an entire network or sub-network outage. Analysis of each of these segments will be reported back to the NY Lottery with recommendations on any modification that may be necessary as well as a timeline to implement the recommendations.

Response Note: The Vendor must state what retailer network specifications must be met if the Lottery does not exercise the communications **Specified Option**. At a minimum the following information must be provided:

1. Retailer terminal circuit speed required - Vendor must state the circuit speed required for each type of terminal that is being proposed. The Vendor must state if the speed requirement will be different for the various communications solutions that maybe deployed (i.e. VSAT, DSL, Cable, Cellular, Frame Relay, Mesh Radio, Etc). The types of networks that the proposed terminals have been previously deployed on must be indicated.
2. Number of terminals that will be installed in the network for each type of terminal being proposed.
3. Type of router/communications device required to support each terminal. Manufacturer and model number of equipment previously utilized for each terminal must be specified.
4. Protocol - Identification of any specific protocol requirements (i.e. multicasting).
5. Host Site and Backup Site locations
6. Failover method to switch the network to the back-up site. Detailed description of IP plan and subnetting
7. Detailed description of any encryption protocol requirements
8. Bandwidth requirements for both the host and terminal sites

3.3.3 Network Administration Services

The Successful Vendor will be responsible for network monitoring and management. Network administrative services must include:

1. Provisioning. The New York Lottery will identify new retailer locations along with any moves or removals. After the order is placed, further monitoring and install/de-install actions shall be performed or supervised by the Successful Vendor.
2. Configuration Management. Configuration changes and asset records must be managed. This includes an inventory of Lottery network resources and their operating parameters. Change management control procedures and on-line storage of network component configuration files are required.
3. Carrier Interface. The Successful Vendor must interface with the communications carriers, the retailers, and the New York Lottery to maximize uptime and provide information upon which decisions and actions can be based. The Successful Vendor will be responsible for working communications problems to resolution through the common carriers/external suppliers. **Response Note:** The Proposal must describe this process, including escalation procedures.

3.3.4 Network Monitoring and Fault Resolution

The Successful Vendor must diligently and constantly monitor the network, detect current operating characteristics, and detect faults and take action to remediate them.

1. Network Monitoring System. Communications test and monitor capability must be available at both the primary and remote backup data center sites. Network monitoring tools must be able to interface and analyze protocols, view transaction data for analysis, and create visual and/or audible alarms to provide warning of problems. The capability must be included to determine whether failure has occurred in the equipment at the central sites, within the wide area communications network, or at the retailer terminal level.
2. Network Event Recording. Communications test and monitor equipment must have recording and recall/reporting capability. The standards for the types of events recorded and the period of retention will be developed jointly with the Lottery.
3. Network Monitoring Protocols. It is required that network monitoring tools, and the networked devices provided by the Successful Vendor, employ a standard protocol to facilitate monitoring all along the communications path, and to extend this capability to new network devices readily should they be introduced.

4. Communications Expertise. Communications technicians trained in the use of test and monitor equipment must be present at the active (retailer terminal-serving) system site whenever the Gaming System is operational and whenever the New York Lottery requests such support for test purposes.
5. Hotline Monitoring of Retailer Network. The retailer hotline system must have a display of terminal status allowing the hotline operator to see if a terminal is down, if a retailer is signed on or not, and other relevant diagnostic information.
6. Lottery-Initiated Network Monitoring. The New York Lottery itself must be able to monitor the network using a management workstation software application, or with specialized workstation(s) as supplied by the Successful Vendor. As well as having status information available to the Lottery, the Lottery must receive reports or displays from the Successful Vendor that would indicate attempts at unauthorized access to or manipulation of the System's components or settings.
7. Service Level Agreement. The Vendor must propose a Service Level Agreement for retailer network service. **Network availability from the retailer's perspective, as measured on a monthly basis, must be a minimum of 99.7% of games operation hours.** The Service Level Agreement may commit to a higher level of monthly availability, and that is **desirable** in this RFP. If the Proposal commits to a higher level of network availability, the Successful Vendor will be held to that standard for the corresponding liquidated damages. See Section 2.23 for liquidated damages as a result of Communications Network outages.

3.3.5 Advanced Communications Technologies

The Vendor is invited (**Invited Option**) to identify advanced telecommunications options that may further improve the reliability and/or performance of the network, beyond the baseline design. This option could be relative to retailer last mile connections, backhaul communications, primary-to-backup site communications, and/or gaming network to New York Lottery communications. The Vendor is encouraged to propose a range of technologies that may advance the Lottery network infrastructure while continuing to provide reliable, cost effective service to Lottery retailers. **Response Note:** The Vendor's discussion of any proposed advanced technology must address key factors such as security, availability of the service, reliability, maintainability, open-ness and standardization, and performance.

3.3.6 Retailer Implementation Case Study

As part of the proposal the Vendor shall propose a mechanism for network access as implemented at twelve (12) actual Lottery retailers in diverse locations and environments around the State. The dozen retailers are listed along with their salient identifying and operating characteristics in **Appendix M. Response Note:** The Lottery expects that the path from each retailer to and from the

primary and backup data centers will be described and illustrated. The Lottery expects that not every retailer will have the same network solution but that various technologies as proposed by the Vendor will be indicated.

3.3.7 Network Conversion

The Successful Vendor is expected to provide a dedicated network conversion team for the purpose of coordinating and implementing the migration of Lottery retailers from the existing network to the new.

This team will handle all aspects of the migration, including all interactions between the Lottery retailers, property owners and utility company/service providers.

3.4 SOFTWARE CONTROLS AND DATA MANAGEMENT

3.4.1 Gaming Software Security and Control Features and Functions

In addition to selling tickets, the System must provide particular features and functions to meet requirements for secure and efficient operation.

1. Logging. All game processing activities are to be recorded immediately on electronic media on multiple hosts. Such game processing activities at a minimum include: sales, cancels, cashes, validation attempts and other play-related transactions, any other retailer terminal commands, error conditions, operating system entries, job console entries, and management terminal entries.

Requirements include, but are not limited to:

- A. The gaming system back-up, recovery and redundancy features can be supported, using log files for recovery, if necessary.
- B. The gaming system – including outages and recovery events – can be audited and checked for appropriate usage and freedom from error. There must be a strict relationship between tickets printed, tickets registered in the log files, and ticket transactions carried forward to the ICS.
- C. Authorized Lottery personnel may research transactions and operations when required. The log will include detailed records of sales, validations, canceled on-line tickets, rejected validation inquiries, terminal outages, system events (e.g., takeovers by the backup system), etc. Reports on transaction log entries must allow standard queries and sorts.
- D. The transaction logging process includes periodic checkpoints including significant totals (counts and amounts) for all games.

- E. The Lottery requires a near real-time feed of the transactions to its Internal Control System (ICS). The near-real time feed shall include periodic checkpoints to ensure that the ICS file is complete at that time. In addition, the Successful Vendor must be able to provide audit files to the Lottery within five (5) minutes following the close of sales for any game, and prior to the drawing for that game. A final audit file for the day must be available to the Lottery immediately after close of the lottery gaming system each day.
 - F. The Successful Vendor will provide the Lottery with any software necessary to interpret or decrypt any proprietary or unique record formats, resulting in ASCII text.
2. Validations. The System must be capable of validating winning tickets by means of a reader and by manual entry.
- A. The System must validate winning tickets presented within a validation period as determined by the Lottery, which is expected to be one year after the drawing for on-line games, and one year after the official close of the game for instant games. Note that the Lottery is considering extending the validation period for Instant Games, and if this occurs, the Successful Vendor will be required to modify its system to accommodate such change as part of the Base price. Instant staple games data is retained and available for a time period that includes reprints of the same game under a new game number.
 - B. Winning tickets must be validated with a display and/or a receipt for the player stating "pay" and the amount of payout, or "claim" should it be determined by the Lottery that claim instructions be provided. The validation ticket transaction as logged on the System must be referenced to the original sell transaction. No receipt is required for the retailer.
 - C. The Lottery expects retailers to pay winning tickets valued less than the established limit, currently six hundred dollars (\$600). An on-line ticket may incorporate multiple plays under a single serial number, and win multiple prizes. If each prize is \$600 or less, the ticket may be paid at a retailer location. In this situation, the retailer must be queried by the system as to whether to continue with the pay transaction.
 - D. When cashing a multiple draw ticket prior to the last draw on the ticket, a continuation ticket for the balance of the plays must be printed. The continuation ticket must have a distinct serial number from the original ticket but the System must be capable of relating the two.

- E. For on-line games, the System must allow paid winning tickets to be retained on-line one year after the winning draw date, validated but unclaimed winning tickets (greater than \$600) for one year plus sixty (60) days after winning draw date, and non-validated winning tickets for one year after the drawing. The exact specifications will be established during implementation.
3. Unique Transaction Number. The serial number assignment method used by the Vendor must account for the fact that transactions resulting from unclaimed winners, from subscription sales, and possible other causes may reside for an extended period in the System. It is required that the ticket serial numbers be unique over the term of the Contract.
 4. Transactions Protected. The System must ensure that transactions cannot be tampered with, including but not limited to the log files and validation files. The Proposal shall evidence the Vendor's methods and procedures that prevent tampering with the System. The Lottery reserves the right to review any and/or all System narratives, source program listings and operational procedures to ensure data and System integrity.
 5. Tickets Not Duplicated. Tickets must not be able to be duplicated on terminal equipment.
 6. Liability Levels. The Lottery shall be alerted immediately when sales of a number in a fixed payout game reach a warning level, and then reach a specified liability level. The System, through a management terminal, must provide a payoff figure and a payoff liability, whenever requested by the Lottery. The System shall automatically suspend sales of any number when the liability limit is reached, although the Lottery shall have the ability to override the suspension.
 7. Operator Console Records. All operator commands executed by the System and any System warnings or problem messages shall be placed on a non-volatile medium (for example, on a numerically sequenced console log or a write-once medium). This log must be provided on magnetic media or as an electronically-transmitted file to the Lottery, which the Lottery may at its option process and review for auditing purposes.
 8. Retailer Spoofing. The System must ensure integrity wherein no action, either operational or by tampering, can permit duplicate or unauthorized terminal addresses to be established. In all cases, authorized terminal identification must be ensured.
 9. One-Time Cashing. A winning ticket must not be able to be cashed more than once.
 10. Software Checksums. Checksums are required for executable programs on the host gaming systems and terminals for auditing purposes. The System

must maintain control of terminal software distribution such that terminals are not able, inadvertently, to run inappropriate versions of the software.

11. Transaction Storage Redundancy. Every transaction of the terminals must be written redundantly in at least the primary and backup location before authorization to print a ticket is issued. Locations include the gaming transaction system handling the transaction, a local backup transaction system capable of recovering for a failure of the system processing the transaction, and a remote backup transaction system.
12. Game Monitoring. Real-time monitoring of gaming transaction traffic and system utilization must be provided. The Lottery shall receive immediate notification of abnormal System operations and their causes, such as validation problems, communication difficulties, computer downtime, etc.
13. Transaction Simulation. A transaction simulator program is required to generate all types of transactions (terminal and System) in optional percentages for use in testing software quality and performance. The program must accommodate simulated instant ticket validations against a validation file as part of the transaction mix. The program must allow manually entered transactions, including instant ticket transactions, to mix with the program-generated transactions.
14. Secure On-Site and Off-Site Storage. The Successful Vendor must provide for secure on-site and off-site storage of critical files, software, and back-up data, subject to approval of the Lottery. Archived backups must be retained for a minimum of five (5) years. Media stored in archives must be checked and/or exercised periodically to ensure their physical integrity.
15. Valid Backups. The Successful Vendor must use operational practices through report balancing and reconciliation to ensure that current files and archived backup copies are valid. This is particularly important for validation files and future plays files where recovery by reprocessing large volumes of aged transactions may be impractical.
16. Software Quality Assurance and Acceptance Testing. The Successful Vendor shall perform quality assurance practices for software enhancements and corrections. This QA program shall be complemented by the Lottery's acceptance testing program using the testing terminals and systems described earlier in this RFP.
 - A. The testing environment must be capable of providing production-type reports including management reports and terminal reports, and the ability to research and report transaction history.
 - B. All software changes must be accompanied by release notes that characterize the plan, and the software changes shall be incorporated into a completely-defined release package. The release notes shall

include, but not be limited to, version numbers, files affected, change request identifiers, and change descriptions.

17. Configuration Management. The Successful Vendor shall operate under a defined procedure for changes to documentation, procedures, specifications, program source and object code, and other major System components. Reports and/or displays shall be available to the Lottery to review configuration management activities. Strict performance according to principles of configuration management is required:
 - A. System components shall have version or release numbers, or model and serial numbers.
 - B. Components shall be traceable, identifying the history, use, and location of a component.
 - C. The System must provide reports showing when and by whom a change was made and must avoid multiple update conflicts.
 - D. The System shall have the ability to produce a configuration status report or listing.
 - E. The Successful Vendor shall ensure through procedural and System controls that only approved changes, on an approved schedule, can be made.
18. Ticket Stock Tracking System. Ticket stock is delivered in cartons having a bill of lading that identifies the rolls contained inside. The ticket stock tracking system shall permit returns, re-issues, and destruction of stock, as appropriate, by authorized users. Ticket stock activity reports will be required to track erroneous on-line ticket stock activity. The ticket stock tracking information shall be delivered from the ticket stock printer directly to a designated Lottery Office, using a method of secure electronic delivery as prescribed by the Lottery. The Successful Vendor must provide any hardware and software necessary to store, maintain, inquire of, or interpret this information. There must be a backup for this capability installed by the Successful Vendor at the remote backup data center.
19. Dual Security System. The retailer terminal must generate a unique number, aside from the System-logged transaction serial number, that can be used to link winning tickets to selling terminals. The approach must avoid retailers having to save sign-on slips. This "dual security" approach must be encrypted and not create logging entries on any system under the direct control or access of the Contractor. This "dual security" approach must be acceptable to any multi-jurisdictional associations of which the Lottery is a part or becomes a part. This application must be under the physical and operational control of a designated Lottery Office. The Successful Vendor

must provide any hardware and software necessary for the Lottery to decrypt dual security numbers.

20. **Anomalous Condition Reporting.** The System must be capable of displaying and reporting anomalous conditions that may indicate operational problems or attempts at fraud. This capability must include, but is not limited to, the ability to report a terminal with anomalous and excessive transactions (such as sales and cancels), attempted cashes of stolen tickets, and systemic events such as no sales for a game scheduled to be operational.
21. **Segregation of Duties.** The System operation must employ principles of segregation of duties and “need to know”, and must restrict SuperUser privileges for the Successful Vendor’s staff.

3.4.2 On-Line Games Drawing Controls

1. **Automatic Close.** At a specified time before the drawing, the System shall automatically close a game without operator intervention.
2. **Transactions at Close.** The System must maintain control of transactions underway at close time so that all transactions before the game close transaction apply to the forthcoming drawing and all transactions after the game close transaction apply to the subsequent drawing.
3. **Drawing Information.** At game cut-off for any game the system must display on the Successful Vendor's and the Lottery's management terminals the following information for the game:
 - Time of day
 - Net game pool (sales minus cancels)
 - Hash total of plays (including cancels)
4. **Dual Entry.** Dual entry of drawn winning numbers, prize and jackpot amounts must be supported. All attempts, successful or not, must be logged.
5. **Suspend Sales After Last Drawing.** The System must provide the option to suspend sales of a game for the remainder of the sales day, after the last drawing of the day. This feature could for example support a game matrix change to take place after one day’s last drawing.
6. **Closing, Drawing and Cashing Time Window.** The Lottery considers it mandatory to minimize the time window between close of the games, drawings, and the ability to pay winning tickets. The Vendor shall identify its proposed time window for closing games, conducting game drawings, entry of winning numbers, and readiness to pay winning tickets. All

game types must be addressed. Fixed payout validations must be supported within ten (10) minutes of the drawing time. The time window between the close of a game and that game's drawing shall not exceed the current time windows, which are ten (10) minutes for numbers type games and twenty (20) minutes for matrix type games.

7. Roll to Next Day After a Problematic Drawing. The System shall allow the Lottery to resume ticket sales and operations for retailers and customers for future sales without necessarily finalizing and declaring official a problematic drawing.

3.4.3 Games Management Application Features and Capabilities

The System shall provide a range of features and capabilities that taken together, accomplish all tasks to manage and control the on-line and instant games. The features and capabilities include, but are not limited to, the following list.

- A. Management Reports. The games management application must be capable of producing at a minimum on-line and off-line management reports similar to those found in **Appendix N**. (These samples are for informational purposes only and are not to be construed as strict content and format specifications. The Lottery will determine final specifications with the Successful Vendor.)
- B. Retailer Terminal Management. Authorized games management application users must have the ability to enable and/or disable any retailer terminal, partially or fully. Actions taken toward retailer management must be effective immediately and must create an audit trail of the changes made, the date of the change, and the user who made the change to a retailer terminal record.
- C. Retailer Disablement Codes. The games management application must support a coding scheme for differentiating various retailer "disabling" reasons. For example, if a retailer is disabled for a collection-related problem, for EFT sweeps, and for a disciplinary problem, this multiple-cause disabling must be recorded in the retailer record and clearly displayed upon inquiry. The coding scheme must be able to accommodate up to thirty (30) total disablement conditions with up to five (5) concurrently. The application must be capable of reporting a retailer's history of disablement conditions.
- D. Dual Entry. The application must provide the ability to enter critical data such as overriding share values through two (2) different application user sessions whose results are verified to be the same before allowing the process to continue. All attempts, whether successful or not, must be logged.

- E. Game Control. The games management application must support the ability (for an authorized user) to shut off and resume sales and validations on each game independently.
- F. Retailer Message Groups. The games management application must support the ability (for an authorized user) to send On-line messages to a specific retailer, or to any group of retailers such as, but not limited to, all retailers, retailers in the same county, zip code, business type, corporate account, or sales level. In addition to game messages, the Lottery may also utilize this functionality to send messages such as “Amber Alerts” to selected groups of retailer terminals.

Response Note: The Proposal shall describe how the application allows retailer groups to be designated for message distribution.

- G. Message Size. Retailer informational messages of at least five hundred twelve (512) characters or greater shall be supported.
- H. Immediate and Deferrable Messages. The games management application must support the ability (for an authorized user) to define any retailer message as immediate or deferrable. Immediate messages must be accessed and acknowledged by the retailer terminal right away. For a deferrable message, the retailer terminal is notified to take a specified message within a certain time, but the message can be taken by the retailer when it is more suitable to player traffic. The retailer must be able to retrieve at least the last ten (10) messages.
- I. Player Display Messages. The games management application must support the ability (for an authorized user) to create and send graphics and messages to the player display units associated with the retailer terminals. The Lottery may also utilize this functionality to send messages such as “Amber Alerts” to selected groups of retailer terminals.
- J. Ticket Messaging. The games management application must support the ability (for an authorized user) to create and send messages to all or selected groups of retailer terminals to be printed in “banner” spaces on the tickets. These messages would be triggered by situation, for example by the game, bet type, or price point. One application will be a unique, by game, marketing message to display on the tickets. The Lottery may also utilize this functionality to send messages such as “Amber Alerts” for printing on tickets. Up to three (3) different messages may appear on a ticket at one time.
- K. Game Monitoring. Authorized games management application users must have the ability to observe real-time statistics on the operation of the System by game, retailer, or group of retailers. (For example, up-to-date statistics on sales by game.)

- L. Research and Reporting. The Lottery requires the ability for authorized games management application users to request, process, and print portions of the Gaming System's sales history and transaction history. At least seven (7) days of sales detail must be On-line.
- M. Retailer Report Review. The games management application must be able to generate reports in the same formatting as the retailer terminal reports to allow Lottery staff to review results with retailers.
- N. Retailer Sales Limiter. The system must support the ability to place daily sales limits. The system must provide global limits (all retailers), limits by retailer type, chain, and limits by individual retailer settings. Once the daily limit is reached, the terminal rejects further ticket sales transactions. Lottery is notified when parameter is reached, both real time and by daily report. System will automatically allow sales the next business day, or require Lottery interaction before sales can be continued, as determined by the Lottery.

3.4.4 Support of Instant Ticket Transactions at Retailers

The System will be required to support instant games through the retailer terminal. Support from the Vendor shall include but not be limited to the features and transactions noted below.

1. Lottery Sales Representative Transactions. The System must support retailer inventory management transactions and messages for Lottery Sales Representatives. For each retailer where an LSR conducts pack management transactions the system must produce reports of all activity that will preclude the use of manual forms processes. The system must also support the secure processing of a Trade-Up by the LSR. The process of a Trade-Up at the terminal must include, at a minimum, entering the book number and quantity of tickets remaining in the book and provide a printed receipt for the retailer to sign with a copy for the Trade-up bag that will be shipped to the Warehouse.
2. Pack Delivery and Returns. Packs delivered to retailers must be registered in the System. Packs may be returned by the retailer via the Lottery Sales Representative for return to inventory in the warehouse. The System must support receipt of bulk shipments by the retailer with one bar code read.
3. Pack Activation. The System must allow a transaction to activate a pack of tickets for sales and validation.
4. Instant Ticket Validation. Instant game validation transactions at the retailer terminal will inquire against a validation database, maintained by the System. The System will respond with a pay/no-pay/claim, etc. transaction sent back to the retailer. This transaction will verify whether the ticket is a winner and specify the amount to be paid. During this process the System

must confirm that the ticket is from a pack or partial pack in “payable” status. Tickets sold by one retailer must be able to be validated by any other retailer (“cross-validation”). Accountability must apply to ranges of tickets within a pack if necessary, in the case of stolen packs or partially sold packs.

5. Auto-Cash. The System must support the Auto-Cashing (algorithmic validation) of low tier tickets. The validation process requires that the retailer scan the bar code on the ticket, then key a 4-digit security code (PIN), only if the auto-cash parameters are not met, to determine whether a ticket is a valid winner. The security code is placed under the scratch-off latex, which means that the ticket must be played (scratched) before it can be validated.
6. As a **Specified Option**, the Vendor may describe a mechanism for “keyless” validation, requiring no more than a bar code read, for specified prize levels. Any proposed solution must address security issues relative to keyless validation. The Lottery does not now employ keyless validation but may considerate it for future implementation.
7. Settlement. The terminal must support settlement of packs that have been distributed to, and sold by, the retailers. Packs must be able to be manually settled, and the System must also support automatic settlement based on Lottery-established parameters such as the time since the pack was activated, the percentage of low-tier validations, or settling the oldest activated pack with a new activation. The System must accommodate settlement of a partial pack. The System must support multiple settlement techniques at the same time.
8. Pack Activity Card. Transactions involving packs, such as receipt, activation, and settlement shall not require a separate pack activity card shipped with the pack, but rather can be effected through a ticket from (and identifying) the pack.
9. Retailer Status and Reporting. The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing instant ticket status and transaction activity. These include, but are not limited to, (the retailer's own) inventory information by pack status, summary of validations, instant sales and adjustments, and news messages. Refer to **Appendix O** for sample retailer report types. **The gaming system must provide to both the retailer and to the Lottery, combined business reports incorporating both instant and on-line product results.**
10. Real-Time Accounting for Instant Tickets. As an **Invited Option**, the Vendor may propose technologies and/or methods that would provide accounting for instant ticket sales as they happen.

3.4.5 Instant Ticket Accounting and Management

The Successful Vendor will supply and maintain the instant ticket accounting system and the Lottery will be a system user. The instant ticket accounting and management software component of the System will include, but not be limited to, the following functionality.

3.4.5.1 Instant Ticket Accounting

System features must include:

1. Monitor individual pack status at the retailer level for the purpose of initiating pack settlement which may be accomplished in a variety of ways on a retailer by retailer basis, such as Settle As You Go, Percentage of Prizes Paid, Age, etc.
2. Provide weekly settlement information to retailers and the Lottery conforming to the weekly accounting cycle.
3. Provide retailer account record-keeping, including retailer instant ticket inventory and inventory value.
4. Maintenance of game ticket validation records, to ensure one-time-only payment of winners.
5. Bar Codes. Many of the transactions depend on bar coded numbers for unique identification of instant tickets. The System must accommodate reading at least six (6) different bar code algorithms. **If the Successful Vendor has input into the instant ticket identifier and/or bar code encoding scheme, the identifier design and the algorithm must be secure against compromising the integrity of the game.**

3.4.5.2 Inventory Management

The System must allow for packs of instant tickets to be received at the warehouse, entered into inventory and then shipped to retailers.

1. Secure receiving, off-loading, and inventory verification of tickets delivered from the Lottery's ticket manufacturer. Provide to the Lottery receiving reports and other documentation as may be necessary.
2. Maintain and report pack inventory and pack history.

3. Monitor and report pack status at the warehouse, in-transit, and at the retailer level. Reports must show games and packs by ownership and date range.
4. Transfer or return ticket stock to inventory.
5. Perform activities such as return packs of tickets, process stolen ticket reports, track lost or delayed shipments and serve as the initial point of contact concerning damaged, misprinted, or mis-packaged packs of tickets.
6. Support secure destruction of tickets remaining in the warehouse after the close of a game. No tickets will be destroyed until the Lottery has accounted for and reconciled the disposition of all inventory for that game. A shredder is to be provided by the Successful Vendor to be used for both inventory reduction and day-to-day returns. **Response Note:** The make, model and capacity of the shredder must be provided, or alternatively provide a plan in the event a third party is to be utilized.
7. Accommodate partial pack returns by Lottery Sales Representatives (LSR).
8. The user interface for administering instant ticket inventory must facilitate warehouse staff efficiency and accuracy. **Response Note:** Mechanisms for this must be proposed. No specific technology is required but the vendor may propose such mechanisms as bar code controls, RFID controls, wireless readers, audible cues, color coded screens, and others.
9. Security Grid. Operations on packs and tickets will depend on a rules-based security grid that defines acceptable status changes. The grid's rules shall be developed jointly with the Lottery.

3.4.6 Instant Ticket Order Fulfillment: Telemarketing System

The Successful Vendor will staff, equip, and perform the telemarketing function. The Successful Vendor will provide a System application to support telemarketing and retailer account service functions and services. Displays for the telemarketing staff shall employ bold fonts, highlighting, and other mechanisms to promote efficiency and accuracy.

3.4.6.1 Telemarketer Function Support

Features must include:

1. Inventory management and sales rate data.

2. Ability to sort by game number and name, sell priority, price amount, inventory condition.
3. Ability to go from one game to the other by using the enter key.
4. Ability for the Telemarketer to page forward and backward through the application.
5. Ability to block a game from being ordered by the telemarketer.
6. Ability to review the unsettled inventory (pack numbers) per retailer number from the ordering screen.
7. Ability to put a retailer on a callback list if the retailer is not ready to order when we call them initially.
8. Allow telemarketer to make route, contact, and phone number changes (add or delete).
9. Ability to look up order and manifest information.
10. Have a color bar highlighting the game as the order is placed.
11. Have the system record all unscheduled calls.
12. Ability to dial phone number from the computer.
13. Ability to generate holiday calls for specific dates.
14. Ability to display automatically every retailer that's on the call list-one by one, after an order has been placed, the next retailer will come up automatically.
15. Allow the telemarketer to get out of the sequential call list to perform ordering activities on one particular retailer.
16. Ability to search using fields such as retailer number and name/phone number/County/Region/SIC/owner name or social security number/status.
17. Flexibility in the system to accommodate new instant ticket new game allocations that are different from current products (such as family suite concepts). The system should allow a separate field to allocate different quantities of the "family suite" based on individual retailer needs. A single entry will allocate multiple games that are tied together with a common theme.



18. The terminal must allow retailers to place orders for instant tickets, which will be released to the warehouse for fulfillment. The terminal must maintain logic that supports “smart ordering” of Instant Tickets. In other words, the terminal must develop an order of Instant Tickets by a Retailer based upon logic prescribed by the Lottery. This logic will include sell rates, trade up history, LSR input, Lottery promotions, seasonality, credit limits, etc.
19. Special-circumstance orders, such as orders from Lottery Sales Representatives and the Lottery office must be supported.
20. The retailer call list shall operate according to a set schedule relative to each retailer. The set schedule for a retailer will identify a call day (from Monday through Friday) and also a call frequency (such as one week, two weeks, or three weeks). The call list must be modifiable for a holiday week.
21. Telemarketers shall be able to make a hard copy of a call list they create.

