IOWA LOTTERY AUTHORITY

IALottery™

RFP IL 20-01
REQUEST FOR PROPOSALS
COMPUTER GAMING SYSTEM AND RELATED
PRODUCTS AND SERVICES

July 30, 2019

Amended
September 13, 2019
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PART 1 – PROPOSAL SUBMISSION INFORMATION

1.0 Response Note Terminology

RESPONSE NOTE: None

Each numbered section and subsection in the RFP is immediately followed by a RFP standard compliance note. The meaning of each response note, and the corresponding obligations of Vendor, is as follows:

NONE: The section or subsection does not require any response from the Vendor at all.

ACCEPTANCE: The section or subsection contains information the Vendor accepts as a condition of the Proposal submittal. The Vendor shall indicate any deviations or non-acceptance.

FULL: The section or subsection requires the Vendor to provide a full and dedicated response, including all information necessary for the Lottery to determine whether the Vendor fully complies with the stated requirement.

1.1 Introduction and Lottery Objectives

RESPONSE NOTE: Acceptance

The Iowa Lottery Authority (the "Lottery") is issuing this Request for Proposals ("RFP") to allow interested Vendors to submit Proposals for the implementation and operation of a Lottery Gaming System ("System"), including associated gaming products, equipment and support services.

In light of the complexity of the operations and the need to ensure consistent, reliable performance, the Lottery will only consider proposals submitted from Vendors that can establish a minimum of five (5) years related lottery experience and have current gaming system contracts with at least one (1) lottery jurisdiction who are current members of the North American Association of State and Provincial Lotteries (NASPL).

Any system proposed pursuant to this RFP must be sufficiently flexible to meet the evolving requirements of the Iowa Lottery and the expectations of Lottery players in Iowa. System and services contemplated for provision under this RFP include, but are not limited to, the following:

- Lotto and InstaPlay game sales at retail and nontraditional locations;
- Lotto, InstaPlay and Scratch ticket validations capabilities;
- Pull-tab ticket verification capabilities;
• Support for accounting processes relating to the sale of lottery games and the distribution of lottery prizes, including but not limited to processes that include separate accounting for Lotto, Scratch, InstaPlay, and Pull-Tab games, in addition to any future gaming types that could be implemented by the Lottery;

• Game warehousing, inventory and distribution applications for the Lottery’s existing Scratch and Pull-tab tickets, as well as any future gaming types that could be implemented by the Lottery;

• Provision of a sales force automation system that provides systems and actionable retailer data that allow for more productive Lottery sales calls;

• Primary and back-up computer systems, data centers, and related facilities for provision of lottery services.

• Network Communications to Lottery and Retailer Equipment

• Retailer Network Terminals, Retailer Displays & Jackpot Signs

• Multipurpose Vending Machines/Kiosks

• Operations Services

• Internal Control Systems (ICS)

• Repair of, maintenance of, and updates for all equipment and software

Additionally, the Lottery will be evaluating responses relating the Vendor’s capabilities to provide new technologies and gaming opportunities. These new technologies that will be considered with the response include, but are not limited to, the Vendor’s capability to provide goods and services to facilitate Sports Gaming, API/In-lane sales, Mobile Gaming and iGaming. The Lottery will also evaluate the Vendor’s capability to provide the Lottery with additional services incidental to Lottery operations, including but not limited to ticket warehouse and distribution services.

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 Iowa statutes, which establish the purpose, powers, duties, and procedural framework of the Lottery.

The Lottery reserves the right to award a Contract pursuant to this RFP to the Vendor deemed successful by the Lottery. Any such contract award is contingent upon Vendor’s successful completion of the Iowa Division of Criminal Investigations (DCI) background check report, and acceptance of the DCI report by the Iowa Lottery Board of Directors. No Vendor shall acquire any legal or equitable rights regarding the Contract unless and until the Contract has been fully executed by the Successful Vendor and the Lottery and approved as necessary by the Lottery Board of Directors.
The Contract will cover an implementation period plus ten (10) years of production operations including such time as is necessary to complete the Lottery business week then in progress. In the sole discretion of the Lottery, the Contract may be extended for up to five (5) additional one-year periods, or any combination thereof.

The Iowa Lottery currently has approximately two thousand four hundred (2,400) retailer sales terminals, one hundred fifteen (115) Lotto/Scratch/InstaPlay kiosks and three hundred thirty five (335) pull-tab vending machines deployed across the state.

- Retailer sales terminals are currently used to sell and cancel Lotto tickets, sell InstaPlay tickets, check and validate Scratch, Lotto and InstaPlay tickets, and verify ownership of pull-tab tickets. In addition to game sales functions, the terminal will also access and print reports, news messages and be utilized by the District Sales Representatives (DSR) for Scratch/Pull-tab pack activation and returns and other retailer inventory maintenance.

The existing base of terminals, kiosks, retailer displays and jackpot signs, together with all related computer hardware and software and their support services, must be replaced as a result of this RFP. All proposed System components must be delivered, installed, implemented, and supported through Lottery-approved acceptance testing, and ready to be fully operational by the system project milestone schedule.

The new System must be capable of supporting the current gaming products and promotions offered to the public by the Lottery.

The Lottery sells tickets in four game categories: Lotto, InstaPlay, Scratch and Pull-tabs. Preliminary figures for fiscal year 2019 show that Iowa Lottery sales totaled $390.8 million. Scratch tickets accounted for $250.6 million dollars of Lottery sales; lotto games generated $117.5 million in sales; pull-tabs made up approximately $10.9 million in sales; and InstaPlay accounted for approximately $11.9 million in sales. Iowa Lottery sales by product over the prior five fiscal years are set forth in the chart below.
In addition, the Successful Vendor must be able to incorporate additional games, technologies and promotions into the System to support the Lottery’s evolving marketing and business plans. The new system must support multiple Scratch/Pull-tab delivery methods, including, but not limited to, DSR and courier delivery.

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

- Obtain and install a gaming System that is sufficiently flexible to meet the gaming product needs of the Lottery for the term of the Contract.
- Obtain retailer terminals, vending machines, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, minimize risk for the Lottery, and lead to high retailer and player satisfaction.
- Obtain a highly reliable data communications system that supports the gaming System.
- Ensure that all proposed systems and services are ready to be operational by the agreed-upon gaming system project milestone schedule.
- Ensure that System and services corrections, improvements, and expanded gaming features are delivered in a timely manner.
- Maximize net Lottery proceeds for the State of Iowa.

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

1.2 Overview of RFP
RESPONSE NOTE: Acceptance

Part one of this RFP provides proposal preparation and submission information. Part Two defines special terms and conditions that will apply to the Contract. Part Three contains technical and business specifications. Part Four requests information pertaining to new and emerging technologies and gaming opportunities. Part Five defines how pricing must be submitted. Part Six describes evaluation criteria (how Proposals will be evaluated) and the proceedings leading to execution of a Contract with the Successful Vendor.

Appendix A provides a glossary for terms used in this RFP. Appendix B sets forth Lottery expectations relating to the Vendor’s ability to propose a demonstrable system solution. Appendix C contains Lottery Standard Terms and Conditions which Vendors will accept as a condition of submitting a bid for this RFP. Appendix D includes references to certain management and administrative reports that the Successful Vendor’s system should be capable of generating. Similarly, Appendix E refers to types of retailer terminal reports that the Successful Vendor’s system should be capable of generating. Appendix F
describes certain requirements for file transfer capabilities between Vendor and the Lottery. Appendix G provides the Vendor with additional background information and history about the Lottery. Appendix H includes information on where to locate necessary disclosure forms to be submitted with this RFP. Appendix I provides instructions for the transmittal letter contents. Appendix J contains non-disclosure requirements for the Vendor relating to this RFP process. Appendix K contains specifications of data to be made available to the Lottery in a Data Warehouse by the vendor. Appendix L describes the Lottery current process for auto-ordering Instant tickets.

This RFP is designed to provide Vendors with the information necessary for the preparation of competitive Proposals. The RFP process is for the Lottery’s benefit and is intended to provide the Lottery with competitive information to assist in the selection process. It is not intended to be comprehensive. Each Vendor is responsible for determining all factors necessary for submission of a comprehensive Proposal.

1.3  **RFP Coordinator**  
RESPONSE NOTE: Acceptance

The RFP Coordinator, acting on the Lottery's behalf, is the sole and exclusive point of contact with regard to all aspects of the procurement of goods and services pursuant to this RFP, from the date of release of this RFP until the Lottery’s notice of award. All communications concerning this procurement, including but not limited to submission of questions, requesting copies of amendments or answers, and submission of a Proposal, must be addressed in writing and submitted to the RFP Coordinator:

<table>
<thead>
<tr>
<th>RFP Coordinator:</th>
<th>Mr. Terry Brown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mail or hand deliver to:</td>
<td>Iowa Lottery, 13001 University Ave, Clive, IA 50325-8225</td>
</tr>
<tr>
<td>Telephone:</td>
<td>515-725-7877</td>
</tr>
<tr>
<td>E-mail address:</td>
<td><a href="mailto:tdbrown@ialottery.com">tdbrown@ialottery.com</a></td>
</tr>
<tr>
<td>RE:</td>
<td>Gaming Systems RFP 20-01 Inquiry</td>
</tr>
<tr>
<td>Website for postings:</td>
<td><a href="https://ialottery.com/Pages/Vendors/VendorsMain.aspx">https://ialottery.com/Pages/Vendors/VendorsMain.aspx</a></td>
</tr>
</tbody>
</table>

1.4  **Disclosure and Investigation Requirements**  
RESPONSE NOTE: Acceptance

This RFP requires a series of disclosures and willingness to comply with background investigational requirements of the Lottery. This is a major procurement solicitation and all relevant Iowa statutes are applicable. Questions regarding the disclosure and investigation requirements are to be directed to the RFP Coordinator. At the discretion of the Lottery, responses may be supplied by the RFP Coordinator, other Lottery personnel, or other state of Iowa personnel.

1.5  **Restrictions on Communication**  
RESPONSE NOTE: Acceptance
Other than with the RFP Coordinator, potential Vendors and their agents, lobbyists or representatives shall make no unsolicited contact, directly or indirectly, with any member of the Lottery Board of Directors, or any employee, agent, or representative of the Lottery, or any elected or appointed State of Iowa official regarding this RFP. This provision will remain in place from the time the RFP is issued until the time that the Lottery issues a Notice of Intent to Award relating to this RFP.

During this period, Vendors shall not represent themselves to any member of the Lottery Board of Directors, to any employee, agent, or representative of the Lottery, to any Iowa Lottery retailers, or to any elected or appointed State of Iowa official as having the endorsement of the Lottery for this RFP or as the Lottery’s next supplier of gaming products and services pursuant to this RFP. This prohibition on unsolicited communications relating to this RFP includes, but is not limited to, Vendors currently doing business with the Lottery. Any Vendor causing or attempting to cause a violation or circumvention of this requirement may at a minimum, at the sole discretion of the Lottery, be disqualified from further consideration.

1.6 Schedule

RESPONSE NOTE: Acceptance.

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>RFP issued to Vendors</td>
<td>July 30, 2019</td>
<td>4:00 pm</td>
</tr>
<tr>
<td>Intent to Bid Letter Due</td>
<td>August 9, 2019</td>
<td>4:00 pm</td>
</tr>
<tr>
<td>Questions from Vendors Accepted</td>
<td>August 19, 2019 through September 2, 2019</td>
<td>4:00 pm</td>
</tr>
<tr>
<td>Questions and Answers provided to all Vendors</td>
<td>On or prior to September 13, 2019</td>
<td>4:00 pm</td>
</tr>
<tr>
<td>Proposals Due</td>
<td>November 15, 2019</td>
<td>3:00 pm</td>
</tr>
<tr>
<td>Stand-alone terminal delivered and operating</td>
<td>By November 22, 2019</td>
<td>4:00 pm</td>
</tr>
<tr>
<td>Evaluation of Proposals Period</td>
<td>November 15, 2019</td>
<td></td>
</tr>
</tbody>
</table>
Site Visits/Oral Presentations by Vendors (if requested) November 15, 2019 through February 21, 2020

Lottery Presentation to CEO and Board of Directors, Meeting for Board of Directors March 2020 Board Meeting TBA
Issuance of Notice of Intent to Award, Subject to Successful Vendor Completion of DCI Background Check

DCI Investigation March 2020 through May 2020

Board of Directors Update, If Necessary June, 2020

Contract Execution July, 2020 Board Meeting TBA

Begin Lotto System Project ** July 2020

<table>
<thead>
<tr>
<th>Start Lottery Acceptance Testing</th>
<th>January 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full conversion completed***</td>
<td>July 11, 2021</td>
</tr>
</tbody>
</table>

* All times refer to Central Time.

** Lotto System Project milestone dates of documents and deliverables to be identified in a separate Project Management document to be delivered by the Vendor and approved by the Lottery within thirty (30) days of the Contract Execution date.

*** Full conversion is anticipated to occur on July 11, 2021.

1.7 Intent to Bid

RESPONSE NOTE: Acceptance

In order to facilitate the administrative procedures relating to this RFP, the Lottery has set up a process by which Vendors signal interest in the RFP by submitting an Intent to Bid. Vendors interested in submitting a Proposal pursuant to this RFP may e-mail an Intent to Bid letter to the Lottery RFP Coordinator specified in RFP Section 1.3. This Intent to Bid shall be sent by the date and time specified in RFP Section 1.6. In the Intent to Bid,
Vendors should provide Vendor identification information and an e-mail address for a Vendor point of contact.

The Lottery shall provide notice of any addendums, modifications, responses to questions, or other pertinent information relating to this RFP to Vendors who have an Intent to Bid notice on file.

A written Intent to Bid does not bind the Vendor to submit a bid. Additionally, even if an Intent to Bid is not sent to the Lottery, a qualified Vendor may still submit a bid in accordance with the schedule in RFP Section 1.6.

1.8 **RFP Clarification Questions**

RESPONSE NOTE: Acceptance

It is the responsibility of each Vendor to examine the entire RFP and seek any necessary clarification in writing. The RFP Clarification Question procedure is the only mechanism by which a Vendor may seek clarification of the RFP or additional information on the business, contractual, procedural and technical requirements of the procurement.

Vendors are invited to participate in one (1) round of written questions and requests for clarifications regarding the RFP. Vendors may also submit suggestions for changes to the specifications of this RFP. The questions, requests for clarifications, or suggestions must be in writing and received by the RFP Coordinator on or before the date and time listed in Section 1.6 of this RFP. Oral questions will not be permitted. If the questions, requests for clarifications, or suggestions pertain to a specific section of the RFP, the Vendor shall reference the page and section number(s).

To the extent possible, a Vendor should write a question or request for clarification in generic or non-proprietary terms as all response to inquiries will be made available to all Vendors.

Further, no question or request for clarification should contain any price data. The inclusion of specific cost information in a question may result in the Vendor's disqualification.

A copy of questions, answers, and any changes in the RFP, if applicable, will be posted to the Lottery’s website. (https://ialottery.com/Pages/Vendors/VendorsMain.aspx) Vendors with a notice of Intent to Bid on file will receive either the detail on the questions or an e-mail announcement that new information has been posted to the Lottery’s website. Prospective Vendors should monitor the website for any information pertaining to the RFP. The Lottery’s written responses shall be considered an addendum to the RFP. If the Lottery decides to adopt a suggestion that modifies the RFP, the Lottery will issue a clarifying addendum to the RFP.

By submitting a Proposal, Vendors agree that they understand the requirements of this RFP, and they fully understand their obligations if they were to enter into a Contract with
the Lottery. The Lottery assumes no responsibility for oral representations made by any Lottery employee, agent, or board member.

1.9 Vendor Pre-Proposal Conference
RESPONSE NOTE: None

No conference will be held.

1.10 Amendments to the RFP
RESPONSE NOTE: Acceptance

The Lottery reserves the right to amend this RFP prior to the final due date identified herein for Vendor Proposals. If any part of this RFP is amended, the amendments will be posted to the Lottery’s website. Vendors with a notice of Intent to Bid on file will receive an e-mail announcement that an amendment to the RFP has been posted to the Lottery’s website.

1.11 Acceptance of RFP Terms
RESPONSE NOTE: Acceptance

By submitting a Proposal, each Vendor agrees that it fully understands, accepts and will abide by all the terms and conditions of this RFP. Vendor further agrees that Vendor will not make claims for or have any rights to cancellation or withdrawal of its Proposal or other relief due to any asserted misunderstanding or lack of information. The Lottery reserves the right to accept a Proposal or Proposals in whole or in part.

1.12 Waiver of Deficiencies and Rejection for Non-Compliance
RESPONSE NOTE: Acceptance

Proposals that do not meet all material requirements of this RFP or that fail to provide all required information, documents, or supporting materials, or which include language that is conditional or contrary to the terms, conditions, and requirements, of the RFP, may be rejected as non-responsive.

The Lottery reserves the right to waive or permit cure of nonmaterial variances in the Proposal if, in the judgment of the Lottery, it is in the Lottery’s best interest to do so. Nonmaterial variances include, but are not limited to, minor failures to comply that: do not affect overall responsiveness, are merely a matter of form or format, do not change the relative standing or otherwise prejudice other Vendors, do not change the meaning or scope of the RFP, or do not reflect a material change in the specifications of the RFP. In the event the Lottery waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP specifications or excuse the Vendor from full compliance.
with RFP specifications or other Contract specifications if the Vendor is awarded the Contract. The determination of materiality is in the sole discretion of the Lottery.

1.13 Rejection of Proposals
   RESPONSE NOTE: Acceptance

The Lottery reserves the right to reject any Proposal, or any portion thereof, at any time prior to an award of a Contract. The Lottery further reserves the right to reject all Proposals and cancel this procurement if the Lottery determines in its sole discretion that such a decision is in the best interest of the Lottery.

1.14 Proposals Valid for One Year
   RESPONSE NOTE: Acceptance

All Proposals submitted, including but not limited to any pricing provided, will remain valid for one year following the date on which Proposals are due, unless the period is extended by the Lottery. Notification of any such extension will be provided in writing by the Lottery to the affected Vendor or Vendors.

1.15 Proposal Format
   RESPONSE NOTE: Acceptance

The Proposal must be submitted in three (3) separate volumes (as described below) and mailed, sent by courier (e.g. Federal Express or United Parcel Service), or hand delivered. All responses must be in a sealed package(s) and identified on the outside by the Vendor’s full name and address and must be specifically addressed to the RFP Coordinator. Responses must be received by the RFP Coordinator or RFP Coordinator’s designee no later than the date and time shown in the schedule section, RFP Section 1.6.

Proposals that are unsigned or otherwise non-conforming may be rejected as non-responsive.

1.16 Proposal Submission

1.16.1 VOLUME I – Technical (Non-Price) Proposal
   RESPONSE NOTE: Full

The Technical Proposal shall include descriptive and technical matter only and be appropriately labeled on the exterior of the enclosure. No cost figures shall be contained in the Technical Proposal.
The Vendor must respond to every item that requires a response in this RFP in the order presented in the RFP. The Vendor’s response must provide the required information requested, an acknowledgement of acceptance where applicable, or an indication of not applicable (N/A).

The original plus five (5) copies and one (1) “Public Copy” of The Technical Proposal (Volume I) are to be delivered. In addition, one (1) copy of the original Technical Proposal and one (1) copy of the “Public Copy” must be submitted as a digital file on a separate USB flash drive using a Microsoft Word or searchable PDF file. The electronic version should include all Proposal sections within a single file. For further details about the “Public Copy” requirement, refer to RFP Section 1.26.

Except where otherwise provided all requested written documents must be submitted on 8 1/2” x 11” paper and size 11 Arial font, with appropriate exceptions for schematics, attachments, or diagrams that cannot be legibly presented in that size and font.

The contents of the Technical (non-price) Proposal volume must follow this outline, employing dividers to separate the response sections:

1. Transmittal letter. One copy of the transmittal letter shall be structured and contain all of the information specified in RFP Appendix I and included with the original copy of the Technical Proposal.

2. Bid Bond and Litigation Bond (see RFP Sections 1.32 and 1.33). Bonds to be included with the original copy of the Technical Proposal.

3. Disclosure of litigation, investigations, and other information (see RFP Sections 1.35 & 1.36), to be included with the original copy of the Technical Proposal.

4. Statement acknowledging all RFP addenda, to be included in the original copy of the Technical Proposal.

5. Statement of agreement to comply with all terms and conditions contained in Part 2 and Appendix C, to be included with the original copy of the Technical Proposal.

6. Class “L” Business Entity disclosure form required by the Lottery (see RFP Section 1.35 and https://ialottery.com/Pages/Vendors/VendorsMain.aspx) must be provided in a separate binder or package. The binder or package shall contain one (1) paper copy plus one (1) copy on a USB flash drive. Business Entity disclosure information is not to be placed on the USB flash with other technical information.

7. Letter requesting trade secret protection of confidential information (if needed). See RFP Section 1.26. The redacted sections must be noted in a letter submitted with the cover letter as part of the original copy of the Technical Proposal and will be made available for public inspection.
8. Response to all paragraphs of where a response is required including but not limited to every paragraph of Specifications (Part 3) in identical order to which it appears in the RFP. An original in paper form and two (2) additional copies in electronic format on a USB flash drive of the required financial information (Section 3.9.11) should be filed with the original only, and not with all six (6) copies.

9. Vendor-supplied technical documentation as appendices to be included with the original and all copies of the Technical Proposal.

1.16.2 VOLUME II – Price Proposal

RESPONSE NOTE: Full

The Vendor shall be required to provide pricing in accordance with RFP Section 5.

The Price Proposal must be identified as a separate enclosure or Volume II. An individual authorized to legally bind the Vendor must sign the Price Proposal. The original plus one (1) copy of the Price Proposal must be delivered to the RFP Coordinator or RFP Coordinator’s designee. In addition, one copy of the Price Proposal must be submitted in electronic format on a USB flash drive separate from the Volume I – Technical Proposal.

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

1. Cover page stating Vendor’s identifying information

2. Pricing for the Baseline System

3. Pricing for Required Options, Specified Options, Invited Options and Offered Options (RFP Section 1.38)

Price Proposals that are incomplete or non-conforming may be rejected as non-responsive.

1.16.3 VOLUME III – Terminal Submission

RESPONSE NOTE: Full

Vendors shall submit a list of terminals, kiosks, and other equipment proposed for provision to the Iowa Lottery pursuant to this RFP. This list shall include, but not be limited to:

- Retailer terminals, ticket printers, ticket checkers, player flat panel displays;
• Kiosks capable of vending Lotto, Scratch, and InstaPlay tickets; and
• Kiosks designed to just vend Lotto and InstaPlay tickets.

At the Lottery’s option, the Vendor may be requested to submit one stand-alone operational demonstration sample of one or more of the equipment items included in the Vendor’s list. All shipping, delivery, and setup shall be performed by the Vendor at the vendor’s cost. The demonstration sample equipment provided to the Lottery does not need to be specifically programmed to play and dispense current Lottery games. Rather, the demonstration sample equipment is designed to allow the Lottery to understand the capabilities of Vendor’s equipment submitted for proposal pursuant to this RFP.

For any item of demonstration equipment provided pursuant to this subsection, a Vendor shall also submit a retailer manual and/or user guide for the provided equipment.

1.17 Proposal Opening
RESPONSE NOTE: Acceptance

The Lottery shall maintain the confidentiality of sealed bids received pursuant to this RFP in accordance with Iowa Code 72.3. After the issuance of the Notice of Intent to Award, records received from Vendors pursuant to this process will be maintained in accordance with Iowa Code Chapters 22 and 99G. See RFP Section 1.26 for additional information.

1.18 Withdrawal/Modification of Proposal
RESPONSE NOTE: Acceptance

A Vendor may withdraw or modify its Proposal by written notice submitted on the Vendor’s letterhead, signed by an authorized representative of the Vendor, delivered to the Lottery and received by the Lottery prior to the Proposal due date and time.

1.19 Late Proposals
RESPONSE NOTE: Acceptance

Proposals submitted pursuant to this RFP must be received by the Lottery no later than the Proposal due date and time per the schedule in RFP Section 1.6. Failure of a Vendor to submit its Proposal by the specified date and time will result in rejection. Proposals that are rejected for being late will be returned unopened to the Vendor.

1.20 Demonstrability of Proposed Solutions
RESPONSE NOTE: Full

Throughout this RFP, the Lottery expects the Vendor not only to propose solutions that will meet the needs of the Lottery and state as set forth in the RFP but also to demonstrate how those needs will be satisfied by the Vendor’s suggested solutions. Accordingly, the Lottery requires that all equipment and software proposed by the Vendor be capable of a
demonstration that reflects the Vendor’s ability to meet the requirements specified in this RFP. Failure to propose demonstrable products may result in rejection of Proposal. Refer to RFP Section 6.5, Site Visits for Discussions and Demonstrations and Appendix B: Demonstrability of System, for related information regarding demonstrability of 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, the Vendor is expected to demonstrate how the proposed solution provides common transactions, functions, and operations to those set forth in the RFP.

Demonstrations may consist of a simulation at the Vendor's facilities, observation of operations at another Lottery, or presentation of solutions at some other appropriate venue, as requested by the Lottery during the evaluation process.

1.21 Readiness for Production and Delivery

RESPONSE NOTE: Acceptance

The Lottery’s expectation that proposed equipment and software must be capable of a demonstration necessarily requires the Vendor to suggest goods and services that are presently in existence. The Lottery will not consider or accept configuration items that are at the specifications or concept stage only, in development, or are products announced but not engineered and not currently ready for manufacture and delivery.

The Lottery acknowledges that a Vendor's System would require adaptation to the Iowa requirements and that component parts would be created, ordered, and assembled or integrated for delivery. The Lottery also understands that existing products may be modeled in the place of improved newer releases or models that the Vendor will have in use.

The Successful Vendor must maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by the Successful Vendor as applicable to this RFP.

1.22 Proposal Clarification Process

RESPONSE NOTE: Acceptance

The Lottery may request clarifications from Vendors for the purpose of resolving ambiguities or questioning information presented in the Proposals. The request(s) will be e-mailed to the Vendor’s point of contact. Clarifications may occur throughout the Proposal submission review and/or the Proposal evaluation process. Clarification responses shall be submitted by e-mail to the RFP Coordinator and shall address only the information requested. Responses shall be submitted to the Lottery within the time stipulated in the request.

Clarifications are for the purpose of resolving ambiguities and improving the understanding of the Lottery regarding a Proposal. In no case does the clarification or any
other process permit revision or supplementation of the Proposal after submission. Clarifications are an opportunity to explain, but not enhance, the Proposal.

1.23  Latitude in Proposal Contents
RESPONSE NOTE: Acceptance

Each Vendor is expected to provide the Lottery with information, evidence, and demonstrations that will make possible an award that best serves the stated interests of the Lottery.

Vendors are given wide latitude in the degree of detail they offer or the extent to which they reveal plans, designs, systems, processes, and procedures. The Lottery seeks detail that demonstrates the Vendor has the capability to meet the articulated goals of the Lottery. The Vendor should fully describe the Vendor’s capability to meet those goals with the goods and services set forth in response to this RFP. Emphasis in each Proposal should be on completeness and clarity of content.

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

Vendor must respond to every item that requires a response in this RFP in the order presented in the RFP with the section number specified in the response. Vendor’s response must provide the required information requested, an acknowledgement of acceptance where applicable, or indicate where such a response is not applicable (N/A). Vendor’s Proposal must comply with the requirements outlined in this Section to qualify for scoring.

1.24  Proposal Disclosure
RESPONSE NOTE: Acceptance
Public disclosure or re-dissemination of Proposal contents by a Vendor or agent of the Vendor prior to the Lottery’s notification of its intent to award a contract may result in Vendor’s disqualification from this RFP process and/or rejection of the offending Vendor’s Proposal.

1.25  Disclosure and Ownership of Proposal Contents by the Lottery
RESPONSE NOTE: Acceptance

In accordance with Iowa Code 72.3, the Lottery shall maintain the confidentiality of Vendor Proposals until the issuance of a Notice of Intent to Award.
Following the issuance of a Notice of Intent to Award, all matters set forth in a Proposal, including technical and price information, may be subject to disclosure under Iowa Code chapters 22 and 99G. Regardless of copyright claims or Vendor designations on pages set forth in this Proposal, the Lottery will process and comply with any subsequent public records request through an analysis of the Vendor information provided and the exceptions set forth in Iowa Code chapters 22 and 99G.

Any and all materials submitted by Vendor in response to this RFP, except Vendor demonstration equipment such as terminals and peripherals, become the exclusive property of the Lottery. Except as set forth in Section 1.26, the Vendor waives its rights relating to the contents of the Proposal, including without limitation, any and all rights of identification of authorship and any and all rights of approval, restriction or limitation on use unless prohibited by law.

1.26 Public Records and Requests for Confidentiality

RESPONSE NOTE: Full

The release of information by the Lottery to the public is subject to Iowa Code chapters 22, 99G, and chapter 531 of the Iowa Administrative Code. Vendors are encouraged to familiarize themselves with these provisions prior to submitting a Proposal. A copy of the Iowa Code and Iowa Administrative Code can be found on the State of Iowa’s web page, https://www.legis.iowa.gov/law. All information submitted by a Vendor may be treated as public information by the Lottery unless the Vendor properly takes reasonable efforts to maintain confidentiality by requests that information be treated as confidential at the time of submitting the Proposal in the manner set forth by this section. Any requests for confidential treatment of information must be included in a letter with the Vendor’s Proposal and must enumerate the specific grounds in Iowa Code chapter 22 which support treatment of the material as confidential and must indicate why disclosure is not in the best interests of the public. The request must also include the name, address, and telephone number of the person authorized by the Vendor to respond to any inquiries by the Lottery concerning the confidential status of the materials. Pricing information cannot be designated as confidential information under this RFP.

Vendor’s reasonable efforts to maintain confidentiality must include, at a minimum, marking every document and page where confidential information appears in the Proposal documents. In addition to marking the confidential information in the body of the response, any page that contains confidential information will be noted as such in either the page header or page footer. The confidential information must be clearly identifiable to the reader wherever it appears. All copies of the Proposal submitted, as well as the original Proposal, must be marked in this manner.

In addition to marking the material as confidential material where it appears, the Vendor must submit one copy of the Bid Proposal plus one (1) on a USB flash drive both marked “Public Copy” from which the confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the document as possible. The “Public Copy” will be made available for public inspection.
In the event the Lottery receives a request for the release of information that includes material a Vendor has marked as confidential, the Lottery will provide a written notice to the Vendor regarding the request by e-mail as soon as practicable. Unless otherwise directed by a court of competent jurisdiction, the Lottery will release the requested information in accordance with applicable law.

Once a contract has been executed, the contract and all supporting documents in the Successful Vendor’s Proposal including pricing shall be considered public and subject to disclosure pursuant to Iowa Code chapter 22.

The Vendor’s failure to request confidential treatment of material pursuant to this section and the relevant laws and administrative rules will be deemed by the Lottery as a failure to take reasonable efforts to maintain confidentiality and a waiver of any right to confidentiality which the Vendor may have had.

1.27 Joint Proposal Responses
RESPONSE NOTE: Acceptance

Two or more firms may together submit a Proposal. 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 should designate a single authorized official to serve as the sole point of contact between the Lottery and the joint responding firms.

A joint Proposal, which is defined as two or more Vendors bidding jointly on one solicitation response, shall be deemed one indivisible Proposal.

1.28 Multiple Proposals from One Vendor Not Allowed
RESPONSE NOTE: Acceptance

A Vendor shall submit a single Proposal only. Within the single Proposal, the Vendor may identify a variety of options, including solicited and unsolicited products, services, and features that the Vendor believes may be appealing and useful to the Lottery. However, a single Vendor may not submit multiple Proposals.

1.29 Costs Associated with Proposal
RESPONSE NOTE: Acceptance

Neither the Lottery nor the State of Iowa shall be liable for any of the costs of preparing or submitting a Proposal, including, but not limited to preparation, copying, postage, and delivery fees and expenses associated with any demonstrations or presentations that may be required by the RFP.
1.30 **Mandatory and Optional**  
**RESPONSE NOTE: Acceptance**

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 “optional”.

In the case of an “optional” item, 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 functions, features, and capabilities are submitted as the Lottery will have a more complete picture of how the Vendor’s proposed solution will help advance the Lottery’s goals. “Options” are explained in RFP Section 1.38.

1.31 **RFP and Contract are Non-Exclusive**  
**RESPONSE NOTE: Acceptance**

Nothing in this RFP or the Contract resulting from this RFP shall preclude the Lottery from purchasing or leasing through other vendors, 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. Vendors shall describe the ability of the systems, equipment, and processes set forth in the Proposal to interact with those of outside systems and vendors.

1.32 **Proposal Bid Bond**  
**RESPONSE NOTE: Acceptance**

Each Proposal shall be accompanied by a certified check, bid bond by a surety company registered to do business in the State of Iowa, or a certified share draft drawn on a credit union in Iowa or chartered under the laws of the United States, in the amount of one hundred thousand dollars ($100,000) made payable to the Lottery. Any funds submitted in compliance with this section must guarantee for one (1) year after submission the availability and price of the goods and services Vendor has set forth in the proposal.

If a cashier’s check is used, the check will be deposited to the Lottery fund. Interest on the funds will not be credited to the Vendor.

The bid bond or proceeds from a cashier’s check will be returned to any unsuccessful Vendor upon the execution of the Contract with the Successful Vendor.

The bid bond of the Successful Vendor will be retained until the Contract is executed and the Lottery is furnished with an acceptable performance bond and fidelity bond in accordance with RFP sections 2.10 and 2.11. The check or bond will be forfeited to the Lottery if the Successful Vendor fails to submit in a timely fashion the performance bond or other security, as required by the Lottery. In the event that the Vendor and the Lottery are unable to reach an agreement on the terms of the Contract, Vendor shall forfeit all rights to any bid bond submitted in compliance with this section.
1.33 **Litigation Bond**

**RESPONSE NOTE: Acceptance**

Each Vendor must submit with the Proposal a Litigation Bond in the amount of two hundred thousand dollars ($200,000).

A claim upon the Bond may be made by the Lottery under the following conditions:

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

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

The purpose of the Bond is to permit the Lottery or Lottery-related parties to recover reasonable attorneys’ fees, expenses, court costs, and other costs resulting from such litigation. The Litigation Bond shall remain in effect for a period of two (2) years from the date of submission of the Proposal. Following signing of a Contract with the Successful Vendor, the Litigation Bond of any Vendor will be released upon the Vendor’s execution of a Covenant Not to Sue in a format acceptable to the Lottery.

1.34 **Assurance of Bonds**

**RESPONSE NOTE: Acceptance**

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

1.35 **Disclosure Documents and Investigations**

**RESPONSE NOTE: Full**

Iowa Code 99G.22, Vendor background review, requires the Lottery (ILA) to investigate the financial responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of a major procurement contract. Before a major procurement contract is awarded, the Division of Criminal Investigation (DCI) of the Department of Public Safety shall conduct a background investigation of the vendor to whom the contract is to be awarded.

At the time of submitting a bid, proposal, or offer to the ILA on a major procurement contract, the ILA shall require that each vendor and, as appropriate, the Vendor’s corporate parent and any subsidiary of Vendor, to submit to the DCI appropriate investigation authorization to facilitate this investigation, together with an advance of funds to meet the anticipated investigation costs. The disclosure documents to be completed by Vendors are referenced in RFP Appendix H. The investigation may include the submission of disclosure documents, interviews and various records checks in addition to those identified in Appendix H.
All disclosure documents provided as part of the Proposal should be clearly identified as disclosure documents and should be contained in a separate envelope within the Proposal package. Only one composite copy of the disclosure documents should be submitted.

Any Vendor, its parent, as well as any subsidiary corporation of the Vendor (not any other subsidiaries of the parent company) providing goods or services to the Lottery, must submit, as part of its Proposal, a completed DCI Class “L” Business Entity (Class “L”).

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

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

Cost of Background Investigation: The expense of conducting the background investigation(s) performed by DCI will be borne by the Vendor. The application fee is required prior to the start of the DCI investigation process. All fees are to be submitted in the form of a check or money order payable to the Iowa Division of Criminal Investigation.

Class “L” Business Entity - An application fee is required for each Class “L” submitted. Fees associated with the Class “L” applications are ten thousand dollars ($10,000) prior to the background being started. If the costs are more, the vendor is required to pay the additional costs and if the costs are less the DCI either refunds the unused portion or keeps it on account for the vendor. Checks should be made payable to Iowa DCI.

Class “L-1” Vendor Key Personnel - The DCI will notify the Vendor(s) which individuals need to have a background investigation completed. Class “L-1” fees will be payable at that time. Fees associated with the Class “L-1” applications are:

- Individual residing in Iowa: four thousand dollars ($4,000)
- Individual residing within the contiguous United States: six thousand dollars ($6,000)

If the investigative costs exceed the total amount of fees filed by the applicant, DCI may require additional funds, as it deems appropriate.

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

Any information provided to the Lottery in the disclosure documents as well as the results of the investigation conducted by the DCI will be used by the Lottery and Lottery Board to determine the Successful Vendor. The information may be used to disqualify a Vendor who does not meet the Lottery’s standards. The DCI will confer with Vendors upon request regarding the completion of the disclosure documents.

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

Any Vendor that has undergone a DCI background investigation within the past five (5) years or is currently undergoing a DCI background investigation may, at the Lottery’s discretion, be determined to have already complied with the background investigation requirements set forth in this RFP.

1.36 Disclosure of Litigation and Other Information

RESPONSE NOTE: Full

In furtherance of the Lottery’s obligation to ensure efficient operation in a manner that protects integrity and dignity, the Lottery requires all Vendors to disclose all relevant details regarding the following circumstances, to the extent they have occurred within the past five (5) years of the date of the issuance of this RFP:

- The termination of any contract with a Lottery or any of Vendor’s major suppliers for cause.

- The amounts of any material assessment of liquidated damages or penalties, including any resolutions or agreements reached by Vendor to avoid the material assessment of liquidated damages or penalties.

- Any judgment, decree, or order from any federal, state, or local governmental entity suspending or otherwise limiting Vendor’s right to engage in any business, practice or activity.

- Any material pending or threatened litigation, administrative or regulatory proceedings to which the Vendor is a party.

- Any arrest or conviction of a “control person” for a felony charge or gaming related violation. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract.
This is a continuing disclosure requirement; any such matter commencing after submission of a Proposal and, with respect to the Successful Vendor after the execution of a Contract, must be disclosed in a timely manner in a written statement to the Lottery. For the purposes of this subsection, the term “material” means an amount in excess of $100,000 or a controversy that adversely impacts the vendor’s ability to perform the functions set forth in this RFP.

1.37 Change of Ownership or Financial Condition
RESPONSE NOTE: Acceptance

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

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

1.38 Required, Specified, Invited and Offered Options
RESPONSE NOTE: Acceptance

A Required Option as noted in this RFP is identified as a key element of the RFP, which Vendor shall provide and include in the base system price set in this RFP.

A Specified Option as noted in this RFP is identified as a key element of the RFP. The Vendor is required to include the Specified Options in the Proposal. However, the Lottery may choose not to exercise such an option, and makes no commitment to the quantity or timing for acquisition.

An Invited Option as noted in this RFP is identified as being of specific interest to the Lottery, which the Lottery will consider whether to incorporate from a successful Proposal. The Vendor is not obligated to include an Invited Option in the Proposal.

An Offered Option is not referenced 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 did not identify as being of specific interest.

1.39 Independent Price Determination
RESPONSE NOTE: Acceptance
By submission of a Proposal, the Vendor certifies the following:

1. The prices in the Proposal have been arrived at independently, without consultation, communication, or agreement with any other Vendor or with any competitor.

2. Unless otherwise required by law, the prices quoted have not been knowingly disclosed by the Vendor and will not knowingly be disclosed by the Vendor prior to award directly or indirectly to any other Vendor or to any person not representing the Vendor.

3. No attempt has been made or will be made by the Vendor to induce any other person or entity to submit or not submit a Proposal for the purpose of restricting competition.

1.40 Hiring and other Business Relationships with Lottery Staff

RESPONSE NOTE: Acceptance

During the period from the RFP release until the signing of the Contract, Vendors are prohibited from officially or unofficially soliciting, making any employment offer or promise or proposing any business arrangement whatsoever to any Lottery employee or board member. A Vendor making such an offer, promise or proposition may be disqualified from further consideration, or a Contract signed pursuant to this RFP may be terminated.

Furthermore, for the duration of this RFP process, Vendors, their employees and any representative, designee or agent of the Vendor shall refrain from providing meals, entertainment, or gifts of any value for Lottery employees, Iowa elected officials or board members.

