Invitation to Negotiate
Issue Date: February 3, 2015

Lottery Gaming System and Related Commodities & Services

Project Number: 066-14/15
Submissions Due: March 17, 2015, 3:00 PM ET

Florida Lottery
Procurement Management
250 Marriott Drive
Tallahassee, Florida 32301
# Table of Contents

## PART 1 - SUBMISSION INFORMATION

1.1 INTRODUCTION ................................................................................................................................. 1
1.2 PROCUREMENT AUTHORITY ................................................................................................................ 1
1.3 DEFINITIONS ...................................................................................................................................... 1
1.4 ISSUING OFFICER ............................................................................................................................... 2
1.5 CONTRACTING OFFICER .................................................................................................................... 2
1.6 RESTRICTIONS ON COMMUNICATIONS ........................................................................................... 2
1.7 SCHEDULE OF EVENTS ....................................................................................................................... 3
1.8 ITN CLARIFICATION PROCESS ........................................................................................................ 3
1.9 PROTEST OF THE ITN AND / OR THE AWARD ............................................................................... 4
1.10 REPLY RECEIPT AND OPENING ...................................................................................................... 4
1.11 LATE REPLIES ................................................................................................................................... 5
1.12 REPLY TENURE ................................................................................................................................. 5
1.13 ADMINISTRATIVE QUALIFICATION REVUEW & CURE PROCESS ................................................ 5
1.14 NON-RESPONSIVE REPLIES ........................................................................................................ 6
1.15 DISQUALIFICATION FOR NON-RESPONSIBILITY ...................................................................... 6
1.16 VENDOR FELONIES, CONVICTED VENDOR LIST, DISCRIMINATORY VENDOR LIST, SCRUTINIZED COMPANIES LIST ........................................................................................................ 7
1.17 WITHDRAWAL FROM CONSIDERATION ........................................................................................ 8
1.18 CLARIFICATION PROCESS .............................................................................................................. 8
1.19 DISCLOSURE AND OWNERSHIP OF REPLY CONTENTS BY THE LOTTERY .............................. 8
1.20 CONFIDENTIAL REPLY MATERIALS ............................................................................................ 9
1.21 COSTS / LIABILITIES ASSOCIATED WITH REPLY .................................................................... 9
1.22 REJECTION OR SELECTION OF REPLIES ................................................................................... 10
1.23 NON-EXCLUSIVE RIGHTS ............................................................................................................ 10
1.24 CHANGE OF FINANCIAL CONDITION .......................................................................................... 10
1.25 HIRING AND OTHER BUSINESS RELATIONSHIPS WITH LOTTERY STAFF .......................... 10
1.26 PERSONS REQUIRING SPECIAL ACCOMMODATIONS ............................................................ 10
1.27 APPLICABLE LAWS AND PROCEDURES ....................................................................................... 11
1.28 CONTRACT TERMS AND CONDITIONS / PERFORMANCE REQUIREMENTS AND DELIVERABLES ................................................................................................................................. 11

## PART 2 – SCOPE & CONTENT OF RESPONSE

2.1 LOTTERY OBJECTIVES ...................................................................................................................... 12
2.2 READINESS FOR PRODUCTION AND DELIVERY ....................................................................... 12
2.3 VENDOR SYSTEM DESCRIPTION ............................................................................................... 13
2.4 VENDOR CORPORATE CAPABILITY & GENERAL SYSTEM OPERATION EXPECTATIONS ........ 14
2.5 ENHANCEMENTS AND ADDITIONAL OFFERINGS .................................................................. 20
2.6 DEMONSTRABILITY OF PROPOSED SYSTEM ............................................................................. 24
2.7 RELOCATION DURING CONTRACT TERM ...................................................................................... 24

## PART 3 – ADMINISTRATIVE-QUALIFICATION REVIEW & CURE PROCESS

........................................................................ 25
3.1 INTRODUCTION ............................................................................................................................... 25
3.2 CONFLICT OF INTEREST AND DISCLOSURE .................................................................................. 25
3.3 REPY AND LITIGATION BONDS ................................................................................................... 25
3.4 ACKNOWLEDGEMENT OF ITN ADDENDA ....................................................................................... 26
3.5 FINANCIAL STATEMENTS ............................................................................................................. 27
3.6 VENDOR INFORMATION & DISCLOSURE / BACKGROUND INVESTIGATIONS ...................... 28
3.9 RESPECT OF FLORIDA – CONTRACTUAL RELATIONSHIP .................................................... 30
3.10 PREFERENCE TO FLORIDA BUSINESSES .................................................................................. 31

PART 4 - INSTRUCTIONS FOR PREPARING AND SUBMITTING REPLIES .......... 32
4.1 PACKAGING & LABELING .............................................................................................................. 32
4.2 COPIES OF REPLIES ..................................................................................................................... 32
4.3 EXECUTION OF REPLY .................................................................................................................. 33
4.4 FORMATTING ................................................................................................................................ 34
4.5 LATITUDE IN REPLY CONTENTS ................................................................................................. 35
4.6 COST & COMPENSATION ............................................................................................................. 35
4.7 TIMELY SUBMISSION .................................................................................................................... 36

PART 5 – EVALUATION PROCESS AND NOTICE OF AGENCY DECISION .......... 37
5.1 INTRODUCTION ............................................................................................................................... 37
5.2 ADMINISTRATIVE-QUALIFICATION REVIEW & CURE PROCESS ........................................ 37
5.3 EVALUATION TEAM ....................................................................................................................... 37
5.4 EVALUATION PROCESS ................................................................................................................ 37
5.5 INFORMATION FROM OTHER SOURCES .................................................................................... 40
5.6 SCORING AND RANKING ............................................................................................................ 40
5.7 NEGOTIATION PROCESS .............................................................................................................. 40
5.8 NOTICE OF AGENCY DECISION ................................................................................................. 41

ATTACHMENTS
Attachment A .......... Definitions
Attachment B .......... Mandatory Requirements of Contract
Attachment C Special Terms and Conditions, Performance Requirements and Deliverables
Attachment D ....... Demonstrability of System
Attachment E .......... RESPECT of Florida Contract Terms
Attachment F .......... Cost Reply Form
Appendix 1 ............ Vendor Diversity Contractual Requirements
Appendix 2 ............ Lottery Typical Workstation Configuration
Appendix 3 ............ Management and Administrative Reports
Appendix 4 ............ Retailer Terminal Reports
Appendix 5 ............ Current Playstation Design
Appendix 6 ............ Florida Lottery Headquarters Lease Rate
PART 1 - SUBMISSION INFORMATION

1.1 INTRODUCTION

The Florida Lottery (the "Lottery") is issuing this Invitation to Negotiate (the “ITN”) to invite interested Vendors to submit Replies for the provision and implementation of a Lottery Gaming System (“System”) and associated gaming products and services.

The Lottery gaming system and services include, but are not limited to:

- Terminal based games capability;
- Scratch-Off ticket validation capability, Scratch-Off ticket games inventory management, and combined accounting;
- All necessary network facilities required to communicate across the System;
- Computer and network operations;
- Terminals;
- Primary and back-up computer system and facilities;
- Repair, maintenance, and updates of equipment and software; and
- Requisite consumables to support the contract requirements.

1.2 PROCUREMENT AUTHORITY

This ITN, and all activities leading toward the anticipated signing of a Contract pursuant to this ITN, are conducted under the Lottery policies set forth in Chapters 24 and 287, Florida Statutes and Rules 53ER07-55 and Chapter 60A, Florida Administrative Code, as applicable. The Lottery considers it in the best interest of the State of Florida to acquire the commodities and services described herein through a competitive procurement process.

The Lottery hereby determines, as required by § 287.057, Fla. Stat., that it is not practicable to use an Invitation to Bid or a Request for Proposals to acquire the commodities and services sought because a sufficiently detailed description of the commodities and services sought cannot be developed. Additionally, because the commodities and services to be provided will ultimately impact the Lottery’s mission to maximize transfers to the EETF, negotiations are appropriate to secure the best solution and qualified firm representing the best value. Therefore, this procurement is being conducted as an ITN with a request for competitive sealed Replies.

The Successful Vendor should be prepared to enter into a written agreement (the “Contract”) with the Lottery promptly after receiving the draft contract from the Lottery.

1.3 DEFINITIONS

Definitions applicable to this solicitation and the resulting contract are located in Attachment A.
1.4 **ISSUING OFFICER**

The Issuing Officer, acting on the Lottery’s behalf, is the sole point of contact with regard to all procurement matters relating to this ITN, from the date of issuance of this ITN until the Lottery’s posting of a Notice of Agency Decision.

All communication concerning this procurement should be addressed in writing to the Issuing Officer:

Ms. Summer Silvestri, Director  
Procurement Management  
Florida Lottery  
250 Marriott Drive  
Tallahassee, Florida 32301  
FAX: (850) 487-7760  
Email: purchasing@flalottery.com

1.5 **CONTRACTING OFFICER**

The Contracting Officer shall act on the Lottery’s behalf for contractual matters. The Contracting Officer is:

Ms. Cynthia F. O’Connell, Secretary  
Florida Lottery  
250 Marriott Drive  
Tallahassee, Florida 32301

1.6 **RESTRICTIONS ON COMMUNICATIONS**

Vendors responding to this solicitation or persons acting on their behalf may not contact, between the release of the solicitation and the end of the seventy-two (72) hour period (excluding Saturdays, Sundays, and state holidays) following the Lottery posting the Notice of Agency Decision, any employee or officer of the executive or legislative branch concerning any aspect of this solicitation, except in writing to the Issuing Officer or his designee. Violation of this provision may be grounds for rejecting a Reply.

The Vendor warrants that no person or selling agency has been employed or retained to solicit or secure an agreement pursuant to this ITN 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 that Contract any cost or consideration or otherwise recover the full amount of any such commission, percentage, brokerage or contingent fee.
1.7 SCHEDULE OF EVENTS

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

<table>
<thead>
<tr>
<th>EVENT</th>
<th>DATE AND TIME DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invitation to Negotiate issued</td>
<td>Tuesday, February 3, 2015</td>
</tr>
<tr>
<td>Vendors submit written questions about the Invitation to</td>
<td>Tuesday, February 17, 2015 at 12 noon</td>
</tr>
<tr>
<td>Negotiate, or requests for changes to conditions and</td>
<td>ET</td>
</tr>
<tr>
<td>specifications of the Invitation to Negotiate, to the</td>
<td></td>
</tr>
<tr>
<td>Issuing Officer no later than</td>
<td></td>
</tr>
<tr>
<td>Answers issued in addendum to Invitation to Negotiate</td>
<td>Thursday, February 26, 2015</td>
</tr>
<tr>
<td>Reply submissions due to Issuing Officer</td>
<td>Tuesday, March 17, 2015 at 3:00 PM ET</td>
</tr>
<tr>
<td>Administrative Qualification Review &amp; Cure Process as</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>specified in Section 1.13</td>
<td></td>
</tr>
<tr>
<td>Evaluation Team Review and Site Visits</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Evaluation Team Scoring</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Negotiations</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Notice of Agency Decision posted</td>
<td>To Be Determined</td>
</tr>
</tbody>
</table>

1.8 ITN CLARIFICATION PROCESS

The Lottery will not hold a pre-submission Vendor Conference in association with this ITN. One (1) round of clarification questions will allow Vendors to seek clarification concerning the ITN terms, conditions, and requirements as well as associated Reply submission and evaluation processes.

Questions relevant to this ITN and/or requests for changes to the ITN must be mailed, faxed, or e-mailed to the Issuing Officer. Vendors must observe the time schedule for submitting questions. This schedule will ensure that the Lottery has adequate time to respond to all questions and that the responses will be provided to Vendors in time to be incorporated into their Replies.

A copy of all questions along with the Lottery’s responses will be issued as an addendum to the ITN. Vendors are cautioned that an ITN inquiry must be written in general terms and should not contain cost information. The inclusion of specific cost information in an inquiry may result in the Vendor's disqualification.

Any addenda to this ITN will be posted on the Department of Management Services' Vendor Bid System. Potential Vendors must monitor the website for addenda and notices issued relating to this procurement.
Vendors can ensure their company is registered to receive e-mail notification of advertisements, addenda and notices by visiting the following link: http://www.myflorida.com/apps/vbs/vbs www.main menu and selecting the “Electronic Notification” link. The commodity codes vendors should register for pertaining to this procurement is: 48121102 “Lottery machine” and 48111301 “Ticket dispensing machines”

1.9 PROTEST OF THE ITN AND/OR THE AWARD

Any prospective Vendor who disputes the reasonableness or appropriateness of the terms, conditions, specifications and/or processes of this ITN or any subsequent addenda must, pursuant to § 24.109, Fla. Stat., file a formal written protest in appropriate form within seventy-two (72) hours (excluding State holidays, Saturdays and Sundays) of posting the ITN or any subsequent addenda.

Any Vendor who disputes the Lottery’s Notice of Agency Decision must, pursuant to § 24.109, Fla. Stat., file a formal written protest in appropriate form within seventy-two (72) hours (excluding State holidays, Saturdays, and Sundays) of posting of the Notice of Agency Decision.

Any Vendor who files a formal written protest shall, at the time of filing, post a protest bond in the amount of one percent (1%) of the Contract value as set forth in § 287.042(2)(c), Fla. Stat. (The Lottery will estimate the Contract value for this purpose.) Failure to file a formal written protest accompanied by the required bond within the time prescribed in § 24.109, Fla. Stat., shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.

Pursuant to section 120.57(3)(f), Florida Statutes, no submissions made after the agency announces its intent to award a contract, reject all Replies, or withdraw the solicitation which amend or supplement the Reply shall be considered.

1.10 REPLY RECEIPT AND OPENING

The Procurement Office will date and time stamp Vendor submissions on the exterior of each container and this date and time stamp will be the official time of receipt. Vendors choosing to hand-deliver Replies must take into consideration that the Lottery Headquarters building is a secure facility and they must arrive early to comply with security procedures before being admitted to the Procurement Office to timely deliver their Reply.

Upon written request, the Issuing Officer will confirm receipt of any Reply by telephone, e-mail or other method deemed appropriate.

The public may attend the Reply opening, at which time the names of the responding Vendors will be read aloud; however, the public may not immediately review any submitted Reply.
The contents of submissions are not public records subject to the provisions of §119.07(1), Fla. Stat., until the Lottery posts a Notice of Agency Decision pursuant to § 120.57(3)(a), Fla. Stat., or within thirty (30) days after the final competitive Reply opening, whichever is earlier. Vendor Cost submittals will not be opened at this time.

Disclosure of Reply contents by a Vendor or agent of a Vendor prior to the Reply becoming a public record may result in rejection of the Reply at the Lottery’s discretion.

No attempt shall be made by a Vendor to induce any other person or entity to submit or not submit a Reply for the purpose of affecting competition.

1.11 LATE REPLIES

The Issuing Officer must receive Replies pursuant to this ITN no later than the date and time specified herein. Failure of a Vendor to submit its Reply by the specified date and time will result in rejection of the Reply, unless the Lottery determines that the failure to timely submit the Reply is a result of Force Majeure, beyond the control of the Vendor. Replies that are rejected for being late will be retained by the Lottery.

1.12 REPLY TENURE

Replies will be binding until execution of a Contract with the successful Vendor.

1.13 ADMINISTRATIVE QUALIFICATION REVIEW & CURE PROCESS

The document and information required in response to Parts 2, 3 and 4 may be used by the Lottery to “administratively qualify” vendors who respond to the ITN prior to ITN Part 2 responses being submitted to the Evaluation Team for scoring. Many of the documents referenced in Parts 2, 3 and 4 are hyperlinked and are available for downloading from the Lottery’s website.

The administrative qualification review & cure process is to enable the Lottery to determine a Vendor’s financial resources, to facilitate its background investigation of Vendors and Substantial Subcontractors, Vendor’s compliance with stated bond requirements, and other requirements of this ITN that are not directly related to the technical merits of this ITN.

The administrative qualification review & cure process will be conducted prior to the Evaluation Team’s appointment, review and scoring of ITN Part 2 responses. In order to foster maximum competition, the Lottery will seek to avoid Vendor disqualifications resulting from non-responsiveness to administrative qualification requirements so long as no competitive advantage is gained. Thus, the Lottery will notify Vendors whose administrative qualifying information or documentation is not as required by Parts 2, 3 and 4 and will allow the correction of errors and omissions prior to making a final determination of responsiveness.
Timely cures of qualifying information and documents will be accepted by the Lottery until the end of the administrative qualification review & cure process (refer to Section 1.7: Schedule of Events) and prior to the Evaluation Team's review and Site Visits.

If a Vendor has not demonstrated to the Lottery’s satisfaction that it is qualified to proceed, by the end of the administrative qualification review & cure process, (refer to Section 1.7: Schedule of Events), the ITN Part 2 response will not be submitted for evaluation and will not be eligible for negotiations.

Vendors should take note that this cure process is for the correction of administrative qualifying information and documents under Parts 2, 3 and 4, only.

1.14 NON-RESPONSIVE REPLIES

Each Vendor shall submit a Reply that meets all material requirements of this ITN. Material requirements of this ITN are those without which an adequate analysis and comparison of Replies is impossible, or those that affect the competitiveness of Replies, or the cost to the Lottery. The Lottery reserves the right to determine whether a Reply meets the material requirements of this ITN. The Lottery also reserves the right to waive minor irregularities in a Vendor’s Reply. Minor irregularities are those that do not affect the competitiveness of Replies, or the cost to the Lottery.

Requests for changes to terms and conditions of the contract may be addressed through the question and answer process submitted pursuant to Section 1.8: ITN Clarification Process.

Replies that do not meet all material requirements of this ITN will be rejected as non-responsive. Vendors must unconditionally accept the Terms and Conditions in Attachments B and C in order to be deemed responsive and eligible for negotiations. Unless modified by addendum or expressly changed in an answer to a question, submitted pursuant to Section 1.8: ITN Clarification Process, acceptance of the Terms and Conditions are a material requirement and will be deemed evidenced by submission of a Reply.

The Lottery reserves the right to negotiate changes to the Terms and Conditions during the negotiation process in order to achieve best value for the State.

1.15 DISQUALIFICATION FOR NON-RESPONSIBILITY

Business stability and wherewithal to perform and support the Lottery are required. A Vendor will be rejected as non-responsible if, in the Lottery’s judgment after evaluating documents submitted in response to this ITN, it does not possess the capability to perform the Contract requirements, has a conflict of interest in serving the Florida Lottery, or fails to demonstrate sufficient responsibility, security, integrity, financial stability, and reliability to assure good faith performance.
1.16 VENDOR FELONIES, CONVICTED VENDOR LIST, DISCRIMINATORY VENDOR LIST, SCRUTINIZED COMPANIES LIST

Consistent with Florida law, no Vendor may submit a Reply or will be awarded a Contract if any of the following conditions exist:

1. The Vendor or any officers, directors, joint venturers, partners, or trustees have been convicted of, or entered a plea of guilty or nolo contendere to, a felony committed in the preceding ten (10) years, regardless of adjudication, unless the Lottery determines that:

   (a) the Vendor (or such an individual) has been pardoned or the Vendor’s (or such an individual’s) civil rights have been restored;

   (b) subsequent to such conviction or entry of plea, Vendor (or such an individual) has engaged in the kind of law-abiding commerce and good citizenship that would reflect well upon the integrity of the Lottery; or,

   (c) if the Vendor is not an individual, the Vendor has terminated its relationship with the individual whose actions directly contributed to Vendor’s conviction or entry of a plea.

2. Vendor’s name appears on either the convicted or the discriminatory vendor list maintained by the Department of Management Services in accordance with § 287.133 and 287.134, Fla. Stat., respectively. An entity, person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime or placed on the discriminatory vendor list may not:

   (a) submit a bid, proposal, or reply on a contract to provide any commodities or services to a public entity;  
   (b) submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work;  
   (c) submit a bid, proposal, or reply on leases of real property to a public entity;  
   (d) be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and  
   (e) if on the discriminatory vendor list, transact business with any public entity; or  
   (f) if on the convicted vendor list, transact business with any public entity in excess of the threshold amount provided in § 287.017, Fla. Stat., for CATEGORY TWO for a period of thirty-six (36) months following the date of being placed on the convicted vendor list.

3. Section 287.135, Fla. Stat., prohibits agencies from contracting with companies for goods or services of $1,000,000 or more, that are on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized
Companies with Activities in the Iran Petroleum Energy Sector List, or are engaged in business operations in Cuba or Syria. Both lists are created pursuant to § 215.473, Fla. Stat.

No company on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or are engaged in business operations in Cuba or Syria may submit a Reply for or enter into a contract with an agency for goods or services of $1,000,000 or more. In submitting a response to this ITN, the Vendor certifies that it is not listed on either the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List and is not engaged in business operations in Cuba or Syria. Contractor understands that pursuant to §287.135, Fla. Stat., the submission of a false certification may subject the contract to termination.

Vendor represents and warrants that it will promptly notify the Lottery if it is placed on the convicted vendor list, the discriminatory vendor list or the scrutinized companies list during this procurement process or contract term.

1.17 WITHDRAWAL FROM CONSIDERATION

The withdrawal of a Reply from consideration may be requested in writing within five (5) business days (excluding State holidays, Saturdays, and Sundays) after the established submission date and time. Requests received in accordance with this provision may be granted by the Lottery upon proof of impossibility to perform, or based upon an obvious error. Replies withdrawn from consideration will be retained by the Lottery. Any request for withdrawal submitted after five (5) business days will be subject to the Reply bond provisions of Section 3.3.1.

1.18 CLARIFICATION PROCESS

Following completion of the administrative qualification review & cure process (see Section 1.13), the Lottery may request clarifications from Vendors for the purpose of resolving ambiguities or questioning information presented in the Replies. Clarifications may occur throughout the evaluation and negotiation processes. Clarification responses shall be in writing and shall address only the information requested. Responses shall be submitted to the Lottery within the time stipulated at the occasion of the request.

1.19 DISCLOSURE AND OWNERSHIP OF REPLY CONTENTS BY THE LOTTERY

All matters set forth in a Vendor's Reply including, without limitation, technical information; will be subject to disclosure after Contract award, except as addressed under Section 1.21, Confidential Reply Materials. All information in a Vendor's Reply and any contract resulting from this ITN are subject to the provisions of Florida's Public Records Act, Chapter 119, Fla. Stat., regardless of copyright status.
Any and all materials submitted become the property of the Lottery. The Lottery reserves the right to use any and all information contained in a Reply, including the Reply of an unsuccessful Vendor, unless prohibited by law.

1.20 CONFIDENTIAL REPLY MATERIALS

Rule 53-1.005, Florida Administrative Code, identifies information that the Lottery considers confidential. The Vendor shall identify and label any such information in its Reply as “CONFIDENTIAL” by page and paragraph and provide an index of all confidential information. The Lottery will examine each Reply to determine which information is properly marked as confidential.

If a response to this ITN includes any information that constitutes a trade secret of the Vendor, such information shall be clearly marked as "CONFIDENTIAL – TRADE SECRET". “Trade secret” is defined in § 688.002, Fla. Stat.

An entire page or paragraph in which such information appears should not be marked confidential unless the entire page or paragraph consists of such confidential information. Only the confidential portion(s) should be so identified and marked. Vendors are to indicate where confidential information begins and ends.

In addition, if a Reply contains trade secret information, the Vendor should submit with its Reply a separate listing of the confidential Reply sections, with page references and a legal explanation from its General Counsel explaining how the information is protected under the above referenced trade secret statute.

It will be the responsibility of the Vendor to defend the confidentiality of its trade secrets through the judicial process.

Financial statements and other financial information submitted or obtained by the Lottery in connection with this ITN, if applicable, are public records and cannot be made confidential.

Vendors should also refer to Section 4.2 titled “Copies of Replies” concerning submission of a redacted copy of their Reply for public records requests.

The Vendor, after consultation with the Lottery, will submit an updated redacted version of the Vendor's Reply if deemed necessary.

1.21 COSTS / LIABILITIES ASSOCIATED WITH REPLY

Each Vendor shall be solely responsible for any costs or liabilities incurred in preparing or submitting a Reply, including, but not limited to preparation, copying, postage, and delivery fees and expenses that may be required by the ITN. Each Vendor shall also be liable for any Vendor costs associated with any other part of the procurement process, such as demonstrability of the System and site visits.
1.22 REJECTION OR SELECTION OF REPLIES

The Lottery reserves the right to:
- reject any or all Replies;
- re-solicit for new Replies;
- abandon the need for such commodities and services; or
- award in whole or in part a contract deemed by the Lottery to be in its best interest.

1.23 NON-EXCLUSIVE RIGHTS

Nothing in this ITN or the Contract resulting from this ITN shall preclude the Lottery from performing and obtaining for itself, or from purchasing from other vendors, commodities and/or services as described in this ITN.

1.24 CHANGE OF FINANCIAL CONDITION

If a Vendor who has submitted a Reply in response to this ITN experiences a material change in financial condition prior to award, or during the term of a Contract with the Lottery, the Lottery must be promptly notified in writing at the time the change occurs or is identified.

"Material change" 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. Failure to notify the Lottery of such a change may result in the rejection of a Vendor's Reply or termination of the Contract.

1.25 HIRING AND OTHER BUSINESS RELATIONSHIPS WITH LOTTERY STAFF

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

1.26 PERSONS REQUIRING SPECIAL ACCOMMODATIONS

Any person requiring a special accommodation at any public meeting relating to this ITN because of a disability should contact the Issuing Officer identified in Section 1.4, or use the Florida Relay Service at 1-800-955-8771 (TTY), at least forty-eight (48) hours prior to the scheduled meeting.
1.27 APPLICABLE LAWS AND PROCEDURES

Applicable provisions of all federal, state, county and local laws and administrative procedures, regulations or rules shall govern the development, submittal and evaluation of all Replies received in response hereto as well as any subsequent contract and shall govern any and all claims and disputes which may arise between persons submitting a Reply hereto and/or subsequent contract and the Lottery. Lack of knowledge of the law or applicable administrative procedures, regulation or rules by any Vendor or Contractor shall not constitute a cognizable defense against their effect.

Also applicable are any requirements, rules or procedures required by the Multi-State Lottery Association and Rule 71A, Florida Administrative Code.

1.28 CONTRACT TERMS AND CONDITIONS / PERFORMANCE REQUIREMENTS AND DELIVERABLES

By submission of a Reply, the Vendor agrees to the Mandatory Requirements of Contract attached hereto as Attachment B, and the Special Terms and Conditions & Performance Requirements and Deliverables attached hereto as Attachment C, Parts 1 and 2.

Attachment C, Part 2: Performance Requirements and Deliverables are the baseline benchmark requirements for any Vendor desiring to pursue participating in the solicitation process, and as such do not require a specific response from a Vendor. A Vendor may provide a Reply Enhancement which may, at the Lottery’s sole discretion, be considered during evaluation and/or negotiations, but will not relieve the Vendor of mandatory requirements and/or accepting the Special Terms and Conditions. Any such Reply Enhancement will be considered optional, which the Lottery at its sole discretion may choose to accept.

END OF SECTION
2.1 LOTTERY OBJECTIVES

The Lottery's objectives for issuing this ITN and entering into a contract for a Lottery Gaming System and related commodities & services are to:

- Promote growth in the Lottery’s product and revenue;
- Promote greater operational efficiency and effectiveness;
- Install an integrated gaming System that will meet the gaming product needs of the Lottery for the term of the Contract and any renewals;
- Obtain retailer terminals, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize, deter or eliminate risk for the Lottery;
- Obtain retailer terminals that will lead to high retailer and player satisfaction for quality and performance;
- Obtain a System that is sufficiently flexible and scalable to meet the Lottery's evolving requirements;
- Ensure that all proposed systems and services are production ready to be operational thirty (30) days in advance of the production startup date. The Lottery anticipates a startup date in the spring of 2016;
- Select a Contractor that has a demonstrated performance history of meeting and/or exceeding its clients' expectations, as well as having a demonstrated history of developing and advancing lottery gaming systems, products and services;
- Improve the Lottery’s efficiency and effectiveness in servicing its customers and delivering its product through its retailer network; and
- Maximize Lottery transfers to the State of Florida Educational Enhancement Trust Fund.

2.2 READINESS FOR PRODUCTION AND DELIVERY

The Lottery requires that every software and hardware item in the proposed configuration already be operational in some lottery or other setting, with the exception that equivalent or improved newer releases or model numbers of the proposed products and their architectures are acceptable.
The Lottery will not consider or accept configuration items that are at the specifications or concept stage only, early in development, or are products announced but not engineered and ready for general audience and manufacture and delivery. The Lottery accepts that a Vendor’s System would require adaptation to the Lottery’s requirements and that component parts would be ordered and assembled for delivery. A Reply based on undeveloped products will be rejected. Additionally, all Replies must be for new and unused equipment, materials, supplies and any other product necessary to fulfill the requirements of the Contract. Additional offerings are not subject to this section.

2.3 VENDOR SYSTEM DESCRIPTION

The new System must be capable of supporting the current gaming products offered to the public by the Lottery. The Contractor also must be able to incorporate additional games, features, and promotions into the System to support the Lottery’s evolving marketing plans.

Attachment C, Parts 1 and 2: Special Terms and Conditions and Performance Requirements and Deliverables describes the systems and services specifications for the Florida Lottery Gaming System (the “System”).

Vendors should provide the following:

1. System Description. A description of the whole System in a base configuration as required in this solicitation. The description should detail how the Vendor will satisfy all of the specifications of this solicitation, including the System architecture, discrete sub-systems and all 3rd party software products. Reply enhancements described in section 2.5 of this ITN or additional offerings proposed by a Vendor are not to be included in the base offering.

2. ICS Supplier (Substantial Subcontractor). Identify the independent, third party software contractor that will supply the ICS application required by this solicitation, including credentials that demonstrate ICS Supplier is experienced and qualified to provide this type of software deliverable.

3. Flexibility and Scalability of the System. A description of how the System is flexible and scalable and can be tailored to the business needs and rules of the Florida Lottery. Additionally, Vendors should describe typical areas where changes to the System would necessitate system re-engineering and areas where changes would be configurable through system management parameters. Vendors should provide a description of typical current client experiences with each of the identified areas and the frequency and time required to effect the changes. Flexibility and adaptability are critical as the gaming environment can be expected to evolve over the course of the Contract.
Vendors should describe their approach to provisioning and supporting expansion should the Lottery’s Retailer network grow due to additional retailer penetration, addition of new games or new outlet types. Costing models are to be identified within the Cost submittal.

4. Discovery Methodology. A description of the Vendor’s approach and methodology for identifying and satisfactorily reproducing all capabilities required by the Lottery including those currently provided by the current Contractor.

2.4 VENDOR CORPORATE CAPABILITY & GENERAL SYSTEM OPERATION EXPECTATIONS

The Vendor should demonstrate corporate experience, capability to perform the technical requirements, and financial means to support the Contract.

2.4.1 Corporate Background Review

The Vendor should provide the following information:

1. Name and address of the business entity making the Reply and which will execute the contract.

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 will be used in the Vendor’s performance under the Contract.

5. Name, address, and function of Substantial Subcontractors, associated companies, or consultants that have been or will be involved in any phase of the Contract.

2.4.1.1 Litigation

Since the Lottery has a strong interest in the Contractor's continuing ability to produce secure, high quality products and services, the Lottery requires that Vendors list and summarize pending or threatened litigation, administrative or regulatory proceedings or similar matters that could materially affect the Vendor or that could materially affect the Vendor’s ability to service the Lottery. In addition, the Vendor must describe any administrative or civil litigation involving the Vendor and any Lottery in the US in the last three (3) years.

This is a continuing disclosure requirement; any such matter commencing after submission of a Reply and, with respect to the Contractor after the execution of a Contract, must be disclosed in a written statement to the Lottery within thirty (30) days of service of notice.
2.4.1.2 Historical Performance

The Contractor must be a business in good standing with its customers and the business community. The Vendor shall state whether any of the following have occurred:

1. Terminations. During the last five (5) years, the Vendor has had a contract terminated for default or cause. If so, the Vendor shall submit full details including the other party's name, address and telephone number.

2. Non-renewals. During the last five (5) years, the Vendor has not received available renewal terms. If so, the Vendor shall submit full details including the other party's name, address and telephone number.

3. Suspensions. During the last five (5) years, the Vendor, a subsidiary or intermediate company, parent company or holding company was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Vendor to engage in any business, practice or activity, or if trading in the stock of the company has ever been suspended, with date(s) and explanation(s). If so, the Vendor shall submit full details including the other party's name, address and telephone number.

4. Liquidated Damages. The Vendor shall list incidents of liquidated damages during the past five (5) years in which such incidents resulted in an assessment of a value of one hundred thousand dollars ($100,000) or greater in a twelve (12) month period, including situations in which liquidated damages were settled through the provision of goods or services. The disclosure shall indicate the jurisdiction, date, amount, and brief description (e.g., late delivery of software; central system downtime). If so, the Vendor shall submit full details including the other party's name, address and telephone number.

2.4.2 Gaming Systems Experience

The Vendor should have one or more current clients to which it has supplied a lottery System comparable to that described by the specifications of this ITN.

The Vendor should 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 should include the following details:

1. Name of lottery or gaming enterprise(s) and estimated annual contract value;
2. Number of terminals delivered to the customer;

3. The term of the contract including effective dates;

4. Reason for contract end, if the contract is no longer in effect;

5. Types of products and services directly provided by the Vendor under the contract and whether the Vendor was a prime contractor or subcontractor; and

6. Detailed examples of situations where the Vendor excelled at meeting performance criteria or deliverables, e.g. game development, marketing support, performance analytics, and growth support.

The descriptions must include names, titles, addresses and telephone numbers of individuals who may be contacted to verify qualifying experience. If the experience was provided by a third party that would also provide a major part of the products and services under a contract with the Lottery, then the required experience information must be included for that entity.

### 2.4.3 Capability to Provide Terminals

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

1. Manufacturing Plans. The Vendor should 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 ITN. The availability of additional plants and secondary sources should be addressed.

2. Manufacturing Quality. The Vendor's response should address manufacturing quality practices, and in particular whether the Vendor is certified under the ISO 20001 series or other recognized quality practices standards. Such practices and certification are desirable.

### 2.4.4 Software Development and Support Capabilities

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

1. Software Development Plans. The Vendor should describe its staff skill levels, headcounts, and locations pertinent to developing and maintaining software for the Contract.
2. Software Quality. The Vendor's response should address software engineering quality practices, and in particular whether the Vendor is certified under the ISO 20001 series, CMMI, or other recognized quality practices standards. Such practices and certification are desirable. Vendor should specifically note its maturity level certification.