3.4.6.2 Instant Ticket Inquiries and Features

To support telemarketing, the System must support a wide variety of instant ticket inquiries and features, including shipped and pending orders, instant game pack lookup, retailer inventory, game definition, online and instant ticket research, sales activity, returned inventory, settled inventory, ended games and LSR inventory.

3.4.6.3 Telemarketer Supervisor Functions

The Telemarketing Supervisor must be able to view telemarketers’ actions by telemarketer name on such actions as deferred calls, orders placed, retailers that did not order, call-ins (out of cycle), and also must be able to see telemarketer’s orders as the day progresses. The system must provide call management data , and provide flexible reporting that includes actual call data compared to management thresholds for statistics such as call length, hold time, hang ups, call volume, etc. for the telemarketing function and by telemarketer.

3.4.6.4 Auto-Order Capability

The System must be delivered with a capability for auto-ordering, in other words generating orders for shipment based on rates of turnover of the inventory at the retailer locations. Auto-order must be set up to allow usage only on certain games. Auto-order parameters must be able to be canceled or adjusted by the telemarketing function.

3.4.7 Instant Ticket Order Distribution: Order Packaging and Warehouse System

The Successful Vendor will equip and perform the warehousing and order distribution function as well as full and partial pack return processing. The

Successful Vendor will pay all shipping charges for Instant Tickets, including returns and Trade-ups. The Successful Vendor will provide an application to support warehousing, physical inventory control, packaging, and distribution. The System must protect information regarding the retailer location of specific packs. The System must employ combinations of auditory, color, and shading cues on the order processing workstations to help make order distribution efficient and accurate.

3.4.7.1 Daily Orders

Features must include:

1. Ability to have multiple packers packing any various combinations of daily, new game, or LSR orders and also to allow them to toggle between order types.
2. Orders go into an electronic queue from telemarketing and are then dispatched to the packing stations in the order received.
3. Orders come up on the order packager's screen and will show order information such as retailer, game and number of packs needed, number of envelopes, packs scanned, orders in queue, etc.
4. Order will complete and print labels and manifest upon scanning of last pack in order.
5. **No System pre-assigned packs are permitted.** Order packager must be able to scan/assign packs to an order.
6. Reprinting of labels and manifests by the order packagers as needed, archival as well as last order completed.
7. Error screens such as erroneous scan data, pack not needed for order and incorrect pack status, etc.
8. Generation of a barcode file for the courier.
9. No modifications or partials of an order are permitted upon filling the order. Either all of an order is filled or no part of an order is filled.

3.4.7.2 New Game Orders

Features must include:

1. Ability to request System to generate all new game orders for a cycle based upon allocation criteria such as, retailer needs and new game allocation percentages, or a file received from the Lottery.

2. Orders will come up on the order packager's screen and will show order information such as retailer, game and number of packs needed, number of envelopes, packs scanned, orders in queue, etc.
3. Order will complete and print labels and manifest upon scanning of last pack in order.
4. **No System pre-assigned packs are permitted.** Order packager must be able to scan/assign packs to an order.
5. Reprinting of labels and manifests by the order packagers as needed, archival as well as last order completed.
6. Error screens such as erroneous scan data, pack not needed for order and incorrect pack status, etc.

3.4.7.3 Returns

Features must include:

1. Scan returned packs and/or available packs into cartons.
2. Ability to print carton contents listing while in the returns function.
3. Ability to manually key all returns information.

3.4.7.4 Order Fulfillment Reports

Features must include:

1. Packer statistics
2. Game carton lookup
3. Courier manifest reports
4. Inventory reports
5. Retailer information
6. Pending and filled order detail
7. Pack history information
8. Returns information

3.4.7.5 Order Fulfillment Supervisor Functions



Features must include:

1. The Order Fulfillment Supervisor must be able to close all daily shipments and generate a barcode file and shipping manifest for the courier.
2. Supervisor must be able to close out the new game shipment at the end of the cycle and generate a barcode file and shipping manifest for the courier.
3. Transfer of inventory between or among facilities.
4. Cancel pending and filled new game or daily orders.
5. Ability to cancel shipment ID with no orders assigned.
6. Ability to set up a new packing session.
7. Ability to set up work type(s) for each individual packer. Daily, new game, field rep, and warehouse transfer.
8. Supervisor must be able to change the priority of an order.

3.4.8 Retailer Accounting

The vendor must propose an application for retailer accounting.

3.4.8.1 Retailer Account Setup

The Lottery will create an interface file of new retailers that will be passed to the System to allow creation of the retailer database records. This transmission will occur on a daily basis. Existing retailer database records will be updated by Lottery staff using a System application.

3.4.8.2 Retailer Tax Accounting

The Successful Vendor must support combined instant and on-line product accounting for retailers. Retailer IRS filing (form 1099) services shall be provided by the Successful Vendor. The 1099 filings operate under the following requirements:

- i. The database captures all 1099 information based on retailer terminal activity: sales commission, cashing commission, incentives, bonuses, redemption of premium points, and certain retailer adjustments.
- ii. Capability for Lottery Finance group to enter or adjust additional 1099 data – i.e. for bonuses paid to retailers for selling high tier winning tickets. These entries do not affect the retailer invoice but are folded into the 1099 reporting.

- iii. Roll-up of all owner's (based on EIN/TIN) stores to one 1099.
- iv. Reports must show year-to-date 1099 totals; shows individual store/retailer data rolled into each owner.
- v. The Successful Vendor shall be responsible for printing/mailing the 1099 to retailers.
- vi. Files for IRS created by Successful Vendor but sent to Lottery in CSV format upon demand.

3.4.8.3 Retailer Accounting Period

The normal accounting cycle for computing monies owed by retailers and processing EFT files is currently Sunday through Saturday. In current practice the retailer accounts are serviced weekly. This accounting period is also referred to as an accounting week or business week. However the Successful Vendor's system must provide flexibility to allow for daily or other periods in the event a business need arises for this. The Lottery reserves the right to change the accounting period during the term of the Contract. The Successful Vendor shall be responsible for the creation and transmission of the EFT file to the bank and for payment of all fees and costs associated with the EFT transmission.

3.4.8.4 Accounting by Retailer Location

Some New York retailers have multiple retailer terminals in one location, and these must be accounted for using one retailer account. Another accounting obligation is to continue the ability to identify and report sales for a location even if it has undergone a change of ownership.

3.4.8.5 Retailer Adjustments and Reimbursements

The System must provide an application for the Lottery to make retailer account adjustments and reimbursements. Authorized games management application users must have the ability to make adjusting entries to retailer accounts with a complete audit trail of adjustment amount, date of adjustment, user who entered the adjustment, and a description/reason for the adjustment. Authorized games management application users must also have the ability to make recurring adjusting entries either based upon parameters within the system and/or a file provided by the Lottery, with the same audit trail as above.

3.4.8.6 Retailer Self Bonding and Crime Insurance Program

The successful vendor will be responsible for administering and monitoring a self bonding and crime insurance program similar to the program currently in place for all licensed New York Lottery retailers.

The retailer self bonding and crime insurance program provides limited protection to both the Lottery and its retailers. The program is supported by a weekly service fee collected from each retailer which is deposited into

a segregated account established for this program. The weekly service fee is determined using a formula that is based on retailer sales. The successful vendor will be responsible reviewing the service fees for retailers on a periodic base (currently every 6 months) and updating the weekly service fee charged to each retailer.

For retailer accounts that are past due and deemed uncollectible, the successful vendor will be responsible for preparing a request to transfer funds from the bonding and crime insurance account to the Successful Vendor's account to cover the past due amount. These requests will be reviewed and approved by the Lottery's Gaming Services unit.

Retailers that experience a crime loss can request reimbursement for that loss by contacting the successful vendor and completing a request. The reimbursement amount will be calculated based on a specific formula to determine the covered loss amount. The successful vendor will be responsible for preparing the necessary paperwork, marking instant game books as lost (if required) and submitting the requests to the Lottery Gaming Services unit for review and approval. Once approved, they would again transfer the funds from the bonding and crime insurance account to reimburse the retailer or Successful Vendor.

3.4.9 Data Management and Reporting

1. Database Access. The Lottery requires access to New York gaming information collected by the Successful Vendor, including retailer data, sales records, terminal maintenance data, and daily transactions, for scheduled and ad hoc reporting. Queries and reports must be supported from the Lottery's management terminals.
2. Sales Reporting Tool Set. The Successful Vendor must provide software tools for accessing, reporting on, and downloading gaming information. The Lottery anticipates creating a data warehouse based on gaming system information. The Lottery's access to data on the active gaming systems may be read-only. For reporting and inquiries the Lottery requires a separate copy of the data on a separate server from that of the active gaming systems, since the Lottery does not intend any negative impact on production operations or gaming response time while obtaining useful reports on retailers and sales.
3. Lottery Access to Data through File Transfers. The Lottery requires various forms of data provision to feed Lottery administrative and gaming support systems. For some applications, a data file must be supplied of a specified format and frequency.
4. Report Options. The Lottery requests all reports be date-driven, capable of being sorted and filtered, unless otherwise specified by the Lottery. Filtering options are to be resolved with the Lottery.

3.4.10 Management and Administrative Reports

The System must produce a wide assortment of timely management and administrative reports for use by the Successful Vendor and by the Lottery. See **Appendix P** for sample reports. The Lottery reserves the right to adjust its reporting requirements and schedules during the Contract.

Special reporting considerations for the Lottery include:

1. Integrated Instant and On-Line Information. **It is mandatory that the System be capable of seamless integration between on-line game and instant game information.** No data conversion and merge efforts shall be required for the reports that Lottery reviews or generates.
2. Corporate Reporting. Corporate retailers must receive reports that display sales and inventory data at an authorized corporate headquarters terminal, reporting on any or all sites within the corporate account. Corporate accounts must receive special treatment for receiving data and accounting for their retailers, by electronic transmission and hardcopy reports.
3. NASPL and NACS XML Project. The Lottery expects to participate in the National Association of Convenience Stores (NACS) Extended Markup Language (XML) project with NASPL lotteries and the Successful Vendor will be required to support this and any such industry standard project.
4. Report Export. Reports generated by the System must be exportable for management under Excel and other common data management tools.
5. Report Options. The Lottery requests that all reports be date driven, capable of being sorted and filtered. Filtering options are to be resolved with Lottery.

3.4.11 Special Security Information Reporting

The System must include but is not limited to the following information as determined by Lottery Security.

1. "Retailer fishing" (multiple attempts to cash instant tickets with same game, pack, transaction number).
2. Instant tickets cashed greater than 180 days from end of game or as specified by the Lottery.
3. Attempts to cash stolen instant tickets.
4. On-line cash attempts greater than 180 days old or as specified by the Lottery
5. Cancel ticket report.

6. On-Line System Activity. Security will need the ability (upon request) to obtain from the Successful Vendor, detailed system information for all terminal activity (by day, by week, etc.) at each of the lottery agent locations. Hardcopy will need to be provided.
7. Investigational Information. The System must provide Lottery Security access to obtain information or provide hardcopy reports when requested. Access to instant ticket information is necessary as well as on-line ticket information.

3.4.12 On-line Subscription System

As an **Invited Option**, the Vendor may propose a Subscription System. Below is a brief list of specifications that an optional Subscription System would have to meet, although these may not be the final schedules and features used for production. Any internet based entry system must include features capable of verifying that the player is over the age of 18 and that the computer transaction originated inside the State of New York.

1. Entries. New subscriptions and updates would be processed by completion of a form by a range of methods, to be determined.
2. Subscription Length. Subscriptions are currently offered for 26 or 52 weeks, but the lottery is considering extended periods.
3. Merging Subscription Plays. Subscriber plays would be merged with the ordinary game pools for determination of winners and payouts.
4. Winner Payments. Winners would be paid automatically through the subscription management system. Within limits determined by the Lottery, low-tier winners may be held on account, while high-tier winners may be paid by EFT or check.
5. Renewal Notices. The System would generate renewal notices automatically for subscriptions that are nearing the lapse date, to begin with the next drawing after the original subscription expires. Consideration should also be given to a negative option based renewal.

3.4.13 Player Registration System

As an **Invited Option**, the Lottery may set up a player loyalty program that involves registering players for various informational, promotional, and data gathering purposes. Players may register and interact with the registration system through a range of options including a card or internet based system. The Successful Vendor would be required to provide the "Players Club" cards if a card based system is implemented.

The following are specifications that an optional Player Registration System would need to meet.

1. Player Database. Player information would be stored in a database that permits ad hoc inquiry and reporting activities in addition to routine, scheduled reporting.
2. Player Account Management by the Successful Vendor. The Successful Vendor at management workstations supported by the System would provide for all mailings and services to registered players.

3.4.14 Retailer Website

As an **Invited Option**, the Vendor may propose a Retailer Website that offers retailers information regarding upcoming and ongoing player or retailer promotions, data and reports concerning sales, commissions, validations, instant games (including their current book status), the amounts the retailer owes the Lottery and the dates those amounts are due. Any response to this section must include the vendor's experience and its capability in providing a website of this nature. The vendor would be responsible for all programming, content management system and routine updating of information contained on the website and the programs and equipment supporting the system employed in this effort. Furthermore, the information security aspects of the website must be fully explained. The retailer website must be on a separate server from the Gaming System hosts and access from retailers must be secure. The Gaming System must be protected by firewall or other approved means from the retailer website server.

3.4.15 VIP Website

As an **Invited Option**, the Vendor may propose a VIP Website. The website may include: web-based second-chance drawings entry, points system for player rewards program, internet-enabled games (not internet wagering), player contests, capture of player email addresses for broadcast email of winning numbers and other email list functionality to players requesting notification of lottery programs, lottery on-line surveys, and on-line coupons.

3.4.16 Content Management System

The Vendor must propose an application that facilitates management and distribution of text, audio, image, and video materials delivered electronically to retailer terminals for presentation. The Lottery will manage a library of these objects that may be sent and activated at retailer locations for display. These objects will be subject to frequent refinement and replacement. They will need to be sent under certain promotional programs to diverse sets of retailers (e.g. a particular chain) and their appearance will require a scheduling mechanism.

3.4.17 Checkwriting System

As an **Invited Option**, the Vendor may propose Checkwriter software. This is an integrated on-line/instant validation and check writing application. Checkwriter must include the following functionality:

1. Capture and print complete claimant information required for IRS reporting at the time payment is made. It is desirable that the system retain claimant

data so that fields can be repopulated if one player has multiple winning tickets. This process must also include the ability to automatically calculate and withhold taxes and withhold other designated amounts from the prize on an ad hoc basis;

2. Properly capture the prize amount from the validation process and mark the ticket as validated/paid;
3. Print New York Lottery checks, W2G's, and ticket receipt forms utilizing Lottery provided MICR capable laser printers located in Lottery offices and other locations determined by the Lottery;
4. Allow a prize payment process, via keyboard entry, for prizes not included in the validation system;
5. Allow printing of miscellaneous non-prize checks with the ability to designate proper accounting and complete name and address for mailing;
6. Allow accounting for non-cash prizes;
7. Allow for interim daily reporting of check printing at each location, organized by each user generating checks;
8. Provide detail for interface to the Lottery's financial accounting system; and
9. Provide various sales and management reports related to winning numbers, instant tickets and other gaming activity.

3.5 GAMES AND MARKETING

The Successful Vendor must apply its best efforts to support the Lottery in retailer placement and network planning, game design, and marketing, assisting the Lottery to achieve its financial objectives.

3.5.1 Corporate Marketing Support

The Lottery will require new games and features over the term of the Contract. Vendors must be able to accommodate the Lottery's marketing plans and efforts with corporate marketing support that includes, but is not limited to:

1. Marketing Strategy Meetings. Regular strategy meetings shall be held with the Lottery for (i) formulating the slate of games, games changes, and promotions to be introduced in the coming twelve (12) months, and (ii) monitoring and analyzing progress.
2. Vendor "State of the Industry" Presentation. The Successful Vendor shall provide an annual review of the industry, identifying new games, new gaming media, relevant technologies, sales trends, and public policy

developments. The Successful Vendor shall also identify its own new developments, capabilities, and directions relevant to supporting the Lottery.

3. Market Surveys, Market Research, Focus Groups. The Proposal must offer services provided by Successful Vendor staff or by subcontracting to a private market research firm. These services may include various forms of market studies, such as testing potential games with focus groups, market research for propensity to play and player demographics, and market surveys to determine attitudes towards Lottery products, policies, and image. Market surveys may be able to take advantage of retailer terminals as reader devices for collecting data and forwarding it for analysis. A study will be required every year beginning with the first year of the contract. Additional studies will be negotiated.
4. Marketing Underwriting. In addition to the technical commodities and services required above, the Successful Vendor will financially support the Lottery's product development and marketing efforts. As a minimum the Contractor's support will consist of 1.7% of total sales. The support funds will be cumulative and spent at the direction of the Lottery with input from the Successful Vendor.

3.5.2 Player Analysis and Retailer Placement Assistance

The Lottery requires that a geo-demographic/psychographic application system be used by the Successful Vendor to allow analysis of sales, game and player markets, and suitable locations for placing retailers. The databases of this product must be updated not less than every two (2) years. At least one (1) time annually the Lottery intends to require a New York-specific analysis from this system.

3.5.3 Sales Analysis System

The Vendor must supply a Sales Analysis System. The Sales Analysis System will facilitate Lottery decision-making regarding, for example, effective marketing and advertising, and game and promotion offerings. A Sales Analysis System must incorporate historical sales information now maintained by the Lottery. The Sales Analysis System must capture and report information by game and by retailer or system-wide for any period selected. The Sales Analysis System will operate from a database system provided and operated by the Successful Vendor.

3.5.4 Games Menu

The Successful Vendor must support the current set of Lottery game offerings and provide flexibility for growth into new games, game features, and play types.

1. Current Games and Play Types. The Successful Vendor must include all games currently being offered by the New York Lottery including raffle-type games, at the time the new lottery gaming system is to take over.

2. Additional Games and Play Types from the Successful Vendor. The Lottery reserves the right to add games, game features, or play types for start-up, or at any time later in the Contract. **Response Note:** The Vendor's Proposal shall address the depth and breadth of the games library and the ability to expand beyond traditional games and play options.
3. Association-Based Games. The Successful Vendor must support games from any multi-jurisdiction associations with which the Lottery may become affiliated.
4. Third Party or External Games. The Lottery may identify games or game concepts not from the Successful Vendor's library that the Lottery may determine would be productive if made available in New York. As the Lottery may direct in such a case, the Successful Vendor is obligated to put forth a good faith effort to implement a version or variation of such a game, or if need be to acquire rights and/or software and any other mechanisms on behalf of the Lottery to put up such a game.
5. Monitor Games. The Lottery currently supports a rapid-draw monitor game (Quick Draw) and intends to support such a game under the new Contract. The Lottery intends to offer additional monitor games. The Successful Vendor's System must allow for the following features: varying presentation formats for the same game at different retail locations, different monitor games at different retailer locations; alternating monitor games at a single location possibly on a single or multiple monitor(s). To address responsible gaming, the System must allow for setting sales limits on monitor games at retailers. The Successful Vendor is obligated to provide not less than two RNG-based drawing machines for the monitor games. The Successful Vendor must provide and regularly update (via terminal download) monitor game presentation formats except when it is provided by the Lottery. The Successful Vendor must adapt drawing content on an agreed upon schedule, no less than four (4) changes per year.
6. Interactive Website. The Successful Vendor must provide and support a website with interactive wagering and game capabilities and player age and location verification features.

3.5.5 On-Line Promotional Features

The System must be capable of providing a broad range of promotional features should the Lottery opt to include them. Specific features required as a minimum are as follows:

1. Free Play. Free play when several plays are purchased or other conditions specified by the Lottery.

2. Cross Promotion. Promotions between products that allow for discounts (e.g. buy "x" amount of Game A and get "y" amount of Game B free). Both on-line and instant products may be cross promoted in combinations, namely on-line to on-line, on-line to instant, etc.
3. Multiple Drawings per Day. Multiple drawings on a single ticket for the same game within one day, including Day/Night feature with the same play for the day and night drawings of a game.
4. Bonus Draw. Drawing of more than one (1) winning number (set of winning numbers) at the Lottery's option.
5. Bonus Payoff. A specified increase in the payoff for specified winning plays at the Lottery's option.
6. Drawing Events. Varying the number of drawings per game per week and/or the days the drawings are conducted.
7. "Regional" Marketing. Sale of specified games/products/features (e.g. couponing, discounting) through selected retailers, retailer groups, and/or selected geographical areas.
8. Sampler Ticket. A multi-game quick pick where the System will automatically generate more plays--possibly one for each game on the market--either with or without a premium or discount.
9. Variable Commission Rates. For certain on-line and instant products, commission rates may be set differently from the default value. For certain retailers or retailer subsets, commission rates may temporarily or permanently be set differently from the default. Commission rates may be set for one (1) or more days, or any portion of a day.

Response Note: Please identify which of these capabilities have been brought to market and the sales results. If the System has been used to implement other types of on-line and instant promotions, the Vendor should describe the capabilities available. Also identify how many concurrent promotions can be implemented.

3.5.6 Instant Games

The proposed System must handle all instant ticket transactions, as required by the Lottery, through the retailer terminals.

1. Game Volumes. The System must accommodate large game volumes. As an example from current practice, the Lottery typically has fifty (50) instant games for sale at one time, ranging from approximately one million (1,000,000) to seventy million (70,000,000) tickets per game. The Lottery requires that the System accommodate games of up to two hundred million

(200,000,000) tickets. Approximately fifty (50) new games are introduced annually and several staple games are reordered each year.

2. Validating Winners. Winning instant tickets may be validated up to one year following the announced official close of the game.
3. Game Identifiers. The System must accommodate up to a four (4) character game identifier.
4. Pack Identifiers. The System must accommodate up to a seven (7) character pack identifier.
5. Ticket Identifier. The System must be able to accommodate the current twenty-two (22) digit bar code: 3 digit game, 6 digit pack, 3 digit ticket, and 10 digit validation code. Also the System must accommodate any expansion to the current bar code or any new bar code the Lottery intends to use in the future.
6. Prize Payouts. The System must support prize structures for low, mid, and high tier levels, with numerous subdivisions. The System must support up to fifty (50) prize levels per game, with one hundred million dollars (\$100,000,000) as a top prize limit. **Response Note:** The Proposal must identify any limitations the System may have in prize tiers or payout levels. High tier prize levels will require the ability to determine if a prize payout involves the file claim process.
7. Prize Messages. The System must support messages to announce prize awards and must support prizes that are cash; merchandise; cash/merchandise; on-line and instant tickets; and annuity (weekly, monthly, annually). Prize messages must allow descriptive information as well as prize amounts.
8. Flexibility in Instant Products. The System must accommodate new instant ticket products that may be of different sizes and shapes, bar code qualities, pack quantities, prize structures and price points from those described as current products.

3.5.7 External Coupons

The Lottery may employ coupons produced by third party sources for sales promotions. For example, a coupon may permit the bearer to obtain a free ticket from the retailer. The coupons shall have bar code reading specifications similar to instant tickets. The Successful Vendor's application software must permit the use of coupon promotions. As part of this capability, the System must read coupons with an accountable bar code/serial number (i.e. using a validation file).

3.5.8 System-Generated Coupons

The on-line terminal and System must be capable of generating a coupon used as part of a cross promotion. The System shall produce summary reports of such

transactions. The reports shall define the outstanding liabilities and claimed amounts, as appropriate.

3.5.9 Additional Gaming Capabilities

Although the Lottery does not currently offer non-traditional games, the System must be able, through hardware and software upgrades, as needed, to support additional games not currently offered. Specific non-traditional capabilities offered by the Vendor may be described and/or may appear as **Offered Options**.

3.5.10 Lotto Case Study

Using the information in this section and identified appendixes as well as your company's knowledge base of Lottery games, all proposers must submit a detailed game redesign or re-launch concept for the New York Lottery's Lotto game. The game first launched in 1978 with a 6 of 40 matrix, 2 plays for \$1.00 and a 40% prize structure. The game has gone through many variations over the years, with the current game design with a matrix of 6 of 59, 2 plays for \$1 basically in place since 1991. The add-on feature Lotto Extra was introduced in 2007. The details of the odds, current game features, how to play etc. are on the NY Lottery website.

Lotto has seen a substantial decrease in sales over the past few years since hitting a high of \$874 million in sales for fiscal year 1996-1997. Clearly, the increased popularity of instant games, the launch in 2002 of Mega Millions and general player fatigue have all contributed to a decrease in sales to a level of only \$208 million last fiscal year.

The goal of the game redesign or re-launch is to increase aid to education. To do this, the proposer should feel free to take advantage of Lotto's name and brand equity, which is synonymous with the New York Lottery, in an effort to increase sales. The proposer must indicate not only the changes or efforts it suggests, but also the rationales and assumptions behind those efforts.

One of the main pieces of support available to Lotto other than advertising is the lapsed prize fund. This fund is utilized to support the prize structure of the Lotto game and is used by the NY Lottery in other areas as well, including coupons, buy x get y, supporting instant games, etc. Below are 10 years of Lotto sales data.

Lotto sales as a % of traditional sales
(in millions)

Fiscal Year ended March 31	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Lotto sales	749.25	686.26	558.48	565.29	392.05
Total traditional Lottery sales	3697.63	3629.26	4185.33	4753.62	5395.96
Lotto sales as a % of traditional sales	20.26%	18.91%	13.34%	11.89%	7.27%

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Lotto sales	356.43	305.86	252.64	216.57	208.40
Total traditional Lottery sales	5825.72	6038.77	6487.14	6652.44	6673.18
Lotto sales as a % of traditional sales	6.12%	5.06%	3.89%	3.26%	3.12%

Note: Mega Millions, a competing high-jackpot game, began in FY 2002-03. Mega Millions sales have ranged from \$373 million to \$563 million per year. Instant Game sales grew from \$911 million in FY 1998-99 to \$3.594 billion in FY 2007-08.

3.5.11 Lottery Chain Selling Initiative

As an **Invited Option**, the Vendor may propose the continuation of the Lottery’s planned pilot program with a major chain to install and service a combined Self-Service On-line and Instant Terminal. A third party vendor who is licensed as a lottery retailer will be fully responsible for maintaining the vending machines. The responsibilities include keeping the vending machine bins full of Instant Game tickets, ensuring the machine has adequate ticket stock for On-line Games, emptying the cash box weekly or more often as needed, transferring the money to the store management for deposit and maintaining vending machine supplies and Lottery Point of Sale marketing materials. The Lottery will pay a sales commission and the third party vendor and the retailer will be responsible for agreeing on payments between themselves.

3.6 SUCCESSFUL VENDOR FACILITIES

The Successful Vendor must support a central computer site, a separate remote site, both a primary and backup instant ticket warehouse and additional service facilities as needed. All site specifications must be consistent with standards of any multi-jurisdictional associations of which the Lottery may become a part. The current online vendor is co-located with the Lottery.

The Successful Vendor may use the existing space or may provide an alternative location. If the Successful Vendor chooses to co-locate, it is anticipated that this space will first be available for use approximately 120 days after implementation of the new systems. Tours of this facility will not be conducted, but a floor plan will be available.

Costs borne by the Successful Vendor would include rent. The total charges last fiscal year for space, electricity and maintenance totaled approximately \$387,000. The space that the current contractor occupies in our main office is 15,161 square feet on the 2nd floor and 2,750 square feet on the 7th floor. This space utilizes the existing



environmental systems and is protected by a segregated UPS and generator system. Specifications for existing fire suppression systems can be provided for analysis, however, any and all costs associated with vendor-suggested modifications to any of these systems will be borne by the vendor.

If a non-incumbent vendor is awarded the new contract and chooses to occupy the current data center location, they will be required to provide a temporary data center location for use during the implementation and initial contract periods until such time as they have completed buildout of the co-located premises.

3.6.1 Primary (Central) Site Specifications

The Successful Vendor must provide a primary data center within approximately twenty (20) miles of the Lottery headquarters. The primary site must be ready one hundred and twenty (120) days prior to production start-up for acceptance testing. **Response Note:** The Proposal shall contain a specification and description for the space planned.

3.6.1.1 Environment and Security at Primary Site

The Successful Vendor's facility must include appropriate safety, security, and environmental controls equipment for a computer facility, as described below. All construction and furnishings must comply with fire, safety, building, and ADA codes. Any upgrades, servicing, or replacement required to maintain compliance with such codes shall be the Successful Vendor's obligation.

