REQUEST FOR PROPOSALS
FOR
INSTANT TICKET GAMES
AND RELATED SERVICES

#2013-01

From:
Maryland State Lottery and Gaming Control Agency
Montgomery Park Business Center
1800 Washington Boulevard, Suite 330
Baltimore, MD  21230

Issue Date: January 29, 2013
Due Date:   March 15, 2013

NOTICE: Prospective Offerors who have received this document from http://emaryland.buyspeed.com or from a source other than the Procurement Officer, and who wish to assure receipt of any amendments or other materials related to this RFP, should immediately contact the Procurement Officer and provide their name and e-mail or mailing address so that information relative to this Request For Proposals can be sent to them.

Minority Business Enterprises are Encouraged to Respond to this Solicitation
Title of RFP: Instant Ticket Games and Related Services

RFP Number: 2013-01

RFP Issue Date: January 29, 2013

The Maryland State Lottery and Gaming Control Agency (“Lottery”) is soliciting proposals from qualified Offerors to provide Instant Ticket Games and Related Services, to include but not limited to: Instant Ticket design, Instant Ticket planning, production, security and delivery to the Lottery’s warehouse; delivery of Instant Tickets to the Lottery’s Retailers; and marketing and sales support for Instant Games as more fully described in this Request for Proposals (“RFP”). Offerors are invited to subcontract with other vendors to provide all of the requirements of the RFP, but Offerors must submit proposals encompassing all of the services required in the RFP and may not submit proposals for only certain services of the RFP.

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<td>Contract Term:</td>
<td>Approximately Four (4) year term, w/ 1 three (3) year renewal option. (Tentative Term beginning July 1, 2013 – June 30, 2017)</td>
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<td>Proposals to be Submitted to:</td>
<td>Maryland State Lottery and Gaming Control Agency Montgomery Park Business Center 1800 Washington Boulevard, Suite 330 Baltimore MD 21230</td>
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<tr>
<td>ATTN:</td>
<td>Robert W. Howells, Procurement Officer</td>
</tr>
<tr>
<td>Tel:</td>
<td>410-230-8789</td>
</tr>
<tr>
<td>Fax:</td>
<td>410-230-8727</td>
</tr>
<tr>
<td>e-mail:</td>
<td><a href="mailto:rhowells@msla.state.md.us">rhowells@msla.state.md.us</a></td>
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<td>Communications:</td>
<td>The Procurement Officer listed above is the only source of information regarding this RFP. If you receive this information from another source, contact the Procurement Officer immediately.</td>
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<td>Pre-Proposal Conference:</td>
<td>February 12, 2013 at 2:00 p.m. (Local Time) Maryland State Lottery and Gaming Control Agency</td>
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<td>Deadline for Receipt Of Proposals:</td>
<td>March 15, 2013 by 2:00 p.m. (Local Time)</td>
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<td>MBE Participation Goal:</td>
<td>An MBE subcontracting goal of 10.0% has been established for the Contract resulting from this RFP.</td>
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In order to help us improve the quality of State solicitations, and make our procurement processes more responsive and business friendly, we ask that you provide comments and suggestions regarding the enclosed RFP. Please return your comments with your proposal. If you have chosen not to submit a proposal for this project, please e-mail (rhowells@msla.state.md.us) or fax (410-230-8727) this completed form to the attention of Robert W. Howells. Thank you for your assistance.

Contract Number: 2013-01; Title: INSTANT TICKET GAMES AND RELATED SERVICES

I. If you have responded with a “no bid”, please indicate the reasons below:
   ( ) Other commitments preclude our participation at this time.
   ( ) The subject of the solicitation is not something we ordinarily provide.
   ( ) We are inexperienced in the work/commodities required.
   ( ) The specifications are unclear, too restrictive, etc. (Explain in Remarks section)
   ( ) The scope of work is beyond our present capacity.
   ( ) Doing business with Maryland Government is simply too complicated. (Explain in Remarks section)
   ( ) We cannot be competitive. (Explain in remarks section)
   ( ) Time for completion of the proposal is insufficient.
   ( ) Start up time is insufficient.
   ( ) Bonding/Insurance requirements are restrictive. (Explain in Remarks section)
   ( ) Proposal requirements, other than specifications, are unreasonable or too risky. (Explain in Remarks section)
   ( ) MBE requirements. (Explain in remarks section)
   ( ) Prior experience with State of Maryland contracts was unprofitable or otherwise unsatisfactory. (Explain in remarks section)
   ( ) Payment schedule too slow.
   ( ) Other:________________________________________________

II. If you have submitted a proposal, but wish to offer suggestions or express concerns, please use the Remarks section below.

Remarks:
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
____________________________________________________________________
Vendor Name: ____________________________________ Date:__________
Contact Person:____________________________________ Phone/e-mail:________________
Address:___________________________________________________________

THANK YOU!
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SECTION I. INTRODUCTION/OBJECTIVE

1.1 SUMMARY STATEMENT

1.1.1 The Maryland State Lottery and Gaming Control Agency (“Lottery”) is issuing this Request for Proposals (“RFP”) to invite qualified Offerors to submit proposals to provide Instant Ticket Games and Related Services, to include but not limited to: Instant Ticket design, Instant Ticket planning, production, security and delivery to the Lottery’s warehouse; delivery of Instant Tickets to the Lottery’s Retailers; and marketing and sales support for Instant Games as more fully described in this RFP. Further, the Lottery may also seek such items and services as set forth as Additional Tasks herein.

1.1.2 The Lottery may make multiple contract awards as a result of this RFP – a Primary Contract and Secondary Contract(s) to any other Offerors that are determined by the Lottery to be qualified.

The Primary Contractor will be the principal supplier of Instant Ticket Games and Related Services for the Lottery. In addition to the production of Instant Ticket Games, the Primary Contractor will assist the Lottery with the overall operation of its Instant Ticket program with the goal of increasing Revenue by providing a Dedicated Account Representative, delivery services to the Lottery’s Retailers and services such as marketing, research and training support. The Primary Contractor will be paid based on a firm, fixed dollar amount per square inch of Instant Ticket area it produces and a firm, fixed dollar amount per delivery of Instant Ticket orders and POS materials to Retailers. The Primary Contractor will also be eligible for a Contractor Incentive Program (See Section 4.3.3)

The Secondary Contractor(s), if any, will provide Instant Ticket Games and Related Services for selected games as determined by the Lottery on an as-needed basis. The Lottery shall have the sole discretion and the unilateral right to assign specific Instant Ticket Game orders to a Secondary Contractor which will be selected in accordance with Section 5.5. The Secondary Contractor(s) will be strictly a producer of Instant Ticket Games for the Lottery and will be paid based on a firm, fixed dollar amount per square inch of Instant Ticket area it produces.

Neither the Primary Contractor nor Secondary Contractor(s) is guaranteed any minimum amount of work. However, the Primary Contractor will be guaranteed at least 75% of the amount of work actually assigned under this Contract. Historical data stated in this RFP regarding quantities of Instant Tickets printed, amount of sales, and number of deliveries to Retailers is for informational purposes only and is
not a guarantee of any minimum or maximum quantities under this Contract.

1.1.3 The Lottery anticipates ordering a total of approximately 116,000,000 to 175,000,000 Instant Tickets per contract year under the Contract(s) resulting from this RFP, with an average of approximately 2,200,000 Instant Tickets per game. The Lottery anticipates shipping a total of approximately 195,000 Instant Ticket orders per contract year to its statewide network of Retailers. These amounts are estimates only and are not a guarantee of any minimum or maximum total amounts or amounts to any single Contractor under this Contract(s).

1.1.4 Offerors may submit proposals for the Primary Contract, a Secondary Contract, or both. However, the Offeror awarded the Primary Contract will be ineligible for award of a Secondary Contract. Offerors for the Primary and Secondary Contracts shall meet all requirements stated in this RFP, except for those requirements specifically stated as being applicable only to the Primary Contract.

1.1.5 Instant Ticket Warehousing, Tel-Sell and Picking/Packing services are not required by this RFP and will be performed by the Lottery as is presently done.

1.1.6 Offerors are invited to subcontract with other vendors to provide all of the requirements of the RFP, but Offerors must submit proposals encompassing all of the services required in the RFP and may not submit proposals for only a portion of the services required in the RFP.

1.1.7 The Lottery reserves the right to cancel this RFP and/or reject all proposals when this action is determined to be fiscally advantageous to the State or otherwise in its best interest.

1.1.8 The Lottery’s existing contract for Instant Ticket Games and Related Services (#2006-01) expires on June 30, 2013. The Contract(s) awarded as a result of this RFP will be for an initial term of approximately four (4) years, tentatively beginning on or about July 1, 2013 and extending through June 30, 2017. The Lottery, at its sole option, shall have the unilateral right to extend the Contract for one (1) additional three (3) year renewal period, for a total Contract term of approximately seven (7) years.

1.1.9 The Procurement Officer may issue a Notice to Proceed (NTP) for any of the priced deliverable Additional Tasks identified in this RFP. It is anticipated that the Lottery will issue multiple Notices to Proceed over the Contract term, or any extension thereof. However, the Lottery may not proceed with any of the Additional Tasks identified herein and the Contractor shall not perform such Additional Tasks unless a written NTP is issued by the Lottery.
1.2 OBJECTIVES

The Lottery has the following objectives for issuing this RFP and entering into a Contract(s) for Instant Ticket Games and Related Services:

1. To maximize Net Revenue from Lottery Instant Ticket Games for the benefit of the State of Maryland;

2. To obtain Instant Ticket Games and Related Services that will meet the gaming product needs of the Lottery for the term of the Contract and that is sufficiently flexible to meet the Lottery's evolving requirements;

3. By contracting with multiple vendors, to a) take maximum advantage of the design and production capabilities, implementation knowledge, and operational knowledge available in the marketplace, b) ensure sufficient product mix and product availability, and c) provide specialty games or other proprietary games, as needed.

4. To obtain Instant Ticket Games and related services that are operationally sound, incorporate the highest level of integrity and security, and minimize risk for the Lottery;

5. To obtain Instant Ticket Games that will lead to high Retailer and player satisfaction for quality and performance;

6. To ensure that Instant Ticket Games and Related Services are available to the Lottery and fully operational by July 1, 2013; and

7. To engage with a Contractor who will over the term of the Contract maintain creativity thereby assisting the Lottery to maintain a competitive position with other providers of entertainment.

1.3 OFFEROR MINIMUM REQUIREMENTS

1.3.1 NORTH AMERICAN LOTTERY EXPERIENCE (Applicable to both a Primary and Secondary Contractor)

The Offeror shall have a minimum of five (5) years experience in producing Instant Ticket Games for at least one (1) or more North American State or Provincial Lotteries (“NASPL”).

1.3.2 PRODUCTION FACILITY (Applicable to both a Primary and Secondary Contractor)

The Offeror shall, at the time of proposal submission, have a production facility located in North America possessing the capacity to produce the quality and quantity of games required by this RFP.

1.3.3 CAPACITY (Applicable to the Primary Contractor only)
An Offeror for the Primary Contract shall have a minimum capacity of producing at least 175 million Instant Tickets per year.

1.4 GLOSSARY OF TERMS USED WITHIN THIS REQUEST FOR PROPOSALS (RFP)

ADA - Americans With Disabilities Act of 1990 including changes made by the ADA Amendments Act of 2008, and regulations promulgated pursuant to that statute.

Algorithm – A mathematical rule or procedure used in Bar Codes on Instant Tickets and in the system files related to Instant Tickets to encrypt and decrypt Instant Ticket information and to validate Instant Tickets.

Bar Code - The symbol on an Instant Ticket, On-Line Ticket or other item (e.g. coupon, lottery buck, keno buck, lottery dollar or other type of promotional giveaway) which is used to uniquely identify each ticket or item. A code consisting of a group of printed and variously patterned bars and spaces and sometimes numerals that are designed to be scanned and read into computer memory as identification for the object it labels. Current readers support the following format at a minimum, EAN-13, UPC-A&E, Codes 11,39,93,&128, Interleaved 2 of 5, CODABAR(NW7), PDF-417, Data Matrix, Proprietary SGI codes.

Book - A Pack of Instant Tickets, with individual Instant Tickets uniquely numbered by virtue of game/pack/ticket identifiers. Books contain varying numbers of Instant Tickets, depending on the game.

Business Day – Every calendar day of the year. The Lottery is operational 24 hours per day-7 days a week-365/366 days a year. The current maintenance period is from 2:30 am to 5:30 am but the Lottery may change this period during the Contract term.

Business Week - The period beginning on Monday and running through the end of the day the following Sunday, which is an accounting unit. The Lottery has the right to change this period during the Contract term.

COMAR – The Code of Maryland Regulations (available at http://www.dsd.state.md.us/comar/). Regulations governing the Lottery are found in COMAR Title 14. (Note: Lottery Regulations are in the process of being recodified as Title 36) Regulations governing the State procurement process are found in COMAR Title 21.

Commission - The Maryland State Lottery and Gaming Control Commission, or its designee.
Compliance Game – An Instant Ticket Game that is printed in a significantly reduced quantity, which uses a prize structure where every ticket is a high tier winner.

Contract - The Contract entered into between the Lottery and the selected Offeror(s) responding to this RFP. The Contract will include all State Mandatory Contractual Provisions and will incorporate the entire RFP, and any Amendments, and all or indicated portions of the selected Offeror’s Proposal, and any other provisions as indicated in the Contract.

Contract Manager (CM) – The Lottery’s designated person as the single point-of-contact with the authority and knowledge to issue work orders and to resolve all matters in connection with the Contract on behalf of the Lottery. See Section 3.1.2 for the designated Contract Manager.

Contractor - An entity having the Contract with the Lottery. The term Contractor shall apply to the successful Offeror who is awarded the Contract resulting from this RFP.

Days – Means calendar days unless otherwise specified.

Director - Director of the Maryland State Lottery and Gaming Control Agency.

Drawing – The selection of winning numbers, to include live Drawings as well as Drawings conducted via random number generation.

First Read Rate - A measure of reader performance, especially Bar Code reader performance, which indicates the proportion of times the reader returns a successful read of a legitimate code on the first try.

Fiscal Year - July 1 – June 30. For example, FY 13 (or FY 2013) represents the period beginning July 1, 2012 through June 30, 2013.

Instant Game (also, Instant Ticket Game) – A game in which tickets have a concealed prize structure and playing area. The player removes the material concealing the playing area on the game ticket (e.g. including but not limited to latex coating or flap) in accordance with the game instructions. Includes any game wherein the player receives an immediate result without waiting for a Drawing.

Instant Ticket - The ticket purchased for participation in an Instant Game, which includes, but is not limited to, Scratch, Scratch-Off Ticket, and Die Cut Windows.

ITVM – Instant Ticket Vending Machine
Local Time - Time in the Eastern Time Zone (Eastern Standard Time or Eastern Daylight Savings Time, as applicable) as observed by the State.

Lottery - The Maryland State Lottery and Gaming Control Agency (The term “Agency” may occasionally be used interchangeably to mean “Lottery”).

MBE Certification - A determination made by the Maryland Department of Transportation that a legal business entity is certified as a Minority Business Enterprise.

MBE Liaison Officer - The person designated by the Director to be responsible for administering the Lottery's Minority Business Enterprise (MBE) Program.

MDOT - The Maryland Department of Transportation.

Minority Business Enterprise (MBE) - A business that has been certified by the State of Maryland Department of Transportation to be a minority business enterprise. Any legal entity, other than a joint venture, organized to engage in commercial transactions, which is at least 51 percent owned and controlled by one or more individuals who are socially and economically disadvantaged; and managed by, and the daily business operations of which are controlled by, one or more of the socially and economically disadvantaged individuals who own it. MBE includes a not-for-profit entity organized to promote the interests of physically or mentally disabled individuals.

NASPL - The North American Association of State and Provincial Lotteries.

Net Revenue (also, Revenue) – Dollar amount of net Instant Ticket sales less commissions paid to Retailers (commissions paid to Retailers include but are not limited to sales commissions, cashing fees, and agent bonuses) less prize expenses less administrative and bad debt expenses.

Notice to Proceed (NTP) – A formal notification issued by the Procurement Officer that: (1) directs the Contractor to perform work, and (2) as of a date contained in the NTP, to begin performance of the work.

OCR – Optical Character Reading/Recognition

Offeror - An entity that submits a proposal in response to this RFP.

Player Activated Terminal (PAT) - A customer-operated On-Line Terminal that sells On-Line and/or Instant Tickets. PATs are for placement in high-traffic Retailer locations; designed for use by the player directly; contain a currency acceptor for payment; dispense tickets of variable
lengths; and provide connectivity to the On-Line Gaming System to record the sale of tickets at the time of purchase and to track paper inventory in the machine.

**Point of Sale (POS)** - Depending on context: (a) the location where a product is purchased; (b) the device with which a Retailer records a sale and collects money; or (c) promotional, advertising or display pieces (e.g. stickers and signs) placed where a product is sold used to increase public awareness of Lottery products and services to increase sales.

**Primary Contractor** – The principal supplier of Instant Ticket Games and Related Services under this Contract that will print at least 75% of the Lottery’s Instant Tickets per fiscal year.

**Prize Expense** – Net Sales multiplied by the theoretical payout (percent) of the game

**Procurement Officer** - A person authorized by the Lottery in accordance with law or regulations to formulate, enter into, or administer contracts or make written determinations and findings with respect to them; and designated by the Director to be responsible for this RFP, the procurement process, the determination of scope issues in the Contract, and is the only State representative that can authorize changes to the Contract. (See Section 3.1.1)

**Proposal** – The response by an Offeror to a Request for Proposals (RFP) issued by a procurement agency to obtain goods or labor. The response may include but is not limited to an Offeror's price and terms for the proposed contract, a description of technical expertise, work experience, and other information as requested in the RFP.

**Retailer** - A business entity or retailer that is authorized by the Lottery to sell Lottery products. (The term “Agent” may occasionally be used interchangeably to mean “Retailer”).

**RFP** - This Request for Proposals for Instant Ticket Games and Related Services, Contract #2013-01, dated January 29, 2013, including any amendments.

**RFQ** – Request for Quotation, used in the process of selecting a Secondary Contractor to provide a specific Instant Ticket Game.

**Scratch-Off Game** – An Instant Game that requires the player to remove a latex coating to determine if the ticket is a winner. Also called “scratch game” or “scratcher”.

7
Secondary Contractor – A supplier, on an as-needed basis, of Instant Ticket Games and Related Services under this Contract that may print up to 25% of the Lottery’s Instant Tickets per fiscal year.

State - The State of Maryland.

State-of-the-Art - The most current technology. The Lottery shall have the sole right to determine if equipment proposed in response to this RFP and provided under the resulting Contract are State-of-the-Art.

Subcontractor – Any person or firm having an agreement with a contractor to perform all or some of the contractor’s work under a contract with the Lottery. Does not include employee with an employment contract, or an employee organization with a collective bargaining agreement.

Validation - Process by which winning tickets, both On-Line and Instant, are checked against computer files to ensure that the ticket presented is valid and that it has not been redeemed previously.

Validation Code - A security feature of Instant Tickets printed under the latex (or other coating). Also known as a VIRN (Void If Removed Number).

Validation Number - The unique serial number on the face of the ticket by which means the validity and pay status of the ticket is determined.

Working Days – Days when State government offices are open for business.

Working Papers - Those papers or documents provided by the Contractor that set forth game specifications from which Instant Tickets shall be printed and delivered, in accordance with this RFP.
SECTION II. LOTTERY BACKGROUND

The information provided in this Section II is for background and informational purposes only. Offerors should not rely solely on information in this Section for the preparation of their Proposal.

2.1 LOTTERY ORGANIZATION IN DIRECT SUPPORT OF INSTANT TICKETS

Product Development Division
The Product Development Division is responsible for the overall development of the Lottery’s On-Line and Instant products. On-Line products currently include the Pick 3, Pick 4, Bonus Match 5, 5 Card Cash, Multi-Match, Mega Millions with Megaplier, Powerball with Power Play, Keno, Keno Bonus, Keno Super Bonus, and Racetrax™. Instant Ticket products include scratch-off games. During FY2012, the Lottery launched 54 new Instant games and re-launched 4 existing Instant games, for a total of 58 Instant games. In addition to game development, this Division plans promotions to enhance sales.

Creative Services Division
The Creative Services Division reports to the Assistant Director for Lottery and manages the Lottery’s Marketing Services Contracts. Members of this department are the primary contacts for all advertising related issues. Key departmental responsibilities include:

• Developing the Lottery’s overall advertising strategy to support the Lottery’s sales and income objectives.
• Planning and implementing the purchase of advertising time and space in order to deliver the Lottery’s communications messages (e.g., jackpot announcements, new product introductions, promotions, winner awareness, etc.). In doing so, the Division is charged with maximizing audience delivery in the most efficient way by evaluating reach, frequency, gross impressions and other criteria.
• Managing the development and production of advertising communication materials for television, radio, print, out of home, digital, social media, point of sale and internal communication platforms that are utilized to inform consumers about Lottery products, promotions and programs.
• Managing the development and implementation of all web, digital and social media tools utilized by the Lottery, including maintaining four websites, and several robust social media platforms.
• Developing merchandising strategies and tactics for implementation at all Lottery retail locations and managing the Sales Improvement Program – a specific merchandising makeover program designed to increase scratch product sales at target locations.
• Managing the Lottery’s research program. Marketing and organizational research that assesses consumer and organizational needs is conducted and analyzed. The marketing research program currently includes a player based tracking study, as well as qualitative and quantitative projects to address product...
development issues. The organizational research component includes annual Retailer and Employee satisfaction tracking studies.

To meet these responsibilities, the Lottery relies upon the strategic guidance and assistance of its Marketing Services Contractors. In addition, Contractors can expect to have some interaction with other Lottery Departments, including but not limited to Sales (responsible for interfacing with the Retailer network) and Communications (responsible for media relations, community events and management of drawings).

2.2 INSTANT GAMES

The Lottery offers a wide variety of Instant Games for sale. Each of these games may be thematically different, but play styles and prize structures for many of them will be similar. A player, for example, removes the latex surface or lifts the flap(s) on the Instant Ticket to determine if and how much the player has won. Prizes in Instant Games range from $1.00 up to $1 million.

The Lottery conducts Instant Ticket inventory management, distribution, validating and accounting via its On-Line Gaming System, utilizing both On-Line and Instant Ticket Terminals in Retailer locations.

Currently, the Lottery is introducing new Instant Games approximately every month resulting in the number of new games per year shown in the tables below. The Lottery may be increasing the number of Instant Games launched.

The historical data provided by the Lottery in the tables below and elsewhere in this RFP is for informational purposes only. Such data is not a guarantee of any future work to be performed and may not be indicative of future initiatives that the Lottery may implement during the term of the Contract, or any extension thereto. All data provided in the tables below refers to INSTANT TICKETS.