1.41 Disqualification for Non-Responsibility

RESPONSE NOTE: Acceptance

Vendors who, in the Lottery’s judgment after the evaluation of documents required to be submitted in response to this RFP, do not possess the capability to perform the Contract requirements, have a conflict of interest in serving the Lottery, or fail to demonstrate sufficient financial responsibility, security, integrity, and reliability to assure performance, shall be restricted from further participation in this RFP.

1.42 Applicable Laws and Procedures

RESPONSE NOTE: Acceptance

This RFP, the Proposals, the resulting Contract, and the processes associated with the procurement, shall be governed by the laws of the State of Iowa. With respect to any and all legal actions or proceedings arising under this RFP or any resulting Contract, a Vendor, by submission of a Proposal, consents to the application of Iowa law to any dispute. By
submission of a Proposal, Vendor further consents to have the venue and jurisdiction for any such dispute to be the Polk County Iowa District Court or the United States District Court for the Southern District of Iowa, wherever jurisdiction is appropriate. Nothing in this provision shall be deemed to waive any immunity from claim or suit that the Lottery or the State of Iowa may have.

1.43 Appeal of Award
RESPONSE NOTE: Acceptance

Any Vendor whose bid or Proposal has been timely filed and who is aggrieved by the Lottery’s Notice of Intent to Award may appeal the decision by filing a written notice of appeal to the Lottery, 13001 University Avenue, Clive, Iowa 50325-8225, within five days of the date of the Notice of Intent to Award, exclusive of Saturdays, Sundays, and state legal holidays. The notice of appeal shall state the grounds upon which the Vendor challenges the Lottery’s award. Following receipt of a notice of appeal that has been timely filed, the Lottery will process the appeal in accordance with Iowa Codes chapter 17A and 99G, as well as Chapter 531 of the Iowa Administrative Code.

1.44 Release of Claims
RESPONSE NOTE: Acceptance

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

1.45 News Release Prohibition
RESPONSE NOTE: Acceptance

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

1.46 Headings
RESPONSE NOTE: Acceptance

The headings used in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions thereof.
PART 2 – SPECIAL TERMS AND CONDITIONS

2.0 Introduction
RESPONSE NOTE: Acceptance

This section describes certain special terms and conditions that apply to the Lottery’s procurement and which by virtue of incorporation will become part of the Contract executed pursuant to this RFP. Additional contractual terms for this procurement are set forth in Appendix C: Iowa Lottery Terms and Conditions. The Successful Vendor will be expected to sign a Contract that complies with and includes the terms of this section and those in Appendix C.

By submitting a Proposal, the Vendor agrees to the Terms and Conditions contained in this section and in Appendix C.

2.1 Contract Elements
RESPONSE NOTE: Acceptance

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

- Addendums to the Contract;
- The Contract;
- The Terms and Conditions for Iowa Lottery contracts set forth in Section 2 and Appendix C of this RFP;
- The Lottery’s clarifications and responses to Vendor questions;
- This RFP, including any addenda;
- Amendments to the Proposal and any Proposal clarifications, to the extent accepted by the Lottery; and
- The Proposal.

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

2.2 Amendments to the Contract
RESPONSE NOTE: Acceptance

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

2.3 **Severability**

RESPONSE NOTE: Acceptance

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

2.4 **Term of Contract**

RESPONSE NOTE: Acceptance

Unless terminated sooner, the Contract resulting from this RFP will be in effect from the Contract effective date, plus an implementation period, and then for ten (10) years of production operations, plus such time as is necessary to finish out the Lottery business week then in progress. The Contract term may run a shorter period, as determined by the Lottery, due to causes such as, but not limited to, Contract termination or loss of statutory authority by the Lottery.

The Lottery reserves the right to renew the Contract at its sole option up to a maximum of five (5) additional one (1) year periods or any combination thereof. The Lottery may opt to award more than one renewal at a time, and may negotiate the terms of the renewal.

2.5 **Emergency Extension**

RESPONSE NOTE: Acceptance

The Lottery reserves the right to reactivate or further extend the initial ten (10) year Contract, or any renewal thereof, at the rates and upon the terms and conditions then in effect for up to six (6) thirty (30) day periods if a different Vendor is chosen for a subsequent contract and the subsequent Vendor's system does not meet the requirements of the Lottery or cannot be fully implemented within the timeframe set by the Lottery.

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.

2.6 **Covenant Against Contingent Fees**

RESPONSE NOTE: Acceptance

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

2.7 Audit and Accounting Requirements

RESPONSE NOTE: Acceptance

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

1. 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 financial statements shall be provided to the Lottery within 180 days after the close of the Successful Vendor’s fiscal year.

2. The Successful Vendor shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K and 10-Q reports (or the appropriate non-U.S. equivalent) as they are issued, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended, through the duration of the contract.

3. A SAS 70 audit of the Successful Vendor's Iowa operations must be conducted annually until no significant deficiencies are reported. At that time, at the Lottery’s sole discretion, the SAS 70 audit may be conducted bi-annually. This SAS 70 audit engagement will review and test the effectiveness of the Successful Vendor's internal controls based on the AICPA Statement of Auditing Standards No. 70 with the deliverable being a Type II Service Auditor's Report. The SAS 70 audits shall be paid for by the Successful Vendor. For this review the Lottery and the Auditor of the State of Iowa will select the firm(s) to perform the work. All aspects shall be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants. SAS 70 Audits shall occur for a time period designated by the Lottery and will be reported no later than one hundred-twenty (120) days from the date the audit begins. The first SAS 70 audit shall be conducted during the first six (6) months of the fiscal year immediately following the Successful Vendor's implementation pursuant to this RFP. Status reports and findings will be provided to the Lottery on an on-going basis during the SAS 70 audit. Control objectives for the SAS 70 audits will be provided to and approved by the Lottery.

4. The Successful Vendor is required to maintain its books, records and all other information pertaining to the Contract in accordance with generally accepted accounting principles (GAAP) (or the appropriate non-U.S. equivalent) and such other procedures specified by the Lottery. These records shall be available to the Lottery, its internal auditors or external auditors and other designees at all times during the contract period and for five (5) years from the contract expiration date or final payment on the contract, whichever is later.
5. The Successful Vendor is required to participate in security reviews or audits performed by Lottery Security, any authorized representatives of the State or Federal government, or third-party contractors authorized by the Lottery. Any findings that require remediation in the Successful Vendor’s operations must be corrected in accordance with a timetable agreed upon in writing with the Lottery.

2.8 Bonds and Insurance Qualifications
RESPONSE NOTE: Acceptance

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

2.9 Insurance
RESPONSE NOTE: Acceptance

The Successful Vendor shall purchase and maintain insurance providing coverage for the claims set forth below which may arise out of or result from the Successful Vendor's operations under the Contract, whether such operations be by the Successful Vendor 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' compensation, occupational disease disablement, disability benefits and other similar employee benefits acts.
- Claims for damages because of bodily injury, occupational sickness or disease, or death of any person, including 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 as set forth in Section 2.9.1.

2.9.1 Insurance Coverages
RESPONSE NOTE: Acceptance

Specific coverage requirements are listed below. Dollar amounts defined below are minimums and the Successful Vendor must purchase and maintain these minimum insurance coverages. Statements of self-insurance to cover these obligations will be considered non-responsive.
1. Property Insurance. Insurance on all buildings, fixtures and equipment provided or used in providing the System and all services 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, and all other insurable hazards. Lottery retailers are not responsible for any terminal or equipment insurance.

2. General Liability Insurance. Commercial General Liability and Property Damages Insurance with limits of not less than ten million dollars ($10,000,000) combined single limit for Bodily Injury and Property Damage per occurrence and ten million dollars ($10,000,000) Aggregate.

3. Professional Liability and Errors and Omissions Insurance. Amount: twenty million dollars ($20,000,000). Professional Liability and Errors and Omissions Insurance must indemnify the Lottery, its directors, officers and employees, and the State for direct or indirect loss due to any error or omission caused by the Successful Vendor and coverage must continue until one (1) year past the term of the Contract.

4. Automobile Bodily Injury and Liability Insurance. Insurance with a combined single limit of not less than one million dollars ($1,000,000).

5. Workers’ Compensation Insurance. Insurance must cover all of Successful Vendor’s employees during the term of the contract in accordance with Iowa statutes, or other applicable worker’s compensation laws.

All other insurances required by this section must be effective upon execution of the Contract and continue in full force and effect throughout the term of the Contract.

2.9.2 Certificates of Insurance

RESPONSE NOTE: Acceptance

Certificates of insurance must be furnished to the Lottery no later than the date of Contract execution, 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 will be named as an additional insured on all Certificates of Insurance as allowable.

2.10 Performance Bond

RESPONSE NOTE: Acceptance

Upon notification of receiving the award, the Successful Vendor must provide to the Lottery, a performance bond, irrevocable Letter of Credit, or other form of security acceptable to the Lottery in the amount of ten million dollars ($10,000,000) during the term of the Contract. The performance bond shall bind the Successful Vendor to fully and faithfully perform its obligations under the Contract, and provide payment to the Lottery if
the Successful Vendor defaults in the performance of the Contract or has caused or incurred any uncompensated liquidated damages.

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

Other forms of security may be acceptable but are subject to the Lottery’s discretion and approval. Failure to post an additional bond or security following notice from the Lottery that proposed security is inadequate shall be grounds for immediate termination of the Contract.

**Letter of Credit as Performance Security.**

**Letter of Credit as Performance Security.** If the Successful Vendor elects to provide a Letter of Credit for satisfaction of these performance security requirements, the Successful Vendor shall maintain an irrevocable Letter of Credit in the amount of ten million dollars ($10,000,000) with payment in favor of the Lottery. Any irrevocable Letter of Credit submitted must utilize the language and form required by the Lottery. The irrevocable Letter of Credit, as well as any amendments, additions, or replacement letters thereto, shall be issued by a financial institution that is well capitalized pursuant to Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) guidelines. Any issuing institution must be FDIC or NCUA insured, remain registered to do business in the State of Iowa, and maintain a physical presence in Iowa. Successful Vendor shall pay the cost of maintaining the irrevocable Letter of Credit.

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

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

**Rights to Draw on the Letter of Credit.** The Lottery shall have the right to draw upon the Letter of Credit in one or more instances for either a portion or the full amount upon occurrence of any of the following events: (i) the Contract has been terminated by the Lottery for cause; (ii) the Successful Vendor is in default under the terms of the Contract and any notice period established by the Lottery in a notice of default has expired; or (iii) the Successful Vendor is in default under the terms of the Contract and
the issuance of a notice of the default is barred or stayed by law; or (iv) the Successful Vendor fails to make payments due from a notice of liquidated damage occurrence has been provided to the Successful Vendor by the Lottery. The Lottery may draw upon the Letter of Credit as often as any of the foregoing events occur up to the full amount of the Letter of Credit.

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

### 2.11 Fidelity Bond

**RESPONSE NOTE: Acceptance**

Prior to Contract execution, the Successful Vendor will be required to obtain a fidelity bond in the amount of five million dollars ($5,000,000) during the term of the Contract covering any loss or damage to the Lottery due to any fraudulent or dishonest act on the part of the Successful Vendor’s officers, employees, agents or subcontractors. Such an event, in the sole discretion of the Lottery, could be grounds for termination of the Contract, whether or not the losses or damages arising as a result of the act or event are paid under the fidelity bond or insurance and whether or not the fraudulent or dishonest act occurred in or relates to Iowa.

If a subcontractor is not covered by the Successful Vendor’s policy, the Successful Vendor must ensure the subcontractors have their own fidelity coverage that will satisfy the amounts set forth in this section.

### 2.12 Vendor Error Liability

**RESPONSE NOTE: Acceptance**

The Successful Vendor will be liable for any financial liabilities or obligations arising or resulting from errors and omissions by the Successful Vendor’s employees, staff, subcontractors, and the goods or services provided by Vendor pursuant to Vendor’s Proposal. Examples 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, any error or failure by Vendor to validate and pay a valid winning ticket, or any error or failure by Vendor that results in payment of a prize for an invalid or nonwinning ticket. The Successful Vendor will pay all prize costs or liabilities relating to such errors, and shall also pay any additional cost incurred by the Lottery. In any case, the Successful Vendor’s liability shall not be limited to the maximum amount of the applicable liability policy.

### 2.13 Ownership of Materials

**RESPONSE NOTE: Acceptance**
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.

2.14 **Right of Use**

RESPONSE NOTE: Acceptance

If for any reason other than a breach of the Contract by the Lottery, the Successful Vendor should lose its ability or refuse to provide the services to the Lottery as provided by the Contract, the Lottery shall acquire a right of continued use in the hardware, source and object program instructions, and the documentation for those programs as owned by the Successful Vendor, in conjunction with any products or services under the Contract which are necessary to provide the central facility, the backup facility, the communications network, all terminals, related equipment, procedures, and production gaming scripts.

Such right 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 operating, maintaining, altering and improving the programs and systems being used under the Contract, including any such training manuals and documentation in possession of Vendor. Such right shall be limited in time for the duration of the Contract 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 Iowa law, and shall be returned to the Successful Vendor upon expiration of the Contract term.

2.15 **Force Majeure**

RESPONSE NOTE: Acceptance

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

Except as otherwise provided herein, 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. The party asserting force majeure must provide the other party with reasonable information substantiating the basis for such assertion.

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 should its continuing operations, in its sole judgment, be materially threatened or harmed by reason of extended delay or failure of performance, whether due to force majeure or otherwise.

During a period of non-performance due to force majeure, payments from the Lottery to the Successful Vendor will be suspended.

2.16 Production-Ready Acceptance Test Following Award

RESPONSE NOTE: Acceptance

The Lottery or designee will conduct a series of acceptance tests to fully assess and determine that, in the Lottery's discretion, the Successful Vendor has properly identified, installed, and produced the functional solutions set forth in the Vendor's RFP response. Vendor's deliverables shall be reviewed in light of the specifications of this RFP, the Proposal, the Contract, and any working papers developed jointly by the Successful Vendor and the Lottery during the implementation project.

The Lottery will not consider System components ready for Lottery acceptance testing while the System components are either still under development by the Successful Vendor or still subject to Quality Assurance verification by the Successful Vendor.

All defects discovered during acceptance testing must be corrected as soon as reasonably possible by the Successful Vendor. The Successful Vendor is responsible for submitting the corrected deliverable to the Lottery for re-testing. 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.

If the software or deliverable contains so many defects that the Lottery is effectively unable to test the system, the Lottery reserves the right to halt acceptance testing until all defects have been remedied and the System is testable. Acceptance testing halts may lead to delays in System delivery and to liquidated damages being owed by the Successful Vendor to the Lottery. The Lottery further reserves the right to terminate the Contract if the Successful Vendor fails to provide functional deliverables that can satisfy the Lottery's acceptance testing process.

2.17 End of Contract Conversion

RESPONSE NOTE: Acceptance

Approximately twelve (12) months prior to the expiration of the Contract resulting from this RFP, the Lottery is anticipated to 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 liability files, Scratch ticket pack inventory files, Pull-Tab pack inventory files, InstaPlay and Lotto files, retailer authority files, and cross-validation of winning tickets. 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.

Within the timeframe set by the Lottery, upon a conversion event at the end of the Contract as set forth in this section, 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 new gaming system. Equipment and materials not so removed by the Successful Vendor following the conversion period shall be considered abandoned and shall be disposed of at the Lottery’s discretion at the cost of the Successful Vendor.

### 2.18 Equipment and Software Corrections and Upgrades

#### 2.18.1 Corrections and Supported Products

**RESPONSE NOTE: Acceptance**

The Successful Vendor must report any deficiencies in the hardware or software used in the System to the Lottery in a timely manner. The Successful Vendor maintains responsibility for ensuring that corrections are incorporated in the configuration and deficiencies are corrected. The Successful Vendor shall be responsible for obtaining and maintaining maintenance and support agreements for all applicable software, and to ensure that the solution provided to the Lottery pursuant to this RFP is regularly updated and kept secure.

#### 2.18.2 Workload Growth

**RESPONSE NOTE: Acceptance**

The Successful Vendor must provide equipment and software changes necessary to support increased System workload.

1. Increased volume of sales and distribution of Lotto, InstaPlay, Scratch and Pull-tab games must be included in the Successful Vendor’s Baseline System price.

2. The Baseline System price shall also include expanded sales or requirements for existing or future multi-jurisdictional games that the Lottery may participate in as a member of the Multi-State Lottery Association or other similar consortium.
2.18.3 Reporting Changes
RESPONSE NOTE: Acceptance

All software and/or stored procedure changes for scheduled administrative reports, ad hoc reports, screen displays, processing options, and other features required for the Lottery to manage the System, meet reporting obligations, and respond to new business needs or rules, shall be included by the Successful Vendor price. The Baseline System shall also allow for expanded reporting necessary for management information applications, as well as to the interface reporting necessary for accurate tracking by Lottery staff for service and repair calls.

2.18.4 Other Changes
RESPONSE NOTE: Acceptance

Changes and enhancements to the equipment and software exceeding RFP-specified requirements and not otherwise accommodated by the pricing method and options in Part 4, such as additional terminal peripherals, game enhancements, game options, promotions, new games, new terminal types, new delivery methods and new Retailer user interface features, will be handled as follows:

1. Software changes and deliverables relating to new games are included in the Successful Vendor’s Baseline System price. The Successful Vendor shall absorb the cost of any additional development required to create or adapt software for the Lottery’s needs.

2. To the extent that changes requested by the Lottery require additional capital equipment or facilities, those costs shall be negotiated by the Successful Vendor and the Lottery.

3. When the Lottery requests a deliverable separate from the Successful Vendor’s baseline system that includes hardware or software developed by a third party, the Successful Vendor shall provide the third-party licenses to the Lottery at cost.

2.19 Approval of Hardware and Software Changes and Upgrades
RESPONSE NOTE: Acceptance

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 one of the following: Lottery CEO, COO, CFO, or Vice President of System Operations prior to installation or implementation.

2.20 Management and Escrow of Software and Documentation
RESPONSE NOTE: Acceptance
Before conversion of the System, the Successful Vendor shall deliver 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 to the Lottery or to a Lottery-approved escrow agent. The software source and object programs, and documentation, shall be delivered on mutually agreeable media. Installation packages for third party software products licensed by the Successful Vendor must be included. These materials must allow the Lottery to (i) continue operations in the event the Successful Vendor becomes unable to perform or refuses to service the Lottery as provided by Contract, and (ii) confirm that only authorized software and procedures are employed with the System. In this regard, the Lottery shall have access to the escrow 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.

**2.21 Compensation During Contract**

**RESPONSE NOTE: Acceptance**

The Lottery shall compensate the Successful Vendor for sales conducted through the gaming system from the time that the retailer network is fully converted to the Successful Vendor’s System and in production, for the term of the Contract, or as otherwise agreed by the Successful Vendor and the Lottery. Compensation shall be based on a series of periodic payments. Invoices shall be submitted on a periodic schedule, but no more frequently than weekly.

**2.22 Title to, Use of, and Compensation for, Intellectual Property**

**RESPONSE NOTE: Acceptance**

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

The Successful Vendor shall indemnify and hold harmless the State of Iowa, the Lottery, the Lottery’s officers and directors, employees, staff, other Lottery Vendors, retailers, and all agents, employees, officers and directors thereof, from and against any and all claims, damages, fees and expenses, including any attorneys' fees and the reasonable value of time for the Attorney General’s Office, relating in any way to 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.
While the Lottery and the Successful Vendor agree that Intellectual Property associated with any product or service provided by the Successful Vendor during the term of this Contract will remain the property of the Successful Vendor, the Successful Vendor will grant the Lottery a license at no additional charge to make use of any such Intellectual Property for Lottery business and operations until the latter of the following: Contract expiration or the end of a game utilizing the license.

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 under RFP Section 2.18.4. The Successful Vendor may not separately charge the Lottery an Intellectual Property fee for any items owned by the Successful Vendor.

2.23 Exclusive Use of the Transaction Processing Systems
RESPONSE NOTE: Acceptance

The Successful Vendor’s hardware and software configuration for processing the Lottery’s gaming transactions shall be exclusive to the Lottery. The Successful Vendor shall not allow transactions or operations from other sources to be co-mingled with the gaming transactions and operations provided to the Lottery. The Successful Vendor’s System shall not be used to process non-Lottery transactions without prior written approval by the Lottery CEO or COO.

2.24 Attachment of Third Party Systems, Terminals, or Products
RESPONSE NOTE: Full

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 demonstrate how its proposed solutions can integrate with terminals, terminal peripherals, games, software, products, or systems developed by other companies.

The Successful Vendor shall be required to supply to the Lottery, in a reasonable time period, interface specifications to allow other products to carry out all functions and capabilities required 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.

2.25 Ticket Purchase and Prize Payment Restrictions
RESPONSE NOTE: Acceptance

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

To ensure compliance with this requirement, the Successful Vendor and its
subcontractors shall provide the Lottery with a list of individuals that have access to
confidential information that may compromise the integrity of the Lottery. The list shall
include name, address, date of birth, and social security number, and shall be updated
monthly or on a schedule designated by the Lottery to maintain current information. This
requirement applies throughout the duration of the Contract.

2.26 Liquidated Damages Provisions

RESPONSE NOTE: Acceptance

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

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

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

2.26.1 Notification of Liquidated Damages

RESPONSE NOTE: Acceptance

The Lottery shall notify the Successful Vendor in writing of the Lottery’s determination
and assessment of liquidated damages. The assessment of any liquidated damages, as
well as the availability and period of any cure, shall be within the sole discretion of the
Lottery.
2.26.2 Conditions for Cancellation of Liquidated Damage Assessments

RESPONSE NOTE: Acceptance

Except as waived in writing by the Lottery, no liquidated damages imposed shall be terminated or suspended until the Successful Vendor issues a written notice to the Lottery verifying the correction of the condition(s) for which liquidated damages were imposed, and all corrections have been subjected to system testing, acceptance testing, or other verification required at the discretion of the Lottery.

The Successful Vendor shall conduct system testing of any correction. Tests, including the test script, test environment, and test results, shall be developed jointly by the Lottery and the Successful Vendor. The Lottery must verify and approve the correction before a liquidated damages assessment may be suspended.

The termination or suspension of a liquidated damages event merely reflects the Lottery’s acceptance that the Successful Vendor has resolved the deficiency that led to the assessments. The termination or suspension of a liquidated damages event does not relieve the Successful Vendor from the obligation to pay liquidated damages assessments issued by the Lottery.

2.26.3 Severability of Individual Liquidated Damages

RESPONSE NOTE: Acceptance

If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision(s) shall remain in full force and effect.

2.26.4 Waivers of Liquidated Damages

RESPONSE NOTE: Acceptance

The Lottery’s decision to waive or refuse to assess any liquidated damages due the Lottery shall not constitute a waiver of any other or 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 any such claim by the Lottery.

2.26.5 Payment of Liquidated Damages

RESPONSE NOTE: Acceptance

The Successful Vendor shall pay any liquidated damages assessment to the Lottery within the timeframe set forth in the Lottery’s written notification of liquidated damages. At the Lottery’s sole option, the Lottery reserves the right to deduct liquidated damages from any monies owed the Successful Vendor or through one (1) or more claims upon the Successful Vendor’s performance bond or any applicable insurance policy.
2.26.6 Applicability of Liquidated Damages and Pro-rated Liquidated Damages

RESPONSE NOTE: Acceptance

The Successful Vendor shall not be required to pay liquidated damages for delays solely due to matters as enumerated in RFP Section 2.15 entitled “Force Majeure,” or for time delays specifically due to, or approved by, the Lottery. In all the liquidated damages sections of the RFP and the Contract, the liquidated damages shall be pro-rated for partial periods.

2.26.7 Gaming System Installation

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor shall complete all installation preparations as required, complete system testing to the Lottery’s satisfaction, pass Lottery acceptance testing, comply with all other contractual requirements in effect during the implementation period, and achieve readiness for production operations.

2. Damages

The Lottery may impose liquidated damages for each calendar day of delay as follows.

1) Readiness for Start of Lottery Acceptance Testing. One thousand dollars ($1,000) per day, beginning one hundred eighty (180) days prior to the Contract-agreed production start-up date.

2) Successful Completion of Lottery Acceptance Testing as determined by Lottery. Five thousand dollars ($5,000) per day beginning twenty-eight (28) days prior to the Contract-agreed production start-up date, when such delay is caused by unresolved errors, problems and issues encountered in Lottery Acceptance testing.

3) Successful Completion of Data Conversion. Up to ten thousand dollars ($10,000) per day for each day following an initial grace period of two days. All data required from the existing systems must be converted to the new systems and balanced and the new system must be able to reprocess transactions from the existing systems on a nightly basis.

4) Production Operations. Two hundred thousand dollars ($200,000) per day beginning with the Contract-agreed production start-up date. At start-up, all terminals, network, communications and system requirements must be ready to go live.

5) Missing Project Deliverables/Milestones. Five-hundred dollars ($500) per day for each and every failure to provide a deliverable, meet a requirement, or
resolve an acceptance testing problem pursuant to the agreed-upon project schedule until such is provided or performed.

2.26.8 Terminal, Kiosk and Peripheral Provisioning

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor shall install and move, add, delete, remove, relocate and change terminals and/or kiosks, including their associated Successful Vendor-supplied peripherals, in accordance with the provisioning schedules agreed to by the Successful Vendor and the Lottery both at startup and during the life of the Contract.

2. Damages

In the event that the Successful Vendor fails to install a new terminal or kiosk, delete or remove a terminal or kiosk, move a retailer terminal or kiosk to new premises, or conduct an inside move of a terminal or kiosk for a retailer according to the agreed-upon schedule, the Lottery may impose liquidated damages of three hundred dollars ($300) per day per terminal or kiosk, prorated for each fraction of a day, until provisioning is complete. For this paragraph the Lottery and the Successful Vendor agree that a retailer terminal or kiosk includes all associated peripherals and communications equipment.

2.26.9 Gaming Host Systems Down

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The gaming hosts shall be defined to be "down" for the purposes of this provision if Lotto and InstaPlay tickets cannot be sold, Lotto tickets cannot be canceled under allowed conditions, Scratch or Pull-tab tickets cannot be moved from one status to another, Lotto, Scratch or InstaPlay winning tickets cannot be validated, Pull-tab ticket ownership cannot be verified during the operational sales period each day, or any iGaming tickets cannot be sold, processed, or validated. A grace period of two (2) minutes of down time per day shall be allowed for the gaming host systems. The total time during which the gaming hosts are down during the day shall be the sum of all time during such daily operational sales period when the systems are "down." If the Lottery determines in its sole discretion that downtime is the result of a chronic problem that has not been corrected in a timely manner, the Lottery reserves the right to rescind the grace period indefinitely until such time that the Successful Vendor can demonstrate to the Lottery’s satisfaction, resolution of the problem causing the chronic down time.

2. Damages
In the event that the gaming host systems have been down, the Lottery may impose liquidated damages according to the following schedule:

Liquidated damages in an amount of one thousand five hundred dollars ($1,500) may be assessed for each one (1) minute of system downtime after the two (2) minute grace period, as applicable, or fraction thereof.

2.26.10 Gaming Host Systems Degraded Performance

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The gaming host systems (“the System”) shall evidence "degraded performance" of no more than fifteen (15) minutes grace period during the operational sales period on any day. The amount of time during which the gaming hosts are degraded during the day shall be the sum of all time during such daily operational sales period when the systems are degraded. If the Lottery determines that the degraded performance is the result of a chronic problem which the Successful Vendor has not corrected in a timely manner, the Lottery reserves the right to rescind the grace period indefinitely until such time that the Successful Vendor can demonstrate resolution of the problem causing the chronic degradation of performance to the Lottery’s satisfaction.

The System shall be considered as having degraded performance when:

1) Retailer terminal’s response time fails to comply with the response time requirements as specified in RFP Section 3.1.5, or the System is incapable of meeting the throughput specifications provided in RFP Section 3.1.5.

2) The System can only process transactions from less than 95% of the installed and operational terminals.

3) The System can process transactions from all terminals, but not for all gaming products and not for all retailer-related activities (e.g., reports, retailer messaging, terminal disables).

4) Transactions are not logged to at least three (3) systems over two (2) locations and to the Lottery’s ICS and backup ICS.

5) Critical functions of System management and administration cannot be conducted by the management workstations. These include file and data transfers to the Lottery and check writing functions.

6) Scratch/Pull-tab/InstaPlay ticket inventory management is compromised, including the capability to receive, order, distribute, process and return Scratch/Pull-tab/InstaPlay tickets, etc. in a manner in accordance with Lottery schedules; or equivalent functions are compromised when utilizing a courier system.
7) During a defined promotion period the System cannot issue tickets or conduct transactions to support an intended promotion or the promotion is running outside the promotion time period.

8) Game sales, delivery, production, and validation of iGaming tickets are compromised, including but not limited to failing to meet the response times set forth in 3.1.5.

2. **Damages**

In the event that the gaming hosts have "degraded performance," the Lottery may impose liquidated damages according to the following schedule:

Liquidated damages in an amount of seventy-five dollars ($75) per minute of degraded time, or fraction thereof, after a fifteen (15) minute grace period, as applicable.

### 2.26.11 Timely and Accurate Reports

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

   The Successful Vendor’s system shall produce and deliver timely, sufficient, and accurate management and retailer reports within the specified time frames, as categorized and approved in writing by the Lottery. The time schedule shall also determine a grace period for the delivery of late, incomplete, or incorrect reports. Reports are categorized into groups A and B by the Lottery according to time criticality and importance, and the liquidated damages reflect those business needs.

   Group A consists of critical reports needed to conduct a drawing, and without which a drawing will be delayed. Group A reports do not have a cure period.

   Group B consists of all other time-sensitive reports, including but not limited to those needed for the Electronic Funds Transfer (EFT) process and Retailer Maintenance. Group B reports have a cure period of two (2) hours.

2. **Damages**

   For each late, insufficient, or inaccurate report in Group A, the Lottery may impose liquidated damages of five thousand dollars ($5,000) for the first day or pro-rated fraction thereof and twenty-five thousand dollars ($25,000) for each additional day or pro-rated fraction thereof, per report, until the report is provided, made sufficient or corrected.

   For each late, insufficient, or inaccurate report in Group B, once the approved grace period has passed, the Lottery may impose liquidated damages of five hundred dollars ($500) per day, or pro-rated fraction thereof, per report, until the report is provided, made sufficient or corrected.
2.26.12 Timely and Accurate Files

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor shall produce and deliver timely, sufficient, and accurate files, including the retailer website, within the specified time frames approved in writing by the Lottery. The time schedule set by the Lottery shall also determine a grace period for the delivery of late, incomplete, or incorrect files. Files will be categorized into groups A, B and C by the Lottery according to time criticality and importance, and liquidated damages will reflect those business needs.

Group A consists of critical files needed to conduct a drawing, and without which a drawing will be delayed. Group A has no cure period.

Group B consists of all other time-sensitive files including, but not limited to, those needed for the Electronic Funds Transfer (EFT) process and Retailer Maintenance. Group B will have a cure period of two (2) hours.

Group C will include all other files including, but not limited to, those needed for IRS filings, and will have a twelve (12) hour cure period.

2. Damages

For each late, insufficient, or inaccurate file in Group A, the Lottery may impose liquidated damages of five thousand dollars ($5,000) for the first day or pro-rated fraction thereof and twenty-five thousand dollars ($25,000) for each additional day or pro-rated fraction thereof, per file, until the file is provided, made sufficient or corrected.

For each late, insufficient, or inaccurate file in Group B, once the approved grace period has passed, the Lottery may impose liquidated damages of five hundred dollars ($500) per day, or pro-rated fraction thereof, per file, until the file is provided, made sufficient or corrected.

For each late, insufficient, or inaccurate file in Group C, once the approved grace period has passed, the Lottery may impose liquidated damages of one hundred dollars ($100) per day, or pro-rated fraction thereof, per file, until the file is provided, made sufficient or corrected.

2.26.13 Terminal, Kiosk and Peripherals Repair

RESPONSE NOTE: Acceptance as to all subparts

1. Condition
The Successful Vendor shall ensure that “non-operational” terminals, kiosks and their associated peripheral devices are repaired or replaced and operational within the time schedule below. The Successful Vendor shall conduct repairs between 7:00 AM and 8:00 PM, Monday through Saturday and between 10:00 AM and 5:00 PM on Sunday.

A retailer kiosk is considered non-operational if:

- Tickets cannot be sold or canceled
- Instant ticket processing cannot be performed
- The terminal reader and/or scanner cannot process wagers or play slips
- The display screen cannot reflect the information desired by the Lottery
- The printer does not function properly
- The bill acceptor is not functioning or unable to accept cash.

A retailer terminal is considered non-operational if:

- Tickets cannot be sold or canceled
- Validations cannot be performed
- Instant and Pull-tab ticket processing cannot be performed
- Pull-tab verifications cannot be performed
- The terminal reader and/or scanner cannot process wagers or play slips
- The retailer display screen cannot reflect the information desired by the Lottery
- The retailer printer does not function properly

The repair or replacement time schedule shall be set as a tiered service level that consists of three (3) categories. The Lottery will make all determinations of which retailers fall into each category. The repair or replacement time schedule shall be:

- Category A, which shall include 70% of retailers, shall have repairs conducted within 2 hours;
- Category B, which shall include 25% of retailers, shall have repairs conducted within 3 hours;
- Category C, which shall include 5% of retailers, shall have repairs conducted within 4 hours.
For less critical failures that do not render the terminal non-operational as determined by the Lottery, the Successful Vendor has twenty-four (24) hours to complete a repair from the time of notice by the Lottery or affected retailer.

For purposes of this paragraph, “terminal” or “kiosk” refers to the retailer terminal or kiosk and all associated peripherals provided by the Successful Vendor.

2. **Damages**

If there has been repair or replacement delay beyond the allowable time schedule for non-operational terminals or kiosks, or terminals or kiosks with critical failures, the Lottery may impose liquidated damages of seventy-five dollars ($75) per terminal per hour or pro-rated fraction thereof, excluding gaming system non-operating hours.

For terminals with other, less critical failures, the Lottery may impose liquidated damages of one hundred dollars ($100) per terminal per day or pro-rated fraction thereof, until a repair or replacement has been completed.

For chronic failures applying to individual retailers, in which the retailer terminal has failed and required a dispatch and repair three (3) times in any thirty (30) day period including terminal replacements, the Lottery may impose a charge of five hundred dollars ($500) per retailer. Chronic failure does not apply if it results from *force majeure* or tampering or abuse by the retailer or its customers. The Lottery may, at its discretion, require the Successful Vendor to produce maintenance related records for one or more specific retailers for a period of up to two (2) years.

### 2.26.14 Terminal and Kiosk Preventive Maintenance

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

The Successful Vendor and the Lottery shall agree on a preventive maintenance cycle for retailer terminals and kiosks. Such attention tendered to retailer terminals and kiosks helps ensure that failures are minimized and do not become chronic. The Successful Vendor’s failure to maintain the preventive maintenance schedule shall be subject to liquidated damages.

2. **Damages**

If for a retailer terminal or kiosk there has been a delay in scheduled preventive maintenance beyond the first day of the month following the scheduled service cycle, then the Lottery may impose liquidated damages of one hundred dollars ($100) per day per retailer terminal until the condition is rectified.

### 2.26.15 Failure to Modify Existing On-Line Games or to Install Additional Games

**RESPONSE NOTE: Acceptance as to all subparts**

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1. **Condition**

The Successful Vendor shall modify existing games or install additional games and their supporting controls, including both traditional lottery games and iGaming, 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 System enhancements. In addition, the Successful Vendor’s modification/installation must complete a Lottery acceptance test and receive the Lottery’s written approval, within the specified ninety (90) day time frame.

2. **Damages**

The Lottery may impose liquidated damages of ten thousand dollars ($10,000) per day that the modified or additional game is not installed.

2.26.16 **Failure to Produce an Administrative Software Change**

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

The Successful Vendor shall modify, add, and install software to produce reports, screen displays, administrative applications, or add data to the data warehouse in the form of new tables and datasets within sixty (60) days from delivery of written approval by the Lottery of a set of change specifications. This timeline will apply 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’s change must complete a Lottery acceptance test and receive the Lottery’s written approval within the time frame specified.

2. **Damages**

The Lottery may impose liquidated damages of five hundred dollars ($500) per day that the modified or additional software is not installed.

2.26.17 **Failure to Support Scratch Ticket, Pull-tab, and/or InstaPlay Games**

**RESPONSE NOTE: Acceptance as to all subparts**

The Successful Vendor must ensure that Scratch ticket games, Pull-tab games, electronic Scratch ticket or InstaPlay games, and any other games provided to the Lottery pursuant to this RFP and any resulting contract are functional and supportable, and if not, liquidated damages will result.

1. **Condition**
The System must handle Scratch, Pull-tab, electronic Scratch or InstaPlay ticket, and other related Lottery transactions and if applicable, produce reports for all games ordered by the Lottery from its scratch ticket supplier(s).

2. **Damages**

The Lottery may impose liquidated damages of ten thousand dollars ($10,000) per day for any Scratch, Pull-tab, InstaPlay, or other Lottery games for which the Successful Vendor does not provide timely and/or correct ticket related transaction handling and reporting.

### 2.26.18 Unauthorized Software/Hardware Modifications

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

   The Successful Vendor shall not modify any software or hardware for administrative, retail or iGaming operations without the prior written consent of the Lottery. The Successful Vendor’s configuration management practices shall be designed to obviate this possible problem.

2. **Damages**

   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 change or modification be removed and the System restored to its previous operating state at the Successful Vendor's expense. "Modification" does not include replacement of a System component with an essentially similar working component in the event of necessary maintenance.

   Further, the Lottery may impose liquidated damages of ten thousand dollars ($10,000) per violation in addition to any other damages that may occur as a result of such unauthorized modification.

### 2.26.19 Unauthorized Access or Compromise

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

   The Successful Vendor shall preclude personnel not authorized by the Lottery from accessing, modifying, or otherwise interfering with the Lottery gaming systems, facilities, and any gaming system data, operation, or software.

2. **Damages**

   If the Successful Vendor fails to preclude access, modification, or interference by unauthorized personnel, the Lottery may impose liquidated damages of ten thousand dollars ($10,000) for each person, and for each incident. Each and every act that
permits access, modification, or interference by an unauthorized person qualifies as an incident for the purposes of this section.

2.26.20 Supply Shortage

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor shall furnish retailer supplies including, but not limited to, retailer terminal or kiosk ticket stock, play slips, and all essential supplies and consumables to the retailer locations for all games.

The Successful Vendor shall ensure that a retailer that has reported as not having retailer terminal or kiosk stock is verified as having retailer terminal or kiosk stock within the category time periods established in 2.26.13 Terminal and Peripherals Repair.

The Successful Vendor shall ensure that a retailer that has been reported as not having adequate play slips or other essential supplies and consumables for a game is verified as having those missing items within one business day of the reported shortage.

This section does not apply to retailer supplies of scratch tickets, pull-tabs or point-of-sale advertising materials.

2. Damages

In the event that retailers become unable to sell or validate tickets due to the Successful Vendor's failure to provide adequate operating supplies as set forth above, the Lottery may impose liquidated damages of three hundred dollars ($300) per retailer per day, or on a prorated basis for any portion of a day, until the operating supplies are provided.

2.26.21 Failure to Report Incidents

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

It will be the responsibility of the Successful Vendor to immediately report all significant incidents related to the operation of the gaming system. The reporting shall be delivered personally or by telephone to the Lottery Vice President, System Operations or Designee immediately upon discovery of the incident, followed by written correspondence addressed to the Lottery Vice President, System Operations within twenty-four (24) hours of the incident. Written reports and notifications must be sent by email. At a minimum, each of the following types of events shall be considered "significant" and shall require a written report:
1) System takeovers
2) Equipment or major communications failures
3) Significant operator errors
4) Out of balance conditions
5) Emergency software or hardware changes
6) Security violations
7) Other conditions as defined by a memorandum of understanding
8) Any situation, which may cause the general public to become concerned/alarmed and/or which, may damage the integrity or public image of the Lottery.

2. Damages

In the event that the Successful Vendor fails to report incidents as required by this RFP, the Lottery may impose liquidated damages of five thousand dollars ($5,000) per incident per day, until the incident is correctly reported.

2.26.22 Failure to Comply

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

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

2. Damages

In the event that the Successful Vendor fails to provide an obligated product, service, data, document, or any other commitment that is not already specified by another liquidated damages provision in this Contract, the Lottery may impose liquidated damages of five hundred dollars ($500) per day per incident until the condition is rectified.

2.26.23 Retailer Network Outages

RESPONSE NOTE: Acceptance as to all subparts
Communication equipment and network products and services provided by the Successful Vendor shall be subject to liquidated damages for outages and degraded performance.

1. **Condition**

   A network damage condition occurs if a retailer’s availability during the retailer’s normal business hours falls below the agreed-upon Service Level Agreement in any month. See RFP Section 3.3.4, item 7, which defines the minimum SLA as 99.7%, which may be adjusted to a more stringent standard pursuant to the agreement of the Successful Vendor and the Lottery.