- A. Emergency exit doors must be provided and must be equipped with alarms.
- B. Locking devices must be installed on all doors or other entry points.
- C. An electronic access system shall be installed at entrances to the computer room(s), media library and other secure areas. . The access list shall be authorized by the Lottery.
- D. The computer room(s) must be protected by an automatic fire extinguishing system based on FM-200 or another Lottery--approved method. The system shall be installed and maintained as specified by applicable National Fire Protection Association (NFPA) guidelines. When triggered, the automatic fire extinguishing system shall be equipped with alarms that sound locally, at the Lottery's Security Operations Center, and notify the local fire protection unit.
- E. Construction shall support fire safety as noted in NFPA guidelines. Computer room(s) with mission critical equipment must be separated from the other areas by non-combustible

materials having at least a one-hour fire resistance rating, and in addition:

1. Walls must be extended from structural floor to structural floor (or roof) above.
 2. Fire doors must be provided on all entrances into the computer room with a fire resistance rating at least equal to the wall in which the door is located.
 3. All penetrations through the computer room floor, wall or ceiling must be tightly sealed with material equivalent to existing floor, wall or ceiling construction to prevent passage of heat, smoke and water.
 4. Fire and smoke dampers must be provided in ducts that pass through the computer room walls, floor or ceiling.
- F. An air conditioning system with sufficient capacity to maintain a stable environment within original computer equipment manufacturer specifications is required. An air conditioning failure detection mechanism must be provided. The air conditioning system(s) must be interlocked to shut down upon activation of the fire extinguishing system or the automatic system must compensate for loss of extinguishing agent through operation of the air conditioning systems. If the Successful vendor locates in the current data center space, the existing HVAC units should be adequate but if not the Successful Vendor is required to provide necessary upgrades.
- G. Water detectors must be installed under the computer room floor and have audible alarms that alert personnel of any trouble condition.
- H. The Successful Vendor shall provide power conditioning equipment for the computer room(s) and shall provide an uninterruptible power system with both battery backup and electrical generator. Should a utility power failure occur, the UPS must provide at least one hundred fifty (150) percent of the capacity needed to sustain full capacity business operations. During the Contract, the generator must be exercised for extended periods on a Lottery-approved schedule, and the generator must be maintained according to its manufacturer's recommendations. If the Successful Vendor locates in the current data center, they may utilize Lottery owned generators, but should expect to replace the UPS / battery system.

3.6.1.2 Lottery Offices Co-Located at Primary Data Center

The Successful Vendor must propose a primary data center (or if the Successful Vendor co-locates with the Lottery a primary instant ticket warehouse in the Schenectady area) that will permit certain Lottery office functions to be co-located. The Successful Vendor's primary data center in the Schenectady area will be the Business Continuity Site for the Lottery's business operations.

Design and build-out of the Lottery's remote space is the Successful Vendor's obligation, subject to Lottery approval. These services include interior finishing, carpeting, plumbing, lighting, and electrical service.

- A. Lottery Services. Office furnishings, building maintenance, utilities, grounds care, pest control, parking, restroom access, and janitorial services shall be provided by the Successful Vendor. The Lottery offices must be served by a generator and UPS system regardless of where the facility is located.
- B. Lottery Space and Layout. The Lottery will require securable space to accommodate fifteen (15) Lottery employees (1,000 square feet).
- C. Entry/Exit. The Lottery's area must be separate from the Successful Vendor's, with separate interior access. An external entrance may be shared so long as the Lottery's access cards will work (or there are separate cards issued to selected Lottery staff).
- D. Parking. There must be sufficient parking for fifteen (15) Lottery vehicles (in addition to Successful Vendor staff).
- E. Secure Space. No portion of the Lottery space can be shared with that of the Successful Vendor. Access control to the space will be provided and controlled by Lottery Security. The Successful Vendor must provide any space needed for the Lottery to install access control hardware devices. Successful Vendor staff shall have access to this area only with permission of the Lottery.
- F. Data System Access. The Successful Vendor shall provide System access through a Local Area Network in the primary data center for any purpose the Lottery requires. This includes jacks in the Lottery's space and wiring to the LAN infrastructure. At least fifteen (15) accesses must be provided.

3.6.2 Remote Backup Site

The Successful Vendor must provide a remote site where gaming transactions are logged and processed. The retailer network and the Lottery's management terminals and ICS must connect to this facility. The remote backup site is not required to be within New York but, if so, must be greater than fifteen (15) miles

from the primary site. The remote backup site is required to be in the United States.

The remote backup site must meet the safety and security requirements of the primary site. If the remote backup site is in a facility that shares processing support with other business operations of the Successful Vendor, for example, other lotteries, then the New York Lottery equipment must be physically and logically separated and secure from all other operations, subject to the approval of the Lottery.

The remote backup site must be attended during all Lottery gaming hours, but not necessarily with staff dedicated to the New York operation, to support a failover in case the primary data center can no longer serve and is unable to manage a failover.

The backup site must be ready for acceptance testing by ninety (90) days prior to production start-up.

3.6.3 Training Facilities at Conversion and Start-Up

The Successful Vendor shall provide training in facilities around the State for start-up. Facilities may be temporary, such as hotel meeting rooms, or permanent, such as a training room at the primary data center. Retailer training sites shall be within a fifty (50) mile radius of retailer locations to limit the driving distance for attending a training class. For Retailers with addresses within New York City training must be available within their own borough. The Successful Vendor may also provide retailer training at the retailer's corporate headquarters or store sites. Training locations are subject to Lottery approval.

3.6.4 Instant Ticket Warehouses

The Successful Vendor must provide primary and backup warehouses for Instant ticket products, all located within the State of New York. The warehouse facilities may be co-located with another Successful Vendor facility in the State, such as the primary or back-up data centers. The warehouses must together accommodate enough Instant tickets to support annual instant sales in excess of five billion dollars (\$5,000,000,000). The proposal must indicate the size of each facility and the evaluation will consider location in terms of flood plains, accessibility to transportation, etc. The back-up instant ticket warehouse does not need to be fully equipped for shipping, but a plan must be provided to commence shipping operations within 7 calendar days of the loss of the primary ticket warehouse. All locations must be at least 5 miles apart. The warehouses may be required to store Lottery retailer point-of-sale (POS) materials occupying up to 1,500 square feet. The Lottery must approve all locations.

3.6.5 Service Centers and Depots

The Successful Vendor shall provide and operate maintenance centers and depots to fully support the terminal maintenance and repair program, and consumables warehousing and distribution. **Response Note:** The location of the service centers must be identified in the proposal and must be within New York State. The Lottery reserves the right to approve all locations.

3.6.6 Testing Room at Lottery Headquarters

The Successful Vendor must furnish and install test gaming terminals and peripherals in the Lottery's testing room that are connected by communications to the testing systems. Communications must be routed in a similar manner to actual retailer terminals, namely, those outside the building.

3.6.7 Business Continuity and Disaster Recovery Plan

The Successful Vendor must provide and annually update a business continuity and disaster recovery and contingency plan for the computer centers and administrative and warehouse facilities used in this Contract. The plan must be delivered by the start-up date. Such plan shall take into account disasters including, but not limited to, those caused by weather, water, flood, fire, environmental spills and accidents, malicious destruction, acts of terrorism or war, and contingencies such as strikes, epidemics, pandemics, etc. The plan must ensure continuation of the System and games. Provision shall also be made for the safe, secure off-site storage of all scheduled backup data and programs. Should implementation of any portion of the disaster recovery and contingency plan become necessary, all costs associated with the plan shall be borne by the Successful Vendor.

Response Note: The Proposal must contain an outline for, or sample of, such a disaster recovery plan for the computer center sites and instant ticket primary warehouse.

3.6.8 Successful Vendor Corporate Infrastructure Protection Plan

The Successful Vendor must also produce a disaster plan for their additional infrastructure necessary to support the New York Lottery. For example, the Successful Vendor's software development and support facilities are critical for the term of the Contract. The corporate infrastructure protection plan shall be due at start-up.

Response Note: The Proposal must contain an outline for, or sample of, such a protection plan for the Successful Vendor's additional infrastructure.

3.7 STAFFING, SUPPORT SERVICES AND OPERATIONS **SECURITY PLAN**

The Successful Vendor is required to provide the Lottery with a variety of staff and support services as described below.

3.7.1 Vendor Personnel

The Vendor must provide information, as specified below, that documents its organizational structure and the staffing levels with which Lottery operations will be implemented and run. The Vendor must identify substantial subcontractor staff and consultants by name, where such are anticipated to be part of the implementation and ongoing operational support efforts. The Proposal must

make clear which staff proposed for this Contract are Vendor employees and which are subcontractors or consultants.

1. Implementation and Conversion Staff. The Vendor shall provide an **organization chart** showing names of all **management, supervisory, and key technical personnel** who will be active in the implementation and conversion of the Lottery System. There shall be a dedicated technical project manager assigned to the implementation project who would then need to be on-site during acceptance testing and conversion. Further, the Vendor must indicate what specific Contract function(s) staff will perform and how long it is anticipated they will be engaged. For staff not yet identified, the Proposal shall identify and quantify them by title, and state what specific lottery industry qualifications they can be expected to have.
2. Ongoing Lottery Operations Staff. The Vendor shall provide **brief position descriptions and an organization chart** showing names of all **management, supervisory, and key technical personnel** who are expected to be active in the ongoing operation of the Lottery System. For staff not yet identified, the Proposal shall identify and quantify them by title, and state what industry specific qualifications they can be expected to have. Staff that are dedicated to New York must be noted versus those that are shared with other jurisdictions.

The following must be included in the Proposal staffing with the proviso that their positions must be full-time, must be local to New York, and no one individual can be assigned to bear more than one of these titles

- **General Manager**
- **Operations Manager**
- **Field Service Manager**
- **Marketing Specialist (One each for Buffalo, Syracuse, and the Upstate / East Region; two for Suburban; three for New York City. A map detailing New York's regions is included as Attachment 3.)**
- **Database Administrator/ Report Writer**
- **Telemarketing Manager**
- **Corporate Accounts Manager**
- **Telecommunications Manager**
- **Systems Analyst / Programmer**
- **Software Tester**
- **Accounting Manager**
- **Telecommunications Technicians (staffed by the Communications Network provider)**

3. **Résumés.** The Vendor shall provide one-page résumés of all **management, supervisory and key technical roles** planned to be involved in the installation, implementation, and operation of the Full Service Lottery System and shall provide for each such person:
 - A. Full name;
 - B. Most recent five (5)-year employment history;
 - C. A specific description of experience that person has in connection with lottery gaming systems;
 - D. Specific indication of the role the individual will have in this project;
 - E. Any additional helpful information to indicate the individual's ability to successfully perform the work involved in the Contract.

3.7.2 Operations Services

The Successful Vendor shall provide operations services for the System, retailer network, and the test systems, including the operation of two data centers. These duties shall include System start-up and shutdown tasks, monitoring, drawing results entry, report generation, file backups, and various operational procedures to enable the correct operation of the System. Recovery from System failures will engage the operations staff. Operations shall produce reports and files documenting the operations activities.

The Successful Vendor will provide staff for instant telemarketing, warehouse operations, distribution and returns.

3.7.2.1 Minimum Data Center Staffing

Under no circumstances can a data center, either the primary or backup, be staffed with less than two computer operators at all times. The data center manager can substitute for an operator when an operator must temporarily be outside the operations room.

3.7.3 Terminal Provisioning Services: Moves, Adds, Changes, Removals

The Successful Vendor is responsible for providing terminals and communications (only under the Specified Option) at retailer locations. Besides installing a new retailer ("add") it may be necessary to serve an existing retailer from a new physical location ("outside move"), to relocate the retailer's terminal within the premises ("inside move"), or to de-install a retailer. An inside move may involve a change to the inside wiring (e.g. from the demarcation to the terminal).

The Lottery shall advise the Successful Vendor in writing when a retailer requires provisioning, and this advisory starts the provisioning clock. Provisioning activities must be conducted on a timely schedule.

A terminal shall be considered to have completed add or move provisioning and be ready when it has been installed at the designated location; is in good running and working order; is connected by communications services to the central computer sites; is capable of issuing tickets, conducting validations, and producing reports, and performing all other terminal functions as specified in this RFP; and the retailer has received terminal training from the Successful Vendor which is deemed satisfactory by the Lottery.

The Lottery has determined that the following provisioning schedule is the maximum permitted.

Add a new retailer	10 days
Outside Move of an existing retailer	10 days
Inside Move of an existing retailer	7 days
Removal	3 days

These particular schedules are the maximum allowable under a Service Level Agreement (SLA) with the Lottery. In this Section, the Proposal must define the Vendor's commitment to a terminal provisioning schedule. The Successful Vendor will be held to the proposed provisioning schedule; and liquidated damages from Section 2.23 shall apply. If the Successful Vendor is not providing the communications network then an additional 3 days after the install of the circuit will be provided for a new retailer only. Shorter provisioning schedules are **desirable**.

3.7.4 Support of the Lottery's Partnership with Retailers

The Lottery's goal is to achieve a high level of retailer rapport in order to optimize lottery ticket sales. The Lottery currently employs its own LSR staff who develop a strong retailer partnership and are responsible for prospecting new retailer locations; recommending new retailer locations; responding to retailer concerns, questions or problems relating to the Lottery program, its games, policies, and procedures; notifying retailers of new game features, modifications to current games, addition of new games, changes in Lottery policy, development of retailer specific promotions, and delivery of retailer Point of Sale marketing materials.

The Vendor must propose mechanisms such as meetings, messaging, and data interfaces to facilitate LSR services and resolve retailer concerns or problems with Successful Vendor-provided services such as terminal functions, terminal repair, retailer training, retailer promotions, and quality and timely delivery of consumables.

3.7.5 Retailer Training Programs, Initial and On-Going

The Successful Vendor shall provide training for retailer staff in the operation of retailer terminals both for the initial conversion and for ongoing training.

1. Retailer Instruction. To support the conversion, the Successful Vendor shall provide initial hands-on group instruction at locations convenient to

retailers and shall provide training on-site at retailer locations when appropriate. The Successful Vendor shall continue to supply training to new retailers for the term of the Contract. The Successful Vendor is required to use trained facilitators to conduct both the initial and ongoing training services.

2. Training Program Contents. The retailer training program must cover the retailer terminal and peripherals, for both on-line and instant products. The program must address not only the technical aspects of operating the terminal and account management, but also approaches for interacting successfully with players. Contents of the training program must be approved by the Lottery.

Response Note: The Vendor shall describe the proposed training program in terms of materials, facilities, staff qualifications, sessions, and schedule. The program description shall address the Vendor's capability of providing for the specific training needs of top corporate accounts.

3. Training Security. The Vendor must describe the mechanisms for security of ticket stock and training tickets produced during retailer training sessions, and the security of the terminals themselves from tampering or theft. Security must comply with any multi-jurisdictional rules (e.g., Mega Millions, MUSL, NASPL rules).
4. On-going training following conversion. The Successful Vendor will provide retailer training.

3.7.6 Retailer Terminal User Documentation

The Successful Vendor must provide and pay for the following user documentation.

- A. Quick Reference Guides on the correct use of retailer terminals and retailer procedures are required in both English and Spanish. Such must contain, at a minimum, information and instructions on changing ticket stock, how to conduct each type of transaction, obtaining and using the reports, hotline procedures, use of play slips, claims, and retailer adjustments.
- B. User Documentation Updates. The Successful Vendor shall update the training materials and any user and player documentation provided to retailers with each game or procedural change. The format must be approved by the Lottery. Copies shall be supplied to the Lottery and to the retailers by one (1) week prior to the start date of any new game or game change.
- C. Terminal-Based Documentation and Training. The Successful Vendor must provide supplementary video or graphical training

and documentation directly through the retailer terminal at the point of sale in both English and Spanish.

Response Note: The Vendor must include samples of similar such user (retailer) documentation the Vendor has produced and distributed.

3.7.7 Lottery Staff Training

The Successful Vendor must provide training for Lottery staff, at the Lottery offices, or appropriate venues as approved by the Lottery. Training for the Lottery must include all aspects of system usage.

3.7.8 Retailer Consumables Supply

1. Consumables. The Successful Vendor shall provide and deliver to retailers.
 - A. Play slips that can be processed by the terminal reader;
 - B. Secure ticket stock;
 - C. Any printer supplies;
 - D. Retailer manuals and/or reference cards for terminal operation, updated upon Lottery request;
 - E. Prize claim forms and envelopes (postage-free for players and paid by the Successful Vendor); and,
 - F. Retailer adjustment forms including instant ticket trade-up packages (full or partial pack returns) and envelopes (postage-free for retailers and paid for by the Successful Vendor).
2. Consumables Designs. The Lottery will have final approval on all consumables designs and wording as needed, but the Successful Vendor will be responsible for their production, storage, and delivery.
3. Testing and Training Ticket Stock. The Successful Vendor must ensure that in addition to production ticket stock, there is stock of the same paper quality suitable for testing in retailer terminals used at training facilities, and for use by the Lottery in testing, training, and promotions. Testing and training ticket stock must be plain and conspicuously distinct from live ticket stock and must comply with any multi-jurisdictional security rules (e.g., Mega Millions, MUSL, NASPL rules).
4. Multiple Suppliers. In order to avoid dependence on one (1) supplier, the Successful Vendor must have more than one (1) source of paper stock and printing service(s), as well as multiple suppliers for any other consumables.

3.7.9 Retailer Equipment Maintenance Program

The Vendor shall describe the maintenance plan for the retailer terminals and associated equipment. The term "retailer terminal" shall include all attachments and peripherals provided or serviced by the Successful Vendor, as well as the 1,000 existing EDS-Q ITVM's owned by the Lottery. **The Successful Vendor is obligated to obtain replacement parts and services that are approved, recommended, or recognized by the original equipment supplier as effective.**

1. Retailer Terminal Maintenance. The Successful Vendor will be required during any service call to routinely check the mechanical security, safety, and general operation of the printer mechanism, reader, and any other attachments provided or serviced by the Successful Vendor.
2. Terminal Preventive Maintenance Schedule. The Successful Vendor and Lottery shall agree on a preventive maintenance (PM) schedule for the retailer terminals. For the Proposal, the Vendor must propose a PM schedule however the schedule cannot exceed a one hundred eighty (180) day cycle. In no case shall there be attempts to render preventive maintenance services during retailers' busiest periods.
3. Terminal Parts Supply. The Successful Vendor shall maintain an adequate supply of parts to sustain the service of terminals that it has supplied and is required to maintain. The Proposal must identify the full and partial terminal sparing levels planned, and the approach to "swapping out" entire terminals versus the use of Field Replaceable Units.
4. Terminal Repair and Maintenance Reporting. At service events a log will be updated noting the maintenance activities. The log information shall be entered to a database accessible to the Lottery. The Lottery shall receive reports from the retailer dispatch and repair data that indicate when services have occurred, what services have occurred, and on an exception basis, when services have NOT occurred or have been untimely. Entries to the log may not be removed by the Successful Vendor.

3.7.10 Other Host and Network Equipment Maintenance

The Vendor's Proposal shall describe how non-terminal components in the configuration will be maintained, including but not limited to host computers, LANs, and telecommunications equipment for the central sites. **The Successful Vendor is obligated to obtain replacement parts and maintenance services that are approved, recommended, or recognized by the original equipment supplier as effective.**

3.7.11 Trouble Tracking, Dispatch, and Reporting System (Hotline Support)

The Successful Vendor shall staff a hotline function (indicate where it will be located) for retailer trouble calls, and shall maintain and manage a database and reporting system that fulfills the following criteria:

1. Tracking. Tracking and reporting of retailer terminal, communications line, network, and other problem reports is required whether or not actual problem(s) are found. Data must be kept on all terminals including those in reserve or returned to a depot for maintenance.
2. Maintenance Information. The Successful Vendor is required to maintain maintenance data for the Contract term, with at least twelve (12) months of data on-line.
3. Call Management. (Subject to Liquidated Damages)
 - A. Staffing. The Vendor must describe how and where Hotline Services will be staffed and managed to ensure timely, professional and accurate response to all calls.
 - B. Call System. Telephone call management equipment must be capable of handling all incoming calls on toll-free circuits. (The costs of toll-free circuits must be covered in the baseline price.) If all circuits are busy, a prerecorded message must be played and the calls must be queued.
 - C. Call System Reporting for the Lottery. The call management system must provide periodic statistical summary reports to the Successful Vendor and to the Lottery.
 - D. Call Recording. A recording device must record all phone conversations on the hotline circuits. Recording of telephone conversations must adhere to all applicable Federal, State, and local laws. The Successful Vendor must provide the recording equipment and maintain records at least for sixty (60) days. Access will be provided to the Lottery.

3.7.12 Technical Support Services

Timely and committed fulfillment of Lottery requests for System support and changes is a requirement. The Vendor's Proposal must identify how systems and software engineering support services for System management, System error correction, changes to the Lottery's business rules and requirements, and game changes will be delivered to New York, by responding to the following:

1. Software Support. The Successful Vendor must provide software and systems engineering support for System changes. At least quarterly releases of software updates must be provided.

2. Quality Assurance and Acceptance Testing. The Successful Vendor must provide a local Quality Assurance capability and support for the Lottery's internal acceptance testing.
3. Shared Records for Change Management. In fulfillment of joint responsibilities between the Successful Vendor and the Lottery to make System changes in a timely and correct manner, the Successful Vendor must provide shared access to change requests and change tracking for the New York project.

3.7.13 Operations Security Plan

The Lottery expects its System and operations to be of the highest security and integrity. This requires both the Lottery and its Successful Vendor to maintain a confidential, high-level security system. For example, staff must be organized, assigned, and operate under procedures and with System controls that mitigate security issues.

As part of the Proposal, the Vendor shall submit an outline for an Operations Security Plan.

3.7.14 Electronic Media, Computer Room Paper and Supplies

The Successful Vendor shall supply all magnetic tapes, cartridges, disk packs, diskettes, and other media items, printer paper, and supplies needed to operate the gaming system, testing terminals and systems at all Successful Vendor sites.

3.7.15 Association Rules and Security Standards

The System must be operated in compliance with rules and standards of any multi-jurisdiction association that the Lottery may join.

3.7.16 Operation in Compliance with Standards

The Successful Vendor must operate the Gaming System in compliance with standards accepted by the New York State Lottery. This includes but is not limited to the NASPL standards initiatives such as bar coding, quality assurance, requirements definition, and XML interfaces to retailers. This also includes standards required by any multi-jurisdictional association the Lottery has joined, in particular as of the issuance of the RFP, Mega Millions. Finally the Lottery may adopt other industry standards (e.g., WLA) for best practices operation, and the Successful Vendor shall support the Lottery in any such undertaking.

3.8 IMPLEMENTATION

3.8.1 Conversion Strategy

The Vendor is at liberty to propose a conversion strategy that would support the Lottery's implementation best. The Vendor shall describe the pros and cons of the approach proposed.

Response Note: At a minimum, the following Lottery goals must be addressed in the description:

1. Minimizing conversion limitations. Coming up late on start-up day will not be permitted.
2. Avoiding start-up day System failures and outages.
3. Maintaining good retailer relations and addressing retailer issues (such as inconvenient training opportunities and demand for counter space).
4. Minimal disruption to selling and paying tickets during the conversion.
5. Parallel processing of transaction data for a 2 week period prior to full production cut-over.

3.8.2 Formal Implementation Plan

The Vendor must provide a detailed implementation plan and time chart (Gantt, PERT, or similar) identifying the major milestones to be accomplished for the business requirements definition, construction, equipment delivery, software programming, installation, testing, and file conversion. The plan must make clear which items are on the critical path for timely implementation. The Lottery will approve the final implementation plan of the Successful Vendor.

Response Note: Responsibilities of the Successful Vendor's implementation team, of the Lottery's implementation team, and of any of the Lottery's other vendor providers (e.g., incumbent gaming system provider, instant ticket supplier), must be identified. Retailer roles and responsibilities during conversion must be addressed.

3.8.3 Interim Facilities and Processes

If the conversion involves interim configurations, facilities, staffing, or business procedures, the Vendor's Proposal must explicitly describe them and place their development and use within the schedule. Costs associated with interim facilities are strictly the Successful Vendor's responsibility.

3.8.4 Installation and Acceptance Testing

The Lottery will conduct a series of acceptance tests, which the Successful Vendor is obliged to support. Lottery acceptance testing will be conducted at or nearby the Lottery's headquarters in New York.

1. Schedule for Acceptance Testing. To support acceptance testing, the Successful Vendor must have the central site facilities, computer hardware, communications hardware, software, and at least two (2) of every type of retailer terminal and peripherals at the Lottery offices, installed and operational one hundred and twenty (120) days prior to the Contract-agreed production start-up date. Acceptance testing must be successfully completed no later than thirty (30) days prior to the Contract-

agreed production start-up date. The remote site must be operational and ready for testing ninety (90) days prior to the scheduled conversion date. At that time the Operations Security Plan must be ready for approval. A draft of the plan must be available 180 days prior to go-live.

2. Ticket Stock Testing. A sample of the production ticket stock must be provided for ticket testing to ensure that it is manufactured in accordance with all RFP requirements and Proposal specifications. The testing will be paid for by the Successful Vendor.
3. Randomizer Testing. Samples from the Successful Vendor's randomizer mechanism(s) must be submitted for quality testing at the Successful Vendor's expense.
4. Release Notes. Each release of the software for testing by the Lottery prior to production installation must be accompanied by release notes. The release notes must evidence good configuration management practices, namely each release must be identified by a version number and the changes must be succinctly defined. This requirement shall extend throughout the Contract.

3.8.5 Project Reporting and Monitoring

The Vendor must propose a dedicated on-site technical project manager for the implementation. The Vendor must propose a project team structure, process, and tools that facilitate Lottery oversight of the implementation. Regular reporting, walkthroughs, and project status meetings are required.

The Successful Vendor shall provide suitable access to project records to enable Lottery staff to monitor project management tasks, schedules, and issues. This requirement begins with conversion and continues throughout the Contract.

3.8.6 Validation After Conversion

The Successful Vendor must accommodate validation of winning on-line tickets that have been sold prior to the conversion, either by reading the bar code (**desirable**) or by accepting manual entry of the "old" winning ticket's serial number. The Successful Vendor must also convert the instant ticket validation files to permit validation by bar code read (and manual entry). The goal, both during conversion and after, is to minimize confusion and effort for the players and retailers.

3.8.7 Historical Data

The Successful Vendor must convert a minimum of five (5) years of pre-existing sales and operating data so that the Lottery and the retailers will see a continuity of data in displays and reports from before, during, and after the start-up day.

3.9 VENDOR CORPORATE CAPABILITY

The Vendor is required to demonstrate corporate experience, technical capability, and financial means to support the Contract.

3.9.1 Corporate Background Review

The Vendor shall provide the following information:

1. Name and address of the business entity making the Proposal.
2. Type of business entity (e.g., corporation, partnership, etc.)
3. Place of incorporation, or other form of organization, if applicable.
4. Name and location of major offices, plants and other facilities that relate to performance under the terms of this RFP.
5. Name, address, and function of substantial subcontractors, associated companies, or consultants that will be involved in any phase of this project.

3.9.2 Gaming Systems Experience

It is required as a minimum that the Vendor has one or more current U.S. clients to whom it has supplied a Full Service Lottery System with on-line and instant games support of the nature defined by this RFP.

Response Note: The Vendor shall describe, in detail, the current and historical experience of the Vendor with lottery gaming systems; that is, descriptions and references for all gaming industry engagements of comparable complexity and sensitivity that have been conducted by the Vendor over the past five (5) years.

Each experience statement shall include the following details:

- Name of lottery or gaming enterprise(s)
- Estimated contract value.
- The term of the contract including effective dates.
- A list of milestone dates designated in RFP's as compared to actual start dates for the past 5 years.
- Reason for contract end, if the contract is no longer in effect.
- Types of services directly provided by the Vendor under the contract and whether the Vendor was a prime Vendor or subcontractor.

- Retailer communications network technologies implemented.
- Number and type of terminals delivered to the customer.
- Functional areas of experience with each Lottery including whether the system or product provided was a sale or lease, whether the service performed was by the vendor or through a subcontractor, the number of terminals provided by type, the maximum number of live transactions in any one week, the number of ITVMs, self service terminals, retailer terminals under service by the vendor in each Lottery.
- The number of terminal years of North American experience of the proposed terminal and the commonly deployed prior model in the past 5 years. For example, 5 years of a 10,000 terminal deployment equals 50,000 terminal years.
- The maximum number of live transactions in any one week on the proposed system.