Vendor should also succinctly describe its software elevation process and the controls over that process. This process description should specifically note its specification quality assurance and software quality assurance process and techniques. It should further show the expected interaction with and role involvement of the Lottery in the assurance and control of capabilities and elevation management. Lastly, the Vendor should describe the rollback features of the system or process to allow for any problem recovery from unforeseen events or issues.

3. Software Support. The Vendor's response should address the Vendor's process for managing prioritization, development and delivery of on-going enhancement requests and defect fixes.

2.4.5 Research and Development Program

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

The Vendor should describe its resources, capability, capacity and plans for maintaining a research and development effort in such areas as gaming concept design/development, in-store marketing and other marketing support, retailer terminal design, telecommunications, data mining, network and central systems infrastructure.

2.4.6 Vendor Personnel

The Vendor should provide information, as specified below, that documents its organizational structure and the staffing with which the Lottery account will be implemented and operated.

1. Implementation and Conversion Staff. The Vendor should provide an organization chart showing names of all management, supervisory, and senior technical and operational personnel integral to the implementation and conversion of the Lottery System. There shall be at least two (2) dedicated technical project managers (PMP certified) assigned to the implementation project who would be required to be on-site during acceptance testing and conversion. Further, the Vendor should indicate what specific function(s) each person will perform and how long it is anticipated they will be engaged. For staff not yet identified, the Vendor’s response should identify and quantify them by role, and state what qualifications they can be expected to have.
2. Ongoing Lottery Operations Staff. The Vendor should provide brief position
descriptions and an organization chart showing names of all management,
supervisory, and key technical personnel who are expected to be active in the
ongoing operation of the Lottery System. For staff not yet identified, the
Vendor’s response should identify and quantify them by role, and state what
qualifications they can be expected to have.

3. Account Manager. In addition to the technical project managers identified in
Item 1 above, a technically-oriented full-time on-site account manager from
the Contractor is also required from beginning of implementation and
conversion throughout the term of the contract.

4. Résumés. The Vendor should provide résumés of all personnel named above
and should provide for each such person:

   A. Full name;

   B. Most recent five (5)-year employment history;

   C. A specific description of experience the person has in connection with
      lottery gaming systems;

   D. Specific description of the role the individual will have in this project; and

   E. Any additional helpful information to indicate the individual's ability to
      successfully perform the work involved in the Contract.

The Vendor should identify Substantial Subcontractors and subcontractor staff by
name, if they are anticipated to be part of the implementation and ongoing
operational support efforts. Vendors should make clear which proposed staff are
employees of the Vendor and which are subcontractors or consultants.

If any of the personnel identified by name in the Vendor’s response become
unavailable to serve in the identified positions after the Vendor has submitted its
Reply, the Vendor may supplement its Reply to identify any replacement
personnel in the same manner and form that the original personnel were
identified.

2.4.7 Conversion Strategy

At a minimum, the following Lottery goals should be addressed in the response:

1. Minimizing conversion difficulties (such as coming up late on Day One, or
   without the full complement of retailers);

2. Maintaining good retailer relations and addressing retailer issues (such as
   inconvenient training opportunities and demand for counter space);
3. Ability to add new retailers during System conversion; and

4. Minimal disruption to selling and paying tickets during the conversion.

The Vendor may propose alternative conversion strategies that would best support the Lottery’s implementation goals. The Vendor should describe the pros and cons of each alternative approach proposed. Submission of alternatives will be considered or evaluated at the Lottery’s sole discretion.

**2.4.8 Formal Implementation Plan**

The Vendor should provide a detailed transition and implementation plan, project schedule (Gantt, PERT, or similar), using Microsoft Project and Microsoft Visio, 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.

1. The Vendor should also describe its approach to validate/configure/define/enhance the system to meet the Lottery’s business and system requirements during this transition timeframe, including the following elements:

   - Software
   - Hardware/firmware
   - Network
   - Data
   - Integration

2. The Vendor should provide a detailed Transition Plan that outlines the key critical tasks and any associated risks. The plan should very clearly demonstrate the following:

   - Potential risks and how they will be managed effectively, including any SWOT (Strengths, Weaknesses, Opportunities and Threats), both to the business and technical environments;
   - Define roles, responsibilities and deliverables that will enhance productivity and give the project a faster start-up, less rework and more productive time;
   - Communications Approach that will outline methodologies and processes drawing on extensive experience in such areas as: human resources, cultural change, supplier management, security, IT readiness, and any handover coordination required; and
   - Plan controls addressing all aspects of the project and including the following elements:
     - Financial Impact
     - Schedule Impact
     - Quality Impact
Customer Impact

The Lottery will approve the final implementation plan of the Contractor.

Responsibilities of the Contractor’s implementation team, of the Lottery’s implementation team, and of any of the Lottery’s other contractors should be identified. Retailer roles and responsibilities during conversion should be addressed.

2.4.9 Interim Facilities and Processes

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

2.4.10 Technology Refresh

Given the Lottery’s desire to enter into a long term contract with a Vendor, the Lottery requires technology refreshes to ensure the Lottery’s objectives are met effectively and efficiently. Vendors are to describe their approach and schedule for providing and accomplishing technology refreshes during the term of this Contract.

2.5 ENHANCEMENTS AND ADDITIONAL OFFERINGS

Within their ITN Part 2 response the Vendors may identify optional commodities and/or services that they believe may be appealing and useful to the Lottery. Offering unsolicited, optional commodities and services does not guarantee a positive consideration in the award of points or a contract. Such offerings will be considered and evaluated at the Lottery’s sole discretion.

2.5.1 Reply Enhancements

Vendors should describe any unique, additional or alternative functionality that they can offer in meeting or exceeding the objectives of this ITN. In their ITN Part 2 response, Vendors are to list the section reference in the section titled Contract Performance Requirements and Deliverables (Attachment C) to which the Reply Enhancement applies.

Reply Enhancements may include, but are not limited to, new, different, or enhanced games, products, or technologies that are available and that the Vendor believes would enhance sales in Florida or benefit the operational effectiveness and efficiencies of the Florida Lottery.
2.5.2 Additional Offerings

Additional Offerings that the Lottery desires to review and consider include, but are not limited to:

1. Pre-paid Gift Card Processing;

2. Programmable Multi-media Displays for use in player advertising to include any hardware and software which enables content management and distribution (these are in addition to the Player Transaction Displays required in C2.2.1.3);

3. Alternative terminal types, such as:
   - Portable terminals that can be operated while a person is mobile
   - In-lane Terminals
   - Play-at-the-Pump
   - ATMs
   - Compact Retailer Terminals

4. Support of Scratch-Off ticket transactions – technologies and/or methods that would result in accounting for Scratch-Off ticket sales as they occur;

5. Advanced Communications Technologies – Emerging technologies and/or enhanced availability;

6. Player Subscription System:
   - Entries
   - Subscription Length
   - Merging Subscription Plays
   - Winner Payments
   - Renewal Notices
   - Account Management by the Lottery
   - Account Management by the Contractor

7. Player Loyalty Program and System - Vendors should address United States Patent No: 6,039,244 that pertains to “Method of building up a data bank containing customer data and/or for the organization of a rebate or coupon system" and provide information pertaining to the applicability of the Patent to their offering. A Vendor whose offering is subject to the Patent should provide evidence of an authorized license to provide a program, systems and services covered by the Patent. A Vendor who asserts that the Patent is inapplicable to its proposed solution should provide a factual discussion without legal analysis that the Patent is not applicable to the Vendor’s offering and the basis for inapplicability;

8. Random Number Generators (RNGs) – The Lottery desires at least three (3) stand-alone self contained RNGs;
9. Terminal Game Promotional Features – Other types of terminal game and Scratch-Off ticket promotions the System can provide;

10. Mobile Sales Kiosks – Trailers or vehicles capable of carrying at least two (2) retailer terminals and operating from a temporary location;

11. Automatic Claim Entry – A secure solution that facilitates collecting player information using government issued or other authorized identifications such as drivers licenses, passports, etc., automatic population of claim form fields and automated transfer into the Lottery’s prize payment system;

12. Wireless Jackpot Signage integrated with the terminals – multiple configurations may be offered, e.g. window versions in a square and horizontal configuration, counter-top, and change mat versions.

13. Interactive Playstations – A unit that would include the functionalities specified in section C2.5.9 (Attachment C) and Appendix 5 of this ITN and provide digitally enabled brand building and communication by adding an extra dimension to the Lottery player’s in-store experience using audio / visual / touch screen capabilities that would display and communicate information tailored by location and approved by the Lottery. Additionally, players would be able to inquire on games and winning numbers for past games similar to the interactive experience currently used on the Florida Lottery’s website.

14. Internet Sales – The ability to sell authorized Lottery products in a secure manner via the public internet subject to geographical and other legal limitations should the Lottery receive the legislative and administrative authorization to implement Internet sales. The offering may also include public web based solutions to support new games, special games or promotions. This could include, but is not limited to, web-based second-chance opportunities for players, Internet-enabled games, or Internet wagering.

15. Fraud Detection – A software and/or services solution to help the Lottery monitor for and detect potential fraud. The proposed solution would interface with Contractor and Lottery operational systems to leverage results, including integration with legacy systems. A common alert management system should combine and correlate alerts from previously siloed applications by leveraging external data sources. A common user friendly dashboard interface should give users quick visual access to the information generated by the data analytics systems across all of the Contractor’s, Lottery’s and external information sources. This dashboard should enable queries that support capabilities such as:
   - Identifying exceptions from large volumes of data that match predefined patterns or criteria
   - Identifying trends, including book activations and ticket validations
- Evaluating retailer and player behavior in specific processes over a period of time
- Identifying anomalies and suspicious retailer and player transactions
- Identifying potential data irregularities
- Identifying potential financial concerns

An example use of this software/service would be to identify potential fraud or collusion among a group of individuals in the retailer community, some of whom may be retailer employees but others may have familial, social, or residential relationships to the retail personnel. This activity may involve the Lottery’s product or promotional items or activities. Another example for use of this software/service would be to identify retailers who are or become a financial risk.

The Lottery desires that this software/service have proven applicability to the Lottery industry but recognizes proven capability for this type of software/service from other industries can be equally applicable. Vendor should supply examples of the proposed initial set of reports and analysis they would provide at startup. Vendor should describe how these reports and analysis can be used to identify fraud/suspicious activity.

The Lottery desires the Vendor to identify a minimum of three (3) independent, third party contractors. The Lottery reserves the right to require the Contractor to submit documentation verifying the Fraud Detection contractor’s independence from the contractor and for any of its affiliates. A description of each subcontractor’s Fraud Detection product and subcontractor’s credentials shall be included. Credentials of the Fraud Detection subcontractors must indicate that they are experienced and qualified in providing this type of software/service deliverable. The Lottery reserves the right to specify which of the offered subcontractors conducts the work or to require that the Vendor sub-contract with an alternative supplier as specified by the Lottery.

The Lottery desires that the Contractor provide operational support and training to use the software; and

16. Any other commodities/services the Vendor feels would be beneficial to the Lottery.

Reply Enhancements and Additional Offerings should be fully described, identifying the Vendor’s responsibilities and expectations of the Lottery. Additional offerings may be sourced through third parties but will remain the responsibility of the Contractor. The Cost submittal should list applicable costs for each Reply Enhancement or Additional Offering.
2.6 DEMONSTRABILITY OF PROPOSED SYSTEM

The Lottery requires that all equipment and software proposed by the Vendor at a minimum be capable of a demonstration that indicates the Vendor's ability to meet or exceed the performance requirements and deliverables specified in this ITN. Failure to propose demonstrable products will result in rejection of Vendor's Reply. Refer to ITN Section 5.4.3, Site Visits, and Attachment D: Demonstrability of System, for additional information regarding demonstrability of the proposed System.

While functions and features demonstrated upon request for the evaluation process need not be identical in all respects to the specifications in this ITN, common transactions, functions, and operations are expected.

In particular, the Lottery requires that the Vendor's System be capable of a performance simulation demonstrating the sale of 150,000 tickets per minute and 5,000 winning ticket validations per minute, concurrently.

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

No demonstration shall be construed to be the Lottery’s acceptance for design or capability.

2.7 RELOCATION DURING CONTRACT TERM

The Florida Lottery’s lease agreement for its headquarters facility expires on July 14, 2018. Vendors should describe their approach in relocating with the Florida Lottery should relocation be necessary and should address:

- Redundancy in systems and operations;
- Proposed responsibilities of the Lottery and Contractor;
- The Vendor should provide a detailed transition plan, project schedule (Gantt, PERT, or similar), using Microsoft Project and Microsoft Visio, 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 relocation.

NOTE: As it is unknown whether the Florida Lottery will relocate, Vendor’s duties and responsibilities would be subject to negotiations.

END OF SECTION
PART 3 – ADMINISTRATIVE QUALIFICATION REVIEW & CURE PROCESS

3.1 INTRODUCTION

The administrative qualification review & cure process will enable the Lottery to determine a Vendor’s financial resources, facilitate its background investigation of the Vendors and Substantial Subcontractors, and determine the Vendor’s compliance with stated bond requirements, and other requirements of the ITN. Certain qualification deficiencies may be cured as part of the administrative qualification review & cure process, at the discretion of the Lottery, as set forth in Section 1.13. The Lottery reserves the right to disqualify a Vendor at any time prior to Contract award if it is determined that the Vendor is not qualified, non-responsive, not responsible, or has submitted materially incomplete or inaccurate information.

The Lottery will notify Vendors of any deficiencies in the materials submitted and will provide the timeframe within which qualification deficiencies may be cured. Failure of a Vendor and its Substantial Subcontractors, if any, to supply all information requested by the Lottery within the time frame established by the Lottery may cause the Lottery to reject the Vendor’s Reply as non-responsive.

3.2 CONFLICT OF INTEREST AND DISCLOSURE

Vendors, joint venturers, partners, and Substantial Subcontractors must complete and submit the information requested on the Conflict of Interest and Disclosure Form, or indicate “not applicable” if no disclosures are necessary.

Replies from Vendors who have active client relationships that would pose a conflict of interest with the Lottery will not be eligible for consideration. An exception would be if a Vendor certifies in its response that it will sever its active client relationship should it be awarded a Contract. Vendors should clarify as an attachment to the Conflict of Interest and Disclosure Form if they believe a potential conflict of interest may apply or may be perceived to apply.

3.3 REPLY AND LITIGATION BONDS

This section identifies the bonding requirements of this ITN. All bonds required to be submitted in connection with this ITN or Contract shall be issued by a reliable surety company that has been in business with a record of successful continuous operation for at least five (5) years and that is authorized to do business in the State of Florida.

3.3.1 Reply Bond

Each Vendor is required to submit a Certified Check, Cashier’s Check or Reply bond with its response. The amount required is one million ($1,000,000) dollars.
If a Reply bond is provided, then it shall be valid until the Lottery executes a contract or issues a Notice of Agency Decision cancelling the solicitation.

The check/bond shall be payable to the Department of the Lottery. The check/bond ensures against a Vendor's withdrawal from competition subsequent to submission of the Reply. The check/bond will be returned to unsuccessful Vendors upon the execution of a Contract with the successful Vendor or upon cancellation of the solicitation.

The check/bond of the successful Vendor will be retained until the Contract is executed and the Lottery is furnished with an acceptable performance bond. The Reply check/bond will be forfeited to the Lottery if the Vendor fails to timely submit the performance bond or other security, as required below, or fails to execute the Contract when required to do so by the Lottery.

Negotiable instruments submitted will be deposited into the State Treasury. After execution of the Contract, return of the Reply bond will be accomplished by issuing a warrant made payable to the Vendor within five (5) business days. Any request for withdrawal submitted after five (5) business days will be subject to provisions of this section.

3.3.2 Litigation Bond

Each Vendor must submit with its Reply a litigation bond in the amount of two million dollars ($2,000,000).

The purpose of the litigation bond is to discourage frivolous, unreasonable, or bad faith lawsuits by permitting the Lottery to recover damages resulting from such lawsuits. The bond shall remain in effect for four (4) years after the Lottery signs a Contract relative to this ITN unless the vendor submits a Covenant Not to Sue, in which case the bond shall be returned.

A claim upon the bond may be made by the Lottery if:

a) The Vendor sues the State of Florida, the Florida Lottery, or any employee or representative of the Lottery, in connection with the award of the Contract resulting from this ITN; and

b) The Vendor does not prevail in the suit, and a court determines that the action or any portion thereof was frivolous or was brought in bad faith, or was not brought upon any reasonable grounds.

3.4 ACKNOWLEDGMENT OF ITN ADDENDA

The Vendor must sign a form acknowledging receipt of ITN addenda as issued by the Issuing Officer.
Each addendum issued will include a space for the Vendor to acknowledge receipt which must contain the original signature of an authorized representative who can legally bind the Vendor in a contractual obligation and should be submitted with the Reply.

Written acknowledgement of receipt of all addenda issued prior to the ITN due date shall become part of each Vendor’s Reply.

3.5 FINANCIAL STATEMENTS

Vendors and proposed Substantial Subcontractors will be required to submit certified financial statements in conformity with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) for the last two (2) years, including an auditor's report for all years and any management letters that have been received. It is the Lottery’s intention to review sufficient financial documentation to be able to satisfy itself that the Vendor is financially capable of providing all commodities and services outlined in this ITN and that organizational changes affecting the Vendor shall not impede such assessment. Certified financial statements should be submitted with the Reply, and any statements that become available during the procurement process should be submitted immediately upon issuance. (Substantial Subcontractors without certified financial statements will be permitted to submit Federal income tax returns.)

If a Vendor submits a consolidated financial statement of its parent corporation, the parent corporation must demonstrate it is financially capable of providing all commodities and services outlined in this ITN and that organizational changes affecting the Vendor shall not impede such financial capability and must serve as financial guarantor of the Vendor. Parent corporations that serve as financial guarantors of the subsidiary firms shall be held accountable for all terms and conditions of this ITN and resulting Contract and shall execute the Contract as guarantor. The Lottery will hold all firms jointly and severally for carrying out all activities required by the Contract.

If the parent corporations financials do not demonstrate sufficient financial capability or should a third party guarantor be proposed, that third party guarantor must also demonstrate that it is financially capable of providing all commodities and services outlined in this ITN and that organizational changes affecting the Vendor shall not impede such financial capability and must execute the Contract as guarantor. Financial guarantors of the subsidiary firms shall be held accountable for all terms and conditions of this ITN and resulting Contract and shall execute the Contract as guarantor. The Lottery will hold all firms jointly and severally responsible for carrying out all activities required by the Contract.
Any change in financial guarantor requires the Lottery’s prior written approval with 180 days prior notice. If the financial guarantor of the Contract changes, the Contractor must secure a financial guarantor of demonstrable and comparable or greater financial standing within thirty (30) days of the change, subject to the Lottery’s approval.

Certified financial statements must be the result of an audit of the entity's records in accordance with generally accepted auditing standards by a certified public accountant (CPA). The financial statements must include balance sheets, income statements, statements of cash flows, statements of retained earnings, and notes to the financial statements for all years.

If the laws applicable to a Vendor or Substantial Subcontractor are of a country other than the United States and render the Vendor or Substantial Subcontractor unable to provide certified financial statements, documents that provide the same level of assurance as certified financial statements must be submitted in lieu thereof. The financial statements will be reviewed to determine the financial responsibility of the Vendor.

Financial statements should be submitted with the Vendor’s Reply and must be in English with reference to currency stated in US Dollars or Euros. The Lottery will only consider certified financial statements or tax returns in the currency and language specified in this ITN.

The Contractor will be required to submit certified financial statements, as previously described, at the conclusion of each fiscal year for the duration of the Contract.

3.6 VENDOR INFORMATION & DISCLOSURE / BACKGROUND INVESTIGATIONS

Vendors and their Substantial Subcontractors, if any, must submit certain required disclosures as detailed in this Section in order for their Replies to be evaluated. Failure of a Vendor to make the required disclosure or ensure that its Substantial Subcontractor provides the required disclosures will result in the Reply being ineligible for evaluation or contract award. The disclosure information will be used by the Lottery in determining Vendor responsibility. A Vendor is not eligible to receive a contract award if the Vendor or any of its officers, directors, joint venturers, partners, or trustees have been convicted of or entered a plea of guilty or nolo contendere to a felony in the preceding 10 years.

Vendors and their Substantial Subcontractors (and any other subcontractor the Lottery deems necessary after review of a Reply) shall submit a Notarized Certification as to Criminal Convictions, by their chief executive officer or chief legal officer regarding any such felonies or the absence thereof. The Certification as to Criminal Convictions may be used by the Lottery in making a preliminary determination of Vendor responsibility prior to evaluation of Vendor ITN Part 2 responses.
The Lottery will conduct background investigations on all Vendors and Substantial Subcontractors. The commodities and services requested in this ITN have a fundamental role in the operation of the Lottery, and full trust in, and cooperation of, the Contractor is essential to the Lottery’s integrity and success. The background investigation process allows for an evaluation by the Lottery of the competence, integrity, background, and character of the Vendor and Substantial Subcontractors (or other subcontractors the Lottery deems necessary).

Vendors must provide information and disclosures required by Sections 24.108(4) and 24.111, Florida Statutes, for themselves and for their Substantial Subcontractors. A properly completed and executed Disclosure Affidavit should be submitted with the Vendor’s Reply for the Vendor and all Substantial Subcontractors, if any. After reviewing the Disclosure Affidavit, the Lottery’s Division of Security will contact the designated representative for background investigations indicated on the Disclosure Affidavit to obtain information needed to conduct the investigations.

Vendors must provide and should submit with their Reply an accurate and current Chart of Corporate/Business Ownership for themselves and their Substantial Subcontractors, including parent company(s), subsidiary companies, and joint venturers as it relates to this ITN. Accurate and current organizational charts for Vendor and its Substantial Subcontractors, that include all of the individuals identified on the Disclosure Affidavit as well as key personnel performing services under the Contract should be submitted with the Reply.

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

The Contractor and Substantial Subcontractors, if any, will be required to report any changes in ownership and leadership. These changes must be approved by the Lottery. Any individuals that join the company in the positions listed above must be reported to the Lottery. They will be required to submit a Vendor Personal Profile Form and fingerprints for background investigations.

All of the forms to be used in the background investigations must have original signatures and be notarized. If the person completing a form is located in a country in which a notary public system does not exist, the signature shall be authenticated in customary form according to the laws of the country. While conducting the background investigation or if a form is omitted or is not fully completed, the Lottery may contact the designated representative of the Vendor for information needed to conduct the investigation.
Additional Background Investigations

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

Key personnel who will be performing services under the Contract and as designated by the Lottery will be required to undergo a background investigation by the Lottery within thirty (30) days of execution of a Contract. Each designated individual will be fingerprinted and will be required to complete the Supplemental Application and a Personal Inquiry Waiver Affidavit.

The Contractor consents to cooperate with such investigations and to instruct its employees, Substantial Subcontractors or Subcontractor to cooperate. The Lottery may terminate the Contract based upon any adverse results of these background checks if the Lottery determines that its integrity, security, or goodwill may be in jeopardy.

The ability to conduct background investigations is a continuing right of the Lottery throughout the Contract.

3.9 RESPECT OF FLORIDA – CONTRACTUAL RELATIONSHIP

The Florida Lottery is committed to maximizing employment opportunities for individuals throughout this state who qualify as handicapped under Sections 413.031 and 413.036, Florida Statutes.

By submitting a response to this ITN, each Vendor is committing to adhere to the aforementioned statute sections. To further the Lottery’s commitment in this regard and to ensure that RESPECT is afforded the opportunity to provide commodities and/or services necessary for a Vendor to perform its contractual obligations, a RESPECT of Florida Certification of Consultation must be executed by RESPECT and any Vendor submitting a Reply, and should be submitted with the Vendor’s Reply.

RESPECT has been provided a copy of this solicitation and is prepared to consult with Vendors on the date of solicitation release. Due to the time sensitivity of a sealed Reply process, Vendors are encouraged to contact the RESPECT representative identified below in sufficient time to facilitate a timely submission to the Lottery.
RESPECT of Florida may be contacted at:

RESPECT  
2475 Apalachee Pkwy  
Tallahassee, Florida 32301-4946 

Phone/main: (850) 877-4816  
Phone/direct: (850)942-3570  
Fax: (850) 942-7832  

Contact: Margaret McPherson  
mmcperson@respectofflorida.org

RESPECT of Florida contract terms are listed in Attachment E.

3.10 PREFERENCE TO FLORIDA BUSINESSES

This solicitation is subject to the provisions of § 287.084, Fla. Stat., whereby Florida businesses will receive preference in the award of a contract.

In the letting of any or all public contracts, a Vendor whose principal place of business is outside the State of Florida must accompany its submission to this solicitation with a written opinion signed by an attorney at law licensed to practice law in that foreign state, as to the preferences, if any or none, granted by the law of that state to business entities domiciled within its state boundaries. The written opinion must state with specificity the type of preference, how it is applied and circumstances when it is applicable.

For the purpose of this solicitation, “principal place of business” means the state in which the Vendor has a physical presence and from which the Vendor’s high level officers direct, control, and coordinate the Vendor’s activities.

END OF SECTION
4.1 PACKAGING & LABELING

Each Vendor's ITN Part 2 response and administrative qualification document submission must be in a sealed container(s) and must be identified as the Vendor's ITN Part 2 response. The exterior of each container shall contain the following information:

Project Number: 066-14/15
Invitation to Negotiate for
Lottery Gaming System & Related Commodities and Services
Due 3:00 P.M., ET
March 17, 2015
Vendor's Name
ITN PART 2 BINDER(S)
OTHER QUALIFICATION & ADMINISTRATIVE BINDER(S)

Each Vendor's Cost submittal must be in a separate sealed container and must be identified as the Vendor's Cost submittal. The face of each container shall contain the following information:

Project Number: 066-14/15
Invitation to Negotiate for
Lottery Gaming System & Related Commodities and Services
Due 3:00 P.M., ET
March 17, 2015
Vendor's Name
COST BINDER

All Replies shall be sent or delivered to the Florida Lottery, Procurement Management, 250 Marriott Drive, Tallahassee, FL 32301. Upon receipt, the Lottery will stamp each container with the date and time of receipt.

4.2 COPIES OF REPLIES

Vendors must deliver the following no later than the date and time set forth in the schedule of events:

- an original and ten (10) printed copies of the ITN Part 2 binder(s);
- an original and one (1) copy of their Cost submittal; and
- three (3) originals of the Other Qualification & Administrative binder(s).

Each original Reply must contain originals of all documents required to be submitted by Vendors, joint Vendors, and/or Substantial Subcontractors, if any.
In addition, the original and each copy of the ITN Part 2 & Other Qualification and Administrative documents should include an electronic version in a single Adobe .pdf file format on portable media.

Should a Vendor claim confidentiality in its Reply pursuant to Section 1.20 titled “Confidential Reply Materials”, then a redacted electronic version on portable media should be submitted with its Reply, and labeled as a redacted version. This redacted version will be used to fulfill public records requests as well as posting on State of Florida websites established for transparency and reporting purposes. All electronic submissions must have been scanned and certified to be malware free by the Vendor.

4.3 EXECUTION OF REPLY

Each original Reply must contain the original signature of an authorized representative who can legally bind the Vendor in a contractual obligation. Each Reply should be typed. Each Reply should be submitted with Vendor's name and page number on each page.

Each Reply should provide a transmittal letter that identifies the submission as "Reply for a Lottery Gaming System and Related Commodities & Services." The transmittal letter must identify the Vendor, its address, telephone number, fax number, email address if applicable, and the name and title of the authorized representative submitting the Reply. The letter must identify any and all joint proposing firms and/or Substantial Subcontractors. The transmittal letter must include individual contact information for the Vendor’s coordinating representative, security and financial references, and any other contact persons identified by the Vendor.

Vendors can only submit one (1) Reply or be included in one (1) joint Reply. If a Vendor is part of more than 1 Reply, any or all such Replies may be disqualified, at the Lottery’s discretion. Proposed subcontractors may be included in more than 1 Reply, in accordance with the provisions of this section.

Two (2) or more firms may submit a joint Reply in response to this ITN. Any Subcontractor performing 25% or more of the work prescribed herein may, at the Lottery’s sole discretion, be deemed to be a joint venture. If a joint Reply is submitted, the Reply shall fully define the responsibilities that each firm is proposing to undertake. One of the firms submitting a joint Reply shall be designated as the primary firm. All firms and their authorized representatives shall be identified in the transmittal letter, and authorized representatives of all firms shall sign the transmittal letter. The Reply shall designate a single authorized official from one of the joint firms to serve as the sole point of contact between the Lottery and the joint responding firms. Vendors must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment. Any Contract resulting from the joint Reply shall be signed by principals or officers of each firm. The Lottery shall hold all firms jointly and severally responsible for carrying out all activities of the procurement process and the Contract.
4.4 FORMATTING

The objective of the Reply is to demonstrate the Vendor’s qualifications and ability to provide the commodities and services required. By submission of a Reply, the Vendor is certifying that it is capable of providing a System that meets or exceeds the performance requirements set forth in Attachment C, section titled “Performance Requirements and Deliverables”, and that the company is capable of providing the deliverables and managing the contract in a manner that is conducive and beneficial to the Florida Lottery’s operations and mission.

In order to expedite review of responses, Vendors should follow the below format and instructions:

1. Replies should be submitted in 8.5" by 11" format.

2. Replies should be in 3 ring binders and each should be identified, as applicable, “original” or “copy” (copies should be numbered sequentially). Removable items such as CD’s should be marked and contain the corresponding number of the binder they are submitted in e.g. original, copy 1/10 etc. Removable items should also be secured within their respective binder.

3. Reply binders should be clearly labeled on the front cover and spine.

4. All pages should be consecutively numbered.

5. All major sections should have a divider page with a tab. The name of the section should be printed on the tab.

6. The ITN Part 2 response should include a separate binder where Tabs 2-14 represent specific item-by-item responses to the scope of the ITN as set forth in Part 2:

   • Table of Contents
   • Tab 1 Transmittal Letter
   • Tab 2 System Overview
   • Tab 3 Corporate Background Review
   • Tab 4 Gaming Systems Experience
   • Tab 5 Capability to Provide Terminals
   • Tab 6 Software Development and Support Capabilities
   • Tab 7 Research and Development Program
   • Tab 8 Vendor Personnel
   • Tab 9 Conversion Strategy
   • Tab 10 Formal Implementation Plan
   • Tab 11 Interim Facilities and Processes
   • Tab 12 Technology Refresh
   • Tab 13 Reply Enhancements
   • Tab 14 Additional Offerings
   • Tab 15 Relocation Strategy
7. Other Administrative & Qualification information should be submitted in a separate binder.

Vendors should not disclose cost information in the body of the ITN Part 2 and/or Other Administrative & Qualification responses. Including cost information in the ITN Part 2 and Other Administrative & Qualification responses may be cause for the Reply to be rejected.

4.5 LATITUDE IN REPLY CONTENTS

Vendors are given wide latitude in the degree of detail for the Reply including Reply Enhancements and Additional Offerings. Vendors should prepare their ITN Part 2 response simply and economically, providing a straightforward and concise description of their corporate capability, Reply Enhancements and Additional Offerings. Responses that are redundant, of excessive length, or contain a preponderance of boilerplate text, are discouraged. Emphasis in each ITN Part 2 response should be on completeness and clarity of content. Failure of a Vendor to provide sufficient and appropriate information or materials in response to each stated requirement or request for information may result in lower scores during the evaluation process.

4.6 COST & COMPENSATION

Vendors must use the Attachment F: Cost Submittal Form in submitting their Cost.

In addition to the “percentage of sales” base costing methodology, Vendors may propose alternative costing methodologies for compensation under the Contract; however, the Lottery is not obligated to consider alternative costing methodologies. Vendors should offer costing methodologies for any Reply Enhancements or Additional Offerings or other optional equipment and/or services offered.

The Vendor’s compensation will be based on a percentage of net terminal sales conducted through the System, from the time that the retailer network is fully converted to the Contractor's System and in production, for the term of the Contract. Under a percentage of sales compensation structure, any growth or expansion of the Lottery will be provisioned by the Contractor at no additional charge to the Lottery outside of this compensation structure.

Any expansion or growth of the Lottery requiring additional equipment, software, and/or services would be the responsibility of the Contractor unless the Contractor can demonstrate to the Lottery's satisfaction that investment and operation of such items is so substantially different from the cost structure for the original (and other extended items) that the Contractor would not be able to recover its costs via the contracted compensation structure.
In this case, and subject to negotiations, a different/incremental compensation approach may be contracted for such growth/expansion requirements. The type of investment or years of use/service could be conditions which could create justification for additional compensation.

4.7 TIMELY SUBMISSION

It is the Vendor’s responsibility to ensure that its Reply is delivered by the due date and time to the Lottery’s Procurement Office. Replies that for any reason are not timely received will not be considered. Unsealed and/or unsigned Replies and Replies by telegram, telephone, facsimile, or electronic transmission are not acceptable, and will be declared non-responsive.

END OF SECTION
5.1 INTRODUCTION

This part describes the evaluation process that will be used to determine which Replies provide the greatest overall benefits to the Lottery and the best value to the State. The ability of the Lottery to evaluate a Vendor’s response is dependent upon the completeness and clarity of content.

The failure of a Vendor to provide information requested by this ITN may result in rejection of the Vendor’s Reply or reduction in scoring during the evaluation. The Lottery reserves the right to reject, in its sole discretion, any or all Replies at any time during the procurement process.

5.2 ADMINISTRATIVE QUALIFICATION REVIEW & CURE PROCESS

The Lottery will review Replies to determine responsiveness and responsibility. The responsiveness review will assess compliance with submission requirements, including responsiveness to terms, conditions and requirements. The responsibility review will assess financial information, conflict of interest information, background review and investigations. Cures related to qualification issues may be requested in accordance with Section 1.14. Responsive Replies submitted by preliminarily determined responsible vendors will be provided to an Evaluation Team for evaluation using the process described herein.

5.3 EVALUATION TEAM

The Lottery will conduct a comprehensive, fair, and impartial evaluation of ITN Part 2 responses received by qualified vendors. At the Lottery’s sole determination, the Lottery will appoint an Evaluation Team of at least three persons to evaluate replies that have collective experience and knowledge in the program areas and service requirements requested in this ITN.