QUANTITY OF GAMES LAUNCHED BY PRICE POINT FOR FY 2005 – FY 2012

FY’12 = 54 (8X$1, 12X$2, 8X$3, 15X$5, 9X$10, 2X$20)
FY’11 = 57 (13X$1, 14X$2, 7X$3, 15X$5, 5X$10, 3X$20)
FY’10 = 54 (15X$1, 11X$2, 7X$3, 11X$5, 6X$10, 4X$20)
FY’09 = 60 (15X$1, 14X$2, 6X$3, 15X$5, 8X$10, 2X$20)
FY’08 = 60 (14X$1, 15X$2, 6X$3, 17X$5, 6X$10, 2X$20)
FY’07 = 51 (14X$1, 13X$2, 5X$3, 14X$5, 4X$10, 1X$20)
FY’06 = 66 (18X$1, 15X$2, 7X$3, 20X$5, 4X$10, 2X$20)
FY’05 = 66 (21X$1, 15X$2, 6X$3, 20X$5, 4X$10)
SALES/REVENUE FOR FY 2001 – FY 2012 (IN MILLIONS)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Sales</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$264.1</td>
<td>$58.9</td>
</tr>
<tr>
<td>2002</td>
<td>$299.2</td>
<td>$69.8</td>
</tr>
<tr>
<td>2003</td>
<td>$316.7</td>
<td>$64.3</td>
</tr>
<tr>
<td>2004</td>
<td>$355.0</td>
<td>$67.9</td>
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<tr>
<td>2005</td>
<td>$391.0</td>
<td>$71.3</td>
</tr>
<tr>
<td>2006</td>
<td>$415.3</td>
<td>$74.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Sales</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$425.1</td>
<td>$79.9</td>
</tr>
<tr>
<td>2008</td>
<td>$513.9</td>
<td>$92.2</td>
</tr>
<tr>
<td>2009</td>
<td>$507.1</td>
<td>$90.1</td>
</tr>
<tr>
<td>2010</td>
<td>$491.0</td>
<td>$89.7</td>
</tr>
<tr>
<td>2011</td>
<td>$493.5</td>
<td>$87.3</td>
</tr>
<tr>
<td>2012</td>
<td>$506.8</td>
<td>$88.7</td>
</tr>
</tbody>
</table>

PERCENTAGE CHANGE IN SALES / REVENUE FOR FY 2001 – FY 2012

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Sales Change</th>
<th>Revenue Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>19.04%</td>
<td>n/a</td>
</tr>
<tr>
<td>2002</td>
<td>13.29%</td>
<td>18.51%</td>
</tr>
<tr>
<td>2003</td>
<td>5.83% / -7/88%</td>
<td>-2.28%</td>
</tr>
<tr>
<td>2004</td>
<td>12.11%</td>
<td>5.60%</td>
</tr>
<tr>
<td>2005</td>
<td>10.13% / 5.01%</td>
<td>-2.68%</td>
</tr>
<tr>
<td>2006</td>
<td>6.23% / 5.05%</td>
<td>1.60%</td>
</tr>
</tbody>
</table>

RATIO OF SALES / REVENUE FOR FY 2001 – FY 2012 (IN MILLIONS)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Sales</th>
<th>Revenue</th>
<th>Ratio of Sales Over Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$264.1</td>
<td>$58.9</td>
<td>22.30%</td>
</tr>
<tr>
<td>2002</td>
<td>$299.2</td>
<td>$69.8</td>
<td>23.33%</td>
</tr>
<tr>
<td>2003</td>
<td>$316.7</td>
<td>$64.3</td>
<td>20.30%</td>
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<tr>
<td>2004</td>
<td>$355.0</td>
<td>$67.9</td>
<td>19.13%</td>
</tr>
<tr>
<td>2005</td>
<td>$391.0</td>
<td>$71.3</td>
<td>18.24%</td>
</tr>
<tr>
<td>2006</td>
<td>$415.3</td>
<td>$74.9</td>
<td>18.04%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Sales</th>
<th>Revenue</th>
<th>Ratio of Sales Over Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$425.1</td>
<td>$79.9</td>
<td>18.80%</td>
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<tr>
<td>2008</td>
<td>$513.9</td>
<td>$92.2</td>
<td>17.94%</td>
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<tr>
<td>2009</td>
<td>$507.1</td>
<td>$90.1</td>
<td>17.77%</td>
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<tr>
<td>2010</td>
<td>$491.0</td>
<td>$89.7</td>
<td>18.27%</td>
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<td>2011</td>
<td>$493.5</td>
<td>$87.3</td>
<td>17.69%</td>
</tr>
<tr>
<td>2012</td>
<td>$506.8</td>
<td>$88.7</td>
<td>17.50%</td>
</tr>
</tbody>
</table>

QUANTITY BY SIZE FOR FY 2012

<table>
<thead>
<tr>
<th>Size</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5” x 4”</td>
<td>19.1 million</td>
</tr>
<tr>
<td>4” x 4”</td>
<td>18 million</td>
</tr>
<tr>
<td>4” x 6”</td>
<td>48.2 million</td>
</tr>
<tr>
<td>4” x 8”</td>
<td>30.5 million</td>
</tr>
</tbody>
</table>

Total number of Instant Tickets printed in FY12 = 115.7 million
### QUANTITY OF ADDITIONAL TASKS USED IN FY 2012 (IN MILLIONS)

<table>
<thead>
<tr>
<th>Options used for all games in FY12</th>
<th>2.5” X 4” / # of Games</th>
<th>Total Tickets in Millions</th>
<th>4” X 4” / # of Games</th>
<th>Total Tickets in Millions</th>
<th>4” X 6” / # of Games</th>
<th>Total Tickets in Millions</th>
<th>4” x 8” / # of Games</th>
<th>Total Tickets in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base only</td>
<td>1</td>
<td>1.68</td>
<td>4</td>
<td>7.92</td>
<td>5</td>
<td>10.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Color Change (Pulsing)</td>
<td>3</td>
<td>8.40</td>
<td>3</td>
<td>6.96</td>
<td>6</td>
<td>18.00</td>
<td>9</td>
<td>17.76</td>
</tr>
<tr>
<td>Dual Color Imaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi Color Imaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synchronized Imaging</td>
<td>1</td>
<td>3.12</td>
<td>1.00</td>
<td>4.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photo Realistic Printing</td>
<td>1</td>
<td>3.36</td>
<td>1.92</td>
<td>4.08</td>
<td>2</td>
<td>4.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Ink Color</td>
<td>1</td>
<td>3.12</td>
<td>1.92</td>
<td>4.08</td>
<td>1</td>
<td>3.12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi Scenes, Individual</td>
<td>4</td>
<td>12.00</td>
<td>1.92</td>
<td>3.84</td>
<td>3</td>
<td>4.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-point Foil Stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perforated Stubs w/variable imaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two-Sided Play area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparent Layer Marking System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scratch FX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44.88</strong></td>
<td><strong>44.12</strong></td>
<td><strong>26.42</strong></td>
<td><strong>78.60</strong></td>
<td><strong>32.14</strong></td>
<td><strong>100.90</strong></td>
<td><strong>40.72</strong></td>
<td><strong>118.32</strong></td>
</tr>
</tbody>
</table>

### CURRENT INSTANT PRODUCT GUIDELINES

<table>
<thead>
<tr>
<th>Payout ¹</th>
<th>$1</th>
<th>$2</th>
<th>$3</th>
<th>$5</th>
<th>$10</th>
<th>$20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Prize ²</td>
<td>$1,000</td>
<td>$10,000</td>
<td>$30,000</td>
<td>$50,000</td>
<td>$100,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ticket Size in Inches</th>
<th>2.5 x 4</th>
<th>4 x 4 &amp; 4 x 6</th>
<th>4 x 6 &amp; 4 x 8</th>
<th>4 x 8 &amp; 4 x 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print Runs in Millions³</td>
<td>3.12</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

| Non-Winning Streak: Not to Exceed | 9 | 8 | 7 | 6 | 6 | 6 |

1 = Maximum Payout
2 = Normal Top Prize, does vary
3 = Current print quantities, can vary

### 2.3 LOTTERY RETAILERS

The Lottery's On-Line System currently supports approximately five thousand two hundred (5,200) Retailer-operated On-Line Terminals located at approximately 4,300 Retailer locations throughout the State. The Lottery’s On-Line Gaming System Contract which commenced on July 6, 2006 provides the capacity to
support up to six thousand (6,000) On-Line Terminals, up to six thousand (6,000) Pre-Validators, up to six thousand (6,000) Customer Displays, up to five hundred (500) Player Activated Terminals, be operational at least twenty one (21) hours each day, and be able to support Monitor games with advanced graphical capability.

2.4 LOTTERY SALES

The Lottery’s sales continue to grow since its inception. Gross Sales in excess $1.7 billion in FY 2012 marked the 15th consecutive year of increasing sales. Instant and On-line Games combined currently average approximately $34.5 million dollars in sales per week.

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SECTION III. GENERAL SOLICITATION TERMS AND CONDITIONS

THE OFFEROR SHALL PROVIDE IN ITS PROPOSAL A STATEMENT OF INTENT TO COMPLY WITH THE TERMS, CONDITIONS, AND REQUIREMENTS SET FORTH HEREIN. ALSO, THE OFFEROR SHALL PROVIDE IN ITS PROPOSAL ALL INFORMATION REQUIRED BY THIS SECTION.

3.1 ISSUING OFFICE/PROCUREMENT OFFICER

This RFP is issued by the Lottery. The Lottery's Procurement Officer is the sole point of contact in the State with regard to all procurement matters relating to the services described herein. The Lottery's Procurement Officer is the only person authorized to change, modify, amend, alter, clarify, etc., the specifications, terms, and conditions of this RFP and any contract awarded as a result of this RFP. The Contract(s) resulting from this RFP will become binding and effective after approval by the Commission, the Attorney General, the Department of Budget and Management, and the Maryland Board of Public Works.

3.1.1 The sole point-of-contact in the State for the purposes of this RFP prior to award of the contract is the Procurement Officer listed below:

Robert W. Howells, Procurement Officer
Maryland State Lottery and Gaming Control Agency
Montgomery Park Business Center
1800 Washington Boulevard, Suite 330
Baltimore, MD 21230
Telephone: (410) 230-8789
Fax: (410) 230-8727
E-mail Address: rhowells@msla.state.md.us

The Lottery may change the Procurement Officer at any time by written notice to the Contractor.

3.1.2 After the Contract is awarded, the Lottery’s Contract Manager, who monitors the daily activities of the Contract and provides guidance to the Contractor, is:

Michael Hofferbert, Director of Product Development
Maryland State Lottery and Gaming Control Agency
Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, MD 21230
Telephone: (410) 230-8828
Fax: (410) 230-8795
E-mail Address: mhofferbert@msla.state.md.us

The Lottery may change the Contract Manager at any time by written notice to the Contractor.
3.2 CONTRACT DURATION AND TYPE

The Contract(s) awarded as a result of this RFP will be for an initial term of approximately four (4) years tentatively beginning on or about July 1, 2013 and extending through June 30, 2017. The Lottery, at its sole option, shall have the unilateral right to extend the Contract for one (1) additional three (3) year renewal period, for a total contract term of seven (7) years.

The Primary Contract that results from this RFP will be an Indefinite Quantity Contract with Firm, Fixed Unit Prices (Firm, Fixed dollar amount per square inch of Instant Ticket area/1000 Instant Tickets and Firm, Fixed Dollar amount per delivery of Instant Ticket orders and POS materials to Retailers) as described in COMAR 21.06.03.02 & 21.06.03.06. The Secondary Contract(s) will be an Indefinite Quantity Contract with Firm, Fixed Unit Prices (Firm, Fixed dollar amount per square inch of Instant Ticket area/1000) as described in COMAR 21.06.03.02 & 21.06.03.06.

3.3 eMARYLAND MARKETPLACE (“eMM”)

1. Posting of Solicitation Documents: The New eMaryland Marketplace (“eMM”), which became effective 1/3/2012, is the State’s internet-based commerce system and is the single official source for procurement information. Vendors interested in doing business with the State are encouraged to register with eMM. The website for eMM is http://emaryland.buyspeed.com.

All efforts will be made to communicate with potential Offerors. However, the Lottery is not responsible for failures to deliver by mail, e-mail, fax services, etc. In addition to other means, the RFP, Pre-Proposal Conference Summary, Offeror questions and Lottery’s responses, amendments to the RFP, and other solicitation related information will be provided via eMM. The Lottery will post relevant information to eMM, and it is the responsibility of interested parties to remain informed of any changes to this information by monitoring eMM.

2. Registration: In order to receive a contract award, an Offeror must be registered on eMM. There is no fee for registration on eMM. Information about eMM can be found at the Maryland Department of General Services website (www.dgs.maryland.gov). If additional assistance is required, the eMaryland Marketplace Support Team can be reached at emaryland@dgs.state.md.us.

3.4 SCHEDULE

The Key Dates for this procurement as stated below are for informational and planning purposes. The Lottery reserves the right to change any of these dates.
The Lottery’s existing Instant Ticket Games and Related Services Contract (#2006-01) expires on June 30, 2013. It is the Lottery's intention to make a recommendation for award of the Contract(s) resulting from this RFP in April 2013 and to submit that recommendation to the Board of Public Works for approval in May 2013. The new Instant Ticket Games and Related Services Contract shall be fully operational on July 1, 2013.

Even if other dates in the procurement process change, the Contract(s) start date shall not change, unless otherwise indicated in writing by the Lottery. By submitting a response to this RFP the Offeror/Contractor shall be committed to meet the required July 1, 2013 start date for a fully operational Instant Ticket Games and Related Services Contract without regard to other changes in the schedule for this procurement.

3.5 PRE-PROPOSAL CONFERENCE

A Pre-Proposal Conference (“Conference”) will be held on **February 12, 2013**, beginning at 2:00 p.m. Local Time, at the Maryland State Lottery and Gaming Control Agency, Montgomery Park Business Center-Suite 330, 1800 Washington Boulevard, Baltimore, Maryland 21230.

All potential Offerors are encouraged to attend. Information presented may facilitate the Offeror's ability to better prepare their proposals and their understanding and ability to meet the Minority Business Enterprise (MBE) goals.

As promptly as practicable subsequent to the Conference and in accordance with State Finance and Procurement Article, §13-210(a), of the Annotated Code of Maryland, a summary of the Conference will be distributed to all parties known to have received a copy of this RFP.

In order to assure adequate seating and other accommodations for this Conference, prospective attendees are requested to return the Pre-Proposal Conference Response Form (Appendix C) no later than February 8, 2013, to provide notice of the anticipated number of individuals who will attend.

If any individual interested in attending the Conference is in need of sign language interpretation or other special accommodations due to a disability, it is requested
that a minimum of five (5) working days advance notice be provided. Reasonable efforts will be made to provide such special accommodation.

3.6 QUESTIONS

3.6.1 All questions must be submitted in writing. E-mail is the preferred method of written communication. Telephone inquiries will not be answered.

The Procurement Officer will accept written questions from prospective Offerors prior to the Pre-Proposal Conference. If possible and appropriate, such questions will be answered at the Conference. No substantive question will be answered prior to the Conference. Questions, both oral and written, will also be accepted from attendees at the Conference.

The Lottery will prepare written responses to all questions received, both questions received prior to the Conference and questions asked at the Conference, and will distribute these responses to all prospective Offerors who are known to have received a copy of the RFP.

Questions will also be accepted subsequent to the Conference. All post-Conference questions shall be submitted in a timely manner to the Procurement Officer only. The Procurement Officer, based on the availability of time to research and communicate an answer, will decide whether an answer can be given before the Deadline for Receipt of Proposals. Answers to all substantive questions that have not previously been answered and are not clearly specific only to the requestor, will be distributed to all parties known to have received the RFP.

3.6.2 If an Offeror discovers any conflict, discrepancy, omission, or other error in this RFP, it shall immediately notify, in writing, the Procurement Officer. Should a potential Offeror identify alleged ambiguities in the specifications or Contract provisions included in this RFP, or should there be doubt as to the meaning or intent of any section herein, the potential Offeror must request clarification from the Procurement Officer prior to the Deadline for Receipt of Proposals. Failure to do so may prevent consideration of a future protest. (See COMAR 21.10.02.03)

3.6.3 If an Offeror fails to notify the Lottery of an error in the RFP known to the Offeror, or an error that reasonably should have been known to the Offeror, the Offeror shall submit a proposal at the Offeror's own risk; and, if awarded the Contract, the Offeror shall not be entitled to additional compensation or time by reason of the error or its later correction.

3.7 PROPOSAL SUBMISSION

3.7.1 Deadline for Receipt of Proposals

The submission of Proposals shall be conducted as described in Section VII.
All proposals must be received by the Procurement Officer, at the address listed in Section 3.1.1 and the Key Information Summary Sheet, no later than 2:00 p.m. (Local Time) on March 15, 2013, in order to be considered.

3.7.2 General Submission Requirements

Requests for extension of the Deadline for Receipt of Proposals (date or time) will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer as specified in Section 3.1.1.

Proposals may not be sent by fax or e-mail to the Lottery.

All written materials must be in English.

Upon its receipt, each proposal will be stored in a secure place until the time and date of opening. Proposals will not be opened publicly, but shall be opened in the presence of at least two (2) State employees. Proposals shall be shown only to State employees, members of the Evaluation Committee, or other persons deemed to have a legitimate interest in them.

A Register of Proposals will be prepared that identifies each Offeror. The Register of Proposals and identity of Offerors may not be disclosed before the Procurement Officer makes a determination recommending award of the Contract.

Except as provided in COMAR 21.05.02.10 and 21.05.03.02, Proposals or requests for withdrawal or modification received by the Procurement Officer after the Deadline for Receipt of Proposals will not be considered.

**Modifications or Withdrawals:** Proposals may be modified or withdrawn only by written notice to the Procurement Officer prior to the Deadline for Receipt of Proposals.

**Late Actions:** A proposal, request to withdraw a proposal, or a modification to a proposal is late if the Procurement Officer does not receive it by the Deadline for Receipt of Proposals. A late proposal, late request for withdrawal, or late modification will not be considered, except under the following circumstances:

A. When a late proposal, modification or withdrawal is received before contract award and the proposal, modification or withdrawal would have been timely but for the action or inaction of State personnel directing the procurement activity or their employees.

B. A late modification of a successful proposal, which makes its terms more favorable to the State, shall be considered at any time it is received and may be accepted at the sole discretion of the State. (See COMAR 21.05.02.10)
3.8  CASE STUDY/ORAL PRESENTATIONS/SITE VISITS DURING EVALUATION

Oral Presentations
Offerors for the Primary Contract will be required to make an oral presentation of the Case Study as defined in Section 7.3.5.8 during the evaluation process.

During the evaluation process, Offerors may be required to make individual oral presentations to the Evaluation Committee in order to clarify their proposals. Submission of a proposal does not guarantee an Offeror the opportunity to be invited to participate in oral presentations or discussions. An Offeror’s presentation must include the key staff that would be assigned to this project if awarded the Contract.

Site Visits
The Evaluation Committee may make site visit(s) to the Offerors’ place of business or other location where Offeror is providing services to a third party.

Scheduling
The Procurement Officer will notify Offerors of the time, place, procedure, scope, and format for the Case Study and for any oral presentations, demonstrations and/or site visit(s) that may be required. These events may be scheduled concurrently or separately at the Lottery’s discretion. An Offeror’s failure to promptly comply and cooperate with these requirements could result in its proposal being rejected and eliminated from further consideration.

Representations
Significant representations made by an Offeror during oral presentations, discussions, demonstrations and site visit(s) shall be reduced to writing by the Offeror. All such representations will become part of the Offeror’s Proposal and shall be binding if the Contract is awarded.

Expenses
The Offeror shall provide travel, lodging, meals and related expenses both to and from the site visit(s) for up to ten (10) representatives of the Lottery.

3.9  DURATION OF OFFER

Proposals submitted in response to this RFP are irrevocable for one hundred eighty (180) days following the Deadline for Receipt of Proposals or of Best and Final Offers ("BAFO"), if requested. This period may be extended only by written mutual agreement between the Offeror and the Lottery.

3.10  OWNERSHIP OF MATERIAL

All opened proposals become the property of the Lottery upon receipt and will not be returned to the Offerors. Selection or rejection of the proposal will not affect this right. Unopened financial proposals will be returned to the Offeror.
3.11 PROPOSAL DISCLOSURE PROHIBITION

Upon issuance of this RFP, neither the Lottery or Commission, nor their representatives shall discuss the contents of this RFP with potential Offerors or their representatives, other than in conjunction with the Pre-Proposal Conference, oral presentations/site visits or discussions. (See RFP Section 3.5, 3.8 and 8.6)

Until a Contract resulting from this RFP is awarded, no employee, agent, or representative of any Offeror may make available or discuss its proposal with any officer of the State of Maryland, any Commission member, or any employee, agent or representative of the Lottery, unless specifically authorized to do so in this RFP or in writing by the Procurement Officer for the purposes of clarification, evaluation, and/or negotiation.

Prior to Contract award, Offerors shall not represent themselves to Lottery staff, Retailers or the public as having the endorsement of the Lottery or Commission or as a supplier of any products or services to the Lottery or Commission.

3.12 METHOD OF PROCUREMENT

The method of procurement used shall be Competitive Sealed Proposals pursuant to COMAR 21.05.03.

3.13 REVISIONS TO THE RFP

If it becomes necessary to revise any part of this RFP before the Deadline for Receipt of Proposals, the Lottery will provide an amendment(s) to all parties who were sent or otherwise are known by the Procurement Officer to have obtained a copy of this RFP. Amendments will be posted on eMarylandMarketplace. Amendments will be distributed in reasonable time to allow prospective Offerors to consider them in preparing their proposals.

Amendments made after the Deadline for Receipt of Proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the Deadline for Receipt of Proposals shall be required from all Offerors in their Transmittal Letter accompanying their Technical Proposal. (See Section 7.3.1) Acknowledgement of the receipt of amendments to the RFP issued after the Deadline for Receipt of Proposals shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendments.

3.14 INFORMATION NOT CONTAINED IN THE RFP

Proposals shall be based solely on the material contained in this RFP and any amendments thereto. Offerors are to disregard any newspaper advertisements, news articles, and any oral representations when preparing their proposals.
3.15 CANCELLATION OF THE RFP; REJECTION OF ALL PROPOSALS

The Lottery may cancel this RFP or reject all proposals submitted in response to this RFP when this action is determined to be in the State’s best interest.

3.16 PROPOSAL ACCEPTANCE; DISCUSSIONS

The Lottery reserves the right to accept or reject any or all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions or negotiations with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State. This may be followed by submission of Offeror-revised proposals and a BAFO. This request does not commit the Lottery to award a Contract.

The Lottery also reserves the right, in its sole discretion, to award a contract based upon the written proposals received without prior discussions or negotiations with respect to those proposals.

3.17 INCURRED EXPENSES AND ECONOMY OF PREPARATION

The Lottery will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this RFP. Proposals should be prepared simply and economically, providing a straightforward, concise description of how the Offeror proposes to meet the requirements of this RFP.

3.18 PUBLIC INFORMATION ACT NOTICE

An Offeror should give specific attention to the clear identification of those portions of its proposal that it deems to be confidential, proprietary commercial information or trade secrets, and provide justification of why such materials, upon request, should not be disclosed by the State pursuant to the Access to Public Records Act (“PIA”), Title 10, Subtitle 6, State Government Article, Annotated Code of Maryland. A blanket statement by the Offeror that its entire proposal is confidential proprietary commercial information or a trade secret is unacceptable. Proposals shall be open to public inspection only after Contract award, to the extent permitted by the PIA.

Offerors are advised that, upon request for this information from a third party, the Procurement Officer is required to make an independent determination whether the information may be disclosed. (See COMAR 21.05.08.01)

3.19 OFFEROR/CONTRACTOR RESPONSIBILITIES

The Lottery will enter into a contractual agreement only with the selected Offeror(s). The selected Offeror(s) shall be responsible for providing all products, equipment and services required by this RFP. The selected Offeror(s) remains responsible for all work performed by, and any deliverable submitted by, a subcontractor.
3.20 PROTESTS

The State provides avenues for an Offeror to protest the award or the proposed award of a contract. Any protest or dispute related to this RFP or the resulting contract will be subject to Title 15, Subtitle 2 of the State Finance and Procurement Article, Annotated Code of Maryland, and COMAR Title 21, State Procurement Regulations, Subtitle 10, Administrative and Civil Remedies.