The descriptions must include names, titles, addresses and telephone numbers that may be contacted to verify qualifying experience. If the experience is provided by a teaming partner or a subcontractor that will provide a major part of the products and services, then experience information for that entity must be included.

3.9.3 Contract Performance

The Successful Vendor must be a business in good standing with its customers and the business community.

The Vendor shall list incidents of liquidated damages for the past five (5) years where such resulted in an assessment by any jurisdiction of twenty-five thousand dollars (\$25,000) or greater in a twelve month period. The format shall indicate the jurisdiction, date, amount, and brief description (e.g., late delivery of software; central system downtime; untimely terminal service, unauthorized facilities access). An event is reportable even if the Vendor has provided in-kind services or other considerations rather than damage payments.

3.9.4 Pending Workload

The Vendor must provide a timeline of other lottery project commitments that may be concurrent with the implementation for New York. The Vendor must provide evidence that it would be possible to conduct any such multiple implementations without schedule and quality delays for the New York State Lottery due to resource overload.

3.9.5 Manufacturing Capabilities for Terminals

Capacity to provide the gaming terminals is critical to the project.

1. Manufacturing Plans. The Vendor shall describe its resources, capability, capacity, and plans for producing (through current inventory, manufacturing, purchasing, or modification) the terminals proposed to meet the requirements of the RFP. The availability and/or necessity of additional plants and secondary sources must be addressed.
2. Manufacturing Quality. The Vendor's Proposal must address manufacturing quality practices, and in particular whether the Vendor is certified under the ISO 9000 series or other recognized quality practices standards. Such practices and certification are **desirable**.

3.9.6 Software Development and Support Capabilities

Capacity to provide the software and systems support is critical to the project.

1. Software Development Plans. The Vendor shall describe its staff skill levels, headcounts, and locations pertinent to developing and maintaining software for the New York Lottery Contract. The Vendor shall list software subcontractors and their locations.
2. Software Quality. The Vendor's Proposal must address software engineering quality practices, and in particular whether the Vendor is certified under the ISO 9000 series, SEI CMMI, NASPL Quality Standards, or other recognized quality practices standards. Such practices and certification are **desirable**.

3.9.7 Security Management Capabilities

The Bidder must demonstrate a capacity to develop and implement a comprehensive plan for maintaining effective security controls and practices is critical to ensuring the integrity of Lottery operations.

1. Security Management Approach. The Bidder shall describe its corporate organization and tools pertinent to managing all aspects of information security pertaining to Gaming System development and operations.
2. Security Standards. The Bidder must address security standards and practices, and in particular whether the Bidder's gaming solutions and practices are compliant with ISO 27002, COBIT or other recognized information security, control, and audit standards. Such practices and certification are **desirable**.

3.9.8 Project Management Capabilities

Capacity to conduct the implementation and additional evolutionary System changes is critical to the project.

1. Project Management Approach. The Vendor shall describe its corporate organization strategy, tools, and experience pertinent to managing a large project the size and type of the New York Lottery implementation.

2. Project Management Quality. The Vendor's Proposal must address project management quality practices, and in particular whether the Vendor's project staff is certified under the Project Management Institute PMP program or other recognized project management practices standards. The Project Manager for implementation must be PMP certified.

3.9.9 Research and Development Program

The success of the Lottery depends on the availability of new products, gaming features, and services. The Successful Vendor must be capable of supporting the Lottery in this mission.

The Vendor shall describe its resources, capability, capacity and plans for maintaining a research and development effort in such areas as gaming concept design/development, retailer terminal design, telecommunications, retailer network planning, and sales data mining.

3.9.10 Financial Viability

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

An original and four (4) copies of this information must be submitted with the original Proposal (not with copies).

1. Submission of Financial Statements. All Vendors and substantial subcontractors must submit certified financial statements, or federal income tax returns if the Vendor or substantial subcontractor does not have certified financial statements prepared for the last three (3) fiscal years. Certified financial statements must be the result of an audit of the entity's records, prepared in accordance with Generally Accepted Auditing Standards (GAAS) by a certified public accountant. The certified financial statements shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP), and must include balance sheets, income statements, statements of cash flows, statements of retained earnings, notes to the financial statements for each year, and any management letters that have been received for those years. For non-U.S. entities the equivalent non-U.S. accounting standards apply.
2. 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.

3. **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.
4. **External Borrowing.** The Vendor must provide a letter of commitment in a form acceptable to the Lottery from a creditor acceptable to the Lottery, if outside borrowing will provide any or all of the funding for this project.

PART 4 - PRICING

4.0 INTRODUCTION

This section describes the manner in which the Vendors will submit pricing for the Lottery's consideration. Vendors should note that pricing requirements differ for Base System Pricing, Specified Options, Invited Options, and Offered Options. Please read this section carefully in order to provide a responsive proposal.

4.1 SEPARATELY-SEALED PRICE PROPOSAL

The Vendor is required to provide pricing in a separately sealed Proposal. The price Proposal must include a submittal letter signed by an individual authorized to obligate the company to the Proposal.

4.2 DURATION OF THE PRICE PROPOSAL

The Price Proposal must be valid for eighteen (18) months from the proposal submission date.

4.3 FORM OF THE PRICE PROPOSAL

The Vendor must submit pricing in the following format.

1. Base System pricing as a percentage of total (on-line and instant) net sales (gross sales minus cancels) given in the format X.dddd where X represents the whole number value and d represents decimal digits. **Note that Lottery net on-line and instant product sales will both be counted relative to this fee and it will include 1.7% marketing support as described in section 3.5.1.4.**

Example: 1.0000 percent or \$10,000 compensation per one million dollars of net sales.

2. Pricing for Specified Options.
3. Pricing for Invited Options.
4. Pricing for Offered Options.

For comparison and evaluation, the Lottery has designated the pricing format and terms for certain options. While the Lottery may choose to order these options, this in no way obligates the Lottery to acquire such options according to the stated format and terms. **Response Note: Among the options, any item for which there is no additional fee**



can be shown as "No Charge" (N/C). To Be Determined (TBD) pricing is permitted only for Offered Options and will not be considered as N/C.

For the purpose of evaluating price the Lottery will estimate a cost for the term of the contract, based on current sales with a projected growth in sales, which will allow for a fair comparison of proposals.

4.4 PRICING AND SCORING OF OPTIONS

The Vendor is encouraged to propose options regarding innovative functions, features, services, and solutions. These options must be clearly defined in the Technical Proposal, without cost information. Pricing may only be specified in the Cost Proposal; incorporation of cost information in the Technical Proposal may deem the vendor's proposal non-responsive.

The Evaluation Committee intends to score only:

1. Baseline features and services defined below in Section 4.5 (1) Base System Pricing.
2. Specified Options at the minimum quantities and terms shown in the Cost Quotation Sheet defined below in Section 4.5 (2) Lottery-Specified Options.
3. Invited and Offered Options that are specifically included by the vendor in the base price defined below in Section 4.5 (3) Lottery-Invited Options and Section 4.5 (4) Offered Options.

Response Note: The Lottery will not score Invited or Offered Options that are separately-priced and designated outside of the baseline price, as defined in the Vendor's Technical and Price Proposal. Options that are included within the baseline price may or may not favorably influence the Vendor's proposal score in the relevant technical section depending on the value perceived by the Lottery.

4.5 COST QUOTATION SHEET

1. **Base System Pricing:** Vendors are required to quote the Base System as a percentage of net Lottery sales, carried to four (4) decimal places. Pricing must include the marketing support fee of 1.7%. **Response Note: TBD pricing is not allowed.**

Price Quoted as a Percentage of Total Net Sales _____%

Response Note: Two performance based incentive plans will be implemented under the Contract:

Sales Based Incentive: As New York Lottery traditional sales grow beyond certain benchmarks, Base System Pricing as quoted by the Successful Vendor will be increased by:



- 0.5000% for those annual Net Sales in excess of \$8 billion;
- An additional 0.5000% for those annual Net Sales in excess of \$9 billion;
- An additional 0.5000% for those annual Net Sales in excess of \$10 billion.

For example, if the Successful Vendor base price is 2.7000% and annual sales are \$10,500,000,000, the Vendor would receive 2.7000% on \$10.5 billion, paid weekly), plus 0.5000% on \$2.5 billion, 0.5000% on \$1.5 billion, and 0.5000% on \$500 million. Any incentive payments will be made after completion of the Lottery’s Audited Financial Statements and based upon those accrued annual sales that are part of the Successful Vendor’s lottery system.

Sales Less Prize Incentive: As a further incentive, the Lottery will also provide a cash payment if benchmark levels of traditional Net Sales less Prize Expense are achieved. The first time that New York Lottery traditional Net Sales less Prize Expense exceeds \$3 billion the Successful Vendor will receive a one time payment of \$1 million. Thereafter, each time a \$200 million incremental level is achieved (\$3.2 billion, \$3.4 billion, etc.) an additional payment of \$1 million will be made. Again, the incentive payments will be made after completion of the Lottery’s Audited Financial Statements and based upon those accrued annual sales and the associated prize expenses that are part of the Successful Vendor’s lottery system.

2. **Lottery-Specified Options:** Vendors are required to provide a cost or indicate N/C (No Charge) for Specified Options. **Response Note: TBD pricing is not allowed.**

A. Player Advertising Display (3.2.1.3.A). The terminal must support an additional LED display attachment suitable for displaying advertising and game information to players within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

B. Player Transaction Display (3.2.1.3.B). The terminal must support an additional display attachment suitable for displaying advertising and game information to a player within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____



C. Self Service Validator (3.2.1.3.C). The Self Service Validator must allow players to check both on-line and instant tickets for winners. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

D. Flat Panel Display (3.2.1.3.D). The Flat Panel Display must be suitable for displaying advertising and game information to players within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

E. In-Store Wireless Signage (3.2.1.3.E). The retailer terminals must support a wireless signage feature capable of displaying information regarding jackpot amounts, winning numbers, advertisements, or Lottery authorized announcements to add to conventional signage. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

F. Quick Draw Monitors (3.2.1.3.F). The Lottery requires pricing for additional monitors in a mix of 20" and 26", including hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

G. Combined Self-Service Terminals (Section 3.2.4.2). Lottery requires kiosks that combine the features of an instant ticket vending machine and an on-line self-service terminal. The price includes hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit, based on 3,000 units installed from start-up.

Weekly per unit \$_____

H. Wireless Connection For Combined Self Service (Section 3.2.4.2). The price includes hardware and software installation and service



(maintenance and repair or replacement), quoted as a weekly fee per unit, based on 3,000 units installed from start-up.

Weekly per unit \$_____

- I. **Communications Network** (Section 3.3). Vendors must propose a telecommunications network that will fully support an Internet Protocol (IP) based solution and will support Protocol Independent Multicast (PIM). The price includes hardware and software installation and service, quoted as a weekly fee per retailer location, based on every retailer being installed from start-up.

Weekly per unit \$_____

- J. **Wireless Temporary Terminals** (Section 3.3.1.10). Vendors must propose eight wireless temporary terminals as part of the base price. As a Specified option, pricing for additional terminals, in groups of four must be provided.

Weekly per unit \$_____

- K. **Keyless Validation** (Section 3.4.4.6). The Lottery requires a secure validation mechanism requiring no more than a bar code scan for specified prize levels. Validating instant tickets with no keystrokes required by the retailer or player. The price includes hardware and software installation and service, quoted as a weekly fee per unit, based on every retailer being installed from start-up.

Weekly per unit \$_____

- 3. **Lottery-Invited Options:** Vendors are not required to submit cost information for Invited Options. **Response Note: TBD pricing is not allowed.**

- A. **Pre-Paid Gift Card Processing** (Section 3.2.1.2.CC). The terminal may be equipped with a reader or reader/writer that permits the use of pre-paid gift cards. The price includes hardware and software installation and service, but not the cards, quoted as a weekly fee per unit based on every retailer being installed at start-up.

Weekly per unit: \$_____

- B. **Quick Draw Monitors** (3.2.1.3.F). The Lottery requires pricing for additional larger monitors such as a mix of 32" and 40" that may have advanced features, including hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee



per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

C. Quick Draw Annunciator Boards (Section 3.2.1.3.G). The Lottery requires additional annunciator boards. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

D. Cash Drawers (Section 3.2.1.3.H). The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 250 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

E. Wireless Terminal Peripherals (Section 3.2.1.3.I). The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$_____

F. Alternative Retailer Play Devices (Section 3.2.4.3). Play capability at retailer locations NOT through a conventional lottery retailer terminal. The price includes hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per device: \$_____

G. Technology to Assist Visually Impaired Retailers (3.2.4.5) Terminals, peripherals, or integrated software designed to facilitate the use of terminals by visually impaired retailers or their staff. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less. Solutions for both clerk activated terminals and Self-Service Terminals are desired.



Weekly per unit for Clerk Operated Terminals: \$_____

Weekly per unit for Self-Service Terminals: \$_____

- H. Advanced Communications** (Section 3.3.5). Advanced communications options that may further improve the reliability and/or performance of the network beyond the baseline design. The price is to be quoted as additional one-time start-up and weekly fees over the communications fee included in the baseline, from start-up.

One-time \$_____

Weekly Total \$_____

- I. Real Time Accounting for Instant Tickets** (Section 3.4.4.10). Technology and/or methods that permit retailers to account for instant tickets as they are sold. The price includes hardware and software installation and services, based on a minimum of one thousand (1,000) retailer installations at start-up, quoted as a weekly fee per unit (retailer).

Weekly per unit \$_____

- J. On-Line Subscription System** (Section 3.4.12). A system for enrolling New York Lottery players for future drawings is invited. Any quote must include costs for system delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$_____

- K. Player Registration** (Section 3.4.13). A system for enrolling New York Lottery players is invited. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$_____

- L. Retailer Website** (Section 3.4.14). At a minimum, content should include transactional accounting; sales information; and retailer application, manuals, training materials, and historical reports. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$_____

- M. VIP Website** (Section 3.4.15). Among other features, the website may include points systems for player rewards programs, internet-enabled games (not internet wagering), player contests, and capture of player

email addresses for various email functionality. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$_____

N. Checkwriting System (Section 3.4.17). Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$_____

O. Lottery Chain Selling Initiative (Section 3.5.11). Weekly fees as a percentage of sales to implement a Chain Selling Initiative.

Weekly Fee as a Percentage of Terminal Sales %_____

4. **Offered Options:**

The Vendor **shall** attach sheets for any Vendor-offered optional items. Clearly identify the items offered and the terms under which they are offered. Vendors are not required to submit any Offered Options. **To Be Determined (TBD) pricing is permitted and will not be considered as N/C.**



PART 5 – EVALUATION AND SELECTION

5.0 INTRODUCTION

This section describes the evaluation process that will be used to determine which Proposal provides the greatest overall benefits to the Lottery. The ability of the Lottery to evaluate a Vendor's 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 Vendor's Proposal or reduction in scoring during the evaluation.

5.1 EVALUATION COMMITTEE AND LOTTERY DIRECTOR

The Lottery will 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 Committee will evaluate each Proposal that is properly submitted by a responsible Vendor. The Lottery has obtained the services of an independent and not-for-profit consultant, Battelle Memorial Institute, to facilitate this evaluation effort. Battelle shall not score the Proposals nor provide an opinion or recommendation as to which proposal meets the Lottery's needs best. The Evaluation Committee will provide its findings to the Lottery Director. The Lottery Director will then review the process, issue his approval, or request additional information from the Evaluation Committee. Upon approval of the award recommendation by the Director, the Contracting Officer will issue Notification of Award letters to the successful and non-successful bidders.

5.2 EVALUATION STEPS

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

1. Pass/Fail evaluation of minimum qualifying requirements of the vendor as provided for in Section 1.3 of the RFP.
2. Review of Proposals to assess compliance with Proposal submission requirements, including responsiveness to terms, conditions and requirements;
3. Detailed evaluation of proposed functions, features, services, and references, using the requirements and criteria defined in this RFP;
4. Proposal clarifications, site visits and demonstrations (as determined necessary by the Evaluation Committee);

5. Scoring of Technical Proposals by the Evaluation Committee;
6. Assessment and Scoring of Cost Proposals after finalization of the technical scoring process and by individuals designated by the Co-Chairs of the Evaluation Committee;
7. Compilation of technical scores and cost scores into a summary score sheet;
8. Recommendation of award to the Lottery Director by the Evaluation Committee;
9. Review and approval of the award recommendation by the Lottery Director or referral back to the Evaluation Committee;
10. Final approval of the award by the Lottery Director;
11. Issuance of Notification of Award letters to successful and unsuccessful bidders;

5.3 INFORMATION FROM OTHER SOURCES

The Lottery reserves the right to obtain, from credible sources other than the Vendor, information concerning a Vendor, the Vendor's offerings and capabilities, and the Vendor's performance, that the Lottery deems pertinent to this RFP and to consider such information in evaluating the Vendor's Proposal. This may include, but is not limited to, the Chairperson of the Evaluation Committee engaging consultants and additional experts from outside the Evaluation Team to better inform the Evaluation Team's findings, as well as references from other lotteries.

In addition, references will be checked regarding the Vendor's past experience. The Evaluation Committee will select an equal number of current or previous clients for each Vendor. The Lottery reserves the right to contact references as many times as is necessary and to contact as many references as is necessary, to obtain a complete understanding of Vendor's performance and its gaming system experience.

5.4 TECHNICAL PROPOSAL SCORING

Each of the technical (non-price) factors in Part 3 will be graded by the Evaluation Committee based on its best professional judgment, considering all Proposal text, clarifications, reference checks, and any site visits, interviews, demonstrations, and qualified sources of information. A weighted scoring system will be used.

The weighted scoring system will provide numerical scores that represent the Committee's assessments of the relative technical merits of the Proposals. This technical score will be combined with the cost score to arrive at a total composite score. The responsive and responsible vendor who achieves the highest composite score will be awarded the contract.

The scoring approach will involve the grading of nine technical and management criteria by consensus of the Evaluation Committee, multiplying the grades by the weights available for each, and then summing up.

5.4.1 Criteria and Weights (Available Points)

The weights (available points) for each of the evaluation criteria are:

TECHNICAL EVALUATION CRITERIA

<u>Category</u>	<u>Points</u>
3.1 Central Configuration	225
3.2 Terminals	250
3.3 Communications Network	200
3.4 Software Controls and Data Mgmt	200
3.5 Games and Marketing	150
3.6 Facilities	100
3.7 Staffing, Services and Ops Sec Plan	225
3.8 Implementation	225
3.9 Corporate Capability	125
Technical	<u>1700</u>
Pricing	300
Total	<u>2000</u>

In scoring each of the categories above, the Evaluation Committee will consider the individual criterion within each category, described in Part 3 of the RFP; therefore, vendors are cautioned to give the same attention to each requirement of the RFP while preparing the proposal response.

5.4.2 Award Scale for Evaluation

The following rating system will be used by the Evaluation Committee to score each offeror’s technical proposal. The consensus scoring method will be followed.



Percent Allocation	Rating	Scoring Guidelines
91-100	Outstanding	The offeror exceeds the criteria. The services described indicate that the offeror will provide very high quality services and is pro-active and innovative.
81-90	Good	The offeror meets but does not exceed the criteria. The services described indicate that the offeror will meet the program needs.
71-80	Fair	The offeror's response is minimal or the response is very general and the Committee has identified some limitations.
60-70	Poor	The offeror misinterpreted the question or the offeror does not respond to the requirement in a clear manner and the Committee has concerns with the offeror's approach or capabilities.
Less than 60	Disqualified	The offeror's proposal was found to be so severely flawed for this criterion as to render an essential element of the solution unworkable and, therefore, the entire proposal shall be rejected.

5.4.3 Scoring of Desirables

Numerous technical requirements in the RFP are accompanied with the description of a property that is indicated as **desirable**. The Vendor is not obligated to propose a System with these properties, but the Evaluation Committee will review Proposals with reference to the **desirables**. No specific weight factors or bonus points are pre-determined for this RFP; however the appearance of strong solutions for these items may favorably impact the scoring. The following RFP items are noted as **desirables**:

- Section 3.1.4.5 Fast single play ticket response time
- Section 3.1.4.7 Fast multiple play ticket response time
- Section 3.1.4.8 Fast report and other transactions response time
- Section 3.1.4.9 Fast primary site failover time
- Section 3.1.4.10 Fast secondary/remote site recovery time
- Section 3.2.1.3.G Quick Draw Annunciator lights in various colors
- Section 3.2.1.2.N Remote diagnostics on retailer terminal
- Section 3.2.4.4 MultiLane Terminal interface embedded in the retailers' cash register system



Section 3.3.4.7	Service Level Agreement for network availability above 99.7%
Section 3.4.17	Check writer system retains claimant data for multiple winning tickets
Section 3.7.3	Terminal provisioning schedules better then the maximum permitted
Section 3.8.6	Validation using the previous vendor's bar code.
Section 3.9.5.2	Certification for manufacturing quality
Section 3.9.6.2	Certification for software quality
Section 3.9.7.2	Certification for Security Management Capabilities

5.4.4 Scoring of Options

The Vendor is encouraged to propose optional functions, features, services, and solutions. Specified Options are a required element of the Technical Proposal and will be scored and added to the Base System Pricing in order to determine points awarded for price. Invited or Offered Options will only be scored if the cost is incorporated into the Base System Pricing; services and features priced outside of the Base System Pricing will not be evaluated. Vendors should clearly identify, in the Technical Proposal text, if options are included in the Base Price (N/C) or offered at an additional cost.

5.5 SITE VISITS AND DEMONSTRATIONS

Prior to completion of the evaluation process, Vendors may be required to discuss and demonstrate the proposed System and explain how its components would be applied to the specifications described in this RFP. Refer to **Appendix D** for the types of demonstrations the Lottery may request.

It is expected that these demonstrations and discussions may occur in Vendor facilities; at an existing lottery within the continental United States; at the New York Lottery Headquarters; or some other appropriate venue, which may include lottery retailer locations. The determination as to the need for site visits to specific Vendors, the order of and the schedule for site visits, are at the sole discretion of the Lottery. The Lottery will provide for all expenses of the Evaluation Committee during site visits.

The purpose of this phase is to provide substantiating information and demonstrated performance to support Proposal content. No part of the demonstrations will serve to relieve the Vendor of any acceptance testing or operational performance as required under the Contract. No enhancements to the offering may be tendered.

5.6 PRICE EVALUATION

Price evaluation will occur after technical scoring, and will involve only the Proposals that are acceptable based on:

1. A determination that a vendor is responsible and responsive to the RFP requirements.
2. The achievement of a minimum qualifying technical score of at least 60% of available points on each of the technical evaluation category.

For each Proposal, the Lottery cost evaluation will be based on the Vendor's proposed cost, as prescribed in Part 4 of this RFP.

The Evaluation Committee will then award up to three hundred (300) points for price, based on a ratio of the Proposal being evaluated versus the lowest-cost acceptable Proposal. The formula for any particular proposal being evaluated is:

COST SCORE = 300 (LOWEST COST PROPOSAL / PROPOSAL BEING EVALUATED)

Under this formula, the lowest cost Proposal receives the full 300 available cost points, whereas, a Proposal twice as expensive earns half (1/2) as many, or 150 cost points.

5.7 FINAL COMPOSITE SCORE

The Lottery will combine the points for technical and cost to determine the total combined score, or composite score, for each qualifying Proposal. The responsible and responsive vendor receiving the highest composite score will be recommended for award.

In accordance with New York State Finance Law, Section 163 (10) (a), in the event of a tied bid, where the total composite scores are equal, the vendor with the lowest cost will be deemed the winning proposal. If both the technical scores and cost are equal, and therefore cost cannot be used as the determinate factor, the Director of the Lottery will make the final award determination.

5.8 NOTICE OF CONTRACT AWARD

The final ranking and the findings of the Evaluation Committee will be presented to the Lottery Director for his consideration.

The Lottery Director, if in concurrence with the process and its results, will approve the award recommendation of the Evaluation Committee. Upon final approval of the award recommendation by the Director, the Successful Vendor will be notified and the

Contracting Officer will send Notification of Award letters to the successful and non-successful vendors.

5.9 DEBRIEFINGS

Debriefings will be held as requested by proposers; discussions will encompass only that vendor's proposal and not that of other proposers. Information relative to other vendor's proposals and agency scoring of these proposals is subject to the Freedom of Information Law (Article 6 of the Public Officers Law), also defined in Section 1.15 of this RFP.

5.10 CONTRACT AND APPROVAL PROCESS

The Lottery will provide the awarded vendor with a formal contract in the form provided in this RFP. The vendor will be required to sign, have notarized and return the contract accompanied by the required forms as defined in this RFP.

If the Lottery is unable to reach agreement with the apparent Successful Vendor, the Lottery shall then undertake negotiations with the next highest ranked vendor. This process shall continue at the sole option of the Lottery until an agreement is reached or all Proposals are rejected.

Upon finalization of the contract process, the procurement package will be forwarded to the New York State Office of the Attorney General and the Office of the State Comptroller for final review and approval. No contract shall take effect until the approval of the State Comptroller.

STANDARD CLAUSES FOR NYS CONTRACTS

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "the contract" or "this contract") agree to be bound by the following clauses which are hereby made a part of the contract (the word "Contractor" herein refers to any party other than the State, whether a contractor, licenser, licensee, lessor, lessee or any other party):

1. EXECUTORY CLAUSE. In accordance with Section 41 of the State Finance Law, the State shall have no liability under this contract to the Contractor or to anyone else beyond funds appropriated and available for this contract.

2. NON-ASSIGNMENT CLAUSE. In accordance with Section 138 of the State Finance Law, this contract may not be assigned by the Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of the State and any attempts to assign the contract without the State's written consent are null and void. The Contractor may, however, assign its right to receive payment without the State's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

3. COMPTROLLER'S APPROVAL. In accordance with Section 112 of the State Finance Law (or, if this contract is with the State University or City University of New York, Section 355 or Section 6218 of the Education Law), if this contract exceeds \$50,000 (or the minimum thresholds agreed to by the Office of the State Comptroller for certain S.U.N.Y. and C.U.N.Y. contracts), or if this is an amendment for any amount to a contract which, as so amended, exceeds said statutory amount, or if, by this contract, the State agrees to give something other than money when the value or reasonably estimated value of such consideration exceeds \$10,000, it shall not be valid, effective or binding upon the State until it has been approved by the State Comptroller and filed in his office. Comptroller's approval of contracts let by the Office of General Services is required when such contracts exceed \$85,000 (State Finance Law Section 163.6.a).

4. WORKERS' COMPENSATION BENEFITS. In accordance with Section 142 of the State Finance Law, this contract shall be void and of no force and effect unless the Contractor shall provide and maintain coverage during the life of this contract for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

5. NON-DISCRIMINATION REQUIREMENTS. To the extent required by Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, sexual orientation, age, disability, genetic predisposition or carrier status, or marital status. Furthermore, in accordance with Section 220-e of the Labor Law, if this is a contract for the construction, alteration or repair of any public building or public work or for the manufacture, sale or distribution of materials, equipment or supplies, and to the extent that this contract shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, or national origin: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. If this is a building service contract as defined in Section 230 of the Labor Law, then, in accordance with Section 239 thereof, Contractor agrees that neither it nor its subcontractors shall by reason of race, creed, color, national origin, age, sex or disability: (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee hired for the performance of work under this contract. Contractor is subject to fines

of \$50.00 per person per day for any violation of Section 220-e or Section 239 as well as possible termination of this contract and forfeiture of all moneys due hereunder for a second or subsequent violation.

6. WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law.

7. NON-COLLUSIVE BIDDING CERTIFICATION. In accordance with Section 139-d of the State Finance Law, if this contract was awarded based upon the submission of bids, Contractor affirms, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further affirms that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to the State a non-collusive bidding certification on Contractor's behalf.

8. INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds \$5,000, the Contractor agrees, as a material condition of the contract, that neither the Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC App. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void. The Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

9. SET-OFF RIGHTS. The State shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, the State's option to withhold for the purposes of set-off any moneys due to the Contractor under this contract up to any amounts due and owing to the State with regard to this contract, any other contract with any State department or agency, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to the State for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. The State shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by the State agency, its representatives, or the State Comptroller.