2. **Damages**

In the event that a retailer network damage condition exists, the Lottery may impose liquidated damages according to the following schedule:

- In the event that a retailer’s availability during the retailer’s normal business hours falls below the agreed-upon Service Level Agreement in any month, and such outage occurs between 05:00-22:00, liquidated damages in an amount of two hundred fifty dollars ($250) per occurrence may be assessed for each retail location experiencing the outage until the condition is rectified.

- In the event that a retailer’s availability during the retailer’s normal business hours falls below the agreed-upon Service Level Agreement requirements in any month and such outage occurs before 05:00 and/or after 22:00, liquidated damages in the amount of one hundred dollars ($100) per occurrence may be assessed for each retail location experiencing the outage until the condition is rectified.

2.26.24 **Failure to Comply with Required Standards or to Remedy Audit Recommendations**

   RESPONSE NOTE: Acceptance as to all subparts

1. **Condition**

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

2. **Damages**

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

2) In the event the Successful Vendor fails to comply with any required Lottery or multi-jurisdictional association standard, the Lottery may assess liquidated damages of five thousand dollars ($5,000) for each instance of non-compliance. The Successful Vendor will have thirty (30) days from date of notification to comply. If the Successful Vendor fails to comply within the initial thirty (30) day period, liquidated damages may apply in the amount of an additional five thousand dollars ($5,000) for each subsequent seven (7) day period, or any portion thereof, for which compliance has not been achieved.

2.26.25 Failure to Provide Software Testing and Quality Software Turnovers

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

If the Successful Vendor fails to provide a quality assurance test plan or a report on the quality assurance test, or fails to provide quality-tested software, there will be a liquidated damage assessment.

2. Damages

In the event that the Lottery determines in its sole discretion that the Successful Vendor has supplied untested or inadequately tested software for Lottery acceptance testing and production by the timeframe for doing so set by the Lottery and that software does not meet the specifications standards established by the Lottery, the Successful Vendor may be assessed liquidated damages, per release, of five thousand dollars ($5,000) for the first violation (return or retraction of the software) and ten thousand dollars ($10,000) for each subsequent violation.

2.26.26 System Restoration

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must restore the System for retrieval of up to the previous twelve (12) months of Lotto and InstaPlay wagering transactions and Scratch and Pull-tab ticket accounting transactions, if applicable, within twelve (12) hours of the Lottery’s written request.

2. Damages

In the event that the Successful Vendor does not restore the System for retrieval of these transactions within twelve (12) hours of the Successful Vendor’s receipt of the
Lottery’s request to do so, the Successful Vendor may be charged liquidated damages of two hundred and fifty dollars ($250) for each hour beyond the initial twelve (12) hours.

2.26.27 Transaction Listing Delivery

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must provide the Lottery with a complete transaction listing of daily activity occurring during the previous twelve (12) months at all retail locations or at retail locations specified by the Lottery. The Successful Vendor shall provide the requested transaction listing within two (2) hours of the Lottery’s written request.

2. Damages

In the event that the Successful Vendor does not provide the requested transaction listing within two (2) hours, the Successful Vendor may be charged liquidated damages of two hundred and fifty dollars ($250) for each hour beyond the initial two (2) hours.

2.26.28 Ticket Validation

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must provide accurate identification of winning and non-winning tickets and the correct prize level for all winning tickets to the Lottery, the retailer network, and any device authorized for iGaming.

2. Damages

In the event that the Successful Vendor does not provide accurate identification of winning and non-winning tickets and the correct prize level for all winning tickets, and the problem is determined to be as a result of the Successful Vendor’s System, the Successful Vendor may be charged liquidated damages of one thousand dollars ($1,000) for each incorrect identification of a ticket as winning or non-winning, and for each incorrect prize level identification. In addition to this amount, the Successful Vendor will be liable for the amount of any prize that is incorrectly validated.

2.26.29 Network Conversion

RESPONSE NOTE: Acceptance as to all subparts

1. Condition
During the new contract conversion and phase-in period before the start-up date, the Successful Vendor must not perform any network-related activity that results in interruption of the normal operation of the Lottery’s terminals or kiosks.

2. Damages

In the event that the Successful Vendor causes any network-related interruption of normal operation of the Lottery’s terminals or kiosks prior to the start-up date, the Successful Vendor may be charged liquidated damages of two hundred and fifty dollars ($250) per hour for each terminal and/or kiosk which is unable to perform in normal operation mode until the terminal and/or kiosk is returned to normal operational status.

2.26.30 Insufficient Successful Vendor Resources

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor and the Lottery will agree to a set of criteria for the staffing of hotline, operational, development, system support, conversion, field service, marketing support, and training services based on performance measures and standards. The Lottery will notify the Successful Vendor of its failure to meet the performance measures and standards. The Successful Vendor will have fourteen (14) calendar days from its receipt of written notice by the Lottery to remedy the failure.

2. Damages

In the event that the Successful Vendor fails to maintain sufficient resources, the Successful Vendor may be charged liquidated damages of two hundred and fifty dollars ($250) per day, per position, for each day after fourteen (14) days from written notification until the condition is corrected.

2.26.31 Invalid Ticket

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The gaming system must neither produce nor validate a ticket that the Lottery does not determine to be a valid winning game ticket according to its game rules and prize claim procedures.

2. Damages

In the event that the Successful Vendor’s gaming system processes an invalid ticket, the Successful Vendor may be charged liquidated damages of one thousand dollars ($1,000). In addition, the Successful Vendor will be liable for the prize amount of the
erroneously produced and/or validated ticket to the extent a prize was already or must be paid in accordance with the game rules and prize claim procedures.

2.26.32 Defective or Non-Conforming Ticket

RESPONSE NOTE: Acceptance as to all subparts

1. **Condition**

The gaming system must not produce defective or non-conforming tickets or electronic tickets due to any terminal equipment, printer malfunction, communication error, or hardware or software failure that causes loss of revenue or the inability to pay appropriate prizes.

2. **Damages**

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

2.26.33 Unavailability/Degradation of the Back Office System

RESPONSE NOTE: Acceptance as to all subparts

1. **Condition**

The Successful Vendor must ensure that no system malfunction results in the Lottery’s inability to perform Lottery back office functions.

2. **Damages**

In the event that the Lottery’s back office system becomes unavailable or operates in a degraded state due to the Successful Vendor’s system, the Successful Vendor may be charged liquidated damages of ten thousand dollars ($10,000) per day until the system is in a normal state. All determinations as to the unavailability or degraded state of the back office system shall be made by the Lottery in its sole discretion.

2.26.34 Availability of Recorded Calls

RESPONSE NOTE: Acceptance as to all subparts

1. **Condition**

The Successful Vendor must make recorded hotline calls available in an audio format to the Lottery within twenty-four (24) hours of the Lottery’s written request.
2. Damages

In the event that the Successful Vendor fails to provide recorded hotline calls within twenty-four (24) hours of the Lottery’s written request, the Successful Vendor may be charged liquidated damages of one hundred dollars ($100) per day for each day after the initial twenty-four (24) hours until the condition is corrected.

2.26.35 Failure to Timely Respond to Retailer Hotline Calls

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must provide response to inquiries submitted through the retailer hotline system in a professional and timely manner. With a systemic problem, the call system shall play a prerecorded message and queue the calls. Under ordinary operational circumstances, Successful Vendor must provide a live operator response to ninety percent (90%) of Iowa retailer calls within two (2) minutes on a weekly basis, and failure to do so may result in liquidated damages.

2. Damages

In the event that hotline calls are not serviced in the manner set forth in this section, the Successful Vendor may be charged liquidated damages of five thousand dollars ($5,000) for any week during which the ninety percent (90%) minimum is unmet.

2.26.36 Retailer Training

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must provide requested training to retailers within five (5) working days of the Lottery’s written request.

2. Damages

In the event that the Successful Vendor fails to provide requested training to retailers within five (5) working days, the Successful Vendor may be charged liquidated damages of one hundred dollars ($100) per day for each affected retailer for every day after the initial five (5) working days until the condition is corrected.

2.26.37 Testing and Corrective Actions of the Disaster Recovery Plan

RESPONSE NOTE: Acceptance as to all subparts

1. Condition
The Successful Vendor must test and document the testing of the Disaster Recovery Plan at least annually on the schedule set by the Lottery. The Successful Vendor shall report the results of the testing to the Lottery. The Successful Vendor must submit a plan within twenty-one (21) calendar days after the disaster recovery test to resolve any deficiencies discovered as a result of the disaster recovery test along with a timeline for resolving the deficiencies.

2. Damages

In the event that the Successful Vendor does not test the Disaster Recovery Plan and document the results of the Disaster Recovery Plan test as set forth in this section, the Successful Vendor may be charged liquidated damages of one hundred dollars ($100) per day until the plan is tested and results of the test are reported to the Lottery. The Successful Vendor may be charged liquidated damages of one hundred fifty dollars ($150) per day after twenty-one (21) days until a corrective action plan is submitted to the Lottery.

2.26.38 Providing Connectivity

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must provide connectivity from its system to the ICS systems, to any authorized iGaming platform, and any other third party software or hardware within the timeframe established by the Lottery’s written request.

2. Damages

In the event that the Successful Vendor is unwilling or unable to provide connectivity from its system to the ICS systems, to any authorized iGaming platform, or any other third party software or hardware within the timeframe established by the Lottery’s written request, the Successful Vendor may be charged liquidated damages of five thousand dollars ($5,000) per day per connectivity request, beginning from the implementation date set by the Lottery for that connectivity request. Once initial connectivity has been established, the Successful Vendor may be charged liquidated damages of two hundred fifty ($250) per hour for loss of connection.

2.26.39 Backup UPS and Generator Testing

RESPONSE NOTE: Acceptance as to all subparts

1. Condition

The Successful Vendor must test the backup power features of their facility failover system on a periodic basis. The test plan and test interval shall be approved by the Lottery. The outcome of any such test shall be reported to the Lottery.
2. **Damages**

In the event that the Successful Vendor fails to adequately test their UPS and Generator in accordance with the test plan and test interval or report the outcome to the Lottery, the Successful Vendor may be charged liquidated damages of five thousand dollars ($5,000) for each missed or late test or late report.

### 2.26.40 Fire and Security System Compliance

**RESPONSE NOTE: Acceptance as to all subparts**

1. **Condition**

   The Successful Vendor must test the fire and security system components to ensure compliance with Lottery requirements on a periodic basis. The test plan and test interval shall be approved by the Lottery. The outcome of any such test shall be reported to the Lottery.

2. **Damages**

   In the event that the Successful Vendor fails to adequately test their Fire and Security Systems in accordance with the test plan and test interval, or fails to report the outcome to the Lottery, the Successful Vendor may be charged liquidated damages of five thousand dollars ($5,000) for each missed or late test or late report.

### 2.27 Security Program Under the Contract

**RESPONSE NOTE: Acceptance**

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. As part of this requirement, the Successful Vendor must maintain an approved Operations Security Plan.

#### 2.27.1 Personnel Security

**RESPONSE NOTE: Acceptance**

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of the Successful Vendor it deems appropriate. Such background investigations may include fingerprint identification. These investigations may be conducted prior to or during the duration of any Contract issued as a result of this RFP.

Key personnel who will be performing services under any Contract resulting from this RFP, as determined by the Lottery, shall be required to undergo a background
Each employee will be required to complete a Background Investigation Forms provided by the Iowa Lottery.

All Iowa based employees may also be required to sign an Iowa Lottery Confidentiality Agreement.

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

The Lottery may extend this requirement to include any officers and employees of the Successful Vendor and any subcontractors involved in any way in the implementation, installation and operation of the System. The Lottery may also extend this requirement to include investors and owners with a five percent (5%) or greater interest.

Following the issuance of a Notice of Intent to Award of any Contract resulting from this RFP, the Successful Vendor shall submit and allow, at a minimum, the following security elements:

1. A list of the names, addresses, dates of birth, and Social Security numbers of all employees and subcontractors assigned to and associated with the Contract.

2. 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.

3. Assurance to the Lottery that, as changes are processed throughout the Contract and any extension thereof for the aforementioned types of personnel, any changes in this requested data and authorization shall be reported to the Lottery within one (1) calendar month.

4. Notification in writing to the Lottery within ten (10) business days if a person, group of persons, partnership, corporation, associate group of investors, limited liability company or other legal entity acquires directly or indirectly the beneficial ownership in the amount of five percent (5%) or more of the ownership interest in, or any class of equity securities of, the Successful Vendor or the parent company of the Successful Vendor. Background investigation and licensing may be required for these new owners and if the investigations are unsatisfactory, the Lottery may, at its option, terminate the Contract, after providing thirty (30) days written notice to the Successful Vendor.
5. Unfettered and unannounced access, inspection and evaluation privileges for all phases of performance and for all facilities and premises used by the Successful Vendor in fulfillment of this Contract and any extension thereof.

6. Immediate notification in writing to the Lottery’s Vice President of Security and the Lottery’s Vice President of System Operations or Designees of all terminations and resignations of employees and staff assigned to and associated with this Contract.

7. Confirmation from all employees and/or subcontractors assigned to and associated with this Contract that they agree not to play the Lottery during the term of this Contract and any extension thereof.

2.27.2 Security Violation Reporting
RESPONSE NOTE: Acceptance

The Successful Vendor shall immediately report in writing to the Lottery’s Vice President of Security any security procedural violation, system compromise, violation of law, rule, or Lottery policy, or disappearance of any tickets, Lotto or InstaPlay ticket stock, validation files, or other equipment, software or material used or to be used in the performance of the Contract.

2.27.3 Security Information (Disclosure) Updates
RESPONSE NOTE: Acceptance

The Successful Vendor shall report any change in, addition to, or deletion from, the security information disclosed to the Lottery. The report shall be in the form of a letter addressed to the Lottery and shall be delivered to the Lottery’s Vice President of Security within thirty (30) days of the effective date of the change, addition, or deletion. In particular the Successful Vendor 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.

2.27.4 Security and Safety Rules
RESPONSE NOTE: Acceptance

When accessing Lottery networks and systems, the Successful Vendor must comply with all applicable policies and regulations regarding data security and integrity. When on any property owned or controlled by the Lottery, the Successful Vendor must comply with all security and safety rules applicable to people on those premises.

2.27.5 Handling of the State’s Data
RESPONSE NOTE: Acceptance
The Successful Vendor must use due diligence to ensure computer and communications systems and services involved in storing, using, or transmitting State data are secure and to protect that data from unauthorized access, disclosure, modification, or destruction. To accomplish this, the Successful Vendor must:

1. Apply appropriate risk management techniques to balance the need for security measures against the sensitivity of the data.

2. Ensure that its internal security policies, plans, and procedures address the vital security elements of confidentiality, integrity, and availability.

3. Maintain plans and policies that include methods to protect against security and integrity threats and vulnerabilities, as well as detect and respond to those threats and vulnerabilities.

4. Maintain appropriate individual identification and authentication process for information systems and services associated with Lottery data.

5. Maintain appropriate individual access control and authorization policies, plans, and procedures to protect system assets and other information resources associated with Lottery data.

6. Implement and manage security audit logging on information systems, including computers and network devices.

The Successful Vendor must maintain a robust boundary security capacity that incorporates generally recognized system-hardening techniques. This includes determining which ports and services are required to support access to systems that hold Lottery data, limiting access to only these points, and disable all others. To do this, the Successful Vendor must use assets and techniques such as properly configured firewalls, a demilitarized zone for handling public traffic, host-to-host management, Internet protocol specification for source and destination, strong authentication, encryption, packet filtering, activity logging, and implementation of system security fixes and patches as they become available. The Successful Vendor must use two-factor authentication to limit access to systems that contain particularly sensitive Lottery data, such as personally identifiable data.

Unless the Lottery instructs the Successful Vendor otherwise in writing, the Successful Vendor must assume all Lottery data is both confidential and critical for Lottery operations, and the Successful Vendor’s security policies, plans, and procedure for the handling, storage, backup, access, and, if appropriate, destruction of that data must be commensurate to this level of sensitivity. As part of the Successful Vendor’s protection and control of access to and use of data, the Successful Vendor must employ appropriate intrusion and attack prevention and detection capabilities. Those capabilities must track unauthorized access and attempts to access the Lottery’s data, as well as attacks on the Successful Vendor’s infrastructure associated with the State’s data. Further, the
Successful Vendor must monitor and appropriately address information from its system tools used to prevent and detect unauthorized access to and attacks on the infrastructure associated with the State’s data.

The Successful Vendor must use appropriate measures to ensure that Lottery data is secure before transferring control of any systems or media on which Lottery data is stored. The method of securing the data must be appropriate to the situation and may include erasure, destruction, or encryption of the data before transfer of control. The transfer of any such system or media must be reasonably necessary for the performance of the Successful Vendor’s obligations under this Contract.

The Successful Vendor must have a business continuity plan in place that the Successful Vendor tests and updates at least annually. The plan must address procedures for response to emergencies and other business interruptions. Part of the plan must address backing up and storing data at a location sufficiently remote from the facilities at which the Successful Vendor maintains the Lottery’s data in case of loss of that data at the primary site. The plan also must address the rapid restoration, relocation, or replacement of resources associated with the Lottery’s data in the case of a disaster or other business interruption. The Successful Vendor’s business continuity plan must address short- and long-term restoration, relocation, or replacement of resources that will ensure the smooth continuation of operations related to the Lottery’s data. Such resources may include, among others, communications, supplies, transportation, space, power and environmental controls, documentation, people, data, software, and hardware. The Successful Vendor also must provide for reviewing, testing, and adjusting the plan on an annual basis.

The Successful Vendor may not allow the Lottery’s data to be loaded onto portable computing devices or portable storage components or media unless necessary to perform its obligations under the Contract properly. Even then, the Successful Vendor may permit such only if adequate security measures are in place to ensure the integrity and security of the data. Those measures must include a policy on physical security for such devices to minimize the risks of theft and unauthorized access that includes a prohibition against viewing sensitive or confidential data in public or common areas. At a minimum, portable-computing devices must have anti-virus software, personal firewalls, and system password protection. In addition, the Lottery’s data must be encrypted when stored on any portable computing or storage device or media or when transmitted from them across any data network. The Successful Vendor also must maintain an accurate inventory of all such devices and the individuals to whom they are assigned.

Any encryption requirement identified in this provision means encryption that complies with National Institute of Standards Federal Information Processing Standard 140-2 as demonstrated by a valid FIPS certificate number.

The Successful Vendor must have reporting requirements for lost or stolen portable computing devices authorized for use with Lottery data and must report any loss or theft of such to the Lottery in writing as soon as practical. The Successful Vendor also must maintain an incident response capability for all security breaches involving Lottery data.
whether involving mobile devices or media. The Successful Vendor must detail this capability in a written policy that defines procedures for how the Successful Vendor will detect, evaluate, and respond to adverse events that may indicate a breach or attempt to attack or access State data or the infrastructure associated with State data.

In case of an actual security breach that may have compromised Lottery data, the Successful Vendor must notify the Lottery immediately after the Successful Vendor becomes aware of the breach, followed by written notification as soon as practical. The Successful Vendor must fully cooperate with the Lottery to mitigate the consequences of such a breach. This includes any use or disclosure of the Lottery data that is inconsistent with the terms of the Contract and of which the Successful Vendor becomes aware, including but not limited to, any discovery of a use or disclosure that is not consistent with the Contract by an employee, agent, or sub-contractor of the Successful Vendor.

The Successful Vendor must give the Lottery full access to the details of the breach and assist the Lottery in making any notifications to potentially affected people and organizations that the Lottery deems necessary or appropriate. The Successful Vendor must document all such incidents, including its response to them, and make that documentation available to the Lottery on request.

2.28 Vendor Ethics and Integrity

RESPONSE NOTE: Acceptance

The Successful Vendor is obligated to meet high standards for ethics and integrity under the Contract. The Successful Vendor and employees:

1. Shall accept no pay, remuneration, or gratuity of any value for performance on or information derived from this project from any party other than the Lottery as described in this Contract, or from any party under contract to the Lottery or seeking to contract with the Lottery with respect to this project.

2. Shall comply with all applicable Iowa Code chapters, including but not limited to chapters 68B and 99G, and any applicable administrative rule, containing requirements relating to the provision of gifts or benefits to state employees and requires certain individuals to disclose information concerning their activities with state government. Vendors are responsible for determining the applicability of the chapter to their activities and for complying with those requirements.

3. Shall not disclose any business sensitive or confidential information gained by virtue of the Contract to any party without the explicit written consent of the Lottery.

4. Shall take no action in the performance of the Contract to create an unfair, unethical, or illegal competitive advantage for itself or others.

5. Shall not have any financial or personal interests relating to this project (other than the Contract itself) without the explicit written consent of the Lottery.
For violation of the above provisions, the Lottery may terminate the Contract, receive restitution from, debar, or take any other appropriate actions against the Successful Vendor.

2.29 **Compliance with Association Standards**  
**RESPONSE NOTE: Acceptance**

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

2.30 **Taxes on Vendor**  
**RESPONSE NOTE: Acceptance**

The Successful Vendor shall pay all taxes, fees and assessments upon the System, however designated, levied or based. The Lottery is exempt from Federal, State and Local sales and use taxes on the services provided pursuant to the Contract. Such taxes must not be included in the Proposal prices.

2.31 **Tax Withholding from Retailers**  
**RESPONSE NOTE: Acceptance**

The Successful Vendor’s system shall support the Lottery’s compliance with applicable tax guidelines for income tax withholding from Lottery retailers.

2.32 **Location of Data**  
**RESPONSE NOTE: Acceptance**

Unless the Lottery agrees otherwise in writing, the Successful Vendor and its subcontractors must do the work and keep all Lottery data at the location(s) disclosed in the Successful Vendor’s Proposal. Additionally, if the RFP contains any restrictions on where the work may be done or where any Lottery data may be kept, the Lottery may reject any Proposal that proposes to do any work or make Lottery data available outside of those geographic restrictions.

2.33 **Advanced Equipment**  
**RESPONSE NOTE: Acceptance**

If during the term of the contract, advanced equipment becomes available, the Successful Vendor will offer the equipment to the Lottery at a rate commensurate with the Vendor’s cost.
3.0 Introduction

RESPONSE NOTE: Full

This section describes the systems and services specifications for the Lottery Gaming System (System). Prior to the detailed responses to each paragraph of Part 3, the Vendor must provide the following summary level responses:

1. Overview. Present an overview of the System’s design and field experience.

2. Flexibility of the System. The System must be flexible, able to grow, and adaptable to the business needs and rules of the Lottery. Flexibility and adaptability are critical as the gaming environment can be expected to evolve over the course of the Contract.

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 Successful 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 and associated peripherals, diagnostic equipment, etc. must be new and unused. Equipment proposed must be compliant with current electronic technology manufacturing standards and currently being manufactured by the Vendor or its 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. The Vendor should identify any existing equipment or major component that is part of their enterprise level network topology, e.g. satellite, relay centers, etc. that will be a component of the proposed System.

3.1 Central Configuration

RESPONSE NOTE: Full

The Lottery requires a configuration capable of handling the immediate and long-range needs of the Lottery, as defined in the following sections. Each hardware and software item must be identified by manufacturer, product name, and model number, as applicable. For software, version numbers must be provided. 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 written approval of the Lottery. Configuration block diagrams, down to the component level of the proposed System, must be submitted with the Proposal.
The Vendor must describe how they will ensure that the System will be upgraded or enhanced throughout the term of the contract in order to ensure that the System and its components do not become antiquated or outdated. This shall include schedule for updating computer hardware, including the ICS firewalls, for the life of the Contract.

The Vendor must describe how they will perform a technology review at least every twenty-four (24) months during the term of the contract in order to ensure to the Lottery that the System is not antiquated or outdated.

3.1.1 Gaming Host Systems at the Primary Data Center

RESPONSE NOTE: Full

1. Transaction Processing/Database/Games Administration Hosts. All game, database, and games administration functions for mission-critical Lotto, InstaPlay, Scratch, Pull-tab and gaming support, and other gaming types that are added in the future including but not limited to iGaming, must be supported by a protectively redundant configuration. At the primary data center, each processing complex must consist of at least two (2) physically separate systems, networked or coupled for high availability processing and storage redundancy. A component failure in one primary data center system must not cause a failure in the other system(s).

2. Failover. The remaining system(s) (primary or secondary) shall immediately assume the load in case of a failure in one of the systems, 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”). The 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.

The Successful Vendor is required to use Permission Access Management (PAM) tool. All administrative tasks (changes to user accounts, permissions, and all tasks performed while using elevated privileges) on CGS should be performed via PAM system (for example Bomgar, CyberArk, etc).
At any time, personnel authorized by Iowa Lottery shall have access to the Vendor's PAM system and may review logs or video footage if/when necessary.

Personnel authorized by Iowa Lottery shall be notified (via email and/or text) any time that remote access to the CGS systems/network is requested and authorized. Iowa Lottery personnel will have final decision if that remote access request is granted.

5. Time Synchronizing. All gaming hosts at the primary data center must have a time-synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time source agreed to and approved by the Lottery is required.

6. Host Location. The primary host systems and their facility shall be supplied by the Successful Vendor must be located within twenty (20) miles of the Lottery Headquarters in Clive, Iowa. Vendor shall describe a vulnerability management system to detect infrastructure vulnerabilities. Vulnerability scans will be conducted on a weekly basis and vendor shall develop and provide a plan for vulnerability remediation.

At any time, personnel authorized by Iowa Lottery shall be able to request and review reports from the vulnerability management system.

CGS vendor will patch critical system vulnerabilities at least monthly. All patches will be installed on Test environment prior to installing on production.

ICS vendor will patch critical system vulnerabilities at least quarterly. All patches will be installed on Test environment prior to installing on production.

7. Disaster Recovery. In the event of irreparable damages at the primary data center, or of an unplanned, extended abandonment of the primary data center, the Successful Vendor shall provide at no additional cost those host systems, facilities, and other components necessary to resume Lottery sales under an operational scenario using two data centers. Such host systems, facilities, and other components shall be furnished, installed, and operational within thirty (30) days after the disaster. Until a permanent primary data center can be re-established, substitute facilities must meet Lottery-approved environmental and security measures. During the thirty (30) days, the Successful Vendor shall be required to be processing transactions from their backup systems. This provision is for the re-establishment of a permanent primary location in the event of a disaster recovery scenario.

3.1.2 Gaming Host Systems at the Backup Data Center

RESPONSE NOTE: Full

1. Backup Gaming Host Systems. The Successful Vendor shall provide two (2) or more remote backup systems that will take over for the primary data center.
systems if necessary. Data transferred to and recorded at the remote backup systems will always contain the most recent transactions, allowing a takeover. A wide-area-network (WAN) connection consistent with the requirements of RFP Section 3.3 will provide routing of gaming transactions from the Lottery’s gaming network independent of the Lottery and the Successful Vendor’s primary data center. Games administration functions must be available at the backup data center, as well as being available remotely by communications from the primary data center. The Successful Vendor shall demonstrate on a scheduled basis that the backup data center is fully functional by operating in production from that site upon request of the Lottery.

2. Gaming System Backup Sizing. The remote backup systems must mirror the primary data center host systems.

3. Remote Backup Location. The remote backup systems and their facility shall be supplied by the Successful Vendor must be located within the contiguous forty-eight (48) United States at the Successful Vendor’s discretion, subject to Lottery approval.

4. Secure Connections. These systems have the same specification as the primary systems, given in RFP Section 3.1.1 and their response may reference that, if identical.

5. Time Synchronizing. All gaming hosts at the backup data center must have a time-synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time source agreed to and approved by the Lottery is required.

6. Disaster Recovery. This section has the same specification as RFP Section 3.1.1 and the response may reference that response, if identical.

### 3.1.3 Lottery Acceptance Testing System

**RESPONSE NOTE: Full**

A testing system for the Lottery must be provided, and as well as any of the above production systems must be available for testing by the Lottery, with full support from the Vendor.

1. Lottery Testing System. The Successful Vendor must provide a separate system for testing by the Lottery. The testing system must be located at the primary data center and must support testing from Lottery Headquarters. The Lottery Testing System capability must be ready one hundred eighty (180) days prior to production start-up for Lottery acceptance testing. The testing system must be identical in architecture and capacity to a production system provided for all transaction processing, front-end processing, and games management applications. In the event of multiple failures of active production systems, the testing system must be
able to be updated and activated for production in case of further hardware or software failure.

2. Lottery Testing Retailer Terminals. At a minimum, six (6) retailer terminals and one (1) of each type of terminal or ticket dispensing machine must be permanently installed at a Lottery designated facility for testing by the Lottery along with other point-of-sale equipment proposed. At times the Lottery may require the installation of more retailer terminals for specialized tests. All these terminals shall be supplied within the baseline cost to the Lottery. These terminals must support testing of all features and options available on the production System. Due to that, these terminals must be configured in all logical configurations with all peripherals that represent configurations at retailer locations. The Successful Vendor must provide and 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 by the Successful Vendor’s retailer terminals in the field. The testing system must be able to connect to the Lottery’s test ICS.

4. Secure Connections. These systems have the same specifications as the primary systems, given in RFP Section 3.1.1 and the response may reference that, if identical.

5. Successful 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 testing system identified above, but rather must employ separate system(s) located conveniently for the Successful Vendor.

3.1.4 Internal Control System Configuration

RESPONSE NOTE: Full

All component and fully-operational services for the ICS Systems shall be provided by the Successful Vendor through an independent ICS subcontractor sixty (60) days prior to the first day of sales. The Iowa Lottery reserves the right to specify which of the subcontractors conducts the work, or to require that the Successful Vendor identify other subcontractor alternatives for providing the work.

The Successful Vendor and the selected subcontractor shall provide operating instructions to the Iowa Lottery for operating the ICS. Following delivery, the selected third party contractor shall provide maintenance and enhancement for the ICS application software.

The three (3) ICS systems will be located as follow:
• Primary, Iowa Lottery
• Back-up, Vendor In-State Office
• Development/Test, Vendor In-State Office

The Successful Vendor must supply data communications to connect to all three (3) ICS systems. The primary and backup ICS systems must receive a near real-time feed of Lottery gaming transactions for Lotto, Scratch, InstaPlay, and Pull-tab transactions, as well as other games that may be authorized during the agreement authorized by this RFP.

Vendors should propose a solution for prize breakout reporting for the Lottery’s in-state games such as Pick 3 and Pick 4 in order to allow the Lottery to reduce or eliminate the use of its own proprietary internal control system.

Vendors are encouraged to describe solutions for providing Lotto API in order to allow the Lottery to look up serial numbers for game and retailer sale information.

3.1.5 Gaming System Quantitative Performance Criteria

RESPONSE NOTE: Full

The Vendor shall fully describe the operation of its Gaming system and its capacity to expand and adapt to the Lottery’s changing business needs over the course of the Contract. At a minimum, any solutions proposed by the Vendor should be capable of doing the following:

1. The System must initially support a network of at least two thousand six hundred (2,600) lotto retailer terminals.

2. The capability to expand the System to accommodate up to five thousand (5,000) active retailer terminals must be available, should such an expansion opportunity be sought by the Lottery.

3. The System must be able to support iGaming sales as directed by the Lottery.

4. The System as delivered must be capable of handling up to fifty thousand (50,000) sales transactions per minute on a continuous basis.

5. The System as delivered must be capable of processing up to five thousand (5,000) combined cash (validation) and cancel transactions per minute, while selling at the rate above.

6. Each single play (single panel) Lotto 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 or player.

7. Capability to sell a minimum of one hundred (100) single play quick pick tickets without requiring operator re-entry.
8. Variable length, multi-play Lotto 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 or player.

9. All other transactions shall be produced in no more than five (5) seconds after completion of data entry to availability of the ticket or report to the retailer or player.

10. Primary data center 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.

11. Backup data center system recovery from a primary data center failure in auto-failover mode must be accomplished in no more than two (2) minutes while still maintaining current transactions.

12. The System must have the as-delivered capacity in all hardware and software aspects to accommodate four-digit numbering for Scratch, Pull-tab and InstaPlay games. The Lottery currently has at least eight hundred (800) concurrent scratch games and one hundred (100) concurrent pull-tab games being in any status (e.g. loaded, distributed, sold, validated, closed out), a Lotto sales day of at least fifty million dollars ($50,000,000) and a Lotto jackpot over one billion dollars ($1,000,000,000).

13. The System must be able to successfully process the Lottery’s current suite of Lotto games as well as raffle style games and other new Lotto games.

14. The System must have the capacity in all hardware and software aspects to allow winning tickets to be retained and validated up to one (1) year after the drawing, consistent with Iowa Code 4.1(34).

15. The System must be able to process a Lottery play slip.

The response time specifications of this section shall be considered met if greater than ninety-five percent (95%) of the transactions of particular types comply with the specifications.

3.1.6 Systems Management and Monitoring

RESPONSE NOTE: Full

Vendor shall fully describe all applications, features, and services in the systems management and monitoring capabilities set forth in the solutions offered pursuant to this RFP. At a minimum, any systems management and monitoring must be available at both the primary and backup data centers. Systems management tools must create visual and/or audible alarms to provide warning of problems with host operating system or system hardware components. The capability must be included to identify whether a failure has occurred in any of the host systems at the primary or backup data center. An application for automated alarm notification to the Vendor’s computer operator is of
interest to the Lottery, and Vendor shall describe what capability, if any, Vendor’s system has for such a notification.

3.1.7 Operating Hours

RESPONSE NOTE: Full

Vendor shall describe its capability to accommodate near twenty-four (24) hour-a-day operations is required by the Lottery, including a minimum of twenty-three (23) hours of sales and validations, as well as including Scratch and Pull-tab ticket processing. Any System proposed by the Vendor shall accommodate End of Day functions during the timeframe specified by the Lottery.

3.1.8 Host Systems Security

RESPONSE NOTE: Full

Host systems security represents a critical component of the Successful Provider’s role in ensuring the integrity of the System. Vendor shall fully describe the features of the security of any host system.

At a minimum, any Successful Vendor’s primary and backup data center configuration including the production, backup and testing systems as well as any administrative host systems supporting games management or other applications operated by the Successful Vendor shall meet or exceed the following security requirements:

1. Systems Access. All systems and users requiring access to a host system (for any purpose) must be approved by the Lottery. Host systems must also support controls and procedures that allow the Lottery to audit all system access.

2. Authentication, Authorization and Access Controls. The Proposal must clearly identify controls related to user authentication, authorization and access controls for operating systems.

3. Principle of Least Privilege. All operating systems must be configured to support only those services required to provide the intended System functions. System users must be granted access only to the operating system functions and file systems needed to perform their job functions.

4. Compliance with Security Requirements. Gaming host systems must be compliant with all systems security and fault tolerance requirements accepted as operating principles by the Lottery, or promulgated by any multi-jurisdictional Lottery game organization or association of which the Lottery is or may become a member.

5. Protection against Unauthorized Access or Service Disruption. The Successful Vendor will ensure that host systems are not vulnerable to unauthorized access. The Proposal must specify the methods by which host systems will be protected against access, viruses, spy-ware, denial of service, and other attacks.
6. Other Systems Security Controls. The Proposal must provide additional information on other systems security components and controls that will be implemented including host intrusion protection, operating system hardening, login and password controls, system security log management, etc. The acceptability of all system security controls will be subject to Lottery approval.

3.2 Retailer Terminals

RESPONSE NOTE: Acceptance

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 Lotto Terminal Hardware

RESPONSE NOTE: Full

At conversion, within the baseline price, the System will support and the Vendor shall supply two thousand six hundred (2,600) full function terminals, flat-panel displays with adjustable stands, ranging from 7 to 27 inches tall from the bottom of the flat panel display, permitting the display to be visible to consumers above retailer counter displays, and ticket checkers for retailers. The Successful Vendor must also supply additional terminals, flat-panel displays and ticket checkers for training, testing, and spares.

Under the Required Option pricing section, the Vendor shall propose a cost for the Lottery to order additional terminals in batches of twenty-five (25). The price includes hardware, software, installation, communication hardware and associated service fees, and service, maintenance, repair or replacement.

3.2.1.1 Lotto Terminal Identification

RESPONSE NOTE: Acceptance

No manufacturer or Vendor logo or identification shall be attached. The terminal and any terminal peripherals as designated by the Lottery must bear a serial number or bar code for maintenance and logistics. The Lottery reserves the right to place a Lottery logo or other informational signage on the terminal.

3.2.1.2 Retailer Lotto Terminal Features and Functions

RESPONSE NOTE: Full

Vendor shall fully describe all the features and functions of the terminals, and how those features and functions further the business needs of the Iowa Lottery. In particular, Vendor will fully describe how the terminals proposed meet the following criteria:
1) 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. The Vendor shall list the dimensions and weight of the proposed terminal(s) and its peripherals, and shall identify the external data and power cables required. In addition, the Vendor shall provide a diagram of a standard installation.

2) Retailer Touch screen. There must be included a retailer touch screen that will automatically display the entire transaction being processed, and will accommodate graphics as well as text. Currently, the Lottery utilizes Surface Acoustic Wave (SAW) technology on the terminal screens. Describe the technology utilized by the proposed operator display.

   a) 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.

   b) 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 approved by the Lottery.

   c) The screen must be readable from a variety of user distances and viewing angles, and under various lighting conditions.

3) Ticket/Report Printer and Stock. A thermal printer or an essentially equivalent alternative must be proposed. Printers must provide high-resolution images suitable for rendering logos, messages, and symbols, as well as play data, must be fast, quiet, and reliable.

   Tickets must be highly readable and long-lived under ordinary consumer use in the Iowa environment. 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.

   a) 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’s Corporate or game logo, or a promotional coupon, must be producible.

   b) The printer must be capable of issuing tickets having uniform size or variable length as determined by the Lottery. The minimum ticket length will be five (5) inches. Tear off tickets are not acceptable. Each ticket regardless of length must contain a pre-printed stock number on the back.

   c) The printer must provide stacking for printed tickets that will accommodate up to one hundred (100) tickets printing serially in a multiple ticket request (bulk buy or repeat) with the stacking to occur without operator assistance.
d) Ticket stock for the printer must be able to be pre-printed front and back with text, images, and colors, using designs provided by, or approved by, the Lottery.

e) Thermal ticket stock must withstand at least one hundred-seventy degrees (170°) Fahrenheit ambient temperature for greater than four (4) hours and must be top-coated.

f) The Successful Vendor must provide methods to investigate and verify damaged and altered tickets, and these shall include security features of the ticket stock.

g) All Vendors must also describe their capability to utilize API to facilitate secure in-lane lottery sales consistent with MUSL confidential security standards.

Vendor’s response shall fully discuss the security features of the Vendor’s ticket stock and methods to investigate and verify damaged and altered tickets must be addressed. One (1) roll of sample ticket stock should be included with the Proposal. In addition, if the Vendor is capable of doing so, Vendor should also include examples of printed tickets and terminal reports with graphics, colors, and different fonts.

4) Software Loading. Gaming software will be available via down-line loading and must also be available through a local load by a service technician. Any device on the terminal that will be used to perform the local load functionality by an authorized service technician must not be usable except when the terminal is in maintenance mode based upon approved access by an authorized service technician.

   a) 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).

   b) Downloading must not preclude near-24 hour operation of the terminal on the network. Software must be downloadable in a modular fashion; only the modules requiring a change shall need to be downloaded. 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.

The Vendor shall describe their methods for ensuring that the terminal is secured against unauthorized software or devices. The Vendor shall also identify how the download process optimizes the use of the available wide area network bandwidth without interfering with the normal functions and speed of the terminal.

5) 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 clerks. This capability could be used to restrict privileged transaction types to authorized users; for example, store managers may be able to display retailer financial reports and monitor transactions by individual clerks, but that function may be inaccessible to clerks.

6) User Interface Design. The Vendor shall fully describe the process of selling a ticket, including examples depicting such a sale.

The design ultimately approved by the Lottery shall minimize keystrokes and navigation through levels of nested screens 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 is altered by the retailer.

7) Play Slip and Document Scanner/Reader. Vendors shall describe the capabilities of its play slip and document scanners/readers, including but not limited to references to the speed and manner in which the reader is capable of processing documents and play slips. At a minimum:

a) The reader must be capable of scanning play slips and other documents of that size.

b) The reader must provide flexibility in terms of its capability 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.

c) The reader must provide flexibility in the manner documents can be read.

d) The reader must be capable of rapid processing of play slips.

e) The reader must be capable of reading and processing existing game play slips.

f) The reader shall be jam-resistant and have a simple mechanism for immediately clearing any jam or non-readable document.

g) 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.

8) Random Play Generator. 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. The random number generator mechanism must be certified by a designated third-party testing agency approved by the Lottery.
The Proposal shall describe the algorithms, seeding process, and any other mechanisms employed in the System to ensure that the random number generator produces random outcomes.