5.4 EVALUATION PROCESS

This section describes the review and evaluation process of ITN Part 2 responses. The Lottery will evaluate responsive Replies after the administrative qualification review & cure process is completed.

5.4.1 Award Scale for Evaluation

A scoring system will be used in the evaluation process. This system will provide numerical scores that represent the Team’s assessment of the relative merits of the Replies. The scores will be used to establish the competitive range of Vendor Replies determined to be reasonably susceptible of award and from which to begin negotiations. Scoring will not carry forward to the negotiation phase.
Points in this process are awarded based on the Evaluation Team's judgment, using the following award scale:

**PERCENT RANGE** | **DESCRIPTION**
--- | ---
90-100 | The Vendor’s response was outstanding for this criterion and the Team could not determine any significant limitations.
80-89 | The Vendor’s response was good for this criterion, with not more than one significant limitation and otherwise only minor items noted.
70-79 | The Vendor’s response was fair for this criterion, with the Team identifying some significant limitations, and otherwise only minor items.
60-69 | The Vendor’s response was poor for this criterion, and there were numerous, serious flaws and concerns with the approach or capability.
Less than 60 | The Vendor’s response was found to be so severely flawed for this criterion as to render an essential element of the solution unworkable; therefore, the entire Reply will be rejected.

For each of the criteria listed the Vendor's response will receive a score as a result of multiplying the point’s available times the award percentage. All scores will be combined for the Vendor’s total score.

### 5.4.2 Evaluation

This will consist of an evaluation of products, services, plans, corporate capability, proposed staff, and references (if applicable), based solely on requirements and criteria defined in this ITN.

Each of the factors will be graded by the Evaluation Team based on its best professional judgment, considering all text, clarifications, presentations, reference checks (if applicable), interviews, site visits, and any other relevant sources of information.

The available points for each of the evaluation criteria are:
**EVALUATION CRITERION**

Section 2.3 Vendor System Overview .................................................. 500  
Section 2.4.1 Corporate Background Review ...................................... 200  
Section 2.4.2 Gaming Systems Experience ....................................... 400  
Section 2.4.3 Capability to Provide Terminals ................................. 200  
Section 2.4.4 Software Development and Support Capabilities............. 400  
Section 2.4.5 Research and Development Program ............................ 300  
Section 2.4.6 Vendor Personnel ....................................................... 300  
Section 2.4.7 Conversion Strategy .................................................... 200  
Section 2.4.8 Formal Implementation Plan ....................................... 100  
Section 2.4.9 Interim Facilities and Processes ................................. 100  
Section 2.4.10 Technology Refresh ................................................... 500  
Section 2.5.1 Reply Enhancements ................................................... 500  
Section 2.5.2 Additional Offerings .................................................. 500  

Maximum Available Points ................................................................ 4200  

5.4.3 Site Visits

The Evaluation Team may, prior to completion of the evaluation process, determine that it is necessary to travel to Vendor locations and other sites to validate demonstrability of the proposed system, response contents or seek clarifications.

It is expected that these inspections, discussions, and demonstrations, if any, will occur at Vendor facilities such as the headquarters or at some other appropriate venue, as agreed upon by the Lottery and the Vendor. The determination as to need for site visits, the order of and the schedule of site visits, are at the sole discretion of the Lottery.

The purpose of this evaluation activity is to provide substantiating information and demonstrated performance to support Reply content. No part of the demonstrations will serve to relieve the Vendor of any quality, testing, or operational performance requirements as required under the Requirements and Terms and Conditions. No enhancements not already set forth in the Reply may be tendered during the Site Visits.

The Lottery will provide for all expenses of the Evaluation Team during site visits.

NOTE: Pursuant to § 286.0113(2)(b)1. Fla. Stat., meetings at which vendors make an oral presentation or at which a Vendor answers questions as part of a competitive solicitation are not considered public meetings. This section applies to site visits / system demonstrability.
5.5 INFORMATION FROM OTHER SOURCES

The Lottery reserves the right to obtain, from sources other than the Vendor, credible and authoritative information concerning a Vendor, the Vendor’s offerings, capabilities and performance that the Lottery deems pertinent to this ITN. The Lottery may consider such information in evaluating the Vendor’s response. This may include, but is not limited to, the Evaluation Team engaging subject matter experts from outside the Evaluation Team to better inform the Evaluation Team’s findings, as well as references from other clients of the proposing Vendor. However, subject matter experts will not participate in the scoring process.

5.6 SCORING AND RANKING

The Lottery will combine the points for each evaluation criterion to determine the total score for each eligible Vendor.

In the case of an exact tie, the tie will be resolved in accordance with §295.187, Fla. Stat., and rule 60A-1.011, Florida Administrative Code, which may include certification that a drug-free workplace has been implemented. Vendors may execute and return a Certification of a Drug Free Workplace form to be considered in the event of an exact tie.

5.7 NEGOTIATION PROCESS

Points and scores assigned by the Evaluation Team are used only to select Vendors reasonably susceptible of contract award and do not carry forward to the negotiation phase. The scoring of responsive Replies establishes a reference point from which to begin negotiations and in no way implies that an Agreement will be awarded.

The Lottery will select one or more Vendors within the competitive range with which to commence negotiations. The Lottery reserves the right to enter into concurrent negotiations with more than one Vendor or to conduct negotiations sequentially. Negotiations may continue until an agreement is reached or all Replies are rejected.

The Lottery reserves the right to negotiate with one or more, all, or none of the responsible Vendors submitting responsive Replies to this ITN, but is not obligated to do so. The Lottery further reserves the right not to eliminate any responsive, responsible Vendor from consideration during Negotiations, as determined to be in the best interest of the State.

The Lottery reserves the right to reject, in its sole discretion, any or all Replies at any time during the solicitation process.

The Lottery reserves the right to make the final determination of whether to enter into a Contract after the negotiation process is completed.
5.8 NOTICE OF AGENCY DECISION

At the conclusion of Negotiations, the Lottery will post a Notice of Agency Decision on the State’s Vendor Bid System [http://vbs.dms.state.fl.us/vbs/main_menu](http://vbs.dms.state.fl.us/vbs/main_menu). The Lottery will award to the responsive, responsible Vendor determined by the Lottery to provide the best value to the State.

An award from this ITN does not guarantee execution of a Contract and execution of a Contract does not guarantee an order for commodities and services from the Florida Lottery.

END OF SECTION
Attachment A: Definitions

**Actual Sales:** The gross Terminal Game sales minus cancellations during the Applicable Period.

**Applicable Period:** The period of time during which the central computer system is down or experiencing degraded performance expressed as a time of operating day and a day of the week for the beginning and the ending of the Applicable Period.

**Average Comparison Sales:** The average gross Terminal Game sales minus cancellations for the five (5) most recent periods of time beginning and ending at the same times of day on the same days of the week as the Applicable Period on which the highest advertised jackpot game was closest to the highest advertised jackpot game as of the commencement of the Applicable Period. In determining the comparison periods, the other jackpot games will be considered.

**Bond:** A bond, Cashier’s Check, or alternative security in form and substance and issued by a company acceptable to the Lottery.

**Book:** A pack of Scratch-Off game tickets, with individual tickets uniquely numbered by virtue of game/book/ticket identifiers. Books contain varying numbers of tickets, depending on the game.

**Breach of Security:** Violation of any physical or logical security requirements.

**Business Day:** Monday through Friday except legal holidays observed by the State of Florida.

**Business Week:** A seven (7) day period defined by the Lottery at any point in time.

**Certified Financial Statements:** A set of personal or business financial statements that have been reviewed and authenticated by a certified public accountant. In order to be considered complete, the set must be comparative for two years and include a balance sheet, income statement, statement of cash flows, statement of retained earnings and notes to the financial statements for both years.

**Certified Minority Business Enterprise (CMBE):** A business which has been certified by the Florida Department of Management Services, Office of Supplier Diversity, to be a minority business enterprise.

**Comparison Terminal Game FSVM Sales:** means (a) with respect to non-operational FSVMs that require critical repair of terminal game ticket functionality and that have been deployed for at least thirteen (13) operating weeks, the aggregate gross Terminal Game sales minus cancellations generated by the applicable non-operational FSVM during the thirteen (13) operating weeks preceding the operating week in which such FSVM became non-operational and (b) with respect to non-operational FSVMs that have not been deployed for at least thirteen (13) operating weeks, the average gross Terminal Game sales minus cancellations revenues generated by all FSVMs during the thirteen (13) operating weeks preceding the operating week in which such FSVM became non-operational.
Comparison Scratch-Off FSVM Sales: means (a) with respect to non-operational FSVMs that require critical repair of Scratch-Off ticket functionality and that have been deployed for at least thirteen (13) operating weeks, the aggregate gross Scratch-Off lottery ticket sales generated by the applicable non-operational FSVM during the thirteen (13) operating weeks preceding the operating week in which such FSVM became non-operational and with respect to non-operational FSVMs that have not been deployed for at least thirteen (13) operating weeks, the average gross Scratch-Off sales revenues generated by all FSVMs during the thirteen (13) operating weeks preceding the operating week in which such FSVM became non-operational.

Comparison Terminal Sales: With respect to non-operational terminals that have been deployed for at least thirteen (13) operating weeks, the aggregate gross Terminal Game sales minus cancellations generated by the applicable non-operational terminal during the thirteen (13) operating weeks preceding the operating week in which such terminal became non-operational. With respect to non-operational terminals that have not been deployed for at least thirteen (13) operating weeks, the average gross Terminal Game sales minus cancellations revenues generated by all terminals during the thirteen (13) operating weeks preceding the operating week in which such terminal became non-operational.

Consumables: Playslips, playslip holders, ticket stock, printer paper, and any other operational supplies. The term "Consumables" does not include point of sale promotional items or Scratch-Off tickets.

Contract: The written agreement entered into between the Lottery and the successful Vendor to this ITN, which shall incorporate, among other provisions, the contents of this ITN and the successful Vendor’s Reply, except as specifically provided to the contrary in the Contract. The contract will be in the form of a two-party signature document. The contract will include any provisions added or modified as a result of negotiations between the successful Vendor and the Lottery.

Contractor: The Vendor with which the Lottery executes a contract pursuant to this ITN.

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

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

Corporate Account: Any account the Lottery defines as a corporate account.

Day: A calendar day.

Duration: The duration of the Applicable Period in operating minutes.

EETF: Educational Enhancement Trust Fund.

EFT: Electronic Funds Transfer through a bank employing the Automated Clearing House (ACH) network.
**Enhancements:** An offering by a Vendor above and beyond the requirements of the ITN which may include but not be limited to a system feature or capability, or related products and services 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.

**Estimated Lost Scratch-Off FSVM Revenue:** The product of (a) the ratio of (i) the Comparison Scratch-Off FSVM Sales to (ii) the total number of operating minutes during which Scratch-Off tickets were available for sale by the applicable FSVM during the thirteen (13) weeks preceding the day on which such Scratch-Off FSVM functionality became nonoperational, (b) the number of minutes (excluding non-operating minutes) of maintenance delay in excess of three (3) hours for a FSVM critical failure (see C1.3.6.22) and (c) forty-three percent (43%).

**Estimated Lost Terminal Game FSVM Revenue:** The product of (a) the ratio of (i) the Comparison Terminal game FSVM Sales to (ii) the total number of operating minutes during which terminal games were available for sale by the applicable FSVM during the thirteen (13) weeks preceding the day on which such terminal games FSVM functionality became nonoperational, (b) the number of minutes (excluding non-operating minutes) of maintenance delay in excess of three (3) hours for a FSVM critical failure (see C1.3.6.22) and (c) forty-three percent (43%).

**Estimated Lost System Revenue:** The greater of (a) the product of (i) the ratio of (A) the Average Comparison Sales minus the Actual Sales to (B) the Duration, (ii) the Net Duration and (iii) forty-three percent (43%) and (b) zero.

**Estimated Lost Terminal Game Revenue:** The product of (a) the ratio of (i) the applicable Comparison Terminal Sales to (ii) the total number of operating minutes during which terminal game lottery tickets were available for sale by the applicable terminal during the thirteen (13) weeks preceding the day on which such terminal became non-operational, (b) the number of minutes (excluding non-operating minutes) of maintenance delay in excess of ninety (90) minutes and (c) forty-three percent (43%).

**Facilities:** The physical and environmental elements required to provide and support the Lottery and its retail network, including data centers, warehouses, repair depots, and any other such locations.

**File:** A related collection of records containing a consistent set of data fields that describe an entity. A file can be processed by software representing an authorized user to change, 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 of an experienced user to read a code, occurring within approximately a three (3) second time window.

**GUI:** Graphical User Interface.
Attachment A: Definitions

**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.

**ITN:** This Invitation to Negotiate.

**Lottery:** The State of Florida, Department of the Lottery.

**Lottery LAN:** A local area network (LAN) serving the offices of the Florida Lottery.

**Minority Business Enterprise (MBE):** Any business concern which is organized to engage in commercial transactions and is at least 51 percent owned by minority persons who are members of an insular group that is of a particular racial, ethnic, or gender makeup or national origin, which has been subjected historically to disparate treatment due to identification in, and with that group resulting in, an under-representation of commercial enterprises under the group’s control and whose management and daily operations are controlled by such persons. A minority business enterprise may primarily involve the practice of a profession.

**Net Duration:** The Duration minus any allowance time for that particular incident or event type.

**Net Terminal Sales:** Gross sales minus cancellations, promotional free tickets and adjustments for terminal games.

**Network:** A computer network or data network is a telecommunications network that allows computers to exchange data. The connections (network links) between networked computing devices (network nodes) are established using either cable media or wireless media.

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

**Portal Application:** Any software and supporting hardware or firmware through which the Lottery would access any functionality of the System.

**Public Entity Crime:** As defined in Section 287.133(1)(g), Florida Statutes, "public entity crime" means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any reply or contract for goods or services, any lease for real property, or any contract for the construction or repair of a public building or public work, involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

**Reply:** All materials submitted by a Vendor in response to this ITN.

**Report:** Information produced by the System that is viewed via display, printed, or saved to a file depending on the needs of the Lottery.
**RESPECT of Florida:** The qualified non-profit agency operating under authority of Chapter 413, Florida Statutes to provide all governmental agencies within the State of Florida and their contractors quality products and services produced by persons with varying degrees of disability, helping to employ Florida citizens with disabilities, reducing their dependence on welfare and the need for costly institutionalization.

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

**Responsive Reply:** A timely submitted reply that conforms in all material respects to the ITN.

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

**Retailer Group:** Any group of retailers such as, but not limited to, a single retailer, chain retailer, all retailers, retailers on a given communications type, retailers in the same county, zip code, business type, corporate account, or sales level. A Retailer Group can be further customized by the Lottery by selecting or de-selecting retailers as needed. The number of simultaneous groups is unlimited and groups can be composed of multiple sub-groups.

**Retailer Master File:** The Lottery’s file containing the official list of and data defining retailers.

**Sales Day:** The period of time the Lottery’s gaming systems support transactions from terminals at retailer locations.

**Scratch-Off Tickets:** Games sold on pre-printed tickets containing play and validation data under a latex coating or such other coating as may be approved by the Lottery. Scratch-off Tickets will be administered through the terminals provided by the Contractor.

**SR:** Sales Representative.

**Secretary:** The Secretary of the Florida Lottery or an employee of the Lottery authorized to act on behalf of the Secretary.

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

**State of the Art:** State of the art is the highest level of general development for devices, techniques, procedures, processes, or scientific field achievement reached at any particular time as a result of the common methodologies employed.

**Subcontractor:** Any person other than an employee of the Contractor who provides products or performs any of the services listed in this ITN for compensation.

**Substantial Subcontractor:** A subcontractor performing major and/or critical activities specific and customized for the Contract, including ICS Suppliers, hardware development, production or support, software development, production, or support, ticket stock printing and retailer servicing. This does not include telecommunications carriers, suppliers of “off the shelf” (available to the general public) hardware or software.
Successful Vendor: The Vendor to whom the Lottery awards and with whom the Lottery intends to execute a contract pursuant to this ITN.

System: A collection of hardware, software, facilities, and procedural elements which provides useful services and which produces useful outputs. In this ITN 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 systems are being discussed. When used without other qualification, "System" refers to the comprehensive set of elements listed in ITN Section 1.1: Introduction (Scratch-Off ticket and terminal game system including the telecommunications and network) proposed by the Vendor.

Terminal Games: Games sold through a computer network.

Validation: Method by which tickets are processed by the System to ensure that the ticket presented is valid and has not been redeemed previously.

Validation Code: A security feature of Scratch-Off tickets printed under the latex or other coating.

Vendor: Any firm or person who submits a reply to the Lottery in response to this ITN.
Attachment B: Mandatory Requirements of Contract

**Advertising** - The Contractor shall not use its relationship with the Lottery as a part of any commercial advertising without prior written consent of the Lottery.

**Assignment of the Contract** - The Contract is not assignable except with the prior written approval of the Lottery. Monies payable under the Contract are not assignable except with the prior written approval of the Lottery and the Comptroller of the State of Florida. In the event of such approval, the terms and conditions hereof shall apply to and bind the party or parties to whom the Contract is assigned as fully and completely as the Contractor is thereunder bound and obligated. No assignment, if any, shall operate to release the Contractor from its liability for the prompt and effective performance of its obligations under the Contract.

**Audit** - The Lottery reserves the right to audit all Contractor’s and subcontractors’ procedures and records using its employees, its designees or other State agencies to the extent permitted by law. Contractors shall maintain on file for a period of three years after the expiration or termination of the contract, all supporting documentation for charges and/or reports to the Lottery. These files shall be available for audit by the Lottery during this time period at the Lottery’s discretion. Contractor is required to maintain its books, records and other evidence pertaining to the Contract in accordance with generally accepted accounting principles and such other procedures specified by the State of Florida.

**Availability of Funds** - If this contract is paid for out of appropriated funds, the state of Florida’s and the Lottery’s performance and obligation to pay under this Contract are contingent upon an annual appropriation by the Florida Legislature.

**Benefit** - Any Contract is for the benefit of the Lottery and the Contractor and not for the benefit of any third party or person.

**Change in Financial Conditions** - If the Contractor experiences a material adverse change in financial condition or experiences other financial irregularities during the term of the Contract with the Lottery, the Contract Manager must be notified in writing at the time the change occurs or is identified.

**Change of Schedules** - The Lottery reserves the right, in its own best interest, to modify, reject, cancel or stop any and all plans, schedules or work in progress.

**Confidentiality** - Any information relating to the products, customers, business, marketing plans and policies of the Lottery or its affiliates, supplied to the Contractor by or at the direction of the Lottery or acquired by the Contractor in the course of providing services to the Lottery, or developed by the Contractor in carrying out the Contractor’s duties under the Contract, shall be deemed to be confidential and proprietary information of the Lottery and the exclusive property of the Lottery.

Confidential Information does not include information that (a) is generally or becomes generally known to the public through no breach of the Contract by Contractor; (b) was already known to Contractor prior to its disclosure to Contractor under the Contract; (c) was lawfully received by Contractor from a third party; (d) was independently developed by Contractor; or
(e) is required by any applicable law, regulation, or court order to be disclosed by the Contractor to any governmental, regulatory, or judicial body, in which event Contractor shall provide Lottery with advance written notice of the requirement or order to permit Lottery to seek a protective order against such disclosure.

**Contract** - The Contract shall incorporate the terms of all related solicitation documents, including but not limited to any addenda to the solicitation, and the Contractor’s Proposal as an integral part of the Contract, except to the extent that the Contract explicitly provides to the contrary. In the event of a conflict in language among any of the documents referenced above, the provisions and requirements of the Contract shall govern.

**Contractor Responsibility** - The Lottery will consider the Contractor to be the sole point of contact with regard to contractual matters. The Contractor will assume sole responsibility for providing the services and/or commodities required by the Contract, whether or not the Contractor is the direct supplier of said service, commodity, or any component thereof. Upon execution of the Contract, the Contractor will identify a sole point of contact for all matters pertaining to the Contract.

**Contractor's Responsibilities Upon Termination** - After receipt of a Notice of Termination, and except as otherwise specified by the Lottery, Contractor shall:

- Stop work under this Contract on the date, and to the extent specified, in the notice;
- Place no further orders or subcontract for materials, services, or facilities except as may be necessary for completion of such portion of the work under this Contract that is not terminated;
- Assign to the Lottery effective on the date of Contract termination, in the manner, at the time, and to the extent specified by the Lottery, all of the right, title, and interest of Contractor under the orders and subcontracts so terminated, in which case the Lottery has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts and to reduce any settlement amount determined by the amount paid for such orders or subcontracts;
- Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Lottery to the extent the Lottery may require. The Lottery's approval or ratification shall be final for the purposes of this part;
- Upon the effective date of termination of this Contract and the payment by the Lottery of all items properly chargeable to the Lottery hereunder, Contractor shall transfer, assign, and make available to the Lottery all property and materials belonging to the Lottery, all right and claims to any and all reservations, contracts and arrangements regarding this Contract. No extra compensation is to be paid to Contractor for its services in connection with any such transfer or assignment. The Lottery concurrently with such transfer or assignment shall assume the obligations of the Contractor, if any, on all non-cancelable contracts with third parties for such items;
• Upon termination of the Contract by Lottery, Contractor shall be deemed to have released and relinquished to the Lottery any and all claims or rights it may otherwise have to common law or statutory copyright with respect to all or any part of unpublished material prepared or created by Contractor in the course of its performance hereunder;

• Complete performance of such part of the work as shall not have been terminated by the Lottery; and

• Take such action as may be necessary, or as the Lottery may specify, to protect and preserve any property related to this Contract which is in the possession of the Contractor and in which the Lottery has or may acquire an interest.

• All proprietary materials and associated information are considered to be the property of the Lottery and will be returned to the Lottery upon termination of the Contract.

Controlling Law - The validity, interpretation and performance of the Contract shall be governed by and construed under the laws of the State of Florida. Any and all litigation arising under the Contract shall be instituted in the appropriate court in Leon County, Florida.

Ethics Policy; Gifts Prohibited - Lottery employees are prohibited by the Lottery’s ethics rule, 53ER12-18, Florida Administrative Code, from accepting anything of value from a lobbyist or principal of a lobbyist or from an entity doing business with the Lottery. A copy of the rule can be obtained from the Florida Lottery, Office of the General Counsel, 250 Marriott Drive, Tallahassee, Florida 32399-4011. Contractor agrees that it will not offer or provide to any Lottery employee any gift or other item of value that would violate the Lottery’s ethics rule and acknowledges that the Lottery may unilaterally cancel this Agreement if Contractor violates this provision.

E-Verify Employment Eligibility Verification Program - Pursuant to State of Florida Executive Orders Nos.: 11-02 and 11-116, Contractor is required to utilize the U.S. Department of Homeland Security’s E-Verify system to verify the employment of all new employees hired by Contractor during the contract term. Also, Contractor shall include in related subcontracts a requirement that subcontractors performing work or providing services pursuant to the state contract utilize the E-Verify system to verify employment of all new employees hired by the subcontractor during the contract term.

Exclusivity and Non-assignability of Contract - The Contract is an exclusive and personal contract and may not be assigned in whole or in part without the prior written approval of the Lottery. Contractor agrees that performance of other contracts for any agency, entity or person shall not interfere with the faithful and timely performance by Contractor under the Contract.

Force Majeure - Except as otherwise provided herein, neither Contractor nor the Lottery shall be liable to the other for any delay in or failure of performance of any covenant contained herein, or shall any such delay or failure of performance constitute default hereunder, to the extent that such delay or failure is caused by force majeure. As herein used “force majeure” is strictly limited to include fire, explosion, action of the elements, rationing, war, terrorism, or civil disturbance. The existence of such causes of delay or failure shall extend the period for performance to such extent as may be necessary to enable complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.
Attachment B: Mandatory Requirements of Contract

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.

During a period of non-performance due to Force Majeure, payments from the Lottery to the Contractor will be suspended.

**Indemnification** - Contractor agrees to defend, indemnify, and hold the Lottery harmless from and against any loss resulting from any claim made or brought against it arising out of:

1. Contractor’s failure to obtain a required consent of any nature whatsoever;
2. Contractor’s contracts with third parties;
3. Contractor’s unauthorized use of name or likeness of any person, libel, slander, defamation, disparagement, piracy, plagiarism, unfair competition, idea misappropriation, infringement of copyright title, slogan or other property rights and any invasion of the right of privacy;
4. Breach of Contractor’s obligations under the Contract; or
5. Contractor’s negligence or willful misconduct;

However, the Contractor’s duty or indemnification shall not apply to any materials or information supplied by Lottery to the Contractor.

This paragraph, insofar as it applies to work undertaken while the Agreement is in effect, shall survive the termination of the Agreement.

**Independent Contractor** - The Contractor, its employees, agents and subcontractors performing under the Contract are not officers, employees, or agents of the Lottery. The Contractor is an independent contractor and will not hold itself out as nor claim to have any other relationship with the Lottery or the State of Florida by reason hereof.

**Invoicing and Payment**

1. Invoices shall be submitted on a periodic schedule, but no more frequently than weekly. Invoices for commodities and/or services delivered shall be submitted in detail sufficient for a proper pre-audit and post audit thereof. Invoices shall be submitted to:

   Financial Transactions
   Florida Lottery
   250 Marriott Drive
   Tallahassee, FL 32399-4020
2. Payment shall be made in accordance with Section 215.422, Fla. Stat. Upon receipt of the commodities and/or services provided by Contractor to the Lottery, the Lottery shall have ten (10) working days to inspect and approve the commodities and/or services. The Lottery shall within twenty (20) days thereafter, deliver a request for payment to the Department of Financial Services. The twenty (20) days shall be measured from the latter of the date the invoice is received or the date the commodities and/or services are received, inspected and approved.

Invoices which have to be returned to the Contractor because of Contractor's preparation errors or disputes will result in a delay in the payment. The invoice payment requirements shall not start until a properly completed invoice is provided to the Lottery. Undisputed amounts are subject to the invoice payment requirements. All invoices for commodities and/or services must be cross-referenced to the Contract in such a manner that the Lottery can identify the authority for the charge.

If a warrant is not issued within forty (40) days, a separate interest penalty as specified in Section 55.03, Fla. Stat., will be due and payable, in addition to the invoice amount, to the Contractor. Interest penalties of less than one dollar ($1.00) will not be enforced unless the Contractor requests payment.

A Vendor Ombudsman Program has been established within the Department of Financial Services. The duties of this program include acting as an advocate for vendors who may be experiencing problems in obtaining timely payments from a state agency. The Vendor Ombudsman Program may be contacted at (850) 413-5516, or by calling the Department of Financial Services Consumer Hotline at 1-800-342-2762.

The Florida Department of Financial Services offers a centralized Vendor Portal found at: http://www.myfloridacfo.com/Division/AA/Vendors/default.htm which provides pertinent information pertaining to vendor payment status, direct deposits, and training opportunities. From this website vendors may also access the W-9 submission and information link. State of Florida agencies are not permitted to make payments to any vendor that does not have a verified Substitute Form W-9 on file with the Department of Financial Services. For additional assistance please contact (850) 413-5510.

Modification of Contract: The Contract represents the entire agreement of the parties. Any alterations, variations, changes, modifications or waivers of provisions of the Contract shall only be valid when they have been reduced to writing and duly signed by each of the parties hereto.

MyFloridaMarketPlace (If applicable)

1. Vendor Registration: Each vendor doing business with the State for the sale of commodities or contractual services as defined in Section 287.012, F.S., shall register in the MyFloridaMarketPlace system, unless exempted under subsection 60A-1.030(3), F.A.C. Information about the registration process is available, and registration may be completed, at the MyFloridaMarketPlace website (link under Business on the State portal at www.myflorida.com). Interested persons lacking Internet access may request assistance from the MyFloridaMarketPlace Customer Service at (866) FLA-EPRO (866-352-3776) or from State Purchasing, 4050 Esplanade Drive, Suite 300, Tallahassee, Florida, 32399.
2. **Transaction Fee** - Pursuant to 53ER07-55(10) Florida Administrative Code, procurements of commodities and services specific to the lottery industry and for which the Florida Lottery is the sole purchaser in the state of Florida are exempt from the 1% Transaction Fee that would otherwise apply under Rule 60A-1.031, F.A.C.

**News Releases** - The Lottery is the only entity authorized to issue news releases relating to this contract and performance thereunder.

**Nondisclosure of Lottery's Plans** - Contractor must 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, or subcontractors of the Contractor whose assistance in the production of the game is necessary, until the Lottery announces same.

**Ownership of Materials** - Ownership of all data, documentary material, copy, creative, video, audio and operating reports originated and prepared exclusively for the Lottery pursuant to any Contract shall belong to the Lottery, unless otherwise agreed to in writing by the Lottery. Third party proprietary software and related documentation shall be sublicensed to the Lottery.

**Patents, Copyrights and Trademarks** - Any and all patents, copyrights or trademarks accruing under or in connection with the performance under this Contract are hereby exclusively reserved to the State of Florida.

**Personnel** - If, during the course of the Contract, the Lottery reasonably determines that certain Contractor personnel are unable or fail to perform their duties in a competent and professional manner, the Lottery shall notify the Contractor in writing of its determination. The Contractor shall remove said personnel from the Lottery account and shall assign replacement personnel acceptable to the Lottery.

**Public Access to Records** - All documents, papers, letters, or other materials relating to the Contract that are made or received by Contractor in conjunction with the Contract, except those matters which, under the Contract, Florida law or Florida Lottery rules are confidential, are required to be available for public access and copying in the manner specified by Chapter 119, Florida Statutes. Contractor is required to provide the public with access to public records on the same terms and conditions that the Lottery would provide the records and at a cost that does not exceed the allowable cost under Chapter 119. Contractor must ensure that records that are exempt or confidential and exempt from disclosure are not disclosed except as authorized by law. If the Lottery receives a records request related to confidential information contained in Contractor’s response to the procurement solicitation, which response is incorporated by reference into this Contract, it shall notify Contractor within 3 business days, so that Contractor may have the opportunity to protect any trade secrets or intellectual property. If Contractor receives a request for information pursuant to this clause, Contractor shall notify the Lottery prior to complying with such request. The Lottery may unilaterally cancel the Contract for Contractor’s refusal to allow access to public records.
Upon the expiration of the Contract, all records made or received in conjunction with this Contract shall be transferred to the Lottery, at no cost. All records stored electronically must be provided at no cost to the Lottery, in a format as determined by the Lottery, upon Contract expiration. Final payment may be withheld until Contractor has provided all records pertaining to this Contract. Any and all duplicate public records that are exempt or confidential and exempt must be shredded upon expiration of the Contract.

**Quality of Work and Services** - Notwithstanding "prior approval" requirements that may be reserved to the Lottery under this Contract, Contractor retains the ultimate responsibility to ensure and guarantee the quality of work and services to be provided under this Contract. Contractor is fully and solely responsible for performing and completing the services specified herein to the satisfaction of the Lottery.

**Severability** - If any clause, term, or provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then such event shall not affect, impair, or render invalid or unenforceable the remainder of the Agreement or any other clause, term, or condition hereof, except as is necessary to preserve the particular rights and obligations of the parties as established herein.

**Subcontracting** - The Contractor may enter into written subcontracts for performance of work under the Contract with prior written approval of the Lottery. All substantial subcontractors shall be subject to the prior written approval of the Lottery and be subject to investigations required by Section 24.111. Fla. Stat. The Lottery shall have the continuing right throughout the term of the Contract to disapprove subcontractors if such disapproval would be in the best interest of the Lottery. The Lottery shall have the right to inspect and acquire any of the subcontractor documents executed between the Contractor and the subcontractor. No subcontract that the Contractor enters into with respect to performance under the Contract shall in any way relieve the Contractor of any responsibility for performance under the Contract.

**Termination for Cause** - The Lottery reserves the right to immediately terminate the Contract by providing written notice to the Contractor if the Lottery determines, in its sole discretion, that any of the following has occurred:

1. Contractor knowingly furnished any statement, representation, warranty or certification in connection with the solicitation or the Contract, which representation is materially false, deceptive, incorrect, or incomplete;
2. Contractor fails to perform to the Lottery’s satisfaction any material requirements of the Contract or defaults in performance of the Contract;
3. The performance of the Contract is substantially endangered by the action or inaction of the Contractor, or such occurrence can be reasonably anticipated;
4. The State enacts a law which removes or restricts the authority or ability of the Lottery to conduct all or part of a gaming function;
5. The Contractor’s firm or assets are acquired by or combined with another company or concern during the Contract period;
6. The Contractor or any substantial subcontractor fails to maintain the standards of financial responsibility, character, reputation or integrity as determined by the Florida Lottery;

7. Contractor is placed on the convicted vendor list, suspended vendor list or discriminatory vendor list; or

8. The actions or inaction of the Contractor or Contractor’s employees pose a threat to the security or integrity of the Lottery. In such an event, the Lottery may terminate the Contract immediately by telephonic notification followed by written notice.

Should the Lottery give notice of termination for reasons in sub-paragraphs 2 or 3 above, Contractor shall have seven days after receipt of said notice to remedy the failures or problems. If Contractor fails to remedy, the Lottery may order Contractor to stop immediately all work and terminate the Contract.

If the Contract is terminated for cause by the Lottery, the Lottery shall be obligated only for the goods actually delivered and accepted or services actually rendered prior to the date of notice of termination, less any liquidated damages or other damages that maybe assessed for non-performance.

**Termination for Convenience** - The Lottery reserves the right to terminate the Contract or any part of the Contract at its convenience upon three (3) calendar days’ written notice. The Lottery shall incur no liability for materials or services not yet ordered if it terminates for convenience. If the Lottery terminates for convenience after an order for materials or services has been placed, the Contractor shall be entitled to compensation upon submission of invoices and proper proof of claim, in that proportion which its services and products were satisfactorily rendered or provided, as well as expenses necessarily incurred in the performance of work up to time of termination.

**Termination by Mutual Agreement** - With the mutual agreement of both parties, the Contract or any part of the Contract may be terminated on an agreed date prior to the end of the Contract period without penalty to either party.

**Unauthorized Aliens** - The employment of unauthorized aliens by any contractor is considered a violation of the Immigration and Nationality Act, 8 U.S.C. § 1324a. If the Contractor knowingly employs unauthorized aliens, such violation shall be cause for unilateral cancellation of the Contract.