10. RECORDS. The Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "the Records"). The Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of the Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term

specified above for the purposes of inspection, auditing and copying. The State shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate State official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

11. IDENTIFYING INFORMATION AND PRIVACY NOTIFICATION.

(a) **FEDERAL EMPLOYER IDENTIFICATION NUMBER and/or FEDERAL SOCIAL SECURITY NUMBER.** All invoices or New York State standard vouchers submitted for payment for the sale of goods or services or the lease of real or personal property to a New York State agency must include the payee's identification number, i.e., the seller's or lessor's identification number. The number is either the payee's Federal employer identification number or Federal social security number, or both such numbers when the payee has both such numbers. Failure to include this number or numbers may delay payment. Where the payee does not have such number or numbers, the payee, on its invoice or New York State standard voucher, must give the reason or reasons why the payee does not have such number or numbers.

(b) **PRIVACY NOTIFICATION.** (1) The authority to request the above personal information from a seller of goods or services or a lessor of real or personal property, and the authority to maintain such information, is found in Section 5 of the State Tax Law. Disclosure of this information by the seller or lessor to the State is mandatory. The principal purpose for which the information is collected is to enable the State to identify individuals, businesses and others who have been delinquent in filing tax returns or may have understated their tax liabilities and to generally identify persons affected by the taxes administered by the Commissioner of Taxation and Finance. The information will be used for tax administration purposes and for any other purpose authorized by law.

(2) The personal information is requested by the purchasing unit of the agency contracting to purchase the goods or services or lease the real or personal property covered by this contract or lease. The information is maintained in New York State's Central Accounting System by the Director of Accounting Operations, Office of the State Comptroller, 110 State Street, Albany, New York 12236.

12. EQUAL EMPLOYMENT OPPORTUNITIES FOR MINORITIES AND WOMEN.

In accordance with Section 312 of the Executive Law, if this contract is: (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of \$25,000.00, whereby a contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the contracting agency; or (ii) a written agreement in excess of \$100,000.00 whereby a contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon; or (iii) a written agreement in excess of \$100,000.00 whereby the owner of a State assisted housing project is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon for such project, then:

(a) The Contractor will not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status, and will undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation;

(b) at the request of the contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability or marital status and that such union or representative will affirmatively cooperate in the implementation of the contractor's obligations herein; and

(c) the Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the State contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

Contractor will include the provisions of "a", "b", and "c" above, in every subcontract over \$25,000.00 for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of the Contractor. Section 312 does not apply to: (i) work, goods or services unrelated to this contract; or (ii) employment outside New York State; or (iii) banking services, insurance policies or the sale of securities. The State shall consider compliance by a contractor or subcontractor with the requirements of any federal law concerning equal employment opportunity which effectuates the purpose of this section. The contracting agency shall determine whether the imposition of the requirements of the provisions hereof duplicate or conflict with any such federal law and if such duplication or conflict exists, the contracting agency shall waive the applicability of Section 312 to the extent of such duplication or conflict. Contractor will comply with all duly promulgated and lawful rules and regulations of the Governor's Office of Minority and Women's Business Development pertaining hereto.

13. CONFLICTING TERMS. In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

14. GOVERNING LAW. This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

15. LATE PAYMENT. Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Article 11-A of the State Finance Law to the extent required by law.

16. NO ARBITRATION. Disputes involving this contract, including the breach or alleged breach thereof, may not be submitted to binding arbitration (except where statutorily authorized), but must, instead, be heard in a court of competent jurisdiction of the State of New York.

17. SERVICE OF PROCESS. In addition to the methods of service allowed by the State Civil Practice Law & Rules ("CPLR"), Contractor hereby consents to service of process upon it by registered or certified mail, return receipt requested. Service hereunder shall be complete upon Contractor's actual receipt of process or upon the State's receipt of the return thereof by the United States Postal Service as refused or undeliverable. Contractor must promptly notify the State, in writing, of each and every change of address to which service of process can be made. Service by the State to the last known address shall be sufficient. Contractor will have thirty (30) calendar days after service hereunder is complete in which to respond.

18. PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS. The Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of State Finance Law §165. (Use of Tropical Hardwoods) which prohibits purchase and

Fax: 518-292-5803
<http://www.empire.state.ny.us>

use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of the contractor to establish to meet with the approval of the State.

In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, the prime Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of the Contractor to meet with the approval of the State.

19. MACBRIDE FAIR EMPLOYMENT PRINCIPLES. In accordance with the MacBride Fair Employment Principles (Chapter 807 of the Laws of 1992), the Contractor hereby stipulates that the Contractor either (a) has no business operations in Northern Ireland, or (b) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Section 165 of the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

20. OMNIBUS PROCUREMENT ACT OF 1992. It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts.

Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development
 Division for Small Business
 30 South Pearl St -- 7th Floor
 Albany, New York 12245
 Telephone: 518-292-5220
 Fax: 518-292-5884
<http://www.empire.state.ny.us>

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic Development
 Division of Minority and Women's Business Development
 30 South Pearl St -- 2nd Floor
 Albany, New York 12245
 Telephone: 518-292-5250

The Omnibus Procurement Act of 1992 requires that by signing this bid proposal or contract, as applicable, Contractors certify that whenever the total bid amount is greater than \$1 million:

- (a) The Contractor has made reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and women-owned business enterprises, on this project, and has retained the documentation of these efforts to be provided upon request to the State;
- (b) The Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended;
- (c) The Contractor agrees to make reasonable efforts to provide notification to New York State residents of employment opportunities on this project through listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. The Contractor agrees to document these efforts and to provide said documentation to the State upon request; and
- (d) The Contractor acknowledges notice that the State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

21. RECIPROCITY AND SANCTIONS PROVISIONS. Bidders are hereby notified that if their principal place of business is located in a country, nation, province, state or political subdivision that penalizes New York State vendors, and if the goods or services they offer will be substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 and 2000 amendments (Chapter 684 and Chapter 383, respectively) require that they be denied contracts which they would otherwise obtain. NOTE: As of May 15, 2002, the list of discriminatory jurisdictions subject to this provision includes the states of South Carolina, Alaska, West Virginia, Wyoming, Louisiana and Hawaii. Contact NYS Department of Economic Development for a current list of jurisdictions subject to this provision.

22. PURCHASES OF APPAREL. In accordance with State Finance Law 162 (4-a), the State shall not purchase any apparel from any vendor unable or unwilling to certify that: (i) such apparel was manufactured in compliance with all applicable labor and occupational safety laws, including, but not limited to, child labor laws, wage and hours laws and workplace safety laws, and (ii) vendor will supply, with its bid (or, if not a bid situation, prior to or at the time of signing a contract with the State), if known, the names and addresses of each subcontractor and a list of all manufacturing plants to be utilized by the bidder.

APPENDIX B – GLOSSARY OF TERMS

Baseline: The System including all features and capabilities for an offered price, without additional pricing for options.

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

Business Day: A working day occurring Monday through Friday except legal holidays observed by the State of New York.

Business Week or Accounting Week: The period beginning at start of day on Sunday and running through the end of the day the following Saturday. This is also known as the accounting week.

Capability: A feature or capacity of the System as offered for delivery within the System baseline, not to include items that are theoretical or available following a future separate development or purchase effort. Also referred to in the RFP in terms such as "ability," "able to," and "capacity."

CISSP: Certified Information Systems Security Professional, a rating from the Information System Security Certification Consortium.

CMMI: Capability Maturity Model, a program developed by the Software Engineering Institute. An organization's "maturity" is reliably and efficiently delivering information technology products can be reflected in five levels of achievement. CMMI level is assessed by third party reviewers.

COBIT: Control Objectives for Information Technology, a standard for control and security in information systems, from the Information Systems Audit and Control Association.

Consumables: Play slips, ticket stock, printer paper, and any other operational supplies required by retailers to operate their terminals. The term "Consumables" does not include point of sale promotional items or instant tickets.

Contract: The written agreement resulting from this procurement, which shall incorporate this RFP and the Successful Vendor's Proposal, including all modifications and clarifications hereto and thereto.

Contract Manager: A member of the Lottery's technical management staff, designated by the Lottery Director, who will provide oversight for the deliverables and performance of the Contract on a day-to-day basis.

Conversion: The phase of the implementation project during which the existing System used by the Lottery for games sales and management is replaced. During the conversion, data and files from the existing System must be transferred, for continuity, to the new System.

Corporate Account: Lottery retailer accounts that have a minimum of four (4) or more distinct New York Lottery retail locations.

CSV File: A file with records whose data fields are delimited by commas (Comma-Separated Values), and each record is a separate input line.



Day: A calendar day unless otherwise stated as a business day.

Deliverable: A defined product or feature required by the RFP and/or proposed by the Successful Vendor.

EDS-Q: Expandable Dispensing System-Quad Burster - 12, 16, or 24 Bin Instant Ticket Vending Machines (ITVMs) point-of-sale machines designed to offer player convenience, expanded ticket distribution, and new sales opportunities for instant tickets.

EFT: Electronic Funds Transfer through a bank employing the Automated Clearing House (ACH) network.

Facilities: The facilities required to provide and support the retail network, including data centers, warehouses, repair depots, and any other such locations.

File: A related collection of records containing a consistent set of data fields that describe an entity. A file can be processed by software representing an authorized user to add, modify, or delete records, or to generate a report or display of useful information. A file can be operated on as an object itself, for example to move it from one location to another, or to delete it.

First Read Rate: A measure of reader performance. The measure indicates what proportion of times the reader returns a successful read of a legitimate code on the first try. The "first read" event is defined as the initial effort of an experienced user to read a ticket or document, occurring within approximately a two (2) second time window.

Instant Games: Pre-printed tickets containing play and validation data under a latex coating or such other coating as may be approved by the Lottery. Instant games will be administered through the terminals and workstations provided by the Successful Vendor.

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.

ISO: International Standards Organization

ISO 9000: A series of manufacturing and service quality standards promulgated by the ISO. Organizations can be independently certified to comply with an ISO 9000-series standard.

ISO 27002: A best practices information system security standard replacing ISO 17999.

Lottery: The New York Lottery

Lottery LAN: A local area network (LAN) serving the offices of the New York Lottery.

Lottery Director: The Director of the Lottery, or an employee authorized to act on behalf of the Lottery Director.

LSR: Sales Representative of the Lottery.



MWBE: Minority or Woman Owned Business Enterprise, any business concern which is organized to engage in commercial transactions, and is at least 51 percent owned by minority persons who are members of an insular group that is of a particular racial, ethnic, or gender makeup or national origin, which has been subjected historically to disparate treatment due to identification in and with that group resulting in an under-representation of commercial enterprises under the group's control and whose management and daily operations are controlled by such persons. A minority business enterprise may primarily involve the practice of a profession. To qualify as a MWBE a Vendor must be registered with the State of New York.

MUSL: Multistate Lottery Association, a consortium of states that operate games collectively.

MUSL Rule 2: A series of security and control standards obligatory for MUSL states. MUSL conducts audits to ensure compliance with Rule 2.

NIST: National Institute of Standards and Technology

Net Instant Sales: Gross sales minus free tickets and adjustments for instant games.

Net On-line Sales: Gross sales minus cancellations, promotional free tickets and adjustments for on-line games.

Network: The connection of retailers to the data centers for processing transactions, or other more specific communications connections as more narrowly defined in the RFP.

On-line Games: Games sold through a computer network at retailer locations. The tickets are generated on demand of the customer.

Option(s): A system feature or capability for which the Lottery makes no schedule or quantity commitments, but which may, at the Lottery's sole discretion, be included in or added to the System. **Specified Options** are required to be proposed, although the Lottery may opt not to take them. **Invited Options** are identified by the Lottery as of interest, but may be proposed at the discretion of the Vendor. **Offered Options** may be proposed at the discretion of the Vendor. Options may have additional cost quoted or may be included in the baseline price.

Pack: A bundle 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.

PCI: Peripheral Computer Interface, a standard for attaching peripheral cards to a motherboard in a personal computer.

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 New York.

Play: A single set of numbers for a Lottery drawing. A ticket may contain multiple plays, depending on the game.

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

Report: Information produced by the System that is viewed via display, printed, or saved to a file depending on the needs of the Lottery.

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.

Retailer: A business under contract with the Lottery to sell tickets.

Retailer Master File: The authority file containing the official list and data defining retailers.

RFID: Radio Frequency Identification, a unique tagging technology to identify objects, in which the object responds to an inquiry radio signal from a reader by broadcasting its identification tag value.

RS-232: A commonly used standard for attaching peripherals to an information technology device.

Sales Day: The period of time the Lottery's gaming systems support transactions from terminals at retailer locations, currently 5:30 am to 12:15 am Eastern Time, seven (7) days a week, subject to future modifications.

State: The State of New York and its departments, officers and employees.

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

Substantial Subcontractor: A subcontractor performing major and critical activities specific and customized for the Contract, including hardware development, production or support, software development, production, or support, ticket stock printing and retailer servicing. This does not include purchase of consumer-tariffed communication services, suppliers of "off the shelf" (available to the general public) hardware, or suppliers of "off the shelf" software when those firms perform only these roles under the Contract. This does not include routine service providers such as landscapers or janitorial firms.

Successful Offeror: The Vendor with whom the Lottery executes a contract pursuant to this RFP.

System: A set of hardware, software, facilities, and procedural elements that provides useful services and which produces useful outputs. In this RFP there are numerous references to systems, inclusive of references to systems that are subsystems of other referenced systems. The immediate context and adjectives or labels define which system is being discussed. When used without other qualification, "System" refers to the comprehensive gaming system (instant ticket and online system) proposed by the Vendor.

USB: Universal Serial Bus, a standard for interfacing to an information technology device.

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 Code: A security feature of instant tickets printed under the latex (or other coating). Also known as a "VIRN" (Void If Removed Number).

Vendor: A firm with the potential to submit a Proposal in response to this RFP.

XML: Extensible Markup Language, a standard for encoding documents and serializing data for interchange between information technology systems.



APPENDIX C – FORM OF CONTRACT

THIS AGREEMENT made this ____ day of _____, 2009 by and between the NEW YORK STATE DIVISION OF THE LOTTERY, an executive agency of the State of New York having an office at One Broadway Center, Post Office Box 7500, Schenectady, New York 12301-7500 (the "Lottery"), and [name of company], a [name of state or other jurisdiction] corporation having an office at [address of company] (the "Contractor").

WHEREAS the Lottery issued a Request for Proposals on [date] soliciting proposals from qualified firms to provide a Full Service Lottery System, and clarified the requirements of the Request for Proposals with a list of Questions and Answers dated [enter date of clarifications and/or amendments] (collectively, the "RFP"); and

WHEREAS the Contractor submitted a Technical Proposal and a Pricing Proposal dated [_____] (collectively, the "Proposal"), which received the highest total combined score from among competing proposals by the Lottery's evaluation team;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the parties hereto agree as follows:

1. Scope of Services. The Contractor agrees to provide the Lottery with a Full Service Lottery System, as more fully set forth in the RFP and the Proposal. Both the RFP and the Proposal are hereby incorporated into this Agreement with the same force and effect as if they were fully set forth herein.

2. Term.

(a) This Agreement shall be for an initial term commencing as of the date of approval by the State Comptroller and continuing for a period of system conversion up to and including February 28, 2010, and further continuing for a period of production operations commencing on March 1, 2010 and continuing for seven (7) years thereafter, plus a sufficient number of days to complete the then current calendar week; that is, until Saturday, March 4, 2017.

(b) The Lottery shall have the option, at its sole discretion, to extend the term, upon written notice given not later than December 1, 2016, for an additional term of up to three (3) years, plus a sufficient number of days to complete the then current calendar week; that is, until Saturday, March 7, 2020.

(c) The Lottery shall also have the option, at its sole discretion under the emergency circumstances specified in the RFP, to extend the term beyond March 7, 2020 for an additional emergency term or terms of up to thirty (30) days each, upon written notice given not less than thirty (30) days before the start of such additional emergency term or terms.

3. Compensation.

In full consideration for all goods and services specified in the RFP and the Proposal, the Lottery agrees to pay, and the Contractor agrees to accept, compensation in accordance with the prices set forth in the Proposal. No minimum amount is guaranteed by this Agreement and the Contractor shall not have any right to make a claim therefor.

4. Approvals Required. This Agreement, and any extension of the term of this Agreement or any amendment of the provisions of this Agreement, shall not be effective and binding upon the Lottery or the State of New York unless and until approved by the Attorney General and the State Comptroller. The Lottery agrees to exercise its best efforts to obtain such approval.

5. Mutual Cooperation. The objective of this Agreement is to provide for the operation of a modern Full Service Lottery System for the decade beginning in 2010. The parties agree to cooperate fully in good faith and to assist each other, to the extent reasonably practicable, in order to accomplish that objective.

6. Termination. The Lottery shall have the right to terminate this Agreement for convenience or for cause as provided in Part 2 of the RFP.

7. Confidentiality and Non-Disclosure.

(a) For the purposes of this section, “Confidential Information” means any information not generally known to the public, whether oral or written, that the Lottery identifies as confidential and discloses to the Contractor so that the Contractor can provide services to the Lottery pursuant to this Agreement. Confidential Information may include, but is not limited to, operational and infrastructure information relating to: proposal documents, plans, drawings, specifications, reports, product information; business and security processes and procedures; personnel and organizational data, and financial statements; information system IP addresses, passwords, security controls, architectures and designs; and such other data, information and

images that the Lottery deems confidential. The Lottery will identify written Confidential Information by marking it with the word “Confidential” and will identify oral Confidential Information as confidential at the time of disclosure to the Contractor.

(b) Confidential Information does not include information that, at the time of Lottery disclosure to the Contractor:

- (i) is already in the public domain or becomes publicly known through no act of the Contractor;
- (ii) is already known by the Contractor free of any confidentially obligations;
- (iii) is information that the Lottery has approved in writing for disclosure; or
- (iv) is required to be disclosed by the Contractor pursuant to law so long as the Contractor provides the Lottery with notice of such disclosure requirement and opportunity to defend prior to any such disclosure.

(c) The Contractor may use Confidential Information solely for the purposes of providing services to the Lottery pursuant to this Agreement. The Contractor shall not make copies of any written Confidential Information without the express written permission of the Lottery. The Lottery’s disclosure of Confidential Information to the Contractor shall not convey to the Contractor any right to or interest in such Confidential Information and the Lottery shall retain all right and title to such Confidential Information at all times.

(d) The Contractor shall hold Confidential Information confidential to the maximum extent permitted by law. The Contractor shall safeguard Confidential Information with at least the same level of care and security, using all reasonable and necessary security measures, devices and procedures that the Contractor uses to maintain its own confidential information.

(e) Upon written request by the Lottery, the Contractor shall return all written Confidential Information to the Lottery.

8. Records Retention. Records required by this Agreement to be retained by the Contractor shall be retained for the periods specified in Appendix A, attached hereto. Such records may be retained in their original form or in any other reliable and readily retrievable format, at the option of the Contractor.

9. Notices. All notices required by this Agreement shall be sufficient if in writing and sent by certified mail return receipt requested and all other communications shall be sufficient if communicated in writing to the following addresses or to such other addresses as may be designated from time to time by the parties in writing:

(a) As to the Lottery:

Director of the Lottery
NYS Division of the Lottery
One Broadway Center
Post Office Box 7500
Schenectady NY 12301-7500

(b) As to the Contractor:

[Name and Address]

10. Liability and Indemnification. The Contractor shall be responsible for all damages to life and property due to activities of the Contractor or its subcontractors, agents or employees or in connection with performance of services under this Agreement, as provided in Part 2 of the RFP.

11. Relationship. The relationship of the Contractor to the Lottery arising out of this Agreement shall be that of an independent contractor. The Contractor, in accordance with its status as an independent contractor, agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of the Lottery or the State by reason hereof, and that it will not by reason hereof, make any claim, demand or application for any right or privilege applicable to an officer or employee of the Lottery or the State, including, but not limited to, workers' compensation coverage, unemployment insurance benefits, social security coverage, or retirement membership or credit. All personnel of the Contractor shall be within the employ of the Contractor only or shall be duly contracted subcontractors of the Contractor, which alone shall be responsible for their work, the direction thereof, and their compensation. Nothing in this Agreement shall impose any liability or duty on the Lottery or the State, on account of any acts, omissions, liabilities or obligations of the Contractor or any person, firm, company, agency, association, corporation, or organization engaged by the Contractor as expert, consultant, independent contractor, specialist, trainee, employee, servant or agent, for taxes of any nature, including, but not limited to, unemployment insurance and workers' compensation, and the Contractor hereby agrees to indemnify and hold harmless the Lottery and the State against any such liabilities.

12. Documents Incorporated. Appendix A, "Standard Clauses for all New York State Contracts," the RFP, and the Proposal are hereby incorporated herein to the same force and effect as if set forth at length hereat.

13. Order of Precedence. Any conflict between the provisions of this Agreement and the documents incorporated herein shall be resolved according to the following order of precedence set forth in Part 2 of the RFP.

14. Miscellaneous Provisions.

(a) A waiver of enforcement of any provision of this Agreement shall not constitute a waiver of any other provision of this Agreement nor shall it preclude the affected party from subsequently enforcing such provision.

(b) This instrument and the documents incorporated herein represent the entire agreement between the Lottery and the Contractor, and no modification thereof shall be binding unless the same is in writing and signed by the respective parties.

(c) The headings contained in this Agreement are intended for ease of reference only and shall not be interpreted to limit or modify any of the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

NYS Agency Contract No. [C-_____]

In addition to the acceptance of this Agreement, my signature below certifies that copies of this signature page will be attached to all other exact copies of this contract.

[CONTRACTOR]

NEW YORK STATE
DIVISION OF THE LOTTERY

By:_____

By:_____

Title:_____

Title:_____

Date:_____

Date:_____

ATTORNEY GENERAL

COMPTROLLER
Thomas P. DiNapoli

By:_____

By:_____

Title:_____

Title:_____

Date:_____

Date:_____

APPENDIX D – DEMONSTRABILITY OF SYSTEM

The proposed System must be available for demonstrations and inspections during Proposal evaluation. The demonstrations and inspections will occur at a production lottery location, at the Vendor's Research and Development facilities, or at some other appropriate venue, as requested by the Lottery during the evaluation process. The term "System" in this case includes capabilities of the retailer network and other network features and deliverables.

Demonstrability may include several tests from each of the following categories, as requested by the Lottery:

- 1. Inspection Tests**
- 2. Functional Tests (with observation of usability)**
- 3. Performance Tests**
- 4. Failure and Recovery Tests.**

Various tests from the following sections could be considered.

Inspection Tests

1. Proposed Equipment

Has the proposed System been shown and demonstrated? Inspect for the particular models of equipment proposed. Are parts of the proposed configuration not part of the demonstration? Has the proposed retailer communications mechanism been demonstrated?

2. Fielded Products

Determine whether the systems and products demonstrated are prototypes or whether they have been manufactured in quantity or are ready for manufacture.

3. Materials and Construction Quality

Inspect the retailer terminals for robustness, manufacturing integrity, and appearance.

4. Manufacturing and Development Facilities

Does the manufacturing facility appear to be capable of producing the quantities of devices needed?

5. Process Quality

Does the Vendor have a quality-oriented manufacturing system? Are there quality hardware and software engineering practices in place?

6. Other Tests Specific to Vendor



Functional Tests

Functional tests provide evidence that the proposed System can perform common lottery tasks, and that the System is in a position to be adapted to the Lottery's requirements. Possible functional tests follow.

1. Retailer Functions

Can simulated operations be run to demonstrate the major gaming operations as seen by the retailer? (Logging on/off, selling, validating, canceling, taking retailer reports, and receiving messages). Is the user interface straightforward?

2. System Operator Functions

Can simulated operations be run to demonstrate the major gaming operations as seen by the data center operations staff? (Bringing the System up and down and monitoring operations)

3. Instant Ticket Management Functions

Can the System demonstrate taking tickets into inventory, telemarketing, and order fulfillment?

4. Lottery Games Administration Functions

Can simulated operations be run to demonstrate the major gaming operations as seen by the Lottery? (Drawings, monitoring sales levels, creating new retailers, enabling/disabling retailers, receiving administrative reports, entering winning numbers, and sending retailer messages).

5. Maintenance and Inventory

Can simulated operations be run to demonstrate functions such as Hotline and trouble reporting? Inventory control of consumables and terminals?

6. Other Tests Specific to Vendor

Performance Tests

Performance tests provide evidence that the Vendor's System is capable of supporting the business volume and response times required by the Lottery for excellent player service. Possible performance tests follow.

1. Response Time, Single and Multiple Plays

Can it be shown that single play tickets and multiple play tickets are delivered within specs? Typically these tests require that the host system be loaded by a simulator and sales be processed through a communications network, not a direct local connection to the host.

2. Heavy Volume Throughput: Ticket Sales

Can it be shown with heavy simulated volume that tickets are delivered within specifications timeframe? Tests should include duplex operation to confirm hot

backup feeds. Manual transactions will be entered simultaneously to demonstrate full functionality.

3. Other Tests Specific to Vendor

Failover and Recovery Tests

Failover and recovery tests provide evidence that the Vendor's terminals and System can maintain operations, data integrity, and security during periods of equipment and software failure. The entire proposed configuration will not be in place at Proposal time, so a complete path test for failover cannot normally be conducted. Possible failover and recovery tests follow.

1. Terminal Paper Low and Out

Check paper sensor, check buffering of last transactions when paper is low. Determine how easy it is to replace the paper.

2. System Fault Tolerance

Can the primary system failover with only a brief outage? Return primary to service and time re-synchronization.

3. Terminal Loss of Connection

Disconnect a test retailer terminal from the communications mechanism linking it to the central system, then restore the connection. Determine if the return to service compromises any transactions or reporting. Determine if the disconnection is detectable by the central system of network monitoring application.

4. Other Tests Specific to Vendor



**Non-Collusive Bidding Certification
Required By Section 139-D of the State Finance Law**

By submission of this bid, bidder and each person signing on behalf of bidder certifies, under penalty of perjury, that to the best of his/her knowledge and belief:

[1] The prices of this bid have been arrived at independently, without collusion, consultation, communication, or agreement, for the purposes of restricting competition, as to any matter relating to such prices with any other Bidder or with any competitor;

[2] Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the Bidder and will not knowingly be disclosed by the Bidder prior to opening, directly or indirectly, to any other Bidder or to any competitor; and

[3] No attempt has been made or will be made by the Bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

A BID SHALL NOT BE CONSIDERED FOR AWARD NOR SHALL ANY AWARD BE MADE WHERE [1], [2], [3] ABOVE HAVE NOT BEEN COMPLIED WITH; PROVIDED HOWEVER, THAT IF IN ANY CASE THE BIDDER(S) CANNOT MAKE THE FORGOING CERTIFICATION, THE BIDDER SHALL SO STATE AND SHALL FURNISH BELOW A SIGNED STATEMENT WHICH SETS FORTH IN DETAIL THE REASONS THEREFORE:

[AFFIX ADDEDUM TO THIS PAGE IF SPACE IS REQUIRED FOR STATEMENT.]

Subscribed to under penalty of perjury under the laws of the State of New York, this _____ day _____, 2008 as the act and deed of said corporation.

Title

Signature

BIDDER/OFFERER DISCLOSURE/CERTIFICATION FORM

PROJECT DESCRIPTION:

PROJECT NUMBER:

1. CONTACTS – Bidder/Offeror affirms that it understands and agrees to comply with the procedures of the governmental entity relative to permissible contacts during the restricted period as required by State Finance Law § 139-j (3) and 139-j (6) (b). I agree

2. BIDDER/OFFERER DISCLOSURE OF PRIOR NON-RESPONSIBILITY DETERMINATIONS Pursuant to Procurement Lobbying Law (SFL §139-j).

(a) Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the procurement contract in the previous four years?

Yes No

If yes, answer the following questions:

(i) Was the basis for the finding of non-responsibility due to a violation of State Finance Law §139-j?

Yes No

(ii) Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a governmental entity?

Yes No

If you answered “Yes” to (i) or (ii) above, provide details regarding the finding of non-responsibility:

Governmental Entity: _____

Date of Finding of Non-Responsibility: _____

Basis of Finding of Non-Responsibility (add additional pages as necessary):

(b) Has any governmental entity terminated or withheld a procurement contract with the above-named individual or entity due to the intentional provision of false or incomplete information?