3.21 MINORITY BUSINESS ENTERPRISE (MBE) SUBCONTRACT PARTICIPATION GOAL (Applicable to the Primary Contractor only)

3.21.1 Minority business enterprises are encouraged to respond to this RFP.

3.21.2 Offerors are advised to carefully review these provisions as they will be closely scrutinized and monitored by the Lottery for compliance. The Lottery will report procurement activity with all Minority Business Enterprises (“MBEs”) to the Governor’s Office of Minority Affairs.

3.21.3 Forms required to be submitted are contained in Appendix D: Minority Business Enterprise (“MBE”) Instructions/Forms. (Note: If the Offeror fails to submit Attachment D-1 at the time of submittal of its Proposal as required, the Procurement Officer must determine that the proposal is not reasonably susceptible of being selected for award.)

3.21.4 General Requirements

1. All MBE firms proposed must be certified by the Maryland Department of Transportation (“MDOT”) prior to Contract award in order to be counted. The spirit and intent of the State of Maryland is to afford MBEs the opportunity to perform viable and meaningful services in a teaming effort on its contracts. It is the desire of the State to maximize notice, and the opportunity to participate in the procurement process, to a diverse and broad range of MBEs. Therefore, a minimum certified Minority Business Enterprise participation goal of **10%** has been established for this Contract.

   The Contractor — including an MBE prime Contractor or a prime Contractor comprising a joint venture that includes MBE partner(s) — shall accomplish an amount of work not less than the MBE subcontract participation goal with MDOT certified MBE subcontractors, unless it has requested and been granted a waiver. An MBE prime cannot subcontract to itself; a prime joint venture with MBE partners cannot subcontract to its MBE partners.

   In the event that two (2) or more proposals are determined by the Procurement Officer to be equal, the Lottery may award a contract to the Offeror whose offer reflects the greatest amount of meaningful and diverse certified MBE participation. (See COMAR 21.11.03.10.)
2. Offerors requiring assistance in locating certified MBEs are encouraged to contact the following offices:

   The Governor's Office of Minority Affairs
   6 Saint Paul Center, #1502
   William Donald Schaefer Tower
   Baltimore, Maryland 21202
   (410) 767-8232

   Minority Business Enterprise Liaison
   Maryland State Lottery and Gaming Control Agency
   Montgomery Park Business Center
   1800 Washington Boulevard, Suite 330
   Baltimore, Maryland 21230
   (410) 230-8823

Offerors requesting a Maryland MBE Directory may contact:

   Maryland Department of Transportation
   Office of Minority Business Enterprise and Equal Opportunity
   P.O. Box 8755
   Baltimore-Washington International Airport
   Linthicum, Maryland 21240-0753
   (800) 544-6056 or (410) 865-1269

   The MBE Directory is also available on the Maryland Department of Transportation’s website which is www.mdot.maryland.gov.

3. Pursuant to COMAR 21.11.03.09C(2)(a-e), to achieve the result specified in Section 3.21.4.1, the Offeror shall conduct the subcontractor solicitation process in such a manner as to not place MBE subcontractors at a disadvantage. In this process, the Offeror shall:

   a. Identify specific and meaningful work categories within the RFP’s scope of work that are appropriate for subcontracting;

   b. Solicit diverse certified MBEs through written notice at least ten (10) days before bids or proposals are due, describing the identified work categories under item (a) above and providing instructions on how to submit a bid for the subcontracts (Make sure the MBEs are certified in the work category for which they are being solicited – carefully check the NAICS code);

   c. Attempt to make personal contact with the certified MBEs solicited in item (b) above and document these attempts;

   d. Assist certified MBEs to fulfill bonding requirements or to obtain a waiver of those requirements; and,

   e. In order to publicize subcontracting opportunities to certified MBEs, attend pre-proposal conferences or other meetings scheduled by the procurement agency. Notify and encourage those MBEs solicited to attend the pre-proposal conference.
4. Waiver

a. If an Offeror or apparent successful Offeror believes a waiver of some or all of the MBE goal is necessary, including any sub-goal, then the Offeror must request a waiver by completing the applicable section of Appendix D-1 "MBE Utilization and Fair Solicitation Affidavit". The waiver request must clearly indicate what portion of the established goal the Offeror intends to meet. Documentation supporting any waiver request shall include:

i. A detailed statement of the efforts made to select portions of the work proposed to be performed by certified MBEs in order to increase the likelihood of achieving the stated goal;

ii. A detailed statement of the efforts made to contact and negotiate with certified MBEs including the names, addresses, dates, and telephone numbers of the certified MBEs contacted and a description of the information provided to the certified MBEs regarding plans, specifications, and anticipated time schedule for the work to be performed;

iii. As to each certified MBE that placed a subcontractor quotation or offer that the apparent successful Offeror considered not to be acceptable, a detailed statement of the reasons for this conclusion; and,

iv. In the event certified minority subcontractors are found to be unavailable, a signed and notarized MBE Statement of Unavailability must be prepared by the apparent successful Offeror, including the names, addresses, dates, times, and telephone numbers of the certified MBEs contacted and the reason each MBE is unavailable.

b. An Offeror requesting a waiver must demonstrate reasonable good faith efforts to meet the goal, and a waiver of any portion of the MBE goal shall be granted only upon reasonable demonstration by the apparent successful Offeror that: 1) certified MBE participation was unable to be obtained or was unable to be obtained at a reasonable price, and 2) if the Lottery determines that the public interest is served by a waiver.

c. The documentation shall be furnished within the time specified by the Lottery. If the Lottery determines that the recommended Offeror has not complied with the certified MBE subcontract participation contract goal, has not obtained a waiver as required, fails to submit the documentation required by the solicitation, or fails to comply in good faith with outreach efforts, the Lottery, upon review by the Office of
the Attorney General, may reject the proposal or cancel the award of the Contract.

5. Amendment for Unforeseen Circumstances

If at any time before or after the award of the Contract, the Offeror or apparent successful Offeror determines that a certified MBE listed on its MBE Utilization and Fair Solicitation Affidavit (Appendix D-1) has become or will become unavailable, then the Offeror shall immediately notify the Procurement Officer who may verify such unavailability. Within ten (10) working days from notification to the Procurement Officer, the Offeror must submit and it shall be considered as part of the Contract, a revised MBE Utilization and Fair Solicitation Affidavit (Appendix D-1) and submit a new Subcontractor Project Participation Statement (Appendix D-3) signed by both the Offeror and the newly proposed certified MBE(s), which must be approved by the Procurement Officer and the MBE Liaison Officer. In the event certified MBE subcontractors are found to be unavailable, the Offeror must submit a request in writing for a waiver.

6. Compliance

a. To ensure compliance with certified MBE subcontract participation goals, the Lottery shall verify that the certified MBEs listed in the MBE Utilization and Fair Solicitation Affidavit (Appendix D-1) are actually performing work and receiving compensation as set forth in the Schedule. The Contractor shall:

   i. Permit the Lottery to inspect any relevant matter and conduct periodic reviews, including reviewing records, visiting jobsites and interviewing subcontractors and workers;

   ii. Submit monthly a report listing unpaid invoices over 30 days old received from a certified MBE subcontractor, and the reason payment has not been made. By the 15th of each month, beginning the first month after the Contract commencement date, the Contractor shall submit to the MBE Liaison Officer a Contractor Paid/Unpaid Invoice Report (Appendix D-4) for each certified MBE. The report shall include all invoices submitted by the MBE subcontractor and canceled checks; and,

   iii. Include in its agreements with its certified MBE subcontractors a requirement that the certified MBE subcontractors submit by the 15th of each month to the MBE Liaison Officer a report, the MBE Subcontractor Paid/Unpaid Invoice Report (Appendix D-5), identifying the prime contract, and listing:

      (1) All invoices submitted to the Contractor;
(2) Payments received from the Contractor in the preceding 30 days; and,

(3) Subcontractor invoices over 30 days old.

b. Provide right-of-entry at reasonable times for purposes of the State’s representatives verifying compliance with the MBE participation obligations. The Contractor must maintain and retain all records concerning MBE subcontractor participation and make them available for inspection for a period of three (3) years from the date of final payment under the Contract. Subcontract agreements documenting the work performed by all MBEs must be retained by the Contractor and furnished to the Procurement Officer upon request. (All MBE information from the first day of the contract until the last day of the contract shall be retained for three years after the final payment of the Contract.)

c. Upon determining the Contractor's noncompliance, the MBE Liaison Officer shall notify the Contractor in writing of its findings and shall specify what corrective actions are required. The Contractor shall be required to initiate the corrective actions within ten (10) working days and complete them within the time specified by the Lottery. (See COMAR 21.11.03.13 B.)

d. If the Lottery determines that material noncompliance with MBE Contract provisions exists and that the prime Contractor refuses or fails to take the corrective action required by the Lottery, then the following sanctions may be invoked:

i. Withholding payment

ii. Termination of the Contract

iii. Suspension of the right of the Contractor to participate in any future contracts

iv. Referral to the Office of the Attorney General for appropriate action

v. Initiation of any other specific remedy identified by the Contract

vi. The Lottery may use any other compliance mechanism authorized in COMAR 21.11.03 or available at law.

e. The Lottery may, upon completion of the Contract, and before final payment or release of retainage or both, require that the prime Contractor on any contract having an MBE subcontract goal, submit a final report, in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

f. If the Lottery determines that the Contractor has not complied with the MBE subcontract participation goal, and has not obtained a waiver, the Procurement Officer, upon review by the Office of the
Attorney General, may determine the Contractor to be in breach of contract. The reasons for this action shall be specified in writing to the Contractor.

7. Prohibited Acts; Fines

Under Section 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland, any person who commits any of the following acts is guilty of a felony, and on conviction is subject to a fine not exceeding $20,000 or imprisonment not exceeding five (5) years or both:

a. Fraudulently obtains, holds, or attempts to obtain or hold certification;

b. Aids another person in performing an act prohibited under item (a) of this paragraph;

c. Willfully obstructs, impedes, or attempts to obstruct or impede a State official or employee investigating the qualifications of a business entity that has requested certification;

d. Fraudulently obtains, attempts to obtain, or aids another person in fraudulently obtaining or attempting to obtain, public monies to which the person is not otherwise entitled under this subtitle; or,

e. In any minority business enterprise matter administered under this subtitle:

   i. Willfully falsifies, conceals, or covers up a material fact by any scheme or device;

   ii. Makes a false or fraudulent statement or representation; or,

   iii. Uses a false writing or document that the person knows to contain a false or fraudulent statement or entry.

8. Protests

A protest under COMAR 21.10.02 may not be filed to challenge a decision whether an entity is or is not a certified MBE, nor may a protest be filed concerning any act or omission by the Lottery under COMAR 21.11.03.

3.22 ARREARAGES

By submitting a response to this RFP, an Offeror represents that it is not in arrears in the payment of any obligation due and owing the State, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the Contract if selected for contract award.
3.23 PROPOSAL AFFIDAVIT

An Offeror submitting a proposal must complete the Proposal Affidavit (Appendix A of this RFP) and submit it with its proposal. The Affidavit includes anti-bribery, non-collusion, debarment, and financial disclosure and political contribution disclosure affirmations.

3.24 CONFLICT OF INTEREST AFFIDAVIT AND DISCLOSURE

An Offeror submitting a proposal must complete the Conflict of Interest Affidavit and Disclosure (Appendix G of this RFP) and submit it with its proposal. It is unlawful for any State officer, employee, or agent to participate personally in his official capacity through decision, approval or disapproval, recommendation, advice, or investigation in any Contract or other matter in which he, his spouse, parent, minor child, brother, or sister has a financial interest or to which any firm, corporation, association, or other organization in which he has a financial interest or in which he is serving as an officer, director, trustee, partner, or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, is a party, unless such officer, employee, or agent has previously complied with the provisions of the Maryland Code Annotated, State Government Article, §15-501 et seq.

3.25 CONTRACT AFFIDAVIT

All Offerors are advised that if a contract is awarded as a result of this RFP, the successful Offeror/Contractor will be required to complete a Contract Affidavit, which is included for information purposes as Appendix B to this RFP. This Affidavit is not required to be submitted with the Offeror's proposal, but shall become a part of the Contract to be signed by the Contractor.

3.26 RECIPROCAL PREFERENCE - RESIDENT OFFEROR

1. The provisions of State Finance and Procurement Law 14-401 and COMAR 21.05.01.04 shall apply to this solicitation.

2. Nonresident Offerors submitting a proposal for this solicitation shall include a copy of the current statute, resolution, policy, procedure or executive order of the resident state for the nonresident Offeror that pertains to that state's treatment of nonresident Offerors.

3. Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, the Lottery will apply a resident business preference if: a responsible Offeror whose headquarters, principal base of business operations, or principal site that will primarily provide the services required by this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and the preference does not conflict with a federal law or grant affecting the
Contract. The preference given will be identical to the preference that the other state, through law, policy or practice gives to its residents.

3.27 VERIFICATION OF REGISTRATION AND TAX PAYMENT

Before a corporation can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore Maryland 21201 and Department of Labor, Licensing and Regulation. Corporations that are not incorporated in Maryland are required to have a resident agent. The resident agent must be either an individual (not the corporation itself) with an address in Maryland or a corporation that represents other corporations as a resident agent. Further, both corporations and individuals should contact the Comptroller’s office to verify that they have no tax liability.

The Contractor shall ensure that all subcontractors meet these requirements, and further, that the Contractor and all subcontractors meet these requirements for the duration of the Contract.

A potential Offeror with questions concerning this requirement should contact the Department of Assessments and Taxation at (410) 767-1330. It is recommended that potential offerors and subcontractors be completely registered prior to the Deadline for Receipt of Proposals. Failure to register may disqualify an otherwise successful Offeror from final consideration and contract award.

3.28 PAYMENTS BY ELECTRONIC FUNDS TRANSFER

By submitting a proposal in response to this RFP, an Offeror agrees to accept payments by electronic funds transfer unless the State Comptroller’s Office grants an exemption. The selected Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form, which is provided in Appendix E or may be downloaded at: http://compnet.comp.state.md.us/gad/pdf/GADX-10.pdf. A request for exemption must be submitted to the State Comptroller’s Office for approval at the address specified on the COT/GAD X-10 form and include the business identification information as stated on the form and include the reason for the exemption.

3.29 MULTIPLE OR ALTERNATE PROPOSALS

Neither Multiple nor Alternate proposals will be accepted. Submission of proposals for both the Primary Contract and a Secondary Contract will not be considered to be Multiple Proposals under this paragraph.

3.30 FALSE STATEMENTS

Offerors are advised that Section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

(a) In connection with a procurement contract, a person may not willfully:
1. Falsify, conceal, or suppress a material fact by any scheme or device;

2. Make a false or fraudulent statement or representation of a material fact; or

3. Use a false writing or document that contains a false or fraudulent statement or entry of a material fact.

(b) A person may not aid or conspire with another person to commit an act under subsection (a) of this section.

(c) A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding $20,000 or imprisonment not exceeding five years or both.

3.31 ANTI-BRIBERY

Pursuant to the Annotated Code of Maryland, State Finance and Procurement Article, §16-202, any person convicted of bribery, attempted bribery, or conspiracy to bribe committed in the obtaining of a contract from the State or any of its subdivisions, shall be subject to disqualification from entering into a contract with the State, or any county or other subdivision of the State.

3.32 NONDISCRIMINATION

As a condition of entering into this agreement, the Offeror represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, the Offeror may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall the Offeror retaliate against any person for reporting instances of such discrimination. The Offeror shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that nothing contained in this clause shall prohibit or limit otherwise lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. The Offeror understands and agrees that a material violation of this clause shall be considered a material breach of this agreement and may result in termination of this agreement, disqualification of the Offeror from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

3.33 LIVING WAGE REQUIREMENT

A solicitation for services under a State contract valued at $100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated
Code of Maryland. Additional information regarding the State’s Living Wage requirement is contained in this RFP (Appendix N - Living Wage Requirements for Service Contracts). If the Offeror fails to submit and complete the Affidavit of Agreement, the State may determine an Offeror to be not responsible.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the required amount per hour as specified on the Department of Labor, Licensing and Regulation (“DLLR”) website at www.dllr.maryland.gov, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least the required amount per hour as specified on the DLLR website. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George’s, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

The contract resulting from this RFP has been deemed to be a Tier 1 contract.

3.34 PROMPT PAYMENT REQUIREMENT

This procurement and the contract to be awarded pursuant to this RFP are subject to the Prompt Payment Policy Directive issued by the Governor’s Office of Minority Affairs and dated August 1, 2008. Promulgated pursuant to Sections 11-201, 13-205(a), and Title 14, Subtitle 3 of the State Finance and Procurement Article, and COMAR 21.01.01.03 and 21.11.03.01 et seq., the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The successful Offeror who is awarded a contract shall comply with the prompt payment requirements outlined in the Contract (RFP Section 4.62)

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SECTION IV. MANDATORY CONTRACTUAL PROVISIONS-CONTRACT

The Contract(s) resulting from this RFP shall include the following mandatory contractual terms and conditions (See generally COMAR Title 21, State Procurement Regulations, Subtitle 07, Contract Terms and Conditions), and shall be substantially in the format below.

THE ONLY RESPONSE REQUIRED IN THE OFFEROR’S PROPOSAL FOR THIS SECTION IS A STATEMENT OF INTENT TO COMPLY WITH THE TERMS, CONDITIONS, AND REQUIREMENTS SET FORTH HEREIN.

NOTE: An Offeror who takes exceptions to the State’s mandatory contractual provisions may have its otherwise qualified proposal deemed to be not susceptible for award. (See also Section 7.3.4 (4))

INSTANT TICKET GAMES AND RELATED SERVICES CONTRACT #2013-01

This Instant Ticket Games and Related Services Contract #2013-01 (the “Contract”) made this ______ day of __________, 2013 is by and between the Maryland State Lottery and Gaming Control Agency (“Lottery”), an agency of the State of Maryland having its headquarters at 1800 Washington Boulevard, Suite 330, Baltimore, Maryland 21230, and ______ (The Selected Offeror) (“Contractor”), a_______ (Type of Business)____ having its principal place of business at ________________________________

Now therefore, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

4.1. SCOPE OF THE CONTRACT

1. As set forth in this Contract and the Technical Specifications of the Request for Proposals #2013-01, the Contractor shall provide: Instant Ticket Games and Related Services, to include but not limited to, Instant Ticket design, Instant Ticket planning, production, security and delivery to the Lottery’s warehouse; delivery of Instant Tickets to the Lottery’s Retailers; and marketing and sales support.

2. The Contractor shall provide the Lottery with the foregoing services in accordance with:
(i) this Contract;
(ii) the Request for Proposals #2013-01, dated January 29, 2013, as amended by: Amendment #_____ dated ______, 2013 and BAFO
dated __________, 2013, collectively referred to hereinafter as the “RFP”; and
(iii) the Contractor’s Proposal, dated __________, 2013, only to the extent that it is consistent with the Contract and the RFP.

All of the above documents referred to in (i), (ii), and (iii) are incorporated herein by reference as if fully set forth herein. For purposes of reference, the “Contract” means all of the foregoing documents, attachments, or exhibits.

3. PRECEDENCE OF CONTRACT DOCUMENTS: In the event of inconsistencies and/or ambiguities between the Contract, the RFP, the Amendments modifying the RFP and the Contractor’s Proposal, the Contractor’s obligations for providing the required services are defined in order of precedence by (1) the Contract; (2) the Amendments modifying the RFP; (3) the RFP; and (4) the Contractor’s Proposal (Technical and Financial), to the extent that the Proposal does not conflict with the Contract, RFP or Amendments. The Lottery shall not be bound by any part(s) of the Contractor’s Proposal to the RFP which contains information, options, exceptions, conditions, terms, or prices not requested or required in the RFP, unless specifically included in the Contract.

4.2 CONTRACT TERM

Subject to approval by the Maryland Department of Budget and Management, the Maryland Board of Public Works, and any other necessary State officials, this Contract shall commence on or about July 1, 2013 and expire on June 30, 2017 for a term of approximately four (4) years. The Lottery, at its sole option, shall have the unilateral right to extend the Contract for one (1) additional three (3) year renewal period, for a total Contract term of approximately seven (7) years. All other terms and conditions, including price, shall remain the same during the renewal period.

Upon the expiration of this Contract, or of the Renewal Option Period if exercised, the Lottery, at its sole option, shall have the unilateral right to extend the Contract for a Final Renewal Option Period (for transitioning) of up to an additional six (6) month period in order to facilitate the conversion and transition to a follow-on Instant Ticket contractor. For this Final Renewal Option Period, the Lottery will determine and indicate the number of months needed to facilitate the transition of the instant lottery to a follow-on contractor at the time of exercising this Option. All other terms and conditions, including price, shall remain the same for this Final Renewal Option as what is in effect at time of expiration of the initial Contract term or of the Renewal Option Period, as applicable. Upon expiration of the initial Contract term of four (4) years, the Renewal Option Period of three (3) years (if exercised), and the Final Renewal
Option for transitioning of up to six (6) months (if exercised), the total Contract Term shall not exceed approximately seven (7) years and six (6) months.

4.3 COMPENSATION AND METHOD OF PAYMENT

4.3.1 Beginning on July 1, 2013, or upon the commencement of the Contract, whichever is later, the Contractor will begin to accrue earnings and the Lottery agrees to pay the amounts set forth in this Section 4.3.

4.3.2 Said charges shall be (amount to be inserted upon contract award) dollars per square inch of Instant Ticket area (per 1,000 Instant Tickets) for Instant Tickets printed by the Contractor and, for Primary Contractor only, (amount to be inserted upon contract award) dollars per delivery of Instant Ticket orders and POS materials to Retailers in accordance with the unit prices stated in the Primary Contractor’s Financial Proposal.

4.3.3 Incentive Program (For Primary Contractor ONLY): The Contractor Incentive Program (“CIP”) shall be for the Primary Contractor only and shall be based on the total incremental Net Revenue increase over the prior three (3) complete fiscal years average total Net Revenue. The three-year average will be recalculated each year based on the three most recent complete years. Each year after the first complete Contract year the Contractor shall be paid CIP compensation of one percent (1%) of any incremental increase in total Net Revenue over the then-current three-year average. Any CIP payment will be made annually within fifteen (15) days after the receipt of the year-end audited financial statements (usually around October of each year) and after, and subject to, an invoice to be submitted by the Contractor. If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued support of the CIP, the Director may discontinue the CIP at any time upon thirty (30) days written notice to the Contractor.

4.3.4 The Primary Contractor shall submit two (2) separate invoices for these charges to the Lottery on a monthly basis. One invoice shall be for the Instant Tickets provided by Primary Contractor and will be based on a monthly statement of Instant Tickets printed by Contractor, to be provided by the Contractor not later than the fifteenth (15th) day of the month following the month of Instant Ticket Game production and delivery. The second invoice shall be for delivery services and shall itemize the actual deliveries made during the billing period. The Contractor shall provide that itemization.