9) 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 serial number must allow tickets to be unambiguously identified for the term of the Contract. The Vendor shall describe how the ticket serial number includes a game identifier.

10) Lotto Ticket Reader. The terminal must include a reader that will allow reading of lotto tickets, for validating or canceling a ticket under Lottery-specified terms. Winners must also be able to be validated by manual entry.

   a) First read rate is a key factor in the success of the terminal. A first read rate exceeding ninety-five percent (95%) is mandatory.

   b) The ticket reader must default to ticket validation mode when a ticket is inserted.

11) InstaPlay Ticket Reader. The Vendor shall describe its capability to sell and validate InstaPlay products produced through terminals. Presently, the Iowa Lottery sells InstaPlay tickets that have a bar code on the front of the ticket. At a minimum, the Vendor shall describe in full its capability to support sales and validation for the Lottery’s existing InstaPlay product.

12) Scratch Ticket Reader. The terminal must read bar codes, primarily for Scratch ticket processing (including, but not limited to, pack distribution, ticket validation and coupon processing).

   a) The terminal must be capable of validating winning Scratch tickets, both through keyless validation (using bar code printed under security coating) and manual entry.

      The terminal must support other administrative functions which employ machine-readable codes such as the interleaved two (2) of five (5) bar code, PDF-417, two-dimensional matrix bar codes, UPC, and other standards.

   b) The Lottery considers the bar code reader's first read rate for validating a winning scratch ticket as a key retailer satisfaction item. A high first read rate is mandatory—in excess of ninety-five percent (95%). Bar code reading technologies, such as Charge Coupled Device, CMOS, and laser, may be proposed.

   c) 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 scratch tickets.
d) The retailer terminal must have a bar code reader that is movable/removable and thus must have means to reach at least eight (8) feet from the terminal, giving it the capability to read different size and shape items such as Point Of Sale [POS] items, bar coded Scratch ticket packs, Lotto ticket stock boxes, and Scratch tickets in ticket dispensers.

13) Pull-Tab Ticket Reader. The Iowa Lottery sells Pull-tab tickets that have a bar code on the front of the ticket that is used for pack distribution and retailer ownership verification.

a) The terminal must support administrative functions which employ machine-readable codes such as the interleaved two (2) of five (5) bar code, PDF-417, two-dimensional matrix bar codes, UPC, and other standards.

b) The Lottery considers the bar code reader's first read rate for confirming ownership of pull-tab tickets as a key retailer satisfaction item. A high first read rate is mandatory in excess of ninety-five percent (95%). Bar code reading technologies, such as Charge Coupled Device, CMOS, and laser, may be proposed.

c) 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 Scratch tickets.

d) The retailer terminal must have a bar code reader that is movable/removable and thus must have means to reach at least eight (8) feet from the terminal, giving it the capability to read different size and shape items, such as POS items, bar coded pull-tab ticket packs, and lotto ticket stock boxes.

At present, Iowa Lottery Pull-tabs can only be redeemed at the place where the ticket is purchased. Before redeeming the Pull-tab, retailers scan the bar code to ensure that the ticket was purchased at their business. After the ticket is scanned, the terminal returns a message confirming whether the retailer should or should not pay the ticket. At a minimum, Vendor must demonstrate that it can provide this functionality with any solution offered through this RFP.

14) Training Mode. The terminal must be capable of operating in a training mode. Ticket facsimiles generated in training mode transactions shall be marked "VOID - DEMO - NOT FOR SALE" or equivalent in the body of the ticket.

Vendor shall fully describe the terminal's capability to support and allow for multiple different training modes, such as Retailer, Lottery DSR, and Field Technician.

Training mode at retailer locations must be capable of being monitored 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. Training mode must be capable of simulating all transactions allowed without updating
production files other than the log file. The training mode shall always be available and updated prior to a new game start.

Tickets produced in training mode will use “XXX” in place of numbers representing play data.

15) Self Diagnostics. Vendors shall fully describe the System’s capabilities for self-diagnostics, including submission of all indicators and operator messages available in that system. 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 required that terminal diagnostics and internal status conditions can be initiated and observed remotely by technicians or hotline operators.

16) Transaction Integrity with Consumables Fault.

a) The terminal must provide a method of preserving the integrity of the transaction when a printer fault, misprint, jam, or end-of-ticket-stock condition occurs. Vendors shall demonstrate how its solution addresses such a condition.

b) The terminal must return to service when the fault is cleared without notable delay or disruption for the retailer.

17) Universal Serial Bus (USB) and 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 which are standard interfaces for other peripherals. These ports shall be physically or logically secured when they are not in authorized use.

18) Environmental Fitness. The terminal shall be suitable for the conditions of Iowa retailer locations: 110V 15 amp electrical circuit; small counter top spaces; difficult environmental conditions such as heat, cold, moisture, dust, grease, spilled liquids, and operator abuse.

19) Power Cord. Vendors must describe what length of cord, approved by a reputable testing laboratory and containing a three-prong grounded plug, shall be supplied with the terminal. Preference shall be given for power cords that are at least ten (10) feet in length.

20) Memory and Storage.

a) The Lottery requires the capability to add games and to insert promotions, which may consume terminal memory. It is required that the terminal as-delivered provide at least a fifty percent (50%) margin of available game and promotion memory for future games and promotions as that anticipated to be consumed at conversion time by the current Iowa games.
b) The terminal must have sufficient memory to support at least eight hundred (800) concurrent Scratch games, one hundred (100) concurrent Pull-tab games, and twenty (20) InstaPlay games using up to three (3) different bar code algorithms without an upgrade of terminal resources.

c) The terminal’s memory, both dynamic and static, must be expandable and/or upgradeable. Vendor shall describe its capability to upgrade terminal memory, including reference to any maximum capacity. The Lottery’s current fleet of terminals have a 32GB solid-state hard drive.

d) Should AC power to the terminal be interrupted, the gaming software (stored in the terminal’s memory) must not be destroyed, modified or lost for a minimum period of ten (10) days from the occurrence of such failure.

21) Casework Color. The casework of the terminal and any peripherals must be provided in a durable and uniform color selected by the Lottery among options available, using a manufacturer’s standard color chart. Vendor must identify whether the color is a coating applied to the surface, or molded throughout the casework.

22) Sound Generator. The terminal must be capable of producing tones and high fidelity 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 approve which functions shall trigger this feature as well as the sounds used by the terminal. It is required that the terminal be capable of supporting auxiliary speakers as a peripheral. The sound volume shall be controlled from the central system or be adjusted by an authorized terminal technician with the terminal in maintenance mode.

23) Broadcast Messages. Messages from the central system must be received and displayed to the retailer and/or DSRs. 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. The capability for the Lottery to send broadcast messages without the need for the Successful Vendor assistance is required. Vendor shall describe its capability to provide such messages with at least a minimum of 1024 spaces.

24) Large Dollar Transaction Verification For Purchases and Validations. The terminal screen must display a message for each “large dollar” transaction 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.

25) Previous Transaction Listing. The Vendor shall describe the terminal capability to display, export, or print lists of previous transactions. At a minimum, the terminal must be able to display eight (8) days’ transactions at a time and be able to print the last fifty (50) transactions accepted by the System, upon request of the retailer,
in order to compare printed tickets with registered tickets. The terminal should also have capabilities to export such transaction lists to external devices via USB and Lottery management interfaces through secure file transfer.

26) 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.

27) Validation Limits. The terminal must not cash wins in excess of that permitted by law, currently $600.00, as set as a parameter by the Lottery. For larger wins, the terminal must return a response as defined by the Lottery, permitting the win to be claimed at a location designated by the Lottery.

28) Terminal Case Design for Safety. 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. Sharp and protruding edges must be minimized.

29) 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.

30) Terminal Addressing. Each terminal must be addressed using IP-based addressing.

31) The terminal and related components must be able to produce wagers for multiple lotto games from a single function.

32) 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.

33) The terminal must be capable of tracking scratch ticket sales transactions entered by the clerk. This can be accomplished by scanning the UPC or manually entering the sales transaction.

34) Terminal must have the capability to print a player claim form. The claim form will print automatically whenever a high tier ticket is validated.

3.2.1.3 Retailer Lotto Terminal Attachments

RESPONSE NOTE: Full

1) Player Flat Panel Display. The Lottery requires a flat panel display and stand having the following characteristics: minimum seventeen inch (17") diagonal, flexibility of placement within the retail establishment, characters/graphics visible
from ten (10) feet or greater, and sound available through auxiliary speakers or through the terminal.

As a **Required Option**, included in the base price, the Vendor shall propose two thousand six hundred (2600) player displays that could be deployed at retailer locations. Units must have the capability of being "programmed" using a games management application.

Under the **Required Option** pricing section, the Vendor shall propose a cost for the Lottery to order additional flat-panel displays in batches of twenty-five (25). The price includes hardware, software, installation, communication hardware and associated service fees, and service, maintenance, repair or replacement.

Due to the wide diversity of available space in retailer locations, the player flat panel display unit must be capable of resting on the counter beside the terminal, or being mounted on or suspended nearby the terminal. The exact location of the player display unit will be decided by the Lottery in conjunction with the retailer on an individual retailer basis to optimize visibility. Display units must be viewable by the public through the use of adjustable stands ranging from 7 to 27 inches tall from the bottom of the flat panel display.

The purpose of this display is to communicate:

- Customer transaction information (e.g., current sales transaction, customer balance)
- Ticket validation information (e.g., notify the player that he or she has a winning ticket)
- Lotto and InstaPlay jackpot information
- Marketing, promotional or informational messages
- New game announcements/instructions
- Amber Alerts
- Lottery winner information

The terminal should be capable of storing sound, static image files, and at least ten (10) videos and animations of up to thirty (30) seconds each. The terminal should be capable of displaying static image files and/or animations based upon predefined terminal events approved by the Lottery. The Vendor shall describe their capability of partitioning the display to show multiple messages at the same time.

The stored information should be downloaded in the background over the retailer terminal network, as well as being loadable at the retailer location.
2) Player Transaction Display. As a Required Option, the Proposal shall include one hundred (100) player transaction displays in the baseline price for each retailer location not deploying a Player Flat Panel Display. 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 Vendor must describe its capability for permanently affixing the Player Transaction Display to the terminal.

Under the Required Option pricing section, the Vendor shall propose a cost for the Lottery to order additional Player Transaction Displays in batches of twenty-five (25). The price includes hardware, software, installation, communication hardware and associated service fees, and service, maintenance, repair or replacement.

3) Self-Service Ticket Checker. As a Required Option, included in the base price, the Proposal shall include a terminal peripheral for each retailer location that allows players to check their own Lotto, InstaPlay, Scratch tickets and possibly Pull-tabs for winners. These devices would be located far enough away from the retailer terminal to minimize activity or traffic at the retailer counter. In addition, Vendor’s proposal shall describe its capability to allow players to check tickets through an application on a mobile device.

Under the Required Option pricing section, the Vendor shall propose a cost for the Lottery to order additional ticket checkers in batches of twenty-five (25). The price includes hardware, software, installation, communication hardware and associated service fees, and service, maintenance, repair or replacement.

The Vendor shall describe the power requirements and connectivity requirements for each ticket checker option.

4) Lotto Jackpot Signage. As a Required Option, the Proposal shall offer advertising signage capable of displaying game name and jackpot information for at least two multi-state lotto games inside the front window of the store. Vendor shall include eight hundred twenty-five (825) signs in its base price. The signage must be visible and legible for daytime and nighttime viewing from at least one hundred (100) feet outside the store, bearing a fixed logo and/or Jackpot advertising message designed in conjunction with the Lottery. This sign must be remotely updated with jackpot amount capable of displaying millions and billions. Neon or other internal lighting technologies may be used.

Under the Required Option pricing section, the Vendor shall propose a cost for the Lottery to order additional Jackpot Signage in batches of twenty-five (25). The
price includes hardware, software, installation, communication hardware and associated service fees, and service, maintenance, repair or replacement.

5) Wireless Peripherals. As an **Invited Option**, the Proposal may offer a terminal mechanism for supporting peripherals around the store on a wireless basis. Wireless 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. Wireless terminal peripherals must support a transmission security method approved by the Lottery. The Vendor shall describe all security features related to the wireless peripherals in order to prevent unauthorized access.

6) Rapid Draw Game Monitors. As a **Specified Option**, the Proposal shall include monitors to display rapid draw game drawings. The System will support a twenty-six (26)-inch or greater color flat panel video display with mounting brackets. The Successful Vendor will be required to supply and install monitors and mounting brackets as required. The location and number of monitors per retailer location will be determined by the Lottery.

The Successful Vendor will be responsible for the maintenance of all monitors under the same guidelines as stipulated for retailer terminal maintenance.

As an **Invited Option** the Proposal may offer various other sizes (e.g. thirty-two [32]-inch, forty [40]-inch) flat panel video display with mounting brackets, wiring and interface to the terminal.

### 3.2.2 Multiple Terminals per Retailer

**RESPONSE NOTE: Full**

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. Reports must roll up to a single retailer account or be broken out by individual terminals as directed by the Lottery. At times of large jackpots, or for promotions, the Lottery may require temporary installation of additional terminals at retailer locations. It is expected that the Successful Vendor will promptly install additional terminals during times of large jackpots as directed by the Lottery. As a portion of this response, Vendor shall describe its ability for the Lottery to ascertain whether a terminal is a stand-alone device or a terminal incorporated into a kiosk by using a distinct identification or numbering sequence.

### 3.2.3 Kiosks and Specialty Retailer Terminals

**RESPONSE NOTE: Full**

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

1. Privileged Validation Retailer Terminals. The Successful Vendor shall provide a method to designate certain terminals as 'privileged', meaning capable of cashing
high-tier winning tickets. For these terminals, cashing will be restricted by the Lottery to ranges different from ordinary retailer authorization. (For example in current practice, privileged terminals at Lottery Headquarters cash all prizes, without limit, while terminals at Lottery Regional Offices can only cash up to $250,000). Additionally terminals used at Lottery Headquarters to validate mailed prize claims are capable of not cashing low tier prizes until it is determined all claim information has been received from the player. These functions must be capable of being performed by full function terminals. These terminals will be considered in addition to the two thousand six hundred (2,600) retailer terminal baseline allocation.

2. Wireless Terminals: full-sized, hand-held, tablet or mobile. As an Invited Option, the Lottery may consider retailer terminals that are mobile and capable of being carried by an operator at special events.

3. Kiosks. The Vendor shall describe its capability to provide the Lottery with one hundred thirty (130) newly manufactured self-service kiosks for Lottery retailer locations which contain at least twenty-four (24) Scratch game bins and which comply with Iowa Code 99G.12. Vendor shall include the one hundred thirty (130) kiosks in the Vendor’s base system price.

As a Specified Option the Vendor shall also describe its capability to provide the Lottery with additional newly manufactured self-service kiosks for Lottery retail locations that comply with Iowa Code 99G.12.

Vendor shall describe all features and functions of the solutions proposed relating to this requirement. At a minimum, Vendor shall describe how its proposed solutions address the following:

- The dimensions and features of any proposed solution, including but not limited to the solution’s compliance with any requirements or machine size limitations that may have been set by large volume retail locations selling lottery tickets elsewhere in the United States;
- The kiosk shall have the capability to display and sell all Iowa Lottery Scratch, InstaPlay, Raffle, Lotto, or comparable games that may be implemented on a sales terminal, that presently exist or may be implemented by the Iowa Lottery during the duration of the Contract. The kiosks shall dispense tickets in a smooth and prompt manner without damage to the ticket.
- The capability of the proposed solution to display advertising or marketing content created by the Lottery, which can be modified or updated as frequently as may be requested by the Lottery.
- The capability of the proposed solution to function as ticket checkers and perform validation functions, as directed by the Lottery.
- The materials utilized in the construction of the proposed solution, and the features that allow the proposed solution to be reasonably resistant to scratching, marring, breaking, shattering, as well as to attempted
thefts, and capable of being effectively cleaned with household cleaning items.

- The type of currency acceptor/stacker utilized by the solution, the anti-theft and anti-fraud features of the acceptor/stacker, and the denominations of bills accepted by the proposed solution;
- The capability of the machines proposed to have a unique serial number and provide for data analytics and reporting as designated by the Lottery. Vendor shall describe the types of reporting that can be generated by the proposed solution;
- Vendor shall ensure that any solution or kiosk proposed complies in all respects with applicable federal, state, and local laws, rules, regulations and policies, including but not limited to the Americans with Disabilities Act, the Iowa Civil Rights Act, and Iowa Code Chapter 99G.

To the extent that Vendors provide multiple different versions of kiosks, Vendors are required to provide specifications and pricing for each kiosk version submitted on the Specified Options price scoring.

### 3.2.4 Additional Retailer Game Support Items

#### RESPONSE NOTE: Full

The Lottery may consider certain other items such as Lottery System/Retailer POS system integrated applications, etc., that enhance customer awareness and facilitate sales. **Offered Options** may be submitted.

### 3.2.5 Retailer Terminal Security

#### RESPONSE NOTE: Full

Retailer terminals must exhibit a high degree of security as a device in a location with public access. The local operating system and applications must be “hardened” so that they cannot be co-opted for other usage besides Lottery operations.

The Vendor must describe the following and all other applicable security features for all proposed retailer terminal types.

1. **Embedded Operating System Security.** For retailer terminals utilizing embedded operating systems, the Proposal must provide information regarding the security of this component including but not limited to operating system hardening processes, when and how patches are applied to address critical security vulnerabilities and identification of other software or controls utilized to protect the device.

2. **Secure Transmissions.** All data communications from the retailer terminal devices to the central gaming host systems must be encrypted. Protected information includes but is not limited to plays, validations, security codes, reports, and downloaded software. Commercially available encryption mechanisms are
required and must be approved by the Lottery and any multi-jurisdictional associations of which the Lottery may be a member.

3. Compliance with Security Requirements. Terminal communications must be compliant with all security requirements related to encryption and hardware authentication accepted as operating principles by the Lottery or promulgated by Lottery Association or multi-jurisdictional organization of which the Lottery may be a member.

4. Protection against Unauthorized Access or Service Disruption. The Successful Vendor will ensure that terminal operating systems are not vulnerable to unauthorized access. The Proposal must specify the methods by which these systems will be protected.

5. Other Terminal Security Controls. The Proposal must provide additional information on any other terminal security components and controls that will be implemented including host-based intrusion protection, terminal log management, etc. The acceptability of all terminal security controls will be subject to Lottery approval.

6. Vendor shall ensure the randomness of quick pick/easy pick selections generated by the terminal.

3.3 Communications Networks

RESPONSE NOTE: Full

The Successful Vendor must propose a design for a communications network to serve the Lottery. Under the Contract, the Successful Vendor is responsible for seeing that the design is implemented and operated in compliance with RFP specifications, including the responsibility for network management. The Vendor shall demonstrate how its proposed communications network will fit the business needs of the Iowa Lottery.

3.3.1 Network Design and Implementation

RESPONSE NOTE: Full

The Successful Vendor is provided wide latitude as to the topology and technologies proposed for the network. However, if multiple technologies are employed in the design the Vendor’s Proposal must make clear the distribution of different technologies across the retailer population. All Vendor-provided configuration items (that is, those not within a carrier “cloud”) must be identified by manufacturer and model number.

At a minimum, the Vendor must identify the types of communications technologies to be utilized. For each technology type, Vendor shall provide the utilization percentage rate and explain how the technologies will be configured to operate in both urban and rural terminal locations. Vendors must also respond to these specific questions:

1) In the event DSL is utilized:
a) Is it public or private?

2) In the event VSAT is utilized:
   a) What size dish is proposed?
   b) Will it be covered?
   c) What installation options are available (e.g., roof mount, pole mount)
   d) What number of satellites and Earth stations are proposed?

3) In the event radio is utilized:
   a) How do you assure that the terminal is not moved from the approved location?

4) In the event cellular is utilized:
   a) How do you assure that the terminal is not moved from the approved location?

5) In the event other communication types are utilized:
   a) Specify details

The Vendor must state the circuit speed for the proposed terminal. The Vendor must state if the speed will be different for the various communication solutions that may be deployed. The types of networks on which the proposed terminals previously have been deployed must be indicated.

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:

1. Retailer Network. The design must provide end-to-end connectivity for retailer terminals to the data centers. Since transactions must be processed at both data centers, there must be links between retailers and both the primary and backup data centers 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 Vendor must provide inter-site links for game control and data flow.

3. Games Management Network. The design must also accommodate 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 primary and secondary ICS. The proposed design will include the provision and programming of all security appliances necessary to protect the Lottery network from unauthorized access.
4. Lottery Back Office System Connectivity. The Lottery operates a back office system, which requires one or more interfaces to the Successful Vendor’s System for its adhoc database server, check writing applications, and other systems.

5. Administrative Connectivity. The Lottery currently has a claim center at its Clive headquarters/regional office and its four (4) outlying regional offices. The Lottery also has a remote warehouse facility. The Successful Vendor will be responsible for working with the Lottery and the Iowa Communications Network to ensure connectivity of the Games Management Network to the Lottery offices and warehouse through connections to both data centers and all systems for winner cashing, games monitoring and management functions. Vendor shall bear the responsibility of ensuring that any necessary hardware switches, routers are properly maintained and patched.

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 the Successful Vendor employ a communications carrier whose demarcation at the retailer premises is not near the retailer’s prescribed location for the Lottery terminal, it is the Successful Vendor’s responsibility to provide the inside wiring or other communications mechanism to reach the terminal. This connection must be maintained if the retailer adjusts the in-store design. The vendor must describe the standards for wiring the in-store terminal and peripherals.

3.3.2 Network Design Features

RESPONSE NOTE: Full

Communications facilities must be designed with performance, monitoring, redundancy, diversity, and security features to reduce the possibility that a disruption could impact the network and the Gaming System.

1. Fault Tolerance. The Proposal must contain an analysis of the proposed configuration with regard to single points of failure and major points of failure that could afflict a significant proportion of the network. (For example third-party network backhauls, trunk circuits, cellular networks, satellites, or satellite ground stations.) The Network is required to exhibit redundancy and diversity that virtually eliminates single systemic failures removing service from more than forty percent (40%) of the total network.

2. Fault notification. The host processor, front-end processor, retailer terminal, and/or diagnostic equipment must be able to notify the network monitor or System monitor of significant transmission failures or outages as soon as possible after occurrence.

3. Secure External Transmissions. All data communications external to secured facilities must be encrypted. All data 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 regional offices and 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 the Lottery may be a member, and if approved by the Lottery.

4. Incomplete Transaction Protocol. On incomplete or unresolved transactions between the host systems and the retailer terminals, there must be mechanisms for reconciliation. These may include retries, logging for reporting, and error messages to the retailer, System operators, and Lottery. Describe this procedure.

5. Non-Responding or Failing 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 shall be logged as not responding. The System shall make allowance for servicing of all other terminals on the network between re-tries of the terminal not responding. Failing terminals shall not preclude communication with other terminals. Non-responding/failing terminals shall be apparent to a network monitoring application. The Vendor should describe how the network monitoring application will notify the Vendor and the Lottery of alarm, error, and/or other Lottery defined events.

6. Communications Outages. In the event of a communications disruption between central and any terminal, 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.

7. Commercially Available Communications Protocols. To enhance the “open systems” aspect of the System to introducing changes and improvements, it is required that communications protocols below the applications layer be widely used, commercially available protocols, not Vendor-proprietary.

8. Connection to Systems and Networks Not Dedicated/Private. Any connection made between the System that processes games transactions, and any other systems or networks that are not private and/or dedicated to Iowa gaming 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 and must be approved by the Lottery prior to implementation. Traffic must be supported only from authorized nodes. Software transfers must be secured. 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.

9. Network Device Access. All systems and users requiring access (for any purpose) to the network devices utilized in supporting gaming operations must be approved
by the Lottery. Network devices must support controls and procedures that allow the Lottery to audit related network device access.

10. Principle of Least Privilege. All networks related to gaming operations must be designed with this principle in mind. Network access controls must be utilized to allow only the required network services needed by specific hosts or networks to be routed.

11. Mitigation of Design Limitations. The design must mitigate the limitations of the proposed communications technologies. For each retailer network technology identified in response to this Proposal, the Vendor must identify its known limitations and how they will be addressed, including but 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; and/or long provisioning times.

12. Bandwidth. The network bandwidth must be adequate to support game play at high transaction rates plus rapid software and data downloads.

For each technology proposed the Vendor must note the nominal bandwidth to and from the retailer and/or player in the case of iGaming, and the aggregate bandwidth through network paths shared by multiple retailers and/or players in the case of iGaming. If bandwidth is shared with other Vendor clients then the Proposal must describe whether any portion of the bandwidth is reserved or guaranteed for the Iowa Lottery and identify the bandwidth/subscriber ratio defining the average allocation of bandwidth to a terminal. If flash video or streaming video is proposed the Vendor must describe the bandwidth limitations and steps taken to ensure that system operations/terminal functionality are not degraded.

13. 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 the Vendor shall carry it out.

14. 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 Iowa Lottery with recommendations on any modification that may be necessary as well as a timeline to implement the recommendations. The Proposal must provide additional information on the network security components and controls that will be implemented for the System LANs and the proposed WAN connections including firewall and Intrusion Detection System protection, network access controls, network device hardening, login and password controls, network device log management, etc. The acceptability of all network security controls will be subject to Lottery approval.
3.3.3 Network Administration Services

RESPONSE NOTE: Full

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

1. Provisioning. Under the contract the 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. The Vendor must provide change management control procedures and online storage of network component configuration files.

3. Carrier Interface. The Successful Vendor must interface with the communications carriers, the retailers, and the Lottery to schedule installs, correct problems and improve service delivery. The Successful Vendor will be responsible for working communications problems to resolution through the common carriers/external suppliers, and shall describe this conflict resolution process including any escalation procedures.

3.3.4 Network Monitoring and Fault Resolution

RESPONSE NOTE: Full

The Successful Vendor must diligently and constantly monitor the network, detect current operating characteristics, and detect faults and take action to remediate them. Vendor shall describe its capability to perform network monitoring, recording, and analysis. At a minimum, Vendor shall outline its ability to conduct the following functions:

1. Network Monitoring System. Communications test and monitor capability must be available at both the primary and remote 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 or remote sites, within the wide area communications network, or at the retailer terminal level. Other network connections may be relevant depending on the Successful Vendor’s proposed design. The Successful Vendor should describe in detail the network monitoring tools and features that will be available to the Lottery for the day-to-day oversight and monitoring of the Successful Vendor’s communications network and system. Vendor shall also describe the Vendor’s capability, if any, to provide the Lottery with an application or system providing for automated alarm notifications.

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 Lottery Gaming System is operational and whenever the Lottery requests such support for test purposes.

5. Hotline Monitoring of Retailer Network. Hotline equipment 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 Iowa 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 Successful 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 system operation hours. The Service Level Agreement may commit to a higher level of monthly availability. If the Proposal commits to a higher level of network availability, the Successful Vendor will receive the benefit of an increased technical score but will be held to that standard for the corresponding liquidated damages. See RFP Section 2.26 for liquidated damages as a result of Communications network outages.

3.3.5 Network Conversion

RESPONSE NOTE: Full

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.
The Successful Vendor will be required to provide and install all communication equipment and other accessories necessary to connect the communication equipment at each retail location to the central system.

3.3.6 Sales Force Field Automation System

RESPONSE NOTE: Full

As a Required Option, included in the base price, the Proposal shall contain an mobile and desktop accessible system, hosted by the Vendor, for the DSR group and designated Lottery staff to access in-house or third party sales force automation tools (RFP Section 3.4.13) that shall be housed on the server described in: (RFP Section 3.4.9. The interface must have the same security specification as the secure connections given in RFP Section 3.1.1. The Successful Vendor will be responsible for the hardware and software support of the proposed system.

3.4 Software Controls and Data Management

3.4.1 Gaming Software Security, Control Features and Functions

RESPONSE NOTE: Full

In addition to selling and cashing tickets, the System must provide particular features and functions to meet requirements for secure and efficient operation. Vendor shall fully describe how its proposed solution provides necessary gaming software security, outlining any key control features and functions. At a minimum, Vendor must articulate how its solution satisfies the following requirements:

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 any changes using the games management applications.

Requirements include, but are not limited to:

1) The gaming system back-up, recovery and redundancy features can be supported, using log files for re-processing, if necessary.

2) 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 forwarded to the ICS.

3) Authorized Lottery personnel shall be able to research transactions and operations when required. The transaction log will include detailed records of sales, validations, canceled Lotto tickets, rejected validation inquiries, terminal
outages, login information, type of play (e.g., quick pick or play slip), and system events. Reports on transaction log entries must allow standard queries and sorts. It is preferred that research into transactions up to one (1) year old not require the loading of archived physical media.

4) The transaction logging process includes periodic checkpoints including significant counts and amounts totals for all games.

5) The Lottery requires a near real-time feed of the transactions to the Internal Control System. 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. The ICS solution shall be compliant with MUSL Rule 2 and Confidential Standard.

6) The Successful Vendor will provide the Lottery with any software necessary to interpret or decrypt any proprietary or unique ICS (audit) record formats, resulting in ASCII and/or EBCDIC text and in a format/structure that is approved by the Lottery.

2. Unique Transaction Number. The serial number assignment method used by the Successful Vendor must account for the fact that transactions resulting from unclaimed winners, from subscription sales, and possible other causes may reside for extended periods in the System. It is required that the ticket serial numbers be unique over the term of the Contract.

3. 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.

4. Tickets Not Duplicated. Tickets must not be able to be duplicated on terminal or kiosk equipment nor on personal electronic devices.

5. 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 set by the Lottery. The System, through a games management application, 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.

6. 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 write-once medium). This log must be provided on
digital media or as an electronically transmitted file to the Lottery, which the Lottery
may at its option process and review for auditing purposes.

7. 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.

8. One-Time Cashing. A winning ticket, whether physical or electronic, must not be
able to be cashed more than once.

9. Software Checksums. Checksums are required for executable programs on the
gaming host systems, front-end processors, network equipment, administrative
systems, and retailer terminals for auditing purposes. This requirement applies
also to the development and quality assurance systems. Checksum information
will be provided to the Lottery upon request. The Successful Vendor must maintain
control of software distribution such that systems and terminals are not able,
inadvertently, to run inappropriate versions of the software.

10. Transaction Storage Redundancy. Every transaction of the terminals must be
received in at least three (3) systems before authorization to print a ticket, including
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 processing system. In the event of a system
failure, every transaction must be recorded on at least two (2) systems.

11. Game Monitoring. Real-time monitoring of gaming transaction traffic and system
utilization must be provided for use by both the Vendor and the Lottery. The
Successful Vendor must maintain these tools to correspond with the latest gaming
system changes and with industry-available improvements. The Lottery shall
receive immediate notification of abnormal System operations and their causes,
such as validation problems, communication difficulties, computer downtime, etc.

12. Transaction Simulation. A transaction simulator program is required to generate
all types of terminal and System transactions in optional percentages for use in
testing software quality and performance. The program must accommodate
simulated Scratch ticket validations against a validation file as part of the
transaction mix. The program must allow manually entered transactions, including
Scratch ticket transactions, to mix with the program-generated transactions.

13. Secure On-Site and Off-Site Storage. The 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. Stored materials retention shall follow a schedule negotiated with
the Lottery. Media stored in archives must be checked and/or exercised
periodically to ensure their physical integrity. At the Lottery’s direction, the
Successful Vendor may be directed to restore a backup file to a test system to ensure viability.

14. Valid Backups of Files. The Successful Vendor must use operational practices through report balancing and reconciliation to ensure that current data 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.

15. 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. Strict performance according to principles of configuration management is required:

1) System components shall have version or release numbers, or model and serial numbers.

2) Components shall be traceable, identifying the history, use, and location of a component.

3) The System must provide reports showing when and by whom a change was made and must avoid multiple update conflicts.

4) The System shall have the capability to produce a configuration status report or listing.

5) The Successful Vendor shall ensure through procedural and System controls that only approved changes, on an approved schedule, can be made.

6) The retailer terminal software version number should be identifiable by some means on the retailer terminal (displayed at sign-on or retrievable). The gaming system should have a means of determining that all terminals and kiosks are running the correct software version. Any terminals or kiosks found that do not have the correct software should either receive an automatic download of the correct software (preferably) or be identified so that a field representative can investigate and correct immediately.

Reports and/or displays shall be available to the Lottery to review configuration management activities.

16. Software Quality Assurances 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.
1) The testing environment must be capable of providing production-type reports including management reports and terminal reports, and the capability to research and report transaction history.

2) All software changes must be accompanied by release notes that characterize the planned changes 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. Dynamic Pools. For all matrix-type games, the Successful Vendor must maintain dynamic pools for the current draw, and dollar summaries for all plays for all future draws on sale. The Successful Vendor must also maintain dynamic pools for the current draw and future draws for the numbers-type games. The total dollars played by game by play type must be maintained for all future draws. The current day's pools must include all current day's sales as well as advance day sales for that draw.

18. Ticket Stock Tracking. Ticket stock is delivered to retailers in cartons having a bill of lading. Each roll inside shall have a unique bar code allowing the ticket stock to be received at the retailer terminal. Ticket stock tracking shall permit returns, re-issues, and destruction of stock, as appropriate, by authorized users. Ticket stock activity reports will be required to track erroneous ticket stock activity. The ticket stock tracking information shall be delivered from the ticket stock printer directly to Lottery Security, using a method of secure electronic delivery as prescribed by the Lottery. The Successful Vendor’s technician, by virtue of delivering ticket stock as a consumable, will be permitted to know the carton numbers, but not the contained roll numbers. 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 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. This "dual security" approach must be acceptable to all 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 Lottery Security. The Successful Vendor must provide any hardware and software necessary for the Lottery to decrypt dual security numbers. The methodology must avoid retailers having to save sign-on slips or other materials, and must preclude Successful Vendor staff from decrypting the dual security number. The use of an encrypted control number is required.

Vendor must include on all multi-jurisdictional tickets Encrypted Control Number (ECN) functionality meeting current MUSL requirements. Vendor will update ECN functionality to keep up with current technology as described in the most current MUSL rules within 180 days of any rule change.
Vendor shall describe its capability to provide dual security in the provision of iGaming or electronic tickets.

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 capability to report a terminal with anomalous and excessive transactions (such as sales, cancels, and log-in attempts), attempted cashes of stolen tickets, unusual console log entries, unusual transaction journal entries, and systemic events such as no sales for a game scheduled to be operational. The Successful Vendor must provide a printer installed at the Lottery to provide a record of these events or provide the information via secure electronic delivery.

21. Incomplete Transaction Protocol. On incomplete or unresolved transactions between the host systems and the retailer terminals, there must be mechanisms for reconciliation. These may include retries, logging for reporting, and error messages to the retailer, System operators, and Lottery.

22. Non-Responding or Failing 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 shall be logged as not responding. The System shall make allowance for servicing of all other terminals on the network between re-tries of the terminal not responding. Failing terminals shall not preclude communication with other terminals. Non-responding/failing terminals shall be apparent to a network monitoring application.

23. Communications Outages. In the event of a communications disruption between the central system and any terminal, 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.

24. Scratch/Pull-tab/InstaPlay Ticket Information Protection. Scratch/Pull-tab/InstaPlay ticket information and validation data must be protected from unauthorized access during the period beginning with ticket manufacturing, through the period where tickets are being distributed, sold and validated, and ending when the game is no longer on the System. The Lottery determines when the game is no longer on the System, which is typically three (3) years after the validation period ends.

25. Validations. The System must be capable of validating winning tickets by means of a reader and by manual entry.

1) The System must validate winning tickets presented within the validation periods as determined by the Lottery. The schedule for validation may be found at www.ialottery.com.

2) In addition to the customer display, the terminal shall print a receipt that confirms the result of any validation attempt of a Lotto, Scratch, or InstaPlay
ticket. The prize amount for all tickets presented for cashing or checking must appear on the customer display and the terminal must print two (2) receipts for winning tickets and one (1) for non-winning tickets. The receipts will contain verbiage approved by the Lottery. The validation ticket transaction as logged on the System must be referenced to the original sell transaction. The exact specifications will be established during implementation.

3) The Lottery expects retailers to pay winning tickets valued equal to or less than six hundred dollars ($600). A Lotto ticket may incorporate multiple plays under a single serial number, and win multiple prizes. Multiple winners on the same ticket still observe the six hundred dollar ($600) rule. This threshold should be parameter-driven and capable of being changed easily, by authorized users, without the need for extensive full regression testing of the entire system.

4) When cashing a multiple draw ticket prior to the last draw on the ticket, an exchange ticket for the balance of the plays must be printed. The exchange ticket must have a distinct serial number from the original ticket but the System must be capable of relating the two.

5) For Lotto games, the System must allow paid Lotto winning tickets to be retained for one (1) year after the winning draw date, claimed but non-validated Lotto winning tickets for one (1) year plus sixty (60) days after winning draw date, and non-validated winning lotto tickets for one (1) year plus sixty (60) days after the drawing. The exact specifications will be established during implementation (e.g. messages regarding validation status to be displayed).

6) The System must provide the capability for the retailer to decline to cash validations from $100 up to and including $600. The Lottery privileged terminals must be capable of declining to cash any prize.

26. The Lottery has its own check writing application that interacts with the System in order to pay tickets at Lottery Regional Offices and Headquarters. The Successful Vendor shall provide a SOAP web service API to support the claims payment process by developing web services matching the examples in Appendix F part 6.g – Lottery Check Writer API.

3.4.2 Application and Database Security

RESPONSE NOTE: Full

Application security controls are another critical component of the Successful Vendor’s role in ensuring the integrity of the System. The following security requirements apply:

1. Authentication, Authorization and Access Controls. The Proposal must clearly identify controls related to user authentication, authorization and access controls for applications (including database applications). The Vendor shall propose a
convenient method allowing authorized users the ability to reset and manage their own passwords on the System.

2. Audit Trail. All application login attempts, whether successful or not, must be logged. Log entries must reference identifiers such as the time, date, IP address, and login success status. All modifications to the System must be logged and protected by verification steps. The application must provide display and reporting tools for the Lottery to verify the events recorded in the audit trail.

3. Principle of Least Privilege. All applications and databases must be designed to support only the processes and user access required to provide the intended application functions. Application and database users must be granted access only to the application and database functions and data elements needed to perform their job functions.

4. Compliance with Security Requirements. All applications must be compliant with any application security requirements promulgated by any association or multi-jurisdictional game organizations of which the Lottery may be a member.

5. Protection against Application Compromise or Service Disruption. The Proposal must provide information on the mechanisms by the Vendor to validate developed code to ensure applications are not vulnerable to denial of service attacks or similar security threats.

6. Other Application Security Controls. The Proposal must provide additional information on other application and database security controls that will be implemented including login and password controls (if applications are not directory-integrated), application and database security log management, database hardening procedures, etc. The acceptability of all related security controls will be subject to Lottery approval.

3.4.3 Lotto Games Drawing Controls

RESPONSE NOTE: Full

1. Automatic Close. At a specified time before the drawing, the System shall automatically close a game without operator intervention. The Vendor should identify whether their System has the capability to manually override the automatic closure of a game.

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. The CGS and ICS systems need to share the same Network Time Protocol (NTP) servers. The CGS and ICS must process transaction related timestamps in the same way so that bets are matched to the appropriate drawing on both the CGS and ICS. This requirement applies
regardless of whether the play in question is generated at a retailer terminal or, in the case of iGaming, is generated on a personal electronic device.

3. Drawing Information. At game cut-off for any game the system must display within the games management application the following information for the game:

- Time of day
- Net game pool (sales minus cancels)
- Hash total of plays (including cancels)
- Pool Status
- Draw Identifier

4. Manual Winning Number Entry. Dual manual 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 should, 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 necessary to minimize the time window between close of the games, drawings, and the capability to pay winning tickets. The System shall comply with the time window specifications of the current and future Lottery Lotto games for closing games, conducting game drawings, entry of winning numbers, and readiness to pay winning tickets. All game types must be addressed. The Vendor should describe the functionality available to change the Closing, Drawing, and Cashing time windows.

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 finalizing and declaring official a problematic drawing.

3.4.4 Games Management Application

RESPONSE NOTE: Full

The Lottery requires staff access to the Successful Vendor’s games management applications for performing functions such as configuring game settings, managing retailer terminals, performing retailer accounting functions, sending messages to retailer terminals and tickets and accessing management, sales, and retailer reports. The Vendor shall describe its ability to provide Lottery staff access to game management applications.
for the performance of necessary functions. At a minimum, Vendor shall articulate how its solution satisfies the following requirements:

3.4.4.1 Games Management Application Access

RESPONSE NOTE: Full

Access to the games management application will be from various locations including workstations on the internal LANs at the Lottery Headquarters and remote Lottery offices, subject to prior written approval by the Lottery. In addition, certain functions may be performed by staff with remote access subject to prior written approval by the Lottery.