Yes No

If yes, provide details:

Governmental Entity: _____

Date of Termination or Withholding of Contract: _____

Basis of Termination or Withholding (add additional pages as necessary):

3. CERTIFICATION:

Bidder/Offeror certifies that all information provided to the Agency with respect to State Finance Law §§139 (j) and 139 (k) is complete, true, and accurate. If found to be in violation of State Finance Law §§139 (j) and 139 (k), the contract will result in termination. I agree

Signature: _____

Print Name: _____

Title: _____

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

BUSINESS ENTITY INFORMATION				
Legal Business Name			EIN	
Address of the Principal Place of Business/Executive Office			Phone Number	Fax Number
E-mail		Website		
Authorized Contact for this Questionnaire				
Name:			Phone Number	Fax Number
Title			Email	
List any other DBA, Trade Name, Other Identity, or EIN used in the last five (5) years, the state or county where filed, and the status (active or inactive): (if applicable)				
Type	Name	EIN	State or County where filed	Status

I. BUSINESS CHARACTERISTICS	
1.0 Business Entity Type – Please check appropriate box and provide additional information:	
a) <input type="checkbox"/> Corporation (including PC)	Date of Incorporation
b) <input type="checkbox"/> Limited Liability Co. (LLC or PLLC)	Date Organized
c) <input type="checkbox"/> Limited Liability Partnership	Date of Registration
d) <input type="checkbox"/> Limited Partnership	Date Established
e) <input type="checkbox"/> General Partnership	Date Established County (if formed in NYS)
f) <input type="checkbox"/> Sole Proprietor	How many years in business?
g) <input type="checkbox"/> Other	Date Established
If Other, explain:	
1.1 Was the Business Entity formed in New York State?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'No' indicate jurisdiction where Business Entity was formed:	
<input type="checkbox"/> United States State _____	
<input type="checkbox"/> Other Country _____	
1.2 Is the Business Entity currently registered to do business in New York State with the Department of State? Note: Select 'Not Required' if the Business Entity is a Sole Proprietor or General Partnership	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not required
If 'No' explain why the Business Entity is not required to be registered in New York State.	
1.3 Is the Business Entity registered as a Sales Tax Vendor with the New York State Department of Taxation and Finance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'No', explain and provide detail, such as "not required", "application in process", or other reason for not being registered.	
1.4 Is the Business Entity publicly traded?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

I. BUSINESS CHARACTERISTICS		
CIK Code or Ticker Symbol		
1.5 Is the responding Business Entity a Joint Venture? <i>Note: If the Submitting Business Entity is a Joint Venture, also submit a questionnaire for each Business Entity comprising the Joint Venture</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No
1.6 Does the Business Entity have a DUNS Number?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Enter DUNS Number		
1.7 Is the Business Entity's Principal Place of Business/Executive Office in New York State? If 'No', does the Business Entity maintain an office in New York State?		<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
Provide the address and telephone number for one New York office.		
1.8 Is the Business Entity a New York State Certified Minority Owned Business Enterprise (MBE), Women Owned Business Enterprise (WBE), New York State Small Business or a Federally Certified Disadvantaged Business Enterprise (DBE)?		<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'Yes', check all that apply: <input type="checkbox"/> New York State Certified Minority Owned Business Enterprise (MBE) <input type="checkbox"/> New York State Certified Women Owned Business Enterprise (WBE) <input type="checkbox"/> New York State Small Business <input type="checkbox"/> Federally Certified Disadvantaged Business Enterprise (DBE)		
1.9 Identify Business Entity Officials and Principal Owners. For each person, include name, title and percentage of ownership, if applicable. <i>Attach additional pages if necessary.</i>		
Name	Title	Percentage Ownership (<i>Enter 0% if not applicable</i>)
II. AFFILIATES AND JOINT VENTURE RELATIONSHIPS		
2.0 Does the Business Entity have any Affiliates? <i>Attach additional pages if necessary.</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No
Affiliate Name	Affiliate EIN (<i>If available</i>)	Affiliate's Primary Business Activity
Explain relationship with the Affiliate and indicate percent ownership, if applicable (enter N/A, if not applicable):		
Are there any Business Entity Officials or Principal Owners that the Business Entity has in common with this Affiliate?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Individual's Name	Position/Title with Affiliate	
2.1 Has the Business Entity participated in any Joint Ventures within the past three (3) years? <i>Attach additional pages if necessary</i>		<input type="checkbox"/> Yes <input type="checkbox"/> No
Joint Venture Name:	Joint Venture EIN (<i>If available</i>):	Identify parties to the Joint Venture:

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

III. CONTRACT HISTORY	
3.0 Has the Business Entity held any contracts with New York State government entities in the last three (3) years? If “Yes” attach a list including the Contract Number, Agency Name, Contract Amount, Contract Start Date, Contract End Date, and the Contract Description.	<input type="checkbox"/> Yes <input type="checkbox"/> No

IV. INTEGRITY – CONTRACT BIDDING	
Within the past five (5) years, has the Business Entity or any Affiliate	
4.0 been suspended or debarred from any government contracting process or been disqualified on any government procurement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.1 been subject to a denial or revocation of a government prequalification?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.2 been denied a contract award or had a bid rejected based upon a finding of non-responsibility by a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.3 had a low bid rejected on a government contract for failure to make good faith efforts on any Minority Owned Business Enterprise, Women Owned Business Enterprise or Disadvantaged Business Enterprise goal or statutory affirmative action requirements on a previously held contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.4 agreed to a voluntary exclusion from bidding/contracting with a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.5 initiated a request to withdraw a bid submitted to a government entity or made any claim of an error on a bid submitted to a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each “Yes” answer above provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

V. INTEGRITY – CONTRACT AWARD	
Within the past five (5) years, has the Business Entity or any Affiliate	
5.0 been suspended, cancelled or terminated for cause on any government contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.1 been subject to an administrative proceeding or civil action seeking specific performance or restitution in connection with any government contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.2 entered into a formal monitoring agreement as a condition of a contract award from a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each “Yes” answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

VI. CERTIFICATIONS/LICENSES	
Within the past five (5) years, has the Business Entity or any Affiliate	
6.0 had a revocation, suspension or disbarment of any business or professional permit and/or license?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6.1 had a denial, decertification, revocation or forfeiture of New York State certification of Minority Owned Business Enterprise, Women Owned Business Enterprise or federal certification of Disadvantaged Business Enterprise status, for other than a change of ownership?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each “Yes” answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

VII. LEGAL PROCEEDINGS	
Within the past five (5) years, has the Business Entity or any Affiliate	
7.0 been the subject of an investigation, whether open or closed, by any government entity for a civil or criminal violation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.1 been the subject of an indictment, grant of immunity, judgment or conviction (including entering into a plea bargain) for conduct constituting a crime?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.2 received any OSHA citation and Notification of Penalty containing a violation classified as serious or willful?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.3 had a government entity find a willful prevailing wage or supplemental payment violation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.4 had any New York State Labor Law violation deemed willful?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.5 entered into a consent order with the New York State Department of Environmental Conservation, or a Federal, State or local government enforcement determination involving a violation of federal, state or local environmental laws?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.6 other than the previously disclosed: (i) Been subject to the imposition of a fine or penalty in excess of \$1,000 imposed by any government entity as a result of the issuance of citation, summons or notice of violation, or pursuant to any administrative, regulatory, or judicial determination; or (ii) Been charged or convicted of a criminal offense pursuant to any administrative and/or regulatory action taken by any government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each "Yes" answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

VIII. LEADERSHIP INTEGRITY	
NOTE: If the Business Entity is a Joint Venture Entity, answer 'N/A – Not Applicable' to questions 8.0 through 8.4.)	
Within the past five (5) years has any individual previously identified, any other Business Entity Leader not previously identified, or any individual having the authority to sign, execute or approve bids, proposals, contracts or supporting documentation with New York State been subject to	
8.0 a sanction imposed relative to any business or professional permit and/or license?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.1 an investigation, whether open or closed, by any government entity for a civil or criminal violation for any business related conduct?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.2 an indictment, grant of immunity, judgment, or conviction of any business related conduct constituting a crime including, but not limited to, fraud, extortion, bribery, racketeering, price fixing, bid collusion or any crime related to truthfulness?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.3 a misdemeanor or felony charge, indictment or conviction for: (i) any business-related activity including but not limited to fraud, coercion, extortion, bribe or bribe-receiving, giving or accepting unlawful gratuities, immigration or tax fraud, racketeering, mail fraud, wire fraud, price fixing or collusive bidding; or (ii) any crime, whether or not business related, the underlying conduct of which related to truthfulness, including but not limited to the filing of false documents or false sworn statements, perjury or larceny?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.4 a debarment from any government contracting process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
For each "Yes" answer provide an explanation of the issue(s), the individual involved, the government entity involved, the relationship to the submitting Business Entity, relevant dates, any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

IX. FINANCIAL AND ORGANIZATIONAL CAPACITY	
9.0 Within the past five (5) years, has the Business Entity or any Affiliates received a formal unsatisfactory performance assessment(s) from any government entity on any contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.1 Within the past five (5) years, has the Business Entity or any Affiliates had any liquidated damages assessed over \$25,000?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, contracting party involved, the amount assessed and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.2 Within the past five (5) years, has the Business Entity or any Affiliates had any liens, claims or judgments (not including UCC filings) over \$25,000 filed against the Business Entity which remain undischarged or were unsatisfied for more than 90 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the lien holder or claimant's name, the amount of the lien(s) and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.3 In the last seven (7) years, has the Business Entity or any Affiliates initiated or been the subject of any bankruptcy proceedings, whether or not closed, regardless of the date of filing, or is any bankruptcy proceeding pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the Bankruptcy chapter number, the Court name, and the docket number. Indicate the current status of the proceedings as "Initiated," "Pending" or "Closed." Provide answer below or attach additional sheets with numbered responses.	
9.4 During the past three (3) years, has the Business Entity and any Affiliates failed to file or pay any tax returns required by federal, state or local tax laws?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the taxing jurisdiction (federal, state or other), the type of tax, the liability years, the tax liability amount the Business Entity failed to file/pay and the current status of the tax liability. Provide answer below or attach additional sheets with numbered responses.	
9.5 During the past three (3) years, has the Business Entity and any Affiliates failed to file or pay any New York State unemployment insurance returns?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the years the Business Entity failed to file/pay the insurance, explain the situation and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.6 During the past three (3) years, has the Business Entity or any Affiliates had any government audits? If "yes" did any audit reveal material weaknesses in the Business Entity's system of internal controls? If "Yes", did any audit reveal non-compliance with contractual agreements or any material disallowance (if not previously disclosed in 9.6)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
For each "Yes" answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the government entity involved, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

X. FREEDOM OF INFORMATION LAW (FOIL)	
10.0 Indicate whether any information supplied herein is believed to be exempt from disclosure under the Freedom of Information Law (FOIL). Note: A determination of whether such information is exempt from FOIL will be made at the time of any request for disclosure under FOIL.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Indicate the question number(s) and explain the basis for the claim.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
FOR-PROFIT BUSINESS ENTITY**

Certification

The undersigned: recognizes that this questionnaire is submitted for the express purpose of assisting the State of New York or its agencies or political subdivisions in making a determination regarding an award of contract or approval of a subcontract; acknowledges that the State or its agencies or political subdivisions may in its discretion, by means which it may choose, verify the truth and accuracy of all statements made herein; and acknowledges that intentional submission of false or misleading information may constitute a felony under Penal Law Section 210.40 or a misdemeanor under Penal Law Section 210.35 or Section 210.45, and may also be punishable by a fine and/or imprisonment of up to five years under 18 USC Section 1001 and may result in contract termination.

The undersigned certifies that he/she:

- is knowledgeable about the submitting Business Entity’s business and operations;
- has read and understands all of the questions contained in the questionnaire;
- has not altered the content of the question set in any manner;
- has reviewed and/or supplied full and complete responses to each question;
- to the best of their knowledge, information and belief, confirms that the Business Entity’s responses are true, accurate and complete, including all attachments; if applicable;
- understands that New York State will rely on information disclosed in this questionnaire when entering into a contract with the Business Entity; and
- is under obligation to update the information provided herein to include any material changes to the Business Entity's responses at the time of bid/proposal submission through the contract award notification, and may be required to update the information at the request of the state's contracting entity or the Office of the State Comptroller prior to the award and/or approval of a contract, or during the term of the contract.

Signature of Owner/Officer _____

Printed Name of Signatory _____

Title _____

Name of Business _____

Address _____

City, State, Zip _____

Sworn to before me this _____ day of _____, 20____;

_____ Notary Public

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

BUSINESS ENTITY INFORMATION				
Legal Business Name			EIN	
Address of the Principal Place of Business/Executive Office			Phone Number	Fax Number
E-mail		Website		
Authorized Contact for this Questionnaire				
Name:			Phone Number	Fax Number
Title			Email	
List any other DBA, Trade Name, Other Identity, or EIN used in the last five (5) years, the state or county where filed, and the status (active or inactive): (if applicable)				
Type	Name	EIN	State or County where filed	Status

I. BUSINESS CHARACTERISTICS	
1.0 Business Entity Type – Please check appropriate box and provide additional information:	
a) <input type="checkbox"/> Corporation (including PC)	Date of Incorporation
b) <input type="checkbox"/> Limited Liability Co. (LLC or PLLC)	Date Organized
c) <input type="checkbox"/> Limited Liability Partnership	Date of Registration
d) <input type="checkbox"/> Limited Partnership	Date Established
e) <input type="checkbox"/> General Partnership	Date Established County (if formed in NYS)
f) <input type="checkbox"/> Sole Proprietor	How many years in business?
g) <input type="checkbox"/> Other	Date Established
If Other, explain:	
1.1 Was the Business Entity formed in New York State?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'No' indicate jurisdiction where Business Entity was formed:	
<input type="checkbox"/> United States State _____	
<input type="checkbox"/> Other Country _____	
1.2 Is the Business Entity currently registered to do business in New York State with the Department of State? <i>Note: Select 'not required' if the Business Entity is a General Partnership.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not required
If "No" explain why the Business Entity is not required to be registered in New York State.	
1.3 Is the Business Entity registered as a Sales Tax vendor with the New York State Department of Tax and Finance?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Explain and provide detail, such as 'not required', 'application in process', or other reasons for not being registered.	
1.4 Is the Business Entity a Joint Venture? <i>Note: If the submitting Business Entity is a Joint Venture, also submit a separate questionnaire for the Business Entity comprising the Joint Venture.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

I. BUSINESS CHARACTERISTICS

1.5 Does the Business Entity have an active Charities Registration Number?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Enter Number: _____ If Exempt/Explain: _____ If an application is pending, enter date of application: _____ Attach a copy of the application		
1.6 Does the Business Entity have a DUNS Number?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Enter DUNS Number _____		
1.7 Is the Business Entity's principal place of business/Executive Office in New York State?		<input type="checkbox"/> Yes <input type="checkbox"/> No
If 'No', does the Business Entity maintain an office in New York State?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Provide the address and telephone number for one New York Office.		
1.8 Is the Business Entity's principal place of business/executive office:		
<input type="checkbox"/> Owned <input type="checkbox"/> Rented Landlord Name (if 'rented') _____ <input type="checkbox"/> Other Provide explanation (if 'other') _____		
Is space shared with another Business Entity?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Name of other Business Entity _____		
Address _____		
City _____	State _____	Zip Code _____ Country _____
1.9 Is the Business Entity a Minority Community Based Organization (MCBO)?		<input type="checkbox"/> Yes <input type="checkbox"/> No
1.10 Identify current Key Employees of the Business Entity. Attach additional pages if necessary.		
Name	Title	
Name	Title	
Name	Title	
Name	Title	
1.11 Identify current Trustees/Board Members of the Business Entity. Attach additional pages if necessary.		
Name	Title	
Name	Title	
Name	Title	
Name	Title	

II. AFFILIATES AND JOINT VENTURE RELATIONSHIPS

2.0 Does the Business Entity have any Affiliates? Attach additional pages if necessary (If no proceed to section III)		<input type="checkbox"/> Yes <input type="checkbox"/> No
Affiliate Name	Affiliate EIN (If available)	Affiliate's Primary Business Activity
Explain relationship with the Affiliate and indicate percent ownership, if applicable (enter N/A, if not applicable):		
Are there any Business Entity Officials or Principal Owners that the Business Entity has in common with this Affiliate?		<input type="checkbox"/> Yes <input type="checkbox"/> No
Individual's Name	Position/Title with Affiliate	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

III. CONTRACT HISTORY	
3.0 Has the Business Entity held any contracts with New York State government entities in the last three (3) years? ? If “Yes” attach a list including the Contract Number, Agency Name, Contract Amount, Contract Start Date, Contract End Date, and the Contract Description.	<input type="checkbox"/> Yes <input type="checkbox"/> No

IV. INTEGRITY – CONTRACT BIDDING	
Within the past five (5) years, has the Business Entity or any Affiliate	
4.0 been suspended or debarred from any government contracting process or been disqualified on any government procurement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.1 been subject to a denial or revocation of a government prequalification?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.2 been denied a contract or had a bid rejected based upon a finding of non-responsibility by a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.3 agreed to a voluntary exclusion from bidding/contracting with a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4.4 initiated a request to withdraw a bid submitted to a government entity or made any claim of an error on a bid submitted to a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each “Yes” answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

V. INTEGRITY – CONTRACT AWARD	
Within the past five (5) years, has the Business Entity or any Affiliate	
5.0 been suspended, cancelled or terminated for cause on any government contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.1 been subject to an administrative proceeding or civil action seeking specific performance or restitution in connection with any government contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.2 entered into a formal monitoring agreement as a condition of a contract award from a government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each “Yes” answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

VI. CERTIFICATIONS/LICENSES	
6.0 Within the past five (5) years, has the Business Entity or any Affiliate had a revocation, suspension or disbarment of any business or professional permit and/or license?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If “Yes” provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

VII. LEGAL PROCEEDINGS	
Within the past five (5) years, has the Business Entity or any Affiliate	
7.0 been the subject of an investigation, whether open or closed, by any government entity for a civil or criminal violation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.1 been the subject of an indictment, grant of immunity, judgment or conviction (including entering into a plea bargain) for conduct constituting a crime?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.2 received any OSHA citation and Notification of Penalty containing a violation classified as serious or willful?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

VII. LEGAL PROCEEDINGS	
Within the past five (5) years, has the Business Entity or any Affiliate	
7.3 had any New York State Labor Law violation deemed willful?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.4 entered into a consent order with the New York State Department of Environmental Conservation, or a federal, state or local government enforcement determination involving a violation of federal, state or local environmental laws?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.5 other than the previously disclosed: (i) Been subject to the imposition of a fine or penalty in excess of \$1,000, imposed by any government entity as a result of the issuance of citation, summons or notice of violation, or pursuant to any administrative, regulatory, or judicial determination; or (ii) Been charged or convicted of a criminal offense pursuant to any administrative and/or regulatory action taken by any government entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
For each "Yes" answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

VIII. LEADERSHIP INTEGRITY	
Note: If the Business Entity is a Joint Venture, answer 'N/A- Not Applicable' to questions 8.0 through 8.4.	
Within the past five (5) years has any individual previously identified, any other Key Employees not previously identified or any individual having the authority to sign execute or approve bids, proposals, contracts or supporting documentation with New York State been subject to	
8.0 a sanction imposed relative to any business or professional permit and/or license?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.1 an investigation, whether open or closed, by any government entity for a civil or criminal violation for any business related conduct?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.2 an indictment, grant of immunity, judgment, or conviction of any business related conduct constituting a crime including, but not limited to, fraud, extortion, bribery, racketeering, price fixing, bid collusion or any crime related to truthfulness?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.3 a misdemeanor or felony charge, indictment or conviction for: (i) any business-related activity including but not limited to fraud, coercion, extortion, bribe or bribe-receiving, giving or accepting unlawful gratuities, immigration or tax fraud, racketeering, mail fraud, wire fraud, price fixing or collusive bidding; or (ii) any crime, whether or not business related, the underlying conduct of which related to truthfulness, including but not limited to the filing of false documents or false sworn statements, perjury or larceny?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.4 a debarment from any government contracting process?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
For each "Yes" answer provide an explanation of the issue(s), the individual involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

IX. FINANCIAL AND ORGANIZATIONAL CAPACITY	
9.0 Within the past five (5) years, has the Business Entity or any Affiliates received any formal unsatisfactory performance assessment(s) from any government entity on any contract?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.1 Within the past five (5) years, has the Business Entity or any Affiliates had any liquidated damages assessed over \$25,000?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the contracting party involved, the amount assessed and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.2 Within the past five (5) years, has the Business Entity or any Affiliates had any liens, claims or judgments over \$15,000 filed against the Business Entity which remain undischarged or were unsatisfied for more than 120 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, relevant dates, the lien holder or claimant's name(s), the amount of the lien(s), claim(s), or judgments(s) and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.3 Within the last seven (7) years, has the Business Entity or any Affiliate initiated or been the subject of any bankruptcy proceedings, whether or not closed, regardless of the date of filing, or is any bankruptcy proceeding pending?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the Bankruptcy Chapter Number, the Court name, the Docket Number. Indicate the current status of the proceedings as "Initiated," "Pending" or "Closed". Provide answer below or attach additional sheets with numbered responses.	
9.4 During the past three (3) years, has the Business Entity and any Affiliates failed to file or pay any tax returns required by federal, state or local tax laws?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the taxing jurisdiction (federal, state or other), the type of tax, the liability year(s), the Tax Liability amount the Business Entity failed to file/pay, and the current status of the Tax Liability. Provide answer below or attach additional sheets with numbered responses.	
9.5 During the past three (3) years, has the Business Entity and any Affiliates failed to file or pay any New York State unemployment insurance returns?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes" provide the Business Entity involved, the relationship to the submitting Business Entity, the year(s) the Business Entity failed to file/pay the insurance, explain the situation, and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	
9.6 During the past three (3) years, has the Business Entity or any Affiliates had any government audits? If "Yes", did any audit reveal material weaknesses in the Business Entity's system of internal controls If "Yes", did any audit reveal non-compliance with contractual agreements or any material disallowance (if not previously disclosed in 9.6)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No
For each "Yes" answer provide an explanation of the issue(s), the Business Entity involved, the relationship to the submitting Business Entity, the government entity involved, relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s). Provide answer below or attach additional sheets with numbered responses.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

X. FREEDOM OF INFORMATION LAW (FOIL)	
10.0 Indicate whether any information supplied herein is believed to be exempt from disclosure under the Freedom of Information Law (FOIL). Note: A determination of whether such information is exempt from FOIL will be made at the time of any request for disclosure under FOIL.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Indicate the question number(s) and explain the basis for your claim.	

**NEW YORK STATE
VENDOR RESPONSIBILITY QUESTIONNAIRE
NOT-FOR-PROFIT BUSINESS ENTITY**

Certification

The undersigned: recognizes that this questionnaire is submitted for the express purpose of assisting the State of New York or its agencies or political subdivisions in making a determination regarding an award of contract or approval of a subcontract; acknowledges that the State or its agencies or political subdivisions may in its discretion, by means which it may choose, verify the truth and accuracy of all statements made herein; and acknowledges that intentional submission of false or misleading information may constitute a felony under Penal Law Section 210.40 or a misdemeanor under Penal Law Section 210.35 or Section 210.45, and may also be punishable by a fine and/or imprisonment of up to five years under 18 USC Section 1001 and may result in contract termination.

The undersigned certifies that he/she:

- is knowledgeable about the submitting Business Entity’s business and operations;
- has read and understands all of the questions contained in the questionnaire;
- has not altered the content of the question set in any manner;
- has reviewed and/or supplied full and complete responses to each question;
- to the best of their knowledge, information and belief, confirms that the Business Entity’s responses are true, accurate and complete, including all attachments; if applicable;
- understands that New York State will rely on information disclosed in this questionnaire when entering into a contract with the Business Entity; and
- is under obligation to update the information provided herein to include any material changes to the Business Entity's responses at the time of bid/proposal submission through the contract award notification, and may be required to update the information at the request of the state's contracting entity or the Office of the State Comptroller prior to the award and/or approval of a contract, or during the term of the contract.

Signature of Owner/Officer _____

Printed Name of Signatory _____

Title _____

Name of Business _____

Address _____

City, State, Zip _____

Sworn to before me this _____ day of _____, 20____;

_____ Notary Public

**WORK FORCE EMPLOYMENT UTILIZATION REPORT
SERVICE and/or CONSULTANT FIRMS
INSTRUCTIONS FOR COMPLETION**

PURPOSE: The *Work Force Employment Utilization Report for Services and/or Consultant Firms* is prepared by all contractors, and subcontractors if any, providing services (skilled or non-skilled) or professional consulting services to a state agency to document their actual employment of minority group members and women during the period covered by the report. The report has a format similar to forms used by the Federal government for reporting equal employment opportunity data. When the *contract specific work force* can be identified, the report covers all employees (including apprentices or trainees) working on the project. If the contract specific work force *cannot* be separated out, the contractor's *total work force* is reported. The completed reports are used by the contracting state agency to monitor the contractor's and subcontractor's compliance with the contract's equal employment opportunity requirements.

GENERAL INFORMATION:

1. **Name of contracting state agency** and state agency code (five-digit code).
2. **Reporting period** covered by report (mm/dd/yy to mm/dd/yy); **check** to indicate **Quarterly** or **Semi-Annual Report**.
3. **Contractor firm name** (prime contractor on summary report submitted to agency) and **address** (including city name, state and zip code); **check** if the contractor is a NOT-FOR-PROFIT.
4. **Type of Report:** **check** to indicate whether report covers (i) the **Contract Specific Work Force** or (ii) the **Company's Total Work Force** (in the event the contract specific work force cannot be separated out).
5. Contractor **Federal Employer Identification number** or payee identification number (prime contractor i.d. on summary report); **check** to indicate prime or subcontractor report.
6. **Contract Amount** is dollar amount based on terms of the contract.
7. **Contract number** is the agency assigned number given to the contract (seven digits).
8. **Location of work** including county and zip code where work is performed.
9. Indicate **Product or Service provided** by contractor (brief description).
10. **Contract start date** is month/day/year work on contract actually began.
11. Contractor's **estimate of the percentage of work completed** at the end of this reporting period.

FEDERAL OCCUPATIONAL CATEGORIES: The contractor's work force is broken down and reported by the nine **Federal Occupational Categories (FOC's)** consistent with the Federal government's EEO-1 categories for the private sector labor force. These are: *Officials and Managers, Professionals, Technicians, Sales, Office & Clerical (Administrative Support), Craft Workers, Operatives, Laborers and Service Workers*. The categories are general in nature, and include all related occupational job titles. The contracting agency can provide assistance in categorizing specific jobs.

TOTAL NUMBER OF EMPLOYEES: Record the *total number of all persons employed* in each FOC during the reporting period, regardless of ethnicity (either working on the specific contract OR in the contractor's total work force, based on the type of report indicated above). Report the total number of male (M) employees in column (1) and the total number of female (F) employees in column (2) for each FOC. In columns (3) thru (10) report the numbers of male and female *minority group members* employed, based on the following defined groups:

- **Black (not of Hispanic origin):** all persons having origins in any of the Black African racial groups;
- **Hispanic:** all persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American or either Indian or Hispanic origin, regardless of race;
- **Asian or Pacific Islander:** all persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands;
- **Native American or Alaskan Native:** all persons having origins in any of the original peoples in North America.

TOTAL % MINORITY = sum of all minority group members (male and female) employed in the FOC divided by the total number of all employees in that FOC (column 1 + column 2).

TOTAL % FEMALE = total number of female employees in the FOC (column 2) divided by the total number of all employees in that FOC (column 1 + column 2).

TOTALS: column totals should be calculated (sum each column) for all FOC's combined. Total minority and female percentages should be calculated as shown above, based on the column totals.

SUBMISSION: The work force utilization report is to be completed by both prime and subcontractors and **signed and dated** by an *authorized representative* before submission. This **Company Official's name, official title and telephone number** should be printed or typed where indicated on the bottom of the form.

The **prime contractor** shall complete a report for its own work force, **collect** reports completed by each subcontractor, and **prepare a summary report for the entire combined contract work force**. The reports shall include the total number of employees in each occupational category for all payrolls completed in the monthly reporting period. The prime contractor shall submit the summary report to the contracting agency as required by *Part 542 of Title 9 Subtitle N of the NYCRR* pursuant to *Article 15-A of the Executive Law*.