The Secondary Contractor shall submit a single invoice for these charges to the Lottery on a monthly basis. The invoice shall be for the
Instant Tickets provided by Secondary Contractor and will be based on a monthly statement of Instant Tickets printed by Contractor, to be provided by the Contractor not later than the fifteenth (15th) day of the month following the month of Instant Ticket Game production and delivery.

All invoices shall include the Contractor’s Federal Tax Identification Number, which is (number to be inserted upon contract award).

4.3.5 The Lottery shall make payment no later than thirty days (30) after receipt of proper invoice(s) from the Contractor in accordance with standard State procedures. The Lottery may withhold and/or reduce payment for unsatisfactory performance, as well as for set-off, counterclaim, liquidated damages, or any other legally permitted deduction. The Lottery shall have the right to adjust future invoices based on the results of monthly independent audits.

4.3.6 The total price/amount of this Contract for the initial four (4) year term excluding any future modifications shall not exceed ($ amount to be inserted upon contract award) Dollars. In the event that the Lottery exercises its unilateral option to extend the Contract in its sole discretion, the price/amount of this Contract for the Renewal Option three (3) year period excluding any future modifications shall not exceed ($ amount to be inserted upon contract award). If the Lottery exercises the option to extend, such option shall be at the same prices, terms and conditions. The “not to exceed” amounts are not guaranteed amounts, but only the maximum amount authorized to be expended under this Contract without further written and properly authorized modification. If the charges are likely to become greater than the not to exceed amounts, the Lottery will request approval from the Maryland Department of Budget and Management, the Maryland Board of Public Works, and other necessary State officials.

4.4 CONTRACT MODIFICATION

Any amendment, change, modification or extension of this Contract must be in writing and executed by both parties with approval by the Procurement Officer, subject to any additional approvals required by State law. No amendment to this Contract shall be binding unless in writing, so approved by the appropriate parties, and signed by both parties. No amendment may change significantly the scope of the original Contract.

4.5 NON-HIRING OF OFFICIALS AND EMPLOYEES

No official or employee of the State of Maryland, as defined in State Government Article, §15-102, Annotated Code of Maryland, whose duties as such official or
employee include matters relating to or affecting the subject matter of this Contract, shall, during the pendency and term of this Contract and while serving as an official or employee of the State, become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

4.6 DISPUTES

This Contract shall be subject to the provisions of the State Finance and Procurement Article, Title 15, Subtitle 2, Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within thirty (30) days after the basis for the claim is known or should have been known, whichever is earlier. Pending resolution of a claim, the Contractor shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision.

4.7 MARYLAND LAW PREVAILS

The place of performance of this Contract shall be the State of Maryland, and this Contract shall be governed by the laws of the State of Maryland and for all purposes shall be construed, interpreted, and enforced in accordance with said laws and the decisions of the courts of the State of Maryland thereon and as required under applicable laws and regulations, including approval of the Board of Public Works where appropriate, and shall be binding upon the successors and assigns of the parties hereto. Any and all litigation arising under this Contract shall be instituted in the appropriate court of the State of Maryland.

4.8 NONDISCRIMINATION IN EMPLOYMENT

The Contractor agrees:

1. Not to discriminate in any manner against any employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, sexual preference, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment;

2. To include a provision similar to that contained in subsection 1, above, in any subcontract except a subcontract for standard commercial supplies or raw materials;

3. To post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause;
4. To operate under this Contract so that no employee or client is subjected to sexual harassment in the workplace or in locations and situations otherwise associated with the performance of duties per the terms of this Contract. Further, except in sub-contracts for standard commercial supplies or raw materials, the Contractor shall include this clause, or a similar clause approved by the Lottery, in all sub-contracts. The Contractor has primary responsibility for enforcement of these provisions and for securing and maintaining the sub-contractor's full compliance with both the letter and spirit of this clause;

5. As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State’s Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Agreement and may result in termination of this Agreement, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party;

6. The contractor shall include the above Commercial Nondiscrimination clause, or similar clause approved by the Commission, in all sub-contracts; and

7. As a condition of entering into this Contract, upon the Commission on Civil Rights’ request, and only after the filing of a complaint against the Contractor under Title 19 of the State Finance and Procurement Article, as amended from time to time, the Contractor agrees to: provide to the State within sixty (60) days after the request a truthful and complete list of the names of all subcontractors, vendors, and suppliers that the Contractor has used in the past four (4) years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by the Contractor on each subcontract or supply contract. The Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State’s Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, to provide any documents relevant to any investigation that is requested by the State. The Contractor understands and agrees that violation of this clause shall be considered a material breach of this
Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

4.9 CONTINGENT FEE PROHIBITION

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson or commercial selling agency working for the Contractor, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson or commercial selling agency, any fee or any other consideration contingent on the making of this Contract.

4.10 MULTI-YEAR CONTRACTS CONTINGENT UPON APPROPRIATIONS

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the Lottery from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The Lottery shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

4.11 TERMINATION FOR DEFAULT

The rights and remedies of the State under the Contract are cumulative. The enforcement of any right or election of any remedy by the State provided by the Contract for any breach of the Contract will not preclude the State from enforcing other rights and availing itself of other remedies available under the Contract for the same breach or any other breach of the Contract.

If the Contractor fails to properly perform its obligations under the Contract, the State may correct any deficiencies at the Contractor's expense. If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by giving written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work and services provided by the Contractor shall, at the State's option, become the State's property. The State shall pay the Contractor fair and equitable
compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

4.12 TERMINATION FOR CONVENIENCE

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay the Contractor all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with the termination of the Contract. However, the State will not pay, and the Contractor shall not be entitled to, any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 A (2).

4.13 DELAYS AND EXTENSIONS OF TIME

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract.

Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

4.14 SUSPENSION OF WORK

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance of work for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.
4.15 PRE-EXISTING REGULATIONS

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, as from time to time amended, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR Title 21) in effect on the date of execution of this Contract are applicable to this Contract. However, both parties expressly acknowledge the possibility of substantial changes in federal and State laws and regulations applicable to this Contract and expressly agree to renegotiate this Contract as necessary to comply with any such changes. Specifically, Contractor should make note of Environment Article, Section 9-1707 (Newsprint Recycling Program) of the Annotated Code of Maryland and ensure that potential third-party vendors are in compliance with applicable environmental recycling laws and regulations.

4.16 PAYMENT OF STATE OBLIGATIONS

Section 15-104 et seq. of the State Finance and Procurement Article, Annotated Code of Maryland, provides that the State shall remit payment to the Contractor within thirty (30) days after receipt of a proper invoice pursuant to any authorized, written procurement contract. Except as provided in Section 15-105 of this Article, the State's failure to remit payment within this period may entitle the Contractor to interest at the rate specified in 15-104 of this Article, for the period that begins thirty one (31) calendar days after the receipt date. This amount, if paid, shall be in lieu of payment of any other late charge(s) by the State.

For purposes of this contract, an amount will not be deemed "due and payable" and interest payments will not be authorized for late payments unless the following conditions have been met:

(1) The amount invoiced is consistent with the amount agreed upon by the parties to the contract.

(2) The goods or services have been received by the State and the quantity received agrees with the quantity ordered.

(3) The goods or services meet the qualitative requirements of the contract and have been accepted by the State.

(4) The proper invoice has been received by the party or unit of government specified in the contract.

(5) The invoice is not in dispute.
(6) If the Contract provides for progress payments, the proper invoice for the progress payment has been submitted pursuant to the schedule contained in the Contract.

(7) If the Contract provides for withholding a retainage and the invoice is for the retainage, all stipulated conditions for release of the retainage have been met.

In order to receive payment of interest, the Contractor must submit a proper invoice for accrued interest within 30 calendar days after the payment date (i.e., the date of the check from the State Treasurer that pays the Contractor for the goods supplied or the service rendered) of the amount on which the interest accrued. Interest may not be claimed (1) if a claim has been filed under Title 15, State Finance and Procurement Article (Procurement Contract Administration and Dispute Resolution) Annotated Code of Maryland, (2) for more than one year following the 31st calendar day after the date that a proper invoice is received by a State agency, or (3) on an amount representing unpaid interest.

4.17 FINANCIAL DISCLOSURE

The Contractor shall comply with Section 13-221 of the State Finance and Procurement Article, Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate $100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches $100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

4.18 POLITICAL CONTRIBUTION DISCLOSURE

The Contractor shall comply with Election Law Article, Sections 14-101 through 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases or other agreements with the State, a county, or an incorporated municipality, or their agencies, during a calendar year in which the person receives in the aggregate $100,000 or more, shall file with the State Board of Elections a statement disclosing contributions in excess of $500 made during the reporting period to a candidate for elective office in any primary or general election. The statement shall be filed with the State Board of Elections: (1) before a purchase or execution of a lease or contract by the State, a county, an incorporated municipality, or their agencies, and shall cover the preceding two calendar years; and (2) if the contribution is made after the execution of a lease or contract, then twice a year, throughout the contract term, on: (a) February 5, to cover the 6-month period ending January 31; and (b) August 5, to cover the 6-month period ending July 31.
4.19 RETENTION OF RECORDS

Unless otherwise stated in the RFP or Contract, the Contractor shall retain and maintain all records and documents in any way relating to this Contract for three (3) years after final payment by the State under this Contract or until the expiration of any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or designee, at all reasonable times.

4.20 COMPLIANCE WITH LAWS / WARRANTIES

The Contractor hereby represents and warrants that:

1. It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;

2. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including, but not limited to, the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;

3. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract;

4. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

4.21 COST AND PRICE CERTIFICATION

The Contractor by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and current as of a mutually determined specified date prior to the conclusions of any price discussion or negotiations for: (a) a negotiated contract, if the total contract price is expected to exceed $100,000, or a smaller amount set by the Procurement Officer; or (b) a change order or contract modification, expected to exceed $100,000, or a smaller amount set by the Procurement Officer.

The price under this Contract, and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete or not current.
4.22 SUBCONTRACT, ASSIGNMENT AND PROHIBITION ON AFFILIATED ENTITY RELATIONSHIPS

The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the Lottery, nor may the Contractor assign this Contract or any of its rights or obligations hereunder without the prior written approval of the Lottery. The Contractor shall not pledge this Contract as a receivable without the prior written approval of the Lottery. Any such subcontract or assignment shall include terms and conditions that the Attorney General deems necessary to protect the interests of the Lottery and the State. The State shall not be responsible for the fulfillment of the Contractor's obligations to any subcontractor or assignee.

4.23 INDEMNIFICATION AND RESPONSIBILITY FOR CLAIMS AND LIABILITY

1. The Contractor shall indemnify and save and hold harmless the Lottery, the State of Maryland, the Commission, its agents, or any individual member thereof, or any employee of the State, against and from all liability for any costs, expenses, losses, liabilities, fines, penalties, suits, actions, demands, or claims of any nature or character whatsoever arising from or relating to the performance of the Contractor or its subcontractors under this Contract or in any manner related to the subject matter of this Contract. This section 4.23 shall survive the termination of this Contract.

The Contractor shall indemnify and save and hold the aforementioned entities and individuals harmless for the failure of the Contractor, its agents or employees, or its subcontractor(s), to comply with the terms of this Contract (or any part thereof), negligence of the Contractor, injury or death to any person, damage to property, nuisance (public or private), or trespass arising out of or attributable to the performance of work by the Contractor, its agents or employees, or its subcontractor(s), except to the extent caused by the negligent or willful act or omission of the State or its employees, agents, or independent contractors, other than the Contractor, its agents or employees, or its subcontractor(s). The whole, or so much of the moneys due, or to become due the Contractor under this Contract, as may be considered necessary by the Procurement Officer, may be retained by the Commission until such suits or claims for damages shall have been settled, or otherwise disposed of, and satisfactory evidence to that effect furnished to the Procurement Officer.

2. The Contractor further agrees to indemnify the State for damage, loss, or destruction of State property in the Contractor's care, custody, and/or control during the term of this Contract due to the action or inaction of the Contractor or its subcontractor(s).

3. State law prohibits the State from incurring, by way of an indemnity agreement, a potentially unlimited liability when no funds have been
appropriated to fund the liability, the risk is uninsured, and the indemnity agreement is not conditioned upon the future appropriation of funds to satisfy the liability. Notwithstanding any other provisions of the Contract documents, the State shall have no liability to the Contractor under the circumstances described in this paragraph.

4. The State has no obligation to provide legal counsel or defense or pay attorney's fees to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

5. The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.

6. The Contractor shall immediately notify the Procurement Officer of any claim, suit or action made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations or performance under the Contract, and shall cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract. Neither the Contractor nor subcontractors may settle or resolve any such claim, suit or action without advance notice to the State.

7. The Lottery will provide written notice of any claims filed against the Lottery or Commission arising out of the Contractor's performance under the Contract of which it has notice. With the concurrence of the Office of the Maryland Attorney General, the Lottery may allow Contractor the right to control such litigation, but the Lottery and the State reserves the right to jointly participate in all such legal proceedings, as well as the settlement of any such claims.

4.24 NO WAIVER OF RIGHT

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

4.25 CHANGE IN FINANCIAL CONDITION

If the Contractor experiences a substantial change in its financial condition during the term of the Contract or any extension thereof, the Contractor shall notify the Procurement Officer in writing of the change at the time the change occurs or is identified. Failure to notify the Procurement Officer of such a substantial adverse change in financial condition may be sufficient grounds for terminating the Contract.
4.26 **BANKRUPTCY**

Upon the filing of any bankruptcy proceeding by or against the Contractor, whether voluntary or involuntary, or upon the appointment of a receiver, trustee, or assignee for the benefit of creditors, the Contractor shall notify the Procurement Officer in writing immediately.

4.27 **TAXES**

The Lottery and Commission shall have no responsibility for the payment of any federal, state or local taxes which become payable by the Contractor or its subcontractors as a result of this Contract.

The State is generally exempt from Federal excise taxes, Maryland sales and use taxes, District of Columbia sales taxes and transportation taxes. Exemption certificates will be completed upon request. Where a Contractor is required to furnish and install material in the construction or improvement of real property in performance of a contract, the Contractor shall pay the Maryland sales tax and the exemption does not apply.

4.28 **LIABILITY FOR LOSS OF DATA OR RECORDS**

In the event of loss of any data or records necessary for the performance of this Contract where such loss is due to the error, negligence, or intentional action of the Contractor or its employees, agents or subcontractors, the Contractor shall be responsible, irrespective of cost to the Contractor, for recreating such lost data or records in a manner, format, and time frame acceptable to the State.

4.29 **PROPERTY RIGHTS/USUFRUCT**

Upon the expiration or termination of the Contract, all documents, listings, graphics, data and all other materials developed as a result of the Contract shall be delivered to and become the property of the Lottery. In addition, the Contractor shall furnish, within fifteen (15) days after receipt of the Notice of Termination, such reports and projects as may be required, based on work already completed.

Any data, information, survey instruments, and reports collected or prepared by the Contractor in the course of performing its duties and obligations under this Contract shall be deemed owned by the Lottery. This ownership provision is in consideration of the Contractor's use of public funds in collecting, preparing, or using such data, information, survey instruments, and reports. These items shall not be used by the Contractor for any independent project of the Contractor or publicized by the Contractor without the written permission from the Lottery. Subject to applicable State and federal laws and regulations, the Lottery shall have full and complete rights to reproduce, duplicate, disclose, and otherwise use all such data, information, survey instruments and reports.
Except as otherwise provided in this subsection, if any trademark, copyrightable or patentable material is developed by the Contractor in the course of performance of this Contract, the Lottery and the State shall have a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use the work, and authorize others to do so.

If, for any reason, other than the natural expiration of the Contract term, the Contractor ceases to perform the Contract, the Lottery shall, in addition to any other rights it may have under this Contract, acquire a property right (usufruct) in all property (tangible or intangible, real or personal) used by the Contractor to perform the Contract and which is necessary to provide such service. Said property right (usufruct) shall be limited to the right of the Lottery to possess and make use of such contractual items solely for the use and benefit of the Lottery in operating, maintaining, altering and improving the operational characteristics of the Systems being used by the Lottery under the Contract. Such property right (usufruct) shall be limited in time to the duration of the Contract or as the Lottery deems necessary to fulfill the Contract and any extension thereof or obtain a substitute.

4.30 RIGHTS IN PRODUCTS

1. All original written material including, but not limited to, reports, software and/or other documentation originated and prepared exclusively for the Lottery pursuant to this Contract shall belong exclusively to the Lottery.

2. All preexisting ideas, concepts, know-how and techniques and each invention, discovery and improvement thereof, previously made or conceived of by either the Contractor or the Lottery, as the case may be, whether reduced to practice or not (“Preexisting Party Innovations”), and any and all domestic, foreign or other intellectual property and other proprietary rights whatsoever relating thereto, whether registered, recorded or otherwise protected under patent, copyright, trademark, trade secret or other law (“Intellectual Property Rights”) shall remain the sole and exclusive property of the party hereto which made or conceived of same. Furthermore, the Lottery has the right to use any preexisting intellectual property rights, free of any type of fees, of the Contractor necessary to effectuate the purpose of this Contract.

3. All ideas, concepts, know-how and techniques and each invention, discovery and improvement thereof, exclusively made or conceived for the Lottery by the Contractor or its employees separately or jointly with Lottery personnel in the course of performance under this Contract, whether reduced to practice or not (“New Innovations”), together with all Intellectual Property Rights relating thereto (“New Intellectual Property Rights”), shall be owned solely and exclusively by the Lottery and may be used by the Contractor only upon written agreement with the Lottery.
In furtherance of the foregoing, Contractor shall deliver to the Lottery good and marketable title, free and clear of any lien or encumbrance to all work product and deliverables hereunder; provided that, Contractor shall be permitted to incorporate into said work product and deliverables software and other materials, technologies or other works owned by third parties (a “Third Party Preexisting Work”) under the terms of a blanket developer license or other authority; provided further, such Third Party Preexisting Work is specifically identified to the Lottery prior to the delivery of such materials and Contractor obtains at no additional cost for the benefit of the Lottery, its successors, assigns and contractors, an irrevocable, perpetual, nonexclusive, royalty-free right and license, for wherever the Lottery can lawfully operate, to make, use, sell, offer for sale, reproduce, sublicense and distribute and otherwise exploit said Third Party Preexisting Works.

4.31 ROYALTIES

The State shall not pay any royalties or other fees/costs to outside parties for proprietary material used in the performance of this Contract or in the conduct of the Lottery or Commission activities.

4.32 INTELLECTUAL PROPERTY PROTECTION

To the extent that full ownership of any New Intellectual Property Rights does not automatically vest in the Lottery by virtue of this Contract or otherwise, Contractor hereby irrevocably transfers and assigns to the Lottery all right, title and interest in any New Intellectual Property Rights. Contractor shall obtain a suitable form of assignment of any actual or prospective New Intellectual Property Rights from all persons who perform any part of the services under this Contract. In the event the Lottery elects to file an application for the protection of the New Intellectual Property Rights anywhere in the world based on work product or deliverables made by an employee of Contractor, such employee and Contractor shall assist the Lottery, at the Lottery’s expense, in preparing such application and shall execute all documents necessary for the Lottery to file, effect and maintain title to such application in the name of the Lottery. Contractor agrees to require each of its employees and authorized agents who provide services on behalf of Contractor to execute and provide the Lottery with a copy of an assignment acceptable to the Lottery prior to the provision of any services by each such person, and to disclose to the Lottery the name of each such person and agent prior to the commencement of work by such person or agent.

The Contractor shall promptly provide written notice to the Lottery of each claim received, or reasonably anticipated to be asserted, that the service, work product, deliverables, or New Intellectual Property Rights infringe or otherwise violate any third party Intellectual Property Rights (“Third Party Infringement Claims”). Such notice shall include all available information regarding the actual
or anticipated notice or claim, the likely parties thereto and an assessment of liability thereunder based on all reasonably available information. Further, from time to time and as changes in circumstances warrant, Contractor shall update in writing the Lottery on the status of all anticipated notices and claims.

The Contractor shall hold and save harmless the State of Maryland, the Lottery, the Commission, and its agents, officers, and employees from liability of any nature or kind arising out of a claim or suit, including Third Party Infringement Claims, for or on account of the use of any service, work product or deliverable furnished or used in the performance of any Contract resulting from this RFP or the New Intellectual Property Rights. The Contractor agrees to defend any and all such threatened or actual claims and suits, and to pay all damages and costs, including attorneys and witness fees, subject to the right of the State to provide additional legal counsel at the State's own expense; provided that, the Lottery (i) promptly notifies the Contractor in writing of the claim; and (ii) allows Contractor to control and cooperates with Contractor in, the defense and any related settlement negotiations.

In addition to Contractor's obligations stated above, if any service, work product, deliverable, or New Intellectual Property Rights become, or can be reasonably anticipated to become, the subject of a Third Party Infringement Claim, the Contractor, at its own expense and with the consent of the Lottery, shall within thirty (30) days from the time Contractor first learns of such a claim or potential claim, perform the following:

a) procure for the Lottery the right to continue receiving the service or using the work product, deliverable, or New Intellectual Property Rights,

b) replace the service, work product, deliverable, or the New Intellectual Property Rights with a non-infringing service, work product, deliverable, or Intellectual Property Rights substantially complying with the applicable specifications, or

c) modify the service, work product, deliverable, or New Intellectual Property Rights so that it becomes non-infringing and performs in a substantially similar manner to the original service, work product, deliverable, or New Intellectual Property Rights.

The Contractor shall not affix any restrictive markings upon any work product, deliverable, New Intellectual Property or other data and if such markings are affixed, the Lottery shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

Contractor agrees to treat all New Intellectual Property Rights as confidential and trade secret proprietary information. Except as expressly permitted in Section 4.32, Contractor shall not sell, copy, transfer, publish, disclose, display, or otherwise make available any New Intellectual Property Rights to any person or third party (including any of its subsidiaries), except those with a need to know
such New Intellectual Property Rights in order to accomplish the purposes of this Contract. Contractor shall secure and protect the New Intellectual Property Rights in a manner consistent with the maintenance of the rights in the New Intellectual Property Rights, and shall take appropriate action by instruction and/or agreement with its employees who are permitted access to such New Intellectual Property Rights, to satisfy its obligations hereunder. The foregoing restrictions continue to apply (even after the termination of this Contract) without limit in time.

4.33 RIGHT TO REJECT OR SUBSTITUTE PERSONS PROPOSED FOR PROJECT

The Lottery shall have the right to reject any person proposed by the Contractor to work on this Contract if the Lottery determines that the use of such person is not suitable for the Contract, they are not qualified, or that their work on the Contract is not in the best interest of the State.

All Key personnel identified in the Contractor’s proposal, or identified at Contract commencement, shall perform continuously for the duration of the Contract, and for so long as performance is satisfactory to the Lottery. The Procurement Officer will give written notice of performance issues to the Contractor, describing the problem and delineating remediation requirement(s). The Contractor shall respond with a written remediation plan within three (3) Business Days and implement the plan immediately upon written acceptance of the Lottery. If performance issues persist, the Lottery may require the immediate removal of person(s) whose performance is at issue and determine whether a substitution is required.

The Contractor may not substitute Key personnel, other than by reason of an individual’s death, sudden illness or termination of employment, without the prior written approval of the Lottery. To replace any Key personnel identified in the Contractor’s proposal or at Contract commencement, the Contractor shall submit the resumes of the proposed substitute personnel to the Lottery for approval at least two weeks prior to the effective date of substitution. All proposed substitute personnel shall have qualifications at least equal to those of the replaced personnel, and shall be approved by the Lottery.