**Vendor Ethics and Integrity** - The Contractor is obligated to meet high standards for ethics and integrity under this Contract:

- The Contractor and its employees shall accept no pay, remuneration, or gratuity of any value for performance on or information derived from this contract from any person or entity other than the Lottery.
- The Contractor and its employees shall not offer or give any gift, gratuity, favor, entertainment, loan, or any other thing of material monetary value to any Lottery employee.
- The Contractor and its employees shall not disclose any business sensitive or confidential information gained by virtue of this Contract to any party without the written consent of the Lottery.
• The Contractor and its employees shall take no action in the performance of this Contract to create an unfair, unethical, or illegal competitive advantage for itself or others.

• The Contractor and its employees 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 the Contractor, debar the Contractor, and take any other appropriate actions against the Contractor.

**Waiver** - Waiver of a breach of any provision hereof does not constitute a waiver of any subsequent breach of such provision or of any other provision in the Contract.

**Warranties of Contractor** - Contractor covenants and warrants as follows:

• It is lawfully organized and constituted under all federal, state and local laws, ordinances and other authorities of its domicile and is otherwise in full compliance with all legal requirements of its domicile.

• It is possessed of the legal authority and capacity to enter into and perform the Contract; and the Contractor representative who is executing the Contract is so authorized by the Contractor.

• It has been duly authorized to operate and do business in the State of Florida and all places where it shall be required to conduct business under the Contract; that it has obtained, at no cost to the State of Florida, all necessary licenses and permits required in connection with the Contract; and that it shall fully comply with all laws, decrees, labor standards and regulations of its domicile and such other location where performance may occur during the term of the Contract.

• It has no present interest and shall not acquire any interest that would conflict in any manner with Contract duties and obligations under the Contract.

• The services rendered shall in all respects conform to, and function in accordance with, the specifications and designs requested in this solicitation.

• Its performance under the Contract shall not infringe on any patent, copyright, trademark, service mark or other intellectual property rights of any other person or entity and shall not constitute the unauthorized use of any trade secret of any other person or entity.
C1.1 INTRODUCTION

In the body of this section are Special Terms and Conditions applicable to this procurement.

C1.2 TERM OF CONTRACT

The Contract resulting from this ITN will be in effect from the Contract effective date for ten (10) years of production operations, plus such time as is necessary to complete the end of the first or third State fiscal quarter, whichever is closest, and to finish out the business week in progress.

The Lottery reserves the right to renew the Contract at its sole option up to a maximum of three (3) renewals of three (3) years each, provided that any such option to renew is exercised by the Lottery at least ninety (90) days prior to the end of the initial contract period, or any renewal thereof, or at a time mutually agreed upon by both parties.

The Lottery reserves the right to negotiate for new commodities or services and lower pricing at any time during the term of the Contract or any renewals. By submitting a reply this ITN, Vendors agree that their prices for renewal terms shall not exceed the negotiated prices for the initial term of the Contract, unless new commodities or services are added to the Contract.

The Lottery reserves the right to extend the initial Contract, or any renewal thereof, on thirty (30) days’ notice for successive ninety (90) day periods if a different Vendor is chosen for the subsequent contract and the subsequent vendor’s commodities and services do not meet the Lottery’s requirements, or for any other reason deemed appropriate by the Lottery. To meet this requirement, the Contractor must maintain readiness to provide all commodities and services for at least ninety (90) days after the completion of the initial Contract period or any extension thereof, with no price escalation. Implementation of this provision shall not be construed as a cancellation of the Contract with the subsequent vendor.

Any renewal or extension of the Contract shall be in writing. Renewals shall be contingent upon availability of funds and satisfactory performance by Contractor. If, at any time, the Contract is canceled, terminated, or expires, and a contract is subsequently executed with a firm other than the current Contractor, the current Contractor has the affirmative obligation to assist in the smooth transition, conforming to the Lottery’s schedule, of Contract services to the subsequent vendor.

C1.3 LIQUIDATED DAMAGES PROVISIONS

In all the below liquidated damages sections, the Lottery and the Contractor agree that it will be extremely impractical and difficult to determine actual damages which the Lottery will sustain. The commodities and/or services to be provided under the Contract are not readily available on the open market; any breach by the Contractor will delay and disrupt the Lottery’s operations and will lead to damages. Therefore, the parties agree that the liquidated damages as specified in all the sections below are reasonable. Additionally, the Lottery reserves the right to define additional liquidated damages provisions dependent on the successful Vendor’s offerings and negotiations.

Assessment of liquidated damages shall be in addition to, not in lieu of, such other remedies as may be available to the Lottery. Except and to the extent expressly provided herein, the Lottery shall be entitled to recover liquidated damages under each section applicable to any given incident.
For the purposes of this Section 1.3, all Terminal and FSVM repairs, replacements or removals shall be required only during normal retailer operating hours. Normal retailer operating hours exclude: (i) all times during which a retailer is closed for business or (ii) non-operational gaming system hours.

**C1.3.1 Notification of Liquidated Damages**

Upon determination that liquidated damages are to be assessed, the Lottery shall notify the Contractor of the assessment in writing.

**C1.3.2 Severability of Individual Liquidated Damages**

If any portion of the liquidated damages provisions is determined to be unenforceable, that portion is severable and the other provisions shall remain in full force and effect.

**C1.3.3 Waivers of Liquidated Damages**

The waiver of any liquidated damages due the Lottery shall constitute a waiver only as to such liquidated damages and not a waiver of any future liquidated damages. Failure to assess liquidated damages within any period of time shall not constitute a waiver of such claim by the Lottery at anytime during the contract term and any renewals.

**C1.3.4 Payment of Liquidated Damages**

Each of the categories of liquidated damages set forth below shall be a separate liability of the Contractor, and one shall not mitigate another. For example, liquidated damages assessed for failure to meet production dates shall not mitigate any liquidated damages that may occur for a resultant late ticket stock delivery.

Once the Lottery has determined that liquidated damages are to be assessed, the Secretary shall notify the Contractor of the assessment(s). Unless otherwise directed by the Secretary, all assessed liquidated damages will be deducted from any moneys owed to the Contractor by the Lottery. In the event the amount due the Contractor is not sufficient to satisfy the amount of liquidated damages, the Contractor shall pay the balance to the Lottery within thirty (30) calendar days of written notification by the Lottery. In the event the Contractor fails to pay within the thirty (30) day period, the Lottery may make a claim for payment against the Performance Bond, with or without notice to the Contractor.

To the extent that the Secretary determines that any damage was caused in part by the Lottery, or due to other circumstances beyond the Contractor’s control, the Secretary may reduce the damage assessment against the Contractor.

**C1.3.5 Delays and Liquidated Damages**

The Contractor shall not be required to pay liquidated damages for delays or difficulties due solely to matters that fall under *Force Majeure*, nor for time delays specifically due to, or approved in writing by, the Lottery. During a period of non-performance due to *Force Majeure*, payments from the Lottery to the Contractor may be suspended.
C1.3.6 Categories of Liquidated Damages

C1.3.6.1 Gaming System Installation

1. Condition

The Contractor 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. Damage

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

A. Readiness for Start of Lottery Acceptance Testing. Up to one thousand dollars ($1,000) per day, beginning one hundred twenty (120) days prior to the production start-up date, as stipulated by the Contract.

B. Successful Completion of Lottery Acceptance Testing. Up to ten thousand dollars ($10,000) per day beginning thirty (30) days prior to the production start-up date, as stipulated by the Contract, when such delay is caused by unresolved errors and issues encountered in acceptance testing.

C. Production Operations. Up to one million dollars ($1,000,000) per day beginning with the production start-up date, as stipulated by the Contract.

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

C1.3.6.2 Terminal Provisioning: Moves, Adds, Changes

1. Condition

The Contractor shall install and move terminals in accordance with the provisioning schedules that are agreed to by the Contractor and the Lottery. (Refer to Section 2.7.2.)

2. Damage

In the event that the Contractor fails to install a new terminal, move a retailer terminal to new premises, or conduct an inside move for a retailer on the agreed-upon schedule, the Lottery may impose liquidated damages of up to six hundred dollars ($600) per day per terminal, or prorated fraction thereof, until provisioning is complete.

C1.3.6.3 Central Computer System Down

1. Condition

The central computer system shall be defined to be "down" if saleable tickets cannot be issued, tickets cannot be canceled (under the allowed conditions), or winning tickets cannot be validated during the operational sales period each day. The total time during which the central computer system is down during the day shall be the sum of all time during such operational sales period when the central computer system is "down."
2. Damage

In the event that the central computer system has been down, the Lottery may impose liquidated damages in the amount of the Estimated Lost System Revenue.

C1.3.6.4 Central Computer System Degraded Performance

1. Condition

The central computer system shall be in "degraded performance" when:

A. The installed, operational and active terminals on average exceed the response time requirements or the central computer system is incapable of meeting the throughput specifications provided in the ITN;

B. The central computer system can process transactions from less than ninety-five percent (95%) of the installed, operational and active terminals; or

C. The central computer system can process transactions from all installed, operational and active terminals but not for all gaming products.

2. Damage

If the central computer system experiences degraded performance, then the Lottery shall impose liquidated damages in the amount of the Estimated Lost System Revenue.

C1.3.6.5 Timely and Accurate Reports

1. Condition

The Contractor shall produce and deliver timely, sufficient and accurate management reports within the specified time frames, as categorized through a memorandum of understanding (MOU) between the Contractor and the Lottery. The MOU will establish the time schedule and cure period for the delivery of late, incomplete, or incorrect reports. Reports will be categorized and grouped according to time criticality and schedules and the liquidated damages will reflect that.

2. Damages

A. For each late, insufficient or inaccurate group of Category A reports, once the applicable cure/grace period has expired, the Lottery shall impose liquidated damages at the rate of one thousand dollars ($1,000) per day, or pro-rated fraction thereof, per group (up to a maximum of five (5) groups), until each report in such group is provided, made sufficient or corrected.

B. For each late, insufficient or inaccurate group of Category B reports, once the applicable cure/grace period has expired, the Lottery shall impose liquidated damages at the rate of one hundred dollars ($100) per day, or pro-rated fraction thereof, per group (up to a maximum of ten (10) groups), until each report in such group is provided, made sufficient or corrected.

C1.3.6.6 Timely and Accurate Files
1. **Conditions**

The Contractor shall produce and deliver timely, sufficient and accurate files within the specified time frames, as categorized through a MOU between the Contractor and the Lottery. The MOU will establish the time schedule and cure period for the delivery of late, incomplete, or incorrect files. Files will be categorized and grouped according to time criticality and schedules and the liquidated damages will reflect that.

2. **Damages**

   A. For each late, insufficient or inaccurate group of Category A files, once the applicable cure/grace period has expired, the Lottery shall impose liquidated damages at the rate of one thousand dollars ($1,000) per minute per group (up to a maximum of three (3) groups), until each report in such group is provided, made sufficient or corrected. Category A files will consist of files needed to conduct a drawing and without which a drawing will be delayed.

   B. For each late, insufficient or inaccurate group of Category B files, once the applicable cure/grace period has expired, the Lottery shall impose liquidated damages at the rate of five thousand dollars ($5,000) per hour, or pro-rated fraction thereof, per group (up to a maximum of five (5) groups), until each report in such group is provided, made sufficient or corrected. Category B files will consist of time-sensitive files, such as (but not limited to) those needed for the electronic funds transfer (EFT) process.

   C. For each late, insufficient or inaccurate group of Category C files, once the applicable cure/grace period has expired, the Lottery shall impose liquidated damages at the rate of one hundred dollars ($100) per hour, or pro-rated fraction thereof, per group (up to a maximum of ten (10) groups), until each report in such group is provided, made sufficient or corrected. Category C files will consist of files that are not time sensitive in nature but are necessary for business operations.

C1.3.6.7 **Terminal Repair**

1. **Condition**

   The Contractor shall ensure that “non-operational” terminals are repaired or replaced and operational within ninety (90) minutes of notification of a non-operational condition. Repairs are required only during gaming operating hours between 6:00am through 12:00 midnight Eastern Time. A retailer terminal is considered non-operational if tickets cannot be sold or canceled (under allowable conditions) or validations cannot be performed.

   For less critical failures that do not render the terminal non-operational as defined above (e.g., the terminal’s advertising display is out of service), the Contractor has twenty-four (24) hours to complete a repair from the time of notice by the retailer.

   The determination whether a terminal is non-operational due to a telecommunications carrier failure or to a failure of the Contractor’s products or services will be made by the Lottery.

2. **Damage**
If there has been maintenance delay beyond the allowable ninety (90) minutes for non-operational terminals, the Lottery shall impose liquidated damages in the amount of Estimated Lost Terminal Revenue.

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

For chronic failures applying to individual retailers, in which the same terminal has failed and required a dispatch three (3) times in any thirty (30) day period, the Lottery may impose a charge up to five hundred dollars ($500). Chronic failure does not apply under Force Majeure, or tampering or abuse by the retailer or its customers. In the event of chronic failure, the Lottery may require immediate replacement of such failed equipment.

C1.3.6.8 Terminal Preventive Maintenance

1. Condition

The Contractor will provide preventive maintenance as established in this ITN for retailer terminals. Such attention tendered to retailer terminals helps ensure that failures are minimized and do not become “chronic.” The Contractor’s failure to maintain the preventive maintenance schedule shall be subject to liquidated damages.

2. Damage

If for a retailer terminal there has been a delay in scheduled preventive maintenance for ten (10) business days beyond the agreed-upon maintenance cycle, then the Lottery may impose liquidated damages up to one hundred dollars ($100) per day until the condition is rectified.

C1.3.6.9 Failure to Modify Existing Terminal Games or to Install Additional Games

1. Condition

The Contractor shall modify existing games or install additional games and their supporting controls within ninety (90) days from delivery of a Lottery approved set of game specifications, unless an extension is authorized in writing by the Lottery. In addition, the Contractor’s change must pass an acceptance test and receive the Lottery's written approval, within the time frame specified.

2. Damage

The Lottery may impose liquidated damages up to one hundred fifty thousand dollars ($150,000) per day that the modified or additional game is not installed. The Contractor is not obligated to pay liquidated damages if the Lottery opts to release the change at a later time than the agreed-upon schedule.

C1.3.6.10 Failure to Produce an Administrative Software Change

1. Condition
Attachment C: Part 1 – Special Terms and Conditions

The Contractor shall modify or add software to produce reports, screen displays, inquiries, and other administrative applications within ninety (90) days from delivery of a Lottery approved set of change specifications, unless an extension is authorized in writing by the Lottery. The Contractor’s change must pass an acceptance test and receive the Lottery’s written approval within the time frame specified.

2. **Damage**

The Lottery may impose liquidated damages up to one thousand dollars ($1,000) per day that the modified or additional software is not installed.

C1.3.6.11  **Failure to Support a Scratch-Off Ticket Game**

1. **Condition**

The System must handle Scratch-Off ticket transactions and produce reports for all games ordered by the Lottery from its Scratch-Off ticket supplier(s).

2. **Damage**

The Lottery may impose liquidated damages of up to ten thousand dollars ($10,000) per day for any Scratch-Off games for which the Contractor does not provide timely and/or correct Scratch-Off ticket transaction handling and reporting.

C1.3.6.12  **Unauthorized Software/Hardware Modifications**

1. **Condition**

The Contractor shall not modify any software or hardware without the prior written consent of the Lottery.

2. **Damage**

If the Contractor 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 Contractor’s expense. “Modification” does not include replacement of a System component with an essentially similar component in the event of necessary maintenance.

Further, the Lottery may impose liquidated damages up to twenty-five thousand dollars ($25,000) per violation in addition to any other damages that may occur as a result of such unauthorized modification.

C1.3.6.13  **Unauthorized Access**

1. **Condition**

The Contractor shall preclude personnel not authorized by the Lottery from accessing the Florida gaming system computer facilities, the computerized systems, and any gaming system data or software.
2. **Damage**

If the Contractor fails to preclude access by unauthorized personnel, the Lottery may impose liquidated damages up to twenty-five thousand dollars ($25,000) for each person, for each incident in violation. Each and every act that permits access by an unauthorized person is an incident.

**C1.3.6.14 Supply Shortage**

1. **Condition**

The Contractor shall furnish retailer supplies including, but not limited to, terminal ticket stock, playslips, paper stock, and any essential supplies and consumables for all games (not including Scratch-Off tickets or point-of-sale advertising materials).

2. **Damage**

In the event that retailers become unable to sell or validate tickets due to the Contractor’s failure to provide adequate supplies, the Lottery may impose liquidated damages, on a daily basis; up to one million dollars ($1,000,000) multiplied by the percentage of the retailer network disadvantaged by the Contractor’s failure to provide supplies.

**C1.3.6.15 Failure to Report Incidents**

1. **Condition**

It will be the responsibility of the Contractor to immediately report all significant events, that is those that singularly or collectively with other events create a condition that exceeds any LD threshold or places the integrity of the Lottery’s transactions, reputation for integrity of its systems’ operations, or customer relationships at risk. The immediate reporting shall be delivered personally or by telephone within one (1) hour of the discovery of the incident, followed by a letter addressed to the Lottery’s Contract Manager within twenty-four (24) hours of the incident. All written reports and notifications may be sent by courier or electronically mailed directly to the Lottery’s Contract Manager. At a minimum, each of the following types of events shall require a written report:

   A. System takeovers;
   B. Major communications failures;
   C. Significant operator errors;
   D. Out of balance conditions;
   E. Emergency software or hardware changes;
   F. Security violations or breaches;
   G. Other conditions as defined by a memorandum of understanding; or
   H. Any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of the Lottery.

2. **Damage**

In the event that the Contractor fails to report incidents as required by this ITN, the Lottery may impose liquidated damages up to one thousand dollars ($1,000) per day (pertaining
to written notification) or per hour (pertaining to oral notification), or prorated fraction thereof, until an incident is correctly reported.

C1.3.6.16 Failure to Comply

1. Condition

The Contractor is required to comply with all commitments of the ITN, the Reply, and the Contract, and all clarifications and amendments to these documents. If the Contractor should fail to provide products, services, data, or documents as obligated thereby, the Lottery may invoke liquidated damages where not otherwise addressed in Section 1.3 liquidated damages heretofore.

2. Damage

In the event that the Contractor fails to provide an obligated product, service, data, or document, the Lottery may impose liquidated damages up to five hundred dollars ($500) per day or per incident (at the Lottery’s discretion) until the condition is rectified.

C1.3.6.17 Central Computer System Redundancy

1. Effective as of the start-up date, if transactions are not logged to at least two (2) systems located at the primary data center and one (1) system located at the backup data center, then the Lottery may impose liquidated damages (a) at the rate of two hundred fifty dollars ($250) per hour in excess of twenty-four (24) hours up to forty-eight (48) hours and (b) at the rate of one thousand dollars ($1,000) per hour for the duration of such failure in excess of forty-eight (48) hours.

2. Effective as of the start-up date, (i) if transactions are not being logged to at least one (1) local backup system located at the primary data center or one (1) remote backup system located at the backup data center and such backup failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of one thousand dollars ($1,000) per operating hour for the duration of such failure in excess of three (3) minutes and (ii) if a backup failure occurs and such failure is the third or subsequent such failure to occur in the seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of one thousand dollars ($1,000) per operating hour for the duration of such failure.

C1.3.6.18 ICS Redundancy

1. Effective as of the start-up date, (i) if transactions are not being logged to at least one (1) Lottery ICS transaction logger system upon the issuance of a ticket and such ICS transaction log failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of one thousand dollars ($1,000) per operating hour for the duration of such failure (i.e., until such time as at least one (1) Lottery ICS transaction logger system is returned to service, logging transactions and is synchronized with the central computer system) in excess of three (3) minutes and (ii) if an ICS transaction log failure occurs and such failure is the third or subsequent such failure to occur in a seven (7) day rolling period, then the
Lottery may impose liquidated damages at the rate of one thousand dollars ($1,000) per operating hour for the duration of such failure.

2. Effective as of the start-up date, (i) if the Lottery is not able to verify transaction counts and amounts using at least one (1) Lottery ICS transaction logger system at the time of game close, draw or setting a game to pay and such ICS verification failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of one hundred dollars ($100) per minute for the duration of such failure (i.e., until such time as the Lottery is able to verify transaction counts and amounts using at least one (1) Lottery ICS transaction logger system and at least one (1) Lottery ICS transaction logger system is synchronized with the central computer system) in excess of three (3) minutes and (ii) if an ICS verification failure is the third or subsequent such failure to occur in the seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of one hundred dollars ($100) per minute for the duration of such failure.

C1.3.6.19  Portal Application Failures

The Parties agree that portal application failures are costly and disruptive to Lottery operations and that it would be difficult to determine the actual damages that result from such an occurrence. Therefore, the Parties agree that the Lottery may assess liquidated damages for portal application failures as provided below, subject further to the provisions of Subsections 1.3 through 1.3.5 of the ITN.

1. Condition

All portal applications shall remain fully functional and accessible by the Lottery in accordance with applicable System Requirement Specifications during the operational sales period of every day.

2. Damage

Effective as of the start-up date, (a) if a portal application failure occurs and such portal application failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery shall impose liquidated damages at the rate of one hundred dollars ($100) per operating minute of such failure in excess of one hundred twenty (120) minutes for each such failure and (b) if a portal application failure occurs and such failure is the third or subsequent such failure to occur in a seven (7) day rolling period, then the Lottery shall impose liquidated damages at the rate of one hundred dollars ($100) per operating minute of such failure.

C1.3.6.20  Loss of Draw Support GUI

Effective as of the start-up date, (a) if any function of the System in support of the game close, draw management, or setting of game-to-pay cycle fails such that the Lottery loses central computer system management and administrative functions at the time of game close, draw or setting a game-to-pay, and such failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of five hundred dollars ($500) per minute of such failure in excess of three (3) minutes and (b) if a failure occurs and such failure is the third or subsequent such failure to
occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of five hundred dollars ($500) per minute of such failure.

C1.3.6.21 Loss of Scratch-Off Functionality

Effective as of the start-up date, (a) if the Scratch-Off ticket games functionality of the central computer system for the placing of books of tickets in received status, activating books or validating tickets is not available and such Scratch-Off ticket games functionality failure is the first or second such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of five hundred dollars ($500) per operating minute of such failure in excess of three (3) minutes and (b) if a Scratch-Off ticket games functionality failure occurs and such failure is the third or subsequent such failure to occur in a seven (7) day rolling period, then the Lottery may impose liquidated damages at the rate of five hundred dollars ($500) per operating minute of such failure.

C1.3.6.22 FSVM Critical Failure Repair

Once a retailer or Lottery notifies Contractor of a request for repair of a FSVM critical failure, the Contractor must repair the FSVM in the agreed upon time frame. A "critical failure" is defined as the FSVM (i) is unable to accept all current forms of U.S. paper currency up to and including one hundred dollars ($100); (ii) is unable to properly dispense Scratch-Off tickets through two (2) or more bins; or (iii) is unable to process quick picks, or playslips, or dispense terminal game lottery tickets. The response and repair time for these items shall be three (3) hours between 6:00 a.m. through 12:00 midnight Eastern Time.

If there has been a maintenance delay beyond the aforementioned time periods after receipt of notification of a "critical failure", then the Lottery may impose liquidated damages in the amount of the Estimated Lost Scratch-Off FSVM Revenue and/or Estimated Lost Terminal Game FSVM Revenue, depending on which functionality(ies) of the FSVM are non-operational, until the FSVM is operational. Critical failures shall include any defect or failure of the machine that impacts revenue stream, as determined by the Parties on a case by case basis.

C1.3.6.23 FSVM Non-critical Failure Repair

Once a retailer or Lottery notifies Contractor of a request for repair of a FSVM non-critical failure, the Contractor has a twenty-four (24) hour response time to repair the FSVM if the failure is deemed non-critical and related to terminal game tickets. The response time shall be forty-eight (48) hours to repair if the failure is deemed non-critical and related to Scratch-Off tickets. If Contractor fails to respond to or correct a reported FSVM non-critical problem within the timeframe specified, then the Lottery may impose liquidated damages in the amount of $100 per day or pro-rated fraction thereof, per FSVM, until the FSVM problem is resolved. All failures that are not "critical failures", as defined in Subsection 1.3.6.22, shall be deemed "non-critical".

C1.3.6.24 FSVM Service Replacement

If it is determined that a FSVM cannot be repaired, then it must be removed and replaced. The Contractor shall have a replacement installed and operational within twenty four (24) hours of determining that a FSVM must be replaced. The Lottery may assess liquidated
damages in an amount up to the Estimated Lost Scratch-Off FSVM Revenue and the Estimated Lost Terminal Game FSVM Revenue until a replacement has been installed and made operational at the retailer location.

C1.4 VENDOR DIVERSITY INITIATIVES

The State of Florida is committed to supporting its diverse population by providing increased opportunity and diversity in State contracting processes. By submitting a response to this ITN, each Vendor is committing to implement business operations that encourage vendor diversity in subcontracts. At a minimum the Contractor will give consideration to small and diverse business enterprises in all subcontracting opportunities as well as routine acquisitions, supporting day-to-day operations in fulfilling the contractual obligations specified in this ITN. The Contractor will also provide monthly and/or quarterly reports of expenditures and projected expenditures with small and minority businesses as well as status reports.

Vendor Diversity contractual requirements are located in Appendix 1.

C1.5 BONDS

All required bonds (if bonds) and insurance must be issued by companies which are at least B+ rated by A.M. Best & Co., have a record of successful continuous operation (at least five years), are licensed, admitted, and authorized to do business in the State of Florida, and are approved by the Lottery.

C1.5.1 Performance Bond

The successful Vendor shall be required to post an appropriate performance bond or other security acceptable to the Lottery at execution of the Contract. The performance bond or other security shall be conditioned on the full, faithful, and timely performance by the Contractor of all contractual duties and responsibilities.

The amount of the performance bond required is equivalent to the estimated annual Contract value for the Contractor.

For purposes of estimating the performance bond value, the Lottery will use the sales forecast for the fiscal year as provided by the Florida Revenue Estimating Conference, the percentage of sales expected to be associated with the Contractor’s products, and the Contractor’s rate.

The performance bond must be maintained throughout the Contract term. It may be renewed annually or on another schedule, however in such case the Contractor must provide proof of renewal to the Lottery no later than thirty (30) days prior to lapse of coverage.

Other acceptable forms of security are: irrevocable letter of credit; certificate of deposit assigned to the Lottery (which must be obtained from a financial institution having its principal place of business in the State of Florida); U.S. Savings Bonds, notes and bills; general obligation bonds and notes of any political subdivision of the State of Florida. The aggregate fair market value of securities pursuant to this clause must exceed the amount stated above throughout the initial and/or renewal bond periods. Failure to post an additional bond or security within seven (7) days after notice of deficiency shall be grounds for immediate termination of the contract for cause.
The performance bond may be assessed liquidated damage payments due the Lottery that have not been received within thirty (30) calendar days, after written notice has been given to the Contractor, of liquidated damage assessments being incurred.

**C1.5.2 Fidelity Bond or Crime Insurance**

Within seven (7) business days of Contract execution, the Contractor will be required to deliver to the Lottery a fidelity bond or a certificate evidencing crime insurance in the amount of five million dollars ($5,000,000) to cover any loss to the State due to any fraudulent or dishonest act on the part of the Contractor’s officers or employees. Failure to post such bond or insurance within the time period may result in termination of the Contract.

This bond shall be maintained during the term of the Contract and any renewals or extensions thereof. The bond may be renewed annually or on another schedule, however if so, the Contractor must provide proof of renewal to the Lottery no later than thirty (30) days prior to lapse of coverage.

**C1.6 CONTRACTOR BUSINESS RECOVERY PLAN**

The Contractor must provide, annually update, and at a minimum semi-annually test the disaster recovery and contingency plan for the Florida computer center sites. The plan must be delivered to the Lottery at least sixty (60) calendar days prior to the start-up date. Such plan shall take into account any condition that could cause disruption of Lottery’s ability to conduct business relevant to this contract. The plan must ensure continuation of the System and games. Provision shall also be made for the safe, secure off-site storage of all scheduled backup data and programs. Should implementation of any portion of the disaster recovery and contingency plan become necessary, all costs associated with the execution of the contingency plan shall be borne by the Contractor.

The Contractor must also produce a disaster recovery and business Continuity of Operations Plan (COOP) for the additional Contractor infrastructure necessary to support the Lottery. For example, the Contractor’s hardware, software development, and support facilities are critical for the term of the Contract and will be subject to inclusion in the plan. The infrastructure protection plan will be delivered to the Lottery at least sixty (60) calendar days prior to the start-up date.

**C1.7 CHANGES AND CORRECTIONS TO COMMODITIES AND SERVICES**

The Contractor must report any relevant deficiencies in its systems or operations and is responsible for ensuring that corrections are incorporated in a timely and responsible manner, as reasonably stipulated by the Lottery, and at no additional cost to the Lottery.

The Contractor is not permitted to operate systems supporting on-line operations on behalf of the Lottery for which any supplier announces an end to support. As with a correction, it is the Contractor’s obligation to acquire and install an appropriate replacement (with the Lottery’s prior approval) at no additional cost to the Lottery.

At no additional cost to the Lottery, the Contractor must provide staff, equipment, and hardware/software/network changes necessary to support increased volumes of all commodities for which the Contractor is responsible including ticket stock manufacturing, delivery, warehousing, ordering, packing, and shipping of ticket stock, consumables, etc.

The Lottery may determine that changes and enhancements are needed to support its evolving mission and business requirements beyond those established by this ITN. In such cases:
1. Software changes shall be provided at no additional cost to the Lottery, even if additional developments are required to create or adapt software for the Lottery’s needs;

2. The cost of dedicated computer systems, capital equipment, facilities, third-party licenses, or substantive service additions or changes will be negotiated with the Lottery.

C1.8 QUALITY CONFORMANCE REVIEW

The Contractor shall commit to a business philosophy that includes continuous quality improvement as a goal. This will include but not be limited to:

1. Participating with the Lottery in any business process improvement initiatives of the Lottery which the Contractor’s System or Services would affect or support; and

2. Semi-annual meetings, or meetings as called by the Lottery, to review performance and to develop action items for quality improvement.

The progress in and accomplishment of previously assigned action items will be assessed at each review.

C1.9 INSURANCE

For the term of the Contract, the Contractor shall maintain the below insurance coverages, with the State of Florida and the Florida Lottery named as additional insureds. The State of Florida, the Florida Lottery, and CLMB of Florida LLC are to be named as additional insureds on the Public Liability Insurance. By requiring such coverage, the Lottery shall not be deemed to have waived any immunity from liability that it may otherwise have.

Insurance policies must be executed by a company authorized to do business in the State of Florida.

Specific coverage requirements are listed below. A statement of self-insurance to cover these will be considered non-responsive.

1. Property Insurance. Insurance on all equipment provided or used in providing the system or service must be maintained in the amount of actual replacement cost thereof. This policy must include an All Risk Property Floater to insure personal property including contents, equipment, and mobile items against fire, collision, flood, etc. Lottery retailers are not responsible for any terminal or equipment insurance.

2. Public Liability Insurance. Commercial General Liability and Property Damage Insurance with limits of not less than $2,000,000 for any one person and $2,000,000 for any one occurrence for personal injury, and $1,000,000 for any one occurrence for property damage.

3. Errors and Omissions Insurance. $20,000,000.

4. Automobile Bodily Injury Liability Insurance. Insurance with a combined single limit of not less than $1,000,000.

5. Worker’s Compensation Insurance. To cover all of Vendor’s employees during the term of the contract in accordance with Chapter 440, Florida Statutes, or other applicable worker’s compensation laws.
Errors and Omissions Insurance must continue until one (1) year past the term of the Contract. All other insurances covered by this section must be effective when performance commences under the Contract and continue through the term of the Contract. The Lottery must receive thirty (30) days’ advance written notice of cancellation, termination, or failure to renew any policy.

Certificates of insurance must be furnished to the Lottery Contracting Officer on 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. Thereafter, Certifications of Insurance must be provided on an annual basis at least two (2) weeks prior to the expiration date of the policies. All Certificates of Insurances shall reflect that the certificate holder is:

State of Florida
Department of the Lottery
250 Marriott Drive
Tallahassee, Fl 32301

C1.10 AUDIT REQUIREMENTS

Under the Contract, the Contractor must meet specific auditing obligations:

1. The Contractor shall have a complete corporate financial audit conducted annually, at its own expense. The audit must follow generally accepted auditing standards (GAAS). A copy of the Contractor’s certified financial statements shall be provided within one quarter after the close of the Contractor’s fiscal year.

2. The Contractor shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K and 10Q 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.

3. A third party review of the Contractor’s Florida operations must also be conducted annually. This audit will be a Statement on Standards for Attestation Engagements (SSAE 16) audit, shall include the Service Organization (SOC) 1, Type 2 and SOC 2, Type 2 reports, and shall be paid for by the Contractor. For this review the Contractor will suggest, for the Lottery’s approval, the firm(s) to perform the work. All financial aspects shall be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants. Annual audits shall occur and be reported to the Lottery within one quarter after the close of the State’s fiscal year. The first audit shall cover a partial year ending with the State’s fiscal year.

C1.11 WINNING TICKET LIABILITY

The Contractor will be liable for all apparent winning tickets issued by the Contractor’s system and presented for redemption which are not identified as valid, winning, saleable tickets on the Internal Control System files furnished to the Lottery by the Contractor.

The Contractor will be liable for any specific and definite financial obligations arising as a result of errors and faults by its staff, subcontractors, and the System. These cases include, but are not limited to, errors in entry or posting of winning numbers by System operators, software and hardware errors creating Retailer or payout liabilities, and apparent winning tickets issued by the System and presented for redemption not identified as valid, winning, saleable tickets in the transactions supplied by the...
Contractor to the Internal Control System (ICS). The Contractor will pay all prize costs for any such ticket, and shall pay any additional cost incurred by the Lottery.

**C1.12 RIGHT OF USE**

If for any reason set forth below, the Contractor should lose its ability or refuse to service the Lottery as provided by Contract, the Lottery shall acquire a usufruct in the source and object program instructions, and the documentation for those programs as owned by the Contractor, in conjunction with any services to the Lottery which are necessary to provide the central facility, the backup facility, the communications network, all terminals, related equipment, procedures, and production gaming scripts.

1. Contractor materially breaches its obligations to maintain and support the products and services in the manner that Contractor is expressly obligated to do so under the Contract, and fails to cure the alleged breach within the prescribed period after receipt of written notice from the Lottery of such breach;
2. Contractor fails to function as a going concern or operate in the ordinary course;
3. Contractor is subject to voluntary or involuntary bankruptcy; or

Such usufruct shall be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Contract. Such usufruct shall be limited in time for the duration of the Contract 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 Florida law, and shall be returned to the Contractor when their usufruct purposes have been fulfilled.