WORK FORCE EMPLOYMENT STAFFING PLAN

Project/RFP Title _____ Location of Contract _____
 Contractor/Firm Name _____ Address _____
 County _____ Zip _____
 State _____ Zip _____

Check applicable categories (1) Staff Estimates include: Contract/Project Staff ___ Total Work Force ___ Subcontractors ___
 (2) Type of Contract: Construction Consultants ___ Commodities ___ Services/Consultants ___

Total Anticipated Work Force											Total Percent Minority Employees	Total Percent Female Employees
Federal Occupational Category	Total Number of Employees		Black (Not of Hispanic Origin)		Hispanic		Asian or Pacific Islander		Native American/ Alaskan Native			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female		
Officials/Admin												
Professionals												
Technicians												
Sales Workers												
Office & Clerical												
Craft Workers												
Operatives												
Laborers												
Service Workers												
TOTALS												

Company Official's Name _____ Title _____
 Company Official's Signature _____ Date _____
 Telephone Number _____

**WORK FORCE EMPLOYMENT UTILIZATION PERIODIC REPORT
SERVICES AND/OR CONSULTANT FIRMS**

Agency NYS Division of the Lottery /code 20050 Reporting Period _____
 Check one Quarterly Semi-Annual Report

Contractor/Firm Name _____ Address: _____
 City _____ State _____ Zip _____

Type of Report Contract Specific Work Force Total Work Force
 Check if NOT-FOR-PROFIT

Federal Id/Payee Id. No. _____ Contract No. _____

Check One Prime Contractor Subcontractor Product/Service Provided _____

Contract Amount _____ Contract Start Date _____ Percent of Job Completed _____

Federal Occupational Category	Number of Employees										Total Percent Minority Employees	Total Percent Female Employees	
	Total Number of Employees		Black (Not of Hispanic Origin)		Hispanic		Asian or Pacific Islander		Native American/ Alaskan Native				
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female			
Officials/Admin													
Professionals													
Technicians													
Sales Workers													
Office & Clerical													
Craft Workers													
Operatives													
Laborers													
Service Workers													
TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0

Company Official's Name _____ Title _____
 Company Official's Signature _____ Date _____
 Telephone Number _____

**INSTRUCTIONS FOR COMPLETING THE NEW YORK STATE LOTTERY'S
MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE PROGRAM
VENDOR/CONTRACTOR'S MWBE UTILIZATION PLAN FORM**

As mandated by Article 15-A of the Executive Law and the new subtitle N of 9 NYCRR 540 et seq, the Division of the Lottery has established a goal of 15% participation by New York State Certified Minority owned Business Enterprise (MWBE) and 5% participation by New York State Certified Women Owned Business Enterprise (WBE) as subcontractors/suppliers in this contract. Contractors must submit the attached MWBE Utilization Plan Form indicating how they will intend to comply with the established goals.

For the directory of New York State certified MWBE's, please visit the New York State's Division of Minority and Women-owned Business Development website at:

http://www.nylovesbiz.com/Small_and_Growing_Businesses/mwbe.asp

Completion of the Form:

The Lottery will complete all the un-shaded areas including: agency information, contract details, and summary of allocation of MWBE utilization and related value.

The contractor will complete the remaining, shaded, areas. It is important that the contractor provide detailed contact information including: name, phone number and email address.

Within the utilization section of the form, the contractor must list the names and addresses of all subcontractors or suppliers that will be utilized during this contract. The following items should be completed for each vendor listed:

- Subcontractor's Federal ID#;
- Subcontractor information as follows:
 - By checking the appropriate boxes, indicate whether the subcontractors are "SUB" or "SUP", minority-owned business enterprise "MBE" or women-owned business enterprise "WBE", and if they are NYS Certified.
- Brief description of the work the subcontractor's will provide.

Note: additional sheets may be used if necessary.

Attestation and Form Acceptance

The preparer must attest to the information provided by signing in the appropriate space; in addition, print the name of the contractor, provide telephone number, and date.

The last section, bottom right, will be completed by the Lottery upon its review of the form. The contractor will be notified of the acceptance or deficiency of the MWBE Utilization Plan Form.

If assistance is required in completing this form or locating a New York State certified vendor to utilize as subcontractors or suppliers, please contact the Lottery's Contracts Officer at (518) 388-3329.

**NEW YORK STATE DIVISION OF THE LOTTERY
VENDOR/CONTRACTOR'S MINORITY AND WOMEN-OWNED BUSINESS UTILIZATION PLAN FORM**

AGENCY NAME _____
 AGENCY CONTACT _____
 AGENCY PHONE _____

CONTRACTOR NAME AND ADDRESS	CHECK APPROPRIATE BOX		DATE SUBMITTED		TOTAL VALUE OF CONTRACT		
	<input type="checkbox"/> SUPPLIER <input type="checkbox"/> CONTRACTOR		CONTRACTOR'S FID#		CONTRACT EFFECTIVE DATES		
PROJECT DESCRIPTION	GOALS MBE WBE		JOB NUMBER (IF APPLICABLE)		CONTRACT NUMBER		
MWBE SUBCONTRACTOR/SUPPLIER NAME & ADDRESS	CHECK ONE	SUBCONTRACTOR/SUPPLIER TAXPAYER/FEDERAL ID #	MBE (CHECK)	WBE (CHECK)	NYS CERTIFIED (CHECK)	DESCRIPTION OF WORK	\$ VALUE OF CONTRACT
	SUB _____ SUP _____		YES _____ NO _____	YES _____ NO _____	YES _____ NO _____		
	SUB _____ SUP _____		YES _____ NO _____	YES _____ NO _____	YES _____ NO _____		
	SUB _____ SUP _____		YES _____ NO _____	YES _____ NO _____	YES _____ NO _____		
	SUB _____ SUP _____		YES _____ NO _____	YES _____ NO _____	YES _____ NO _____		

	<u>\$ AMOUNT</u>	<u>% OF TOTAL</u>
(A) TOTAL CONTRACT BID AMOUNT:	_____	_____
(B) TOTAL SUBCONTRACTS FOR COMMODITIES AND SERVICES TO MBE'S:	_____	_____
(C) TOTAL SUBCONTRACTS FOR COMMODITIES AND SERVICES TO WBE'S:	_____	_____

CONTRACTOR'S ATTESTATION: MY FIRM PROPOSES TO USE THE MWBE'S LISTED ON THIS FORM.			
PREPARED BY: (SIGNATURE OF CONTRACTOR)	PRINT NAME OF CONTRACTOR	TELEPHONE NUMBER	DATE

FOR OFFICE USE ONLY
REVIEWED BY:
DATE:
MWBE FIRMS CERTIFIED:
MWBE FIRMS NOT CERTIFIED:

NOTICE: this report is required pursuant to Executive Law; failure to report will result in noncompliance.

**NEW YORK STATE DIVISION OF THE LOTTERY
MWBE CONTRACT COMPLIANCE PROGRAM
CONTRACTOR'S QUARTERLY SUBCONTRACTING/SUPPLIER ACTIVITY REPORT
FOR THE PERIOD OF _____**

1. NAME AND ADDRESS: 	2. PROJECT/CONTRACT GOALS: MBE _____ WBE _____	3. DATE SUBMITTED	4. CONTRACT NO: _____ JOB NO.: _____ LOCATION/REGION: _____
FEDERAL ID/SOCIAL SECURITY NO.*	5. PROJECT WORK DESCRIPTION:*		6. CONTRACT EFFECTIVE DATES:*

SUBCONTRACTING/SUPPLIER ACTIVITY REPORT

7. REPORT SUBCONTRACTOR'S SUPPLIERS AWARDED/PURCHASED THIS QUARTER	# AWARDED THIS PERIOD	AMOUNT AWARDED THIS PERIOD	# AWARDED TO NYS CERTIFIED		TOTAL DOLLAR AMOUNT AWARDED THIS PERIOD TO NYS CERTIFIED		PERCENTAGE	
			MBE	WBE	MBE	WBE	MBE	WBE
DOLLAR RANGE: \$0-\$24,000								
\$25,000 +								
TOTAL								

PREPARED BY: (SIGNATURE OF CONTRACTOR)	PRINT NAME OF CONTRACTOR	TELEPHONE NO.	DATE
--	--------------------------	---------------	------

This report is required by contract specifications. Failure to report will result in noncompliance with contract specifications.

*Delete information if reported on previous submittal.

NORTHERN IRELAND STIPULATION

In compliance with section 174-b of the State Finance Law, every bidder or proposer is required to stipulate regarding activities in Northern Ireland by responding to the following questions with regard to the bidder or proposer or any legal entity in which the bidder or proposer holds a 10% or greater ownership interest or any individual or legal entity that holds a 10 % interest in the bidder or proposer.

1. Does such person have business operations in Northern Ireland?

YES

NO

2. If the answer to question 1 is YES, will the person take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principals relating to nondiscrimination in employment and freedom of workplace opportunity regarding such operations in Northern Ireland and permit independent monitoring of compliance with such principals?

YES

NO



Contractor Certification to Covered Agency

(Pursuant to Section 5-a of the Tax Law, as amended, effective April 26, 2006)

ST-220-CA

(6/06)

For information, consult Publication 223, *Questions and Answers Concerning Tax Law Section 5-a* (see *Need Help? on back*).

Contractor name		For covered agency use only Contract number or description	
Contractor's principal place of business	City	State	ZIP code
Contractor's mailing address (if different than above)		Estimated contract value over the full term of contract (but not including renewals)	
Contractor's federal employer identification number (EIN)	Contractor's sales tax ID number (if different from contractor's EIN)		\$
Contractor's telephone number	Covered agency name		
Covered agency address		Covered agency telephone number	

I, _____, hereby affirm, under penalty of perjury, that I am _____

(name)

(title)

of the above-named contractor, that I am authorized to make this certification on behalf of such contractor, and I further certify that:

(Mark an X in only one box)

The contractor has filed Form ST-220-TD with the Department of Taxation and Finance in connection with this contract and, to the best of contractor's knowledge, the information provided on the Form ST-220-TD, is correct and complete.

The contractor has previously filed Form ST-220-TD with the Tax Department in connection with _____
(insert contract number or description)

and, to the best of the contractor's knowledge, the information provided on that previously filed Form ST-220-TD, is correct and complete as of the current date, and thus the contractor is not required to file a new Form ST-220-TD at this time.

Sworn to this ____ day of _____, 20 ____

(sign before a notary public)

(title)

Instructions

General information

Tax Law section 5-a was amended, effective April 26, 2006. On or after that date, in all cases where a contract is subject to Tax Law section 5-a, a contractor must file (1) Form ST-220-CA, *Contractor Certification to Covered Agency*, with a covered agency, and (2) Form ST-220-TD with the Tax Department before a contract may take effect. The circumstances when a contract is subject to section 5-a are listed in Publication 223, Q&A 3. This publication is available on our Web site, by fax, or by mail. (See *Need help?* for more information on how to obtain this publication.) In addition, a contractor must file a new Form ST-220-CA with a covered agency before an existing contract with such agency may be renewed.

If you have questions, please call our information center at 1 800 698-2931.

Note: Form ST-220-CA must be signed by a person authorized to make the certification on behalf of the contractor, and the acknowledgement on page 2 of this form must be completed before a notary public.

When to complete this form

As set forth in Publication 223, a contract is subject to section 5-a, and you must make the required certification(s), if:

- i. The procuring entity is a *covered agency* within the meaning of the statute (see Publication 223, Q&A 5);
- ii. The contractor is a *contractor* within the meaning of the statute (see Publication 223, Q&A 6); and
- iii. The contract is a *contract* within the meaning of the statute. This is the case when it (a) has a value in excess of \$100,000 and (b) is a contract for *commodities* or *services*, as such terms are defined for purposes of the statute (see Publication 223, Q&A 8 and 9).

Furthermore, the procuring entity must have begun the solicitation to purchase on or after January 1, 2005, and the resulting contract must have been awarded, amended, extended, renewed, or assigned *on or after April 26, 2006* (the effective date of the section 5-a amendments).

Individual, Corporation, Partnership, or LLC Acknowledgment

STATE OF }
: SS.:
COUNTY OF }

On the ___ day of _____ in the year 20___, before me personally appeared _____,
known to me to be the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that
_he resides at _____,
Town of _____,
County of _____,
State of _____; and further that:

[Mark an X in the appropriate box and complete the accompanying statement.]

- (If an individual): _he executed the foregoing instrument in his/her name and on his/her own behalf.
(If a corporation): _he is the _____ of _____, the corporation described in said instrument; that, by authority of the Board of Directors of said corporation, _he is authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, _he executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.
(If a partnership): _he is a _____ of _____, the partnership described in said instrument; that, by the terms of said partnership, _he is authorized to execute the foregoing instrument on behalf of the partnership for purposes set forth therein; and that, pursuant to that authority, _he executed the foregoing instrument in the name of and on behalf of said partnership as the act and deed of said partnership.
(If a limited liability company): _he is a duly authorized member of _____, LLC, the limited liability company described in said instrument; that _he is authorized to execute the foregoing instrument on behalf of the limited liability company for purposes set forth therein; and that, pursuant to that authority, _he executed the foregoing instrument in the name of and on behalf of said limited liability company as the act and deed of said limited liability company.

Notary Public

Registration No.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).
This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.
Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.
Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.
This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

Need help?
Internet access: www.nystax.gov (for information, forms, and publications)
Fax-on-demand forms: 1 800 748-3676
Telephone assistance is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday. 1 800 698-2931
To order forms and publications: 1 800 462-8100
From areas outside the U.S. and outside Canada: (518) 485-6800
Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110
Persons with disabilities: In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.



Contractor Certification

(Pursuant to Section 5-a of the Tax Law, as amended, effective April 26, 2006)

ST-220-TD

(6/06)

For information, consult Publication 223, *Questions and Answers Concerning Tax Law Section 5-a (see Need help? below)*.

Contractor name				
Contractor's principal place of business		City	State	ZIP code
Contractor's mailing address (if different than above)				
Contractor's federal employer identification number (EIN)		Contractor's sales tax ID number (if different from contractor's EIN)		Contractor's telephone number ()
Covered agency name	Contract number or description		Estimated contract value over the full term of contract (but not including renewals) \$	
Covered agency address			Covered agency telephone number	

General information

Section 5-a of the Tax Law, as amended, effective April 26, 2006, requires certain contractors awarded certain state contracts valued at more than \$100,000 to certify to the Tax Department that they are registered to collect New York State and local sales and compensating use taxes, if they made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000, measured over a specified period. In addition, contractors must certify to the Tax Department that each affiliate and subcontractor exceeding such sales threshold during a specified period is registered to collect New York State and local sales and compensating use taxes. Contractors must also file a Form ST-220-CA, certifying to the procuring state entity that they filed Form ST-220-TD with the Tax Department and that the information contained on Form ST-220-TD is correct and complete as of the date they file Form ST-220-CA.

For more detailed information regarding this form and section 5-a of the Tax Law, see Publication 223, *Questions and Answers Concerning Tax Law Section 5-a, (as amended, effective April 26, 2006)*, available at www.nystax.gov. Information is also available by calling the Tax Department's Contractor Information Center at 1 800 698-2931.

Note: Form ST-220-TD must be signed by a person authorized to make the certification on behalf of the contractor, and the acknowledgement on page 4 of this form must be completed before a notary public.

Mail completed form to:

**NYS TAX DEPARTMENT
DATA ENTRY SECTION
W A HARRIMAN CAMPUS
ALBANY NY 12227**

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).


This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.


Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.


Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.

Need help?

 **Internet access:** www.nystax.gov
(for information, forms, and publications)

 **Fax-on-demand forms:** 1 800 748-3676


 **Telephone assistance** is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.

To order forms and publications: 1 800 462-8100

Sales Tax Information Center: 1 800 698-2909

From areas outside the U.S. and outside Canada: (518) 485-6800

Hearing and speech impaired (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110

 **Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.

I, _____, hereby affirm, under penalty of perjury, that I am _____
(name) *(title)*
of the above-named contractor, and that I am authorized to make this certification on behalf of such contractor.

Make only one entry in each section below.

Section 1 — Contractor registration status

- The contractor has made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made. The contractor is registered to collect New York State and local sales and compensating use taxes with the Commissioner of Taxation and Finance pursuant to sections 1134 and 1253 of the Tax Law, and is listed on Schedule A of this certification.
- The contractor has not made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made.

Section 2 — Affiliate registration status

- The contractor does not have any affiliates.
- To the best of the contractor's knowledge, the contractor has one or more affiliates having made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made, and each affiliate exceeding the \$300,000 cumulative sales threshold during such quarters is registered to collect New York State and local sales and compensating use taxes with the Commissioner of Taxation and Finance pursuant to sections 1134 and 1253 of the Tax Law. The contractor has listed each affiliate exceeding the \$300,000 cumulative sales threshold during such quarters on Schedule A of this certification.
- To the best of the contractor's knowledge, the contractor has one or more affiliates, and each affiliate has not made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made.

Section 3 — Subcontractor registration status

- The contractor does not have any subcontractors.
- To the best of the contractor's knowledge, the contractor has one or more subcontractors having made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made, and each subcontractor exceeding the \$300,000 cumulative sales threshold during such quarters is registered to collect New York State and local sales and compensating use taxes with the Commissioner of Taxation and Finance pursuant to sections 1134 and 1253 of the Tax Law. The contractor has listed each subcontractor exceeding the \$300,000 cumulative sales threshold during such quarters on Schedule A of this certification.
- To the best of the contractor's knowledge, the contractor has one or more subcontractors, and each subcontractor has not made sales delivered by any means to locations within New York State of tangible personal property or taxable services having a cumulative value in excess of \$300,000 during the four sales tax quarters which immediately precede the sales tax quarter in which this certification is made.

Sworn to this ____ day of _____, 20 ____

(sign before a notary public)

(title)

APPENDIX L – LIQUIDATED DAMAGES AND SERVICE LEVELS

All monetary values referenced are in US dollars. Liquidated damages begin after grace periods noted.

1. Gaming System Installation

Service Levels:

Liquidated Damages:

<p>The Successful Vendor shall meet the readiness for Lottery Acceptance Testing milestone one hundred and twenty (120) days prior to the Contract-agreed production start-up date.</p>	<p>The Lottery may assess Liquidated Damages of five thousand dollars (\$5,000.00) for each day of delay.</p>
<p>The Successful Vendor shall meet the Lottery Acceptance Testing milestone thirty (30) days prior to the Contract-agreed production start-up date.</p>	<p>The Lottery may assess Liquidated Damages of ten thousand dollars (\$10,000.00) for each day of delay, if such delay is caused by unresolved errors and issues encountered in the Lottery Acceptance Testing.</p>
<p>The Successful Vendor shall meet the Scheduled Conversion milestone beginning with the Contract-agreed production start-up date.</p>	<p>The Lottery may assess Liquidated Damages of one million dollars (\$1,000,000.00) for each day of delay.</p>
<p>The Successful Vendor shall deliver all Deliverables in accordance with the delivery schedule, shall meet all requirements set forth in the Contract and shall resolve Lottery Acceptance Testing problems for upgrades and changes to the System prior to and after Conversion pursuant to each defined project schedule.</p>	<p>The Lottery may assess Liquidated Damages of five hundred dollars (\$500.00) for each day of delay for each Deliverable that the Successful Vendor fails to deliver in accordance with the delivery schedule or for each day of delay for requirements set forth in the Contract. After Conversion is complete, the Lottery may assess the above mentioned Liquidated Damages amount for each day of delay that the Successful Vendor does not resolve a Lottery Acceptance Testing problem for each defined project schedule.</p>



2. Terminal and Peripheral Provisioning During Conversion and Ongoing: Moves, Adds, Deletions, Removals, Changes

Service Levels:

Liquidated Damages:

The Successful Vendor shall install a new terminal, delete or remove a terminal, move a retailer terminal to new premises, or conduct an inside move for a retailer (including in each case associated the Successful Vendor-supplied peripherals) in accordance with the provisioning schedule set forth in the Contract-agreed production start-up date for the conversion period and ongoing during the life of the contract and any extension periods.

Initially and for the life of the contract, the Lottery may assess Liquidated Damages of three hundred dollars (\$300) per day for each terminal that the Successful Vendor fails to install, delete, remove, or move in accordance with the provisioning schedule until provisioning is complete.

3. Gaming Host Systems Down

Service Levels:

Liquidated Damages:

The Successful Vendor will ensure that the gaming host systems are not “down” for more than two (2) minutes during the operational hours for sales or validation on any day. Gaming host systems are considered “down” if gaming tickets cannot be sold, gaming tickets cannot be canceled (pursuant to permitted conditions), or winning gaming tickets cannot be validated during the operational sales period each day.

The Lottery may assess Liquidated Damages in an amount of ten thousand dollars (\$10,000.00) for each one (1) minute of system downtime, or fraction thereof, which is greater than two (2) minutes in duration during the operational hours for sales or validation on any day. The total time during which the gaming host systems are down during the day will be calculated as the sum of all time during such daily operational sales period when the systems are down. For example, two (2) one-minute long instances of down time in one day constitute two (2) minutes of daily down time. To address chronic problems, in the event that two (2) downtime events of any length have already occurred in a business week, the grace period of two (2) minutes shall be rescinded, and Liquidated Damages shall begin immediately with any subsequent outage in that week.



4. Gaming Host Systems Degraded Performance

Service Levels:

Liquidated Damages:

The Successful Vendor will ensure that the gaming host systems do not evidence “degraded performance” for more than one (1) hour during the operational hours of sales or validation on any day. The gaming host systems shall be considered as having degraded performance if:

- i. Retailer terminals on average exceed the response time requirements, or the System is incapable of meeting the throughput specifications set forth in the Contract;
- ii. The System processes transactions from less than 95% of the installed and operational terminals;
- iii. The System processes transactions from all terminals, but not for all gaming products and retailer-related activities (degraded performance exists if the gaming host systems do not allow sales, cashes, or cancellations for On-line games, or do not support activations, disabling, or settlements for Instant tickets);
- iv. transactions do not log to at least two (2) Local systems, one (1) remote system, and to the Lottery’s ICS;
- v. Critical functions of System management and administration cannot be conducted by the management workstations (e.g., file transfers to Lottery)
- vi. Instant ticket inventory management is compromised (e.g., the ability to receive, order, pack, and ship Instant tickets in a manner consistent with production schedules); or
- vii. During a defined promotion period the System cannot issue tickets or conduct transactions to support an intended promotion.

The Lottery may assess Liquidated Damages in the amount of three-thousand dollars (\$3,000.00) for each minute of degraded time, or fraction thereof, which is greater than sixty (60) minutes in duration during the operational sales period on any day. The total time during which the gaming host systems are degraded during the day will be calculated as the sum of all time during the daily operational sales period when the systems are operating at a “degraded performance level.”

For example, sixty (60) one-minute long Instances of degraded performance in one day constitute sixty (60) minutes of daily degraded performance time. To address chronic problems, in the event that two (2) degraded performance events of more than sixty (60) minutes in length have already occurred in a business week, the grace period of sixty (60) minutes shall be rescinded, and Liquidated Damages shall begin immediately with any subsequent degraded performance event in that business week.



5. Timely and Accurate Reports

Service Levels:

The Successful Vendor shall produce and deliver timely, sufficient, and accurate Management reports within the time frames specified by the Lottery as set forth in the Contract (reports will be categorized into groups A and B according to time criticality and importance).

Liquidated Damages:

The Lottery may assess Liquidated Damages of one thousand dollars (\$1,000.00) per day, or fraction thereof, for each late, insufficient, or inaccurate Management report in Group A (once any approved grace period set forth in the Contract has passed), until such report is provided, made sufficient or corrected (as the case may be).

The Lottery may assess Liquidated Damages of one hundred dollars (\$100.00) per day, or fraction thereof, for each late, insufficient, or inaccurate management report in Group B (once any approved grace period set forth in the Contract has passed), until such report is provided, made sufficient or corrected (as the case may be).

6. Timely and Accurate Files

Service Levels:

The Successful Vendor shall produce and deliver timely, sufficient, and accurate files within the time frames specified by the Lottery as set forth in the Contract (files will be categorized into Groups A and B according to time criticality and importance).

Liquidated Damages:

The Lottery may assess Liquidated Damages of five thousand dollars (\$5,000.00) per hour, or fraction thereof, for each late, insufficient, or inaccurate file in Group A (once any approved grace period as may be set forth in the Contract has passed), until such file is provided, made sufficient, or corrected (as the case may be). The Lottery may assess Liquidated Damages of one thousand dollars (\$1,000.00) per hour, or fraction thereof, for each late, insufficient, or inaccurate file in Group B (once any approved grace period as may be set forth in the Contract has passed), until such file is provided, made sufficient, or corrected.

7. Terminal and Peripherals Repair

Service Levels:

The Successful Vendor shall ensure that “non-operational” terminals are repaired or replaced and operational within two (2) hours of terminal problem notification from the retailer or from a network monitoring process. A retailer terminal is considered non-operational if tickets cannot be sold or canceled (under permitted conditions) or validations cannot be performed, or if the reader and/or scanner cannot process wagers or playslips. “Terminal” includes the retailer terminal, all associated peripherals, and check writing equipment provided by the Successful Vendor. Critical failures are any failures that involve readers, scanners, retailer display screens, or printers or any other items required to sell or validate Lottery products. For less critical failures that do not render the terminal non-operational as defined above (for example, the terminal’s jackpot display is out of service), the Successful Vendor shall complete such repair within twenty-four (24) hours from the time of notice by the retailer.

Liquidated Damages:

For critical failures, The Lottery may assess Liquidated Damages of one-hundred dollars (\$100.00) per non-operational terminal per hour (excluding Gaming System non-operating hours), or fraction thereof, until a repair has been completed. For less critical failures, the Lottery may assess Liquidated Damages of one-hundred dollars (\$100.00) per non-operational terminal per day, or fraction thereof, until a repair has been completed. If an individual retailer has a terminal (or associated peripheral device) that has failed and required a dispatch and repair three (3) times in any 30-day period (including terminal replacements), the Lottery may assess Liquidated Damages of five hundred dollars (\$500). Chronic failure does not apply under situations of *Force Majeure* or tampering or abuse by the retailer or its customers.

8. Terminal Preventive Maintenance

Service Levels:

The Successful Vendor shall perform scheduled preventive maintenance for all retailer terminals and check writing equipment as set forth in the Contract-agreed production start-up date.

Liquidated Damages:

If there is a delay in scheduled preventive maintenance for any retailer terminal beyond 30 days following the scheduled service cycle, the Lottery may assess Liquidated Damages of one hundred dollars (\$100.00) per retailer terminal per day, or fraction thereof, until the condition is rectified.

9. Failure to Modify Existing On-Line Games or to Install Additional Games

Service Levels:

Liquidated Damages:

<p>The Successful Vendor shall modify existing games or install additional games and their supporting controls within ninety (90) days from delivery of the Lottery's written approval for a set of game specifications (unless an extension is authorized in writing by the Lottery or a schedule is otherwise established following written request of the Lottery for modification or installation of games). The Successful Vendor shall also complete a Lottery quality assurance test and receive the Lottery's written approval of such modified or additional game within the one hundred twenty (120) day time period.</p>	<p>The Lottery may assess Liquidated Damages of one hundred thousand dollars (\$100,000.00) for each day, or fraction thereof, of delay that the modified or additional game is not installed. The Successful Vendor is not obligated to pay Liquidated Damages if the Lottery opts to release the change at a later time than the original agreed-upon schedule.</p>
---	---

10. Failure to Produce an Administrative Software Change

Service Levels:

Liquidated Damages:

<p>The Successful Vendor shall modify or add software to the System to produce reports, screen displays, inquiries, or other administrative applications as may be specified in the Contract within sixty (60) days from delivery of written approval by the Lottery of a set of change specifications (unless an extension is authorized in writing by the Lottery or a schedule is otherwise established following written request of the Lottery for changes). The Successful Vendor shall also complete a Lottery Acceptance Test and receive the Lottery's written approval of such modified or additional software within the sixty (60) day time period.</p>	<p>The Lottery may assess Liquidated Damages of five hundred dollars (\$500.00) per day, or fraction thereof, that the modified or additional software is not installed.</p>
---	--



11. Failure to Support an Instant Ticket Game

Service Levels:

Liquidated Damages:

The Successful Vendor shall ensure that the System handles Instant ticket transactions and produces reports for all games ordered by the Lottery from its Instant ticket supplier(s).