4.34 CONFLICT OF INTEREST

The Contractor shall ensure that there is no real or perceived conflict of interest of clients at any time during the term of the Contract. If the Contractor has any lottery-related clients or clients which would be perceived as improper in its alliance to the Lottery at the time of Contract award, or obtains any such clients during the term of the Contract, the Contractor shall notify the Lottery of such clients.
The Lottery shall make the final determination as to whether any activity constitutes a conflict of interest pursuant to this provision. The Lottery’s decision shall be final and without recourse; however, the Lottery will not make any such decision without providing the Contractor with an opportunity to present comments. Failure of the Contractor to cancel such client accounts upon notification by the Lottery that a conflict exists, shall constitute a material breach of the Contract, and the Contract is subject to termination by the Lottery. See provisions of COMAR 21.05.08.08 (B) and State Finance and Procurement Article, §13-211 and §13-212 of the Annotated Code of Maryland.

4.35 CONFIDENTIALITY

The Contractor agrees that any information, whether proprietary or not, made known to or discovered by it during the performance of or in connection with this Contract shall kept confidential and not be disclosed to any person other than the State, its designated officials, employees, and authorized agents. The Contractor shall immediately notify the Lottery in writing if it is requested to disclose any information made known to or discovered by it during the performance of the Contract.

4.36 SET-OFF

The Lottery may deduct from and set-off against any amounts due and payable to the Contractor any back charges or damages sustained by the State that are caused by the Contractor. Nothing herein shall be construed to relieve the Contractor of liability for additional costs resulting from a failure to satisfactorily perform the services.

4.37 DRUG AND ALCOHOL FREE WORKPLACE

The Contractor shall comply with the State’s Drug and Alcohol Free Workplace provisions as set forth in paragraph E. of the Contract Affidavit (Appendix B).

4.38 DISSEMINATION OF INFORMATION

The Contractor shall not release any information related to the services or performance of the services under this Contract nor publish any final reports or documents without the prior written approval of the Lottery. The Contractor shall indemnify the State, Lottery and Commission, their officials, agents, and employees, from any liability that may be incurred by reason of dissemination, publication, distribution or circulation, of any information, or materials pertaining to this Contract by the Contractor, its agents, or employees.

4.39 LOTTERY TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS

In accordance with Section 9-123 of the Maryland State Government Article, Annotated Code, no officer or employee of the Lottery, their spouse, child, brother,
sister, or parent residing in the household of such officer or employee shall purchase a Maryland Lottery ticket or be paid a prize in any Maryland Lottery game. During the term of this Contract, this restriction shall also apply to officers and employees of the Contractor or of any subcontractor whose use is subject to Lottery approval who are directly involved with the Lottery’s account, and their spouse, child, brother, sister, or parent residing in the household of such officer or employee. The Contractor shall ensure that this requirement is made known to each officer and employee of the Contractor and any subcontractor whose use is subject to Lottery approval. The Director shall have the sole discretion to determine the applicability of this restriction to any specific individual.

4.40 CONTRACTOR COOPERATION

The Contractor shall cooperate with any subsequent contractor or any other contractor designated by the Lottery to accomplish its objectives.

4.41 CHANGES, ALTERATIONS OR MODIFICATIONS IN THE SERVICES

Pursuant to Section 13-218 of the State Finance and Procurement Article, Annotated Code of Maryland, the State has: 1) the unilateral right to order in writing changes in the work within the scope of the Contract; and 2) the unilateral right to order in writing a temporary stop or delay in performance.

1. The Procurement Officer may at any time, by written order and unilaterally and without notice to the sureties, if any, make changes within the general scope of this Contract in any one or more of the following:
   a. Description of services to be performed;
   b. Time of performance (i.e., hours of the day, days of the week, etc.);
   c. Place of performance of the services;
   d. Drawings, designs or specifications;
   e. Method of shipment or packing of supplies; and
   f. Place of delivery.

2. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, the Procurement Officer shall make an equitable adjustment in the contract price, the delivery schedule or both, and shall modify the Contract.

3. The Contractor must assert its right to an adjustment under this clause within thirty (30) days from the date of receipt of the written order.

4. If the Contractor's proposal for an adjustment includes the cost of property made obsolete or excess by the change, the Procurement Officer shall have the right to prescribe the manner of the disposition of the property.
5. Failure to agree to any adjustment shall be a dispute under the Disputes clause. However, nothing in this clause shall excuse the Contractor from proceeding with the Contract as changed.

4.42 PRODUCT SUBSTITUTION/TECHNICAL ENHANCEMENTS

During the term of the Contract, the State may desire to incorporate new products or technologies that are within the scope of the Contract but were not available in the marketplace at the time of execution of the Contract. Such new products and technologies may offer significant advantages to the State in terms of economy, efficiency, quality and effectiveness and therefore it may be in the State’s interest to take advantage of such new products or technologies in a manner consistent with applicable law and the Contract.

1. A product or device provided by the Contractor during the term of this Contract may be substituted by the Contractor only under the following conditions:

   a. The item has been discontinued by the manufacturer or has otherwise become obsolete;

   b. The replacement item shall be of equal or greater performance and technical capabilities than the item being replaced;

   c. The price of the replacement item shall not exceed the price of the item being replaced; and

   d. The substitution shall be pre-approved in writing by the Procurement Officer.

   Any request for substitution shall be submitted in writing to the Procurement Officer. The request shall include the reason for substitution; a list of the items being replaced; a list of the replacement items including product documentation, literature, etc.; and the price of the replacement items.

2. Enhancement or replacement of obsolete or obsolescent technology may be accepted by the State at its sole discretion. Any request for such enhancement or substitution shall be submitted in writing to the Procurement Officer and the Contract will be amended accordingly.

3. Nothing in this Contract shall preclude the Lottery from utilizing future technical enhancements to the printing processes, evolving printing technologies, or enhancements and proprietary games or play styles developed by the Contractor, so long as the price charged for such possible future option is fair and reasonable.

4.43 VARIATIONS IN ESTIMATED QUANTITIES
Where the quantity of a pay item in this Contract is an estimated quantity and where the actual quantity of such pay item varies more than twenty-five percent (25%) above or below the estimated quantity stated in this Contract, an equitable adjustment in the Contract price shall be made upon demand of either party. The equitable adjustment shall be based upon any increase or decrease in costs due solely to the variation above one hundred twenty-five percent (125%) or below seventy-five percent (75%) of the estimated quantity. If the quantity variation is such as to cause an increase in the time necessary for completion, the Procurement Officer shall, upon receipt of a written request from the Contractor for an extension of time within ten (10) days from the beginning of the delay or within a further period of time which may be granted by the Procurement Officer before the date of final settlement of the Contract, ascertain the facts and make the adjustment for extending the completion data as in his/her judgment the findings justify.

4.44 OVERREDEMPTION

In the event that a game must be terminated by the Lottery as a result of an overredemption, the Contractor shall be responsible for all costs incurred by the Lottery resulting from the overredemption and the sum of such total costs times the percentage of unsold Instant Tickets. An overredemption occurs when the prizes paid exceed the end of production prize structure established by the Contractor for that game.

4.45 SOFTWARE PROGRAMMING ERRORS

The Contractor shall be responsible to the Lottery for all costs incurred arising out of any software programming errors which may occur under this Contract.

4.46 RESPONSIBILITY FOR CONTRACTOR ERRORS

The Contractor agrees to be responsible for all costs incurred by the Lottery resulting from errors or omissions by the Contractor regardless of whether the game is actually closed-out early. The Contractor shall be responsible for actual costs incurred, including loss of anticipated sales. In addition to the above costs, the Contractor shall also be responsible for the loss of goodwill to the Lottery, with such loss of goodwill being a flat rate cost of Twenty-Five Thousand Dollars ($25,000.00) per occurrence.

4.47 LIQUIDATED DAMAGES

1. General - It is agreed by the Lottery and Contractor that:
a. If the Contractor does not provide or perform the requirements referred to or listed in this provision, damage(s) to the Lottery will result.

b. Proving such damage(s) will be costly, difficult, and time consuming.

c. The damage figures listed below represent a good faith effort to quantify the range of harm that could reasonably be anticipated at the time of the making of the Contract and is not considered a penalty.

d. Liquidated damages shall become due within thirty (30) calendar days after written notification by the Lottery. The Lottery may, at its sole discretion, deduct liquidated damages from payments due to the Contractor. The Contractor’s surety shall be liable under the Performance Bond for all liquidated damages assessed against the Contractor.

e. Nothing in this provision shall be construed as relieving the Contractor from performing all Contract requirements whether listed herein or not, nor is the Lottery’s right to enforce or to seek other remedies from failure to perform any other Contract duty hereby diminished.

f. Remedies of the Lottery specified in this section or elsewhere in the Contract for breach or failure of performance by the Contractor shall in no way limit any other remedies available to the Lottery under the Contract; under any statute or regulation; or at law or in equity including, without limitation, all remedies of a buyer under the Uniform Commercial Code. All rights, powers and remedies shall be cumulative and concurrent. Any failure of the Lottery to exercise a remedy shall not be a waiver of any breach or non-performance by the Contractor nor shall it prevent the Lottery from later exercising that or any other remedy.

g. The Contract will be used by the Lottery to monitor Contractor performance and will provide the basis for determining liquidated damages.

2. Liquidated Damages Assessment: Collections, Withholds

a. Once the Lottery has determined that liquidated damages are to be assessed, the Director shall notify the Contractor of the assessment (or assessments). At the Director’s discretion, the assessment notice may direct payment of the assessment by the Contractor. If payment is thus directed, the Contractor shall pay the assessment
within thirty (30) calendar days of receipt of the assessment notice unless directed otherwise by the Director. If the Director determines that any damage was caused in part by the Lottery, the Director shall reduce damage assessment against the Contractor proportionately.

b. Any liquidated damages assessment may also be collected, at the Director's discretion, by withholding the funds from any payment (or payments) due the Contractor after the date of assessment.

3. Conditions for Termination of Liquidated Damages

As determined appropriate by the Director, the following are the conditions under which the Contractor may obtain relief from the continued assessment of liquidated damages which have been imposed.

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

b. The Contractor shall conduct the acceptance testing of any correction the Director deems necessary.

c. The necessary level of documentation to verify corrections will be determined by the Director, who is the sole judge of the accuracy of any documentation provided.

d. A Contractor Notice of Correction will not be accepted until the correction is verified by a system test and the Lottery's written approval of the test results is received.

e. Unless specified otherwise by the Director, system corrections shall be sustained for a reasonable period of at least ninety (90) calendar days from Lottery acceptance, otherwise liquidated damages may be re-imposed without a succeeding grace period (in those cases where one is allowed) within which to correct.

f. The Contractor's use of resources to correct defects shall not cause other system problems.

g. The Contractor shall certify that each defect is corrected.

4. Severability of Individual Liquidated Damages Clauses
If any portion of any provision on liquidated damages in this Contract is determined to be unenforceable in one or more of its applications, the remaining portion remains in effect in all applications not determined to be invalid that are severable from the invalid applications. If any portion of this liquidated damages provision is determined to be unenforceable in total, the other portions shall remain in full force and effect.

5. Damages Imposed
   
a. Late Reports, Tapes and Information

   In the event the Contractor fails to provide any report, tape or information in accordance with the schedule specified in the Working Papers, the Director may impose liquidated damages in the amount of One Thousand Dollars ($1,000) per day, per tape, report or information until correct, complete and usable reports or information are provided.

b. Faulty Tapes, Reports and Information

   In the event the Contractor provides tapes, reports or information agreed to in the Working Papers that are incorrect, incomplete or unusable, the Director may impose liquidated damages in the amount of One Thousand Dollars ($1,000) per day for each tape, report or information until correct, complete and usable reports or information are provided.

c. Retrieval of Unusable Games

   If the Lottery, at its sole discretion, determines that a game is unusable and must be retrieved from Retailers because of concerns about, for example, security and/or integrity of the game play data, quality of the product, trademark issues or the ability to validate, the Director may impose liquidated damages in the amount of Ten Dollars ($10.00) per Retailer location from which the unusable Instant Tickets must be retrieved.

d. Incorrect Game Programming Software

   Incorrect Game Programming Software Prohibiting Game Sales – If the game programming software supplied by the Contractor does not conform to the specifications set forth in the Working Papers and any modifications to them, and the Lottery is unable to activate or distribute game Instant Tickets as result thereof, the Director may impose liquidated damages in the amount of Fifteen Thousand
Dollars ($15,000) per game per day, or part of a day that the software is operating improperly.

Incorrect Software Prohibiting Prize Validation – If the software supplied by the Contractor does not conform to the specifications set forth in the Working Papers, and the Lottery is unable to validate game Instant Tickets or correctly validate game Instant Tickets as a result thereof, the Director may impose liquidated damages in the amount of Fifteen Thousand Dollars ($15,000) per day per game, or part of a day, that the software is operating improperly.

e. Delivery Damages

The Director may impose liquidated damages in the amount of Ten Thousand Dollars ($10,000) per game per day for any delay in Contractor quoted and Lottery-accepted delivery dates for Instant Tickets to the Lottery's warehouse. Said damages, however, will not be levied if, in fact, delays occur which are completely out of the Contractor's control, such as a flood, tornado or other force majeure.

f. Late Delivery of Instant Tickets to Retailer Locations

If Books are not delivered to a Retailer location within twenty four (24) hours from the time of pick-up from the Lottery's warehouse, the Director may impose liquidated damages in the amount of Twenty Five Dollars ($25.00) per Book per day for each Book not received by the Retailer.

g. Reconstruction of Tickets/Books

If the reconstruction of Instant Tickets/Books is not provided within five (5) days of the date of request by the Lottery, or other time period specified by the Lottery, or if the reconstruction is not performed in accordance with the Lottery's required procedures, the Director may impose liquidated damages in the amount of Twenty Five Dollars ($25.00) per request per day for which the reconstruction is late, insufficient, inaccurate or otherwise not in compliance with the Lottery's request and procedures.

h. Missing/Incomplete Trademark and Service Mark Search

If a Trademark and Service Mark Search is not performed, or performed incompletely or incorrectly, by the Contractor and as a result an Instant Ticket Game currently on sale must be cancelled, the Director may impose liquidated damages in the amount of Twenty Five Thousand Dollars ($25,000.00) per day for each day an
acceptable replacement game is not delivered. In addition, the Contractor shall provide the replacement game at no charge. In the event that a trademark problem manifests itself prior to the first sales date of a game and the Contractor cannot cure the problem at its expense prior to the game start, the Contractor shall provide a replacement game specified by the Lottery in time to meet the scheduled algorithm testing date of the game. If this date is not met, the Director may impose liquidated damages in the amount of Ten Thousand Dollars ($10,000.00) per day for each day an acceptable replacement game is not delivered.

4.48 CONTRACTOR WORK PERFORMED PRIOR TO EXECUTION OF WORKING PAPERS

There shall be no liability or responsibility for costs to the Contractor on the part of the Lottery for work performed by the Contractor until formal execution by the Lottery of the Working Papers.

NOTE: The Contract format for the Secondary Contract(s) will be adjusted to indicate that the requirements of Sections 4.51.3, 4.51.4 and 4.52 shall not become effective until the first order for an Instant Ticket Game is placed with the Contractor.

4.49 BOND REQUIREMENTS

4.49.1 Proposal Bond

Each Offeror shall submit with its proposal a Proposal Bond in the amount of Five Hundred Thousand Dollars ($500,000.00) to guarantee for one hundred eighty (180) days after the Deadline for Receipt of Proposals the availability of the equipment and services at the offered price. The bond shall be in the form provided in Appendix I and underwritten by a surety company authorized to do business in the State and subject to approval by the Lottery, or other acceptable security for bond as described in COMAR 21.06.07. A certified check or cashier's check payable to the Lottery may also serve as a Proposal Bond.

Offerors may request a release of the bond after the date of Contract award in return for a release signed by the Offeror and accepted by the Lottery.

4.49.2 Litigation/Protest Bond

Each Offeror must submit with its proposal a Litigation/Protest Bond in the amount of Five Hundred Thousand Dollars ($500,000.00). The purpose of the Litigation/Protest Bond is to discourage frivolous lawsuits and protests by permitting the Lottery to recover, in addition to its attorney's fees, damages that
result from delay in implementing a Contract. A claim upon the bond may be made by the Lottery if:

1. The Offeror brings any legal action or protest against the Lottery, the State, the Commission, or any individual member thereof, or any employee of the State, over the award of a Contract resulting from this RFP;

2. The Lottery or such other party is the prevailing party at the conclusion of the action or protest; and,

3. The tribunal before which the action was brought, or any other authorized tribunal, determines that the action or any portion thereof was frivolous, was brought in bad faith, or was not based upon reasonable grounds.

The bond shall be in the form of a policy or certificate underwritten by a surety company authorized to do business in the State and shall be subject to approval by the Lottery, or other acceptable security for bond as described in COMAR 21.06.07. Offerors may submit Litigation/Protest Bond in a form as found in Appendix H.

The bond shall remain in effect for one (1) year from the Deadline for Receipt of Proposals. Offerors, including the successful Offeror/Contractor, may request a release of the bond after the date of Contract award in return for a Release and Covenant Not To Sue in a form acceptable to the Lottery, signed by the Offeror, notarized and accepted by the Lottery.

4.49.3 Fidelity Bond

The Contractor shall submit to the Procurement Officer, within ten (10) business days after notice of recommended Contract award, a Fidelity Bond in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) covering any loss to the State due to any fraudulent or dishonest act on the part of the Contractor, and any officer, employee, or subcontractor of the Contractor. If coverage for subcontractors is not included in the Fidelity Bond, then the Contractor shall require each subcontractor to provide the Procurement Officer sufficient evidence of its own coverage. The bond must be in the form of a policy or certificate underwritten by a surety company authorized to do business in the State and shall be subject to approval by the Lottery, or other acceptable security for bond as described in COMAR 21.06.07. The Fidelity Bond shall be maintained throughout the term of this Contract, and renewal option period, if exercised. Evidence of renewal of the Fidelity Bond and payment of the required premium shall be provided to the Lottery.

Failure of the Contractor to submit and maintain the required Fidelity Bond coverage, including subcontractor coverage, throughout the term of the
Contract, and any Renewal Option Period, if exercised, will constitute an event of Default under the Contract.

4.49.4 Performance Bond

The Contractor shall submit to the Procurement Officer, within ten (10) business days after notice of recommended Contract award, a Performance Bond in the amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) guaranteeing that the Contractor shall well and truly perform the Contract. The bond shall be in the form provided in Appendix J and underwritten by a surety company authorized to do business in the State and shall be subject to approval by the Lottery, or other acceptable security for bond as described in COMAR 21.06.07. The Performance Bond shall be maintained throughout the term of this Contract, and renewal option period, if exercised. Evidence of renewal of the Performance Bond and payment of the required premium shall be provided to the Lottery. This bond shall also secure liquidated damages.

The Performance Bond may be renewable annually. The Contractor shall require that the surety provide to the Lottery thirty (30) days written notice of non-renewal, cancellation, or material modification of the bond by either the surety or the Contractor. Non-renewal, cancellation or material modification of the bond by the Surety will not constitute an event of default by the Contractor provided that the Contractor obtains an acceptable replacement Performance Bond to be effective prior to the expiration of the thirty (30) day notice period.

Failure of the Contractor to submit and maintain the required Performance Bond coverage throughout the term of the Contract, and any Renewal Option Period, if exercised, will constitute an event of Default under the Contract.

After the first year of the Contract, the Contractor may request a reduction in the amount of the Performance Bond. The amount and the duration of the reduction, if any, will be at the Lottery’s sole discretion. If any reduction is granted, the Lottery shall have the right to increase the amount of the Performance Bond to any amount, up to the original amount, at any time and at the Lottery’s sole discretion.

The Performance Bond is forfeited to the Lottery, in whole or in part, if the Contractor defaults in the performance of its contractual obligations or if the Lottery incurs damages due to the willful or negligent performance of the Contractor or its subcontractors. However, the surety shall have the option within thirty (30) days of notice of default to cure the default or tender funds sufficient to pay the cost of completion up to an amount not to exceed the penal sum of the bond. With the concurrence of the Lottery, the surety may assume the remainder of the Contract to perform or sublet.

4.49.5 General Bond Information
4.49.5.1 Individual Surety: In accordance with the Maryland Board of Public Works Advisory #2006-04, a bond executed by an individual surety that meets certain specified criteria is also an acceptable form of security.

4.49.5.2 Surety Bond Assistance Program: Small businesses may qualify for assistance in obtaining bid, performance and payment bonds through the Maryland Small Business Development Financing Authority (MSB DFA). MSB DFA can directly issue bid, performance or payment bonds up to $5 million. MSB DFA may also guarantee up to 90% of a surety’s losses resulting from a contractor’s breach of a bid, performance or payment bond or $1,350,000, whichever is less. Bonds issued directly by the MSB DFA Surety Bond Program (Program) will remain in effect for the term of the contract. Bond guarantees will remain in effect for the term of the bond. To be eligible for bonding assistance, an applicant must:

1. Have its principal place of business in Maryland or be a Maryland resident;
2. First be denied bonding by at least one surety in both the standard and specialty markets within 90 days of submitting a bonding application to MSB DFA;
3. Employ fewer than 500 full-time employees or have gross sales of less than $50 million annually;
4. Not subcontract more than 75 percent of the work;
5. Have good moral character and a history of financial responsibility;
6. Demonstrate that the contract will have a substantial economic impact; and
7. Never have defaulted on any loan or financial assistance made or guaranteed by MSB DFA.

Applicants are encouraged to apply for assistance under the Program through their respective bonding agents. Questions regarding the bonding assistance program should be referred to:

Maryland Small Business Development Financing Authority  
c/o Meridian Management Group, Inc.  
826 East Baltimore Street  
Baltimore, Maryland 21202  
Phone 410-333-2548  
Fax: 410-333-2552  
Email: mmgdeal@mmggroup.com

4.50 INSURANCE REQUIREMENTS

The requiring of any and all insurance as set forth in these specifications, or elsewhere, shall be in addition to and not in any way in substitution for the other protection provided under the Contract. The Contractor shall provide evidence of third-party legal liability insurance for itself and any subcontractors under the agreement covering claims arising from the operations and services provided under this Contract. All insurances required by this Section shall be effective.
when Contract commences and shall remain in full force and effect during the Contract term and Renewal Option Period, if exercised, and any extension.

Certificates of Insurance duly issued and certified by the insurance company and evidence of the payment of premiums shall be furnished to the Procurement Officer within ten (10) business days after notice of recommended Contract award. Insurance Certificates shall indicate effective dates and dates of expiration of policies. In the event the Insurance Certificate is not received within the required time, or is insufficient respecting the limits and scope specified herein, the Procurement Officer may cancel the award because of breach of contract. Time is of the essence.

The Contractor shall not commence work under this Contract until all the insurance required under this section has been obtained and approved by the Lottery, nor shall the Contractor allow any subcontractor to commence work on its subcontract until the insurance required of the subcontractor has been obtained and approved.

All insurance companies shall be licensed or authorized to do business within the State and subject to approval by the Lottery. No acceptance and/or approval of any insurance by the Lottery shall be construed as relieving or excusing the Contractor, or the Surety of its Bonds, from any liability or obligation imposed upon either or both of them by the provisions of the Contract.

It is the sole responsibility of the Contractor to insure that its subcontractors or their subcontractors carry insurance required herein to the extent Contractor wishes to impose on its subcontractor such liability insurance. The Contractor shall be held responsible for compliance and enforcement of the Lottery's insurance requirements and its own requirements and for any modifications or waivers of these insurance requirements as they apply to subcontractors.