**C1.13 SECURITY PROGRAM UNDER THE CONTRACT**

Prior to operations under the Contract, the Contractor 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.

1. Security Violation Reporting

   The Contractor shall immediately report any security procedural violation, violation of law (e.g., theft), or disappearance of any playslips, Scratch-Off tickets, terminal game ticket stock, validation files, or other equipment, software or material used or to be used in the performance of this Contract. The report shall be delivered personally or by telephone within one (1) hour of the discovery of the incident, followed by a letter addressed to the Lottery’s Contract Manager.

2. Security Information Updates

   The Contractor shall report any change in, addition to, or deletion from, the 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 Contract Manager within thirty (30) days of the effective date of the change, addition, or deletion.

   In particular the Contractor must report the involvement of any of the Contractor’s employees, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation.
C1.14 PRODUCTION-READY ACCEPTANCE TEST FOLLOWING AWARD

The Lottery will conduct a series of acceptance tests to fully determine the acceptability of the Contractor's installation in accordance with the specifications of this ITN, the Reply, the Contract, and working papers developed jointly by the Contractor and the Lottery during the implementation project. The Contractor’s assistance in arranging and supporting these tests is obligatory. The Contractor will supply sufficient personnel and other resources to support the Lottery in the timely execution of the acceptance testing.

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

The Contractor shall be responsible for demonstrating that the System is capable of production processing with the results reconcilable to the Lottery’s requirements. It is the Contractor’s responsibility to design a test and source data satisfactory to the Lottery’s requirements.

All defects discovered during acceptance testing must be corrected in a timely manner by the Contractor, as determined by the Lottery for re-testing. If the software is shown to contain such number of defects as to render the System un-testable in a practical sense and their remedy is untimely, the Lottery reserves the right to halt acceptance testing until the System is corrected and testable in a practical sense once again. Acceptance testing halts may lead to delays in System delivery and to liquidated damages for the Contractor, as noted in Subsection C1.3.6.1. The Contractor shall provide the tools to support volume testing through all elements including redundant and backup systems.

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

C1.15 END OF CONTRACT CONVERSION AND DATA RETENTION

It is contemplated that the Lottery will award a new contract for replacement of the System, approximately twelve (12) to eighteen (18) months prior to the expiration of the Contract resulting from this ITN. The parties understand and agree that the Lottery may utilize the last one hundred eighty (180) days of the Contract resulting from this ITN or renewal or extension thereof for conversion to the replacement gaming system.

The Contractor shall cooperate fully and in good faith in the conversion, which may or may not involve other contractors. Cooperation may include, but not be limited to:

1. the production of any data needed for conversion to the new System, in a manner useable to and/or specified by the Lottery;
2. support for interpretation of any coding or formatting in that data, and
3. sharing of liability files, Scratch-Off ticket book inventory files, retailer authority files, and cross-validation of winning tickets.

Unless the Contractor makes a compelling case for intellectual property protection, cooperation shall include providing information to allow the terminal game ticket bar code to be read by a third-party
system for validation. The Lottery will be the sole determiner of the need for protection of such intellectual property.

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

The Contractor shall have an ongoing obligation to restore the Lottery’s System and support the Lottery’s need to reconstruct and report on any needed information for a period that meets the State’s then current statute of limitations for actions founded on a written contract or four (4) years, whichever is the longer period.

C1.16 EQUIPMENT AND SOFTWARE CORRECTIONS AND UPGRADES

The Contractor’s services shall include but not be limited to:

1. Providing fixes to all System errors and design defects and improved versions of the System elements to sustain performance or correct performance problems, to otherwise meet or continue to meet the intent of the ITN, Reply, and Contract obligations.

2. Maintaining System elements with "supported releases" from the Contractor and suppliers. At the time the Contractor is notified by a supplier or the supplier makes it generally known in the marketplace that a release is scheduled to have support dropped, it is the Contractor's obligation to acquire and install an appropriate upgrade (with the Lottery's prior approval). All software will be maintained to a release/version no less current than 2 back from the most current release available in the marketplace (“n minus 2” or “n – 2”) unless approved by the Lottery. Any releases necessary for security are required to be applied immediately.

3. System changes necessary simply to support increased volumes of transactions or games from the then-current retailer complement must be included in the Vendor's base price for the System.

4. All software changes for scheduled administrative reports, ad hoc reports, screen displays, processing options, and other features required for Lottery to manage the System, meet reporting obligations, and respond to new business needs or rules.

5. All software for game enhancements, game options, promotions, and new games.

C1.17 APPROVAL OF HARDWARE AND SOFTWARE CHANGES AND UPGRADES

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

C1.18 MANAGEMENT OF SOFTWARE AND DOCUMENTATION

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

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

C1.19 TITLE TO, USE OF, AND COMPENSATION FOR, INTELLECTUAL PROPERTY

To the extent that the Contractor utilizes or relies upon the Intellectual Property Rights of a third party in
fulfilling its obligations under the Contract, the Contractor will provide the Lottery with whatever
assurance the Lottery deems necessary that the use of such third party Intellectual Property Rights is
permissible.

While the Lottery and the Contractor agree that pre-existing Intellectual Property associated with any
product or service provided by the Contractor during the term of this Contract and used by the Lottery
will remain the property of the Contractor, the Contractor will grant a license to the Lottery to make use
of any such Intellectual Property on an indefinite basis with respect to Lottery conduct of games. There
shall be no additional charge for this right of the Lottery.

Intellectual Property fees for third-party products, logos, trademarks, brands, or labels that the
Contractor deploys in the System not related to any specific game under the Contract shall be included
in the Contractor’s baseline fee to the Lottery. In addition, the Contractor may not separately charge the
Lottery an Intellectual Property fee for any items owned by the Contractor.

C1.20 EXCLUSIVE USE OF THE TRANSACTION PROCESSING SYSTEMS

Use of the Contractor’s hardware and software configuration that processes ticket transactions for the
Lottery must be exclusive to the Lottery. Transactions from other sources shall not be commingled with
the gaming transactions of the Lottery.

C1.21 ATTACHMENT OF THIRD PARTY SYSTEMS, TERMINALS, OR PRODUCTS

The Lottery reserves the right to attach to the System or otherwise install terminals, terminal peripherals,
games, software, products, or systems other than those required by this ITN.

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

Should the Lottery decide to add terminals, products, systems, or services not supplied by the
Contractor, but for which the Contractor would gain responsibility including any System development
required, appropriate remuneration of the Contractor shall be negotiated. Such negotiated
remuneration will be based on the Lottery’s and the Contractor’s estimation of the addition’s incremental contribution to the Contractor’s revenue beyond the cost of supplying the service.

**C1.22 TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS**

Restrictions apply to the purchase of tickets and payment of prizes regarding individuals related to the Contractor or the Contractor’s significant subcontractors. No officer, employee, or immediate supervisor of such officer or employee, or relative living in the same household as these individuals shall purchase a Florida Lottery ticket or be paid a prize in any Florida Lottery game if the officer or employee is involved in the direct provision of goods or services to the Lottery or has access to information made confidential by the Lottery. The Contractor shall ensure that this requirement is made known to each affected individual and shall provide a list of affected officers and employees.

**C1.23 COMPLIANCE WITH ASSOCIATION STANDARDS**

All services, products, systems, and procedures to be employed by the Contractor must comply with the game security and operational standards issued by any multi-jurisdictional association to which the Lottery belongs or becomes a member.

**END OF SECTION**
The current system capabilities will be the baseline benchmark requirements for a Vendor’s proposed System and services capabilities. By submission of a Reply, the Vendor commits that it can and agrees that it will provide all capabilities currently used by the Lottery as supplied by the current Contractor. The substance of these capabilities must be maintained. The form of the capabilities will be subject to the Lottery’s approval during specification, testing (prior to “start-up”), and as discovered.

**Certified Safe Equipment:** All offered 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 any devices proposed are new models and not yet inspected and/or certified, the Contractor must commit to providing a document showing certification prior to implementation. All equipment shall be manufactured in a manner to ensure it is free of sharp edges (internally and externally) and designed to preclude accidental closing where applicable.

**New and Unused Equipment:** All proposed transaction-processing computers, networking equipment, retailer terminals, diagnostic equipment, etc. will be new and previously unused and must be the most current model from manufacturer at time of install. Equipment offered must be compliant with current electronic technology manufacturing standards and be of current manufacture by the Vendor or its suppliers. All hardware models installed must represent the then-current equivalent or better equipment in case an offered device is phased out or replaced. All equipment must be the latest technology and is subject to Lottery prior review and approval as being fit for the intended use.

**C2.1 CENTRAL CONFIGURATION**

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

Immediately upon contract signing, Contractor must provide the Lottery with configuration block diagrams down to the component level of the proposed System. Each hardware and software item must be identified by manufacturer, product name, and model number, as applicable. For software, version, release, and maintenance level numbers must be provided, or such will be assumed to be the latest release at the time of conversion. Any deviations from the suppliers’ standard hardware and software products must be disclosed and an explanation provided. Such deviations shall not be installed in the System without the prior approval of the Lottery.

**C2.1.1 Gaming Configuration at the Primary Site**

1. Transaction Processing/Games Administration Hosts. All game types and games administration functions for terminal and Scratch-Off ticket gaming support must be supported by a protectively redundant configuration. At the primary site, the processing complex must consist of at least two (2) physically separate processing systems, networked or coupled for high availability processing and storage redundancy. A component failure in one primary site processing system must not cause a failure in the other system(s). These systems must have redundant power supplies and network connections.

2. Failover. The remaining system(s) must be capable of immediately, at the Lottery’s direction, assuming the load in case of a failure in one system, without loss or corruption of any data and transactions received prior to the time of the failure.
3. Operations Procedures. The System must be capable of recovering from failure without operator intervention. Procedures for computer operations staff, especially regarding failure situations, must be straightforward. The Contractor must have developed robust procedures for handling typical/likely failure or problematic incidents and must keep its staff fully trained to handle these incidents. Additionally, these procedures must have provision for non-typical conditions which may occur with which there is no previous history or which could not be reasonably anticipated.

4. Secure Connections. There must be no connection 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 such as prescribed by the Lottery. Connections to other remote systems and terminals must be protected by firewalls, encryption, secure shell (SSH), or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. Any access to the Lottery System must follow the security standard of the Lottery for accessibility. The acceptability of any such security approach will be subject to Lottery approval.

5. Time Synchronizing. Multiple systems in the configuration, such as a clustering, virtualizing or snap-mirroring of processors, must have a time synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time standard is required.

6. Host Location. The primary site computers must be located in Tallahassee in a space provided within the Lottery building.

C2.1.2 Remote Backup Site Configuration

1. Remote Backup Hosts. The Contractor shall provide two (2) or more remote backup systems that will take over for the primary site systems if necessary. Data transferred to and recorded at the remote site will always contain the most recent transactions, allowing a takeover. The retailer network must have a routing independent of the primary site so that the backup site will be fully functional without the primary in place. Games administration functions must be available at the remote backup site, as well as being available remotely by communications from the primary site. The Contractor shall demonstrate on a scheduled basis that the remote site is fully functional by operating in production from that site upon request of the Lottery.

2. Remote Backup Sizing. The remote backup systems must be of the same processing capacity and architecture as the central site systems.

3. Remote Backup Location. The remote backup systems and their facility shall be supplied by the Contractor and within 30 miles of its current location in Orlando. No other Contractor clients or applications shall be served from this facility without written approval from the Lottery. The backup systems of the Lottery will also be located here in a secure data center environment.

4. Secure Connections. These systems have the same specification as the primary systems.

C2.1.3 Disaster Recovery at Primary and Remote Backup Site Locations

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

**C2.1.4 Testing and Development Configuration**

1. **Testing Availability.** Any of the acquired systems must be available at any time for testing by the Lottery, with full support from the Contractor. The Lottery will work with the Contractor to identify and assess any possible risks or impacts on production operations.

2. **Test System(s).** The Contractor must provide a separate system for software user acceptance testing for exclusive use by the Lottery. The testing system must be identical in architecture and capacity to the production systems. This system must provide for five (5) virtualized environments to include all system functionality, configured to the Lottery’s requirements. At a minimum, the Lottery requires being able to test current, previous, and future versions of software with the ability to conduct duplex and failover testing. Each virtualized environment must contain its own separate database. All databases must be maintained so they mirror the software version being tested. The testing system may be located at either site but must support testing from the test room at Lottery Headquarters.

3. **User Testing Terminals.** At least ten (10) retailer terminals, including each logical configuration, e.g. retailer terminal, privileged terminal, must be permanently installed in Tallahassee for testing by the Lottery. At times the Lottery may require the installation of more management and retailer terminals for specialized tests. These terminals shall be supplied within the baseline cost to the Lottery. The testing terminals must support testing of all features and options available on the production System, including the ability to test current, previous, and future versions. The Contractor must support connectivity for management terminals for testing. The management terminals (personal computers) will be supplied by the Lottery.

4. **Secure Connections.** These systems have the same specification as the primary systems.

5. **Vendor’s Development and Test System.** The Contractor must not conduct software development or its own quality assurance activities on any of the production systems or on the Lottery test system identified above, but rather must employ separate development and Quality Assurance (QA) system(s), located at either site or at a location convenient for the Contractor.

**C2.1.5 Internal Control System (ICS) Configuration**

All components for the ICS, including, but not limited to, hardware, operating system software, any required middleware, third party ICS software, software development tools, dual firewalls and switches, associated hardware and software licensing, maintenance and support, shall be provided by the Contractor. The ICS systems (primary, backup, and test) will be located in the data centers of the Lottery. The ICS must receive a real time feed (i.e., remote logging) of gaming transactions. Dual ICS to be located at the Lottery’s primary site and a single ICS to be located at the backup data center are required to ensure timely processing in case of failure. Prior to start-up, the Contractor must itemize the hardware and software included in the ICS configuration and provide a configuration diagram. This configuration must be solely to support the ICS. Primary dual ICS are to connect to the primary gaming system and the back-up ICS is to connect to the back-up gaming system. Configuration of the ICS is subject to review and approval of the Lottery throughout the term of the Contract. The Contractor is responsible for provisioning any changes required by the Lottery.
A separate ICS for software user acceptance testing for exclusive use by the Lottery must be provided. The test ICS must be identical in architecture and capacity to the production ICS. This test ICS must provide for three (3) virtualized environments to include all ICS functionality, configured to the Lottery’s requirements. At a minimum, the Lottery requires being able to test current, previous, and future versions of software with the ability to conduct failover testing. Each virtualized environment must contain its own separate database. All databases must be maintained so they mirror the software version being tested. The test ICS will be located at Lottery Headquarters.

The development systems used by the ICS subcontractor must mirror the configuration of the production system.

The ICS third party application software requirements are provided under Section C2.4.8.

**C2.1.6 Gaming Quantitative Performance Criteria**

The System must be capable of supporting all current functionality, transaction volume including winner inquiry, Retailer terminal and outlet volume, administrative functions, reporting requirements, and other functions in a timeframe responsive to the Lottery’s customers and the Lottery’s administrative needs. The System must maintain this performance support during and through all growth of the Lottery in games, customers, retailers, transactions, and other requirements through the life of the contract.

1. The following are expected quantitative metrics at startup:

   A. Total terminals for game sales = 13,800
   B. Total Retailers = 13,200
   C. Retailers with multiple selling terminals = 200
   D. Retailers with FSVM’s = 39% of current retailer base
   E. PlayStations (Playslip kiosks) = 12,000
   F. Self Service Ticket Checkers = 11,000
   G. 35-Key Keypads = 2,000
   H. Large Form Factor Player Transaction Displays = 10,300
   I. Small Form Factor Player Transaction Displays = 3,500
   J. Wireless Jackpot Signage, in addition to and comparable to Lottery’s existing jackpot signage
      - Window signs = 3,000
      - Counter top signs = 2,000
   K. Additionally, the Contractor will assume responsibility for the Lottery’s existing signage. At the time of ITN release, the Lottery’s current wireless jackpot signage included 1,588 window and 319 counter top.
Attachment C: Part 2 – Performance Requirements and Deliverables

2. Current transaction volumes:
   - Sales / Cancels = 4.9 million on a peak day
   - Winner inquiries = 610,000 per day
   - Validation / redemptions (scratch and terminal) = 650,000 per day
   - Promotional Coupon generation (terminal) = 2,500 per week
   - Promotional Coupon redemption (scratch and terminal) = up to 1 million per week
   - Scratch-Off ticket games active = 80
   - Scratch-Off ticket games average ticket value = $4.30
   - Scratch-Off ticket games inactive = 120
   - Scratch-Off ticket orders processed = 15,000 per week
   - Scratch-Off ticket returns processed = 40,000 partial books, 2,500 full books
   - Scratch-Off ticket books active at retailers = 375,000
   - Scratch-Off ticket books in inventory at retailers (not activated) = 310,000
   - Lottery administrative workstations = 200

3. At startup the System will meet/support the following minimum performance metrics:
   A. The ability to expand the System to accommodate at least thirty thousand (30,000) active retailer terminals must be available should such expansion be desired by the Lottery.
   B. The System as delivered must be capable of handling at least one hundred-fifty thousand (150,000) sales transactions per minute on a continuous basis.
   C. The System as delivered must be capable of processing at least five thousand (5,000) combined cash (validation) and cancel transactions per minute while selling at the rate above.
   D. Each single play (single panel) on-line ticket shall be produced in no more than four (4) seconds from completion of data entry ("Send" is pressed or playslip is inserted) to availability of the ticket for the retailer.
   E. Ability to sell a minimum of one hundred (100) single play Quick Pick (QP) tickets without requiring operator re-entry. Each single play QP will have its own randomly generated play numbers.
   F. Variable length, multi-play (up to 10 [ten] panel) terminal game tickets shall be produced in no more than six (6) seconds after completion of data entry ("Send" is pressed or playslip is inserted) to availability of the ticket for the retailer.
   G. All other transactions (e.g. Scratch-Off book transactions, winning ticket validations, cancels, and brief terminal game and Scratch-Off ticket reports, etc.) shall be produced in no more than five (5) seconds after completion of data entry ("Send" is pressed) to availability of the ticket or report to the retailer.
   H. Primary site system recovery from a one-system failure must be accomplished in no more than two (2) minutes while still maintaining current transactions. This includes the ability to fully service the communications network supporting the retailer terminals.
   I. Backup site system recovery from a primary site failure must be accomplished in no more than three (3) minutes from initiation without loss of any transactions. This includes the ability to fully service the communications network supporting the retailer terminals and supply management
terminal functions. At the time of such transfer to the Backup site system, this system shall become the primary system and all performance criteria of the primary system shall be assigned to and expected of it. The other site then becomes the backup system until such time as the systems responsibilities are reset.

J. The System must have the as-delivered capacity in all hardware and software aspects to accommodate a minimum of three hundred (300) concurrent Scratch-Off games being in any status (e.g. loaded, distributed, sold, validated, closed out), a terminal game sales day of a minimum of one-hundred million dollars ($100,000,000) and a terminal game jackpot greater than one billion dollars ($1,000,000,000).

K. Terminal Game Winning Tickets. The System must have the start-up capacity in all hardware and software aspects to allow paid winning tickets to be retained on-line to the Lottery’s then current game life-cycle requirements. At the time of this ITN the terminal game requirements are one hundred eighty (180) days after the winning draw date, validated but unclaimed winning tickets ($600 and greater) for two hundred ten (210) days after winning draw date, and un-validated winning tickets for one hundred eighty (180) days after the drawing. The exact specifications will be established during implementation to the Lottery’s satisfaction.

L. Scratch-Off Winning Tickets. The System must have the ability to meet all the then current storage and retention requirements of the Lottery. At start-up the System must have the capacity in all hardware and software aspects must allow the game, book and VIRN files to be retained on-line for sixty (60) days after the official end of the Scratch-Off game as announced by the Lottery and validated but unclaimed winning tickets ($600 and greater) for ninety (90) days, plus such additional time as needed for ended games to be reconciled by the Lottery. The exact specifications will be established during implementation to the Lottery’s satisfaction.

M. For Scratch-Off Games, game loading and game purging must be able to occur at any time of the Lottery’s choosing without degrading the System performance.

N. The Lottery has experienced an annual compounded growth rate exceeding 12% over the past ten (10) years. The Lottery requires that the System support this growth rate and additional selling and processing requirements as it adds games, outlets, channel types, and customers as allowed by legislative act, executive rule, or business practice. Some of these growth dynamics, all of which should be anticipated by the Contractor and provided for in the base capability, must include the ability to expand the System and Contractor services to accommodate new games and delivery mechanisms. These may include, as and when authorized:

1. Rapid draw or monitor style games such as Keno,
2. VLTs or other player self service or player activated capabilities,
3. Web enabled access for inquiry or controlled play,
4. Other games and innovations that the Contractor or industry or Lottery may introduce over the life of the contract.

C2.1.7 Operating Hours

The ability to accommodate near twenty four (24) hour a day, seven (7) day/week operations is required by the Lottery (specified as a minimum of twenty three (23) hours of sales and validations, including Scratch-Off ticket processing). Current operating hours are 6:00 a.m. through 12:00 midnight.
Eastern Time, but the Lottery desires to operate as near twenty-four (24) hours-a-day as is possible. The System must accommodate operations in two time zones, Eastern and Central (in northwest Florida).

**C2.2 TERMINALS**

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

**C2.2.1 Retailer Terminal Game Hardware**

The network will begin with approximately 13,800 full function terminals for retailers. Within the baseline price, the Contractor must also supply additional terminals for training, testing, and spares.

**C2.2.1.1 Retailer Terminal Features and Functions**

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

1. **Retailer Touch screen.** There must be included a retailer touch screen that will automatically display the entire transaction being processed and will accommodate graphics and text legible to the terminal operator. The touch screen shall be state-of-the-art in screen resolution, scan rates, programming capabilities, sensitivity and calibration capability.
   
   A. The screen must be capable of displaying retailer messages, reports, and transactions, including lists of past transactions and status of pending transactions, using such readability features as fonts, colors, and screen layouts to provide displays easily read by the user.
   
   B. The screen will be adjustable regarding the brightness, contrast, and angle of display.
   
   C. In the initial deployment and any subsequent replacement, the touch screen shall be maintained at least to a 1024 x 768 resolution.
   
   D. Should the Lottery ever replace a higher priced model with a lower priced model, the Lottery shall receive credit for the difference in cost and the Contractor’s billing reduced or the Lottery’s credit to be applied to some other area, at the Lottery’s choice.

2. **ID Card Reader.** The terminal shall be capable of reading SR and Vendor customer service staff identification cards using any ANSI standard bar code. The ID card and confirmation by entry of a PIN or other authentication shall cause certain capabilities to be made available to the individual via a menu of options, and shall record on the System any transactions which may be performed. Such information is to be retrievable by a report or query from the retailer terminal or management inquiry. The capabilities of this functionality will be determined by the Lottery. Privileges for these identification cards shall be set through a management function.

3. **Ticket and Report Printer.** Thermal or alternative printing technologies, such as laser printers, must be provided. Regardless of the printing technology used, the tickets must
Attachment C: Part 2 – Performance Requirements and Deliverables

be highly readable and long-lived under ordinary consumer use in the Florida environment (e.g., ticket folding, hot and humid weather).

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 or game logo and co-branded logos, and 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. Tear off tickets are not acceptable for the retailer terminal. Each ticket issued must contain a pre-printed stock number on the back.

C. The printer must provide stacking for printed tickets which will accommodate a minimum of fifty (50) tickets printing serially in a multiple ticket request (bulk buy or repeat).

D. Ticket stock for the printer must be able to be pre-printed front and back with text, images, colors, and security features in a design approved by the Lottery.

E. Ticket stock paper must meet or exceed the current specifications used by the Lottery.

F. The Contractor shall inform the Lottery of newly-available thermal paper stocks that exceed the properties of the paper then in use and that may represent a benefit for the Lottery. A change to improved stock may be negotiated during the contract term.

G. All available security features of the Contractor’s ticket stock must be made available as part of the base contract. Sample ticket stock must be provided upon request.

4. Software Loading. Gaming software must be available via software push as background process and must also be available through a local load by a 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 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.

C. Secure Sign-On. The terminal must prohibit unauthorized use through a secure authorized sign-on procedure. The System must permit changing of the sign-on or password without a service call to the terminal. For security purposes passwords must be masked on display and are not to be able to be printed at the terminal.

The password functionality must permit multiple levels of secure access, including Lottery representative, store manager/owner, and clerk. This capability could be used to restrict privileged transaction types to authorized users; for example, store managers (but not clerks) may be able to display retailer financial reports and monitor transactions by individual clerks. The System must have the capability to adhere to password structure rules of the Lottery (currently set forth in Rule 71A-1,
Florida Administrative Code), expire passwords on an aging schedule, and provide for self-service reset.

5. User Interface Design. The Contractor shall provide a display design to ensure usability and productivity for the user as determined by the Lottery. The design is expected to minimize keystrokes and to minimize navigation through levels of nested screens. The final design shall be developed jointly with the Lottery to its satisfaction.

6. Playslip and Document Scanner. There must be a reader able to read player-completed playslips and other relevant documents.

   A. The reader must provide flexibility in terms of its ability to read various colors and graphics on the playslips, and the latitude it allows for markings by players. Special markers shall not be needed for the playslips.

   B. The reader must provide flexibility in the manner documents can be inserted, for example, top or bottom first, and at various angles.

   C. The reader must be capable of rapid feeding of documents by the retailer allowing the retailer or other user to quickly process a stack of playslips or other documents.

   D. The reader must be capable of reading and processing existing game playslips. If current playslips cannot be processed by the reader, the Contractor is responsible for the replacement of all playslips with a functional equivalent of a design approved by the Lottery.

   E. The reader must be jam-resistant and have a simple mechanism for immediately clearing any jam or non-readable document. The jam resistance performance must exceed no more than one misfeed or misread in every one hundred (100) documents.

   F. The reader must accommodate forms whose purpose is to collect information from retailers, players, field service or maintenance personnel, or other Lottery authorized personnel. The Contractor may be called upon to collect such data and furnish a data file to the Lottery for further processing either in the System or for transfer to the Lottery for its processing.

7. 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 playslip. The terminal shall use algorithms and/or other mechanisms to ensure that the random number generator produces random outcomes. At the sole expense of the Contractor, this capability must be certified by a qualified independent vendor approved by the Lottery.

8. Read After Print. The terminal shall have the ability to verify to the terminal and the System that a ticket has actually been printed.

9. Terminal Game Ticket Reader. The terminal must include a reader that allows reading of terminal tickets, for validating or canceling a ticket under Lottery-specified terms. Tickets must be able to be validated by manual entry also. Canceling is currently allowed only through the reader.
Attachment C: Part 2 – Performance Requirements and Deliverables

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

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

C. Branding is required on the front of the ticket for cancellations, validations and expired tickets. When branded, the terminal ticket must be marked distinctively to indicate its “processed” status. The branding messages must be programmable, and the exact set of messages must be developed jointly with the Lottery.

10. Scratch-Off Ticket Reader

A. The terminal must be capable of validating winning Scratch-Off tickets, both through scanning and manual entry, and supporting other administrative functions which employ machine-readable codes including all ANSI standards.

B. The Lottery considers the reader’s first read rate for validating a winning Scratch-Off ticket as a key retailer satisfaction item. A first read rate of a minimum ninety-five percent (95%) is required.

11. Coupon and Other Documents

A. The reader must be capable of reading and processing through the System, serialized, bar coded coupons and other documents.

B. The reader must also be capable of reading items of different sizes and shapes such as, but not limited to, bar coded Scratch-Off ticket books and terminal ticket stock boxes.

12. Training Mode. The terminal must be capable of operating in a training mode. Training mode transactions that generate ticket facsimiles shall be marked "VOID - DEMO - NOT FOR SALE" or equivalent in a large font acceptable to the Lottery in the body of the ticket.

Training mode transactions at retailer locations must be controllable from the System and create a transaction for the System advising that the terminal has entered/exited training mode. All retailer-site training transactions shall be logged to the System and labeled as training transactions.

13. Self Diagnostics. The terminal must be equipped with self-diagonstics and indicators that enable the retailer and service technicians to monitor the operating status of the terminal. Upon the Lottery’s request the Contractor must submit a listing of all such indicators and operator messages available. Terminal diagnostics and internal status conditions must be capable of being initiated and observed remotely by technicians or hotline operators.

14. Transaction Integrity with Consumables Fault.

A. The terminal must provide a method of preserving the integrity of a transaction when a printer fault, jam, printing failure, or end-of-ticket-stock condition occurs.
B. When a jam is corrected, or when the ticket stock is replenished, the terminal must return to service when the lid is closed without notable delay or disruption for the retailer.

15. Peripheral Slots/Ports. The Contractor’s terminals must possess the capability to provide interfaces for both current and future needs. In addition to the required interfaces for terminal features and peripherals, it is a requirement that there be a minimum of four (4), initially unoccupied slots/ports for other peripherals. These ports shall be physically and logically secured when they are not in authorized use.

16. Environmental Fitness. The terminals must be suitable for the conditions of Florida retailer locations, including, but not limited to: dedicated 110V 15 amp electrical circuit; small counter top spaces; difficult environmental conditions such as heat, humidity, dust, grease, spilled liquids, and operator abuse.

17. Power Cord. Each terminal must come equipped with a power cord at least ten feet (10') in length, with a three-prong grounded plug.

18. Memory and Storage.
   
   A. The Lottery requires the ability to add games and to insert promotions which may consume terminal memory/storage. It is required that the terminal provide at least a 50% margin of available game and promotion memory/storage for future games and promotions over that anticipated to be consumed at conversion time by the current Florida games. The Contractor shall provide memory/storage expansion for any architectural element of the terminal and associated peripherals during the term of the contract to meet future needs of the Lottery. If the required memory/storage expansion exceeds the terminal technical design, the Contractor shall be responsible to reengineer/replace any such terminals.

   B. The terminal must have sufficient memory to support at least one hundred fifty (150) concurrent Scratch-Off games using at least three (3) different bar code algorithms without an upgrade of terminal resources.

   C. Should AC power to the terminal be interrupted, the gaming software must not be destroyed, modified or lost.

19. Casework. The terminal's casework must be provided in a color selected by the Lottery among options available, using a manufacturer’s standard color chart. The Lottery requires a durable and uniform color, whether the color is a coating painted on or otherwise applied to the surface, or molded throughout the casework. The Contractor will be required to identify the capability to provide custom colors for the casework.

   The terminal shall be capable of carrying the Lottery’s branding imaging. The imaging must be durable and displayed in a size and location satisfactory to the Lottery. The branding elements must be able to be maintained or replaced to allow for the image to reflect positively on the Lottery and to the Lottery’s then current standards. The Contractor is responsible for the initial branding and maintaining that branding on any terminal or other device with Lottery presence.
20. Sound Generator. The terminal must be capable of producing audio when certain transactions or functions are performed or specified events occur. The use of sounds must not delay or add time to the transaction processing time. The Lottery will define to the Contractor which functions shall trigger this feature. The terminal must be capable of rendering audio messages including speech and music to support all functionality including training, advertising, and messaging. This shall be software controlled by function type.

21. Broadcast Messages. Messages from the System must be received and displayed to the retailer. If the terminal is not powered on or communicating with the System at the time of broadcast, the System will ensure that the terminal receives the message immediately upon sign on.

22. Large Dollar Transaction Verification. 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. The Contractor must provide a feature whereby the retailer can identify an amount different from that selected by the Lottery. This capability applies to sales and validations and shall be configurable by retailer type.

23. Transaction Listing. The screen must be able to display and print the last fifty (50) transactions accepted or canceled by the System as well as the status of pending transactions, upon request of the Retailer, in order to compare printed tickets with registered tickets. The print version shall be configurable to the number of transactions requested by requestor type.

24. Cancellations. The terminal and system must support ticket cancellations for those games that permit it, including, but not limited to, coupons, vouchers, and free tickets. Cancellations must be governed by a set of parameter-driven rules as established by the Lottery. Current parameter values are: cancellation only within 120 minutes; only at the purchasing retailer; only using the terminal reader, and no manual entry.

25. Validation Limits. The terminal must not cash wins in excess of that permitted by Florida Statutes. The current limit is less than six hundred ($600). For larger wins the terminal must return a response as defined by the Lottery, permitting the win to be claimed.

26. Language Ability. The Contractor must be able to support foreign languages on the retailer terminals. At a minimum the terminal must support Spanish in addition to English. Since the same retailer terminal may be used by employees with different language skills, it is required that the terminal be capable of toggling between languages upon user request.

27. Terminal Case Design. The terminal’s design must partition electronic and electrical components from access by the retailer when conducting retailer tasks to operate or maintain the terminal (e.g., changing the paper or cleaning the reader window).

The Contractor must be prepared, upon notification by the Lottery of a retailer’s specific needs to meet disability requirements, to provision a Retailer terminal to meet ADA compliancy.
Attachment C: Part 2 – Performance Requirements and Deliverables

C2.2.1.2 Player Self Service Vending

1. Full Service Ticket Vending Machines. The base contract will include five-thousand (5,000) vending machines that are capable of dispensing Scratch-Off game tickets and terminal game tickets. Additional vending machines are to be added based on player and market demand. The Contractor will assume all maintenance and support responsibility for the vending machines, but not to include: filling and emptying Scratch-Off games as needed, replacing roll stock, taking shift/daily/weekly reports, and emptying the cash box.