The Lottery may assess Liquidated Damages of ten thousand dollars (\$10,000.00) per day, or fraction thereof, for any Instant games for which the Successful Vendor does not provide timely and/or correct Instant ticket transaction handling and reporting if the fault of the on-line supplier.

12. Unauthorized Software/Hardware Modifications

Service Levels:

Liquidated Damages:

The Successful Vendor shall not modify any software or hardware without the prior written consent of the Lottery and the Successful Vendor shall design Configuration Management practices to obviate this possible problem. "Modification" does not include replacement of a System component with an essentially similar working component in the event of necessary maintenance.

If The Successful Vendor modifies any software or hardware without the prior written approval of the Lottery, the Lottery may issue a written order that the modification be removed and the System restored to its previous operating state at the Successful Vendor's expense. Further, the Lottery may assess Liquidated Damages of ten thousand dollars (\$10,000.00) per violation in addition to any other damages that may occur as a result of such unauthorized modification.

13. Unauthorized Access or Compromise

Service Levels:

Liquidated Damages:

The Successful Vendor shall preclude personnel not authorized by the Lottery from accessing, modifying, or otherwise interfering with the lottery gaming systems or any lottery gaming system data or software.

The Lottery may assess Liquidated Damages of ten thousand dollars (\$10,000.00) per person per Incident in addition to any other damages that may occur as a result of such unauthorized access or compromise. An "Incident" is each act of access, modification, or interference with the lottery gaming systems or any lottery gaming system data or software by an unauthorized person.



14. Supply Shortage

Service Levels:

Liquidated Damages:

The Successful Vendor shall furnish all essential supplies and consumables for all games (not including Instant tickets or point-of-sale advertising materials).

If a retailer is unable to sell or validate a ticket because of the Successful Vendor's failure to provide adequate operating supplies, the Lottery may assess Liquidated damages of five hundred dollars (\$500.00) per retailer per day of downtime, or fraction thereof.

15. Failure to Report Incidents

Service Levels:

Liquidated Damages:

The Successful Vendor shall immediately report all significant incidents related to the operation of the Gaming System, either personally or by telephone within one (1) hour of the discovery of the incident, followed by a letter addressed to the Lottery's Director of Operations within twenty-four (24) hours of the incident. The Successful Vendor shall send all written reports and notifications by courier and fax. At a minimum, the Successful Vendor shall provide a written report for each of the following types of events:

- (i) System takeovers;
 - (ii) Major communications failures;
 - (iii) Significant operator errors;
 - (iv) Out of balance conditions;
 - (v) Emergency software or hardware changes;
 - (vi) Security violations;
 - (vii) Other conditions as defined by a memorandum of understanding;
- or

(viii) Any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of the Lottery.

If the Successful Vendor fails to report any incidents as required, the Lottery may assess Liquidated Damages of one thousand dollars (\$1,000.00) per day or fraction thereof, until an incident is correctly reported.

16. Failure to Comply

Service Levels:

The Successful Vendor shall comply with all commitments contained in the RFP, the Proposal, and the Contract, and all clarifications and amendments to these documents. The Successful Vendor shall provide all products, services, data, and documents as obligated under the RFP, the Proposal, and the Contract.

Liquidated Damages:

To the extent not specified elsewhere in this Appendix, if the Successful Vendor fails to provide an obligated product, service, data, or document, where not otherwise addressed by other Liquidated Damage provisions in this Appendix, the Lottery may assess Liquidated Damages of five hundred dollars (\$500.00) per day or per incident (at the Lottery's discretion) until the condition is rectified.

17. Data Center (Inter-site) WAN Outages

Service Levels:

The Successful Vendor shall ensure that the WAN connections are not lost or operating at a degraded level of performance. Connection points include the primary data center, backup data center, the Lottery data center, and the Lottery backup communications center. An outage occurs if a connection is lost due to the failure of the Successful Vendor to correctly carry out established duties in supporting or administering the network, or by failure of a the Successful Vendor-specified protectively redundant network element to support a failover. This service level shall apply only if the Lottery elects to use the specified option of the Successful Vendor-provided Data Center WAN.

Liquidated Damages:

In the event that a Successful Vendor-provided WAN connection is lost, the Lottery may assess Liquidated Damages according to the following schedule: Five hundred dollars (\$500.00) for each minute of network outage, or fraction thereof, per connection. Total time of network outage each day shall be calculated as each minute during the operational hours of sales or validation of each day that a WAN connection is down after a thirty (30) minute grace period. If two (2) downtime events of any length occur in a business week, the grace period of thirty (30) minutes shall be rescinded, and Liquidated Damages shall begin immediately with any subsequent outage in that week. Liquidated Damages for any WAN failure condition that renders the System "down" shall be determined under Item 3 of this Appendix (Gaming Host Systems Down).

18. Failure to Comply with Required Standards or to Remedy Audit Recommendations

Service Levels:	Liquidated Damages:
<p>The Successful Vendor shall correct or address, to the Lottery's satisfaction, all recommendations made to the Successful Vendor as a result of a system audit.</p>	<p>If audit recommendations are not corrected, or addressed to the Lottery's satisfaction, within sixty (60) calendar days of notification, unless specifically exempted by the Director, the Lottery may assess Liquidated Damages of five thousand dollars (\$5,000.00) at the end of the initial 60-day period and an additional five thousand dollars (\$5,000.00) for each subsequent thirty- (30) day period or any portion thereof, for which the Successful Vendor audit recommendation has not been corrected or addressed to the Lottery's satisfaction.</p>
<p>The Successful Vendor shall comply with all required Lottery and/or multi-jurisdictional standards.</p>	<p>If The Successful Vendor fails to comply with any required the Lottery or multi-jurisdictional association standard, the Lottery may assess Liquidated Damages of five thousand dollars (\$5,000.00) for each instance of non-compliance. In addition, the Lottery may assess an additional five thousand dollars (\$5,000.00) for each subsequent seven- (7) day period, or portion thereof, for each instance for which compliance has not been achieved.</p>

19. Failure to Provide Software Testing and Quality Software Turnovers

Service Levels:	Liquidated Damages:
<p>The Successful Vendor shall provide the Lottery with quality tested software.</p>	<p>If untested software is turned over for Lottery Acceptance Testing or the software does not meet the specification standards established by the Lottery, the Lottery may assess Liquidated Damages of five thousand dollars (\$5,000.00) for the first violation (return or retraction of the software) and ten thousand dollars (\$10,000.00) for each subsequent violation.</p>



20. Failure to provide new employee documentation and obtain security clearance prior to employment

Service Levels:

Liquidated Damages:

The Successful Vendor shall provide the Lottery with all required employee documentation for completion of background and security checks prior to employment.	If an employee is hired by the Successful Vendor before the employee has been approved by the Lottery, the Lottery may assess Liquidated Damages of two hundred dollars (\$200.00) for each violation.
--	--

21. Failure to comply with agreed Telemarketing call frequency

Service Levels:

Liquidated Damages:

The Successful Vendor shall complete the service level agreement (SLA) of Telemarketing calls to retailers per the Contract.	If the Successful Vendor fails to fulfill service level agreement of Telemarketing calls the Lottery may assess Liquidated Damages of one hundred dollars (\$100.00) per retailer for each violation.
--	---

22. Failure to print good legible wagers (misprints)

Service Levels:

Liquidated Damages:

The Successful Vendor's terminals shall print legible, high-quality tickets.	If the Successful Vendor's terminal fails to produce a legible, high-quality wager (misprint), the Lottery may assess Liquidated Damages of two dollars (\$2.00) per ticket authorized by the Lottery for credit to the retailer.
--	---

23. Failure to pack Instant game orders correctly

Service Levels:

Liquidated Damages:

The Successful Vendor shall pack Instant ticket orders using the correct pack numbers and games for the retailer order selected.	If the Successful Vendor fails to select the correct Instant game packs for an order, the Lottery may assess Liquidated Damages of one hundred dollars (\$100.00) per order that does not contain the correct item(s).
--	--



24. Hotline and Telemarketing Communication Outages and Hold Times

Service Levels:

Liquidated Damages:

The Successful Vendor shall maintain a reliable communications service for retailers to reach the Hotline for service or the Telemarketing group to discuss and/or place an Instant ticket order. Caller hold times should be reasonable.

Service Level Requirements for inbound retailer calls are:

- a. 95% of inbound calls to be answered within 60 seconds
- b. 99% of all calls without a busy signal
- c. Abandoned call rate not to exceed 2%
- d. Average hold time not to exceed two minutes

If the Successful Vendor fails to maintain a reliable communications service for retailers to use to reach the Hotline for service or the Telemarketing group for Instant ticket issues, the Lottery may assess Liquidated Damages of one thousand dollars (\$1,000.00) per hour (after a ten (10) minute grace period) that the service is interrupted. The Lottery may assess Liquidated Damages of fifty dollars (\$50.00) per call that does not meet Hotline and Telemarketing Communication Service Level Requirements.

25. Successful Vendor Provided Retailer Terminal Communications Network (if Lottery exercises this option)

Service Levels:

Liquidated Damages:

The Successful Vendor shall provide a highly reliable retailer sales terminal communications network (if the Lottery exercises this option).

If the Successful Vendor provided retailer terminal communications network causes a retailer sales terminal to be down, the Lottery may assess Liquidated Damages of one-hundred dollars (\$100.00) per non-operational terminal per hour (excluding Gaming System non-operating hours and after a two (2) hour grace period per month; (approximately 99.7% service level or higher level agreed to), until service has been restored. The Lottery may assess Liquidated Damages of one-hundred dollars (\$100.00) per retailer terminal per day, or fraction thereof, when communications service is impaired or falls below the Contract-agreed SLA.



26. Instant Ticket Vending Machines (ITVM) (if Lottery exercises this option)

Service Levels:

Liquidated Damages:

<p>The Successful Vendor shall deliver and install an ITVM in accordance with the Contract-agreed schedule.</p>	<p>The Lottery may assess Liquidated Damages of one hundred dollars (\$100.00) per day for each ITVM not installed per the Contract agreed installation date. Liquidated Damages of two hundred dollars (\$200.00) may be assessed per day for each unit that is 15 days past the scheduled install date.</p>
<p>The Successful Vendor shall repair or replace an ITVM according to the terms of the Contract.</p>	<p>The Lottery may assess Liquidated Damages of two hundred dollars (\$200.00) per day for each ITVM that is not returned to fully operable service within 48 hours after report of trouble (See Appendix I, #17).</p>
<p>The Successful Vendor shall perform routine preventative maintenance (PM) on each ITVM per the Contract-agreed schedule.</p>	<p>The Lottery may assess Liquidated Damages of fifty dollars (\$50.00) per occurrence for each ITVM that has not had PM performed within 14 days of the scheduled maintenance date. Liquidated Damages of fifty dollars (\$50.00) may be assessed per day for each ITVM more than 14 days past the scheduled due date for PM to be completed.</p>
<p>The Successful Vendor shall provide comprehensive training on the operation of the ITVM for all retailers that receive these units within two days of delivery/installation of the unit per the specifications in the Contract.</p>	<p>The Lottery may assess Liquidated Damages of two hundred dollars (\$200.00) per occurrence for each retailer location that has not received ITVM training within two days following the delivery/installation of the unit.</p>



<p>The Successful Vendor shall remove ITVM at end of contract period per the terms of the Contract.</p>	<p>The Lottery may withhold the last payment under terms of Contract pending proper notification that all ITVM equipment has been properly removed. If the Successful Vendor fails to remove the ITVM and the Lottery is required to provide this service, the costs to the Lottery for the removal and disposal of the equipment shall be withheld from the final payment(s) to the Successful Vendor.</p>
<p>The ITVM provided by the Successful Vendor shall dispense tickets in a manner that does not distort, damage, or burst tickets improperly such that the playability or ticket appearance is compromised.</p>	<p>The Lottery may assess Liquidated Damages of the face value of any ticket(s) distorted, damaged or burst improperly due to a dispensing problem with the ITVM.</p>
<p>The ITVM provided by the Successful Vendor shall be designed to mechanically prevent any extra tickets from being dispensed without payment.</p>	<p>The Lottery may assess Liquidated Damages of the face value of any extra ticket(s) dispensed from the ITVM without actual monetary payment.</p>
<p>The currency acceptors in the ITVM must accept all U. S. Treasury currency. The Successful Vendor is responsible for updating any currency acceptors to accommodate any changes in currency made by the U. S. Treasury for any new currency releases.</p>	<p>The Lottery may assess Liquidated Damages in the amount of two hundred dollars (\$200.00) per day, per ITVM, plus any retailer shortages for currency acceptors that have not been updated for a U S currency change and are unable to properly read currency.</p>



27. Specialty Retailer Terminals

Service Levels:

Liquidated Damages:

<p>The Specialty Retailer Terminal provided by the Successful Vendor shall be designed to mechanically prevent any extra tickets from being dispensed without payment.</p>	<p>The Lottery may assess Liquidated Damages of the face value of any extra ticket(s) dispensed from the specialty terminal without actual monetary payment.</p>
<p>The currency acceptors in the Specialty Retailer Terminal must accept all U. S. Treasury currency. The Successful Vendor is responsible for updating any currency acceptors to accommodate any changes in currency made by the U. S. Treasury for any new currency releases.</p>	<p>The Lottery may assess Liquidated Damages in the amount of two hundred dollars (\$200.00) per day plus any retailer shortages for currency acceptors that have not been updated for a U S currency change and are unable to properly read currency.</p>

New York Lottery
Lottery Gaming System RFP
Appendix "M"

News Stand In New York City

17268	JOANNA NEWSSTAND	3371 BROADWAY	NEW YORK	10031	212-281-8294	CHAUDHARY @ 212-234-2155 (HOME)	DDSII
87404	RAJ NEWSSTAND	59 MAIDEN LANE ST	NEW YORK	10038	212-785-7270	RAJ GALABYA @ 917-287-6728	DDSII

Multiple Terminal on DDS Circuit

52222	WEGMAN'S #80	651 DICK ROAD	DEPEW	14043	716-681-2680	PAT CROWLEY	DDSII
55223	WEGMAN'S #80	651 DICK ROAD	DEPEW	14043	716-681-2680		DDSII
08224	HUDSON NEWS	625 8TH AVE.-PT AUTH.-FL1 S.	NEW YORK	10018	212-563-1030	MANAGER	DDSII
08227	HUDSON NEWS	625 8TH AVE.-PT AUTH.-FL1 S.	NEW YORK	10018	212-563-1030		DDSII

Multiple Terminal on VSAT

30542	BORDER VIEW GROCERY	ROUTE 11 & RIDGE ROAD	CHAMPLAIN	12919	518-298-3050	STACY GOOLEY	VSAT
37272	BORDER VIEW GROCERY	ROUTE 11 & RIDGE ROAD	CHAMPLAIN	12919	518-298-3050		VSAT
45591	AUBREY'S SHOPPING CENTER	342 EAST BROADWAY	CAPE VINCENT	13618	315-654-2381	JOE CHAUAUSTIE	VSAT
46696	AUBREY'S INN / MIMAKAR	126 S JAMES ST	CAPE VINCENT	13618	315-654-3754		VSAT

Non-Verizon DDS

59056	QUALITY MARKETS	150 PROSPECT ST-ATTICA PLAZA	ATTICA	14011	585-591-8092	GEORGE COLLINS	DDSII
58287	WIGGLY & JIGGLY'S ENGLISH PUB	172 SOUTH MAIN ST	ALBION	14411	585-589-6327	BRAD LONDON	DDSII

Lottery Inside Pilot Locations

30926	STEWART'S ICE CREAM #275	50 FREEMANS BRIDGE ROAD	GLENVILLE	12302	518-382-9654	STORE MANAGER	DDSII
34766	STEWART'S ICE CREAM #314	4208 ROUTE 50 @ JONES ROAD	SARATOGA SPRINGS	12866	518-580-1487	STORE MANAGER	DDSII

APPENDIX N – MANAGEMENT AND ADMINISTRATIVE REPORTS

Management reports must be available upon demand at management terminals and be able to support the business activities listed below. Information available in the management reports must be available for onscreen display on management terminals. Actual report formats and filtering options are to be resolved with the Lottery. Specific wording in the following report descriptions simply represents the meaning that is to be conveyed.

This list of reports is not intended to represent an all-inclusive list of the reports required by the Lottery; it is intended as a sample only.

- 1. Game Control** - such as Game Close, Winning Numbers, Game in Pay Status. The System must automatically produce two printed copies of all game control reports.
- 2. Total Daily Activity** - Total sales activity for the day.
- 3. Daily Activity/Game** - Reflecting the current day's activity for all Lottery games, showing the total pool amount and play type and date. All pools for which play is being accepted are to be shown. Also indicates the number of quick pick plays and percent of total.
- 4. Previous Activity/Game** - Reflecting the previous activity and showing the total pool amount by play type and date. This report shall show play activity prior to the current day on all pools for which sales are being accepted.
- 5. Combined Activity** - Reflecting the total pool amount combined from current and previous activity reports.
- 6. Prize Reports** - Showing the winning numbers for the most recent drawing, last control number, the number of winning plays by play type and tier, the prize payout liability and the total pool amount.
- 7. Top Played Numbers** - Showing the fifteen (15) most popular numbers being played on the current day and all advance pools, the total prize liability of all play combinations on each number in dollars and cents.
- 8. Retailer Transaction History/Look-up** - Any and all retailer transaction history for the day.
- 9. Retailer Sales History** - Sales history for all games for the requested retailer(s).
- 10. On-Line Terminal Sales Over/Under Report** - A report of selected Retailers over a specified sales amount and under a specified sales amount showing Retailer number, line and network address, and actual net sales amount for all games.



Report to be applied to all games or a selected game for the current day or week-to-date.

11. Games Net Sales - Tickets selling per second statewide for all Lottery games.

12. Daily Terminal Availability - Reflecting the date and time of inquiry and showing those terminals not operable at that time on that day as well as the period of time that the terminals were inoperable.

13. Week-to-Date Retailer Balance - Showing the cumulative position (week to date) of all Retailers, sales dollar amount less cancels, retailer commission on tickets sold, number of units canceled, cash paid to winners, number of "file claim" tickets issued, number of tickets cashed, Retailer net balance, Retailer number and cash advances, if any.

14. System Totals - Showing tickets sold and cash received for each type of play broken out by today's and the previous week's business with grand totals.

15. Terminal Sales Activity - Showing, by terminal, the number of tickets canceled, net sales, commissions, number of winners validated, and amount paid. An identifying symbol is to be printed next to the Retailer number whenever cancels exceed a designated variable percentage of sales and another symbol list to be printed if the Retailer has a negative balance.

16. Game Status - A report showing the status of the current open games (where plays are currently being accumulated to) and past games for 365 days. On all past games, indicates the winning numbers that were drawn, the play amount, and the liability amount (and percentage of play amount).

17. Weekly Invoice and EFT- A report summarizing the retailer invoices, reflecting amounts that will be swept from their bank accounts with subtotals available by corporate account and district.

18. Total Daily Activity - A report showing activity for all Lottery games for the day.

19. Combined Sales - A report showing combined daily instant and online sales.

20. Forced Settlement – A weekly report of retailers and instant inventory that was automatically settled by the system per Lottery-defined parameters.

21. Instant Sales – Counts and amounts for all instant game activity including adjustments (credits) for partial pack returns.

22. Partial Pack Status Changes – All partial pack settlements for the day or the period requested.

23. Stolen Pack Status Changes – All packs placed into a stolen status for the day or the period requested.

24. Instant Games Inventory Balancing – All instant game inventory information (active, settled, etc.).

25. Instant Game Aging – All packs in a selected status for a selected number of days.

26. Sales by Price Point – Ability to report sales by individual ticket price points. Instant Liability reports – report should show instant cashes by date range, cashes prior to date range, and remaining liability.

27. End of Game Instant Liability Report – For a specified game, a listing of all packs and/or ticket ranges not sold.

28. Activations and Settles – Date-driven Instant Activations and Settles by game pack and amount for requested retailer or chain.

29. Filled/Cancelled orders – Date-driven instant filled or cancelled orders for all order types including order number, date shipped, date received, filled by for requested retailer or chain.

30. Packs in Transit – Instant status of packs in transit report shows game, pack value, warehouse transit date and order number sorted by order number or transit date for requested retailer or chain.

31. Retailer Pack Inventory – Instant game retailer pack inventory with game, pack, pack status, total packs, tickets per pack, ticket cost, value active date, number of days, number of cashes, and maximum ticket sorted by activation date, game number or pack status. Requested for retailer or chain.

32. Activity Sales Detail – Date-driven combined online and instant gross sales, discount, cancels/instant return, promos, net sales, cashes, sales commissions, cashing commission, adjustments, net cash flow, for requested retailer or chain.

33. Activity Games Detail – Date-driven (by specific game) of online or instant game for requested retailer or chain showing gross sales, discount, cancels, promos, net sales, cashes, sales commissions, cashing commissions and net cash flow.

34. Retailer Daily Activity – Date-driven combined online and instant daily activity by game for cashes, sales commissions, cashing commission, promotions, and adjustments requested for retailers or chain.

35. Retailer List – retailer listing showing retailer, name, business/contact, phone number, business address, mailing address: requested for retailers or chain.

36. Retailer Ranking – Date-driven combined daily average, instant daily average, online daily average, by retailer status, rank, net instant sales amount, net online sales amount, total sales amount, and number of sale days - for retailer or chain.



37. Retailer Commissions – Date-driven report for retailer or chain, showing retailer, name, owner name, address, online sales, instant sales, online sales commissions, instant sales commissions, online cashing commissions, instant cashing commissions, tax adjustment, redemption of APA, incentive checks and 1099 total.

38. Sales Comparisons – Report showing combined instant or online sales, date range comparison current versus prior, requested for retailer or chain.

39. Zero Sales – Date-driven report showing LSR, status, city, phone, point of contact – requested for retailer or chain.

40. Corporate Reporting – The chain headquarters receive special reports that detail the activity for each store and summarize the activity for all stores.

In addition to the above reports, the Lottery anticipates that various other types of sales and marketing reports may be needed, with the data to be displayed and format to be determined by the Lottery.

APPENDIX O – RETAILER TERMINAL REPORTS

Below is a partial list of the reports currently available from the retailer terminals. Retailer reports must be available on demand on the Lottery terminals in the sales retailers' location and be able, at a minimum, to support the business activities listed below. The Lottery must also be able to generate such reports in the same formatting as the retailer terminal reports via the management terminals to review results with retailers. Actual report formats are to be resolved with the Lottery. Specific wording in the following reports simply represents the meaning that is to be conveyed. All reports must include the words INFORMATION ONLY – NOT FOR SALE (or a similar Lottery approved message) at the top or bottom of the report.

This list of reports is not intended to represent an all-inclusive list of the reports required by Lottery. It is intended as a sample only.

On-Line Games:

- 1. Daily Sales** – Combined on-line daily sales, cancels, pays, claims, credits and commissions by game for requested retailer
- 2. Week-to-Date Sales** – Combined on-line week-to-date sales, cancels, pays, claims, credits and commissions by game for the current week for the requested retailer. Roll-up sales reports for storeowners with multiple locations and terminals must be available.
- 3. Winning Numbers and Payouts** – Winning numbers and payouts for last completed draw of all on-line game for a specified date (default is most current draw and all games)
- 4. By Game Winning Cities and Prizes** – City/Cities, prize amounts and winning numbers by game
- 5. Weekly Adjustments** – On-line and instant adjustments to the retailer for the week requested
- 6. By Game Current and/or Previous Week Sales** – Current week and previous week sales, cashes and cancels by game for requested retailer
- 7. Last 25 Transactions History** – Shows the previous 25 transactions for the current sign-on
- 8. Test Ticket** – Prints a 'test' ticket where the wording "DEMO – NOT FOR SALE" must be prominently displayed in the middle of the ticket.
- 9. Premium Point Activity** – Shows weekly activity and balance. Roll-up reports for storeowners with multiple locations and terminals must be available.



10. Weekly Invoice – Shows weekly on-line and instant sales, previous week's balance and payment, and net amount due to the Lottery.

Instant Games:

1. Daily Instant Activity – Instant inventory activity and sales activity for the day for requested retailer.

2. Week-to-Date Instant Activity – Instant inventory activity and sales activity by game for week-to-date for requested retailer. Roll-up sales reports for storeowners with multiple locations and terminals must be available.

3. Inventory Summary – Summary of instant ticket inventory by game.

4. Inventory Detail – Detailed instant ticket inventory by game.

- In-Stock Report – Summary of packs that are both received in stock and in transit to the retail location.
- In-Use Report – Summary of all packs from which the retailer is actively selling.
- Settled Pack Listing Report – Summary of packs settled by date and with pack values.
- Manifest Report – Summary of all packs associated with and contained in an order.
- Full Pack Return Report – Summary of packs with pack numbers and pack return dates.
- Partial Pack Return Report – Summary of partial packs with returned ticket ranges.

5. Inventory History – History of instant inventory for a retailer for a particular time frame.

6. Weekly Cashed Detail – Weekly instant ticket payment detail.

7. Weekly Settled Pack Detail – Instant packs settled by game, number, date and amount.

8. Game Information – Listing of all active and closed games with game numbers, game names, start date, end date, end validation date, price points and number of top prizes remaining.

9. Games on Sale – Listing of all games with game numbers, game names, price points and number of tickets per pack.



- 10. Adjustment History** – Instant adjustments made to the retailer for the week requested.
- 11. Active Packs** – Details of active packs in retailer's inventory.
- 12. Orderable Games** – Instant games that are currently available for order, descending by sales.
- 13. Top Prize Remaining** – Games that currently have no top prizes remaining to be sold.
- 14. Sales by Price Point** – Ability to report sales by individual ticket price point.
- 15. Sign-On** – Information about the terminal at the time the retailer signs-on to the system.
- 16. Customer Display Message** (English and Spanish) – Update for the customer display message.
- 17. Broadcast Messages** – Informational broadcast messages to be sent to all retailers or to a specific retailer.
- 18. Last 5 Broadcast Messages** – Report showing the last five (5) terminal news messages sent to the terminal.
- 19. Cash Activity Report** – Report taken at end of day to assist retailers in the balancing of their cash drawers. There are no sales commissions shown on the report.



ATTACHMENT 1

DOCUMENT SUBMITTAL CHECKLIST

Description of Document	Section of RFP	Filing Requirements	Checklist
Standard Clauses for NYS Contracts (Appendix A)	§2.4	n/a – incorporated into the RFP & Contract	
Freedom of Information Law - Designation of Proprietary Information	§1.15	with proposal	
Non-Collusive Bidding Certificate (Appendix E)	§1.38	with proposal	
Bidder/Offeror Disclosure/Certification Form (Appendix F)	§1.40	with proposal	
NYS Vendor Responsibility Questionnaire (Appendix G)	§2.5	with proposal	
Equal Employment Opportunity (EEO) Policy Statement (Appendix H) <ul style="list-style-type: none"> • Staffing Plan (H-2) • Utilization Report (H-3) 	§2.6 A	H-2: with proposal; H-3: quarterly if devoted staff; semi-annually if entire staff.	
Minority and Women-Owned Business Enterprise Program (Appendix I) <ul style="list-style-type: none"> • Utilization Plan Form (I-1) • Quarterly Activity Report (I-3) 	§2.6 B	I-1: within 14 days after notification of contract award; I-3: 45 days following the end of the previous quarter.	
MacBride Fair Employment Principals (Northern Ireland Stipulation Form) (Appendix J)	§2.8	with proposal	
Sales & Use Tax (Appendix K) <ul style="list-style-type: none"> • ST220-CA (submit to Lottery) • ST220-TD (submit to DTF) 	§2.9	with proposal	
BONDS			
Proposal Bond = \$100,000	§1.32	with proposal	
Litigation Bond = \$1,000,000	§1.33	with proposal	
Performance Bond = \$25,000,000 per year of the contract	§2.21	upon notification of contract award	
Fidelity Bond = \$5,000,000	§2.22	prior to contract approval; following notification of award	

NOTE: Vendors should include this checklist with their technical proposal response.



Vendor Acknowledgement of Addendum

RFP: Full Service Lottery System

Amendment Number: _____

Date Issued: _____

By signing below, the bidder attests to receiving and responding to the amendment number indicated above.

Bidder Name: _____

Company: _____