The Contractor shall require that the policies of insurance name the Lottery as an additional insured and that each insurer shall provide to the Lottery sixty (60) days written notice of non-renewal, cancellation, or material modification of the insurance policy by either the insurance carrier or the Contractor. Upon notification of non-renewal or cancellation, the Contractor shall provide replacement coverage effective prior to the expiration of the sixty (60) day notice period, or Contractor may be deemed to be in default of this Contract.

By requiring such coverage, the Lottery shall not be deemed to have waived any immunity from liability which it may otherwise have. An Offeror who seeks to self-insure for the required coverage shall meet all applicable local, State and federal laws and regulations regarding self-insurance and shall submit evidence of such compliance to the Lottery for approval with its Proposal.

The Lottery shall have the right to require that the limits of liability set forth in this Section be raised if in its judgment economic or insurance market conditions
warrant. If additional costs are incurred because of raised limits, the pre-approved additional cost shall be added to the Contract amount.

If any contract of insurance between the Contractor or any subcontractor and its insurance company shall, to any extent, be determined to be void or unenforceable, it is the intention of the parties that such circumstances shall not otherwise affect the validity or enforceability of Contractor’s agreements and obligations under the Contract nor the validity or enforceability of such contract of insurance, each of which shall be enforced to the fullest extent permitted by law.

The furnishing of evidence of insurance by certificate or policy copy that is not in conformance with the requirements shall not constitute a waiver of or amendment to, the aforementioned requirements. Any modification or waiver of the requirements shall be provided by the Lottery in writing to the Contractor and agreed to by signature of the Contractor.

4.52.1 Property Insurance

Insurance for extended coverage on all Contractor owned Equipment shall be maintained in the amount of actual replacement cost thereof. This policy shall include an All Risk Property Floater to insure personal property including contents, Equipment and mobile items against fire, collision, flood, etc. Neither the State, the Lottery, nor Lottery Retailers shall be responsible for any Equipment not owned by the State.

4.50.2 Liability Insurance

The Contractor shall maintain Comprehensive General Liability Insurance covering the full scope of the Contract with limits of at least One Million Five Hundred Thousand Dollars ($1,500,000.00) for any one person, and Three Million Dollars ($3,000,000.00) for any one occurrence for death or personal injury, and Three Million Dollars ($3,000,000.00) for any one occurrence for property damage; or a Combined Single Limit for Bodily Injury or Property Damage in the amount of Six Million Dollars ($6,000,000.00).

4.50.3 Errors and Omissions/Game Insurance

The Contractor shall purchase and maintain during the term of the Contract an Errors and Omissions Insurance Policy for each game covering an ultimate net loss of Five Million Dollars ($5,000,000.00) per game.

4.50.4 Automotive Insurance

If automotive equipment is required in the performance of this Contract, automobile bodily injury liability insurance with a limit of not less than One Million Dollars ($1,000,000.00) for each person and Two Million Dollars ($2,000,000.00) for each accident, and property damage liability insurance with a limit of not less
than Two Hundred Thousand Dollars ($200,000.00) for each accident shall be required.

4.50.5 Worker's Compensation

The Contractor shall maintain Worker's Compensation Insurance, which shall include Employer's Liability coverage, in amounts as required by State law.

4.51 MINORITY BUSINESS ENTERPRISE COMPLIANCE (Primary Contract only)

A minimum certified Minority Business Enterprise participation goal of Ten Percent (10.0%) of the Contract value, on a yearly basis, has been established for this Contract.

The Contractor agrees that at least this dollar value of the Contract shall be performed by a Maryland Department of Transportation (MDOT) certified minority business enterprise(s). The Contractor further agrees to comply with all requirements and reporting specified in the RFP Appendix D – Minority Business Enterprise Instructions/Forms.

If the Lottery determines that material noncompliance with MBE Contract provisions exists and that the Contractor refuses or fails to take the corrective action required by the Lottery, then the following sanctions may be invoked. (See COMAR 21.11.03.13 C.):

i. Withholding payment

ii. Termination of the Contract

iii. Suspension of the right of the Contractor to participate in any future contracts

iv. Referral to the Office of the Attorney General for appropriate action

v. Initiation of any other specific remedy identified by the Contract

vi. The Lottery may use any other compliance mechanism authorized in COMAR 21.11.03 or available at law.

The Lottery may, upon completion of the Contract and before final payment or release of retainage or both, require that the Contractor submit a final report, in affidavit form and under penalty of perjury, of all payments made to or withheld from MBE subcontractors.

4.52 INFORMATION TECHNOLOGY SECURITY POLICY AND STANDARDS

The Contractor shall comply with and adhere to the State of Maryland Information Technology Security Policy and Standards (October 2011). These policies may be revised from time to time and the Contractor shall comply with all

4.53 GOOD FAITH

The parties agree to cooperate fully in good faith and to assist each other to the extent reasonable and practicable to accomplish the objectives set forth in this Contract.

4.54 NEWS/PRESS RELEASES

The Lottery is the only entity authorized to issue news releases relating to this Contract and performance thereunder. The Contractor shall not issue any news or press releases or any commercial advertising pertaining to this Contract or to the Lottery or Commission without the prior written approval of the Procurement Officer.

4.55 SEVERABILITY

If a court of competent jurisdiction determines any portion of this Contract to be invalid, it shall be severed and the remaining portions of this Contract shall control, at the discretion of the Lottery, unless otherwise ordered by the court.

4.56 ADVERSE INTEREST

The Contractor agrees that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The Contractor further agrees that in the performance of this Contract it will not knowingly employ, directly or indirectly, any person having such an interest.

4.57 NON-EXCLUSIVE RIGHTS

The Contract shall be non-exclusive and nothing in this Contract shall preclude the Lottery from procuring similar services from another vendor. The Lottery reserves the right to secure directly the services of third parties to perform any services secured under this Contract. The Offeror will not be entitled to payment of any fee or otherwise for any services performed by these third parties.

4.58 CONTRACT AFFIDAVIT

All terms and conditions of the Contract Affidavit, Appendix B of the RFP, are made a part of this Contract.

4.59 COMPLIANCE WITH AMERICANS WITH DISABILITIES ACT (ADA)
Contractor shall comply with the Americans with Disabilities Act of 1990 (ADA), including changes made by the ADA Amendments Act of 2008, and applicable regulations. To the extent required by the ADA, Contractor's facilities, services, and programs shall be accessible to persons with disabilities. Contractor shall bear sole responsibility for assuring that its activities under this Contract conform to the ADA. Contractor shall indemnify the State in any action brought pursuant to the ADA for all damages, attorney fees, litigation expenses, and costs, if such action or proceeding arises from the acts of Contractor, or of Contractor's employees, agents, or subcontractors.

4.60 COMPLIANCE WITH LIVING WAGE REQUIREMENT

Contractor shall comply with the Living Wage Requirements as specified in Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. See http://www.dllr.state.md.us/labor/livingwagefaqs.htm.

4.61 RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)

During the course of this Contract, the Contractor may enter into agreements with third-parties in order for Contractor to fulfill its contractual obligations and responsibilities under this Contract. Contractor fully understands and agrees that the relationship between the Lottery (State) and the Contractor is that of client and Independent Contractor, and is not, and shall not be deemed to be, any other relationship, including but not limited to, that of joint venture, partners, joint employers or principal and agent. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor shall be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

From any amount due the Contractor, there will be no deductions for federal income tax or FICA payments, nor for State income tax, nor for any other purposes that are associated with any employer-employee relationship, unless required by law. Payment of federal income tax, FICA, and State income tax is the responsibility of the Contractor. The Contractor is responsible for complying with all federal and state laws as to taxes and Social Security payments to be withheld from wages paid to its employees and other contractors.

4.61.1 NO LIABILITY BY LOTTERY TO THIRD-PARTY VENDORS OR SUBCONTRACTORS

The Lottery, Commission and State, have no liability for payment or performance to any third party which enters into an agreement with the Contractor for work related to this Contract. The Contractor does not have the power or authority to sign an agreement in the Lottery’s name or on behalf of the Lottery, to bind or attempt to bind the Lottery, Commission or the State, or any employee or official.
thereof, to any agreement with a third-party vendor, for payment of any monies or other obligations related to, or arising out of that third-party agreement, or to obligate the Lottery to any liability if the Contractor fails to pay any subcontractor or other third-party vendor. All agreements into which the Contractor enters with subcontractors and other third-party vendors for work to be performed under this Contract shall be in the Contractor’s name only and shall not name the Lottery as a party to the agreement.

4.61.2 CONTRACTOR ACKNOWLEDGEMENT, INDEMNIFICATION AND DUTY TO NOTIFY

Contractor acknowledges, fully understands and agrees that the Lottery, Commission or State is not a party to, and is not liable for payment or performance, any third-party agreement that the Contractor may enter into arising out of work related to this Contract. Contractor agrees to remove, redact, or strike any language from agreements it signs with subcontractors and third-party vendors, noting a responsibility or liability by the Lottery, Commission or State with respect to the payment of any monies or other obligations. Contractor agrees to fully indemnify and hold harmless the Lottery, Commission and State from any and all liability of any nature arising out of its third-party relationships, and agrees to provide written notice for each agreement it completes with a third-party vendor, notifying such entities of the Independent Contractor relationship.

4.62 PROMPT PAYMENT

1. If a contractor withholds payment of an undisputed amount to its subcontractor, the Lottery, at its option and in its sole discretion, may take one or more of the following actions:

   1.1. Not process further payments to the contractor until payment to the subcontractor is verified;
   1.2. Suspend all or some of the contract work without affecting the completion date(s) for the contract work;
   1.3. Pay or cause payment of the undisputed amount to the subcontractor from monies otherwise due or that may become due;
   1.4. Place a payment for an undisputed amount in an interest-bearing escrow account; or
   1.5. Take other or further actions as appropriate to resolve the withheld payment.

2. An “undisputed amount” means an amount owed by a contractor to a subcontractor for which there is no good faith dispute, including any retainage withheld, and includes an amount withheld because of issues arising out of an agreement or occurrence unrelated to the agreement under which the amount is withheld.
3. An act, failure to act, or decision of the Procurement Officer or a representative of the Lottery, concerning a withheld payment between a contractor and subcontractor under this policy directive, may not:

3.1. Affect the rights of the contracting parties under any other provision of law;
3.2. Be used as evidence on the merits of a dispute between the Lottery and the contractor in any other proceeding; or
3.3. Result in liability against or prejudice the rights of the Lottery.

4. The remedies enumerated above are in addition to those provided under COMAR 21.11.03.13 with respect to subcontractors that have contracted pursuant to the Minority Business Enterprise program.

5. To ensure compliance with certified MBE subcontract participation goals, the Lottery may, consistent with COMAR 21.11.03.13, take the following measures:

5.1. Verify that the certified MBEs listed in the MBE participation schedule actually are performing work and receiving compensation as set forth in the MBE participation schedule.

5.2. This verification may include, as appropriate:
   5.2.1. Inspecting any relevant records of the contractor;
   5.2.2. Inspecting the jobsite; and
   5.2.3. Interviewing subcontractors and workers.
5.2.4. Verification shall include a review of:
   5.2.4.1. The contractor’s monthly report listing unpaid invoices over 30 days old from certified MBE subcontractors and the reason for nonpayment; and
   5.2.4.2. The monthly report of each certified MBE subcontractor, which lists payments received from the contractor in the preceding 30 days and invoices for which the subcontractor has not been paid.

5.3. If the Lottery determines that a contractor is in noncompliance with certified MBE participation goals, then the Lottery will notify the contractor in writing of its findings, and will require the contractor to take appropriate corrective action.
   5.3.1. Corrective action may include, but is not limited to, requiring the contractor to compensate the MBE for work performed as set forth in the MBE participation schedule.

5.4. If the Agency determines that a contractor is in material noncompliance with MBE contract provisions and refuses or fails to take the corrective action that the Lottery requires, then the Lottery may:
   5.4.1. Terminate the contract;
   5.4.2. Refer the matter to the Office of the Attorney General for appropriate action; or
5.4.3. Initiate any other specific remedy identified by the contract, including the contractual remedies required by this Directive regarding the payment of undisputed amounts.

5.5. Upon completion of the contract, but before final payment or release of retainage or both, the contractor shall submit a final report, in affidavit form under the penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

4.63 NOTICES

The parties agree that all notices given pursuant to the terms of this Contract shall be sufficient if sent in writing by certified mail and marked “Certified Mail—Return Receipt Requested.” Any such notice or communication shall be sent to the following addresses or such other address as may be designated from time to time by the parties in writing:

If to the Lottery:
Robert W. Howells
Procurement Officer
Maryland State Lottery and Gaming Control Agency
Montgomery Park Business Center, Suite 330
1800 Washington Boulevard
Baltimore, MD 21230

If to the Contractor:

INSERT CONTRACTOR’S NAME & ADDRESS
_____________________________________
_____________________________________
_____________________________________

4.64 ENTIRE AGREEMENT

This Contract, together with the Appendices attached hereto and documents incorporated herein by reference, represents the complete, total, and final understanding of the parties and no other understanding, communication or representations, oral or written, regarding the subject matter of this Contract, shall be deemed to exist or to bind the parties hereto at the time of execution, and shall be deemed to be superseded by this Contract regarding the subject matter of this Contract.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.
IN WITNESS WHEREOF, the parties hereto have caused this Instant Ticket Games and Related Services Contract #2013-01 to be executed as of the day and year first above written.

Witness:

______________________________  _______________________________

CONTRACTOR’S NAME

By:

______________________________  ________________________________

Name: __________________________

(Type/Print)

Title: __________________________

Date: __________________________

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Witness:

______________________________  Stephen L. Martino

By:

______________________________  Director

Approved as to form and legal sufficiency this _____ day of _______________, 2013.

______________________________

Robert T. Fontaine
Assistant Attorney General

APPROVED BY MARYLAND BOARD OF PUBLIC WORKS: __________ ITEM#:_____

(date)
SECTION V. TECHNICAL SPECIFICATIONS/SCOPE OF WORK

5.1 GENERAL

The Lottery desires to enter into a Contract with a qualified Primary Contractor and possibly multiple Contracts with Secondary Contractor(s) to provide Instant Ticket Games and Related Services to include, but not limited to: Instant Ticket design, Instant Ticket planning, production, security and delivery to the Lottery’s warehouse; delivery of Instant Tickets to the Lottery’s Retailers; and marketing and sales support for Instant Games as more fully described below.

The Primary Contractor will be the principal supplier of Instant Ticket Games and Related Services for the Lottery. In addition to the production of Instant Ticket Games, the Primary Contractor will assist the Lottery with the overall operation of its Instant Ticket program with the goal of increasing Net Revenue by providing a Dedicated Account Representative, delivery services to the Lottery’s Retailers and services such as marketing, research and training support. The Primary Contractor will be paid based on a firm, fixed dollar amount per square inch of Instant Ticket area (per 1000 Instant Tickets) it produces and a firm, fixed dollar amount per delivery of Instant Ticket orders and POS materials to Retailers. The Primary Contractor will also be eligible for a Contractor Incentive Program (See Section 4.3.3).

The Secondary Contractor(s), if any, will provide Instant Ticket Games for selected games as determined by the Lottery on an as-needed basis. The Lottery shall have sole discretion and the unilateral right to assign specific Instant Ticket Game orders to a Secondary Contractor which will be selected in accordance with Section 5.5. The Secondary Contractor(s) will be strictly a producer of Instant Ticket Games for the Lottery and will also be paid based on a firm, fixed dollar amount per square inch of Instant Ticket area (per 1000 Instant Tickets) it produces.

Neither the Primary Contractor nor Secondary Contractor(s) is guaranteed any minimum amount of work. However, the Primary Contractor will be guaranteed at least 75% of the total amount of work actually assigned under this Contract.

Historical data stated in this RFP regarding quantities of Instant Tickets printed, amount of sales, and number of deliveries to Retailers is for informational purposes only and is not a guarantee of any minimum or maximum quantities under this Contract.

Offerors may submit proposals for the Primary Contract, a Secondary Contract, or both. The Offeror awarded the Primary Contract will be ineligible for award of a Secondary Contract. Offerors for the Primary and Secondary Contracts shall meet all requirements stated in this RFP, except for those requirements specifically stated as being applicable only to the Primary Contract.
The following overall objectives shall be met by the Primary Contractor and Secondary Contractor, as applicable.

1. Provide the design, scheduling and development of Instant Ticket Games.
2. Make Prize structure recommendations
3. Provide Instant Ticket production/printing/security
4. Provide Marketing Support
5. Provide Instant Game Analysis
6. Provide Instant Ticket Delivery services to Lottery Retailers

In response to Sections 5.2, 5.3 & 5.4 below, an Offeror for the Primary Contract must provide in its proposal a statement of intent to comply with the terms, conditions, and requirements of those specifications.

In response to Section 5.2 below, an Offeror for a Secondary Contract must provide in its proposal a statement of intent to comply with the terms, conditions, and requirements of those specifications.

The following sections describe the SCOPE OF WORK for the providing of Instant Ticket Games and Related Services. The Contractor shall deliver all requirements and shall be responsible for all technical functionality and business support.

The Scope of Work is divided into Section 5.2 – Services Required: Both Primary and Secondary Contractors, Section 5.3 – Additional Services Required: Primary Contractor only, and Section 5.4 – Delivery Services to Retailers: Primary Contractor only.

The Contract also includes Additional Tasks as listed in Appendix F. Any of the Additional Tasks may be required at any time in the sole and unilateral discretion of the Lottery pursuant to a Notice to Proceed (NTP). The Contractor must submit pricing for the Additional Tasks as specified in Section VI. The Contractor shall not perform any Additional Task unless the Contractor receives a written NTP from the Lottery. The Contractor acknowledges and understands that the Lottery may choose not to proceed with any Additional Task.

5.2 SERVICES REQUIRED: BOTH PRIMARY AND SECONDARY CONTRACTORS

The Primary Contractor and Secondary Contractor(s) shall perform all requirements specified in this Section 5.2. Only the Primary Contractor shall in addition perform all requirements specified in Sections 5.3 and 5.4 below.
5.2.1 NON-DISCLOSURE OF THE LOTTERY’S PLANS

The Contractor shall assure that the details of the game planned by the Lottery are not disclosed to persons or organizations other than the personnel and agents and subcontractors of the Contractor whose assistance in the production of the game is necessary, until the Lottery announces the game.

5.2.2 SITE VISITS FOR GAME PRODUCTION/PRESS CHECK

The Lottery may conduct a maximum of six (6) site visits during each Contract year to the Contractor’s facility to conduct press checks. (Note: For a Secondary Contractor, this is applicable only during each contract year in which the Contractor produces Instant Tickets under this Contract). The number of site visits may be less.

The Contractor shall pay the reasonable and necessary expenses for transportation, lodging and meals for up to two (2) Lottery representatives to conduct the site visits at the Contractor’s facility. The cost of any site visit for press checks not conducted as specified above shall be credited to the Lottery as specified in the Financial Proposal Sheet-Attachment F.

The Lottery may conduct site visits unannounced to ensure security and compliance with Contract requirements.

5.2.3 STAFFING

The Contractor shall assign an experienced account team with at least two (2) primary day-to-day contacts, who shall have sufficient knowledge and expertise in Instant Ticket printing services and shall:

a. Provide assistance in development of game concept/design, Instant Ticket designs, and prize structure development;

b. Provide marketing assistance as desired by the Lottery;

c. Be the point of contact concerning the performance of the development, printing, and marketing of Instant Tickets and payment for those services performed; and

d. Attend Lottery meetings, as required by the Lottery, which would be anticipated to occur not more than four (4) times per year.

Personnel assigned by the Contractor to service this Contract shall be approved in advance by the Lottery in accordance with Section 4.34.

5.2.4 TICKET SUPPORT
The Contractor shall provide ongoing assistance in the support of Instant Game products and shall provide:

1. **Game Designs** – The Contractor shall provide the Lottery with Instant Ticket artwork at least thirty (30) days prior to Working Paper development, which are to include prize structures and play styles for each instant game.

2. **Trademark and Service Mark Search and Registration** – The Contractor or competent outside trademark counsel hired by the Contractor at Contractor’s expense shall conduct all appropriate trademark, service mark, and trade name searches for all game names used during the term of the Contract and provide to the Lottery a written legal opinion that meets the Lottery’s approval (including but not limited to the scope and terms of the opinion) as to the permissible use of each game name based upon a search of registrations and applications for registration filed with the United States Patent and Trademark office, applicable state agencies and other appropriate sources. At the request of the Lottery, the Contractor or its outside trademark counsel shall also conduct all appropriate intellectual property searches regarding any artwork, any design, and any other aspect of the Instant Ticket. The written legal opinion shall also address whether use of the name, and any other requested aspect of the Instant Ticket, is permissible in second chance games and other promotions by the Lottery. The Contractor must submit that opinion to the Lottery prior to the completion of any working papers. If determined necessary by the Lottery, Contractor shall provide an updated opinion at any time prior to the actual use of the name or other aspect of the Instant Ticket. If the name (or other aspect of the Instant Ticket) is currently in use or subject to a trademark or other intellectual property right, the Contractor or its trademark counsel shall, at the request of the Lottery, use reasonable efforts to obtain the consent of the trademark or other intellectual property right owner to use by the Lottery. If the Contractor is unable to obtain the consent of the owner, the parties shall designate a substitute name or names acceptable to the Lottery, for which Contractor or Contractor’s outside trademark counsel shall conduct further searches as provided in this Section. The services required by this section shall be provided by the Contractor at no additional cost to the Lottery. (Note: Any trademarks and service marks owned by the Lottery need not be searched.) Pursuant to Sections 4.30, 4.31 and 4.32, new trademarks and service marks developed for the Lottery shall be the property of the Lottery and will be registered by the Contractor in the name of the Lottery at its direction. Contractor must obtain written approval from the Lottery prior to incurring any registration cost. The Contractor shall keep all marks current, active, and protected during the term of Contract and any extension thereof. Nothing in this paragraph shall diminish the warranty or limit the liability of the Contractor as otherwise provided herein.

3. **Licensing Agreements** – The Contractor, when required by the Lottery, shall obtain and be responsible for any licensing agreement whenever necessary for any game to be printed during the term of the Contract. The
Contractor shall obtain approval of any licensing fee prior to incurring any licensing fee to be paid by the Lottery, and shall submit such a fee to the Lottery for payment. There shall be no additional charge to the Lottery by the Contractor for services rendered to obtain the licensing agreement.

4. **Meetings** – The Contractor shall participate in various planning meetings with Lottery staff and/or other Lottery contractors.

5. **Proprietary and Patented Processes** – The Contractor shall make available for use by the Lottery, and include in the base price for Instant Tickets, all currently held proprietary and/or patented printing and production processes, patented game plays or ink technologies, and copyrights, service marks or trademarks owned by the Contractor. If any proprietary and/or patented printing and production processes, patented game plays or ink technologies, and copyrights, service marks or trademarks are developed or acquired by the Contractor during the term of this Contract, then these items also shall be made available to the Lottery within the base Instant Ticket price. The Lottery shall have the right to acquire licensed properties from sources other than Contractor for incorporation into Instant Ticket Games produced by the Contractor, and Contractor shall willingly print Instant Tickets with those licensed properties.