2. Vending Machine External Functions. Vending machines must be capable of providing several services to customers and store personnel to include, but not be limited to:
   A. Dispense to customers Scratch-Off game tickets that are loaded and available for sale;
   B. Dispense terminal game tickets to customers based on quick picks and playslips;
   C. Dispense coupons, vouchers or other items as would be available on a Retailer’s terminal;
   D. Provide capability to allow customers to check tickets for winners, including both Scratch-Off and terminal game tickets, using bar codes;
   E. The customer display will allow for limited inquiry of prizes remaining and recent winning numbers of various games;
   F. Show the customer the balance remaining after cash entry and selection of certain game tickets;
   G. Allow reporting of status and recent transactions for store personnel;
   H. Allow store personnel to conveniently refill Scratch-Off game tickets (with multiple books per bin, connected by Contractor supplied tape) and printer stock, and to empty the cash box;
   I. Provide for promotional and alert messaging;
   J. Provide the capability for age verification;
   K. Be designed in such a way to minimize footprint;
   L. Be designed in such a way to be stable in a free standing form OR have a capability to be stabilized by external attachment;
   M. Be securable from physical intrusion, tampering, or theft;
   N. Be able to operate in environments that may be exposed to weather;
   O. Be equipped with a remote on/off mechanism that will operate from a minimum of fifty (50) feet in a typical business environment. This remote can be activated by the store personnel or from the central system and there must be a visible indicator when the vending machine has been deactivated;
   P. Provide for configurable dollar limitation per purchase;
   Q. Be capable of producing audio when certain transactions or functions are performed, or specified events occur. The use of sounds must not delay or add time to the transaction processing time. The Lottery will define to the Contractor which functions shall trigger this feature. Be capable of rendering audio messages including speech and music to support all functionality including training, advertising, and messaging. This shall be software controlled by function type;
   R. Capability to support player loyalty programs; and
   S. Capability to support play-on-account.
Vending machines must be able to have functionalities activated or deactivated at the Lottery’s discretion, such as validating and cashing tickets.

The functionality for Vending machines to cash winning tickets will be deactivated at start-up. This cashing function would be performed at a counter terminal by store staff. Vending machines are not expected to make change for deposits by customers; however, they must provide refund vouchers for redemption at a Retailer’s counter.

3. Vending Machine Internal Functions. Vending machines must operate as a dispensing device for Scratch-Off and terminal games while being a full partner of the System. The vending machines shall:

A. Employ the standard protocol of the System, or an agreed upon protocol to allow residency on the retailer network;
B. Allow downloads to ensure that the vending machines operate on the current generation of software;
C. Maintain software and recent operating information across a power outage at the retail location;
D. Safely transmit, receive, and store information by prudent use of encryption and restricted access methods; and
E. All player activated sales devices must perform terminal game sales accounting and Scratch-Off book management, accounting, and reporting functions, and meet other product management requirements as identified in this solicitation and the Contract.

4. Customer Usage. Vending machines shall be designed for ready use by customers familiar with other vending machine types, such as soda and snack machines. Machines must provide a portrayal of the products offered, including all Scratch-Off ticket games and terminal games available. In addition, the selection of products by the customer must be straightforward and intuitive. The design of the customer interface will be subject to the Lottery’s approval.

5. Jackpot/Advertising Display. Each vending machine must be equipped with functional equivalent of the large form player transaction display used with each terminal. The display must be positioned on the device for maximum visibility to the surrounding area. This display, if also used for customer messages, must be able to display those messages in a window that promotes the security of the messaging to the individual customer.

6. Data Communications. Vending machines must be connected to the System for transaction recording and reporting. These communications must meet the same requirements as the Retailer terminals. Transactions must be encrypted for transport as they would be for the System. System and communications monitoring tools used with traditional lottery Retailer terminals must also function for the vending machines.

7. Storage for Scratch-Off Tickets. Vending machines must be configurable for various footprint requirements. The minimum number of Scratch-Off games which are to be available for sale is twenty-four (24). Tickets from different Lottery Scratch-Off games may not be assumed to all have the same price points or form factors. Examples of Florida Lottery Scratch Off tickets are available at the Lottery’s website: [http://www.flalottery.com/scratch-offs.do](http://www.flalottery.com/scratch-offs.do). The storage of Scratch-Off tickets included in the player activated sales devices must be scalable/modular to
allow a range of Scratch-Off ticket books to be available for sale. The vending machines must be capable of handling books of different quantities, sizes and denominations of tickets.

8. Bill Acceptor. The vending machine’s bill acceptor/validator must be configurable to accommodate all legal U.S. bill denominations up to and including one hundred dollars ($100). The bill acceptor/validator must have security features allowing it to identify and reject illicit bills. Reimbursement for any illicit bills accepted by the device is the responsibility of the Contractor. The bill acceptor must be capable of an update provided by the Contractor should U.S. bill designs change and those updates must be available at the time of issuance by the US Dept of Treasury of any new bill designs.


10. Underwriters Laboratory (UL) and Federal Communication Commission (FCC) Compliance. The machines must be certified as safe, according to UL or equivalent third-party testing standards. The machines must fall within FCC emissions standards for devices of their type.

11. Electrical Standards. Vending machines must employ the standard NEMA plug (current at the date of installation) for grounded 110 volt outlets as would commonly appear in retail stores. The cord must be a minimum of ten (10) feet long.

12. Security Features. Vending machines must be equipped with ample security mechanisms to prevent theft or misuse of game products and deposited moneys. Potential features may include a combination of:
   A. Heavy duty cabinet construction;
   B. Multiple locking compartments;
   C. Movement sensing;
   D. Door open alerts;
   E. Anomalous customer behavior alerts;
   F. Anomalous store clerk behavior alerts;
   G. System alerts when disconnected or off-line; and
   H. Other alerts as specified by the Lottery.

13. Installation, Relocation, Removal. Machines must be installed, relocated (within a store or to other stores at the Lottery’s direction) or removed upon five (5) days’ notice by the Lottery.

14. Signage. Vending machines must be equipped with signage that communicates legal age requirements.

C2.2.1.3 Retailer Terminal Supplements

1. Player Transaction Display. All terminals shall have a Player Transaction Display. This Display shall have the ability to display information to the Player in text or graphic form. Because there is sometimes limited counter space available, the Display shall be offered in both a small form factor and a larger form factor. The Player Transaction Display will display discrete, individual-oriented information to the Player about their current transaction or ticket inquiry. This will include enough pertinent information about any purchase to inform and confirm for the Player the game selections, amounts, and charges being purchased or, in the case of a ticket inquiry, information if the Player’s
ticket is a winning ticket. In the case of a winning ticket, an appropriate message to be approved by the Lottery will be displayed. When not in use for ticket purchase or win display or, in the case of a larger form factor Display, the Display may also present information about advertising, jackpots, promotions, or other information. With the larger form factor displays, the Player transaction information and this other information may display concurrently. Regardless of the form factor of the Display, the player transaction information will be displayed in a manner that allows for privacy of the Player information. The Lottery must approve the display design and message presentation for functionality and player privacy.

The System must provide the ability to manage, receive, and distribute digital image, video, and text content from a centralized Content Management System (CMS). The CMS is provided, maintained, and administered by the Contractor. Through the Retailer Sales Terminal or any System-connected video displays, whether via wired or wireless capability, the CMS shall distribute and/or stream content and information. This distribution will be addressable and configurable to specific devices or any grouping of devices. This distribution grouping capability shall be consistent with and support at least the same Retailer Group as defined in this solicitation. The local display managers which control the site digital displays (terminal, free-standing, etc.) will coordinate and display in single or, concurrently, multiple frames via programmable definition. Using the CMS, the individual(s) controlling the digital sign and display network can determine what message will show up on which screen at what time, and if the screen is broken down into multiple zones or frames, play messages within those frames. Through the CMS, the Lottery or Contractor sets up the playlists that the various players will follow. A digital sign or display installation would include capabilities for designing electronic messages that the displays will share with the public and may, at the Lottery’s requirement, include links to third-party content sources.

2. Keypad. The Contractor must provide thirty-five (35) key style keypads for retailer terminals as specified by the Lottery that permit the retailer to enter play data by rapid typing. The Contractor is responsible for reconfiguring key caps as needed.

3. Self-service Ticket Inquiry. The Contractor must provide a terminal peripheral that allows players to check their own terminal and Scratch-Off tickets for winners as specified by the Lottery. These devices would be located at the play stations or far enough away from the retailer terminal to minimize activity or traffic at the retailer counter area. This peripheral must be an optical reader and provide capability to display configurable player messaging. The Contractor must provide both a wireless and a wired version. The allocation will be specified by the Lottery.

4. Smart Device Support. The Contractor must be prepared to provide and support the capability whereby players can use their personal technology (“smart devices”) to securely support activities that would otherwise require a terminal or reader interaction. Such “smart device”/app capability could include the mimicking of playslip entry, ticket checking, gift card value storage and processing, and other capabilities that would enhance the player experience and retailer efficiency. The smart device support could require optical scanning, near field communication, Bluetooth communication, or other interface capabilities as may exist with the smart devices. Additionally, the Lottery
would expect that the Contractor will make available/expose software services and publish documentation for those software services that would enable third party developers to create apps for public access to disclosable Lottery data such as winning numbers, number frequency, and other published and publicly available lottery data. The Contractor will supply all hardware and software services should the Lottery decide to enable the secured portal capability. All Lottery security requirements would apply.

C2.2.2 Lottery Office Terminals

The Contractor must provide twenty seven (27) full function terminals for the Lottery’s district and headquarters offices, capable of cashing winning tickets up to the limit set by Lottery policy (privileged validation function). This privileged validation function must be capable of being performed either by terminals similar to the retailer terminals, or by software provided by the Contractor on authorized management workstations, subject to determination by the Lottery. These terminals will not be included in the overall terminal count. The Contractor must also provide two (2) different modes of communication in each office and each of these communication modes must be capable as primary or secondary.

C2.2.3 Multiple Terminals/FSVMs per Retailer

The System must permit, and the Contractor must support, more than one terminal permanently installed at a retailer’s location. The System must be able to individually account for multiple terminals as part of a single retailer account. At times of large jackpots, or for promotions, the System must accommodate the temporary installation of additional terminals at a single retailer location.

Retailer locations that operate with two (2) or more permanent terminals/FSVMs will have two (2) different modes of communications installed. This includes retailers that have a mix of selling devices, for example one retailer terminal and one FSVM.

C2.2.4 Management Terminals Functionalities

C2.2.4.1 Management Functionalities

The Lottery has a local area network on which reside Windows-based personal computer workstations that will perform the games administration functions, as well as an employee’s other workload. (A general description of the current typical workstation configuration is provided in Appendix 2.) These workstations will be furnished by the Lottery. Any software required for functionality will be provided by the Contractor.

The Contractor must provide redundant connectivity between the Lottery LAN and the Contractor’s system.

The number of stations to be connected will be determined by the Lottery.

C2.2.4.2 Management Features and Capabilities

1. Management Reports. Management terminal software must be capable of producing, at a minimum, management reports similar to those found in Appendix 3. These samples are for informational purposes only and are not to be construed as strict content and format specifications. The Lottery will determine final specifications with the Contractor.
2. Secure and Limited Use.

A. Audit Trail. All management sign-on attempts whether successful or not must be logged. Log entries must reference the time, date, terminal and valid/invalid sign-on attempts. All transactions from the management terminals representing modifications to the System (such as game control parameters and winning numbers entry), must be logged and protected by verification steps. The System must provide display and reporting tools for the Lottery to verify the events recorded in the audit trail.

B. All Scratch-Off book activity performed on behalf of a retailer must be logged and available for display and reporting for the Lottery to verify the event.

C. Password Protection. User codes and passwords (as well as security levels and report/function access availability) are required for System users. The Lottery will manage user authorization for Lottery staff via single sign-on identity management software provided by the Contractor. Management workstations must have a hierarchical security scheme that allows system access to specified personnel only. The security scheme must be able to accommodate a minimum of forty (40) different classes.

The System must preclude the use of trivial or generic passwords—such as single characters and common dictionary words. A default password used during initial installation, conversion, and testing must be rejected during production. The System must allow for the ability to have self service password resets and to disable an account after a configurable amount of invalid passwords are entered. Password resets must be communicated to end users in a secure fashion.

To the maximum extent possible the System shall support single sign-on and the use of complex passwords to include two-factor authentications for sensitive operations to be determined by the Lottery. The System shall also provide a centralized administrative interface for authorizing, granting, revoking, administering and reporting on computer accounts. This system will not be required to tie into the Lottery’s existing identity management software.

Any entry of passwords or security codes must not display as clear text on the user’s screen display.

D. Limited Menus/Access. The System must allow individuals to see only those functions they can perform based on security level and entered password. The Contractor will be required to offer other measures the System provides to ensure that a user is valid and authorized that may become available. The System shall support the concept of “roles” allowing the user varying levels of access according the functional capabilities they are assigned. A person signing on can be assigned to multiple roles in the System.

3. Management Features.

A. Retailer Terminal Management. Management terminals must have the ability to remotely enable and/or disable any retailer or group of retailers’ terminal functions, 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. Grouped retailer disablement must require dual control.

B. Retailer Accounting Adjustments. Management must have the ability to make adjusting entries to retailer accounts with a complete audit trail of adjustment amount, date of adjustment, type, user who entered the adjustment, and a description/reason for the adjustment. The number of types will not be limited.

C. Retailer Disablement Codes. The System 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 multiple disablement conditions with at least five (5) concurrently. The System must be capable of reporting a retailer’s history of disablement conditions.

D. Dual Entry. The System must provide the ability to enter and checksum compare critical data such as special passwords, winning number(s), prize pool, jackpot amount, prize amounts, bonus numbers, bonus payouts and pay authorizations through two (2) different management users whose results are verified to be the same before allowing the process to continue. All attempts, whether successful or not, must be logged.

E. Game Control. Authorized management users must have the ability to shut off and resume sales and validations on each game or draw independently.

F. Retailer Message Groups. Management users must have the ability to broadcast terminal messages to a specific Retailer Group. The System shall be capable of sending to multiple Retailer Groups at a time.

G. Message Size. Retailer informational messages must provide for a minimum of one thousand (1,000) characters.

H. Immediate and Deferrable Messages. Management users must have the ability to define any retailer message as immediate or deferrable. Immediate messages must be taken by the retailer right away. For a deferrable message, the retailer is notified to take a specified message and this notification will remain until the message is read or expires. Minimally the messaging capability must allow setting message text, language designation, delivery schedule and expiration schedule. All messages shall be able to be recalled or updated by the Lottery.

I. Player Display Messages. Management users must have the ability to create and send messages with integrated graphics to the player display units associated with the retailer terminals. English and Spanish versions of messages must be available to download to the advertising displays.

J. Ticket Messaging. Management users must have the ability to create and send unique text and/or graphics messages by game to display on the tickets so that a Lotto ticket could
Attachment C: Part 2 – Performance Requirements and Deliverables

display a different message than a Cash 3 ticket, for example. In addition to graphics, text must minimally be 5 lines by 30 characters as determined by the Lottery.

K. Game Monitoring. Management users must have the ability to observe real-time statistics with alerts for exception conditions on the operation of the System by game, retailer, or group of retailers. Alert conditions will be determined by the Lottery. For example, up-to-date statistics on sales by game and draw for a timeframe to be determined by the Lottery.

L. System Configuration Change Logs. Any and all changes to System configuration tables and parameters must be logged and a history of those settings and changes maintained. The authorized user making the change must be part of that recording. The Lottery shall have the ability to research and report on the configuration of the system as of any point in time and be able to report on the history of changes to those System-controlling parameters. Logs of unusual or exceptional events, including logs of unauthorized attempts to change the System-controlling parameters, shall be maintained. The System shall have the ability to automatically distribute notifications of exceptional conditions of which the Lottery requires notification.

M. Transaction Research and Reporting. The System shall provide the ability from authorized management users to request, process, and print portions of the gaming System's sales history and transaction history. At least two (2) days of transaction detail must be on-line.

N. Cancel Advance Play. The System shall provide the capability, only by an authorized management user, to cancel or suspend the System’s ability to produce advanced play tickets.

C2.3 COMMUNICATIONS NETWORK

The Contractor must provide the network to enable all connectivity required of the System and other capabilities required in the Contract. The Contractor is responsible for seeing that the design is installed according to specifications. Following conversion, the Contractor will have sole responsibility for delivery, operation and all costs associated with the network solution, supporting the Lottery’s retailer Wide Area Network (WAN), games management network, data center, Local Area Networks (LANs) and retailer in-store installations, including outages due to failures within the carrier equipment and networks.

C2.3.1 Network Design and Implementation

The Contractor must provide a design for the Lottery network. All Contractor-provided configuration items (that is, those not within carrier networks) must be identified by manufacturer and model number.

The System network must be a closed system without direct internet connectivity. The Contractor is provided wide latitude as to the topology and technologies employed for the network. Where connectivity to other networks, including the public internet, is required, the Contractor is responsible for security including firewalls and malware detection/prevention. The Lottery places no restrictions on the Contractor contacting telecommunications carriers with any network questions. The design must cover at a minimum:

1. Terminal Retailer Network. Primarily the design must provide end-to-end connectivity to the data center(s) for retail terminals and any other equipment provisioned at the Retailer. During the terminal sales period, the retailer terminals and other selling and validation devices must stay
connected to the System. Intermediate nodes may include telephone central offices, satellite ground stations, or Contractor Points of Presence (POPs), for example. In addition, since transactions must be logged at both data centers, there must be redundant links between the primary and remote data center sites.

2. Games Management Network. The design must also accommodate other connections for games administration by the Contractor and by the Lottery. This includes redundant links to the Lottery management LAN, dual connections to Scratch-Off ticket warehouse(s), and links to Lottery district offices. Other connections relevant to the network’s topology and purpose may be employed.

3. Data Center Connectivity. Between the Lottery and Contractor data centers there will be redundant LAN connections. These LAN connections will each be protected by dual firewalls provisioned by the Contractor. The firewalls on the Lottery’s side of these redundant LAN connections will be managed by the Lottery. For the purpose of managing Contractor supplied/Lottery managed firewalls, the Contractor will provide network management software and licenses (a minimum of five [5] end user licenses is required) as defined by the Lottery.

4. Retailer In-Store Installation. Should the Contractor 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 Contractor’s responsibility to provide the inside wiring or other telecommunications mechanism.

C2.3.2  Network Design Features

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

1. Fault Tolerance. The System shall include load balancing and must not be configured in a manner that facilitates single points of failure and bottlenecks. (For example, these could include single Telco central offices, trunk circuits, network switches, and satellite ground stations.) It is required that the network exhibit redundancy and diversity (not required on retailer local loops).

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 upon configurable time-out and retry failure conditions. Network equipment must be addressable by network management software to facilitate fault detection, isolation and corrective actions.

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 System to the remote backup system, to Lottery district offices and other remote locations. Protected information includes, but is not limited to, plays, validations, security codes, reports, and downloaded software. SSL or other commercially available encryption mechanisms are acceptable. The encryption scheme is subject to review and approval by the Lottery.

4. Incomplete Transaction Protocol. On incomplete transactions from the host systems to the terminal, the System must re-transmit until it receives confirmation from the retailer terminal that it has received and processed the data.
A retailer terminal shall not process new transactions until the preceding transaction is processed or resolved. A retailer terminal shall have the capability to continue requesting that the System process the transaction until recovery has been completed, or a "time-out" condition exists.

If it cannot be determined whether a transaction has been completely processed, the System must log that information for reporting and resolution.

5. Network Outages. In the event of a communications disruption between the gaming system and any terminal, the System shall continue to attempt to service the terminal until the problem is resolved or the System performs a function that would otherwise invalidate a transaction i.e., end-of-day processing.

6. Non-Responding or Failing Equipment. Failing equipment shall not preclude communication with other equipment or reduce any performance requirement of the remainder of the System. Non-responding/failing equipment shall be apparent to a network monitoring application.

7. Commercially Available Network Protocols. Network protocols shall be widely used, commercially available protocols, and 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 Florida gaming transaction processing (such as the Lottery administrative system and the Contractor’s administrative support system and development/QA system), must be effected through devices that detect and block or filter out unnecessary and unauthorized traffic. Traffic must be supported only from authorized nodes. Software transfers must be secured. The Contractor will be required to discuss and demonstrate how it will ensure that any such connections are not vulnerable to unauthorized access, viruses, worms or other malware, denial of service attacks, and any security threats.

C2.3.3 Network Administration Services

The Contractor will be responsible for network monitoring and management. Under the Contract the Lottery will identify new installations along with any moves, updates or deletes. The Contractor’s network administrative services must provide:

1. Configuration and Change Management. Configuration changes and asset records must be maintained and managed. This includes an inventory of Lottery network devices and their operating parameters. Change management control procedures and online storage of network component configuration files are required.

2. Fault management. Fault management consists of actions toward detection, isolation, and correction of faults in the network. Robust and proactive fault management and minimization will be provided by the Contractor.


4. Carrier Interface. The Contractor must interface with the network carriers, the retailers, and the Lottery to maximize uptime and provide information upon which decisions and actions can be based. The Contractor will be responsible for working network problems to resolution through the common carriers/external suppliers.
**C2.3.4 Network Monitoring Tools**

1. **Network Monitoring System.** Network test and monitoring capability must be available at both the primary and remote backup sites. Network monitoring tools must be able to interface and analyze protocols, view transaction data for analysis, and create visual and 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 backup site, within the WAN, or at the retailer terminal level. The network monitoring system must be of modern design to include an easy to read dashboard indicating total operational retailers, total down retailers by condition, major network events, and network outages or degraded system performance. The GUI and functionality must be reviewed and approved by the Lottery. Access to the performance reporting or dashboards must be available to the Lottery from the local network or remote location.

2. **Network Event Recording.** Network test and monitoring 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.** The network monitoring tools, and the networked devices provided by the Contractor, must use Simple Network Management Protocol version 3 or more current version to facilitate monitoring all along the network path. This capability must extend to new network devices readily should they be introduced.

4. **Networking Expertise.** Network technicians trained in the use of test and monitoring equipment must be present at the primary Data Center whenever the System is operational. This local resource will be capable of analyzing and escalating to Level 2 Network Operating Center (NOC) resource.

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 Network Monitoring.** The Contractor must provide at designated Lottery locations a minimum of four (4) management workstations and software applications or specialized workstations to be used by the Lottery for monitoring the network. Contractor will provide a dashboard of network performance metrics for access by the Lottery. The dashboard will display on these workstations and via web browsers.

   The network monitoring system shall include a Contractor provided and maintained Intrusion Detection System (IDS) and Security Information Event Manager (SIEM). The SIEM will reside on the Lottery’s side and be under the control of Lottery personnel and shall capture host and network device logs including logs from the IDS. Lottery will require read access to the Contractor provided IDS.

**C2.3.5 Advanced Communications Technologies**

The Contractor shall maintain the network, network monitoring, and network management capabilities consistent with the then current performance needs of the Lottery and in keeping with the tools, equipment, and practices current through the term of the contract and any renewals.

The Contractor shall be responsible for identifying advanced telecommunications options that may improve the operations of the network. These options may be relative to retailer last mile connections, backbone communications, primary-to-remote site communications, and gaming network to Lottery...
communications. The Contractor is expected to bring forth a range of technologies that would advance the Lottery network infrastructure while continuing to provide reliable, cost effective service to Lottery retailers.

1. Emerging Technologies. Various emerging technologies may have relevance for lottery networks. Hybrid networks combining technologies may be identified. The Contractor’s offered advanced technology must address key factors such as confidentiality, integrity, and security, availability of the service, reliability, maintainability, openness and standardization, performance, and relative cost.

2. Enhanced Availability. In concert with an emerging technologies discussion, or as a possible enhancement to the baseline network design, the Contractor will be required to address how the baseline design could be enhanced to further improve reliability. Backup circuits, circuit redundancy, wireless backup to land lines, multiple satellite providers, and hybrid networks (wired and wireless) may be addressed. The Contractor is encouraged to offer options for all or portions of the network providing redundancy at key segments, or to guarantee some percentage of serviceable terminals regardless of the network failure.

**C2.3.6 Network Costs**

1. All network costs will be the responsibility of the Contractor.

2. Vendor Equipment and Service Costs. Costs arising for ancillary equipment and services must be incorporated directly into the Contractor’s baseline pricing, including but not limited to costs for the Contractor’s network administration services, dual satellites, Contractor’s telephone system and the hotline/dispatch lines and services. This category also includes the Contractor’s financial obligation, as part of the non-recurring installation charge, to provide any necessary inside wiring at retailer locations.

**C2.4 SOFTWARE CONTROLS AND DATA MANAGEMENT**

**C2.4.1 System Software Security and Control Features and Functions**

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

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

Requirements include, but are not limited to:

A. The System back-up, recovery and redundancy features can be supported, using log files for recovery, when necessary.

B. The System, including outages and recovery events, can be audited and checked for appropriate usage and freedom from error. There must be a 1-to-1 relationship between tickets printed, tickets registered in the log files, and ticket transactions carried forward to the ICS.

C. Any difference must be identified and resolved for each draw and at least daily.
D. Authorized Lottery personnel may research transactions and operations when required. The log will include detailed records of sales, validations, canceled terminal tickets, rejected validation inquiries, failed transactions, terminal outages, system events (e.g., takeovers by the backup system), and any other retailer functions that result in a transaction with a player. Reports on transaction log entries must allow standard queries and sorts.

E. The Lottery requires a real-time feed of the transactions to the Internal Control System (ICS). The real-time feed shall include periodic checkpoints including significant totals (counts and amounts) for all games to ensure that the ICS file is complete at that time. In addition, the Contractor 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 System each day.

F. The Contractor will provide the Lottery with any software necessary to interpret or decrypt any proprietary or unique ICS (audit) file formats, resulting in ASCII text or comma separated value (CSV).

2. Validations. The System must provide the functionality for the retailer terminal to validate all terminal and Scratch-Off tickets either through a reader or by manual entry of the ticket number. The validation period for terminal and Scratch-Off tickets must be configurable for each type of game. Currently the schedule is one hundred eighty (180) days after the draw for terminal games and sixty (60) days after the official close of the game for Scratch-Off games.

A. Winning tickets valued under a configurable amount must be branded “Winner” by the terminal when validated. A Claim Instructions Ticket will print for winning tickets valued over a configurable amount and the ticket will not be marked as “paid” in the System. Currently retailers are authorized to pay players less than six hundred dollars ($600).

B. The Lottery requires retailers to pay winning tickets valued less than the statutorily-established limit, currently six hundred dollars ($600). A terminal ticket may incorporate one (1) or more plays under a single unique serial number; each play shall be considered a separate transaction for payment purposes.

C. A terminal ticket may be cashed prior to all the draws occurring. The winning plays are marked as paid in the System and a continuation ticket must print for the remaining draws. The continuation ticket must have a distinct serial number from the original ticket, but the System must have the ability to link the two tickets.

D. The System must retain winning ticket information for terminal games for one hundred eighty (180) days after each winning draw date. For tickets valued over the retailer configurable amount which have been claimed at a retailer location, but not paid, the System must retain winning ticket information for two hundred ten (210) days after each winning draw date.

The System must retain winning ticket information for Scratch-Off games for sixty (60) days after the official close of the game. For tickets valued over the retailer configurable amount which have been claimed at a retailer location, but not paid, the System must retain winning ticket information for ninety (90) days after the official close of the game.

The System must have the capability to follow the rules of the Lottery during the term of the Contract and any renewals.
E. The System must provide for a real-time validation interface with the Lottery’s prize payment system accessed by Lottery headquarters and district office staff via desktop workstations. Entire transaction and validation history will continue to be maintained.

1. Transactions Protected. The System must ensure that transactions cannot be tampered with, including but not limited to the log files and validation files. The Lottery reserves the right to review any and/or all System narratives, source program listings and operational procedures to ensure valid System integrity.

2. Unique Serial Numbers. For tickets and any other transactions that bear a serial number, the serial number must be in Arabic numerals and in a code that is readable by the terminal. It is required that serial numbers be unique over the term of the Contract.

3. Tickets Not Duplicated. All tickets printed at the terminal must represent a unique transaction that cannot be a duplicate.

4. Liability Levels. The Lottery shall be alerted immediately when sales of a number in a fixed payout game reach a warning level, and then reach a specified liability level. The specific levels will be defined by the Lottery. The System, through a management terminal, must provide 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.

5. Operator Console Records. All operator commands executed by the System and any System warnings or problem messages shall be written to a log file that is accessible by the Lottery at any time. This log must be duplicated and stored electronically. All operator console records must be permanently retained or retained until authorized for release by the Lottery. The Contractor will provide a log analysis tool to review the logs and this tool will require the Lottery’s review and approval.

6. 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.

7. One-Time Cashing. A winning ticket must not be able to be cashed more than once.

8. Software Validation Algorithms. Software Validation Algorithms are required for executable programs on the System and terminals for auditing purposes. The System must maintain control of terminal software distribution such that terminals are not able, inadvertently, to run inappropriate versions of the software. The Contractor must provide a mechanism that ensures the installed software is the correct version tested and approved by the Lottery. Automated emails generated from the System are required to be sent to a designated Lottery distribution list on the Lottery’s email server.

9. Transaction Storage Redundancy. Every transaction of the terminals must be received in at least three (3) locations before authorization to print a ticket, including the primary system handling the transaction, a local back-up system capable of recovering for a failure of the system processing the transaction, and the remote back-up system.

10. Game Monitoring. Real-time monitoring of gaming transaction traffic and system utilization must be provided. The Lottery shall receive immediate notification of abnormal System
operations and their causes, such as validation problems, communication difficulties, computer downtime, etc.

11. **Transaction Simulation.** A transaction simulator program is required to generate all types of transactions (terminal and System) in optional percentages for use in testing software quality and performance. This program must allow manually entered terminal sales to mix with the program-generated sales.

12. **Secure On-Site and Off-Site Storage.** The Contractor must provide for secure on-site and off-site storage of critical files, software, and back-up data, subject to approval of the Lottery. Archived backups must be retained for a period to be defined by the Lottery, currently four (4) years. Media stored in archives must be exercised periodically to ensure their physical integrity. All files must remain in the United States.

13. **Valid Back-ups.** The Contractor must use operational practices through report balancing and reconciliation to ensure that current files and historical back-up 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.

14. **Software Configuration Management (SCM).** The Contractor shall provide a procedure for changes to documentation, procedures, specifications, and program source and object code. Strict performance according to principles of configuration management is required:

   a) Software components shall have version or release numbers, or model and serial numbers.

   b) Software components shall be traceable, identifying the history, use, and location of a component.

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

   d) The SCM shall have the ability to produce a configuration status report or listing.

   e) The SCM shall ensure that only approved changes can be made.

15. **Dynamic Pools.** For matrix games such as Florida Lotto, the Contractor must maintain dynamic pools for the current draw and dollar summaries for all plays for all future draws on sale. The Contractor 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.

16. **Ticket Stock Tracking System.** Ticket stock will be delivered in cartons having a bill of lading that identifies the rolls contained inside. Each roll must have a unique bar code allowing the ticket stock to be received and activated at the retailer terminal. The Contractor shall maintain a real-time accurate accounting of ticket stock in a system or sub-system accessible by the Lottery. The ticket stock tracking system shall permit returns, re-issues, and destruction of stock, as appropriate, by authorized users. Ticket stock activity reports are required to track erroneous terminal game ticket stock activity.
The Contractor must provide a separate system that tracks individual ticket stock serial numbers back to the original roll. The roll stock tracking information shall be pulled and updated from the ticket stock printers directly by the ticket stock tracking system using Secure File Transfer Protocol (SFTP) as prescribed by the Lottery. The Contractor must provide any hardware and software necessary to store, maintain, inquire of, or interpret this information. There must be a backup for this capability installed by the Contractor at the remote backup data center. This functionality will be on the Lottery’s network.

17. Dual Security System. The Retailer terminal must generate a unique number, aside from the System-logged transaction serial number, used to link winning tickets to selling terminals. This "dual security" approach must be acceptable to any multi-jurisdictional associations (e.g., MUSL) 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 Contractor 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 Contractor staff from decrypting the dual security number. The use of public key encryption techniques is required.

**C2.4.2 Terminal Games Drawing Controls**

1. Automatic Close. At a parameter driven time for each game type and/or day, the System shall automatically close a game without operator intervention. The System shall also provide the capability to manually close 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.

3. Drawing Information. At game cut-off for any game, the System must display on the Contractor's and the Lottery’s management terminals information sufficient to meet the balancing and reconciliation requirements of the Lottery.

4. Dual Entry. Dual entry via separate and unique sign-ons of drawn winning numbers, prize and jackpot amounts must be supported. All data entry 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 or until a configurable future date and time.

6. At start-up the System shall provide for all current business practices for Closing, Drawing, and Cashing time Windows. Future Closing, Drawing and Cashing time windows will be set by the Lottery.

7. The draw status events required by the Lottery shall generate a message to the retailer terminals.

8. The System must provide the capability to reverse a draw status initiated by a management function via dual control.

**C2.4.3 Support of Scratch-Off Ticket Transactions at Retailers**

The System shall support Scratch-Off games through the retailer terminal. Support from the Contractor shall include but not be limited to the features and transactions noted below.
1. **Bar Codes.** Many of the transactions depend on bar coded numbers for unique identification of Scratch-Off tickets. The System must accommodate reading all Scratch-Off game bar code algorithms used by the Lottery. If the Contractor has input into the Scratch-Off ticket identifier and/or bar code encoding scheme, the identifier design and the algorithm must be secure against compromising the integrity of the game.

2. **Security Grid.** Activities on books 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. The grid of permissible moves shall be available by display and report by the Lottery.

3. **Sales Representative Transactions.** The System must support retailer inventory management transactions and messages for Sales Representatives. For each retailer at which an SR conducts book management transactions, the System must produce reports of all activity that will eliminate the need for manual forms processes. The System must support the ability for an SR to order, receive and return books consigned to the SR. The System must support and interface with any sales mobility system planned or in use by the Lottery and exchange data with that system. Functionality residency in the case of overlapping capabilities between the System and any sales mobility system will be specified by the Lottery.

4. **Book Delivery and Returns.** Books delivered to retailers must be registered in the System. Books may be returned by the retailer via the Sales Representative for use elsewhere or for full or partial book return to inventory in the warehouse. The System must support receipt of bulk shipments with one bar code read.

5. **Book Activation.** The System shall support the activation and validation rules of the Lottery.

6. **Scratch-Off Ticket Validation.** Scratch-Off ticket validation transactions at the retailer terminal will inquire against a validation database maintained by the System. The System will respond with a pay/no-pay/claim, etc. transaction sent back to the retailer. This transaction will verify whether the ticket is a winner and specify the amount to be paid. During this process the System must confirm that the ticket is from a book or partial book in “payable” status. Tickets sold by one retailer must be able to be validated by any other retailer (“cross-validation”).

   A. Accountability must apply to ranges of tickets within a book, if necessary in the case of stolen books or partially-settled books.

   B. The Contractor must support or improve upon the current “keyless” validation in use by the Lottery, requiring no more than a bar code read for configurable prize levels and addressing Lottery security requirements.

7. **Settlement.** The System must support settlement of books that have been distributed to, and activated by, the retailers. Books 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 book was activated or the percentage validated. Currently the parameters are ninety percent (90%) validation of low tier winners or ninety (90) days. The System must accommodate settlement of a partial book. The ability to adjust the parameters by game or Retailer Group via GUI function by authorized users is required.