Lottery workstations will be configured as needed with any required software for accessing the games management application provided by the Successful Vendor subject to prior approval by the Lottery. The Lottery requires that the games management application be web browser-based, compatible with industry leading web browsers such as Chrome or Firefox that do not require the installation of any additional client software.

The number of users requiring access to the games management application will be determined by the Lottery. Currently, approximately sixty (60) users are registered for access to Lottery systems, with varying authorizations. The Lottery estimates that at any one time there are fewer than thirty-five (35) concurrent users on the Lottery Systems.

3.4.4.2 Games Management Application Features and Capabilities

RESPONSE NOTE: Full

The System shall provide a range of features and capabilities that taken together accomplish all tasks to manage and control the Lotto, InstaPlay, Scratch and Pull-tab games, plus mobile and iGaming (as applicable). The features and capabilities include, but are not limited to, the following list and will be available to both Successful Vendor and Lottery authorized personnel.

1) Management Reports. The games management application must be capable of producing at a minimum Lotto, InstaPlay and off-line management reports similar to those found in Appendix D. In order to satisfy this requirement, Vendor must design a capability for the Lottery to manually run reports upon demand. In addition, Vendor must describe its ability to supply the Lottery with an option to schedule automated reports through the application.

2) Retailer Terminal Management. Vendor shall describe the capability of the authorized games management application users to enable and/or disable any retailer terminal, partially or fully. The Vendor shall describe all of the parameters/features that the games management application has to allow the enable and/or disable of 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.
3) 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 twenty (20) total disablement conditions with up to five (5) concurrently. The application must be capable of reporting a retailer’s history of disablement conditions.

4) Dual Entry. The application must provide the capability to enter critical data such as Lotto game winning number entry through two (2) different application user sessions, one of which is from the Vendor and the other from the Lottery, whose results are verified to be the same before allowing the process to continue. All attempts, whether successful or not, must be logged.

5) Game Control. The games management application must support the capability (for an authorized user) to shut off and resume sales and validations on each game independently.

6) Message Groups. The games management application must support the capability (for an authorized user and subject to prior Lottery approval) to send messages to retailers or DSRs, a specific retailer or DSR, or to any group of retailers or DSRs such as, but not limited to, all retailers or DSRs, retailers or DSRs in a sales region or retailers in the same county, zip code, business type, corporate account, terminal type/functionality (including attached peripherals), or sales level in one single transmission. In addition to game messages, the Lottery also utilizes this functionality to send messages such as “Amber Alerts” to all retailer terminals. The Proposal shall describe how the application allows retailer groups to be designated for message distribution. Additionally, the Proposal shall describe how the application will keep retailer and DSR messages separated from view by the other.

7) Message Size. The Vendor shall provide the Lottery with the ability to relay Retailer and DSR informational messages. The Vendor shall identify the capacity of the messages supported by the system proposed in this RFP. At a minimum, the Vendor must be able to support a message of up to one thousand twenty-four (1,024) characters.

8) Immediate, Deferrable, and Automated Messages. The games management application must support the capability (for an authorized user) to define any retailer message as immediate or deferrable. Immediate messages must be displayed 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 games management system must support the functionality to issue automated terminal messages as the result of events specified by the Lottery.
9) Player Display Messages. The games management application must support the capability (for an authorized user) to create and send video, graphics and messages to the player display units associated with the retailer terminals and to the groups identified in RFP Section 3.4.4.2, item 6.

10) Ticket Messaging. The games management application must support the capability (for an authorized user) to create and send messages 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 tickets so that a ticket (e.g., Powerball, etc.) could display a unique message. The Lottery may also utilize this functionality to send messages such as "Amber Alerts" for printing on tickets.

11) Game Monitoring. Authorized games management application users must have the capability 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, by calendar day or draw.)

12) Sales and Transaction Research and Reporting. The Lottery requires the capability for authorized games management application users to request, process, and print portions of the gaming System's sales history and transaction history. At least thirty-five (35) days of transaction detail must be online.

13) Retailer Reports. The System must be capable of automatically printing retailer statements on a Lottery regional office printer. 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.

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

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

3.4.4.3 Data Warehouse

RESPONSE NOTE: Full

The Lottery requires a data warehouse solution that will allow its users to access the data needed to produce custom reports and datasets and to transfer the data directly to other applications for operational and analytical purposes.

The data warehouse will contain a subset of the data from the games management application but in a non-normalized form optimized for querying. At a minimum, the data warehouse must contain the data described in Appendix K. As the Lottery’s business
needs continue to evolve, the Successful Vendor must be able to add new datasets and tables to the data warehouse as required by the Lottery.

The data contained within the data warehouse must be updated on the schedule set by the Lottery. Vendor shall describe the capability of its solution to make updates, including how many times per day the solution can provide updated data. The Vendor shall describe which platform will be used for the data warehouse solution. The Lottery strongly prefers this solution to be based on Microsoft SQL Server.

It must be possible to access the data contained within the data warehouse by using API (including, but not limited to, an ODBC connection) and a direct SQL query. The Vendor may propose a query and reporting tool to be used with the data warehouse that will allow the end-user to build reports by defining the reporting parameters within the tool’s user interface and to produce the output in a number of commonly used file formats such as PDF, XML, and CSV.

The Successful Vendor shall describe the Vendor’s ability to provide technical support and ongoing development of the data warehouse and any related tools and the vendor’s ability to protect the system while hosting the data warehouse on the Lottery’s internal network.

3.4.5 Support of Scratch Ticket Transactions at Retailers

RESPONSE NOTE: Full

The Lottery is seeking a system that will support Scratch ticket distribution, validation, accounting and reporting. The Lottery has been utilizing a courier delivery supplemented by trunk-stock delivery method for the distribution of Scratch tickets. The new System must allow for scratch tickets to be delivered to retailers by various delivery methods. The System will be required to support scratch games through the retailer terminal and shall include but not be limited to the features and transactions noted below.

1. Bar Codes. Many scratch ticket transactions depend on bar coded numbers for unique identification of tickets. The System must accommodate reading at least three (3) different bar code algorithms. If the Successful Vendor has input into the scratch ticket identifier and/or bar code encoding scheme, the identifier design and the algorithm must be secure against compromising the integrity of the game. The System must accommodate the Lottery’s current bar code practices and new standards.

2. 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. DSR Transactions. The System must support retailer inventory management transactions and messages for DSRs. For each retailer where a DSR conducts pack management transactions the system must produce reports of all activity.
4. Pack Delivery and Returns. Transactions for packs delivered directly to retailers from the DSR inventory or shipped to retailers via a courier service must be registered on the System and produce a pack activation report. Full packs may be returned by the retailer via the DSR and are allocable for use elsewhere, or for return to inventory in the warehouse. Partial pack returns may be returned by the retailer via the DSR and returned to the regional warehouse. Full and partial pack returns will produce a return ticket receipt, content subject to Lottery approval.

5. Pack Activation. The System must have the capability to activate packs for sale, validation and settlement at the time of delivery from the DSR or courier service to the retailer and produce pack activation report of the transaction.

6. Scratch Ticket Validation. Scratch game validation transactions at the retailer terminal will inquire against a validation database maintained by the Successful Vendor 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. The System must provide the retailer and customer a receipt for each winning ticket. The System must print two (2) receipts for winning tickets and one (1) for non-winning tickets. The System must provide the capability to display different messages and perform different functions depending upon the prize amount or status of the ticket. During this process the System must confirm that the ticket is from a 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 settled packs.

7. Keyless Validation. The Vendor must describe a process for “keyless” validation, requiring no more than bar code reading, for any and all specified prize levels. Any proposed solution should address security issues relative to keyless validation.

    The Successful Vendor’s system must be capable of reading the Scientific Games International Inc. Fail-Safe® scratch ticket validation technology currently utilized by the Lottery. The Vendor shall describe this capability.

8. 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, delivered or the percentage of low-tier validations. The System must support multiple settlement techniques at the same time. Different settlement criteria can be used for specified retailers.

9. Pack Activation Card. Transactions at the pack level, such as activation must be supported by (i) having a pack activation card, (ii) the capability to operate without a pack activation card, affecting activity through reading the bar code of a ticket from (and identifying) the pack and (iii) from a bill of lading that accompanies a courier shipment.
10. Retailer Status and Reporting. The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing scratch ticket status and transaction activity. These include, but are not limited to, the retailer's own inventory information by pack status, summary of validations, scratch sales and adjustments, game and pack number, and news messages. Retailer reports must indicate that they are “for information only” and “not for sale” to avoid confusion with tickets. The gaming system must provide to both the retailer and to the Lottery, combined business reports incorporating Scratch, Pull-tab, InstaPlay and Lotto product results. Refer to Appendix E for descriptions of retailer terminal reports.

3.4.6 Support of Pull-tab Ticket Transactions at Retailers

RESPONSE NOTE: Full

The system will be required to support Pull-tab games through all retailer terminals supplied by the Successful vendor.

Support from the Successful Vendor shall include but will not be limited to the transactions noted below, which generally fall into the classes of: Consignment, Activation, Returns, Settlement, Retailer Pack Verification, Inventory, Reports, and Terminal Setup/Controls. The Lottery has been utilizing a trunk delivery method for the distribution of Pull-tabs. The new System must allow for Pull-tabs to be delivered to retailers by various methods.

1. Bar Codes. Pull-tab ticket transactions depend on bar coded numbers for unique identification of packs. The Vendor should discuss its capability for its terminal to read both interleaved two (2) of five (5) and PDF-417 bar codes (or other formats).

2. 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. DSR Transactions. The System must support retailer inventory management transactions and messages for DSRs. For each retailer where a DSR conducts pack management transactions the System must produce reports of all activity.

4. Pack Activation. The System must have the capability to activate packs delivered directly from a DSR or packs delivered by a courier service to a retailer for sale and produce a pack activation report of the transaction.

5. Pack Returns. Retailers may return full and partial packs via the DSR with a ticket/pack return report. Full pack returns will be reassigned to the Lottery sales representative to be used elsewhere, or for return to inventory in the regional warehouse. Partial pack returns will be reassigned to the Lottery sales representative and will be returned to the regional warehouse.

6. Retailer Pack Verification. Pack verification at retailer terminals will respond with “pack was sold here” or “pack was not sold here” message sent back to the retailer. This transaction will verify whether the pack is consigned to retailer.
7. Settlement. The terminal must support settlement of the packs that have been distributed to, and sold by, the retailers. Today, packs are settled at the time they are consigned to the retailer.

8. Retailer Reports. The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing pull-tab transaction activity. These include, but are not limited to, (the retailer's own) pack status information, current and previous two (2) weeks pack activation reports, daily activity reports, weekly settlement reports and news messages. The gaming system must provide the retailer an integrated business report incorporating Scratch, Pull-tab, InstaPlay and Lotto summaries.

3.4.7 Claims and Payments

RESPONSE NOTE: Full

The System must provide a robust mechanism for payments to winners. Vendor shall describe the capability of its proposed solution to accurately, conveniently, and swiftly provide validations and claims processes for winning tickets. At a minimum, Vendor's proposed solution shall be capable of performing all of the following functions:

1) The System must validate winning tickets presented within the validation periods as determined by the Lottery. The schedule for validation may be found at www.ialottery.com.

2) Winning ticket amounts must appear on a customer display and the terminal must print both a retailer and a customer receipt that confirms the result of a winning Lotto, InstaPlay or Scratch ticket. All tickets presented for cashing or checking must appear on the customer display and the terminal must print two (2) receipts for winning tickets and one (1) for non-winning tickets. The receipts will contain verbiage approved by the Lottery. The validation ticket transaction as logged on the System must be referenced to the original sell transaction. The exact specifications will be established during implementation.

3) The Lottery expects retailers to pay winning tickets up to a winning amount set by the Lottery. A lotto ticket may incorporate one (1) or more plays under a single unique serial number; multiple winners on the same ticket still observe the winning amount parameter.

4) When cashing a multiple draw (advance play) ticket prior to the last draw on the ticket, an exchange ticket for the balance of the plays must be printed. The exchange ticket must have a distinct serial number from the original ticket but the System must be capable of relating the two. The terminal display must show “exchange ticket being printed” or some type of similar method to inform the player that they are to receive an exchange ticket.

5) Control of Validations. The System must be able to turn off cashing at the terminal for a specific game and specific draw.
6) The System must be capable of validating winning tickets by means of a reader and by manual entry.

3.4.8 Data Management and Reporting

RESPONSE NOTE: Full

1. Database Access. The Lottery requires access to Iowa 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 within the games management application.

2. Sales Reporting Tool Set. The Successful Vendor must provide software tools for accessing, reporting on, and downloading gaming information. The Lottery's access to data on the active gaming systems must be read-only. For reporting and inquiries, the Lottery may employ a separate copy of the data on a separate host 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. History. The System database must contain all retailer data and financial activity online for the term of the Contract.

4. Report Export. Reports generated by the System must be exportable to Excel and other common data formats (PDF, XML and .CSV). The Lottery requires (unless otherwise specified) that all reports be date-driven, capable of being sorted and filtered.

The qualified system will include the ability to export data from the system in a modern format that allows for this data to be used in other systems. The data request will be specified through the use of a SQL query, API, or user interface that allows an authorized user to define the tables, columns, and parameters of the search criteria. Examples of acceptable formats include XML, XLSX, XLS and .CSV.

3.4.9 System Interfaces

RESPONSE NOTE: Full

The System must interface with several applications in the Lottery’s environment, including but not limited to those identified below. The structure, content, frequency interval, transport mechanism, and configuration of the interfaces will be defined by the Lottery and the Successful Vendor with final approval by the Lottery.
1. Integrated Scratch, Pull-tab, InstaPlay, and Lotto Information. The System must integrate seamlessly between Lotto, Pull-tab, InstaPlay and Scratch game information when providing data for Lottery accounting and management applications. No data conversion and merge efforts shall be required for the files and reports that the Lottery receives unless otherwise agreed to and approved by the Lottery.

2. Lottery requires a near real-time and read-only replicated server (a.k.a. ia-adhoc server), separate from the ICS, located at Lottery Headquarters. The Lottery requires various forms of data provisioning to feed Lottery administrative and gaming support systems. For some applications, a data file must be supplied of a specified format and frequency. Appendix F details files that may be transferred to/from the Lottery.

3. The Vendor shall provide the export from, and import into, the Gaming Management Application using data of various formats including: XML, XLS, XLSX, PDF, CSV, or other formats as designated by Lottery. The Successful Vendor shall be required to support this and any such industry standard projects.

Retailer Reporting Website. All retailers, and especially corporate retailers, must have access to reports that display sales and other accounting data from a Successful Vendor-hosted website. Retailers must only be able to see their own account, and for authorized corporate individuals, any or all sites within the corporate account. The retailer website must also support announcements and other information useful for retailers. Microsoft Excel (XLSX) or similar, and Extended Markup Language (XML) must be supported from startup. Customized reports for corporate accounts must be available.

The system shall provide user self-registration and password reset functionality that does not require Lottery intervention nor password support.

The Lottery currently uses Gem Retailer website in order to provide this functionality. As a Required Option, the Vendor shall propose solutions for the generation and production of retailer reporting deliverables for the Lottery and shall include any related cost in the baseline system price.

Lottery Sales Force Automation System. All Lottery DSRs must have access to retailer and route information that supports Lottery sales. In general, the Lottery would utilize this system to provide DSR staff with real time data in furtherance of sales goals. In addition, Lottery DSRs utilize this system to submit personnel timesheets, car reports, and obtain information on routes and delivery.

The Lottery currently uses Gem Intelligence website in order to provide this functionality. As a Required Option, the Vendor shall propose solutions for the generation and production of sales force automation deliverables for the Lottery and shall include any related cost in the baseline system price.
3.4.10 Security Information Practices and Reporting
RESPONSE NOTE: Full

The Successful Vendor’s operational practices must include reporting and compliance including, but not limited to, the following to support Lottery Security operation.

1. Retailer “fishing” reports (multiple attempts to cash scratch tickets with same game, pack, transaction number).

2. Attempts to cash missing, stolen or blocked Scratch, Pull-tab, InstaPlay and Lotto tickets.

3. Invalid pack consignments.

4. Excessive cancels of lotto games that allow cancellations, such as Pick 3 and Pick 4.

5. Previously validated tickets.

6. Investigative Information. The Successful Vendor and the System must provide the Lottery’s Security staff various reports and displays to support investigations, as needed.

7. Mis-delivered, stolen, or borrowed ticket stock.

8. Anomaly reports such as wrong scratch ticket pin entry, not a winner and significant changes in scratch ticket activations. Ability for Lottery to configure parameters in the Games Management Application to trigger anomaly reports and suspicious cashing patterns. Anomaly reports related to ticket checking done through the Vendor-provided mobile app shall include the public IP address of the user device of the mobile app in section 3.4.15.

9. Vendor will provide 24x7 messaging and call support to notify Lottery on-call Security personnel.

10. Transaction Log report.

11. The System shall send and/or print all security related reports (as designated by the Lottery) directly to the designated Lottery Security Personnel.

12. The solution proposed shall allow for the delivery of SQL reports and reports through an interface SQL Server such as Oracle, MySQL, or Microsoft SQL Server.

13. Option to include custom alerts and reports as needed.

14. The exact specifications will be established during implementation.
3.4.11 Lotto Subscription System

RESPONSE NOTE: Full

As an Invited Option, the Vendor may propose a Subscription System. Vendors shall fully describe the capabilities of any Subscription System, including a reference to other state lotteries which may utilize such a system. Without attempting to be exhaustive, at a minimum, Vendors shall describe how the proposed solution satisfies this list of specifications:

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 may be less than, but can extend up to twelve (12) months.

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 extend the length of the subscription, while higher 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.

6. Subscription Account Management. The Lottery, through the games management application, would provide for all mailings and player services to subscribers.

3.4.12 Player Registration System

RESPONSE NOTE: Full

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.

The Lottery presently utilizes its own systems to maintain a VIP Club that manages a player database, player account management, including all scheduled reporting and mailing services. Vendor should describe its best option to manage or replace the functions of the Lottery’s current VIP club with Vendor’s proposed solution. Vendor should also describe its ability to provide games for entertainment purposes or player loyalty programs on the Lottery website.
Vendor shall offer solutions for a secure mobile application that runs on Android and Apple platforms.

3.4.13 Field Access and Related Applications

RESPONSE NOTE: Full

The Successful Vendor must provide field staff access to software tools for retailer route, sales, inventory and performance information. For reporting and inquiries the Lottery requires the Vendor to host a separate copy of the data on a Vendor provided server from that of the active gaming system, since the Lottery does not intend any negative impact on production operations or gaming response time while obtaining useful reports on retailers and sales.

Typical capabilities associated with this software would include, but are not limited to:

1. Route Call / Retailer Contact Management: Identify stops and dates for route management, support a calendaring function related to sales calls, allow recording of detailed notes related to sales calls and other retailer contacts.

2. Sales Performance: Track sales performance and associated sales activity for all products. Performance with respect to sales goals for each retailer on the route. Sales trend reporting, cross-retailer comparisons.

3. Sales Forecasting. Capability to track past scratch deliveries and validations and pull-tab deliveries by retailer and provide the DSR with a suggested order on request.

3.4.14 Monitor Games

RESPONSE NOTE: Full

As a Specified Option, the Vendor must describe their support for (Automated) Rapid Draw Monitor Games including provision of Random Number Generation equipment. The 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 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. Any solution proposed by the Vendor pursuant to this section shall fully comply with the requirements of Iowa Code 99G, including but not limited to Iowa Code 99G.3 and Iowa Code 99G.30A. The Vendor shall describe their solution and the additional capabilities this solution could offer.

3.4.15 Mobile Device Application

RESPONSE NOTE: Full
As a **Specified Option**, the Vendor must describe the features, functionality and support for a mobile device application for iPhone and Android mobile devices. The mobile app shall include:

- search for Lottery retailer locations,
- generation of Lotto electronic play slips that can be scanned by terminals and kiosks to create bets,
- display of Lotto games’ information (i.e. current jackpot and cash amount, drawing results, jackpot last won with date and location, prize information and overall odds),
- InstaPlay information (ticket images, progressive jackpots, jackpot last won with date and location, how to play, prizes and odds),
- Scratch and Pull-tab game information for active games (game name, game byline, game image, game description, prize and odds information),
- active promotions information,
- integration with Lottery’s VIP Play-It-Again club login providing the ability to scan tickets into active promotions,
- scanning of Lotto, InstaPlay and Scratch tickets to determine winners, including prize information. The Vendor shall describe methods to log IP addresses of mobile app users when scanning tickets for usage in Security anomaly-reports as specified in section 3.4.10.
- iGaming technology as it is developed and approved by Lottery.
- other features as proposed by Vendor and approved by Lottery.

**3.4.16 Gift Card, Vouchers, and Payment Applications**  
**RESPONSE NOTE: Full for all subsections.**

**3.4.16.1 Retail Gift Cards**

As a **Specified Option**, the Vendor must propose providing the Lottery with an application enabling the Lottery to sell gift cards to players via retail locations for the sole purpose of purchasing Lottery products. The application would allow a player to purchase a gift card at any Lottery location, have the retailer activate the card via an electronic transaction, and use the gift card to purchase Lottery products using the Vendor’s terminal, a device integrated with the Vendor’s system or an application that enables a player to plays on the internet. Initially, the gift cards will be one-time programmed with fixed dollar amounts. The cost and obligation of obtaining or producing gift card stock would be negotiable.

**3.4.16.2 Prepaid Player Accounts**

As a **Specified Option**, the Vendor must propose an application to support a program where a player can establish an account through a pre-paid voucher. The voucher will allow monies to be prepaid for play using the Vendor’s terminal or kiosk at the store, a device integrated with the Vendor’s system or an application that enables a player to
purchase plays on the Internet and for winnings associated with such plays to be applied to the account.

The Vendor must describe in their responses the reporting capabilities and account management it will provide with the payment applications. Vendor shall also provide detail about how its proposed solution satisfies applicable state and federal law and applicable rules, including but not limited to regulations relating to the management and distribution of funds and rules designed to prevent money laundering activity.

3.4.17 Internal Control System (ICS)
RESPONSE NOTE: Full

The Successful Vendor must supply the Iowa Lottery with three (3) ICS Systems through a qualified third party. Costs for all hardware and software elements of the ICS, including maintenance, and continuing support from the ICS subcontractor, must be included in the Baseline System price. The ICS will check the System independently by re-processing transactions, allowing auditing of the daily transactions, winner selection/verification, prize payout calculations, sales summaries, and various inquiry and reconciliation activities. These reports shall be exportable in electronic file format(s) agreeable to the Lottery.

Systems management tools must create visual and/or audible alarms to provide warning of problems with logging transactions to the ICS. The ICS solution shall comply with MUSL Rule 2.

Vendor shall describe in full how it intends to comply with this provision.

3.4.17.1 Suppliers
RESPONSE NOTE: Full

The ICS application must be supplied by an independent, third-party software subcontractor subject to Iowa Lottery approval. The Proposal must identify at least two (2) subcontractors from which the Lottery can select. The Iowa Lottery reserves the right to obtain documentation verifying the ICS subcontractor's independence from the Vendor and/or any of its affiliates. Credentials of the ICS subcontractor must indicate it is experienced and qualified in providing this type of software. The ICS vendor shall keep current maintenance agreements for hardware and software that support the ICS systems.

3.4.17.2 ICS Operations by the Iowa Lottery
RESPONSE NOTE: Full

The Successful Vendor and the selected subcontractor will provide operating instructions and training to the Iowa Lottery at no additional cost to the Lottery.
3.4.18 Retailer Accounting

RESPONSE NOTE: Acceptance

The Lottery currently utilizes various applications for managing data related to Lottery retailers. The Lottery will administer licensing and other retailer account management functions using an application provided by the Successful Vendor.

3.4.18.1 Retailer Account Setup

RESPONSE NOTE: Full

Vendor shall describe the functionality of its retailer account solution. At a minimum, Vendor shall describe how the solution proposed complies with the following criteria:

1) Retailer Data. The System will support a comprehensive retailer database, central to all other games management functions. Database elements will include, but are not limited to, retailer names, addresses, days and hours of operation, billing data, products, DSR assignments, retailer status and history (e.g. active, terminated), retailer relationships and various codes defining the retailer (e.g. SIC, chain codes, geo-codes, etc.). Retailer data shall include an audit trail as specified and approved by Lottery. The audit trail would include when data is added, edited, deleted – what the changes are, and by whom.

2) Retailer Key Personnel. The System will support entry of retailer personnel including control persons, clerks and associated contact information. The information must be searchable by name.

3) Retailer Configuration. The System will maintain a list of equipment assigned to the retailer. This will include both Successful Vendor-supplied equipment and Lottery supplied equipment (e.g. vending machines).

4) Retailer Event and Compliance Tracking. The Vendor shall propose a system which will support application processing, retailer security investigations, on-going license management, retailer compliance with Iowa rules, and retailer training status.

3.4.18.2 Retailer Tax Accounting

RESPONSE NOTE: Full

1) The Successful Vendor must support combined Scratch, Pull-tab, Lotto and InstaPlay product accounting for retailers. Retailer IRS filing (1099) services shall be provided by the Successful Vendor. The files transferred to the Lottery for this purpose must be made available by January 5 of the new year. The 1099 filings operate under the following requirements:
a) The database captures all 1099 information based on retailer terminal activity: sales commission, cashing commissions, incentives, bonuses, and certain retailer adjustments.

b) Capability for Lottery to enter or adjust additional 1099 data (e.g., 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.

c) Roll-up of all owner’s (based on EIN/TIN) stores to one 1099.

d) Reports must show year-to-date 1099 totals; shows individual store/retailer data rolled into each owner.

e) The Lottery currently produces 1099 forms in-house.

f) The Lottery currently reconciles 1099 retailer totals on a quarterly basis.

2) The Successful Vendor must support System capability to provide for income tax withholding on Lottery retailers as required by federal and state tax guidelines (e.g., Internal Revenue Service 26 CFR Part 31[REG-158747-06] RIN 1545-BG45 Withholding Under Internal Revenue Code Section 3402(t)).

3.4.18.3 Retailer Accounting Period

**RESPONSE NOTE: Full**

The normal accounting cycle for computing monies owed by retailers and processing EFT files is currently Sunday through Saturday. End of Day will be midnight Central Time. 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 end of day or other retailer accounting periods. 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 of the EFT file for transmittal by the Lottery to the bank. The data must be available to the Lottery on the Sunday following the end of the accounting week.

3.4.18.4 Accounting by Retailer Location

**RESPONSE NOTE: Full**

Some Iowa 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 capability to identify and report sales for a location even if it has undergone a change of ownership. The Lottery gives these locations a new retailer number when the change occurs. The Proposal shall describe the process to be used to identify and report sales for a location that has undergone a change of ownership.
3.4.18.5  Retailer Adjustments and Reimbursements
RESPONSE NOTE: Full

The System must provide an application for the Lottery to make retailer account adjustments and reimbursements. Authorized games management application users must have the capability to make adjusting entries to retailer accounts with a complete audit trail of adjustment amount, date of adjustment, user who entered the adjustment, adjustment type and a description/reason for the adjustment. There must be the capability to make recurring adjusting entries either based upon parameters within the system and/or a file provided by the Lottery. The System must assign a unique reference number to each adjustment upon entry.

3.4.18.6  Tracking for Retailer Changes
RESPONSE NOTE: Full

The System must provide for tracking all changes to the retailer master file and accounting files. There must be displays and reports that show past changes and statuses of the files.

3.4.18.7  Prospective Retailer Licensing Process
RESPONSE NOTE: Full

The System must provide a software application to capture retailer applicant licensing information. This part of the System must allow Lottery management terminal tracking of prospective applicants and must allow for various Lottery entities to approve or deny the application. Upon the necessary approvals the applicant shall be automatically added to the Successful Vendor’s retailer master file as a licensed retailer. At the start of the contract resulting from this RFP, Lottery’s then-current Retailer Master File will be provided to the Successful Vendor by the Lottery which will be imported into the System. The System shall allow authorized Lottery users the ability to print and re-print Lottery licenses.

The qualified system will include the ability to import data from external sources through a modern application programming interface (API). The API should be capable of importing individual records or a batch file. The API should include error handling and a description of invalid data so it can be corrected and re-imported. The vendor shall describe its ability to support electronic signature and document management solutions.

3.4.18.8  Retailer Account Management
RESPONSE NOTE: Full
Retailer EFT transactions and IRS filings shall be handled by the Lottery, based on files transmitted from the Successful Vendor on a regularly scheduled basis. The Lottery will be responsible for the final production and accounting of retailer 1099 forms and winner W2G forms. The Successful Vendor must maintain retailer 1099 data for at least the three (3) most recent calendar years. The Successful Vendor shall process the EFT files and IRS 1099 files upon the Lottery’s request. The Successful Vendor must support combined scratch, pull-tab, lotto and InstaPlay product accounting.

3.4.18.9 Chain Accounting
RESPONSE NOTE: Full

The System must provide a mechanism for accounting that accommodates multi-store chains. Chain headquarters must be able to see individual store accounting as well as chain roll-ups.

3.4.18.10 Variable Retailer Commission Rates
RESPONSE NOTE: Full

The System must support variable commission rates for retailers. Various rates may be triggered by terms and conditions of retailer contracts, by retailers meeting sales objectives, by game or for other defined conditions.

3.4.18.11 Variable Retailer Allowance Rates
RESPONSE NOTE: Full

The System must support retailer variable allowance rates for tickets issued in error. Various rates may be triggered by terms and conditions of retailer contracts, by retailers meeting sales objectives, or for other defined conditions. The allowance will be a percentage of sales of the games identified by the Lottery which will be credited weekly to the retailer.

3.4.19 Ticket Accounting

3.4.19.1 InstaPlay Ticket Accounting
RESPONSE NOTE: Full

Vendor shall describe all capabilities of its proposed system relating to InstaPlay ticket accounting.
3.4.19.2 Lotto Ticket Accounting

RESPONSE NOTE: Full

Vendor shall describe all capabilities of its proposed system relating to Lotto ticket accounting.

3.4.19.3 iGaming Ticket Accounting

RESPONSE NOTE: Full

Vendor shall describe all capabilities of its proposed system relating to iGaming or electronic ticket accounting.

3.4.19.4 Scratch and Pull-Tab Ticket Accounting

RESPONSE NOTE: Full

Vendor shall describe all capabilities of its proposed system relating to Scratch and Pull-tab ticket accounting. At a minimum, system features must include:

1. Monitor individual pack status at the retailer level for the purpose of initiating pack settlement.
2. Provide weekly settlement information to retailers and the Lottery conforming to the weekly accounting cycle.
3. Provide retailer account record-keeping, including retailer Scratch and Pull-tab ticket inventory and inventory value.
4. Maintenance of game ticket validation records, to ensure one-time-only payment of winners.
5. Protect information regarding the retailer locations of winning Scratch and Pull-tab tickets.
6. Support transactions that depend on bar coded numbers for unique identification of scratch tickets. The System must accommodate reading at least three (3) different bar code algorithms. If the Successful Vendor has input into the scratch
ticket identifier and/or bar code encoding scheme, the identifier design and the algorithm must be secure against compromising the integrity of the game.

7. Ability to support multiple pack status attributes for each pack. Vendor should describe the capability of its system to distinguish between pack attributes that may be placed by various Lottery officials, such as Security staff and Financial staff. Vendor shall explain under what circumstances its system will take a attribute from one context and apply it elsewhere, such as triggering the financial settlement of a pack once the pack has been placed in a “stolen” security status.

3.4.20 Inventory Management
RESPONSE NOTE: Full

The Lottery has been utilizing a courier delivery method of delivering Scratch tickets and a trunk stock method for Pull-tabs and is seeking a system that will support numerous methods of delivering Scratch tickets and Pull-tabs to retailers.

The System should be able to accommodate the following delivery methods: (i) courier delivery, (ii) trunk delivery, (iii) orders entered through retailer terminals, (iv) auto-order, (v) walk-in orders and (vi) telemarketing orders. Auto-order will be the primary method for order generation associated with the courier delivery method of scratch tickets to retailers.

The System must allow for packs of Scratch and Pull-tab tickets to be received at the warehouse, entered into inventory and then shipped to Lottery regional warehouses. The System must also provide for trunk stock deliveries to retailers by the Lottery’s sales representatives.

1. Provide secure receiving, off-loading, and inventory verification of tickets delivered from the Lottery’s ticket manufacturer(s). 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, regional warehouse, DSR 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 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 end of a game. No tickets will be destroyed until the Lottery has accounted for and reconciled the disposition of all inventory for that game.
7. Accommodate full and partial pack returns by District Sales Representatives (DSR).

8. Employ a security grid concept. 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.

9. The System must support inventory transactions for DSRs.

10. The System must support full and partial pack inventory life cycle transactions as defined by the Lottery.

3.4.20.1 Trunk Stock Delivery Method
RESPONSE NOTE: Full

Pack Activation: The system must have the capability to allow a DSR to activate packs of tickets to a retailer by scanning barcodes to produce a pack activation report of the transaction.

Pack Returns: Retailers may return full and partial packs via DSR by scanning barcodes and generating a ticket/pack return report. Full pack returns will be reassigned to the DSR to be used elsewhere, or for return to inventory in the regional warehouse. Partial pack returns will be reassigned to the DSRs and will be returned to the regional warehouse. Partial pack returns are not eligible for reissue.

Settlement: The terminal must support settlement of the packs that have been distributed to, and sold by, the retailers. The System must support manual and automatic pack settlement based on parameters such as the time since the pack was activated or the percentage of validated low-tier prizes.

3.4.20.2 Courier Delivery Method
RESPONSE NOTE: Full

Included in the base price, the Vendor must provide the Lottery with a system enabling the Lottery to deliver tickets by courier, including but not limited to all features set forth in items (1), (2) and (3) in this section. Vendors must propose a detailed solution that effectively and economically allows the Lottery to utilize a courier system.

Equipment to Process Courier Orders

The Lottery currently utilizes shelving, roller track, work station furniture and packaging equipment, as well as warehouse/order processing staff will also be provided by the Lottery. Vendor’s response shall either factor in those assets or describe how the Vendor will supply the Lottery’s needs.

1. The vendor will equip up to five (5) regional office work stations with the following: computer, monitor, printer and two (2) wireless hand-held scanners. This
equipment is intended to provide Pic-N-Pack distribution of inventory from the regional warehouse to the DSRs and return tickets from the DSRs to the warehouse. The vendor shall ensure that any equipment provided pursuant to this section is adequately maintained and kept up to date.

2. The vendor will further equip the central warehouse with two (2) work stations with the following: computer, 55” or greater monitor, manifest printer, and wireless hand-held scanners to process Pic-N-Pack orders. The vendor will also provide each work station with a fifty (50) inch or larger monitor to display Pic-N-Pack orders.

3. The Lottery shall obtain a printer, packaging device and related materials from the courier service.

Order Generation

1. Vendor shall describe capability to fill orders in the following methods: (i) entered through retailer terminals, (ii) auto-order, (iii) walk-in orders, (iv) telemarketing orders, and other order methods not listed.

2. Auto-Order capability. The system must be delivered with the capability for auto-ordering, specifically generating orders for shipment based on inventory rates of turnover at retail locations. Auto-order must be set up to allow usage of only certain games which are variable by individual retailer. Auto-order parameters must be able to be cancelled or adjusted by the Lottery. Refer to Appendix L for the Lottery’s existing auto-order process.

3. Pre-assigned packs are not permitted. Packs will be assigned through the Pic-N-Pack process.

4. The system shall be capable of generating reports associated with all orders generated. This includes, but is not limited to, packs ordered, packaged orders, packs in transit and packs delivered.

Implementation

The Proposal shall describe the courier delivery system proposed by the Vendor. Within the response, the Vendor will describe the proposed system application and associated hardware to allow Lottery personnel to execute an ordering system, packaging process and pack management. The Lottery intends to work with the Successful Vendor to develop an implementation schedule, order parameters and reporting/tracking capabilities.

3.5 Games and Marketing

RESPONSE NOTE: Acceptance

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
RESPONSE NOTE: Full

The Lottery will require new games and features over the term of the Contract. Successful Vendors shall describe how the proposed solution can accommodate the Lottery's marketing plans and efforts with corporate marketing support. At a minimum, the solution offered must include, but not be limited to, the following:

1. Marketing Strategy Meetings. Annual strategy meetings shall be held with the Lottery for (i) formulating the slate of games, game 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. Gaming Product Planning. Associated with the meetings and presentations cited immediately above, the Successful Vendor will be expected to propose product and promotional releases and changes for consideration by the Lottery. As part of the Proposal, the Vendor must provide a brief analysis of the Lottery's current slate of products and promotions and propose appropriate changes, if any, for the next one (1) year.

4. Gaming Concept Design and Development. The availability of new gaming products and product ideas is critical to the Lottery. The Successful Vendor is expected to have a continuous program of research and development into gaming concepts and products. The Proposal must contain a brief description of the Vendor's gaming R&D program. The vendor shall provide an annual Marketing Research Credit of $40,000/year for use at the Lottery's discretion.

5. Local Marketing Support Person. The vendor shall provide a full-time marketing support person located at the Successful Vendor's primary Iowa site who will assist the lottery in developing and designing Player Flat Panel Display content, report development and research. The vendor shall provide information regarding the vendor’s capability to geo-target display content. The vendor shall also provide information regarding the vendor’s ability to facilitate content update on a daily or hourly basis.

3.5.2 Games Menu
RESPONSE NOTE: Full

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 Lottery, at the time the Successful Vendor’s 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, play types, and promotions for start-up, or at any time later in the contract. Emerging game types must be available to the Lottery. The Vendor’s Proposal shall address the depth and breadth of the games library and the capability to expand beyond traditional games and play options.

3. Association-Based Games. The Successful Vendor must support games from all 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 could be productive if made available in Iowa. As the Lottery may direct in such a case, the Successful Vendor is obligated to implement a version or variation of such a game, or if need be to acquire, at Lottery’s expense, any rights including software and any other mechanisms on behalf of the Lottery to offer such a game, assuming that it could be effectively supported on the Successful Vendor’s System.

3.5.3 Promotional Features

RESPONSE NOTE: Full

The System must be capable of providing a broad range of promotional features should the Lottery opt to include them. The System must include a promotions generator capability. Tracking and reporting of all promotions is required. The Vendor should describe the ability of the System to implement all types of Lotto, InstaPlay and Scratch promotions.

Specific promotions required, at a minimum, are as follows:

1. Multiple Drawings per Day. Multiple drawings for the same game within one day, including Day/Night feature with the same play for the day and night drawings of a game.

2. Bonus Draw. Drawing of more than one (1) winning number (set of winning numbers) at the Lottery's option.

3. Bonus Payoff. A specified increase in the payoff for specified winning plays at the Lottery's option.

4. Drawing Events. Varying the number of drawings per game per week and/or the days the drawings are conducted.
5. “Regional” Marketing. Sale of specified games/products/features (e.g., couponing, discounting) through selected retailers, retailer groups, and/or selected geographical areas.

6. 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.

7. Variable Commission Rates. For certain Lotto, InstaPlay and Scratch 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 or more days or any portion of a day.

8. Certificate. The System must support a promotion where a ticket purchase attempt could result in a certificate worth a certain dollar amount or exchangeable for a commodity item. The System must be able to add a barcode, a UPC code, or other appropriate identifier to the certificate generated. The System must track liability for prizes due to issuance of certificates.

9. Entry Forms. The System must support entry forms issued upon ticket purchase to create an entry for a prize drawing.

10. Retailer Clerk Incentive. Under conditions specified by the Lottery, a ticket sale or other action may prompt the retailer terminal to issue a form for a clerk to enter a drawing, or other clerk incentive.

11. Buy “X” get “Y”. Under conditions specified by the Lottery, the retailer terminal may print a promotional ticket if the player purchases “X” number of tickets.

12. Every “nth” ticket. Under conditions specified by the Lottery, the retailer terminal may print a promotional ticket if the “X” numbers of tickets have been sold.

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

14. 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). Lotto, InstaPlay and Scratch products may be cross promoted in combinations, namely Lotto to Lotto, Lotto to InstaPlay, Lotto to Scratch, etc.

15. Raffle. Producing a raffle ticket for a promotional drawing when the correct combination or dollar values of plays are purchased.

3.5.4 Scratch Game Support

RESPONSE NOTE: Full
The proposed System must handle all Scratch ticket related transactions, as required by the Lottery, through the retailer terminals. Support from the Successful Vendor shall include but will not be limited to the transactions noted below, which generally fall into the classes of: Activation, Returns, Settlement, Validation, Inventory and Reports. Examples of Scratch tickets used in Iowa are provided at www.ialottery.com.