**5.2.5 TICKET ARTWORK**

A minimum of thirty (30) days before Working Paper development begins, the Contractor shall provide to the Lottery for approval a conceptual art design for the front and back of Instant Tickets. The conceptual artwork shall be supplied to the lottery in the following fashion and format: Instant Ticket front (covered and uncovered versions) and Instant Ticket back in "Read Only" .PDF format, e-mailed to the Lottery. If the Lottery runs into difficulty receiving or opening these files via e-mail, the contractor shall send artwork on CD-ROM via overnight delivery. Additionally, the Contractor shall provide to the Lottery:

1. Three (3) disks with finalized Instant Ticket artwork, to include finalized ITVM artwork. All three (3) disks must include layered files and be in a format that is compatible with the Adobe Suite for PC;

2. A color key (proof) made from the mechanical artwork; and

3. Instant Ticket artwork in BMP format, 8-bit color, screen resolution of 86 ppi; for the Lottery’s Player Activated Terminals (“PAT”) provided by the Lottery’s On-Line Gaming System Contractor, Scientific Games International, Inc. (“SGI”) (Playcentral™ PAT). Additional standards, if necessary, will be supplied to the Contractor.

**5.2.6 PRIZE STRUCTURE(S)**
The Contractor shall recommend the best possible prize structures to maximize Instant Ticket Game sales and revenue. The Contractor shall guarantee that each Book of Instant Tickets is produced based on randomization of all prizes. The Contractor shall propose the various levels of prizes and the combination of wins available in the game, the probability of winning prizes, the numbers of winners, and the cost of such prizes. The prize structure shall include, but not be limited to, the following:

1. Game name, number, date and version;
2. Ticket price point;
3. Production quantity;
4. Revenue generated;
5. Percent of prize payout, overall and per way of winning a prize;
6. Each tier level for prizes and play action indicating how each tier is won;
7. Overall probability of winning any prize in the game and consolidated probability if there is more than one way to win a prize;
8. Probability of winning each prize amount;
9. Average winners per Book, and average targeted prize;
10. Number of winners per Book;
11. Prize cost and percent of prize fund dedicated to each prize level, subtotaled by low, mid, and high tiers as indicated in the Working Papers;
12. Book size;
13. Total number of Books; and
14. Ticket size.

The prize structure shall be submitted to the Lottery electronically in Excel format (which will be able to be changed/revised by the Lottery) and shall be accompanied by an explanation regarding the various details of running the game. The Lottery shall review the proposed prize structure and may indicate changes or instructions. The Contractor shall then produce the game in accordance with this approved prize structure.

5.2.7 GAME DESIGN SELECTION

The Lottery will observe all existing federal and state copyrights and trademarks. However, the Lottery shall have the right to select game designs that have been, in whole or in part, originated by the Lottery, originated by another lottery, originated by the Contractor, or originated by another vendor. If the Lottery chooses a particular game and the Contractor identifies that game as one subject to copyright or trademark by another vendor or state prior to the execution of Working Papers, then the Contractor will, at the Lottery’s discretion, either negotiate an appropriate fee, or change the game. However, this provision does not diminish the Contractor’s responsibility under Section IV of this RFP for any copyright, other intellectual property right, or infringement claims which arise.

Additionally, the Contractor shall offer games in its gaming menu which have themes that are indicative of the Maryland region.
5.2.8 INSTANT TICKET REQUIREMENTS FOR ALL GAMES

Specifications for the Instant Tickets and requirements of the work to be performed are detailed below:

1. Instant Ticket Quality

    The Lottery, as a State agency dealing with independent Retailers and the consuming public, requires a product of exceptionally high quality. Instant Tickets will be inspected by the Lottery upon delivery. The Lottery shall have the right to inspect up to one hundred percent (100%) of the Instant Tickets for compliance with the specifications herein. However, inspection by the Lottery does not relieve the Contractor of its responsibility to meet all Contract requirements.

    Instant Tickets shall meet the following minimum quality standards:

    a. No scratches across the latex covering of the Instant Tickets;
    b. No uneven, rough latex coverings;
    c. No holes in the latex coverings exposing portions of the hidden symbols;
    d. No latex coverings “dripping” on the design printing;
    e. No latex coverings that smear or fail to come off when rubbed;
    f. No overprint and display designs that are unclear or not crisply printed;
    g. No Instant Tickets out of order within a book;
    h. No lottery symbols that are chopped or incomplete;
    i. No foil coating that rips away when the Instant Ticket is rubbed, if the Instant Ticket has a foil coating;
    j. No miscounted number of Instant Tickets in a book;
    k. No perforations that allow Instant Tickets to fall out of books without pre-fold;
    l. No tears in foil, if applicable;
    m. No delamination of foil from paper stock, if applicable;
n. No inks offset on latex coverings from one ticket to another;
o. No off-register latex coverings or overprint designs;
p. No symbols not totally covered by the latex covering;
q. No symbols that smear under normal handling or with slight moisture;
r. No unevenly trimmed Instant Tickets;
s. No foil shaving within books, if foil is used; and
t. Any additional commonly accepted industry standards that may apply.

2. Stock

Instant Tickets shall be printed on ten (10) point or heavier virgin card stock white coated on one (1) side, which shall be fully recyclable. The Lottery shall have the right to utilize other Instant Ticket stock types offered by the Contractor.

3. Inks

Inks shall not smear, run, or stain under normal handling or use by consumers, nor shall they be chemically or dermatologically irritating under normal handling and use by consumers. Inks shall be resistant to water and other common solvents. Inks shall be of such a nature that there is no “offsetting” from the front of Instant Tickets to the back of Instant Tickets on an adjacent page and vice versa.

4. Front Display Printing

The front of the Instant Ticket shall be printed in up to six (6) graphic colors (not including black and white) which at the option of the Lottery may include full bleed. In addition, the Lottery may request certain games to be printed in four (4) color process.

5. Ticket Patterns and Pick-Out

No winning or losing game Instant Tickets shall be recognizable from any characteristics of the game tickets or ticket patterns other than the Lottery symbols concealed by the rub-off material. It shall not be possible to ascertain whether an Instant Ticket is a winning or losing ticket, using any practical or economical technique, unless the application of the technique
renders the Instant Ticket unsalable to the public or easily recognizable as having been tampered with.

6. Bar Code

The Contractor shall be able to facilitate interleaved two (2) of five (5) Bar Code symbology. The game code, Book number, ticket sequence, first six (6) digits of verification number of the Instant Ticket, and a two (2) digit check digit shall be encoded in the Bar Code, for a total of twenty-one (21) digits. At some time during the term of the Contract, as directed by the Lottery, the Contractor shall transition to a PDF-417 bar code format or other similar technology. When required by the Lottery, the Contractor shall produce all games with a machine readable barcode that is completely concealed under the scratch-off coating.

All variances shall be in accordance with the American National Standard Institute (ANSI). A first pass read rate of ninety-five percent (95%) or more is required. The Contractor shall have the ability to print Bar Code on the front or back of the Instant Ticket in the location specified by the Lottery, at the option of the Lottery.

Contractor shall be capable of providing Bar Code technology solutions certified under NASPL. An NSI certified solution is one that has achieved certification against the then current version of the NASPL Standards Initiative (NSI) Bar Code Technical Standard (Bar Codes for Instant Tickets in the Lottery Industry) in accordance with the NSI Certification Policy, including the NSI Certification Policy Supplement for Bar Code Technology Certification.

7. Universal Product Code

A Universal Product Code (UPC) shall be printed on the back of all Instant Tickets. The Lottery reserves the right to change the placement of the UPC. The UPC shall not be too close to the Instant Ticket Bar Code and shall not interfere with Bar Code scanning.

8. Game Play Symbols

The game play symbols shall be legible and uniformly positioned and aligned on the Instant Tickets. Symbols shall be easily readable by the public and meet industry standards for height, depending on the particular game design and ticket layout chosen by the Lottery. The Contractor shall be able to supply a variety of type styles, sizes, and colors. Application of the game play symbols shall be performed in a random manner.

9. Captions
To provide redundancy for security reasons and to prevent consumer disputes, each game play symbol shall be accompanied by a caption that spells out the game play symbol in type smaller than the symbol itself.

10. Retailer Verification Code

Each Instant Ticket shall have a code with a minimum of three (3) characters for use by Retailers in verifying and paying low-end prizes.

11. Protective Coating

The Lottery symbols under the rub-off shall be covered with a transparent protective coating so that the Lottery symbols are protected when the consumer rubs off the opaque covering.

12. Rub-Off Material

The rub-off coating material shall be opaque and of such quality as to maintain the security of each of the game Instant Ticket’s game play symbols. The rub-off material shall appear and feel “smooth and regular to the touch” and shall fragment when so removed without causing dusting. The rub-off material shall not be chemically or dermatologically irritating or cause harm to clothing when removed. Game Instant Tickets shall remain readable and able to be rubbed easily, but not so easily as to be affected by heat, cold or friction between Instant Tickets, for a minimum of one (1) year from delivery date to the Lottery. The rub-off material shall be completely removable by scraping with a coin or other object. There shall be no visible removal of rub-off material upon one (1) rub using the edge of a penny at twenty-five (25) grams pressure. The rub-off material shall break at no more than seventy-five (75) grams pressure unless otherwise specified by the Lottery.

13. Overprint

Exceptional standards are expected in the production of Instant Ticket Games to assure that they are both visually appealing and secure. The rub-off material used for printing the overprint shall include up to three (3) overprint colors and rarely include black or white inks. An overprint shall be an artistic design that reflects the overall theme of that Instant Ticket. The overprint, which covers the variable game data, shall be clearly printed, unblurred and sharp in order to facilitate detection of tampering.

14. Back Display Printing

The back of the Instant Ticket shall be printed in up to two (2) colors. Each Instant Ticket shall contain reference to the applicability of the Lottery regulations and State law and shall contain wording approved by the Lottery. Additionally, for all games with a ticket size greater than 2” x 4”,
the Instant Ticket price point shall be shaded and highly visible on the back of the Instant Ticket.

15. Validation Number (VIRN Number)

The Lottery requires a secure traceable Instant Ticket. Every Instant Ticket shall contain a game-wide unique 13-digit Validation Number on a light colored Security Varnish background that will appear in the game play area on the front of the Instant Ticket and will be randomized over the whole range of the game. The last five digits of the Validation Number will be an underlined 5-digit pin number. This 5-digit pin number must be entered manually when validating the Instant Ticket. The fonts for the numbers 3, 5, 6 and 8 must be designed so they will be readily distinguishable. Also the print size of the pin number will be large enough to be easily readable by Retailers, since this is an integral part of the entry specs for validation.

16. Void Tickets

There shall not be any “void” or “dead” Instant Tickets in a Book.

17. Perforations

The perforations between Instant Tickets shall allow Instant Tickets to be separated from each other, after one (1) pre-fold, but should not break apart in normal transit and handling.

18. Book Size

The consistency of the correctness of the count of Instant Tickets in a Book is of extreme importance to the Lottery. However, the Lottery shall have the right to determine Book sizes by game and/or price point.

19. Ticket Numbers

Each Instant Ticket shall bear an individual consecutive number starting with 001 within each Book. The Lottery requires that a check digit be with the ticket number. Each Instant Ticket shall bear a Book number. Book numbers shall be consecutive (except for omissions) and non-duplicating in the game. The Contractor shall have procedures to assure that the same Book number is on all Instant Tickets in the Book and that Book numbers are not duplicated. Each Instant Ticket shall also bear a game identifier. All Instant Ticket identification numbers and letters shall, at the discretion of the Lottery, be Bar Coded and OCR-A readable.

20. Omissions/Balancing

The Lottery allows Omits and does not require the re-printing of omitted Books. In final balancing, the Lottery requires that Low and Mid Tier prizes
shall be within a tolerance of +/- 2% of the prize structure and the print quantity shall be within +/- 100,000 of the quantity specified in the working papers. High Tier prizes shall be exact and guaranteed based on the prize structure and print quantity specified in the working papers, +/- 100,000. (See Section 5.2.8, # 29, Over / Under Allowance.) High Tier prizes are prize amounts $601 or higher.

21. Book Packaging

Each Book shall be shrink wrapped so that the Book number is visible. The Lottery shall have the right to use pouch game packaging or other special packaging.

22. Shipping Box

All Books shall be packed into a sealed 275 pound (minimum) test shipping box. Each box shall be clearly marked in bold type on the outside with the range of Book numbers contained therein, less any Books omitted in production. Books shall be packed sequentially within each shipping box.

23. Skids

Shipping boxes shall be packed in sequential order, low number top left to high number in right bottom on skids with a maximum size of 38” wide x 36” long x 45” high. Skids shall be constructed with a 4” minimum inside clearance to accommodate a pallet lift jack truck. The loaded skid shall be plastic wrapped and shall not exceed 50” in height including the height of the skid. However, the Lottery shall have the right to alter the skid size used in order to maximize warehouse space.

24. Transportation

The Contractor shall transport Instant Tickets to the Lottery’s warehouse, or other locations designated by the Lottery, in locked and sealed trucks, unless the Lottery requests a different method. These trucks shall not contain any item(s) other than Maryland Lottery Instant Tickets or other Maryland Lottery related items during delivery. Trucks shall be unlocked and opened only upon arrival at the Lottery’s warehouse and only by the Lottery, or as required by law.

The Lottery “signs-off” on the Working Papers by signing and sending the Approval page to the Contractor. Contractor shall deliver Instant Tickets to the Lottery within a maximum of twenty eight (28) working days from the date that the Lottery “signs-off” on the Working Papers.

On each carton of Instant Tickets the Contractor shall include a Bar Code, which identifies the contents of the carton, so that the Lottery can scan an
25. Shipping Manifest and Omissions List

At the time of the delivery, the Contractor shall provide the Lottery with a list of Books delivered and omitted from being delivered. Omitted Books shall be listed by the Lottery as ineligible to win any prize and shall not be considered as valid Instant Tickets in the game. The Lottery shall not be billed for such omitted Books of Instant Tickets, but only for the Books of Instant Tickets actually delivered.

26. Instant Ticket/Book Reconstruction

The Contractor shall reconstruct Instant Tickets on an as needed basis as requested by authorized representatives of the Lottery. The Lottery will supply the contractor with a list of persons authorized to request Instant Ticket reconstructions. By the end of the first week of every month, the Contractor shall provide the designated Lottery representative with a listing of all tickets reconstructed during the previous month. This listing shall include, at a minimum, the following information: date of reconstruction, validation number, book and ticket number, Lottery requestors, Lottery approver.

The Contractor shall retain reconstruction records for three (3) years following the announced end of each affected game.

27. Accountants Review

The Contractor shall engage an independent Certified Public Accountant experienced in lottery operations and acceptable to the Lottery to review the procedures and controls employed by the Contractor during the production of each Instant Ticket Game. The Certified Public Accountant shall provide directly to the Lottery a bound report, printed on paper, which shall state the tests performed on the Contractor’s production procedures and the related findings. These tests shall include, but are not limited to, a review of the controls on the computer tapes or other methods of seeding used in producing high tier winners, low tier winners, and non-winners in accordance with the final approved prize structure.

28. Validation Algorithm and Other Computer Information

The Contractor shall supply the Lottery’s On-Line Gaming System Contractor, Scientific Games International, Inc. (“SGI”), or any other company designated by the Lottery, with the algorithm and all related computer coded information needed to validate Maryland Lottery Instant
Tickets. This algorithm information shall be provided in the media/file format required by SGI.

The Contractor shall work cooperatively with the Lottery and SGI to get the algorithm and all related computer coded information successfully installed on the SGI System and tested through completion on all aspects of SGI systems processing, reporting and Instant Ticket recreation prior to acceptance and use of the algorithm.

Contractor shall provide weight information for Instant Ticket Books to be used by the Lottery in the preparation of shipping documents.

The Contractor shall consult with the Lottery and SGI and provide any technical assistance required by the Lottery and SGI, as needed on an ongoing basis, to successfully implement and maintain the algorithm.

29. Over/Under Allowance

The Lottery shall not accept over/under amounts in excess of plus/minus one hundred thousand (100,000) Instant Tickets from the amount specified in the Working Papers, unless written approval is provided by the Director of Product Development.

30. Ticket Compatibility

All Instant Tickets shall be compatible with all ticket dispensing systems (for example, ITVM & PAT) utilized by the Lottery during the term of the Contract. The dispensing systems presently in use or presently scheduled to be placed into use are:

1. Instant To Go ITVM units;
2. ITVM-Interlott models EDSQ 16000, EDSQ 20000, & EDSQ 24000; and
3. PAT-Scientific Games International model PlayCentral

31. Required Standard Ticket Features

The Contractor shall provide the following Standard Ticket Features for all Instant Tickets, which shall be included in the price specified in Appendix F-Financial Proposal Sheet, paragraphs A.1 and B.1 for the Primary and Secondary Contracts, respectively.

1. Ten (10) point or heavier virgin card stock white coated on one (1) side, fully recyclable
2. UV High Gloss Coat
3. 4-Color Process, or, 6-Graphic colors not including black & white
4. 2-color Instant Ticket back
5. Multiple Scratch-Off areas, when required by design
6. Multiple Full Bleed, when required by design
7. Unusual Shaped scratch-off areas, when required by design
8. Custom imaging symbols, when required by design
9. Integrated Overprinting, when required by design
10. Different pack sizes (Instant Ticket quantities) for each price point
11. ITVM Inserts – one inserted in each Book (See Specs, below)
   - 4 inches x 7 inches, 10 point white cardstock
   - Front: 4-color process, varnish, full bleed
   - Back: Black, border to bleed, with game name, game number, price, Instant Ticket length in inches as a decimal (2.5, 4.0, 6.0, 8.0, 11.0), and quantity of Instant Tickets per Book. All inserts will have two score marks located 4 inches from the top and 6 inches from the top. When inserted and before shrink wrapping, it is necessary that the inserts do not cover the Instant Ticket bar code, so 4x6 and 4x8 inch Instant Tickets may require that the inserts are folded once to assure clear bar code scanability.

32. Additional Tasks - Optional Ticket Features

The Lottery may request customized Instant Ticket Games that include Optional Ticket Features in addition to the Required Standard Ticket Features specified in paragraph #31 above. The Contractor shall provide, only upon Notice to Proceed from the Lottery, the Additional Tasks (Optional Ticket Features) for Instant Ticket Games as specified in Appendix F-Financial Proposal Sheet, paragraphs A.3 and B.3 for the Primary and Secondary Contracts, respectively.

33. Additional Task - Electronic Instant Tickets

The Contractor shall provide the capability to provide Electronic Instant Tickets. The Contractor shall provide, only upon Notice to Proceed from the Lottery, the Additional Task (Electronic Instant Tickets) for Instant Ticket Games as specified in Appendix F-Financial Proposal Sheet, paragraphs A.3 and B.3 for the Primary and Secondary Contracts, respectively.

5.2.9 INVENTORY CONTROL

The Contractor shall maintain logs of game Instant Ticket stock inventory between all points of production and the delivery to the Lottery. The Contractor shall also maintain logs of all destroyed game Instant Ticket stock and game Instant Tickets. The Contractor shall collect the above data in a timely manner.

5.2.10 QUALITY CONTROL

The Contractor shall employ quality control procedures to ensure that all game Instant Tickets delivered meet all specifications and requirements of the Lottery. The Lottery may require the Contractor to submit Instant Tickets from time to time
to an outside, independent laboratory for testing at no additional cost to the Lottery. The Lottery shall select the testing laboratory.

5.2.11 “END OF PRODUCTION” PRIZE STRUCTURE

After all Instant Tickets have been produced, the Contractor shall promptly provide the Lottery with an “end of production” prize structure which accurately states the total number of Instant Tickets delivered and the actual number of winners. Additionally, multiple tiers of the same prize value shall be consolidated on a separate report.

5.2.12 ATTAINMENT OF PRIZE STRUCTURE

The only variance between the “end of production” prize structure and the final approved prize structure to be tolerated will be that which occurs in the omitted Books. If the number of voided Books alters higher tier prizes, the Lottery may request the reprint of all voided Books. All prizes of $1000.00 or more shall be exact to the approved prize structure. Prizes of $999.00 or less shall be within a 2.0% variation.

5.2.13 VALIDATION ASSISTANCE

The Contractor shall assist the Lottery in a timely manner in the analysis and validation of questionable Instant Tickets.

5.2.14 HIGH TIER VALIDATION DISK/TAPE AND OTHER DISK/TAPE

The Contractor shall provide to the Lottery, no later than four (4) working days prior to the delivery of Instant Tickets, a computer disk/tape of all high tier winners for the game. The computer disk/tape shall contain the validation number, lottery symbols, and prize value of each winner and shall be accessible via the VIRN number only.

At the Lottery’s request, the Contractor shall provide additional non-winning data files to support second chance contests or Instant Ticket promotions designed to improve the sale of Instant Tickets.

5.2.15 COMPUTER SYSTEMS SOFTWARE AND ACCOUNTING

The Contractor’s accounting methods shall be compatible with the Lottery’s accounting procedures and methods. The Instant Ticket Validation and Accounting System (ITVAS) is provided by the Lottery’s On-Line Gaming System Contractor, Scientific Games International, Inc., and runs on Hewlett Packard Proliant Servers with Microsoft’s Windows 2003 Operating System. If this system changes, the Contractor shall make any necessary changes to be compatible with any new system.
5.2.16 SECURITY

1. **Plant Security** - The printing plant or other facility where Instant Tickets are manufactured shall be equipped with a plant security system, to be reviewed and approved by the Lottery. The system shall ensure that game tickets and materials are protected from theft, alteration and destruction, not only during the manufacturing process, but also while in storage on the Contractor's premises. Any failure of the Contractor's plant or other facility to be in full compliance with the Lottery's security standards shall be corrected and brought into full compliance by the Contractor within a reasonable time, as determined by the Lottery.

The Lottery shall have the right to make any number of announced or unannounced inspections of the Contractor's premises at any time.

2. **Security Breach** - Upon discovery of any breach of security experienced by the Contractor during the term of the Contract, especially theft or disappearance of any paper stock, Instant Tickets, waste, printing plates, imagery tapes, program tapes or the like, the Contractor shall immediately within one (1) hour notify the Director by telephone or in person. The Contractor shall follow up within twenty four (24) hours with written notification to the Director detailing the specifics of the occurrence and what steps have been taken to correct the problem. The Lottery shall be the sole judge of the adequacy of the steps taken and shall have the right to specify other steps to be taken.

The Lottery shall have the right to require at any time such further and additional security measures as it deems necessary and/or appropriate to ensure the integrity of the operation of the Lottery.

The Lottery reserves the right, at any time and without prior notice, to expand its background investigation, to inspect and otherwise evaluate all phases of performance specified in the Contract, and the premises in which such work is performed.

3. **Personnel Security** - The Contractor shall, upon the Lottery's request, provide to the Lottery criminal history and other background investigations of any officers, directors, principals, owners, investors, shareholders, partners, subcontractors, employees, or any other associates of the Contractor that the Lottery deems appropriate. Key personnel who will be performing services under the Contract and any other persons as determined by the Lottery shall be required to undergo a background investigation within thirty (30) days of execution of the Contract. Background investigations shall include fingerprint identification. The Contractor shall pay the cost of all background investigations.
The Contractor shall cooperate with such investigations and instruct its employees and subcontractors to cooperate. The Lottery may terminate the Contract based upon adverse results of background checks if the Lottery determines that its integrity, security or goodwill may be in jeopardy.

The ability to request such investigations shall be a continuing right of the Lottery throughout the Contract.

The Contractor shall report to the Lottery’s Procurement Officer the involvement of any of the Contractor’s employees, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation.