8. **Book Activity Initiation.** Any allowable book activity can be initiated through a ticket from and identifying the book.
9. Retailer Status and Reporting. The retailer must be able to obtain through the System an appropriate collection of reports summarizing Scratch-Off ticket status and transaction activity. These include, but are not limited to, inventory information by book status, summary of validations, Scratch-Off ticket billing statements and news messages. Refer to Appendix 4 for sample retailer report types. The System must provide the retailer and the Lottery with combined and separate business reports of Scratch-Off and terminal game products and other related activities.

C2.4.4 Scratch-Off Ticket Accounting and Management System

The Contractor will supply, operate, and maintain the Scratch-Off Ticket Accounting System. The Lottery will be a system user, loading and testing the new Scratch-Off games. The Scratch-Off ticket accounting and management software component of the System will include, but not be limited to, the following functionalities:

1. Retailer book inventory and status;
2. Global inventory and book status;
3. Immediate processing of orders from the order fulfillment system;
4. Ability to order Scratch-Off games from retailer terminals;
5. Ability to monitor availability of game inventory and accept orders through the last available book;
6. Maintenance of game ticket validation records, ensuring one-time-only payment of winners;
7. Ability to monitor individual book status on both elapsed time and percent of validations for the purpose of initiating book settlement;
8. Ability to provide weekly settlement information to retailers and the Lottery, by group, by game, by region;
9. Ability to accept and process the loading of game, validation and book files from electronic mechanisms as well as a secured electronic file transfer from Scratch-Off ticket contractors;
10. Ability to track Scratch-Off ticket books in inventory, transfer books, and return books to inventory;
11. Capability of loading and purging all game definition files at any time of the day without negatively impacting System performance;
12. Maintaining and reporting the history of a book;
13. Capability to provide real time ticket validation detail by book and ticket to an authorized user;
14. Supporting multiple book sizes (variable number of tickets per book) of the same game; and
15. Providing the Lottery integrated business reports incorporating both Scratch-Off and terminal game information.

C2.4.5 Scratch-Off Ticket Order Fulfillment: Telemarketing System

The Lottery’s Primary Scratch-Off ticket Contractor will perform the telemarketing function. The Contractor must provide a real-time interface to support telemarketing and retailer account service functions and services. The interface must provide for sharing inventory information and inventory transactions at a level determined by the Lottery while protecting information regarding the retailer location of specific books.

C2.4.6 Scratch-Off Ticket Order Distribution

The Lottery’s Primary Scratch-Off ticket Contractor will perform the warehousing, order distribution function as well as full and partial book return processing. The Contractor will provide a real-time
interface to support warehousing, physical inventory control, order entry and fulfillment, packaging, and distribution. The interface must provide for sharing inventory information and inventory transactions at a level determined by the Lottery while protecting information regarding the retailer location of specific books.

**C2.4.7 Retailer Accounting & Reporting**

1. Retailer Account Management. The System shall receive retailer set-up, updates and status information from the Lottery. The System will include all functionality to maintain the authority version of the Retailer Master File. Maintenance of the Retailer Master File will be jointly managed by the Contractor and the Lottery appropriate to the business function. Certain fields will require encryption at Lottery’s direction.

The Contractor will provide and maintain a workflow management system which supports the Lottery’s business process through the entire lifecycle of retailer management. The workflow management system must include an electronic document management capability to support the exchange and tracking of forms and other documents used in the Retailer Management and other business processes. This system will include, but not be limited to:

   a) Retailer Application and Status;
   b) Retailer Background Review;
   c) Retailer Banking Settlement;
   d) Terminal and Vending Machine Provisioning;
   e) Retailer Training Status;
   f) Suspensions;
   g) Reinstatements;
   h) Terminations; and
   i) Reactivations.

This system may be used, without limitation, by the Lottery for any of its business processes.

2. Retailer Financial Reporting. The System shall support Retailer EFT transactions and IRS filings. The Contractor must support combined Scratch-Off and terminal game product accounting and Retailer accounting activity with all sales and validation activity detailed by game.

3. Retailer Reporting Portal. The Lottery currently has a corporate information system (CIS) that provides corporate retailers access to sales and inventory reports and data files via a web-based portal. The Contractor shall provide a web-based portal reserved for retailers to provide, at a minimum, the existing reporting for all retailers.

   A. The portal must provide retailers access to information, sales and inventory reports for their location and, for corporate accounts, for any one or all locations within the corporate account.

   B. A Retailer Management function must be provided to allow Retailers the ability to perform functions as defined by the Lottery, such as, but not limited to, setting preferences to receive information through email or an SFTP server, resetting passwords, defining report and file formats and frequency of delivery, and performing ad hoc queries and reporting.

   C. The data must be updated and balanced daily to the System. A minimum of 18 months of data must be available through the web-based portal. Historical reports and data files should
be available on the retailer portal for at least a rolling quarter. Additional business
documents may be maintained on this portal as defined by the Lottery.

D. The Lottery must have a management function that allows administrative access to the retailer
portal to set up retailer accounts and allow for review and audit of the portal.

E. The Retailer portal must be secure and on a separate server from the System. Access to the
Retailer portal must be logged. The log must include activity performed by the Retailer.

F. The file and reporting formats will adhere to the NASPL and/or Open Group standards.

G. The Retailer portal must be redundant, recoverable and available 24/7. The portal must be
maintained by the Contractor for the life of the contract.

4. Retailer Accounting Period. The normal accounting cycle for computing monies owed by retailers
and processing EFT files is currently Monday through Sunday. This accounting period is also
referred to as an accounting week or retailer business week. The System must support any
accounting period, settlement period and schedule that the Lottery’s business may require. These
may vary by Retailer Group.

5. Accounting by Retailer Location. Multiple terminals assigned to a specific retailer location must be
linked to the Retailer and reportable individually and collectively under one retailer account. This
would include temporary terminals installed for large jackpots or special events that may be held off
site.

Each terminal will maintain its own historical sales and inventory data for purposes of reporting, but
all activity will roll up to the primary retailer account for invoicing.

Terminal reports available at the primary retailer terminal will also be available for any other linked
terminal at that Retailer including vending machines. Weekly settlement reports shall provide a total
accounting of activity across all terminals assigned.

Reporting for banking sweep purposes will be at the individual retailer level or grouped retailer
level (Retailer Group) for those that reside within a single ownership such as a chain. EFT
transactions shall occur for each location or be rolled up to the chain level for all locations within
the chain.

There may be multiple sweep rollups under a single ownership with individual retailers participating
in only one rollup.

6. Chain Accounting. The System shall provide for multiple alternative hierarchies and multiple levels
in each hierarchy of store locations under a Chain head for purpose of contractual, financial and
inventory reporting.

7. Variable Commission Rates. For all terminal or Scratch-Off games, sales and cashing commission
rates must be configurable and parameter driven including, but not limited to, by individual terminal
game and Scratch-Off game and/or by Retailer Group. Commission rates must be able to be
temporarily or permanently set differently from the default.

8. Other Retailer Fees and Credits. The System must have the capability for multiple recurring and one-
time fees and credits configurable by Retailer Group. These fees and credits must be able to be
temporarily or permanently set differently from the default.
9. Alternative Sales Commission. The System must have the ability to calculate and pay commissions based on sales tier and period as defined by the Lottery.

**C2.4.8 Internal Control System (ICS) Application**

The ICS will check the System independently by securely re-processing all financially terminal and Scratch-Off relevant transactions, allowing auditing of daily transactions, winner selection/verification, prize payout calculations, sales summaries, promotions, validations, all retailer accounting and various inquiry and reconciliation activities. Currently Spectra Systems Corporation (an independent 3rd party subcontractor) is used for this service. Contractor will assume the responsibility for providing this service under this contract.

1. The ICS will be available during all times the System is available.

2. ICS Reports. Reports will be automatically generated and printed by the ICS and must be organized and formatted identically to the related reports of the gaming system for efficient review and balancing.

3. A user friendly GUI will be provided to the Lottery for monitoring daily activity and providing a mechanism for retrieving historical reports. Access to the GUI must be configurable and logged.

4. ICS Suppliers. The ICS application will be supplied by an independent, third party software contractor. The Lottery reserves the right to require the Contractor to submit documentation verifying the ICS contractor’s independence from the contractor and for any of its affiliates. The Lottery reserves the right to require the Contractor to provide a list of current domestic lotteries supported by the ICS subcontractor. The Lottery reserves the right to specify the ICS subcontractor that conducts the work. The software subcontractor shall maintain the ICS for the term of the Contract.

5. ICS Operations by the Lottery. The Contractor and the selected subcontractor must provide operating instructions and ongoing training to the Lottery. The Lottery will conduct daily operations of the ICS systems related to the Lottery’s business functionalities such as monitoring and balancing. The ICS subcontractor will be responsible for system administration functions such as operating system updates, game purging, backup and recovery, file maintenance and software upgrades.

6. ICS Expenses. Costs for all hardware, network equipment, and software elements of the ICSs, including 24x7 support, and all hardware and software changes required to support current and future gaming requirements, will be the responsibility of the Contractor.

7. The ICS must allow system and command line logs and other files to be written to a Security Information Event Manager (SIEM) device under the Lottery’s control.

**C2.4.9 Data Management and Reporting**

1. Database Access. The Lottery requires access to Florida gaming information collected by the System, including retailer data, sales records, terminal maintenance data, and daily transactions, for scheduled and ad hoc reporting. Queries and reports must be viewable and printable from the Lottery’s management workstations.

The Lottery’s access to data will be read-only except as provided by controlled transactions through the System. The System shall be designed to ensure there is no negative impact on production operations or gaming response time while obtaining reports on retailers, inventory, and sales.
2. **Historical Data.** The System database must contain transaction history for the term of the Contract. Detailed transaction history must be on-line for a period of two (2) business days and thereafter must be available upon request through a GUI view. It is required that historical sales and inventory information and current active sales and inventory information be joined together in reports available to the Lottery.

3. **Transaction Reporting Tool Set.** The Contractor must provide software tools for accessing, reporting on, and downloading gaming information.

4. **Lottery access to data.** The Lottery requires various forms of data to feed Lottery administrative and gaming support systems. Data files must be supplied in a format and frequency specified by the Lottery. Additionally, the Contractor will provide appropriate middleware and processes, or an ability to access System data through interfaces, to supply a real-time data feed.

### C2.4.10 Management and Administrative Reports

The Lottery maintains a Business Objects (BO) reporting environment for generating ad hoc and standard reports, supporting analysis of sales activities. The Contractor will assume financial responsibility for the BO products and licenses used by the Lottery; however, ownership of the licenses will be retained by the Lottery. The Lottery desires to expand its use of Business Objects and is seeking new products as well as updates to the products already in use. The Contractor must acquire the new products and the current licenses in use must be upgraded and migrated to the latest version. The Contractor will be responsible for the migration of all current data universes and reports in use by the Lottery, including user-developed reports, to the new environment. The minimum required products and license levels are listed below. Pending approval by BO provider, the Lottery has a license conversion credit of $443,098 that may be available to the Contractor for the purchase and licensing of products to be used by the Lottery. This license conversion credit amount may be subject to change. All product licenses must be maintained at product vendor’s recommended release levels throughout the term of the contract as approved by the Lottery.

The System must produce a wide assortment of management and administrative reports for use by the Contractor and by the Lottery. The Lottery reserves the right to define and/or adjust its reporting requirements and schedules throughout the life of the Contract.

### Business Analytics, Reporting, and Data Storage

The Lottery maintains a very robust reporting and query capability today and requires that it continues into the new contract. This reporting capability includes the following:

- System reporting as defined by the Lottery during the life of the contract;
- a reporting and query capability based on an Oracle data warehouse and accessed via Business Objects;
- various private “databases” generally stored in excel files maintained by Lottery personnel; and
- externally sourced data for demographics and other data types.

The majority of the data stores and data volume is sourced from the System. The Lottery requires that its current capabilities be preserved and extended through the purchase and licensing of the listed additional products.
Quantity | License |
--- | --- |
100 | Concurrent Session License of BI Suite (sold as 4 blocks of 25 licenses) |
100 | SAP Application Standalone BI Limited User |
30 | SAP Application Standalone Business Analytics Professional User |
5 | Predictive Analytics |

The analysts/programmers (Refer to Section C2.7.1) will work with Lottery users to collectively help the Lottery better manage corporate and retailer reporting, increase revenue, make recommendations to improve the Lottery’s overall business analytics and reporting capabilities, and examine the Lottery’s business interactions.

The Contractor must maintain a Data Warehouse (DW) for its reporting needs as well as meeting the requirements within this solicitation. The Contractor’s DW model structure must be designed to meet the Lottery’s operational and ad hoc reporting requirements and will be approved by the Lottery. The Contractor must maintain its DW environment for optimal performance needs required by the Lottery. The Contractor must provide the Lottery’s reporting tools access to its DW as required. The Contractor must provide data feeds from the System to the Lottery as required. The combination of reports generated from the System, data stored in the Contractor’s DW and data transferred to the Lottery’s DW must meet the Lottery’s current and future reporting requirements. The Business Intelligence (BI) aspect of this capability will provide the following tools:

- Standard and scheduled reports;
- Report templates that can be invoked and modified by specified parameters;
- Ad hoc query capabilities;
- Statistical analysis tools and functions for trending discovery and analysis;
- Configurable Performance and Graphical Information Dashboards;
- Import capabilities for “private” data stores for integrated reporting but segmented management of that separate data; and
- Export capabilities for use in spreadsheets as needed. Minimal export formats must be csv, excel and access compatible.

The BI environment and reporting structure must be accessible to the Lottery at all times, and have tools that can be easily used to create the requested data structure. The Contractor provisioned analyst and support personnel will work at the direction of the Lottery to ensure the business data is sufficient for the Lottery’s business needs.

**C2.4.11 On-line Subscription System**

Should the Lottery implement an on-line subscription system, the Contractor must provide System functionality to support and integrate with the subscription system at no additional cost to the Lottery.

**C2.4.12 Player Loyalty Program and System**

Should the Lottery implement a player loyalty program and system, the Contractor must provide System functionality to support and integrate with the player loyalty program at no additional cost to the Lottery.

**C2.4.13 Internet Sales**
Should the Lottery implement Internet sales, the Contractor must provide System functionalities and processes required to integrate and support Internet sales at no additional cost to the Lottery.

**C2.5 GAMES AND MARKETING**

The Contractor must support the Lottery in retailer placement, network planning, game design, and marketing, thereby assisting the Lottery to achieve its financial objectives.

**C2.5.1 Strategy Meetings**

The Lottery will require new games and features over the term of the Contract. The Contractor must be able to accommodate the Lottery’s marketing plans and efforts with corporate marketing support that includes, but is not limited to quarterly marketing strategy meetings that shall be held with the Lottery. During this meeting the Contractor will provide business intelligence conclusions based on business analytics functionality. The agenda and content will be determined by the Lottery.

**C2.5.2 Player Analysis and Retailer Placement**

The Lottery requires that a Geographic Information System (GIS) application system be provided by the Contractor to allow analysis of sales, game and player markets, and suitable locations for placing retailers. The databases of this product must be updated quarterly. The GIS will run on Lottery-provided Windows workstations and will be operated by the Lottery with Contractor providing licensing for a minimum of two (2) concurrent users. The Contractor is required to incorporate training for the Lottery in the delivery of the GIS. This GIS application shall have export and import capability to integrate with the System.

**C2.5.3 Terminal Games**

The Contractor 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 System must include and support all games and play types being offered by the Lottery at the time the new Lottery System is implemented. Current play types include Advanced Play, Add-ons, Packaged Play, Multi-draw, and Multiplier. The current Raffle games include mid-period drawings.

2. **Additional Games and Play Types.** The Lottery reserves the right to add games, game features, and play types at any time during the term of the Contract. The Contractor must have the ability to expand traditional games and play type options at no additional cost.

3. **Association-Based Games.** The Contractor and the System must support games from any multi-jurisdiction associations with which the Lottery is or may become affiliated. The Contractor must meet all of the security, processing, and other requirements of the Lottery’s participation with these associations, including those of MUSL or any other association the Lottery may develop in the future. Any future additional requirements will be supported at no additional charge to the Lottery.

4. **Third-Party or External Games.** The Lottery may identify games or game concepts not from the Contractor’s library that could be productive if made available in Florida. As the Lottery directs in such a case and to the extent commercially feasible and reasonable, the Contractor is obligated to implement a version or variation of such a game or if necessary, to acquire rights and/or software and any other mechanisms on behalf of the Lottery to implement such a game at no additional cost.
to the Lottery. However, reimbursement for any licensing or brand costs incurred by the Contractor would be subject to negotiation.

**C2.5.4 Terminal Game Promotional Features**

The Contractor must be capable of providing a broad range of promotional features should the Lottery opt to include them. Features to be supported include but are not limited to the following:

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

2. **Cross Promotion.** Promotions between products that allow for discounts (e.g. buy "x" amount of Game A and get "y" amount of Game B free). Both terminal games and Scratch-Off products may be cross-promoted in combinations, namely terminal game to terminal game, terminal game to Scratch-Off, etc.

3. **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.

4. **Bonus Draw.** Drawing of more than one (1) winning number (set of winning numbers) at the Lottery's option.

5. **Bonus Payoff.** A specified increase in the payoff for specified winning plays at the Lottery's option.

6. **Drawing Events.** Varying the number of drawings per game per week and/or the days the drawings are conducted.

7. **“Target” Marketing.** Sale of specified games/products/features (e.g., couponing, discounting, retailer specific co-promotion) through a Retailer Group. Co-promotions may use either a Lottery sale or a Retailer sale as the initiating transaction.

8. **Bundled Tickets.** A multi-game quick pick in which the System will automatically generate plays, for example one for each game on the market, either with or without a premium. The System must be capable of running multiple bundled ticket promotions simultaneously.

9. **Other promotional capabilities will include, but not be limited to:**
   A. Cash prize;
   B. Coupon prize;
   C. Discount;
   D. No prize;
   E. Raffle;
   F. Voucher;
   G. Every nth ticket (n being changeable within the life of the promotion); and
   H. Second Chance Drawings.

10. **Terminal Vouchers/Second Chance Drawing.** Under conditions specified by the Lottery, the Retailer terminal may issue a voucher to the customer for a second chance drawing.

11. **Terminal Game and Scratch-Off ticket Cross Promotions.** For certain terminal game and Scratch-Off ticket products, there will be a prize tier for free game play. When a qualifying Scratch-Off ticket is validated, a quick pick ticket will be generated. When a qualifying terminal game ticket is
validated, a coupon for a free Scratch-Off ticket will be generated and be reflected as a credit on the weekly settlement.

12. Retailer Incentive. Under conditions specified by the Lottery, a ticket sale or other action may prompt the Retailer terminal to issue a voucher for a Retailer to enter a drawing, or other Retailer incentive.

13. Multiple Promotions. The System must be capable of running multiple promotions simultaneously.

14. Other Promotions. If the System has been or is used to implement other types of terminal and Scratch-Off promotions in other jurisdictions, the Contractor must make these available to the Lottery.

**C2.5.5 Scratch-Off Ticket Games**

The proposed System must handle all Scratch-Off ticket transactions through the retailer terminals as required by the Lottery.

1. Game Volumes. The System must accommodate large game volumes. The Lottery typically has seventy five (75) Scratch-Off games for sale at one time, ranging from approximately five million (5,000,000) to sixty million (60,000,000) tickets per game. Approximately forty two (42) new games are introduced annually.

2. Validating Winners. Winning Scratch-Off tickets must be able to be validated at retailer terminals up to sixty (60) days following the announced official close of the game.

3. Game Identifiers. The System must accommodate a four (4) character game identifier.

4. Ticket Identifiers. The System must be able to accommodate a twenty-four (24) character ticket identifier. The current format is a four (4) digit game number, a seven (7) digit book number, a three digit (3) ticket number, a nine (9) digit validation number and one (1) check digit. The nine (9) digit validation number is an encrypted version of the validation and book number. Three (3) digit game numbers are padded with a leading zero.

5. Prize Payouts. The System must support prize structures for low, mid, and high tier levels, with numerous subdivisions. Currently the Lottery can support a minimum of one hundred (100) prize levels; although, the proposed System must not be limited to those levels. High tier prize levels will require the ability to determine if a prize payout involves the file claim process. The System must support prizes that are cash; terminal game product; terminal game product/cash; merchandise; cash/merchandise; and annuity (weekly, monthly, and annually).

6. Flexibility in Scratch-Off Products. The System must accommodate new Scratch-Off products that may be of different sizes and shapes, bar code qualities, book quantities, prize structures, and price points, from those described as current products. The System must be able to incorporate break-open tickets, if the Lottery commits to offering them as a product.

**C2.5.6 External Coupons**

The Lottery will employ coupons produced by third party sources for sales promotions. For example, a coupon may permit the bearer to obtain a free ticket from the retailer. The coupons shall have bar code reading specifications similar to Scratch-Off tickets. The Contractor's application software must permit the use of coupon promotions. As part of this capability, the System must read coupons with a
trackable and accountable bar code/serial number (i.e. using a validation file). The System must have
the capability to limit the redemption of a coupon to some specific number of times or to allow multiple
redemptions of the coupon for a specified time. The System shall be capable of tracking coupon
redemptions and providing reports concerning the redemptions. The content and format will be subject
to the Lottery’s approval.

C2.5.7 System-Generated Coupons

The System must be capable of generating a bar-coded coupon used as part of a cross promotion. The
System shall produce detailed and summary reports of such transactions. The reports shall detail the
outstanding liabilities and claimed amounts, as appropriate.

C2.5.8 Coupon Redemption

The System must have a coupon redemption capability to perform at least the following:

1. Coupons to be redeemed for a single product;
2. Simultaneous coupon promotions;
3. Coupons to be aggregated for prize redemption as designated by the Lottery; and
4. Prizes may consist of merchandise, cash, discounts or lottery product.

C2.5.9 Playstations

The Contractor must provide a new playstation for each retailer location as defined by the Lottery. The
final designs shall be subject to approval by the Lottery. Responsibilities under the Contract include
purchase/manufacture, delivery, installation, service, replacement (either of whole units or pieces of the
playstation) and environmentally friendly disposal (of worn-out or damaged units as needed or directed
by the Lottery). At a minimum, the playstation must meet current design features (reference Appendix 5)
including: be free-standing, and provide a work space for the player for completing playslips, an
enclosed storage area underneath for additional player supplies (playslips, pencils, etc.), ample space
and capability to mount Point of Sale material (including a large area on the back of the play station
for good visibility when viewed from an aisle or a glass window), slots/holders for playslips and
brochures, and pencil holders. Playstations must be of a design that allows for retailers to move them
and be ADA compliant (i.e., compliant with Title II of the Americans with Disabilities Act (ADA) and
with the requirements of the Florida Accessibility Code.

The Contractor must provide an alternative design that can be used at a number of retailer locations
that cannot accommodate the standard playstation design due to space limitations.

The Lottery will specify a roll-out schedule for the inception of operations. The Contractor will provide
storage and will deliver and install playstations during the term of the contract as needed and at the
direction of the Lottery. Additionally, the Contractor will be required to remove playstations as
determined necessary and within a timeframe specified by the Lottery.

The Contractor will coordinate with the current Contractor to schedule a synchronized removal of all
current playstations and delivery of new playstations to retailer locations. At the conclusion of the
Contract, the Contractor will be responsible for the removal and disposition of playstations to the
Lottery’s specifications.

C2.5.10 Support Fund
The Contractor will be required to support the Lottery’s marketing efforts. The Lottery’s marketing efforts can be broadly defined. Use of the funds will be at the Lottery’s discretion. The Contractor’s support will consist of no less than one hundred thousand dollars ($100,000) per month to support the Lottery’s marketing program.

The support fund will be cumulative and spent at the direction of the Lottery. While it is the Lottery’s intent to expend funds within a reasonable time, funds remaining at the expiration of the Contract term will be remitted to the Lottery within thirty (30) calendar days of Contract expiration.

**C2.5.11 Sales Force Mobility and Support**

The Lottery anticipates that, by the time of transition, it will have implemented a Sales Force Mobility (SFM) system capable to support its Sales Representatives (SR). While the full capabilities of this SFM system are yet to be determined, it is envisioned the SFM system will assist the Lottery with the efficient and effective planning for sales force territory configuration and assignment, retailer visit planning, store detail planning, retailer recruitment, efficient SR routing, store visit activity planning, visit reporting and feedback, Scratch-Off ticket ordering and any System interface resulting from the SR visit.

The System must provide an interface to or integration with the SFM system for SRs and Management staff such that these individuals can securely access current sales, retailer equipment configuration, consumables, inventory and other related gaming information as the SRs work with retailers on their routes. The SFM system would involve information technology devices independent of the retailer terminals but which may communicate through equipment supplied as part of the System.

The Contractor shall assume all licensing and maintenance costs for all hardware / software of the central components supporting the SFM system.

**C2.5.12 Mobile Devices**

The Contractor will establish a fund of two hundred and twenty five thousand dollars ($225,000) annually for the Lottery’s mobile communications needs which include but may not be limited to, mobile devices and licenses, mobile device management tools, communications/data services, peripherals and accessories.

The Lottery will purchase its mobile communications needs. The Lottery will invoice the Contractor on a monthly basis for any goods or services necessary for its mobile communications needs. The Contractor will reimburse the Lottery within fifteen (15) calendar days after receipt of the invoice. The Contractor shall bear the costs (not to exceed the amount of funds accumulated in the Mobile Device Fund) associated with the purchase of any goods and services.

Any funds leftover at the end of the year will be rolled-over automatically to subsequent years unless directed by the Lottery to transfer any amount of the funds to the Support Fund specified in Section C2.5.10 above.

**C2.5.13 Additional Gaming and Non-Gaming Capabilities**

Although the Lottery does not currently offer non-traditional games or non-lottery transactions, the System must have the ability through hardware and software upgrades, as needed, to support non-traditional games or non-lottery transactions not currently offered.
C2.6 FACILITIES

The Contractor must support a central computer site, a separate remote site, and additional service facilities as needed.

C2.6.1 Primary (Central) Site Specifications

The Lottery will make space available in its Tallahassee Headquarters building, and the Contractor must co-locate with the Lottery. The Contractor shall lease 9,448 square feet of office space (including raised computer floors) and 6,021 square feet of warehouse space.

The space made available by the Lottery will be charged to the Contractor on a pro-rated basis at rates established in the Lottery’s own lease agreement for the Headquarters building, attached as Appendix 6. The Contractor will be obligated to pay a pro-rated share of the utilities and taxes due. The rate does not include the Contractor’s telephone charges. However, building security, office janitorial services, pest control services, and parking spaces are provided by the Lottery.

If the Contractor chooses to upgrade the computer room, office space and warehouse beyond the existing conditions and functionalities, all costs associated with the upgrades, including permitting fees, will be at the Contractor’s sole expense. If any changes the Contractor makes to the facility will require changes in non subleased space, the Contractor shall bear all costs associated with the changes. The Contractor will also be required to maintain its subleased space to comply with multi-state game requirements.

Should the Florida Lottery relocate (Refer to Section 2.7 titled “Relocation During Contract Term” of the ITN document), the Contractor shall co-locate with the Florida Lottery at its new location if deemed necessary by the Florida Lottery.

1. Primary Site Environment and Security

Environmental and security systems will be provided by the Lottery, including Uninterruptible Power System (UPS) (batteries and generator), Heating/Ventilating/Air Conditioning (HVAC), security access, fire system, and Power Distribution Units (PDUs). Any alterations required by the Contractor to the existing fire and security systems must be obtained through current providers and be compatible with the current systems and at the Contractor’s expense. The Contractor is required to provide office furniture, computer and communications equipment, and cabling.

2. Interim Facilities and Operations

The space and infrastructure provided by the Lottery for the Contractor is now occupied by the incumbent contractor’s operations and will remain so at least until after the start-up date. This may require an interim facilities plan for the Contractor.

The Contractor will provide alternative interim plans for operating a data center in Tallahassee, including use of temporary space outside the Lottery building. Any such plans may not, however, at any time abridge the Lottery’s requirements for having two operating data centers on the network, for having the requisite redundancy in each data center, for having testing facilities, for providing secure operations, and for ultimately having the Contractor co-located in the Lottery’s Headquarters building.

C2.6.2 Primary Site Testing Room Installation
The Lottery will provide space at the primary site to be used by Lottery staff for System testing. The Contractor must furnish and install test retailer terminals in the Lottery’s testing room that are connected by communications to the testing system. The communications must be routed in a manner that replicates all modes of retailer terminal communications used by exiting and returning to the building.

**C2.6.3 Remote Backup Site**

The Contractor must provide a remote site where gaming transactions are logged and processed. The retailer network and the Lottery’s management terminals must connect to this facility. The Lottery’s backup computers, backup drawing equipment storage vault and backup drawing room shall be co-located. This facility shall also serve as its back-up location as part of its COOP.

**C2.6.3.1 Environment and Security at Remote Site**

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

1. Emergency exit doors must be provided and equipped with alarms that sound locally and at the Lottery’s Security Central Alarm Station (CAS) in Tallahassee.

2. Locking devices must be installed on all doors or other entry points.

3. A Lottery-controlled electronic access control system and video monitoring shall be installed at all exterior building entrances, entrances to the computer room(s), media library and other secure areas as determined by the Lottery. Equipment, Installation and maintenance shall be at the Contractor’s expense. The system shall be compatible with the Lottery’s current security system, shall be remotely connected to the Lottery’s access system and will be monitored from the Lottery’s Security CAS. The access list shall be authorized by the Lottery.

4. The computer room(s) must be protected by an automatic fire extinguishing system approved by the Lottery. The system shall be installed and maintained as specified by applicable National Fire Protection Association (NFPA) standards. When triggered, the automatic fire extinguishing system shall be equipped with alarms that sound locally and at the Lottery’s Security CAS.

5. Construction shall support fire safety as noted in NFPA standards. 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.

E. The facility must meet current building codes and be updated and maintained to the Lottery’s satisfaction.

6. An air conditioning system with humidity control must be provided for the computer room(s). This system must be of sufficient capacity to maintain a stable environment within original computer equipment manufacturer specifications. An air conditioning failure detection mechanism must be provided. Float sensor(s) must be installed with a mechanism for automatic shut-off. 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.

7. The Contractor shall provide power conditioning equipment for the computer room(s) and shall provide a UPS with both battery backup and electrical generator. Should a utility power failure occur, the UPS must provide at least one hundred fifty (150) percent of the capacity needed to sustain all hardware, environmental equipment, communications equipment, fire protection equipment, alarm systems and necessary lighting to conduct full capacity business indefinitely. During the Contract, the generator must be exercised for extended periods on a Lottery-approved schedule, and the generator must be maintained according to its manufacturer’s recommendations.

8. The remote backup site must be compliant with Title II of the Americans with Disabilities Act (ADA) and with the requirements of the Florida Accessibility Code.

C2.6.3.2 Lottery Offices Co-Located at Remote Site with the Contractor

The Contractor must provide a remote site that will permit the Lottery’s backup resources to be co-located.

Design and buildout of the Lottery’s remote space is the Contractor’s obligation, subject to Lottery approval. These services include, but are not limited to, interior finishing, carpeting, plumbing, lighting, and electrical service.

1. Lottery Services. The Lottery will supply its own office furnishings, telephone system and LAN wiring. Building maintenance, utilities, drinking water, grounds care, pest control, parking, and janitorial services shall be provided by the Contractor.

2. Lottery Space and Layout. The Lottery will require a minimum of one thousand five hundred (1,500) contiguous square feet of raised floor computer room space and eight hundred (800) contiguous square feet for offices. The office layout shall include office space for staff, conference room, remote drawing room, and a secure storage room. Restrooms and a break room may be shared with the Contractor.

3. The Contractor’s Remote Backup Site Lease Agreement must stipulate in the event of any default of the Contractor, the Lottery is allowed immediate, full access to the facility for recovery of Lottery-owned equipment for a period not to exceed ninety days and at no
4. Entry/Exit. The Lottery’s area must be separate from the Contractor’s, with separate interior access. An external entrance may be shared so long as the Lottery’s access cards will work.

5. Security Access System. The Lottery's offices shall be protected by the same security system as the Lottery’s main offices, and will be monitored from Tallahassee. The Contractor must provide a telecommunications circuit capable of carrying video monitor traffic to Lottery’s Security CAS and contract with the Lottery’s contracted security system provider for configuring, installation and maintenance of the system. All work shall be coordinated and approved by the Lottery and at the Contractor’s expense.

6. Security of Lottery Area. To ensure physical security of the Lottery’s area, walls adjacent to a non-Lottery space must extend from structural floor to structural floor (or roof) above.

7. Power for Lottery Configuration. The Contractor shall support the Lottery’s equipment by power conditioning equipment, HVAC, and the same UPS implemented for the Contractor’s facilities. The Lottery’s equipment shall be connected to a separate PDU located within the Lottery data center.

Should relocation of Lottery’s equipment be necessary, all costs for relocation and duplication of systems to facilitate the transition of operations, including, but not limited to, installation of new security, telecommunication and network systems, shall be the responsibility of the Contractor.

C2.6.4 Service Centers and Depots

The Contractor shall provide and operate maintenance centers and depots to fully support the terminal maintenance and repair program, and consumables warehousing and distribution (but not Scratch-Off tickets).

These facilities are required to be within the boundaries of Florida.

C2.7 STAFFING, SERVICES AND SECURITY

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

C2.7.1 Operations

The Contractor shall provide operations services for the System and network, including the operation of two data centers. These duties shall include System start-up and shutdown tasks, monitoring, and various operational procedures to enable the correct operation of the System. Recovery from System failures will engage the operations staff. Operations shall produce reports and files documenting the transactions processed. A senior systems application resource and senior level database administration/architecture staff will be located within Contractor’s offices in the Lottery’s headquarters facility.

The Contractor shall provide at its expense two (2) full time reporting analysts/programmers dedicated exclusively to the Lottery for support of the Lottery’s reporting and analytical requirements for the
duration of the Contract. The programmers shall be subject to the Lottery’s approval and be located within the Lottery’s Operations Department work area in Tallahassee, under the direction of the Lottery. These programmers shall possess and maintain the required skill set to meet the Lottery’s needs in report definition, development, and analytics using Business Objects, the Lottery’s business intelligence tool set. These programming resources shall be responsible for training and development of Lottery staff in these areas.