1. Game Volumes. The System must accommodate large game volumes. Based on current practice, the Lottery may have one hundred (100) Scratch games active at one time, ranging from approximately one hundred thousand (100,000) to ten million (10,000,000) tickets per game. The Lottery requires that the System accommodate games of up to fifty million (50,000,000) tickets. Approximately fifty (50) new games may be introduced annually.

2. Validating Winners. Winning scratch tickets may be validated up to ninety days (90) following the official game-ending announcement.

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 six (6)-character pack identifier.

5. Ticket Bar Code Identifiers. The System must be able to accommodate:
   5.1 The current Datamatrix (FailSafe) validation bar code containing twenty-six (26) digit bar code: three (3) digit game number, six (6) digit pack number, three (3) digit ticket number, eight (8) digit encrypted validation number, three (3) box digits, one (1) reserved digit, and two (2) digit check number.
   5.2 The current interleaved 2-of-5 symbology containing twenty-two (22) digit bar codes: three (3) digit game number, six (6) digit pack number, three (3) digit ticket number, eight (8) digit pad field – always "0" value, and two (2) digit check number.
   5.3 Any expansion to the current bar code or any new bar code the Lottery may define for use in the future.

6. DSR Transactions. The System must support inventory transactions and messages for DSR.

7. Pack Consignment/Activation. The System must have the capability to allow pack activation for packs of tickets that are delivered by a DSR or a courier service and produce a pack activation report of the transaction.

8. Pack Returns. Full packs may be returned by the retailer via the DSR and are allocable for use elsewhere, or for return to inventory in the warehouse. Partial pack returns may be returned by the retailer via the DSR and returned to the
regional warehouse. Full and partial pack returns will produce a return ticket receipt, content subject to Lottery approval.

9. 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, with ninety-nine million dollars ($99,000,000) as a top prize limit. Non-cash prizes must also be supported (e.g., merchandise, trips, vehicles). The Proposal must identify any limitations the System may have in prize tiers or payout levels. High tier prize levels will require the capability to determine if a prize payout involves the file claim process.

10. The System must support ticket messages to announce prize awards and must support prizes that are cash; merchandise; cash/merchandise; trips; and annuity (weekly, monthly, annually). Prize messages must allow descriptive information as well as prize amounts.

11. Flexibility in Scratch Products. The System must accommodate new Scratch 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.

12. Retailer Reports. The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing scratch ticket transaction activity. These include, but are not limited to, (the retailer's own) pack status information; current and previous two weeks pack activation reports, daily activity reports, weekly settlement reports and news messages. The gaming system must provide the retailer an integrated business report incorporating Scratch, Pull-tab, InstaPlay and Lotto summaries as well as any future game types or products the Lottery may offer in the future.

13. Terminal Software. The Successful Vendor will be responsible for all terminal programming necessary to meet the needs of the Iowa Lottery at start-up and on a continuing basis for Scratch, Lotto and InstaPlay ticket and coupon handling.

14. Settlement. The terminal must support settlement of the packs that have been distributed to, and sold by, the retailers. Packs are settled according to the criteria established by the Lottery (e.g. upon delivery time, time and/or percent of low-tier validation).

3.5.5 Pull-tab Game Support

RESPONSE NOTE: Full

Support from the Successful Vendor shall include but will not be limited to the transactions noted below, which generally fall into the classes of: Consignment, Activation, Returns, Settlement, Retailer Pack Verification, Inventory, Reports, and Terminal Setup/Controls. The Lottery has been utilizing a trunk delivery method for the distribution of Pull-tabs. The new System must allow for Pull-tabs to be delivered to retailers by various methods.
1. Game Volumes. The System must accommodate large game volumes. Based on current practice, the Lottery may have fifty (50) Pull-tab games active at one time. Approximately ten (10) new games may be introduced annually.

2. Game Identifiers. The System must accommodate up to a four (4) character game identifier.

3. Pack Identifiers. The System must accommodate up to a six (6) character pack identifier.

4. Ticket Bar Code Identifier. The system must be able to accommodate the current nine (9) digit bar code tickets: three (3) digit game and six (6) digit pack. Also the System must accommodate any expansion to the current bar code or any new bar code the Lottery may define for use in the future.

5. DSR Transactions. The System must support inventory transactions and messages for DSRs.

6. Pack Consignment/Activation. The System must have the capability to activate packs delivered directly from a DSR or packs delivered by a courier service to a retailer for sale and produce a pack activation report of the transaction. Packs are currently activated for sale purposes at the time of delivery.

7. Pack Returns. Retailers may return full and partial packs via the DSR with a ticket/pack return report. Full pack returns will be reassigned to the Lottery sales representative to be used elsewhere, or for return to inventory in the regional warehouse. Partial pack returns will be reassigned to the DSR and will be returned to the regional warehouse.

8. Retailer Pack Verification. Pack verification at lotto retailer terminals will pass against a Pull-tab database, maintained by the Successful Vendor's system. The system will respond with 'pack was sold here' or 'pack was not sold here' message sent back to the retailer. This transaction will verify whether the pack is consigned to retailer.

9. Settlement. The terminal must support settlement of the packs that have been distributed to, and sold by, the retailers. Packs are settled at the time they are consigned to the retailer.

10. Retailer Reports. The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing Pull-tab transaction activity. These include, but are not limited to, (the retailer's own) pack status information, current and previous two weeks pack confirmation reports, daily activity reports, weekly settlement reports and news messages. The gaming system must provide the retailer an integrated business report incorporating Scratch, Pull-tab, InstaPlay and Lotto summaries as well as any future game types or products the Lottery may offer in the future.
11. Terminal Software. The Successful Vendor will be responsible for all terminal programming necessary to meet the needs of the Iowa Lottery at start-up and on a continuing basis for pull-tab ticket and coupon handling.

3.5.6 External Coupons

RESPONSE NOTE: Full

The Lottery may employ electronic or paper 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 may have bar code reading specifications similar to scratch 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. At the Lottery’s discretion, some coupons may be used in conjunction with promotions enabled on the System. If requested, the System must be capable of generating a validation file that can be sent to a commercial printer for the production of paper coupons or utilized to produce electronic coupons to be distributed at the Lottery’s discretion.

3.5.7 System-Generated Coupons

RESPONSE NOTE: Full

The retailer terminal and System must be capable of generating a coupon used as part of a cross promotion. System-generated coupons may relate to, and be generated by a similar mechanism to that which provides gift cards for customers. The System shall produce summary reports of such transactions. The reports shall define the outstanding liabilities and claimed amounts, as appropriate. At the Lottery’s discretion some coupons may be used in conjunction with promotions enabled on the System.

3.5.8 InstaPlay Game Support

RESPONSE NOTE: Full

The proposed System must be able to offer InstaPlay or similar electronic Lottery ticket games, as required by the Lottery, through the retailer terminals and kiosks. Vendor shall describe its capability to securely provide electronic Lottery ticket games at retail locations that allow for player engagement and game integrity. At a minimum, Vendor shall describe how its proposed solution generates, validates, and ensures proper payment of InstaPlay or similar tickets. Vendor shall also describe the library of electronic ticket games that the Vendor offers.

To the extent that the Successful Vendor for this RFP is not the incumbent Vendor, the Vendor shall describe a conversion strategy to successfully end and start InstaPlay games, including but not limited to games that may include a progressive jackpot feature.

3.6 Successful Vendor Facilities and Disaster Recovery Plan

RESPONSE NOTE: Full
The Successful Vendor must provide and operate a Primary Data Center (PDC) within the State of Iowa and a Backup Data Center (BDC) within the contiguous forty-eight (48) United States. Regardless of the location selected for its data centers, the Successful Vendor must provide communications between its primary and backup Data Centers and the Lottery Headquarters facility in Clive, Iowa, and each retailer site. The intent of this requirement is to assure survival of the System in the event of a major outage.

Each of these paths must support all of the gaming traffic needed between the Data Centers and between the Data Centers and the Lottery, and between the Data Centers and the Lottery retailers. The PDC and BDC must be configured in an active/active state.

The Successful Vendor must support a primary data center, a remote backup data center, and additional service facilities as needed. All site specifications must be consistent with standards of any multi-jurisdictional associations in which the Lottery may participate.

In addition to BDC, Vendor must maintain ninety (90) days of backups, offline and offsite, in order to completely restore the Central Gaming System if needed. If BDC is promoted to primary role because of significant degradation of the PDC and the PDC cannot be corrected within two (2) calendar days of the original BDC being promoted, a new BDC will be provided within thirty (30) calendar days of the original BDC being promoted.

Both the PDC and BDC shall utilize electronic access systems that are installed at entrances to the computer room(s), media storage location(s) and other secure areas. At the request of Lottery, the Successful Vendor must provide event logs, electronic and/or written, so that the access system can be reviewed by the Lottery’s Security Division. The access list shall be authorized by the Lottery. Lottery Security will establish retention requirements for access logs.

3.6.1 Primary Data Center Specifications

RESPONSE NOTE: Full

The Proposal shall contain specifications and a description for the location and the space planned. The Vendor shall propose a primary data center located in the Des Moines Metropolitan Area. The primary data center must be located within twenty (20) miles of the Lottery headquarters (currently located in Clive, Iowa). The primary data center must be ready one hundred eighty (180) days prior to production start-up for Lottery acceptance testing. The Lottery must approve of the specific geographical location, subject to the above limitations.

If the remote backup data center is in a Successful Vendor facility that shares processing support with other business operations of the Successful Vendor, then the Lottery equipment must be physically and logically separated and secure from all other operations, subject to the written approval of the Lottery."

Service Level Agreement. Uptime 99.7%
No portion of the CGS environment shall be hosted on equipment (hardware, software) not under the ownership of the Vendor without prior written authorization from the Lottery.

3.6.1.1 Environment and Security at Primary Data Center

RESPONSE NOTE: Full

The Successful Vendor’s primary data center must include appropriate safety, security, and environmental controls equipment for a computer facility, as described below. It must meet security and lockdown specifications promulgated by MUSL (and by any other multi-jurisdiction affiliations the Lottery may join). 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.

1) Emergency exit doors must be provided and must be equipped with alarms.

2) Locking devices must be installed on all doors or other entry points. Vendor shall describe Lottery’s ability to view access logs and reports without requesting from vendor.

3) The Successful Vendor must install and administer a digital CCTV system with enough camera and communications capacity to monitor all gaming systems, games management activities, and sensitive facility areas, as determined by Lottery Security. Certain designated cameras must have tilt, pan, and zoom features. There must be provided a video feed to the Lottery Security Office from cameras viewing critical areas, to be determined by the Lottery. Vendor shall describe capability of their camera system, including: resolution, frames per second, retention period, and Lottery’s ability view video footage without requesting from vendor.

4) 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 and at the Lottery’s Security Office in Clive.

5) Construction shall support fire safety as noted in NFPA guidelines and must meet all applicable state and local fire codes. 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:

   a) Walls must be extended from structural floor to structural floor (or roof) above.

   b) 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.
c) 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.

d) Fire and smoke dampers must be provided in ducts that pass through the computer room walls, floor or ceiling.

6) The air conditioning system shall have sufficient capacity to maintain a stable environment within original computer equipment manufacturer specifications. 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. The HVAC system must be maintained according to its manufacturer’s specifications.

7) 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 an 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 business capacity. During the Contract, the batteries, transfer switch, and generator must be exercised for extended periods on a Lottery-approved schedule, and the UPS and generator must be maintained according to its manufacturer’s recommendations.

8) Security Audits shall be authorized and conducted at a random unscheduled or scheduled, announced or unannounced interval. Security Audits may be conducted by Lottery security personnel or a selected third party. Lottery Security personnel or designee will be provided with access necessary to complete the audit. Vendor will reimburse up to 2 audits annually if a third party is selected to perform the audit.

3.6.1.2 Vendor Supplied Lottery Facilities

RESPONSE NOTE: Full

The Vendor shall propose a primary data center that is located locally. The Successful Vendor must supply Lottery office space co-located with the Successful Vendor’s Iowa Office in the Des Moines Metropolitan Area subject to the same geographical location as specified in RFP Section 3.6.1.

The Lottery office space will permit certain Lottery office functions to be co-located with the Successful Vendor’s Iowa Office. 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.

1) Lottery Services. The Successful Vendor shall provide office furnishings, building maintenance, utilities, grounds care, pest control, parking, restroom access, and janitorial services.
2) Lottery Space, Layout and Successful Vendor supplied equipment. The Lottery will require the following:

- Three hundred (300) square feet conference room space with table and chairs,
  - Data Access. The Successful Vendor shall provide access through a Local Area Network for any purpose the Lottery requires. This includes four (4) jacks and wiring to the LAN infrastructure.
- An approximate 15 x 15 foot drawing machine room with dual locks (one electrical, one physical) on the door,
  - At least four (4) electrical outlets
  - Two (2) LAN connections with Internet access
- ICS Room. The Successful Vendor shall provide a secure, segregated, air-conditioned area in the Successful Vendor’s facility to house the Lottery’s secondary ICS System, including HA firewalls and printers. The room will accommodate the ICS server and the ICS ‘test’ server, small table or counter area and a chair. Vendor shall provide camera coverage of the ICS room. Vendor shall describe capability of their camera system, including: resolution, frames per second, retention period, and Lottery’s ability to view video footage without requesting from vendor.
- Securable Lottery office of sufficient size to house the following Successful Vendor supplied equipment:
  - Two (2) desks and chairs
  - Two (2) Five (5) drawer lateral file cabinets
  - Two (2) PCs with LAN and Internet access
  - Networked multi-purpose Printer/Fax/Scanner
  - Two (2) desk phones

3) 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).

4) Parking. There must be sufficient parking for Successful Vendor staff and up to four (4) Lottery vehicles.
5) Secure Space. No portion of the Lottery space, other than the conference room, 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.

### 3.6.2 Backup Data Center

**RESPONSE NOTE:** Full

The Successful Vendor must provide a remote backup data center where gaming transactions are logged and processed. The retailer network, the primary data center, Lottery access for games management and the Lottery’s ICS must connect to this facility.

1. The remote backup data center shall be identified in the Proposal and may be proposed either for in-state or out-of-state placement, subject to Lottery approval. It is required that the remote backup data center be separated from the primary data center so as to virtually preclude simultaneous loss due to the same disaster.

2. The remote backup data center must be located greater than fifty (50) miles from the primary site. The remote backup site is required to be in the contiguous forty-eight (48) United States.

3. The remote backup data center must be operated under the safety and security requirements of the primary data center. If the remote backup data center is in a Successful Vendor facility that shares processing support with other business operations of the Successful Vendor, then the Lottery equipment must be physically and logically separated and secure from all other operations, subject to the written approval of the Lottery.

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

### 3.6.3 Training Facilities for Conversion and Ongoing

**RESPONSE NOTE:** Full

The Successful Vendor must provide training facilities, at Vendor expense, around the State for start-up or for the introduction of new equipment/features as determined by the Lottery. Facilities may be temporary, such as hotel meeting rooms, and must be approved by the Lottery. These shall be rented in conjunction with the Lottery’s process of scheduling retailers for training. Retailer training sites shall be within a seventy-five (75) mile radius of retailer locations to limit the driving distance for attending a training class. The Successful Vendor will also provide ongoing retailer training at the retailer’s corporate headquarters or store sites. For use after conversion, the Successful Vendor must
provide eight (8) or more retailer terminals and other point of sale equipment that can be used for training purposes.

3.6.4 Testing Room at Lottery Headquarters

RESPONSE NOTE: Full

The Successful Vendor must equip a separate room at Lottery Headquarters to be used by Lottery staff for System testing. The equipment must be installed and operational one hundred eighty (180) days prior to the scheduled conversion of the first terminal. The Successful Vendor must furnish and install three (3) management terminals, six (6) or more test gaming terminals and at least one example of any other point of sale equipment, kiosks, hand-held terminals, etc. in the Lottery’s testing room. The terminals must be connected by communications to the testing system. Communications must be routed in an exact manner to actual retailer terminals, namely, those outside the building.

3.6.5 Service Centers and Depots

RESPONSE NOTE: Full

The Successful Vendor must provide and operate maintenance centers and depots to fully support the terminal maintenance and repair program, and consumables warehousing and distribution (but not Scratch/Pull-tab tickets). The Lottery reserves the right to approve all locations.

Terminal repair facilities are not required to be within the boundaries of Iowa.

3.6.6 System Disaster Recovery Plan

RESPONSE NOTE: Full

The Successful Vendor must provide and annually update a disaster recovery and contingency plan for the data centers and administrative sites used in the Contract. The plan must be delivered by the start-up date. The Proposal must contain an outline for, or sample of, such a disaster recovery plan.

Such plan shall take into account disasters caused by weather, water, fire, environmental spills and accidents, malicious destruction, acts of terrorism, and contingencies such as strikes, epidemics, etc. The plan must ensure continuity of the System and games. Provision shall also be made for the safe, secure off-site storage of all scheduled backup data and programs.

The Successful Vendor must provide contact information and detailed System recovery procedures and documentation and must coordinate with the Lottery’s production of its own disaster plan. 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.

3.6.7 Successful Vendor Corporate Infrastructure Protection Plan

RESPONSE NOTE: Full
The Successful Vendor must also produce a Corporate Infrastructure Protection Plan for its own additional facilities and capabilities necessary to support the Lottery. For example, the Successful Vendor’s terminal manufacturing and central software development and support facilities are critical for the term of the Contract. This protection plan shall be due at start-up. The Proposal must contain an outline for, or sample of, such a protection plan.

3.6.8 Ticket Warehouse and Distribution Services

RESPONSE NOTE: Full.

As an Invited Option, Vendors are invited to bid to provide warehousing and distribution services for lottery tickets within this state, including but not limited to the storage and shipment of Pull-tab and Scratch tickets. In order to provide a full response to this Invited Option, Vendor must describe all aspects of the ticket warehouse that would be provided to support those efforts. Vendor must also describe a plan to offer employment to the Lottery’s existing warehouse/truck driving staff. The Lottery staff consists of one (1) warehouse manager and four (4) warehouse employees/truck driving staff.

Currently, the Lottery manages and staffs the Lottery’s warehouse space and operation using a central and regional approach. Presently, the Lottery operates its primary warehouse space in the Alcoholic Beverages Division (ABD) warehouse located in Ankeny, Iowa. The Lottery’s current lease with ABD provides the Lottery with approximately 12,300 sq. feet of secure space within the warehouse. Configured within the warehouse are seventytwo (72) racks that can store eight hundred sixty four (864) Scratch and Pull-tab game pallets and twenty eight (28) racks that can store two hundred fifty two (252) Scratch and Pull-tab game pallets. With that space, the Lottery stores as many as sixty (60) or more active Scratch ticket games and twenty (20) or more active Pull-tab games. In addition to storing Scratch and Pull-tab tickets, the Lottery also uses the central warehouse to store other Lottery related items, including but not limited to, dispensers, play centers, retailer signs, ticket storage carts and other support materials necessary for the Lottery to conduct its business.

As a part of the Lottery’s suggested ordering process, which is described in Exhibit L to this RFP, the Lottery’s central warehouse employees ship Scratch ticket orders to retail locations through UPS. The Lottery also delivers Pull-tab tickets and other materials via truck to secure storage locations housed in each of the Lottery’s offices: Cedar Rapids, Clive, Council Bluffs, Mason City, and Storm Lake. Lottery trucks will also take intermittent trips to Schafer Systems in Adair, Iowa to pick up instant ticket dispensers, as well as transporting ticket stock to the disposal site, either as a direct trip or in conjunction with a regional office route.

Any successful bid on this Invited Option shall demonstrate the Vendor’s capability to comply with the following requirements:

1. The warehouse location shall be located within 20 miles of the Lottery Headquarters located in Clive, Iowa, and must allow for the successful Vendor to achieve next day deliveries to all current and potential licensed retail locations within Iowa.
2. The Scratch ticket warehouse and storage space must comply with all ADA codes, state and local building codes, laws, rules and regulations for facilities of this type and maintain appropriate environmental controls. Any upgrades, servicing, or replacement required to maintain compliance with such codes shall be the Vendor’s obligation for the term of the Contract.

3. The warehouse must include a designated, separate, secure, and access-limited storage space for Scratch and Pull-tab tickets, an area designated for packing and shipment of instant tickets, and associated office and computer space. Vendor’s warehouse must be only accessible to authorized users, and must be outfitted with appropriate access controls, intrusion detection devices, and alarms.

The warehouse will have the required space for forklifts, cardboard compaction, office space and data/communication equipment necessary to run a warehouse and packing operation.

4. Vendor must describe the Vendor’s process for handling charges for shipping product from a Vendor supplied warehouse to Lottery retailers.

3.7 Staffing, Services, and Operations Security Plan

RESPONSE NOTE: None

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

RESPONSE NOTE: Full

The Vendor must provide information, as specified below, that documents its organizational structure and the staffing 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 proposed staff are employees and which are subcontractors or consultants. All personnel, regardless of whether they are Successful Vendor staff, subcontractors, or consultants may be subject to Lottery background investigations and shall be subject to removal by the Lottery and at the Lottery’s sole discretion.

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 System. There shall be a dedicated technical project manager and software development manager assigned to the implementation project who must be on-site during Lottery quality assurance and conversion testing. 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 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 System. For staff not yet identified, the Proposal shall identify and quantify them by title, and state what qualifications they can be expected to have.

The Vendor must describe its staff capability to support Quality Assurance and marketing promotions with quick implementation and short duration. These promotions will be targeted to individual retailer level with multiple promotions active on a daily basis.

3. Resumes. The Vendor shall provide one-page resumes of all management, supervisory and key technical personnel planned to be involved in the installation, implementation, and operation of the System, and shall provide for each such person:

1) Full name;
2) Most recent five (5)-year employment history;
3) A specific description of experience that person has in connection with Lottery gaming systems;
4) Specific indication of the role the individual will have in this project;
5) Any additional helpful information to indicate the individual's capability to successfully perform the work involved in the Contract.

4. Key Staff Continuity. The Vendor must commit to a good faith effort to retain proposed key staff for the implementation/conversion phase and the ongoing operations phase of the project.

5. Staffing Levels. The Vendor must commit to maintain or exceed proposed staffing levels for the duration of the contract. Reassignment of staff to a different geographic location, even on a temporary basis, requires written Lottery approval.

3.7.2 Operations Services

RESPONSE NOTE: Full

The Successful Vendor must provide operation and monitoring services for the System, retailer network and QA systems, including the operation of two data centers.

1. Data Center Operations Duties. Duties shall include System start-up and shutdown tasks, monitoring, drawing results entry, report generation, file backups, recovery from System failures and various operational procedures to enable the correct operation of the System. Operations shall produce reports and files documenting the operations activities.
The Successful Vendor’s staff shall continuously monitor the systems and network, and must be trained in the System’s monitoring tools for this purpose. Any System faults must be detected, diagnosed and corrected. The Proposal shall indicate what monitoring tools are proposed for operators and communications technicians.

2. Secure Operating Principles. The Successful Vendor must operate the System on the basis of the Principle of Least Privilege, observing need-to-know and segregation of duties, to limit the capability of staff to misuse the System. The Successful Vendor must also highly restrict “superuser” capabilities to access and change System components. Vendor must describe the manner in which the data centers will be staffed, including the number of operators per shift available for Iowa operation issues and procedures.

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

RESPONSE NOTE: Full

The Successful Vendor is responsible for providing terminals, communications and related peripherals 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 terminal. An inside move may involve a change to the inside wiring.

The Lottery shall identify the authorization for a retailer change, and then advise the Successful Vendor in writing that a retailer requires provisioning. This advisory starts the provisioning clock.

A terminal shall be considered to have completed add or move provisioning and be ready when:

1. It has been installed at the designated location
2. Is in good running and working order
3. Is communicating with the gaming host systems
4. Is capable of issuing tickets, conducting validations, and producing reports
5. It performs all other terminal functions as specified in this RFP
6. The retailer has received terminal training from the Successful Vendor

Provisioning activities must be conducted on a timely schedule.

The Lottery has determined that the following provisioning schedule (in calendar days) is the maximum permitted for completion:

- Add a new retailer: 7 days
- Outside move: 7 days
Inside move 3 days
Removal 2 days

These particular schedules are the maximum allowable under a Service Level Agreement (SLA) with the Lottery. The Proposal must in this section define the Vendor's commitment to a terminal provisioning schedule and the Successful Vendor will be held to the proposed provisioning schedule; and liquidated damages as set forth in this RFP may apply.

3.7.4 Support of the Lottery's Partnership with Retailers

RESPONSE NOTE: Full

The Lottery currently employs its own DSR staff. The Vendor must propose mechanisms such as meetings, messaging, and data interfaces to facilitate lottery activities and resolve retailer concerns or problems, such as terminal functions, terminal repair, quality and timely delivery of consumables, with Successful Vendor.

3.7.5 Retailer Training Programs, Initial and Ongoing

RESPONSE NOTE: Full

The Successful Vendor shall provide training for retailer staff in the operation of retailer terminals for the initial conversion training, post conversion retailer start-ups and for major System changes during the Contract.

1. Retailer Instruction. To support the conversion, the Successful Vendor shall provide initial hands-on group instruction at locations approved by the Lottery and shall provide training on-site at retailer locations when appropriate. The Successful Vendor shall continue to provide retailer training throughout the term of the Contract. Further Successful Vendor-supplied training may be required by the Lottery after start-up and during the Contract period in case of a major System release or games modification. There shall be an emphasis on train-the-trainer exercises. It is anticipated that retailer managers will use the training to train retailer clerks. The Successful Vendor is required to use trained facilitators to conduct the initial training services.

2. Training Program Contents. The retailer-training program must cover the retailer terminals, kiosks and peripherals, and Lotto, InstaPlay, Scratch and Pull-tab 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. The training must include instruction on using the retailer web site. Contents of the training program must be approved by the Lottery. 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 all multi-jurisdictional rules, including but not limited to MUSL.

4. Training Materials and User Documentation.

1) Handouts and/or manuals on the correct use of retailer terminals and retailer procedures are required and must be approved by the Lottery. Such documentation shall be easily understood and 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, validations, and retailer adjustments. The Vendor must include samples of similar such user (retailer) documentation the Vendor has produced and distributed.

2) User Documentation Updates. The Successful Vendor shall update the training materials and any user 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. Training changes shall also appear on the retailer website.

3) Terminal-Based Documentation and Training. It is required that the Successful Vendor provides supplementary video or graphical training and documentation directly through the retailer terminal at the point of sale.

3.7.6 Lottery Staff Training

RESPONSE NOTE: Full

The Successful Vendor must provide training for Lottery staff, at the Lottery offices, or appropriate venues as approved by the Lottery.

1. Customized Training. Training must be customized to meet the unique needs of Lottery employees performing specific primary and support activities. At times during the Contract additional training may be needed as System features evolve and as Lottery employees are hired.

2. Training Methods and Tools. Training must incorporate a mix of instructor-led presentations and discussions, as well as interactive hands-on, computer-based activities and workshops. The Successful Vendor will provide workbooks and documentation to support these activities. The Vendor shall describe what training will be provided to Lottery staff regarding concepts of the Lottery gaming system, use of the games management applications, administrative reports, Successful Vendor-provided services, security features and controls, and any other relevant aspects of the proposed package of systems and services.
3.7.7 Retailer Consumables Supply

RESPONSE NOTE: Full

1. Consumables. The Successful Vendor shall provide and deliver consumables to the retailers, reminding the retailers during this activity that secure storage of ticket stock is a priority. The consumables to be provided include:

1) Play slips that can be processed by the terminal reader;

2) Secure ticket stock;

3) Any terminal supplies required to print tickets; and

4) Retailer manuals and/or reference cards for terminal operation, updated upon Lottery request. There must also be a version of retailer documentation available to the Lottery for the purpose of publishing on the Lottery website.

2. Consumables Designs. Consumables designs and wording shall be jointly developed by the Successful Vendor and the Lottery, and must be approved by the Lottery prior to production and distribution. The Successful Vendor will be responsible for consumables 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 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, including but not limited to MUSL 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.

3.7.8 Retailer Equipment Maintenance Program

RESPONSE NOTE: Full

The Proposal shall describe the maintenance plan for the retailer terminals, kiosks and associated equipment. The term "retailer terminal" shall include all attachments and peripherals, including any network devices at the retailer location provided or serviced by the Successful Vendor. 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 and Kiosk Maintenance. As well as to repair or replace the terminal or kiosk, its peripherals, or wide area network communications interface, the Successful Vendor’s technicians will be required during any service call to
routinely check the mechanical security, safety, and general operation of any mechanisms or attachments provided or serviced by the Successful Vendor.

2. Terminal and Kiosk Preventive Maintenance Schedule. The Successful Vendor and Lottery shall agree on a preventive maintenance (PM) schedule for the retailer terminals and kiosks. For the Proposal, the Vendor must propose a PM schedule however the schedule cannot exceed a one hundred twenty (120) day cycle. In no case shall there be attempts to render preventive maintenance services during retailers’ busiest periods.

3. Terminal and Kiosk Parts Supply. The Successful Vendor shall maintain an adequate supply of parts to sustain the service of terminals and kiosks that it has supplied and is required to maintain. The Proposal must identify the spare levels planned, and the approach to swapping out whole terminals versus parts/module replacement in the field.

4. Terminal and Kiosk Repair and Maintenance Reporting. At service events a log will be updated noting the maintenance activities. The log information shall be entered into a database accessible to the Lottery. The Lottery shall have access to generate 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 shall not be removed by the Successful Vendor.

5. Successful Vendor’s Maintenance System. The Successful Vendor must have a system for trouble tracking and maintenance management. That system shall at a minimum fulfill the following criteria:

1) Tracking and reporting of retailer terminal, kiosk, 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) The Successful Vendor is required to retain maintenance data for the Contract term, with at least twelve (12) months of data online.

6. Staffing and Hours. The Successful Vendor must provide adequate field service staffing for timely repair or liquidated damages may result as set forth in this RFP. Repair technicians must be available for repairs at retailer locations between 7:00 AM and 8:00 PM, Monday through Saturday and between 10:00 AM and 5:00 PM on Sunday.

7. Retailer Hotline Services. The Vendor must provide a staffed toll-free hotline number. Refer to RFP Section 3.7.14 for business hours and specific information related to hotline. The Vendor must maintain hotline records for the life of the Contract and any extensions and for three (3) years after cancellation or expiration of the Contract while providing these records to the Iowa Lottery as requested. The Iowa Lottery reserves the right to require calls to be routed elsewhere.
3.7.9 Other Host, Systems, and Network Equipment Maintenance

RESPONSE NOTE: Full

The Successful Vendor shall be responsible for maintaining data center components, including but not limited to host systems, LANs, communications equipment for the central sites, and infrastructure and facilities items (such as generator backup, UPS, power and HVAC). Documentation of maintenance events must be maintained by the Successful Vendor for Lottery review. 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.

3.7.10 Technical Support Services

RESPONSE NOTE: Full

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

1. Software Support with Quarterly Releases. The Successful Vendor must provide software and systems engineering support for System changes. The Successful Vendor must be capable of supplying upgrades on a quarterly or more frequent basis, and the periodic releases must be capable of including additions and changes for several games and promotions as well as administrative improvements to the System. Some of these changes will be multi-jurisdictional and must be completed in consort with other lotteries and the vendors representing them.

2. Quality Assurance and Acceptance Testing. The Successful Vendor must provide a local Quality Assurance capability and support for the Lottery’s 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 Lottery project.

3.7.11 System Change Control and Configuration Management

RESPONSE NOTE: Full

The Successful Vendor shall operate under a defined change control and configuration management procedure practices. Configuration Management practices, as described below, shall apply to all of the following components: documentation, procedures, specifications, program application source and object code, operating systems, database platforms, other third-party applications, host systems and network hardware major
hardware components, and any other major System components. Strict performance according to principles of configuration management is required:

1. Approved Changes Only. The Successful Vendor shall ensure through procedural and System controls that only Lottery-approved changes, on an approved schedule, can be made. Reports and/or displays shall be available to the Lottery to review all related change and configuration management activities.

2. Change Introduction. All changes to host systems, network devices or applications must first be completed on the related testing systems. All changes approved and completed for production systems must also be completed on the associated backup systems.

3. Checksums. Checksums are required for software at the time it is released for Lottery testing, and must be available at any time for testing applications and for the production systems.

4. Component Identification. System components shall be documented with version and release numbers / patch versions, or model and serial numbers.

5. Traceability of Components. System components shall be traceable, identifying the history, use, and location of a component.

6. Change Tracking. The Successful Vendor must track all changes made to System components, provide reports showing when and by whom a change was made and for what purpose, and must avoid multiple update conflicts. Change logs must reference associated planning documents and approvals.

7. Configuration Status and Inventory. The Successful Vendor shall have the capability to produce a configuration status report identifying the current configuration of any System component as well as an inventory report including all System components.

8. Documentation. The Successful Vendor must provide and maintain comprehensive System documentation for the Lottery including but not limited to: network diagrams, security standards and processes, multi-jurisdictional security standards compliance documents, change control processes and procedures, data dictionaries, third-party licensing documentation, etc.

3.7.12 Operations Security Plan

RESPONSE NOTE: Full

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 comprehensive approach to information security controls. For example, staff must be organized, assigned, and operate under procedures and with System controls that mitigate such threats as insider fraud.
The Successful Vendor must present an Operations Security Plan ready for approval by the Lottery, the submission to be achieved no later than thirty (30) days prior to commencement of operations. Approval of this plan is an entry criterion for acceptance testing.

At a minimum, the security plan in the Proposal (to be revised after award) must include the following sections:

1. Business Impact Analysis
2. Risk, Threat, and Vulnerability Analysis
3. Security Strategy
4. Personnel Security Practices
5. Physical Security
6. Data Security
7. Systems Security
8. Network Security
9. Terminal Security
10. Communications Access Security Applications and Data Security
11. Patch Management
12. Incident Response
13. Protection of Software and Other Copyrighted Materials
14. Plan Evaluation
15. Security Awareness/Training
16. Plan Maintenance
17. Network and Server Maps and Diagrams

The plan must address incident response procedures (e.g., in case of an electronic intrusion); periodic audits to ensure compliance with the security plan; and periodic meetings with Lottery staff to review security controls. The security plan must follow a format approved by the Lottery, must be approved by the Lottery, and must comply with all associated multi-jurisdictional security requirements (e.g. MUSL rules).
Vendor shall describe the Vendor’s protocols for prompt notification to authorized Iowa Lottery personnel regarding any security incident, security breach, security violation, data breach, loss, or theft of any equipment, devices, systems, software, or materials used or to be used in the performance of this contract. Vendor shall also describe its capability to protect the Lottery from loss or exposure from any such security incident, breach, violation, data breach, loss or theft, whether through the use of relevant insurance or otherwise.

3.7.13 Electronic Media, Computer Room Paper, Supplies

RESPONSE NOTE: Full

The Successful Vendor shall supply all electronic storage media, and other media items, printer paper, toner cartridges, pre-printed forms and supplies needed to operate the gaming system, Lottery testing terminals, ICS, and systems at all Successful Vendor sites.

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

RESPONSE NOTE: Full

The Vendor must operate a toll free hotline to support the Retailers and handle Retailer trouble calls. Staff trained for Iowa-specific issues must be available on a 24/7 basis. The hotline function is required to be located in the United States. The Hotline phone system shall employ a voice and data recording system. The system will record both the audio and capture the screens on a per call basis. The system must store such information online for a minimum of three hundred sixty five (365) days.

The Proposal must address the staffing and mechanisms employed to ensure Retailer waiting upon calling the hotline is not onerous. Vendors shall also provide a detailed description and functionality of the recording system.

This center will maintain and manage a database and reporting system fulfilling the following criteria:

1. Tracking: Tracking and reporting of Retailer terminal, communication line, network and other Retailer reported problems are required whether or not actual problem(s) are found. Data must be retained on all terminals including those held in reserve or returned to a depot for maintenance. The system must have capability to assign a problem type and resolution code and provide useful reports for review.

2. Maintenance Information: The Vendor is required to maintain maintenance data for the Contract term with at least twelve (12) months of historical data accessible online. Lotto data must be accessible for Iowa Lottery staff via a secure web-enabled browser.

3. Call System Management:
1) Staffing. Staff trained and able to communicate regarding Iowa-specific issues must be available on a 24/7 basis. The Vendor shall describe how the Hotline Call Center will be staffed and managed to ensure timely, professional and accurate response to Iowa retailer calls.

2) Call System. Telephone call management equipment must be capable of handling all incoming calls on toll-free circuits. (The cost of toll-free circuits must be covered in the base line price.) If all available Hotline operators are busy, a prerecorded message must be played and the calls must be queued for the next available staff member. If a call is queued, the system must provide call status information to the caller at intervals including estimates of hold time. Calls that cannot be completed due to volume must allow for a retailer to leave a message for service or for a question. Under ordinary operational circumstances, ninety percent (90%) of Iowa retailer calls must provide a live operator response within two (2) minutes on a weekly basis, and failure to do so may result in liquidated damages (see RFP Section 2.26.35.)

3) Call System Reporting. The Lottery must be able to monitor/review the calls received by the Hotline Call Center. The data to be monitored will include but not be limited to current date/time, calls received today, calls holding, average answer time, number of calls waiting, average and total hold times, and the number of calls abandoned and their average abandon time. The call management system must provide periodic summary reports.

4) Call Recording. A recording device must be provided to record all telephone conversations transacted on the Hotline Call Center circuits. Recording of telephone conversations must adhere to all applicable Federal, State, and local laws. The Vendor must provide the recording equipment and maintain recorded conversations for at least three hundred sixty five (365) days. Conversation files must be transferable for Lottery review upon request.

The Successful Vendor must make recorded hotline calls available in an audio format to the Lottery within twenty-four (24) hours of written request.

3.7.15 Operations According to Association Rules and Standards

RESPONSE NOTE: Full

The System must be operated in compliance with rules and standards of any multi-jurisdiction association that the Lottery may join. For example the Successful Vendor’s operation must be in compliance with both "Rule 2" and “Confidential Security” standards from MUSL. In addition the Successful Vendor must operate the Gaming System in compliance with other standards accepted by the Iowa Lottery, including but not limited to the NASPL standards initiatives and other industry standards for best practices operation.

3.8 Implementation

RESPONSE NOTE: Full
The implementation process requires that all of the new software, hardware, and service elements of the new System be delivered, installed, tested, and put into production operation. In addition, a significant amount of pre-existing information and processes must be integrated into the new System. The new System must process tickets from the old system, which are still in the field at the time of implementation of the new System. The System will be expected to process all Lotto/Scratch/Pull-tab/InstaPlay product related transactions. As well, Lotto wagers for future games must be converted from the old system to the new System at cut-over. Validations must be supported on all games, including past un-validated winners. The integration of existing elements into the new System environment must be performed seamlessly.

3.8.1 Conversion Strategy
RESPONSE NOTE: Full

The Vendor is at liberty to propose a conversion strategy or strategies that would best support the System’s implementation. The Vendor shall describe the pros and cons of the approach proposed, and examples of past conversions.

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

1. Minimizing conversion limitations (such as coming up late on a start-up day, or without the full complement of retailers).

2. Avoiding start-up System failures and outages.

3. Maintaining good retailer relations and addressing retailer issues during conversion (such as inconvenient training opportunities, getting all retailers trained, demand for counter space when installing a new terminal and concerns associated with dual communication systems).

4. Minimal disruption to selling tickets and paying winners during the conversion.

3.8.2 Formal Implementation Plan
RESPONSE NOTE: Full

The Proposal must contain 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’s approval is necessary for the final implementation plan of the Successful Vendor. Responsibilities of the Successful Vendor’s implementation team, of the Lottery’s implementation team, and of any of the Lottery’s other goods or services providers must be identified. Retailer roles and responsibilities during conversion must be addressed. Vendor’s response should include examples of successful completion of this type of implementation in other jurisdictions.
3.8.3 Interim Facilities and Processes
RESPONSE NOTE: Full

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

3.8.4 Installation and Lottery Acceptance Testing
RESPONSE NOTE: Full

The Lottery will conduct a series of acceptance tests, which the Successful Vendor is obliged to support. Lottery acceptance testing will be conducted from the testing facility equipped by the Successful Vendor at Lottery Headquarters.

1. Schedule for Lottery Acceptance Testing. To support acceptance testing, the Successful Vendor must have the data center facilities, systems and network hardware and software, and at least six (6) test terminals, three (3) management terminals, other point of sale equipment plus any other hardware or software to be deployed into the field; installed, configured, and operational at Iowa Lottery Headquarters, one hundred eighty (180) days prior to the scheduled conversion of the first terminal. The remote backup site must be operational and ready for testing ninety (90) days prior to the scheduled conversion date. The Iowa Lottery Headquarters’ testing facility is accessible from 7:00 AM through 4:30 PM Central Time, Monday through Friday, unless other arrangements are approved.