C2.7.2   Terminal Provisioning: Moves, Adds, Changes

The Contractor is responsible for providing terminals and communications at new retailer locations, and for moving terminals as needed to continue the retailer’s support. The Lottery shall advise the Contractor in writing when a retailer requires provisioning, and this advisory starts the provisioning clock. A terminal shall be considered to have completed provisioning and be ready when it has been installed at the designated location; is in good running and working order; is connected by communications services to the central computer facility; is capable of issuing tickets, conducting validations, and producing reports; performing all other terminal functions as specified in this ITN; and the retailer has received training which is deemed satisfactory by the Lottery. Provisioning activities must be conducted on a schedule deemed acceptable to the Lottery.

Besides installing a new retailer (“add”) it may be necessary to serve an existing retailer from a new physical location (“move”), or to relocate the retailer’s terminal within the premises (“inside move”). Moving a retailer to a new physical location shall be considered to have the same urgency as provisioning a new retailer. An inside move may involve a change to the inside wiring (e.g., from the demarcation to the terminal).

For proposed communication solutions where wireless based technology is deployed, the following provisioning schedule is required:

1. Add a new retailer  Seven (7) calendar days or less
2. Move a retailer  Seven (7) calendar days or less
3. Inside move  Twenty four (24) hours or less

For other types of communication solutions, an alternative provisioning schedule will be considered by the Lottery at its sole discretion.

C2.7.3   Retailer Training Programs, Initial and Ongoing

The Contractor shall provide training for retailer staff in the operation of retailer terminals, including the facilities, materials, equipment and personnel for this large-scale training effort.

1. Retailer Group Instruction Training Locations. To support the conversion, the Contractor shall provide initial hands-on group instruction at locations around the State. Training sites shall be within a fifty (50) mile radius of retailer locations to limit the driving distance for attending a training class. Training facilities may be temporary, such as hotel meeting rooms, or permanent. Contractor shall also provide training on-site at retailer locations when appropriate. The Contractor shall continue to supply training to new retailers for the duration of the Contract.

2. Training Program Contents. The retailer training program must cover both terminal and Scratch-Off products. The program must address the technical aspects of operating the retailer terminal and ticket vending machine, account management, and best practices for player interactions. Contents of the training program must be approved by the Lottery.
3. Training Security. During retailer training, the Contractor must provide mechanisms for security of ticket stock and training tickets produced during terminal training sessions, and for the security of the terminals themselves from tampering or theft.

4. Training Materials and User Documentation.

   A. Handouts and/or manuals on the correct use of retailer terminals and retail procedures are required. The materials 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 playslips, claims, and retailer adjustment forms. Such manuals shall be written at sixth grade reading level and feature a large number of visuals to achieve greater understanding.

   B. Manuals and user documentation must be available in English and Spanish, at a minimum.

   C. User Documentation Updates. The Contractor shall update the training materials and any user and player documentation provided to retailers with each game or procedural change. The format must be approved by the Lottery. Copies shall be supplied to the Lottery and retailers a minimum of four (4) weeks prior to the start date of any new game or game change.

   D. Terminal-Based Documentation and Training. The Contractor must provide a supplementary video or graphical training and documentation directly through the retailer terminal. Videos shall be loadable to the terminal and stored for future access. Video and audio play-back shall allow for continuous viewing without buffering and no degradation of the application. Training interface quality will be approved by the Lottery.

   E. Terminal based help-text shall be consistent throughout all offered versions of training materials.

C2.7.4  Lottery Staff Training

The Contractor will coordinate with the Lottery to develop a comprehensive training plan that will be updated annually, and the final content will be subject to the Lottery’s approval. Training for Lottery staff will be at the Lottery offices or appropriate venues as approved by the Lottery. All training and any required travel expenses of Lottery staff will be the responsibility of the Contractor. The Contractor shall provide ongoing training to Lottery staff to keep them abreast of the current System technology and applications.

C2.7.5  Retailer Consumables Supply

1. Consumables. The Contractor shall provide and deliver to retailers:

   A. Playslips that can be processed by the terminal reader;
   B. Secure ticket stock;
   C. Materials required to print tickets and/or reports;
   D. Lottery approved retailer manuals and/or reference cards for terminal operation, that are updated or replenished upon Lottery request;
   E. Prize claim forms and envelopes (postage-free for players, paid by the Contractor);
   F. Retailer adjustment forms and envelopes (postage-free for retailers, paid by the Contractor);
   G. Golf style pencils; and
   H. Playslip holders (comparable to current design with artwork changes upon the request of the Lottery).
The Contractor will be responsible for timely retrieving and disposing of any excess or obsolete consumables in an environmentally friendly manner.

2. Consumables Designs. The Lottery will provide all consumables designs and wording as needed, but the Contractor will be responsible for their production, storage, and delivery.

3. Testing and Training Ticket Stock. The Contractor must ensure that, in addition to production ticket stock, there is stock of the same paper quality suitable for testing in retailer terminals used at training facilities, and for use by the Lottery in testing, training, and promotions. Testing and training ticket stock must be conspicuously distinct (including marked as “test”) from live ticket stock.

4. Multiple Suppliers. In order to avoid dependence on one (1) supplier, the Contractor must have more than one (1) source of paper stock and printing service(s).

C2.7.6 Retailer Equipment Maintenance Program

For the purpose of retailer equipment maintenance, the term "retailer terminal" shall include all ticket vending machines and terminal attachments provided or serviced by the Contractor. The Contractor shall obtain replacement parts and services that are approved, recommended, or recognized by the original equipment supplier as effective.

1. Retailer Terminal Maintenance. The Contractor will be required during any service call to routinely check the mechanical security, safety, and general operation of the printer mechanism, reader, and any other attachments provided or serviced by the Contractor.

2. Retailer Terminal Preventive Maintenance Schedule. The Contractor will develop, subject to the Lottery’s approval, a preventive maintenance (PM) schedule for the retailer terminals. In no case shall there be attempts to render PM services during retailers’ busiest periods. All equipment shall receive PM at least every 6 months. Contractor shall provide a report of all retailer locations that received PM during the preceding 6 month period. The report shall include all retailers and their PM date and shall be provided by January 15th and July 15th each year.

3. Terminal Parts Supply. The Contractor shall maintain an adequate supply of parts to sustain the service of retailer terminals that it has supplied and is required to maintain. Should any equipment no longer be capable of being serviced, suitable equipment shall be provided, subject to Lottery approval and at the Contractor’s expense, even if it requires full replacement of an equipment platform.

4. Terminal Repair and Maintenance Reporting. At service events a log will be updated noting the maintenance activities. The log information shall be entered to a database accessible by the Lottery. Reports shall be available to the Lottery that indicate when services have occurred and, on an exception basis, when services have NOT occurred as scheduled.

5. Terminal Service Technician Language Ability. The Contractor must provide technicians among the service technician staff who can converse fluently with retailers in Spanish as well as in English.

C2.7.7 Other Host and Network Equipment Maintenance

The Contractor will develop a maintenance plan for non-terminal components subject to approval by the Lottery. All equipment and software shall be maintained and updated to original equipment manufacturer (OEM) recommended specifications, including, but not limited to, host computers,
LAN/WANs, and telecommunications equipment for the central sites, and the ICS platforms. The Contractor is obligated to obtain replacement parts and maintenance services that are approved, recommended, or recognized by the OEM to be effective.

**C2.7.8 Physical Asset Management (PAM)**

The Contractor shall establish and maintain accurate configuration and inventory records by location of all devices that are part of the System, including spares and items in repair. These records will be maintained in a system that has configuration management and work order functionality. This system shall be maintained for all move, add, change, and delete activities of the tracked items. These records shall include the configuration of the sub components contained within the tracked items.

The system will track dispatches and scheduling of preventive or remedial maintenance activities. The Contractor shall provide any needed training to maintain the Lottery’s knowledge base as current.

The PAM system must be accessible for review and management reporting by the Lottery. The PAM system must also be available for the Lottery’s use to manage its physical inventory, including, but not limited to Lottery IT assets, retailer point of sale fixtures, and promotional items.

**C2.7.9 Trouble Tracking, Dispatch, and Reporting System (Hotline Support)**

The Contractor shall staff within the state of Florida a hotline function for retailer trouble calls, and shall maintain and manage a database and reporting system that fulfills the following criteria:

1. Tracking. Tracking and reporting of all retailer-issued equipment, network communications and other troubleshooting or problem solving efforts made as part of a service dispatch must be captured and documented for research and reporting. Data must be kept on all terminals including those in reserve or returned to a depot for maintenance. The status of terminals and other equipment shall be maintained in the Physical Asset Management system.

2. Maintenance Information. At least twelve (12) months of historical Information must be available online.

3. Call Management.

   A. Staffing. The Contractor must provide Hotline Services that will be sufficiently staffed and managed to ensure timely, professional and accurate response to all calls, meeting the following service level expectations, with hours of coverage during all times that tickets are being sold;

      1) Answer time – Quarterly average not to exceed 60 seconds
      2) Talk time – Quarterly average not to exceed 5 minutes

   B. Call System. Telephone call management equipment must be capable of handling all incoming calls on toll-free circuits. The Contractor is responsible for costs associated with toll-free circuits. The voice response capability must permit retailers to select Contractor or Lottery services. If all circuits are busy, a prerecorded message must be played and the calls must be queued. The call management system must provide daily statistical reports, reporting both English and Spanish, to include but not limited to, call volumes, average talk time, average answer time, number of busy signals, abandoned calls, and average queue time.
C. Call Recording. All phone conversations on the hotline circuits must be recorded. The recording solution must record all phone conversations on the trunk side (i.e. capturing the entire phone call conversation regardless of number of transfers). Recording of telephone conversations must adhere to all applicable Federal, State, and local laws. All retailer phone conversations (real-time or recorded) must be accessible by the Lottery. The Contractor must provide the recording solution and maintain audio records in accordance with the public records laws of Florida.

D. Foreign Language Ability. English and Spanish speaking hotline operators must be available to take calls from Florida retailers. Based on menu selection, callers wishing to speak to a Spanish speaking operator shall be routed automatically to a Spanish speaking operator. To ensure that Spanish speaking service technicians are dispatched appropriately, the Contractor’s dispatch system shall include functionality for recording a Retailer’s preferred language.

**C2.7.10 Technical Support Services**

Timely and committed fulfillment of Lottery requests for System support and improvement is a requirement. The Contractor must provide systems and software engineering support services for System management, System error correction, changes to the Lottery’s business rules and requirements, and game changes.

1. Quality Assurance and Acceptance Testing. The Contractor must provide Quality Assurance testing and staff, as well as support for the Lottery’s internal acceptance testing, within the Contractor’s Offices at the Lottery’s headquarters facility. The Contractor’s testing facilities must be configured in a manner that replicates the Lottery retailer and System environments.

2. Service Management System. In fulfillment of the Contractor’s and the Lottery’s joint responsibility to make System changes in a timely and correct manner, the Contractor must provide shared read/write access to the Contractor-provided service management system. This includes management and tracking of all defects and change requests.

**C2.7.11 Operations Security Plan**

The Lottery requires the Contractor’s system and operations to be of the highest integrity. This requires the Contractor to maintain a confidential, high-level security system in coordination with Lottery and other gaming vendors. For example, staff must be organized, assigned, and operate under procedures and with System controls that mitigate events such as “insider fraud.”

The Contractor shall submit a detailed security plan to the Lottery for approval no later than sixty (60) days prior to commencement of operations. This plan shall be updated and provided to the Lottery annually on the anniversary of the start-up date or as warranted due to any identified vulnerability. At a minimum, the security plan must include the following sections:

1. Access Control – a collection of mechanisms that work together to create security architecture to protect the assets of the information system.

2. Telecommunications and Network Security – network structures, transmission methods, transport formats and security measures used to provide availability, integrity and confidentiality.

3. Information Security Governance and Risk Management – information assets and the development, documentation and implementation of policies, standards, training, procedures and guidelines.
a. Computer security incidents response team;
b. Information security; and
c. Employee computer security awareness training.

4. Software Development Security – controls that are included within systems and applications software and the steps used in their development.

5. Cryptography – principles, means and methods of disguising information to ensure its integrity, confidentiality and authenticity.

6. Security Architecture and Design – concepts, principles, structures and standards used to design, implement, monitor, and secure operating systems, equipment, networks, applications, and those controls used to enforce various levels of confidentiality, integrity and availability.

7. Operations Security – controls over hardware, media and the operators with access privileges to any of these resources.


9. Legal, Regulations, Investigations and Compliance – compliance with computer crime laws and regulations; the investigative measures and techniques which can be used to determine if a crime has been committed and methods to gather evidence.

10. Physical (Environmental) Security – threats, vulnerabilities and countermeasures that can be utilized to physically protect resources and sensitive information.

The plan must address incident response procedures (e.g., in case of an attempted electronic intrusion); periodic audits to ensure compliance with the security plan; and periodic meetings on security (such as network security).

The security plan must follow a format approved by the Lottery.

C2.7.12 Electronic Media and Consumable Supplies

The Contractor shall supply all electronic media and supplies needed to operate the System, testing terminals and supporting equipment, and the ICS, at both Contractor sites.

C2.7.13 Installation and Acceptance Testing

The Lottery will conduct a series of acceptance tests, which the Contractor will support.

1. Schedule for Acceptance Testing. To support acceptance testing, the Contractor must have the central site facilities, computer hardware, network, communications hardware, software, and at least ten (10) test terminals located at the Lottery, installed and production-like ready one hundred and twenty (120) days prior to the scheduled conversion of the first terminal. At that time the remote site must also be ready for testing. The ICS must be functioning in order to confirm the integrity of the System.

2. Ticket Stock Testing. Samples of the paper ticket stock to be used must be shipped to the Lottery and a Lottery-approved independent testing laboratory for quality testing at the Contractor’s expense. The ticket testing shall ensure that the ticket stock is manufactured in accordance with all ITN requirements and Reply specifications. The laboratory will provide a written analysis report.
summarizing the findings and offering a recommendation as to whether the ticket stock should be used, not be used, or be tested further before a conclusion could be reached. Test results must be submitted to the Lottery by the laboratory prior to the implementation of the ticket stock. Any changes to ticket stock will require the prior approval of the Lottery.

3. Randomizer Testing. At the Contractor’s expense, the randomizer mechanism(s) in the System must be submitted to a Lottery-approved independent testing laboratory for quality testing. The laboratory will provide a written analysis report summarizing the findings and offering a conclusion as to whether the randomizing approach(es) should be used, not be used, or be tested further before a conclusion could be reached. All test results must be submitted to the Lottery by the laboratory prior to production. Any time there is launch of a new game or change to an existing game matrix, a recertification by an independent 3rd party must be performed. If the randomization becomes suspect, the Contractor will ensure a recertification is provided within a timeframe specified by the Lottery.

C2.7.14 Project Reporting and Monitoring

The Contractor must provide at least two (2) dedicated on-site technical project managers (PMP certified) for continuity during the implementation. The Contractor must provide a project team structure, process, and tools that facilitate Lottery oversight of the implementation. Regular reporting, schedule and timeline walkthroughs, and project status meetings are required. Shared access to project files is required.

C2.7.15 Validation After Conversion

The System must validate winning and non-winning terminal game tickets and coupons that have been sold or distributed prior to the conversion, by reading the bar code and by accepting manual entry of the winning ticket’s or coupon’s serial number. The Contractor must also convert the Scratch-Off ticket validation files to permit validation by bar code read and manual entry.

END OF SECTION
The proposed System must be available for demonstrations and inspections during Reply evaluation. The demonstrations and inspections will occur at the Vendor's Research and Development facilities, or at some other appropriate venue, as requested by the Lottery during the evaluation process.

Demonstrability will include tests from each of the following categories:

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

**INSPECTION TESTS**

Inspection tests provide evidence that the Vendor has the facilities, resources, systems, and capabilities expressed in the Proposal. Possible inspection tests follow.

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?

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 and vending machines, are they mockups, hand-built unique items, part of a preliminary manufacturing run?

3. Materials and Construction Quality

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

4. Process Quality

   Does the Vendor have a quality-oriented manufacturing system? Are there quality hardware and software engineering practices in place, such as SEI CMM and/or ISO 20001?

5. Other Tests Specific to Vendor
FUNCTIONAL TESTS

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

1. Retailer Functions

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

2. System Operator Functions

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

3. Lottery Games Administration Functions

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

4. Maintenance and Inventory

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

5. Scratch-Off Ticket Inventory Management

Can simulated operations be run to demonstrate functions such as book swaps, tracking, returns, status changes, shipment management, end of game and orderable games?

6. Usability of Proposed Equipment

Demonstration of the loading and processing of consumables in the proposed terminal devices and vending machines.

7. Other Tests Specific to Vendor
PERFORMANCE TESTS

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

1. Response Time, Single and Multiple Plays

   Can it be shown that single play tickets and multiple play tickets are delivered within specs? 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 ITN requirement is two [2] minutes). Return primary to service and time re-synchronization.

3. Other Tests Specific to Vendor
Attachment E: Respect of Florida Contract Terms

1) No similar product or service of comparable price and quality necessary for the Contractor to fulfill its contractual obligations may be purchased from any other source other than RESPECT, when such products and/or services are certified by RESPECT to be manufactured or supplied by the blind or severely handicapped and the product or service meets the comparable performance specifications and comparable price and quality requirements as determined by the Contractor. The Contractor may make reasonable determinations of need, price and quality with reference to products or services available from RESPECT.

2) Commodities and/or services that are readily identifiable for provisioning through RESPECT are: playstation / golf-style pencils, office supplies, promotional supplies, apparel and cleaning products/services.

3) RESPECT of Florida may be contacted at:

   RESPECT  
   2475 Apalachee Pkwy  
   Tallahassee, Florida 32301-4946  
   Phone/main: (850) 877-4816  
   Phone/direct: (850) 942-3570  
   Fax: (850) 942-7832  
   Contact: Margaret McPherson  
   mmcpherson@respectofflorida.org

4) A determination that a product or service provided by RESPECT does not conform to the requirements of a product and/or services specified by the Contractor shall not constitute such a determination for all products and/or services available from RESPECT. Any claim of non-conformance must be addressed with RESPECT within two (2) business days of such determination to give RESPECT an opportunity to correct and satisfy product and/or service requirements. Determination of non-conformance can only occur during the contract term.

5) RESPECT may waive in writing its right to provide products and/or services to the Contractor, but such waiver is subject to an annual review by RESPECT.

6) The Florida Lottery will provide assistance in identifying procurement opportunities that may exist with RESPECT. The Contractor will be required to meet and consult with representatives of the Lottery and RESPECT should the Lottery and/or RESPECT deem it necessary. If significant travel would be required for attendance at a consultation meeting, then a conference call will be required.

7) During the term of the contract, the Lottery may identify products and/or services opportunities that may be available from RESPECT. Upon identification of such opportunities, the Lottery will provide a list itemizing the products and/or services that the Contractor will afford RESPECT an opportunity to provide. RESPECT will provide the Lottery reports on the expenditures made by a Contractor.

8) Failure of the Contractor to adhere to the requirements specified herein and in Chapter 413, Florida Statutes, may subject future purchases by the Contractor of products and/or services provided by RESPECT to coordination with the Lottery and/or RESPECT; cause the Contractor to be deemed non-responsible in future Lottery or other governmental entity contract considerations; and/or result in renewal options not being exercised; and/or subject the contract to termination.
Attachment F: Cost Submittal Form

The Vendor must submit pricing as a percentage of net terminal sales given in the format X.dddd where “X” represents the whole number value and “d” represents decimal digits. Note that only net terminal sales will be counted relative to this fee. Scratch-Off ticket sales are not included relative to this fee.

Example: 2.0000 percent—which would be $20,000 compensation per one million dollars of net terminal sales.

Base System Pricing - Vendors are required to offer the following items as a percentage of net terminal sales, carried to four (4) decimal places.

Ten-Year Base Period
Price Quoted as a Percentage of Net Terminal Sales ______________________%

First Three-Year Renewal
Price Quoted as a Percentage of Net Terminal Sales ______________________%

Second Three-Year Renewal
Price Quoted as a Percentage of Net Terminal Sales ______________________%

Third Three-Year Renewal
Price Quoted as a Percentage of Net Terminal Sales ______________________%

Pursuant to section 2.5 of the ITN, Vendors should list any applicable costs associated with each Reply Enhancement or Additional Offering proposed as an appendix to the Cost Reply Form.

__________________________________________
Vendor’s / Company Name                        Date

__________________________________________
F.E.I.D. Number

__________________________________________
Signature of Authorized Representative

__________________________________________
Printed or Typed Name of Authorized Representative

__________________________________________
Address

__________________________________________
City and State

__________________________________________
Telephone Number                FAX Number

__________________________________________
E-mail Address
1. Small and Diverse Business Participation Plan. The Contractor may be required to submit a plan to implement vendor diversity practices to the Lottery prior to submission of its first invoice. Subsequently, each required report or updated plan must be submitted to the Lottery prior to submission of the applicable monthly invoice for services. The services covered by the invoices will not be considered to have been satisfactorily performed and will not be approved by the Lottery until the plan and/or report(s) has been submitted and approved. Failure to timely submit an acceptable plan (if requested) will result in a delay in payment of the invoiced amount. The Florida Lottery reserves the right to modify reporting requirements during the term of the Contract as well as waive submission of an annual plan should a vendor exhibit good faith efforts as deemed by the Lottery.

2. Small and Diverse Business Participation. The Lottery has identified the following possible areas of participation:
   - Terminal Ticket Stock and Play-slips;
   - Manufacturing of satellite stands;
   - Office supplies;
   - Consulting;
   - Point Of Sale printing;
   - Computer – Hardware/Software;
   - Training;
   - Promotional Programs;
   - Market Research & Support Services;
   - Delivery Services;
   - General Contracting;
   - Janitorial Services;
   - Temporary Staffing;
   - Promotional Items; and
   - Travel agency services.

3. Vendors may obtain information on diverse business enterprises by contacting the Department of Management Services, Office of Supplier Diversity (OSD), 4050 Esplanade Way, Suite 360, Tallahassee, Florida 32399-0950, (850) 487-0915 / osdhelp@dms.myflorida.com.

4. During the contract term, the Lottery will provide assistance in identifying procurement opportunities that may be competed for by diverse vendors.

5. Contractor agrees that its company information will be posted on the Lottery’s web site to facilitate the ease of identification of the Lottery’s contractors. At a minimum, the company information will include the company name, contact person name for outreach activities, mailing address, phone and fax numbers, email addresses etc. The Lottery, at its sole discretion, may post the Contractor’s Small and Diverse Business Plan as well as the required reports.
Appendix 1: Vendor Diversity Contract Terms

6. During solicitation process or during the term of the contract, the Lottery may identify commodities and/or contractual services opportunities for diverse business participation. Upon identification of such opportunities as deemed necessary by the Lottery, the Lottery will provide a list itemizing the opportunities and a list of potential vendors that the Vendor/Contractor will afford an opportunity to participate in providing a quote on the specified commodities and/or contractual services. The Contractor will be required to report on the status of the diverse vendor participation, i.e., quoted date, vendors who participated, the outcome etc.

7. The Contractor will be asked to consider participating in Lottery identified “Annual Match Maker” expositions with a booth to facilitate one-on-one interaction with small and diverse businesses and enhance outreach initiatives pertaining to this contract. Attendance will be encouraged annually.

8. Failure to exhibit good faith efforts in small and diverse business initiatives and outreach efforts may subject future purchases by the Contractor in fulfilling its contractual responsibilities to be coordinated with the Lottery and/or the Office of Supplier Diversity.

9. Additionally, failure to exhibit good faith efforts may cause the Contractor to be deemed non-responsive in future Lottery or other governmental entity contract considerations and subject the contract to termination.

10. It is required that the Contractor, as part of implementing its participation plan, seek to utilize Certified Minority Business Enterprises (CMBEs) in performing services under the Contract and/or afford the opportunity to provide day-to-day supplies and/or services.

11. C/MBE Subcontracting Back. A Certified or Non-certified Minority Business Enterprise (C/MBE) subcontractor shall not be allowed to subcontract any portion or portions of the work back to:

   a. The Contractor, either directly to or through any other company or firm owned and/or controlled by the Contractor; or,

   b. Any firm with which the CMBE has a present business relationship. A present business relationship is defined as both firms having some of the same owners or the sharing of space, equipment, financing or employees.

12. CMBE subcontractors shall not be allowed to subcontract all or the majority of the sub-contractual portion of the work to another firm or firms. A CMBE subcontractor whose employees perform none of the direct labor or service activities specified in the Contract shall be prohibited from engaging in a sub-contractual agreement with the intent of collecting a broker’s fee or commission.

13. Small and Minority Business Participation Plan Review and Update. Participation plans may be re-assessed and updated annually on the anniversary date of the Contract. The Lottery reserves the right to require more frequent updates or to waive annual updates depending upon the Contractor’s performance in outreach initiatives as determined by the Lottery and/or Office of Supplier Diversity.
Appendix 2: Lottery Typical Workstation

Hardware Desktop Standard Configurations

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Processor</strong></td>
<td>Dual Core, Intel Processor Minimum 3.2 GHz</td>
</tr>
<tr>
<td><strong>Monitor</strong></td>
<td>19 Inch Flat Panel Display</td>
</tr>
<tr>
<td><strong>Memory</strong></td>
<td>4 GB expandable to 8 GB</td>
</tr>
<tr>
<td><strong>Hard Drive</strong></td>
<td>500 GB 7200rpm</td>
</tr>
<tr>
<td><strong>DVD</strong></td>
<td>DVD R/W</td>
</tr>
<tr>
<td><strong>Case Type</strong></td>
<td>Standard Tower Case</td>
</tr>
<tr>
<td><strong>Additional Peripherals</strong></td>
<td>Standard Keyboard and Mouse</td>
</tr>
</tbody>
</table>

Software Desktop Standard Configurations

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Operating System</strong></td>
<td>Windows 7 Enterprise edition</td>
</tr>
<tr>
<td><strong>Productivity Suite</strong></td>
<td>Office Professional Plus 2013</td>
</tr>
<tr>
<td><strong>Web Browser</strong></td>
<td>Internet Explorer 8 or higher</td>
</tr>
</tbody>
</table>
Appendix 3: Management and Administrative Reports

Reports must be available upon demand and be able to support the business activities listed below. Information available in the reports must be available for on-screen display at user terminals. Actual report formats are to be developed with the Lottery. Any references to specific wording requirements in the following report descriptions simply represent 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. **Game Control** - Such as Game Close, Winning Numbers, Draw Status, Draw Number, Daily sales, etc.

2. **Daily Promotional Product Activity** - Report of daily and cumulative activity of any active promotion to include such detail as counts and amounts of tickets sold, awarded or redeemed.

3. **Scratch-Off Inventory Balance** - For all active or inactive games, counts and value of books across all book status for a game, updated at System day end or upon demand as needed.

4. **Scratch-Off Game Liability** - For all Scratch-Off games, active or inactive, daily record of redeemed winning tickets by tier and remaining outstanding prize liability.

5. **Attempts to Validate Stolen Tickets** - Report of any attempt at a retailer or privileged terminal to validate a scratch-off ticket from a book or applicable range in stolen status.

6. **Total Daily Activity/Game** - Reflecting the current and previous day’s activity rolled up by draw, reporting net terminal sales, cancels, pays and claims for each terminal game with a grand total. All open draws are reported. Also indicates the number of quick pick plays and percent of total.

7. **Winner Summary** - Report of winning numbers for the most recent drawing, closing ticket serial number, the number of winning tickets by play type and tier, the prize liability and the total prize pool amount.

8. **Top Played Numbers** - Showing the top fifteen (15) numbers being played on the current day and all advance pools, the total prize liability value of all play combinations on each number.

9. **Retailer Transaction History/Look-up** - Any and all retailer transaction detail for a day or other specified historical timeframe.

10. **Retailer Sales History** - Sales history for all games for requested retailer(s).

11. **Big Winner Report** - Top Tier winning tickets detail including selling retailer demographics, ticket serial number, prize tiers of winning ticket, prize amount and play style of ticket (QP).
12. **Games Sales Snapshot** - Tickets selling per second statewide for all terminal games by the hour, draw and total draw sales.

13. **Games Sales Report** - Report by terminal game of all sales, cancels, net sales, free sales for all open draws in the game, with a grand total detailed summary including validations, claims and promotional tickets.

14. **Daily Terminal Availability** - Daily report of terminals which were not actively communicating at any time throughout the business day and the period of time (from-to) that the terminals were inoperable.

15. **Weekly Retailer Settlement** - Report of cumulative sales activity for the accounting week for all Retailers, to include terminal game sales counts and amounts, cancel counts and amounts, books settled, unsettled and partially returned counts and amounts, sales commission, pays counts and amounts and cashing bonus, number of tickets claimed, adjustments, discounts and free tickets resulting in a retailer net balance due the Lottery.


17. **System Transaction Report** - Detailed report of daily transactional data providing counts of tickets sold, paid, exchanged, and rejected for all products. Sales detail provided by play style (QP, Manual or Playslip). Financial reporting of sales, cancels, pays, claims and free tickets for terminal games and interval sales reporting by product.

18. **Game Status** - A report showing the status of the current open draws and past draws for 365 days. On all past draws indicate the winning numbers that were drawn, the play amount, and the liability amount (and percentage of play amount).

19. **Weekly Invoice/EFT** - A report summarizing the retailer invoices by location and chain, reflecting net amounts for terminal games and scratch-off that will be swept from their bank accounts.

20. **Close Report** - Daily closing record by game for all products. Reports counts and amounts for gross sales, cancels, pays and claims. Includes a line item for the count of retailer terminals reporting activity for the day.

21. **Auto Settlement** - Weekly report of retailers and scratch-off inventory that were automatically settled by the system and reason for settlement per Lottery-defined parameters.

22. **Scratch-Off Games Sales Report** - Summarized counts and amounts for all scratch-off game activity, and detail by game.

23. **Partial and Full Book Status Changes** - All books partially settled/returned and full books returned detail for the day or the period requested.
24. **Stolen Book Status Changes** - All books placed into a stolen status for the day or the period requested.

25. **Scratch-Off Book Status Aging** - All books in a selected status for a selected number of days.

26. **Daily Adjustments Report** - Detailed report of all financial adjustment entries including retailer, adjustment type, reason code, text description and value of each adjustment.

27. **EFT Exceptions Report** - Report detailing all retailer locations for which an EFT sweep did not occur and the reason for the failure.

28. **FSVM Daily Sales Report By Game** - Report detailing sales at the FSVM by game, to include Scratch-Off games and terminal games (quick pick and playslip).

29. **FSVM Daily Sales Report By Bin** - Report detailing sales at the FSVM by bin to include Scratch-Off games and terminal games that include sales by playslip.
Appendix 4: Retailer Terminal Reports

Below is a partial list of the reports currently available from the Retailer terminals. Retailer reports must be available on demand and support the business activities listed below. The Lottery must also be able to generate such reports in the same formatting as the retailer terminal reports. Actual report formats are to be developed with the Lottery. Any references to specific wording requirements in the following reports simply represent the meaning that is to be conveyed. All reports must include the words INFORMATION ONLY – NOT FOR SALE (or a similar Lottery approved message) at the top or bottom of the report.

This list of reports is not intended to represent an all-inclusive list of the reports required by Lottery; it is intended as a sample only.

1. **Daily Sales** – Scratch-off and terminal game daily sales activity detail to include but not be limited to book activity, cancels, pays, claims, commissions and adjustments for requested retailer.

2. **Weekly Sales** – Scratch-off and terminal game week-to-date sales, book activity, cancels, pays, claims, commissions and adjustments requested retailer.

3. **Winning Numbers and Payouts** – Winning numbers, number of winners and payouts by tier by specific game for the last completed draw and previous draws. (Default is most current draw)

4. **Winning Numbers** - Report of winning numbers by game for most current draw plus previous 3 draws.

5. **Week to Date Combined Adjustment Report** – Terminal and scratch-off game adjustments detail credited or debited to the retailer for the week requested.

6. **By Game Current/Previous Week Terminal Game Sales** – Current week and previous week sales by game for requested retailer.

7. **Transaction History** – Shows retailer the history of terminal transactions for a defined number of transactions.

8. **Clerk Report** – Reports sales activity detail at the terminal tied to a specific clerk sign-on for a day.

9. **Scratch-Off Daily Activity** – Scratch-off inventory activity and sales activity for the day for requested retailer.

10. **Scratch-Off Week to Date Activity** – Scratch-off inventory activity and sales activity for week-to-date for requested retailer.

11. **Inventory Summary** – Summary of scratch-off ticket inventory by game and status.

12. **Inventory Detail** – Detailed scratch-off ticket inventory by game and status and status date.
13. **Inventory History** – History of scratch-off inventory for a retailer for a particular time frame.

14. **Weekly Pays Detail** – Weekly scratch-off and terminal game validations detail for current week-to-date and previous weeks.

15. **Weekly Books Settled Detail** – Scratch-off books settled by game, book number, date, amount and reason.


17. **Scratch-off Ended Games** – Game status listing for ended games to include end sales date and end redemption deadline.

18. **Received, Active, and Returned Books Detail** – Reports of books Received, Activated or Returned to the Lottery, to include game, book number and status date and value if applicable for the requested status.

19. **Orderable Games** – Scratch-off games that are currently available for order, descending by sales with additional features to be determined by the Lottery.

20. **Top Prize Remaining** – Games that currently have no top prizes remaining to be sold.

21. **Sign-On** – Documenting retailer signs-on to the system.

22. **Settlement** – Combined terminal game and scratch-off settlement details for requested week or other requested timeframe (can be requested for up to 25 past settlement weeks).

23. **Terminal Messages** – Informational broadcast messages to be sent to all retailers, a specific retailer, or group of retailers.
Florida Lottery Playstation
Current Design

Features include:

- Tool-free assembly
- Front poster location (w/ 4 plastic clips)
- Alternate rear poster location (w/ 4 plastic clips)
- Pencil holders
- Literature holders
- Removable/durable/transparent plastic writing surface
- Five pockets for literature under writing surface
- Spring-hinge access door (behind which are two storage shelves)

32" H
24" W
22.5" D
69.25" H
### Appendix 6
Florida Lottery
Headquarters Lease Rates

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<tr>
<th>Lease Term</th>
<th>Rate Per Sq. Ft. Per Year</th>
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<td>1\textsuperscript{st} year (7/15/08 through 7/14/09)</td>
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<tr>
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<td>3\textsuperscript{rd} year (7/15/10 through 7/14/11)</td>
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