2. Documentation and Support. Training and written procedure manuals specific to the Lottery must be delivered to the Lottery upon availability of the System for Lottery acceptance testing. During the testing period, the Successful Vendor must provide technical staff on-site as a resource to collaborate and support the Lottery’s acceptance testing. In addition to Section 3.7.1, item 1, the Lottery shall have the option of requiring programming/developer staff on site during the acceptance-testing period. The Lottery shall have the option of specifying which programmer/developer to have on site, i.e. a developer that has performed work on the Lottery project.

3. 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 ticket stock sample is due on or before the start of the one hundred eighty (180) day Lottery acceptance testing period. The Lottery may have the paper tested at Successful Vendor expense.

4. Randomizer Testing. Samples from the Successful Vendor’s randomizer software in the retailer terminals and from the automated drawing software application must be submitted for quality testing. The randomizer samples are due on or before the start of the one hundred eighty (180) day Lottery testing period. The Lottery may have the randomizer samples tested at Successful Vendor expense.
5. Release Notes. Each release of the software for testing by the Lottery 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.

6. Entry and Exit Criteria. The Lottery will consider the System ready for acceptance testing once all hardware and software items are installed and configured to operate in the Lottery’s environment and in accordance with the Lottery’s standards. The Lottery will have successfully completed testing when all components of the System have been tested and all significant issues identified during testing are resolved by the Successful Vendor and validated by the Lottery. The Successful Vendor and the Lottery shall develop and agree upon detailed criteria that must be met prior to the System being put into production.

The Vendor shall agree to comply with the Lottery’s reasonable statements of entry and exit criteria for Lottery quality assurance testing and identify any issue that may concern the Vendor regarding effective and timely QA testing.

3.8.5 Project Reporting and Monitoring

RESPONSE NOTE: Full

The Proposal must provide 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 (e.g. PERT charts, progress status reports) 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

RESPONSE NOTE: Full

The Successful Vendor must accommodate validation of winning Lotto and InstaPlay tickets that have been sold prior to the conversion by reading the bar code. Accepting manual entry of the "old" winning ticket's serial number may be allowed by the Lottery at the sole discretion of the Lottery. The Successful Vendor must also convert the Scratch ticket validation files, if applicable, to permit validation by bar code read (and manual entry) and Pull-tab ownership verification of Pull-tab units delivered before system conversion. The goal, both during conversion and after, is to minimize confusion and effort for the players and retailers.

3.8.7 Historical Data

RESPONSE NOTE: Full
The Successful Vendor must convert a minimum of sixty (60) months 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. A conversion process for historical Lottery data will need to be developed by the Successful Vendor in conjunction with the Lottery and current Vendor.

3.9 Vendor Corporate Capability
RESPONSE NOTE: Full

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

3.9.1 Corporate Background Review
RESPONSE NOTE: Full

The Vendor will complete a class L-Business background check documentation and shall provide all of 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
RESPONSE NOTE: Full

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
- Number and type of terminals delivered to the customer
- The term of the contract including effective dates
• Reason for contract end, if the contract is no longer in effect

• Whether the implementation was a new state installation, or a conversion from another Lottery gaming system. If a conversion, then whether the conversion was from the Vendor’s previous system, or from a system supplied by a different company. Include any liquidated damages assessed and liquidated damages paid regarding implementation.

• Types of services directly provided by the Vendor under the contract and whether the Vendor was a prime contractor or subcontractor

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, the experience information for that entity must be included.

3.9.3 Pending Workload
RESPONSE NOTE: Full

The Vendor may have other project commitments at the time of the Iowa Lottery implementation and must be able to conduct any such multiple implementations without schedule delays and quality issues for the Iowa Lottery due to resource overload. The Vendor must provide a timeline of Lottery project commitments that may be concurrent with the implementation for Iowa and must provide evidence that such will not interfere with the Iowa Lottery project.

3.9.4 Contract Performance
RESPONSE NOTE: Full

The Vendor must be a business in good standing with its customers and the business community, evidencing good delivery on the obligations of its contracts. The Vendor shall state whether any of the following have occurred within the prior five (5) years:

• The termination of any contract with a Lottery or any of Vendor’s major suppliers for cause.

• The amounts of any assessment of liquidated damages or penalties, including any resolutions or agreements reached by Vendor to avoid the assessment of liquidated damages or penalties, in excess of one hundred thousand dollars ($100,000).

• Any judgment, decree, or order from any federal, state, or local governmental entity suspending or otherwise limiting Vendor’s right to engage in any business, practice or activity.

• Any material pending or threatened litigation, administrative or regulatory proceedings to which the Vendor is a party.
• Any arrest or conviction of a “control person” for a felony charge or gaming related violation. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract.

The Vendor shall provide information requested in this section. If the experience is provided by a teaming partner or a subcontractor that will provide a major part of the products and services, then the same performance information as above must be included for that entity.

3.9.5 Manufacturing Capabilities for Terminals
RESPONSE NOTE: Full

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 of additional plants and secondary sources must be addressed.

2. Manufacturing Quality. The Vendor’s Proposal must describe its capabilities relating to assuring quality manufacturing practices, and in particular whether the Vendor is certified under the ISO 9000 series or other recognized quality practices standards.

3.9.6 Software Development and Support Capabilities
RESPONSE NOTE: Full

Capacity to provide the software and systems support is critical to the success of the Lottery.

1. Software Development Plans. The Vendor shall describe its staff skill levels, headcounts, and locations pertinent to developing and maintaining software for the Iowa Lottery Contract. To facilitate the delivery of software modifications and enhancements, the Vendor shall deliver Software developed by the Vendor in batches at the end of each three (3) month period. The Vendor and the Lottery, on a case-by-case basis, may agree in writing to a delivery period shorter or longer than the three (3) month Software Development Batch Period.

Vendors must recognize that certain requests fall into an “emergency fix” category and will need to supply corrected software as soon as possible.

2. Software Quality. The Vendor 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.
During the term of the contract, the Successful Vendor must work with the Lottery to ensure new hardware and software upgrades are compatible with existing Lottery operating systems and software versions to ensure complete compatibility. The Successful Vendor will assume all costs to ensure compatibility.

### 3.9.7 Project Management Capabilities

**RESPONSE NOTE: Full**

The Vendor shall describe its corporate organization and tools pertinent to managing a large project for the Lottery Contract, providing pertinent examples.

### 3.9.8 Security Management Capabilities

**RESPONSE NOTE: Full**

The Vendor must demonstrate a capacity to develop and implement a comprehensive plan for maintaining effective security controls and practices critical to ensuring the integrity of Lottery operations, providing pertinent examples.

The Vendor shall also describe its corporate organization and tools pertinent to managing all aspects of information security pertaining to gaming operations.

The Vendor must additionally address security standards and practices, and in particular whether the Vendor’s gaming solutions and practices are compliant with ISO 17799, ISO 27002, COBIT or other recognized information security standards.

### 3.9.9 Communications Capabilities

**RESPONSE NOTE: Full**

The Vendor must demonstrate the capacity to provide the communications implementation and additional evolutionary changes for the project.

1. Communications Plans. The Vendor will describe its resources, staff skill levels and certifications pertinent to developing and maintaining communications for the contract.

2. Communications Quality. The Vendor must address communications engineering quality practices.

### 3.9.10 Research and Development Program

**RESPONSE NOTE: Full**

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 retailer terminal design, communications, retailer network planning, and sales data mining.
The Vendor shall have an annual presentation for the Lottery of their latest offerings of products and services as well as what they have installed in their most recent Lottery location.

3.9.11 Financial Viability

RESPONSE NOTE: Full

In order to ensure the Vendor's financial capability to perform under the contract, the Lottery requires the following financial information. All submissions must employ US currency or include a US currency conversion formula. The financial information required by this section may be submitted in an electronic format.

1. Submission of Financial Statements. All Vendors and substantial subcontractors must submit audited financial statements, or federal income tax returns if the Vendor or substantial subcontractor does not have audited financial statements prepared for the last two (2) fiscal years. Audited financial statements must be the result of an audit of the entity's records, reviewed in accordance with Generally Accepted Auditing Standards (GAAS) by an independent certified public accounting firm. The audited financial statements shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP), and must include balance sheets, income statements, statements of cash flows, statements of retained earnings, notes to the financial statements for both years, and any management letters that have been received for those years. The Proposal must include the most recent 10-K and 10-Q statements, if applicable, as well as any form 8-K, for two (2) years. For non-United States (US) entities the equivalent non-US accounting standards apply.

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.
All submissions must employ US currency or include a US currency conversion formula.

**PART 4: New & Emerging Gaming Opportunities**

**RESPONSE NOTE: Acceptance**

The gaming landscape is rapidly changing, technology is enabling traditional lottery games to be sold in different ways and new gaming options are becoming more prevalent in North America. The Lottery is seeking a gaming system that has the flexibility to offer new products or to interact with other systems to meet the needs of the Lottery and its players.

As Offered Options, the vendors may discuss their capabilities to offer Internet and Mobile Games, In-Lane Sales utilizing Application Programming Interface (API), Sports Wagering and other new initiatives they may be developing.

Offered options will be factored into the vendor’s technical scores relating to this RFP. However, the Lottery is not seeking pricing for Offered options at this time. To the extent that the Lottery chooses to exercise an Offered option, the Lottery will work with the Successful Vendor(s) to establish criteria for any new gaming opportunity and will negotiate the pricing that accompanies that new gaming opportunity.

**4.1 Internet/Mobile Games.**

**RESPONSE NOTE: Full**

The Vendor may describe their experience offering internet/mobile gaming. As part of this offering, the Vendor may describe, but is not limited to:

- The Vendor will list the North American lotteries where they are currently operating an Internet/mobile gaming system and describe the number of full time staff that the Vendor supplies to support the system
- The types of games that are sold through the internet/mobile gaming system
- Promotions that are offered as part of an internet/mobile sales program
- Methods that are utilized to support brick and mortar retailers while operating an internet/mobile gaming system
- Methods to ensure that players are of the proper age and geographically located within the state of Iowa
- Mobile wallets and other payment solutions
- Whether the internet or mobile gaming system is a separate system or part of the gaming system proposed for this RFP
- Whether the vendor has deployed their internet or mobile gaming system in a lottery that utilizes a central gaming system from a different vendor
- If a separate system, how the vendor complies with MUSL and other security requirements
• A description of the responsible gaming protocols that have been incorporated into the system
• The Vendor shall address the depth/breadth of its iGaming library

4.2 In-Lane Sales utilizing Application Programming Interfaces (API)
RESPONSE NOTE: Full

NASPL has developed and published an API standard. Other API based solutions have also been introduced. As part of this offering, the vendor may describe, but is not limited to:

• North American Lotteries that are allowing retailers to sell in-lane tickets through the vendor’s gaming system utilizing APIs
• The vendors capabilities to support in-lane sales and APIs including APIs from multiple third party suppliers
• The games that are being sold in-lane
• The vendor’s capability to utilize APIs in a secure system environment, following applicable security controls for printed products and MUSL Rule 2
• Sales reporting capabilities related to in-lane sales
• System/network infrastructure capabilities

4.3 Sports Wagering
RESPONSE NOTE: Full

The Vendor may describe their experience offering sports wagering systems. As part of this offering, the Vendor may describe, but is not limited to:

• The Vendor will list the North American lotteries where they are currently operating a Sports Wagering system and describe the number of full time staff that the Vendor supplies to support the system
• The types of wagers that are sold through the sports wagering system
• Wagers that are offered through traditional lottery terminals
• Wagers offered through free standing terminals/vending machines
• Wagers that are offered through an internet/mobile system
• Methods to ensure that players are of the proper age and geographically located within the state of Iowa
• Mobile wallets and other payment solutions
• Whether the sports wagering gaming system is a separate system or part of the central gaming system proposed for this RFP
• Whether the vendor has deployed their sports wagering system in a lottery that utilizes a central gaming system from a different vendor
• If a sports wagering system is a separate system, how the vendor complies with industry security requirements and best practices
• Bookmakers that are utilized to establish and adjust the lines related to the sporting event
• A description of the responsible gaming protocols that have been incorporated into the system

4.4 Real-Time Accounting for Scratch Tickets.
RESPONSE NOTE: Full

As an Invited Option the Vendor may propose technologies, methods and/or hardware that would provide accounting for scratch ticket sales as they occur.

4.5 Additional Non-Traditional Gaming and Non-Gaming Capabilities
RESPONSE NOTE: Full

Vendor shall describe the capability of the offered solution to support additional games not currently offered, through hardware or software updates or otherwise. In support of this requirement, Vendor shall provide examples where existing lottery customer games were updated or supported in the manner set forth in this section. Specific non-traditional capabilities and potential for integration of new technologies offered by the Vendor may be described and/or may appear as Offered Options. The Vendor may also describe other new initiatives that they feel the Lottery would benefit from knowing about and utilizing in the future.

4.6 Retailer Benefits and Recognition Programs
RESPONSE NOTE: Full

Vendor shall describe its capability to provide licensed Lottery retailers with incentives, benefits, and recognition for Lottery sales and marketing efforts. Vendor shall describe any North American lotteries where Vendor runs all or part of a retailer benefits and recognition program.

4.7 Vendor System Customer Resource Planning, Management and Analytical Tools
RESPONSE NOTE: Full

Vendor shall describe its capability to provide the Lottery with data planning, management and analytical tools developed by either the Vendor or a sub-contracted third party.

PART 5 – Volume II – PRICE PROPOSAL

5.0 Introduction
RESPONSE NOTE: None
This section describes the manner in which Vendors will submit pricing for the Lottery’s consideration.

5.1 Separately Sealed Price Proposal
RESPONSE NOTE: Acceptance

The price Proposal must be so identified on a separately sealed enclosure. The price Proposal shall be signed by an individual authorized to legally bind the Vendor. The contents of the price Proposal must follow this outline, employing divider pages with tabs to separate these response sections:

1. Pricing for the Baseline System.
2. Pricing for Options.

5.2 Form of the Price Proposal
RESPONSE NOTE: Acceptance

The Vendor must submit pricing in the following format.

1. For the Baseline System:

   Pricing as a percentage of weekly sales including free tickets given in the format X.dddd where X represents the whole percentage value and d represents decimal percentage digits. To estimate the contract cost, the Lottery will assume $370,900,000 of sales based on FY 2018 sales. Compensation will not be paid for cancelled or returned tickets; however, compensation will be paid for coupons and promotional tickets.

   Only one percentage may be submitted for the base period, and only one percentage may be submitted for each extension period. The percentage for the base period and the percentages for the extension periods need not be the same. However, multiple price percentages based on sales levels or any other criteria are not allowed.

   This includes all costs and fees including, but not limited to, terminals, central site, backup site, maintenance, hotline support, operations fees, communication equipment and communications fees. No other payments will be made to the Successful Vendor except as a result of negotiated options and enhancements.

2. Pricing for Specified Options. (U.S. dollars or as a percentage of sales as specified)

3. Pricing for Invited Options. (U.S. dollars or as a percentage of sales as specified)

4. Pricing for Offered Options. (U.S. dollars or as a percentage of sales as specified)
For comparison and evaluation of options, the Lottery has designated the pricing format and terms. The Lottery may or may not accept the options in whole or in part, and the request for pricing for options in no way obligates the Lottery to acquire the options according to the stated format and terms. If the Lottery should accept the options under different terms, the details will be negotiated with the Successful Vendor. Any item for which there is no additional fee should be shown as No Charge or N/C in the appropriate portion of the Price Proposal.

The bid amounts should exclude applicable state gross receipts tax or applicable local taxes, but the Vendor shall be required to pay the applicable taxes including any increase in the applicable taxes becoming effective after the Contract is entered into.

5.3 Duration of the Price Proposal
RESPONSE NOTE: Acceptance

The Price Proposal must be valid for one (1) year or until execution of a Contract (or cancellation of the procurement), whichever occurs first.

5.4 Pricing and Scoring of Options
RESPONSE NOTE: Acceptance

The Vendor is encouraged to propose options regarding innovative functions, features, services, and solutions. However, options separately priced shall be clearly noted in the Technical Proposal --although without pricing information-- and their corresponding prices listed in the Price Proposal as separate line items. Otherwise, such options will be considered part of the baseline price.

Additionally, options separately priced and that have been clearly noted as such in the Technical Proposal should be listed on a summary sheet without pricing information in the Technical Proposal.

To make the evaluation comparable, the Evaluation Committee intends to score only:

1. Required options will be included with baseline features and services.

2. Specified Options as selected by the Evaluation Committee at the minimum quantities and terms shown in the Price Quotation Sheet below.

3. Invited and Offered Options included in the base price. These items must be noted in the technical response as a no cost item.

Invited or Offered Options that are separately priced and designated as such in the Technical Proposal and in the Price Proposal will not be separately scored. These may be considered at Contract negotiation time or later.

The evaluation process is designed to identify the Proposal that best meets or exceeds the RFP requirements.
Baseline System Pricing (addition and deletion in this section)

Vendors are required to quote the following items as a percentage of sales as defined in RFP Section 4.2.

Ten (10) Year Base Period

Price Quoted as a Percentage of Sales  _______ %

Extension Period – Year One

Price Quoted as a Percentage of Sales  _______ %

Extension Period – Year Two

Price Quoted as a Percentage of Sales  _______ %

Extension Period – Year Three

Price Quoted as a Percentage of Sales  _______ %

Extension Period – Year Four

Price Quoted as a Percentage of Sales  _______ %

Extension Period – Year Five

Price Quoted as a Percentage of Sales  _______ %

Extension period pricing WILL BE included in the pricing evaluation. However, the Lottery maintains discretion to evaluate the pricing in a manner that gives appropriate weight to the initial base period of the Contract.

At the end of the contract term, the Successful Vendor must remove and dispose of all equipment, at the direction of and at no cost to the Lottery.
Lottery-Required Options (addition and alteration in this section)

Vendors are required to submit specifications and pricing for Required Options. Conditions of delivery are provided for bidding purposes, although other delivery conditions may apply and would be subject to negotiations. TBD pricing is not allowed.
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<tr>
<td>Additional retailer terminals (including communications), (RFP Section 3.2.1). The price includes hardware and software installation and service (maintenance and repair or replacement) price expressed as a percentage of sales.</td>
<td>Lot of 25 units</td>
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<td>Additional Player Flat Panel Displays, (RFP Section 3.2.1.3.1). The price includes hardware and software installation and service (maintenance and repair or replacement) price expressed as a percentage of sales</td>
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<td>Additional Player Transaction Displays, (RFP Section 3.2.1.3.2). The price includes hardware and software installation and service (maintenance and repair or replacement) price expressed as a percentage of sales</td>
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<td>Additional Self-service ticket checkers (RFP Section 3.2.1.3, item 3). The price includes hardware and software installation and service (maintenance and repair or replacement) price expressed as a percentage of sales</td>
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<tr>
<td>Additional Lotto Jackpot Signage (RFP Section 3.2.1.3, item 4). Signs for retailer locations that advertise Lottery jackpot amounts. The price includes hardware and software installation and service (maintenance and repair or replacement) price expressed as a percentage of sales</td>
<td>Lot of 25 units</td>
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Lottery-Specified Options (addition and alteration in this section)

Vendors are required to submit specifications and pricing for Specified Options. Conditions of delivery are provided for bidding purposes, although other delivery conditions may apply and would be subject to negotiations. TBD pricing is not allowed.
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<tbody>
<tr>
<td>Rapid Draw Game Monitors (RFP Section 3.2.1.3, item 6). Twenty-six (26)-inch or greater color flat panel video display with mounting brackets to display rapid draw game drawings. All installations, maintenance, and support included based on three hundred (300) retailer installations at start-up. Price expressed as a percentage of sales.</td>
<td>Lot of 300 units</td>
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<td>Product Description</td>
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<td>Additional Rapid Draw Game Monitors (RFP Section 3.2.1.3, item 6). Twenty-six (26)-inch or greater color flat panel video display with mounting brackets, to display rapid draw game drawings. The price includes hardware and software installation and service (maintenance and repair or replacement). Price expressed as a percentage of sales.</td>
<td>Lot of 25 units</td>
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<td>Gift Card Application (RFP Section 3.4.16.1). Provides the Lottery with an application enabling the Lottery to sell gift cards to players via retail locations for the sole purpose of purchasing Lottery products. The price includes software, installation and service quoted as a percentage of net gift card sales:</td>
<td>N/A</td>
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Prepaid Account (RFP Section 3.4.16.2). Provides the Lottery with an application to support a program where a player can establish an account through a pre-paid voucher. The price includes software, installation and service quoted as a percentage of net sales:

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Additional specified kiosks (including communications), (RFP Section 3.2.3, item 3). The price includes hardware and software installation and service (maintenance and repair or replacement) as a percentage of sales:

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<td>Lot of 10 units</td>
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<td>Additional kiosk type 1 (including communications), (RFP Section 3.2.3, item 3). The price includes hardware and software installation and service (maintenance and repair or replacement) as a percentage of sales. Provide a response to this section for each kiosk type proposed.</td>
<td>Lot of 25 units</td>
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<td>Additional kiosk type 2 (including communications), (RFP Section 3.2.3, item 3). The price includes hardware and software installation and service (maintenance and repair or replacement) as a percentage of sales. Provide a response to this section for each kiosk type proposed.</td>
<td>Lot of 25 units</td>
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<tr>
<td>Additional kiosk type 3 (including communications), (RFP Section 3.2.3, item 3). The price includes hardware and software installation and service (maintenance and repair or replacement) as a percentage of sales. Provide a response to this section for each kiosk type proposed.</td>
<td>Lot of 25 units</td>
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<td>Monitor Game System. Pricing for Monitor Gaming System (RFP Section 3.4.14) as a percentage of monitor game sales.</td>
<td>N/A</td>
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<td>Mobile Device Application (RFP Section 3.4.15). The price includes development, maintenance, testing and rollout to production app stores of the software and infrastructure to support a mobile device application for iPhone and Android mobile devices as a percentage of sales.</td>
<td>N/A</td>
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Lottery-Invited Options

Vendors are not required to submit specifications and pricing for Invited Options. To the extent such detail is provided, it will be considered in context in light of Vendor’s overall capability and responsiveness to the RFP. Conditions of delivery are provided for bidding purposes, although other delivery conditions may apply and would be subject to negotiations.
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<td>In-store Wireless Peripherals Support (RFP Section 3.2.1.3, item 5). The price includes hardware and software installation and service (maintenance and repair or replacement). Price expressed as a percentage of sales.</td>
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<td>Rapid Draw Game Monitors (RFP Section 3.2.1.3, item 6). Thirty-two inch (32)-inch flat panel video display with mounting brackets. All installations, maintenance, and support included based on 300 retailer installations at start-up. Price expressed as a percentage of sales.</td>
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<td>Rapid Draw Game Monitors (RFP Section 3.2.1.3, item 6). Fourty (40)-inch) of flat panel video display with mounting brackets. Price expressed as a percentage of sales.</td>
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<tr>
<td>Rapid Draw Game Monitors (RFP Section 3.2.1.3, item 6). Other size (please specify size) flat panel video display with mounting brackets. Price expressed as a percentage of sales.</td>
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<td>Hand-Held Wireless Terminals (RFP Section 3.2.3, item 2). Mobile terminals to be carried by an operator at special events including hardware and software installation and service, price expressed as a percentage of sales.</td>
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<td>Subscription System (RFP Section 3.4.11). A system for enrolling Iowa Lottery Authority players for future drawings is invited. Any quote must include costs for system delivery, operation, and maintenance. Price</td>
<td>N/A</td>
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<td>Service Description</td>
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<tr>
<td>Authority players is invited. Any quote must include costs for delivery, operation,</td>
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<td>and maintenance. Price expressed as a percentage of sales.</td>
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<td>a percentage of sales.</td>
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<tr>
<td>Instant Scratch ticket sales accounting/tracking system (RFP 4.4)</td>
<td>Vendor Defined</td>
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</table>
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. TBD pricing is permitted but such will not be interpreted for evaluation purposes as N/C.
PART 6 – PROPOSAL EVALUATION

6.0 Introduction
RESPONSE NOTE: Acceptance

This section describes the evaluation process that will be used to determine which Proposal provides the greatest overall benefits to the Lottery. The capability of the Lottery to evaluate a Proposal is dependent upon the completeness and proper submission of the Proposal. The failure of a Vendor to provide information requested by this RFP, to submit according to the required format, or to respond appropriately to a clarification request or demonstration request, may result in rejection of the Proposal or reduction in scoring during the evaluation.

6.1 Evaluation Committee, Lottery CEO and Board of Directors
RESPONSE NOTE: Acceptance

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

The Evaluation Committee will provide its findings to the Lottery CEO and the Lottery Board of Directors. The Lottery and Board will issue a Notice of Intent to Award subject to successful completion of a DCI investigation.

6.2 Evaluation Steps
RESPONSE NOTE: Acceptance

The evaluation and 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 RFP Section 1.12, Waiver of Deficiencies and Rejection for Non-Compliance.

2. Review of Proposals to assess compliance with Proposal submission requirements, including responsiveness to terms, conditions and requirements;

3. Evaluation of proposed functions, features, services, and references, using 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;
6. Assessment and Scoring of Price Proposals after the completion of the Technical scoring;

7. Compilation of technical scores and price scores into a summary score sheet;

8. Evaluation Committee presentation to the Lottery CEO and the Lottery Board of Directors;

9. The Iowa Lottery Board directs the Lottery to issue a Notice of Intent to Award subject to a successful completion of a DCI investigation;

10. The Lottery CEO instructs the DCI to complete background investigation;

11. DCI presents its findings to the CEO and Lottery Board of Directors;

12. Contingent upon successful completion of the background check, negotiation and signing of the Contract.

6.3 Information from Other Sources

RESPONSE NOTE: Acceptance

The Lottery reserves the right to obtain, from sources other than the Vendor, information concerning a Vendor, the Vendor's offerings, capabilities, and past performance, that the Lottery deems pertinent to this RFP and to consider such information in evaluating the Proposal.

References may be checked regarding the Vendor's past experience. The Evaluation Committee may select current or previous clients for each Vendor from the information provided in response to RFP Section 3.9.2 to contact for a reference. The Lottery may contact as many references as necessary, as many times as necessary, to support its understanding of the Vendor's gaming system performance and experience.

6.4 Technical Proposal Scoring

RESPONSE NOTE: Acceptance

Each of the technical (non-price) factors in Part 3 and Part 4 will be scored 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. The scores will be used to develop a preference ranking based on non-price factors.

The scoring approach will involve grading ten technical and management criteria, multiplying the grades by the points available for each, and then summing up.
6.4.1 Criteria and Points

RESPONSE NOTE: Acceptance

The points for each of the evaluation criteria are:

**EVALUATION CRITERIA**

<table>
<thead>
<tr>
<th>EVALUATION CRITERIA</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PART 3.1 Central Configuration</td>
<td>40</td>
</tr>
<tr>
<td>PART 3.2 Terminals</td>
<td>100</td>
</tr>
<tr>
<td>PART 3.3 Communications Network</td>
<td>100</td>
</tr>
<tr>
<td>PART 3.4 Software Controls and Data Management</td>
<td>100</td>
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<tr>
<td>PART 3.5 Games and Marketing</td>
<td>60</td>
</tr>
<tr>
<td>PART 3.6 Facilities and Disaster Recovery Plan</td>
<td>25</td>
</tr>
<tr>
<td>PART 3.7 Staffing, Services and Operations Security Plan</td>
<td>100</td>
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<tr>
<td>PART 3.8 Implementation</td>
<td>65</td>
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<tr>
<td>PART 3.9 Corporate Capability</td>
<td>30</td>
</tr>
<tr>
<td>PART 4 New &amp; Emerging Gaming Opportunities</td>
<td>80</td>
</tr>
<tr>
<td>Technical Points Total</td>
<td>700</td>
</tr>
</tbody>
</table>

Price Points Total 300

TOTAL POINTS 1000

Although the Proposal response to the individual criteria will be scored using a various number of points, the Vendor is cautioned that every criterion reflects requirements that must be met regardless of the criterion's points; and that a poor response to a lower point criterion still can have a significant impact on the Vendor's final technical score as compared with other Vendors' scores.

6.4.2 Award Scale for Evaluation

RESPONSE NOTE: Acceptance

The Vendor's consolidated score for the technical proposal shall be based on the Evaluation Committee's consensus judgment relating to the Vendor's ability to meet or exceed expectations set forth in the RFP.

6.4.3 Optional Items

RESPONSE NOTE: Acceptance

Numerous technical requirements in the RFP are accompanied with the description of an item that is indicated as optional. The Vendor is not obligated to respond to these items, but the Evaluation Committee will review Proposals with reference to them. A strong response for these items may favorably impact the scoring.
6.4.4 Scoring of Options
  RESPONSE NOTE: Acceptance

The Vendor is encouraged to propose Specified and Invited functions, features, services, and solutions. Required options will be included in the baseline Proposal. Vendors are encouraged to identify which Specified, Invited or Offered options will be included at no additional charge in the quoted baseline price. Therefore, options included at no additional cost should be noted as such in the Technical Proposal.

6.5 Site Visits for Discussions and Demonstrations
  RESPONSE NOTE: Acceptance

To the extent deemed necessary by the Lottery, the Committee reserves the right to conduct site visits for Vendor discussions and demonstrations. Any such site visits shall be arranged by the RFP Coordinator.

6.6 Price Evaluation
  RESPONSE NOTE: Acceptance

For each Proposal, the Lottery price evaluation will be based on the proposed price, as described in Part 5 of this RFP. The Lottery reserves the right to weight the base contract price differently than the offered price for any available extension.

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:

\[
\text{PRICE POINTS} = 300 \times \left( \frac{\text{LOWEST COST}}{\text{PROPOSAL COST}} \right)
\]

Under this formula, the lowest cost acceptable Proposal receives all three hundred (300) available price points. A Proposal twice as expensive as the lowest cost acceptable Proposal earns half as many, or one hundred fifty (150) price points.

6.7 Technical Scoring and Pricing Combined
  RESPONSE NOTE: Acceptance

The Lottery will combine the points for technical and price to determine the total score for each eligible Proposal, the highest of which will be the apparent overall preferred Proposal.

\[
\text{TOTAL POINTS} = \text{TECHNICAL POINTS} + \text{PRICING POINTS}
\]

The available seven hundred (700) technical points and three hundred (300) price points provide a maximum of one thousand (1,000) points.

Upon completion of the evaluation and scoring, the Evaluation Committee, using total scores, shall rank the Proposals regarding the apparent preference to provide the requested System and services to the Lottery.
6.8 Notice of Award and Contract Signing

RESPONSE NOTE: Acceptance

The final ranking and the findings of the Evaluation Committee will then be presented to the Lottery CEO and Board, for consideration.

The Lottery Board, after evaluation of the process and its results, will direct the CEO to issue a notice of award and begin contract negotiations.

Contract negotiations shall not address transformational changes to terms and conditions, offered services, products, or pricing for performance of the Contract, but may address options, option delivery schedules, and other variations for the benefit of the Lottery.

Should the Lottery be unable to reach agreement with the apparent Successful Vendor, the Lottery shall award and then undertake negotiations with the second most preferred Vendor, and so on. This process shall continue at the sole option of the Lottery until an agreement is reached or no Proposals remain for negotiation.
APPENDIX A: GLOSSARY

**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 Lottery.

**Business Week**: The period beginning 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.

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

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

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

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

**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 multiple distinct retail locations assigned to that account on the System that sell tickets.

**Courier Delivery**: The delivery of Lottery tickets to a licensed Lottery retailer by a third party delivery service.

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

District Sales Representative (DSR): Lottery sales representative, an individual that performs sales related activity through direct interaction and retailer-site visits.

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

End of Day: End of Day is midnight Central Time.

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

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, especially bar code 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 to read a code as processed by an experienced user.

Fiscal Year: The twelve (12) month period ending June 30 and named for the calendar year in which it ends. For example, fiscal year 2020 begins July 1, 2020 and ends June 30, 2021.

Scratch Games: Games sold on pre-printed tickets containing play and validation data under a security coating or such other coating as may be approved by the Lottery. Examples are available at ialottery.com.

iGaming: Sales of Lottery tickets or products through personal consumer electronic devices, including but not limited to mobile phones, smart phones, home computers and tablets, and other similar devices or technologies.

InstaPlay Games: Games sold through a computer network on lotto paper containing play and validation data. The tickets are generated on demand of the customer. Examples are available at ialottery.com.

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.

**Lottery:** The Iowa Lottery Authority, also referred to in the RFP as the “Lottery.”

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

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

**Lottery QA.** The process by which the Lottery separately tests any hardware or software changes to the gaming system. Lottery QA employs a testing environment consisting of test terminals, communications, gaming host systems, and management workstations that run the games management applications. Lottery QA represents the acceptance testing of the Successful Vendor's products and is distinct from the Successful Vendor's own quality assurance efforts.

**Lotto Games:** Games sold through a computer network at retailer locations. The tickets are generated on demand of the customer. Examples are available at ialottery.com.

**Lotto Terminal:** The lotto terminals are used to sell and cancel lotto games, check and validate scratch, InstaPlay and lotto games and verify ownership of pull-tab games. In addition to game sales functions, the terminal will also access and print reports, news messages and be utilized by the DSRs for pack activation and returns.

**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. **Required Options** are required to be proposed and included in the base price. **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.

**Scratch Pack:** A pack of scratch game tickets, with individual tickets uniquely numbered by virtue of game/pack/ticket identifiers. Packs contain varying numbers of tickets, depending on the game. Each pack contains $300 of tickets.

**InstaPlay Pack:** A pack of 1000 InstaPlay game tickets, with individual tickets uniquely numbered by virtue of game/pack/ticket identifiers.

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

**Play:** A single set of numbers for a Lottery drawing. A ticket may contain multiple plays, depending on the game.
Principle of Least Privilege: A design concept describing a system environment in which all services and personnel given access are granted only the privileges necessary to perform their functions.

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

Pull-tab Games: Games sold on break open tickets containing play data under a perforated tab as may be approved by the Lottery. Examples are available at ialottery.com.

Report: Information produced by the System that is viewed via display, printed, and/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: An entity licensed by the Lottery to sell tickets.

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

RFP Coordinator: The sole point of contact for Iowa's lotto RFP.

RNG: Random Number Generator, a software application that uses a math algorithm to produce a pseudo-random numerical output.

RNG Seed: A random value used to begin the processing of an RNG.

Sales: Revenue from lotto, scratch, InstaPlay and pull-tab games, not including cancelled or returned tickets; however, sales do include free tickets.

Sales Day: The period of time the Lottery's gaming systems support transactions from terminals at retailer locations, subject to future modifications.

SLA: Service level agreement.

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

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

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. The Lottery retains the right to make the final determination whether a subcontractor is a substantial subcontractor.

**Successful Vendor:** The Vendor with whom the Lottery then executes the 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 (scratch/pull-tab/InstaPlay tickets related components and/or lotto system) proposed by the Vendor.

**Trunk Stock:** Packs of Scratch and Pull-tab tickets that are assigned to a DSR's inventory and carried in their vans for distribution to retailers.

**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 lotto, InstaPlay and scratch tickets.

**Validation Code:** A security feature of scratch tickets printed under the security coating. Also known as a VIRN (Void If Removed Number).

**Vendor:** An entity that submits a Proposal in response to this RFP.
APPENDIX B: 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; and

Various tests from the selection to follow could be considered.

Inspection Tests

Inspection tests provide evidence that the Vendor has the facilities, resources, systems, and capabilities expressed in the Proposal.

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. For the demonstrated terminals, are they mockups, hand-built unique items, part of a preliminary manufacturing run?

3. Materials and Construction Quality

Inspect the retailer terminals for durability, 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, such as SEI CMMI and/or ISO 9001?

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, entering winning numbers, sending retailer messages and monitoring operations.).

3. Scratch/Pull-tab Ticket Management Functions

Can the System demonstrate:

- Accepting tickets into inventory,
- Transferring tickets to:
  - Regional warehouses,
  - DSRs
- Consigning tickets to retailers
- Returning tickets from:
  - Retailers
  - DSRs
- Transferring tickets back to
  - Regional Warehouses
  - State warehouses.

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 and receiving administrative reports).
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 specifications? Measure both discrete transactions and average transactions per unit time through repeats (bulk buy). Typically these tests require that the host system be loaded by a simulator.

2. Heavy Volume Throughput: Ticket Sales

If possible, conduct several simulation runs with heavy simulated volume. Runs shall include duplex operation to confirm hot backup feeds. Conduct manual transactions simultaneously to demonstrate full functioning. Employ a software monitor utility to assess CPU, disk, and memory consumption during the simulation.

3. Other Tests Specific to Vendor

Failover and Recovery

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 low. Remove the paper or use an almost empty roll. Determine how easy it is to replace the paper.

2. System Fault Tolerance

If possible, bring down the primary system (for example by Ethernet disconnect, or equivalent). Failover shall occur with only a brief outage (the RFP specification is two minutes). 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, and then restore the connection. Determine if the return to service compromises any transactions or reporting. Determine if the disconnection is detectible by the central system of network monitoring application.

4. Other Tests Specific to Vendor
APPENDIX C:
LOTTERY STANDARD TERMS AND CONDITIONS

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

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

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

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

The Vendor shall permit the Auditor of the state of Iowa or any authorized representative of the State or any authorized representative of the United States government, to access and examine, audit, excerpt and transcribe any directly pertinent validation records, financial records, accounting records, books, documents, papers, electronic or optically stored and created records or other records of the Vendor relating to or created as a result of the performance of this Agreement. These records shall be made available to the Lottery, its designees, the Auditor, or an authorized representative of the State or any authorized representative of the United States government at reasonable times and at no cost to the Lottery during the term of this Agreement and for a period of (3) years following the termination, cancellation or expiration of this Agreement.
3. **Confidential Information.** All Confidential Information provided shall be clearly marked as Confidential Information by the party providing the information at the time of disclosure to the other party. The Vendor shall limit such identification to information it reasonably believes is entitled to confidential treatment pursuant to the public records provisions of Iowa law. Each party shall hold the Confidential Information of the other in strictest confidence and, except as previously authorized in writing by the other party, (i) shall use the Confidential Information only in furtherance of this Agreement, (ii) shall not copy Confidential Information and (iii) shall not disclose the Confidential Information to any person or entity except those employees of the party to whom the information has been disclosed who have a need to know the Confidential Information for purposes contemplated by this Agreement. The parties’ obligations under this provision do not apply to information which: is publicly available or in the public domain when provided; is or becomes publicly available or public domain information through no fault of the recipient of the information subsequent to the time it was provided; is rightfully communicated to the recipient of the information by another party; is independently developed by the recipient; or is disclosed pursuant to law or the order of a court or government authority. The parties’ obligations under this provision shall survive the conclusion of this Agreement and shall be perpetual.

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

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

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

Notwithstanding anything to the contrary herein, in the event a public records request is made to the Lottery pursuant to Iowa Code chapter 22 regarding Confidential Information of the VENDOR, the Lottery shall notify VENDOR as soon as possible of the request. The Lottery shall respond to the request for information unless VENDOR has obtained an injunction preventing release of the requested information.

4. **Default and Termination.**
Termination for Cause. The Lottery may terminate this Agreement upon written notice for the breach by the Vendor of a material term, if such breach is not cured, provided that a cure is feasible within ten (10) days following receipt of written notice of breach from the Lottery. Breach events include but are not limited to the following:
Vendor fails to perform as required by this Agreement; or
Vendor fails to make substantial and timely progress toward performance or fails to meet any of the material specifications and requirements of this Agreement, including without limitation the representations and warranties provided in this Agreement; or

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

Immediate Termination. The Lottery may terminate this Agreement, effective immediately without advance notice and without penalty or legal liability for any of the following reasons:

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

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

6. Termination for Lack of Authority or Funding. Notwithstanding anything in this Agreement to the contrary, and subject to the limitations, conditions, and procedures set forth below, the Lottery shall have the right to terminate this Agreement without penalty and without any advance notice as a result of any of the following:
• The legislature or governor fails in the sole opinion of the Lottery to appropriate funds sufficient to allow the Lottery to either meet its obligations under this Agreement or to operate as required and to fulfill its obligations under this Agreement; or
• If funds are de-appropriated, not allocated or if the funds needed by the Lottery in the Lottery’s sole discretion are insufficient for any other reason; or
• If the Lottery’s authorization to conduct its business is withdrawn or
• There is a material alteration in the programs the Lottery administers; or
• If Lottery’s duties are substantially modified.

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

8. No Release of Obligation. The expiration or termination of this Agreement for any cause shall not release Vendor from:
• Any obligations and duties remaining under any order accepted by the Vendor prior to such expiration or termination; or
• Any liability which at the time of expiration or termination has already accrued to the other party, or, which thereafter may accrue in respect to any event prior to expiration or termination; or
• Any liability from any obligation that survives expiration or termination.
9. **Choice of Law and Forum.** The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this Agreement without regard to the choice of law provisions of Iowa law.

In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Agreement, the proceeding shall be brought in Des Moines, Iowa, in Polk County District Court for the State of Iowa, or the United States District Court for the Southern District of Iowa, Central Division, wherever jurisdiction is proper.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If to the Iowa Lottery: Iowa Lottery Authority
Attn.: Lottery COO
13001 University Ave.
Clive, IA 50325-8225

If to the Vendor: Vendor Name
Attn.: Vendor address

Each such notice shall be deemed to have been provided:
• At the time it is actually received; or
• Within one day in the case of overnight hand delivery, courier or services such as Federal Express with guaranteed next day of delivery; or
• Within five days after deposited the U.S. Mail in the case of registered U.S. Mail.

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

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

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

16. Infringement of Trademarks, Patents, Copyrights and Other Proprietary Rights. The Vendor represents and warrants that all the concepts and materials produced, or provided to the Lottery pursuant to the terms of this Agreement shall be wholly original with the Vendor or that the Vendor has secured all applicable interests, rights, licenses, permits, or other intellectual property rights in such concepts and materials.
The Vendor represents and warrants that the concepts and materials and the Lottery’s use of the materials and the exercise by the Lottery of the rights granted by this Agreement shall not infringe upon any other work, other than material provided by the Lottery to the Vendor to be used as a basis for such materials, or violate the rights of publicity or privacy of, or constitute a libel or slander against, any person, firm or corporation and that the materials will not infringe upon the copyright, trademark, trade name, literary, dramatic, statutory, common law or any other rights of any person, firm or corporation or other entity.

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

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

17. Personnel to Perform the Services. The Vendor shall identify for the Lottery all employees of the Vendor and any subcontractors that provide goods or services necessary to the Lottery contract. The Lottery reserves the right to disapprove of any subcontractor used by the Vendor or any employee of the Vendor or any subcontractor directly involved in the Lottery contract. If the Lottery disapproves of any such person or subcontractor, the Vendor shall ensure that they are not involved in the Lottery contract. The Vendor shall require its employees and the employees of any subcontractors involved in the Lottery contract to submit to background investigations by the Lottery, if requested, and to complete all background disclosure forms as may be required by the Lottery.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Vendor represents and warrants that it has not made any misrepresentations to the Lottery related to this Agreement or the products and services to be provided pursuant to this Agreement. “Misrepresentations” include material omissions.
APPENDIX D:
MANAGEMENT AND ADMINISTRATIVE REPORTS

Management reports must be available upon demand at management workstations or via an agreed upon transport method and be able to support the business activities listed below. Actual report formats, filters, sort and group options are to be resolved with the Lottery with final approval by the Lottery.

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. The reports listed below have a general report name followed by the expected data fields to be available on the report. Some reports may or may not be applicable depending upon the Vendor’s submittal of a Proposal with Invited Options.

1. Lotto Game Draw-Related Reports – Game, draw number, draw date/time, gross/net sales for the draw, cancels, coupons/promos, free tickets, prize pool, winning numbers, play type and tier, prize liability (number and amount of winning plays).

2. Top Played Numbers – Most popular numbers being played on the current day and all advance pools, the total prize liability of all play combinations on each number.

3. Retailer Transaction History/Look-up – Detailed listing of all retailer terminal transactions.

4. Lotto Game Sales Dashboard – Number of lotto tickets sold per specified unit of time, updated in near-real time.

5. Terminal Availability – List of retailer terminals not operable during specified time period and displayed by date and the length of time they were not operable.

6. Retailer Sales vs Cancels – Retailer ID, retailer name, net sales (number of tickets and amount), cancels (number of tickets and amount), percentage of cancels vs sales, amount difference between sales and cancels.

7. Lotto Game Status – Game, current draw number, scheduled close date/time, actual close date/time, draw date/time, calculated prizes date/time, draw declared official date/time, draw break date/time, next draw number, next close date/time.

8. Retailer Weekly Invoice/EFT – Retailer ID, retailer name, owner, retailer status, EFT status, forwarded balance, total debits, total credits, EFT amount, transfer type, account type, routing number, account number, trace number.
9. **Scratch and Pull-tab Game Sales/Settles; Activations; Returns (various combinations)** – Game number, game name, retailer number, retailer name, date, pack number or number of packs, number of tickets, ticket value, commission amount, user ID, order number, order source.

10. **Scratch and Pull-tab Game Inventory** – Game name, game number, inventory status, available inventory (number of packs, number of tickets, inventory value), unavailable inventory (number of packs, number of tickets, inventory value).

11. **Scratch Game Liability Report** – Game number, game name, prize tier, prize value, initial liability (count and amount), cashed to date (count and amount), remaining liability (count and amount).

12. **Filled/Cancelled orders** – Order number, order status, date shipped, date received, filled by.

13. **Scratch and Pull-tab Game Packs in Transit** – Game number, game name, pack number, pack value, warehouse transit date, order number.

14. **Retailer Pack Inventory** – Retailer ID, retailer name, game number, game name, pack number, pack status, number of tickets, ticket price, ticket value, activation date, days since activation, number of cashes, number of guaranteed low-tier prizes, percentage of cashes, maximum ticket number.

15. **Retailer Activity** – Retailer ID, retailer name, activity type and description (including sales/settles, cancels, returns, commissions, adjustments, etc.), transaction count, transaction amount.

16. **Retailer List** – Retailer ID, retailer name, contact, phone number, physical address, mailing address, owner information, terminal information, status, status date, licensing information, sales rep/route information, region, sales and commission settings.

17. **Retailer Ranking** – Retailer ID, retailer name, net sales by game type, average sales by game type, number of sales days, retailer rank.

18. **Retailer Commissions & 1099 Reporting** – Retailer ID, retailer name, owner, tax ID, business type, address, net sales by game type, commission by game type, adjustments, incentives, total 1099 amount.

19. **Retailer Period Sales Comparison** – Retailer ID, retailer name, total sales for period 1, total sales for period 2.

20. **Retailers with Zero Sales** – Retailer, DSR, status, city, phone, point of contact.

21. **Corporate Reporting** – The chain headquarters receive special reports that detail the activity for each store and summarize the activity for all stores.
22. **InstaPlay Sales** – Game number, game name, gross sales (count/amount), coupons/promotions, net sales.

23. **Lotto Game Sales Activity** – Game, draw number, draw date, sales date, bet type, number of bets, amount of bets, cancels, coupons/promos, free tickets, gross/net sales amount.

24. **Lotto Game Future Sales** – Game, draw number, draw date, previously sold number of bets, previously sold amount of bets, number of bets sold during period, amount of bets sold during period, total number of bets, total amount of bets.

25. **Lotto Game Liability Activity** – Game, draw number, draw date/time, play type and tier, initial liability (number and amount of prizes won), prizes cashed prior to date (number and amount), prizes cashed during period (number and amount), previously purged expired prizes (number and amount), expired prizes purged during period (number and amount), remaining unclaimed liability (number and amount of prizes).

26. **Scratch and Pull-Tab Game Definition** – Game number, game name, game cycle dates, ticket price, pack information, prize structure.

27. **Scratch and Pull-tab Pack/Ticket History** – Game number, game name, date, pack/ticket number, pack/ticket status, pack/ticket location, user ID, manifest number.

28. **Scratch and Pull-tab Pack/Ticket Research** – Game number, game name, pack and ticket information, cashing history.

29. **InstaPlay Game Definition** – Game number, game name, game cycle dates, ticket price, pack information, prize structure.

30. **InstaPlay Pack/Ticket Research** – Game number, game name, pack and ticket information including selling location, cashing history.

31. **InstaPlay Liability Activity** – Game number, game name, beginning liability (count/amount); sold liability during period (count/amount), cashed during period (count/amount), expired during period (count/amount), ending liability (count/amount).

32. **Retailer Adjustments** – Retailer ID, retailer name, adjustment type and description, date entered, effective date, user ID, memo, amount.

33. **Retailer Bonds** – Retailer ID, retailer name, type of bond, amount of bond, expiration date.

34. **Retailer EFT Account** – Retailer ID, retailer name, effective date, bank name, routing number, account number, account type, pre-note date, EFT status.
In addition to the named reports, the Lottery anticipates that various other types of security, operational, technical, sales, and marketing reports will be needed, with the data to be displayed and format to be determined by the Lottery.
APPENDIX E: RETAILER TERMINAL REPORTS

Below is a generic list of the reports currently available from the retailer terminals. Actual report formats are to be resolved with the Lottery with final approval by the Lottery. Specific wording in the following reports 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 Lottery. It is intended as a sample only.

1. **Daily activity** – Combined Lotto, InstaPlay and Scratch tickets daily sales, cancels, cashes, adjustments, coupons and commissions by game for requested retailer.

2. **Weekly activity** – Combined Lotto, InstaPlay and Scratch tickets weekly sales, cancels, cashes, adjustments, coupons and commissions by game for requested retailer.

3. **Winning Numbers** – Winning numbers for last completed draw of all Lotto games for a specified date. Default is most current draw and all games.


5. **Weekly adjustments** – Lotto, InstaPlay and Scratch adjustments to the retailer for the week requested.

6. **Top Prize Remaining** – Scratch and InstaPlay games that currently have top prizes remaining and the number of prizes remaining in each game.

7. **Weekly Cashes Detail** – A listing of all weekly cashes.

8. **Scratch Games On Sale** – A listing for all active Scratch and Pull-Tab games currently for sale on the system.

9. **Retrieve Manifest** – A copy of the shipping manifest.

10. **Activated Packs** – Details of activated packs in the retailer’s inventory.

11. **News Messages** – Informational broadcast messages to be sent to all retailers or to a specific retailer.

12. **Inventory Summary** – Summary of ticket inventory by game.

13. **Inventory Detail** – Detailed ticket inventory by game.

14. **Weekly Cashes Detail** – A listing of all weekly cashes.
15. **Weekly Pack Settle Detail** – Packs settled by game, number, date and amount.

16. **Adjustment History** – Adjustments made to the retailer for the week requested.

17. **Weekly Settlement** – Combined Lotto, InstaPlay, Scratch and Pull-tab total activity for requested week. Prints automatically at retail locations at the start of every week.
APPENDIX F: 
FILES TO TRANSFER TO/FROM THE LOTTERY

Below is a generic list of files that are currently or are proposed to be transferred between the Lottery and the Successful Vendor. Actual file formats are to be resolved with the Lottery with final approval by the Lottery.

This list of files is not intended to represent an all-inclusive list of the files to be transferred required by Lottery. It is intended as a sample only.

1. MUSL MARS Interface. The system must be able to produce files that are required for the MUSL Automated Reporting System (MARS). Data files in an XML format are transmitted to the MARS system for any multi-state game with a lock down feature, daily sales, drawing sales and winner-by-tier. Any solution offered by the Vendor must satisfy MUSL hash file requirements.

2. Lotto Terminal Retailer Accounting/Billing related reports. Files containing information related to a retailer’s accounting/billing such as weekly and daily billing information.

3. Daily lotto sales information. The system must provide access to all Lottery related data by means of relational database tables. These tables will be used to generate needed Lottery reports and systems. These tables must include (but not be limited to) financial, sales, retailer and game data. The Lottery currently has access to such data either remotely of locally.

4. Vendor gaming system files/reports. Currently accessed directly from the vendor are Electronic Funds Transfer (EFT) data, winning numbers data and unclaimed prizes data. These are accessed either by direct server connection or web shares. Additionally any testing data files need to also be made available thru one of these methods.

5. Near real-time retailer down information. This file may contain such information as which retailers were down or degraded and for how long as well as certain system log information for analysis. Vendors are expected to keep these historical records for at least a period of 90 days.

6. Web site XML for ialottery.com. The following XML files will need to be generated the Vendor and placed on the ialottery.com SFTP site on the dates/times indicated for each file:

   6.a. - prizes.xml – Generated and SFTP to ialottery.com daily at 5:45 AM CDT. File contains the number of ‘winners’, by prize ‘tier’, ‘GameType’, ‘DrawNumber’, ‘GameNameLong’, ‘GameNameShort’, for the drawings occurring the previous day (including mid-day/evening where applicable) of each Lotto game (i.e. Powerball, Mega Millions, Lucky for Life, Lotto America, Pick 3, and Pick 4). For Pick 3 play types: 'STR', 'BOX (6-way)', 'BOX (3-way)', 'STR/BOX (6-way exact)', 'STR/BOX (6-way any)', 'STR/BOX (3-way exact)', 'STR/BOX (3-way any)', 'Front Pair', 'Back
Pair'. For Pick 4 play types: 'STR', 'BOX (24-way)', 'BOX (12-way)', 'BOX (6-way)', 'STR/BOX (24-way exact)', 'STR/BOX (24-way any)', 'STR/BOX (12-way exact)', 'STR/BOX (12-way any)', 'STR/BOX (6-way exact)', 'STR/BOX (6-way any)', 'Front Pair', 'Back Pair'. The iaticalottery.com web site uses this information for the draw results pages for the Lotto games.

Example prizes.xml:

```
6.b. – unclaimed.xml – Generated and SFTP to iaticalottery daily at 5:45 AM CDT. File contains unclaimed Lotto and InstaPlay prizes. Fields include: retailer ‘City’, retailer ‘Address’, retailer ‘Name’, ticket ‘ExpireDate’, ticket ‘WonDate’, ticket won ‘Amount’, ‘DayEve’ where applicable, ‘GameName’, and ‘Category’. Example unclaimed.xml:
```
6.c. – **winnum.xml** - Generated and SFTP to i aloottery.com daily every 15 minutes daily from 12:15 PM until 3:00 PM CDT and 10:00 PM until 12:00 AM CDT. Contains the winning numbers for all Lotto drawings for the past five days. Any drawing’s winning numbers for Powerball, Mega Millions, Lotto America, Lucky for Life, Pick 3 and Pick 4 will be in the file. Fields are: ‘DrawDate’, ‘DrawNumber’, where applicable ‘MidEve’, ‘GameNameLong’, ‘GameNameShort’, ‘gameNumber’ and depending on the game: ‘n1’, ‘n2’, ‘n3’, ‘n4’, ‘n5’, ‘x1’, ‘x1Test’, ‘x2’ and ‘x2Text’. **Example winnum.xml:**
6.d. – remainingprizes.xml – Generated and SFTP to ialottery.com daily at 6:30 am CDT. Contains all of the prize levels with remaining prizes for Scratch games and InstaPlay games. Lottery will build the Pull-tab remaining prizes separate from this xml file. Fields include: ‘GameNumber’,
‘GameNameLong’, ‘Prize’, ‘Claimed’, ‘Unclaimed’, and ‘Category’. **Example remainingprizes.xml:**

```xml
<?xml version="1.0" encoding="ISO-8859-1"?>
<root>
  <row Unclaimed="4" Claimed="4" Prize="10,000.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="60" Claimed="57" Prize="2,000.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="169" Claimed="86" Prize="1,000.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="306" Claimed="196" Prize="500.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="780" Claimed="486" Prize="200.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="2,028" Claimed="1,321" Prize="100.00" Cost="10" GameNameLong="$"
       GameNumber="402" Category="SCRATCH"/>
  <row Unclaimed="29" Claimed="67" Prize="2,000.00" Cost="2" GameNameLong="CHERRY TWIST
       PROGRESSIVE" GameNumber="141" Category="INSTAPLAY"/>
  <row Unclaimed="85" Claimed="203" Prize="200.00" Cost="2" GameNameLong="CHERRY TWIST
       PROGRESSIVE" GameNumber="141" Category="INSTAPLAY"/>
  <row Unclaimed="710" Claimed="1,690" Prize="100.00" Cost="2" GameNameLong="CHERRY TWIST
       PROGRESSIVE" GameNumber="141" Category="INSTAPLAY"/>
</root>
```

6.e - **InstaPlay Progressive Jackpots & Last Won** – The Vendor and Lottery will work together to establish an API that will allow i alottery.com web site to pull InstaPlay progressive game information for current jackpot (as of a certain date/time) and last won information that includes date and city won.

6.f - **Billboard XML Files** – The Vendor shall generate XML files and SFTP to m.ialottery.com/xml after each drawing of Powerball (Powerball.xml), Mega Millions (MegaMillions.xml), and Lotto America (LottoAmerica.xml). **Example Powerball.xml:**

```xml
<?xml version="1.0" encoding="ISO-8859-1"?>
<ROOT>
  <row cashoption="$25,900,000" jackpot="$40,000,000"
       numbers="13-23-32-35-68 PB:21 PP:3"
       gamename="Powerball" drawdate="07/13/2019"/>
</ROOT>
```

6.g – **Lottery Check Writer API** - The Lottery has its own check writing application that interacts with the System in order to pay tickets at Lottery Regional Offices and Headquarters. The Successful Vendor shall provide
a SOAP web service API to support the claims payment process by developing web services matching the two examples below:

**Scratch Ticket Example SOAP Request and Response**

Instant Ticket Web Service URL: http://ia-gmsweb1/wcheckwriter/wcheckwriter.asmx?op=GetInstantPrize

Request:

```xml
<?xml version="1.0" encoding="utf-8"?>
<soap12:Envelope xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmns:xsd="http://www.w3.org/2001/XMLSchema" xmlns:soap12="http://www.w3.org/2003/05/soap-envelope">
  <soap12:Body>
    <GetInstantPrize xmlns="http://tempuri.org/">
      <game>GAMENUMBER</game>
      <pack>PACKNUMBER</pack>
      <ticket>TICKETNUMBER</ticket>
      <vin>VIKNWITHGOUTDBXGITS</vin>
    </GetInstantPrize>
  </soap12:Body>
</soap12:Envelope>
```

Response:

```xml
<?xml version="1.0" encoding="utf-8"?>
<soap12:Envelope xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
xmns:xsd="http://www.w3.org/2001/XMLSchema" xmlns:soap12="http://www.w3.org/2003/05/soap-envelope">
  <soap12:Body>
    <GetInstantPrizeResponse xmlns="http://tempuri.org/">
      <GetInstantPrizeResult>
        <string>STATUS CODE</string>
        <string>STATUS TEXT</string>
        <string>GAMENUMBER</string>
        <string>PACKNUMBER</string>
        <string>TICKETNUMBER</string>
        <string>TICKET PRICE IN PENNIES</string>
        <string>PRIZE VALUE IN PENNIES</string>
        <string>JACKPOT FLAG</string>
        <string>NONCASH DESCRIPTION</string>
        <string>CASHING DATE</string>
        <string>CASHING RETAILER ID</string>
        <string>SELLING RETAILER ID</string>
      </GetInstantPrizeResult>
    </GetInstantPrizeResponse>
  </soap12:Body>
</soap12:Envelope>
```
Lotto Ticket Example SOAP Request and Response

Lotto Ticket Web Service URL: http://ia-gmsweb1/wcheckwriter/wcheckwriter.asmx?op=GetOnlinePrize

Request:

```xml
<?xml version="1.0" encoding="utf-8"?>
<soap12:Envelope xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
 xmlns:xsd="http://www.w3.org/2001/XMLSchema" xmlns:soap12="http://www.w3.org/2003/05/soap-envelope">
  <soap12:Body>
    <GetOnlinePrize xmlns="http://tempuri.org/">
      <accountPeriod>APX DATE</accountPeriod>
      <serial>TICKET SERIAL NUMBER</serial>
    </GetOnlinePrize>
  </soap12:Body>
</soap12:Envelope>
```

Response:

```xml
<?xml version="1.0" encoding="utf-8"?>
<soap12:Envelope xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance"
 xmlns:xsd="http://www.w3.org/2001/XMLSchema" xmlns:soap12="http://www.w3.org/2003/05/soap-envelope">
  <soap12:Body>
    <GetOnlinePrizeResponse xmlns="http://tempuri.org/">
      <GetOnlinePrizeResult>
        <string>STATUS CODE</string>
        <string>STATUS TEXT</string>
        <string>GAME NUMBER</string>
        <string>GAME NAME</string>
        <string>WAGER AMOUNT</string>
        <string>PRIZE VALUE IN PENNIES</string>
        <string>JACKPOT FLAG</string>
        <string>NONCASH DESCRIPTION</string>
        <string>CASHING DATE</string>
        <string>CASHING RETAILER ID</string>
        <string>SELLING DATE</string>
        <string>SELLING RETAILER ID</string>
        <string>DRAW DATE</string>
      </GetOnlinePrizeResult>
    </GetOnlinePrizeResponse>
  </soap12:Body>
</soap12:Envelope>
```
APPENDIX G: LOTTERY BACKGROUND AND GENERAL INFORMATION

History

The people of Iowa voted by greater than a 2-to-1 margin in November 1972 to repeal language in the state’s Constitution that placed a prohibition on a Lottery.

Legislation creating the Iowa Lottery was not signed into law, however, until April 1985. Lottery sales began in Iowa on Aug. 22, 1985, with a kickoff celebration at the Iowa State Fair.

The first game sold by the Iowa Lottery was a $1 scratch product called “Scratch, Match and Win” and players bought more than 6.4 million tickets during the first week of play.

In the years since, the Iowa Lottery has raised nearly $1.9 billion for state programs while its players have won more than $2.4 billion in prizes.

Lottery profits have helped the state in a variety of ways through the years. Lottery proceeds currently benefit the Iowa Veterans Trust Fund, the Public Safety Officer Survivor Benefit fund, and the state General Fund. Lottery proceeds also were used to secure financing for the Vision Iowa program. Vision Iowa was created in 2000 to provide funding for tourism attractions and school repairs in the state. Bonds for the program were issued with direct funding provided by state revenues from racetracks and casinos, and Lottery revenues used as a backup over the 20-year payback period of the bonds.

General Information

The Iowa Lottery Authority is corporate-model Lottery that focuses on entrepreneurialism in its operations. Iowa law declares that “Lottery games shall be operated and managed in a manner that provides continuing entertainment to the public, maximizes revenues and ensures that the Lottery is operated with integrity and dignity and free from political influence.”

The CEO of the self-funded state authority is appointed by the governor and confirmed by the Iowa Senate. The CEO serves a four-year term. The CEO and the Lottery Board of Directors oversee Lottery operations and approve or alter the Lottery’s budget. Five members of the Lottery Board are appointed by the governor, confirmed by the Senate and serve staggered four-year terms. The state treasurer serves on the Board as an ex-officio member.

There are approximately 115 full-time Lottery employees working at the Lottery’s headquarters in Clive and its regional offices in Council Bluffs, Storm Lake, Mason City and Cedar Rapids. Lottery sales representatives deliver tickets on sales routes to about 2,400 retail locations across the state.
Product Categories

The Lottery sells tickets in four game categories: Lotto, InstaPlay, Scratch and Pull-tabs. Preliminary figures for fiscal year 2019 show that Iowa Lottery sales totaled $390.8 million. Scratch tickets accounted for $250.6 million dollars of Lottery sales; lotto games generated $117.5 million in sales; pull-tabs made up approximately $10.9 million in sales; and InstaPlay accounted for approximately $11.9 million in sales.

Lotto Games

The Iowa Lottery currently has six (6) lotto games. They are:
1. Powerball – a multi-state game, Drawings are at approximately 9:59 p.m. on Wednesdays and Saturdays.
2. Mega Millions – a multi-state game. Drawings are at approximately 9:59 p.m. on Tuesdays and Fridays.
3. Lotto America – a multi-state game. Drawings are held on Wednesday and Saturday nights just before the Powerball drawings.
4. Lucky for Life - a multi-state game Drawings occur at approximately 9:38 p.m. on Mondays and Thursdays.
5. Pick 3 – an Iowa-only daily-draw, three-digit, pari-mutuel style game. Drawings occur at approximately 12:20 p.m. and 10:00 p.m. daily.
6. Pick 4 – an Iowa-only daily-draw, four-digit, pari-mutuel style game. Drawings occur at approximately 12:20 p.m. and, Monday through Saturday and 10:00 p.m. daily.

Scratch Games

The Iowa Lottery releases about 40 scratch games a year at three-week intervals. Current price points within the scratch-ticket category are $1, $2, $3, $5, $10, $20 and $30.

Pull-Tab Games

The Iowa Lottery releases about 10 pull-tab games a year at four-week intervals. Current price points within the pull-tab category are 25 cents, 50 cents, $1, $2 and $5.

InstaPlay Games

The Iowa Lottery has eight InstaPlay games at the $1, $2, $5 and $10 price points with each level having a progressive and non-progressive game. The Lottery intends to add a $20 price point by the end of calendar year 2019.

Back-Office Systems

The Iowa Lottery’s Back Office System is presently located at Lottery headquarters in Clive, Iowa. The system consists of Microsoft Windows servers, to host ASP, PHP,
Microsoft SQL, Visual Basic .NET. This system is used for sales reporting and analysis, and other in-house applications.

The Lottery LAN/WAN operates using TCP/IP. Most Lottery desktop PCs are currently running Windows 10. The vendor must be aware of systems limitations when developing software and hardware to ensure all Lottery hardware/software components can operate in the gaming environment, if applicable.

**Jurisdictional Game Groups**

The Iowa Lottery is a charter member of the Multi-State Lottery Association (MUSL). The Lottery sells the Powerball, Mega Millions and Lotto America, Lucky for Life games and has offered other MUSL games in the past.

**Major Vendors**

The Iowa Lottery has contracts with two advertising agencies. Bucket Media in Ankeny, Iowa, conducts media-buying and post-buy analysis services for television and radio advertising. The Strategic America in West Des Moines, Iowa, provides creative and production services for Lottery advertising. Both agencies also can provide public relations services to the Lottery.

Scientific Games International (SGI) based in Alpharetta, Ga., is the Lottery’s current lotto system provider. The Lottery leases self-service kiosks from SGI.

SGI, IGT and Pollard are the Lottery’s scratch ticket printing vendors. American Games Inc. based in Council Bluffs, Iowa, is the Lottery’s current pull-tab printing vendor.

The Lottery purchased the pull-tab vending machines that it currently has in the field from American Games Inc. in 2016.
## Audited Past Sales Figures

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>Fiscal Year 2018</th>
<th>Fiscal Year 2017</th>
<th>Fiscal Year 2016</th>
<th>Fiscal Year 2015</th>
<th>Fiscal Year 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant-scratch ticket sales</td>
<td>244,260,964</td>
<td>237,617,703</td>
<td>233,661,884</td>
<td>211,966,966</td>
<td>188,754,111</td>
</tr>
<tr>
<td>Instaplay sales</td>
<td>9,733,759</td>
<td>5,820,274</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pick 3 sales</td>
<td>7,705,163</td>
<td>7,318,686</td>
<td>7,376,766</td>
<td>7,046,335</td>
<td>6,948,165</td>
</tr>
<tr>
<td>Powerball sales</td>
<td>58,471,047</td>
<td>54,292,902</td>
<td>74,861,133</td>
<td>52,231,108</td>
<td>61,153,876</td>
</tr>
<tr>
<td>Mega Millions sales</td>
<td>21,293,740</td>
<td>14,957,109</td>
<td>16,401,018</td>
<td>17,980,367</td>
<td>21,835,102</td>
</tr>
<tr>
<td>Hot Lotto sales</td>
<td>3,761,425</td>
<td>8,210,714</td>
<td>8,827,600</td>
<td>11,111,717</td>
<td>10,434,227</td>
</tr>
<tr>
<td>Raffle sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>242,960</td>
</tr>
<tr>
<td>Pick 4 sales</td>
<td>4,341,103</td>
<td>3,946,273</td>
<td>3,554,719</td>
<td>3,231,397</td>
<td>3,224,892</td>
</tr>
<tr>
<td>All or Nothing sales</td>
<td>-</td>
<td>3,186,443</td>
<td>3,989,479</td>
<td>4,542,846</td>
<td>3,196,195</td>
</tr>
<tr>
<td>$100,000 Cash Game sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,530,984</td>
</tr>
<tr>
<td>Monopoly Millionaires’ Club</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>591,605</td>
<td>-</td>
</tr>
<tr>
<td>Lucky for Life sales</td>
<td>5,600,490</td>
<td>5,599,966</td>
<td>3,154,994</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Lotto America sales</td>
<td>4,872,494</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pull-tab sales</td>
<td>10,916,692</td>
<td>11,232,740</td>
<td>15,073,332</td>
<td>16,045,073</td>
<td>15,734,917</td>
</tr>
</tbody>
</table>

*Table 1. Iowa Lottery Sales by Product – Last Five Fiscal Years.*
APPENDIX H:
DISCLOSURE FORMS

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

https://ialottery.com/Pages/Vendors/VendorsMain.aspx

DCI class “L” Business Entity

DCI class “L-1” Bidder Key Personnel

DCI class “O” Lottery Background
APPENDIX I:
TRANSMITTAL LETTER CONTENT

The VENDOR shall submit a cover transmittal letter providing the information requested below. The cover letter shall be submitted on the VENDOR’S business letterhead and shall contain all the information as listed in this section. A person(s) legally authorized to contractually bind the business entity must sign the cover transmittal letter.

1) State the name, address, telephone number and e-mail address (if available) of the Vendor's representative to contact regarding all **contractual** matters concerning this Proposal.

2) State the name, address, telephone number and e-mail address (if available) of the Vendor's representative to contact regarding all **technical** matters concerning this Proposal.

3) State the name, address, telephone number and e-mail address (if available) of the Vendor's representative to contact regarding **scheduling** and other arrangements, if necessary.

4) Identify the firm that audits the Vendor's financial information.

5) State the Vendor's Federal Employer Identification Number.
APPENDIX J:
NON-DISCLOSURE AGREEMENT

In consideration of the Iowa Lottery Authority (Iowa Lottery) retaining the services of ___________________________________________________________ (Successful Vendor), and because of the sensitivity of certain information that may come under the care and control of Successful Vendor, both parties agree that all data and information relating to the business of the Iowa Lottery which is, or has been, disclosed to, or obtained by, Successful Vendor in connection with its engagement or employment by the Iowa Lottery (Confidential Information) shall remain confidential subject to release only with the prior written permission of the Iowa Lottery, and more specifically agree as follows:

1. The Confidential Information may be used by the Successful Vendor only to assist the Successful Vendor in connection with its engagement or employment with the Iowa Lottery.
2. The Successful Vendor will not, at any time, use the Confidential Information in any fashion, form, or manner except in its approved capacity with the Iowa Lottery.
3. The Successful Vendor agrees to maintain the confidentiality of the Confidential Information.
4. The Confidential Information may not be copied or reproduced without the Iowa Lottery’s prior written consent.
5. All Confidential Information made available to Successful Vendor, including copies thereof, shall be returned to the Iowa Lottery upon the first to occur of (a) completion of the project, (b) termination of Successful Vendor’s engagement or employment, or (c) request by the Iowa Lottery.
6. The foregoing shall not prohibit or limit Successful Vendor’s use of the Confidential Information (including, but not limited to, ideas, concepts, know-how, techniques and methodologies) (a) previously known to it (b) independently developed by it, (c) acquired by it from a third party or (d) which is or becomes part of the public domain through no breach by the Successful Vendor.
7. The foregoing shall not prohibit or limit the Successful Vendor’s disclosure of Confidential Information after notification to the Iowa Lottery if required by an appropriate judicial order.
8. This agreement shall become effective as of the date Confidential Information is first made available to the Successful Vendor and shall survive any agreement for services or employment and shall be a continuing obligation of Successful Vendor.
9. Successful Vendor will require that this agreement be signed by all its employees and agents who are assigned to perform any services at or for the Iowa Lottery or who are privy to Confidential Information concerning the Iowa Lottery.
10. This agreement shall not be construed as an employment contract.

Successful Vendor:    Iowa Lottery:
By______________________________  By_________________________________
Title____________________________  Title________________________________
Date____________________________  Date________________________________

Iowa Lottery Authority          IL 20-01 Computer Gaming System and Related Products & Services
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APPENDIX K:
DATA TO BE AVAILABLE IN DATA WAREHOUSE

Below is a generic description of the data that must be made available upon implementation of the data warehouse solution. Actual specifications of the tables and datasets are to be resolved with the Lottery with final approval by the Lottery.

The Vendor shall describe its ability to integrate a minimum of five years historical data from the current databases used by the Lottery and/or the previous Lottery gaming system into the new data warehouse.

<table>
<thead>
<tr>
<th>Subject Area</th>
<th>Required Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lottery terminal activity</td>
<td>Activity date, retailer number, retailer name, activity type, activity description, amount. Grouped and summed by activity date, retailer number, activity type.</td>
</tr>
<tr>
<td>All retailer activity by date</td>
<td>Activity date, terminal type (lottery only or all), activity type, activity description, amount. Grouped and summed by activity date, terminal type.</td>
</tr>
<tr>
<td>All retailer activity by date and retailer</td>
<td>Activity date, retailer number, activity type, activity description, activity level (financial or non-financial), transaction count, amount. Grouped and summed by activity date, retailer number, activity type.</td>
</tr>
<tr>
<td>Kiosk sales</td>
<td>Activity date, retailer number, game type, ticket count, amount. Grouped and summed by activity date, retailer number, game type.</td>
</tr>
<tr>
<td>Promotions</td>
<td>Activity date, game name, promotion number, transaction count, amount. Grouped and summed by activity date, promotion number.</td>
</tr>
<tr>
<td>Active retailer information</td>
<td>Status date, retailer key, retailer number, retailer name, owner number, owner name, retailer street address, retailer city, retailer state, retailer zip, retailer county, chain number, chain name, business type, region, sales representative number, sales representative name, stop day of the week number, stop day of the week name, stop number, industry code, activity start date, license date, count of online terminals, count of kiosk terminals, scratch ticket settle terms, scratch ticket days to settle, scratch ticket cashed percent to settle, scratch ticket commission type. Grouped and summed by date, retailer number.</td>
</tr>
<tr>
<td>Category</td>
<td>Data Details</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Scratch game liability</td>
<td>Activity date, game number, initial number of prizes, initial prize liability amount, number of prizes cashed previously, amount of prizes cashed previously, number of prizes cashed today, amount of prizes cashed today, total number of prizes cashed, total amount of prizes cashed. Grouped and summed by activity date, game number.</td>
</tr>
<tr>
<td>Scratch game prize structure</td>
<td>Status date, game number, prize level, liability amount, prize type (metered/not metered). Grouped and summed by status date, game number.</td>
</tr>
<tr>
<td>Scratch and pull-tab game definition</td>
<td>Status date, game type (instant/pull-tab), game number, order start date, order end date, activation start date, activation end date, validation start date, validation end date, settles end date, returns end date, auto order end date, initial order start date, initial number of packs, number of tickets per pack, number of packs per pool, retail ticket price, ticket inventory cost. Grouped and summed by status date, game number.</td>
</tr>
<tr>
<td>Scratch and pull-tab game settles by game</td>
<td>Activity date, game type (scratch/pull-tab), game number, gross settled value, gross commissions, return value, return commissions, net settled value. Grouped and summed by activity date, game number.</td>
</tr>
<tr>
<td>Scratch game settles by retailer</td>
<td>Activity date, retailer number, game number, pack number, number of tickets settled, amount settled, settled commission amount, number of tickets returned, amount returned, return commission amount. Grouped and summed by activity date, retailer number, game number, pack number.</td>
</tr>
<tr>
<td>Pull-tab game settles by retailer</td>
<td>Activity date, retailer number, game number, pack number, number of tickets settled, amount settled, settled commission amount, number of tickets returned, amount returned, return commission amount. Grouped and summed by activity date, retailer number, game number, pack number.</td>
</tr>
<tr>
<td>Scratch and pull-tab game inventory by game</td>
<td>Status date, game number, game name, number of available tickets, value of available tickets, number of unavailable tickets, value of unavailable tickets. Grouped and summed by status date, game number.</td>
</tr>
<tr>
<td>InstaPlay game definition</td>
<td>Status date, game number, game name, activation start date, activation end date, validation start date, validation end date, number of packs, retail ticket price, top prize value, jackpot increment value. Grouped and summed by status date, game number.</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>InstaPlay game sales</td>
<td>Activity date, game number, number of tickets sold, gross sales amount, commission amount, coupon/promotion amount. Grouped and summed by activity date, game number.</td>
</tr>
<tr>
<td>InstaPlay game liability</td>
<td>Activity date, game number, number of winning tickets sold, amount of winning tickets sold, number of winning tickets cashed, amount of winning tickets cashed, number of winning tickets expired, amount of winning tickets expired. Grouped and summed by activity date, game number.</td>
</tr>
<tr>
<td>Lotto game activity by draw</td>
<td>Activity (draw) date, draw number, game number, game name, number of bets sold for the draw, amount of bets sold for the draw, number of cancels for the draw, amount of cancels for the draw, amount of coupons/promotions for the draw, net sales amount for the draw, number of prizes won in the draw, amount of prizes won in the draw (liability). Grouped and summed by activity date, draw number, game number.</td>
</tr>
<tr>
<td>Lotto game daily sales and cashes</td>
<td>Activity date, game number, game name, number of bets sold today, amount of bets sold today, number of today's cancels, amount of today's cancels, amount of today's coupons/promos, amount of today's net draw sales, number of today's cashes, amount of today's cashes. Grouped and summed by activity date, game number.</td>
</tr>
<tr>
<td>Lotto game liability activity</td>
<td>Activity date, game number, game name, draw date, draw number, number of prizes cashed today, amount of prizes cashed today, number of prizes expired today, amount of prizes expired today. Grouped and summed by activity date, draw number, game number.</td>
</tr>
</tbody>
</table>
APPENDIX L:
IOWA LOTTERY SUGGESTED ORDER PROCESS

The Iowa Lottery utilizes a primary and secondary instant ticket delivery process. The primary process (courier delivery) utilizes a courier company to deliver tickets to the retailer. Currently that courier is United Parcel Service (UPS). The secondary process is trunk delivery that enables a Lottery District Sales Representative (DSR) to delivery tickets to retailers.

The courier delivery process works this way:

1. The Lottery delivers orders to retailers each week.
   a. Approximately 20% of the retailers receive an order each day during a non-holiday work week.
2. Each day, at approximately 4:00 AM, the system will generate a suggested order for that day’s retailers.
   a. The system will send that order out to the retailer and the order will be available for the retailer to review. When the retailer reviews the order they can:
      i. Approve original order. This approval completes the ordering process and sends the order to the warehouse operation to be packaged.
      ii. Change the order. The retailer can add or subtract from the suggested order. The retailer can only make order changes until noon that day.
         1. If the order is changed, the Lottery has to approve the change. This can be approved by a DSR on the retailer terminal or by a Lottery employee at the Lottery regional office.
         2. Once the change is approved, the order is sent to the warehouse to be packaged.
         3. Retailers are not allowed to delete an order.
         4. DSRs cannot delete an order at the retailer terminal, but Lottery staff can delete an order through the gaming system software.
   b. At a predetermined time of the day, generally 3:00 PM, the system will auto-approve any order that has not been previously approved by a retailer or Lottery representative.
      i. This process sends the orders to the warehouse to be packaged.
   c. All orders are packaged by 4:00 PM and picked up by UPS.
      i. UPS sorts the orders and all packages are delivered to retailers the next business day.
3. The Lottery releases new games at the beginning of every month.
   a. The Lottery has established an initial allocation quantity for each price point.
   b. The warehouse packages the initial orders and holds them so that all of the orders are picked up and delivered by UPS on the same day.
      i. The warehouse begins packaging initial allocations 7 -10 business days before they go out.
      ii. This is a separately packaged order and is not combined with the regular weekly orders.
4. Each retailer has a profile on their terminal that lists the games that are available for order.
   a. This profile has a flexibility to show how many facings per game that the retailer has.
   b. DSRs or office staff perform a function that enables new games to be ordered on the system.
   c. DSRs, not retailers, have the ability to adjust the retailer’s profile.
      i. DSRs are responsible for maintaining the correct facing counts in the retailer profile.
      ii. Lottery has ability to turn on and off suggested order function, retailer does not have this ability.
      iii. Lottery can adjust the safety stock number which identifies how many tickets are predicted by the system, retailer does not have this ability.

5. The system will accommodate special orders.
   a. DSRs can place special orders on the retailer terminal. Once the order is placed, it is sent to the warehouse to be packaged.
   b. Lottery office staff can place a special order through the gaming system. Once the order is placed, it is sent to the warehouse to be packaged.

6. Warehouse packaging process.
   a. When an order is received from a retailer or the Lottery, it goes into a que to be filled.
   b. The warehouse worker accesses the order at a workstation.
      i. The order is displayed.
      ii. We use a pick and pack method where the pack is picked by the warehouse worker, scanned & placed into a tub.
      iii. After all of the packs are picked and scanned, the order is closed.
         1. When the order is closed, a manifest is produced for the entire order. It is placed in the tub with the tickets along with a shipping label produced by UPS.
         2. Tickets, manifest and label proceed to a warehouse worker who will check the order, package it for shipment and place it in a container for UPS to pick up.
   c. The warehouse employees can cancel an order on the system if this is necessary.