5.2.17 BUSINESS RECOVERY PLAN

The Contractor shall have an up to date Business Recovery Plan which shall be documented, maintained and periodically tested to ensure minimal interruption to service provided to the Lottery in case of an emergency or disaster at the Contractor’s facility. The Contractor shall submit this plan to the Lottery for review and shall amend the plan if it is not approved by the Lottery.

5.2.18 PROBLEM TRACING

The Contractor shall build into its system of game construction a means to be able to trace the extent of any problem in printing, etc., which may be discovered while a game is in operation.

5.2.19 NONCONFORMING TICKETS

Nonconforming Instant Tickets (any Instant Ticket which deviates from any specifications) may be rejected by the Lottery. If the number of such Instant Tickets rejected is more than one percent (1%) of the ordered quantity of Instant Tickets, the Contractor shall replace such Instant Tickets at no additional costs to the Lottery, as soon as is reasonably possible, given the availability of material and production times. If the quantity of Instant Tickets rejected is less than the above percent for such game, the Contractor need not replace nonconforming Instant Tickets but shall issue a refund or credit for the Instant Tickets to the Lottery. This remedy is in addition to any other remedy provided for in this Contract or any other remedy provided by law.

5.2.20 SAMPLE TICKETS FOR RETAILERS

The Contractor shall provide to the Lottery fifty (50) Books of actual-sized sample Instant Tickets for each standard game and one hundred (100) Books of actual-sized sample Instant Tickets for each specialty game, such as high initiative or licensed properties that will likely be launched quarterly. These samples shall be non-winning Instant Tickets and shall bear the words “SAMPLE” on the back. There will be no additional compensation to the Contractor for these sample Instant Tickets.
Additionally, the Contractor shall provide to the Lottery one (1) Book of drilled live Instant Tickets for each game.

The specified samples and drilled live Instant Tickets shall be delivered along with the initial Instant Ticket shipment for each game.

5.2.21 WORKING PAPERS

After the Lottery approves the conceptual art design (5.2.5), the Contractor shall provide for the Lottery’s approval two stages of Working Papers. The purpose of the first stage shall be to provide preliminary review of the Instant Ticket art and basic game development. As part of the second stage, the Contractor, at the Lottery’s direction, shall provide to the Lottery up to ten (10) hard copies of Working Papers. Working Papers, at a minimum, shall include the following:

1. Detailed Instant Ticket description and artwork, including a color version of Instant Ticket covered and uncovered (100%) with indication of “press side”, and Instant Ticket back (100%) including placement of Bar Code and UPC code on Instant Ticket;

2. Detailed game specifications including prize structure and programming parameters;

3. Complete set of game rules, and game symbols and fonts;

4. Production, packaging and shipping information;

5. Production timeline to include:
   a. Working Papers signed date;
   b. Approximate printing date;
   c. Approximate delivery date to distribution warehouse; and
   d. Game launch date.

6. Deliverables schedule including:
   a. Disk containing symbols;
   b. Disk color draw downs and color composites;
   c. Validation tapes; and
   d. Book tapes.

Contractor shall not begin production of an Instant Ticket until the Lottery has approved that Instant Ticket’s Working Papers.
5.2.22 STANDARD GAME SPECIFICATIONS

Within the first Contract year, the Contractor shall provide to the Lottery for approval standard Instant Ticket Game specifications, which will be used as a way to streamline the Instant Ticket Working Paper review process. The standard Instant Ticket Game specifications will include standard language that is consistent in every set of Working Papers the Contractor provides to the Lottery. The purpose of the standard Instant Ticket Game specifications is to provide a way to make the review of each individual set of Instant Ticket Game Working Papers more effective and efficient. Once the contents of the standard Instant Ticket Game specifications are approved by the Lottery, the Contractor shall provide up to twenty (20) hard copies, placed in binders, to the Lottery for internal distribution. As updates or revisions are made throughout the Contract term, the Contractor shall provide to the Lottery updates to the standard Instant Ticket Game specifications both as hard copy versions for the binder and electronically.

5.3 ADDITIONAL SERVICES REQUIRED: PRIMARY CONTRACTOR ONLY

The Primary Contractor shall perform all requirements specified in this Section 5.3 in addition to all requirements specified in Section 5.2 above.

5.3.1 DEDICATED ACCOUNT REPRESENTATIVE

The Contractor shall assign an experienced Dedicated Account Representative who shall:

- Be 100% devoted to the Maryland Lottery’s Instant Ticket Games account
- Be available to the Lottery for 40 hours per week
- Be located on-site at the Lottery’s headquarters for two (2) full 8 hour days each week, as directed by the Lottery. (The Lottery will provide office space for the Dedicated Account Representative)
- Have at least 5 years lottery experience or other relevant experience
- Have a Bachelors degree at minimum; Masters degree preferred
- Have good communication skills and be proficient in standard office computer software

This Dedicated Account Representative shall:

a. Be provided by the Contractor with equipment to be used in the development, review and approval of Instant Tickets prior to production. (Section 5.3.3);

b. Provide assistance in development of Instant Game concept/design, Instant Ticket designs, and prize structure development;

c. Provide marketing assistance as desired by the Lottery;
d. Coordinate with the Contractor’s production/printing facilities to expedite production of the Lottery’s games;

e. Be the point of contact for day-to-day issues concerning development, scheduling, production, printing, shipping and delivery, inventory management, security, validation tapes and marketing of Instant Tickets and payment for those services performed;

f. Be responsible for all customer satisfaction issues;

g. Attend Lottery informational, Retailer, Sales, and Commission meetings as required by the Lottery; and

h. Provide weekly sales analyses.

Prior to the Contract start date, the Contractor shall assign a Dedicated Account Representative to service this Contract who is approved in advance, by the Lottery. The Dedicated Account Representative shall have no real or perceived conflict of interest with the Lottery. The Lottery shall make the final determination as to whether any activity constitutes a conflict of interest pursuant to this provision. The Lottery’s decision shall be final and without recourse; however, the Lottery will not make any such decision without providing the Contractor with an opportunity to present comments. The Dedicated Account Representative shall provide support to the Lottery at the Lottery’s Headquarters or other locations designated by the Lottery.

The Dedicated Account Representative, in the performance of this Contract, will be an employee of the Contractor and will not be acting for any purposes whatsoever in the capacity of an agent or employee of the Lottery or the State. The Lottery/State will assume no liability for any injury or death to any employee, agent or subcontractors of the Contractor.

5.3.2 REQUIRED MARKETING SUPPORT

The Contractor shall provide ongoing assistance in the marketing of Instant Game products and shall provide:

1. **Product Plan** – The Contractor shall develop and write an annual, comprehensive Product Plan for the Instant Games for approval by the Lottery. The plan shall include a proposed game schedule for the upcoming year, including, but not limited to, price points, top prizes, prize payout, a detailed explanation of the resulting net sales and specifically Net Income, play styles, game themes, the quantity of Instant Tickets for each game, and game features. The Contractor shall participate in ongoing evaluations of the Product Plan.

For the first Contract year, the Product Plan submitted by the Contractor with its proposal (Section 7.3.5.1) shall be revised/finalized for the first
Contract year and submitted to the Lottery for approval within thirty (30) days of Contract award. For succeeding contract years, the Contractor shall develop the Product Plan in partnership with the Lottery and its other contractors.

2. **Development of Printing and Production Schedule** – The Contractor shall provide written weekly updates of all printing and production schedules as they relate to Instant Ticket design, Working Papers development, Working Papers execution dates, print dates and delivery dates to the Lottery’s warehouse and Retailers throughout the term of the Contract.

3. **Strategy Meetings** – As required by the Lottery, the Contractor shall participate in meetings at the Lottery’s headquarters to discuss and to make oral or written presentations regarding products, promotions, sales, etc. Topics may include, but not be limited to, game themes, prize structures, promotional strategies, marketing ideas, analysis of products used in other jurisdictions, and sale analysis.


5.3.3 **CONTRACTOR FURNISHED EQUIPMENT (CFE) AND TECHNICAL SUPPORT SERVICES**

The Contractor shall provide equipment at the Lottery’s headquarters for use by the Lottery’s Product Development staff and the Dedicated Account Representative (Section 5.3.1) in the development, review and approval of Instant Tickets prior to production. This equipment shall include printers and technical support, specifically to include one (1) high quality color laser printer. This equipment shall have document scanning functionality, high resolution copier abilities and furnish clear, sharp images to permit the Lottery to inspect Instant Ticket art and text; provide color and graphics quality comparable to that of the Contractor’s equipment to allow press approvals; and, optimize multi-tasking within various software programs.

The color laser printer shall be approved by the Lottery and shall be at least equivalent to Konica Minolta bizhub C352. The color laser printer and scanner shall be networked between the desktop computers of the Dedicated Account Representative and two Lottery employees, as designated by the Lottery, to allow electronic review of scanned documents.

The above Contractor Furnished Equipment (“CFE”) shall be upgraded throughout the term of the contract to reflect current State-of-the-Art technology and minimally at the time of the contract renewal. Contractor shall be responsible for insuring/replacing any lost, damaged or stolen CFE
during the term of the Contract. CFE shall be removed by Contractor at termination of the Contract.

Hardware and software repair and support services, to include all consumable supplies, shall be provided by the Contractor. The Contractor shall provide no less than next business day service to make any necessary repairs or to install loaner equipment temporarily pending repair or replacement of the original equipment if it cannot be repaired.

5.3.4 WAREHOUSING

In the event that the Lottery’s warehouse is at full capacity, the Contractor shall provide secured warehouse facilities to store Instant Games for the Lottery until such time that the Lottery can take delivery. Delivery dates and times will be negotiated between the Lottery and the Contractor for these stored games. The Lottery shall have the right to split delivery of games.

5.3.5 RESEARCH, MARKETING AND TRAINING SUPPORT

During the term of the Contract or any extensions thereof, the Contractor shall provide an annual budget to be used for research, marketing and training support activities, as required by and directed by the Lottery. The budget amount for each Contract year shall be One Hundred Fifty Thousand Dollars ($150,000.00). Any unused portion of this budget amount shall be credited to the Lottery, or rolled over for use in subsequent years.

1. Research Activities

Activities that the Contractor may be required to perform in the research area include, but are not limited to, Instant Ticket research projects designed to learn more about the emerging market (18-34 years old), uncover new product opportunities, and provide feedback on specific Instant Ticket concepts and designs. The types of research include, but are not limited to, focus groups, internet based research and tracking studies.

2. Marketing Activities

The Contractor may be required to assist the Lottery with the marketing of certain Instant Ticket Games. Types of activities the Contractor may be required to provide include, but are not limited to, assisting with all aspects of Retailer meetings and special events, developing advertising flyers, producing promotional items, providing industry and/or motivational speakers, and assisting in the development of other
marketing projects designed to increase both short and long term Instant Ticket sales.

3. Training Activities

The Contractor may be required to provide Instant Ticket Game training to Retailers, Sales and other administrative staff members of the Lottery organization. Such activities include, but are not limited to, training about new products and technologies, informing Retailers about Lottery product and marketing plans, and discussing the benefits of becoming a Lottery Retailer, and strategies. Activities could also be a forum for soliciting Retailer comments and feedback. Related activities may include, but are not limited to, providing guest speakers, presentation materials, premium items, site rental and food expenses, as requested by the Lottery.

5.3.6 LICENSED PROPERTIES

The Primary Contractor shall as directed by the Lottery provide one (1) licensed game during each Contract year at no additional cost to the Lottery.

5.3.7 COMPLIANCE GAMES

At the Lottery’s discretion, the Contractor shall be required to print and deliver up to two (2) Compliance Games during each Contract year at no additional cost to the Lottery. These games will consist of extremely small print runs of 900 to 5,000 Instant Tickets per order and will always mimic, as determined by the Lottery, an Instant Ticket Game, determined by the Lottery, that is already planned for production. The Contractor shall hand deliver these games directly to Lottery as directed.

5.4 DELIVERY SERVICES TO RETAILERS: PRIMARY CONTRACTOR ONLY

The Primary Contractor shall perform all requirements specified in this Section 5.4 in addition to all requirements specified in Sections 5.2 & 5.3 above.

5.4.1 The Contractor shall be responsible for the delivery of all Instant Ticket shipments to Lottery Retailers located throughout the State, including Instant Tickets printed by the Primary Contractor and Secondary Contractor(s). In addition, at the Lottery’s discretion, the Contractor shall be required to also deliver POS materials to Retailers along with the Instant Ticket orders. At the start of this Contract, any on-hand Instant Ticket inventories and scheduled inventories not yet delivered will be transitioned to the Contractor’s responsibility for delivery. The Contractor may subcontract with another company(ies) to provide these services, but the Contractor is totally responsible for any work and services performed by its subcontractor(s).
5.4.2 Currently there are approximately 4,300 Retailers located throughout Maryland. The number of Retailers may increase during the term of the Contract. Currently, each Retailer receives a delivery of Instant Tickets once per week based on a distribution schedule. The Lottery estimates that approximately 195,000 orders of Instant Ticket orders were shipped to Retailers during FY 2012. These amounts are estimates only and are not a guarantee of any minimum or maximum amounts under this Contract.

5.4.3 The Lottery’s Instant Ticket delivery system is based on a telemarketing ordering function provided by the Lottery’s On-Line Gaming System Contractor, Scientific Games International, Inc. (“SGI”), utilizing the Aegis Telemarketing Module. Telemarketing ordering occurs from 7:00 a.m. to 4:00 p.m. Monday through Friday, with the exception of State holidays.

This telemarketing ordering function requires next day delivery of Instant Tickets and any corresponding POS materials to Retailers and enables the Lottery to expeditiously provide the appropriate Instant Ticket products in the correct quantities to each Retailer in order to increase Instant Ticket sales.

5.4.4 The Contractor shall work with SGI to incorporate its shipping labels into the Aegis System or any other system designated by the Lottery so that shipping labels are automatically generated when the orders are completed for packing.

5.4.5 The Contractor shall pick-up packed Instant Tickets and any corresponding POS materials from the Lottery’s warehouse, currently located at 1800 Washington Boulevard, Baltimore, Maryland, 21230, at 5:00 p.m. each weekday, Monday through Friday, except for State holidays. Pick-up times shall remain at 5:00 p.m. unless otherwise approved by the Lottery.

5.4.6 The Contractor shall deliver all packages within twenty four (24) hours of pick-up from the Lottery’s warehouse.

5.4.7 The Contractor shall return to the Lottery’s warehouse all packages that are undeliverable.

5.4.8 The Contractor shall provide the Lottery with an automated system that tracks the status of the deliveries. At a minimum, this tracking system shall generate a daily report of all of the previous day’s orders that have not been delivered as well as a report of all refusals and the reason for the refusal. The Contractor shall also work with SGI or any other contractor designated by the Lottery to provide a hyperlink to its website so that delivery status of all orders can be viewed by the Lottery.

5.4.9 The Contractor shall have in operation a secure warehouse and distribution facility that will be used to sort, store for shipping, and ship Lottery packages containing Instant Tickets.
5.4.10 The Contractor shall obtain all statutorily required approvals by the Public Service Commission to operate in Baltimore City and all 23 counties in the State of Maryland.

5.4.11 The Contractor shall have in operation a fleet of vehicles and sufficient personnel to operate the fleet to perform all required Lottery services.

5.4.12 The Contractor shall supply to the Lottery a sufficient number of bulk containers to transport packages containing Instant Tickets from the Lottery’s warehouse to the Contractor’s warehouse and distribution facility. The Contractor shall return empty containers to the Lottery’s warehouse on a regular basis so that the Lottery shall always have the required supply of bulk containers on-hand.

5.4.13 The Contractor shall provide the Lottery with a sufficient number of bags and boxes to pack Instant Ticket shipments. The bags, at a minimum, shall be made of polyethylene film and contain tamper evident adhesive on the flap. The Lottery anticipates utilizing, at a minimum, two different color bags: one color for the initial distribution of new games and one color for reorders. The Lottery also anticipates that the boxes will have certain identifying information on them. The necessary artwork for the bags and boxes will be provided to the Contractor by the Lottery.

The Contractor shall also provide the Lottery with heavy duty packing tape to be used to seal the boxes. The Lottery anticipates utilizing two different colors of tape to distinguish deliveries between new games and reorders. The colors will be determined by the Lottery at a later date and provided to the Contractor.

The Contractor shall provide all of the above packing materials to the Lottery at least thirty (30) days prior to the Contract start date which is anticipated to be July 1, 2013.

5.4.14 The Contractor shall not make a partial shipment of packages of Instant Tickets to a Retailer. A Retailer is required to accept the entire shipment of Instant Tickets. Each Instant Ticket delivery will consist of one or more sealed packages containing Books of Instant Tickets.

5.4.15 The Contractor shall maintain all Instant Tickets and Instant Ticket delivery information in a secure manner at all times. The Lottery shall have the right to inspect, unannounced, any part of the Contractor’s warehouse facility and distribution system. The Contractor shall reimburse the Lottery for the reasonable and necessary expenses for transportation, lodging and meals incurred by the Lottery for the unannounced inspection.

5.4.16 Any information regarding lost, stolen or missing Instant Tickets shall be immediately reported by the Contractor to the Security department at Lottery Headquarters. The Contractor shall file a police report within twenty four (24) hours of reporting such losses.
5.4.17 The Contractor shall provide throughout the Contract term a Delivery Point-of-Contact person (“Point-of-Contact”) who shall be knowledgeable about the Instant Ticket delivery services, provide technical assistance regarding the delivery system, and attend related meetings as required by the Lottery. The Point-of-Contact shall answer questions regarding the location of packages not yet delivered to Retailers and any problems or concerns relating to all delivery services under the Contract.

5.4.18 Each of the Contractor's employees making deliveries to Lottery Retailers shall a) have dress and appearance appropriate for the purpose of making deliveries to Lottery Retailers and present a positive image of the Lottery, as determined acceptable by the Lottery throughout the term of the Contract, and b) display an official form of identification or insignia as approved by the Lottery.

5.5 SELECTION & ORDERING PROCESS/SECONDARY CONTRACT

5.5.1 The Lottery shall have sole discretion and the unilateral right to assign specific Instant Ticket Game orders to a Secondary Contractor which will be selected in accordance with this section. It is anticipated that up to 25% of printing will be assigned to the Secondary Contractor(s).

5.5.2 If more than one Secondary Contractor can supply the required service, the Lottery will issue a Request for Quotation (“RFQ”) to all Secondary Contractors that supply the required service inviting them to compete to provide the specific Instant Ticket Game. Based upon an evaluation of these responses, a single Contractor will be selected.

At minimum, each RFQ will contain the following information:

- Technical requirements
- Performance objectives or deliverables
- Period of Performance
- Delivery schedule
- Criteria to be used for making a contract award determination
- Due date for submission of proposal in response to the RFQ

5.5.3 The amounts stated on Attachment F-Financial Proposal Sheet are the maximum prices that the Lottery will pay. The Contractor’s price offered in the RFQ may reflect prices that are more favorable to the Lottery.

5.5.4 The Contractor(s) receiving the RFQ shall respond within the timeframe stated in the RFQ with either a proposal or written notification that it does not intend to submit a proposal and the reasons(s) why. RFQ responses shall be sent via e-mail to the Procurement Officer. Responses not received within the specified timeframe or not meeting the requirements of the RFQ will be disqualified.
5.5.5 If multiple Secondary Contractors provide acceptable responses that meet the requirements of the RFQ, the Lottery will select the Contractor offering the lowest (i.e. most favorable) price.

5.5.6 The selected Contractor shall only initiate work in response to the RFQ upon receipt of a Notice to Proceed from the Lottery.

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SECTION VI. FINANCIAL PROPOSAL

6.1 GENERAL:

6.1.1 The Offeror must complete and submit the Financial Proposal Sheet provided in Appendix F. The Financial Proposal Sheet shall be the separate Financial Volume of the Offeror’s proposal, and shall be submitted separately and clearly marked “Financial Proposal” in accordance with Section 7.2. The Offeror must provide complete price information for all services required. Offers to provide only partial services are not acceptable and shall be rejected. Do not change or alter this Form or the Offer may be deemed unacceptable.

6.1.2 The Offeror’s proposed prices shall be fully loaded and expressly include: overhead expenses (e.g., fringe benefits, administrative costs, profits, etc.); with respect to the Primary Contractor only, the Dedicated Account Representative (Section 5.3.1) and the Research, Marketing and Training Support budget (Section 5.3.5); and, all related and incidental expenses (e.g., travel) associated with providing all services and equipment required by this RFP. No other amounts or costs will be paid to the Contractor. Specifically, no taxes or assessments or license fees or permits of any type will be paid in addition to the price(s) proposed on the Financial Proposal Sheet.

6.1.3 All Prices proposed shall be firm fixed prices for the entire term of the Contract, to include the Renewal Option period, if exercised, and any other extensions.

6.1.4 The Financial Proposal Sheet is divided into Category A for all requirements of the Primary Contract and Category B for all requirements of the Secondary Contract(s).

6.2 CATEGORY A - PRIMARY CONTRACT:

For the performance of all requirements contained in this RFP except Section 5.4 Delivery Services, the Contractor will be paid based on a firm-fixed dollar amount per square inch of Instant Ticket area for Instant Tickets that it provides. The Contractor will receive compensation based only on the Instant Tickets that it provides.

6.2.1 The Offeror shall state its proposed price to provide all services, equipment and personnel required by this RFP for the Primary Contract, except Section 5.4 Delivery Services, in the form of a FIRM, FIXED DOLLAR AMOUNT PER SQUARE INCH OF INSTANT TICKET AREA (PER 1000 INSTANT TICKETS) provided by the Contractor.
6.2.2 The Offeror shall state its proposed price to provide all services, equipment and personnel required by Section 5.4 Delivery Services of this RFP in the form of a FIRM-FIXED DOLLAR AMOUNT PER DELIVERY OF INSTANT TICKET ORDERS AND POS MATERIALS TO RETAILERS.

6.2.3 The Offeror shall state its dollar amount of credit per person per site visit for unused press checks, security inspections or training (Section 5.2.2).

6.2.4 The Offeror shall state its proposed price to provide each of the Additional Tasks listed in the form of a FIRM, FIXED DOLLAR AMOUNT PER SQUARE INCH OF INSTANT TICKET AREA (PER 1000 INSTANT TICKETS) provided by the Contractor. The dollar amount indicated will be an incremental amount to be added to the amount for the base Instant Ticket for this Additional Task. For example, if the amount for the base Instant Ticket is $2.00 and the Lottery requires metallic ink for a particular game for which the Offeror’s additional price is $0.09, then the resulting overall price to the Lottery is $2.09 per square inch of Instant Ticket area for this game.

6.2.5 The Primary Contract that results from this RFP will be an Indefinite Quantity Contract with Firm Fixed Unit Prices (Firm, Fixed dollar amount per square inch of Instant Ticket area/1000 and Firm, Fixed dollar amount per delivery of Instant Ticket orders and POS materials to Retailers) as described in COMAR 21.06.03.02 & 21.06.03.06.

6.2.6 The “Total Estimated Annual Contract Amount (I + II)” specified on the Financial Proposal Sheet-Appendix F (Category A – Primary Contract) will be used for price evaluation, comparison and selection for recommendation for award.

6.3 CATEGORY B - SECONDARY CONTRACT: The Contractor will be paid based on a firm-fixed dollar amount per square inch of Instant Ticket area for Instant Tickets that it provides.

6.3.1 The Offeror shall state its proposed price to provide all services, equipment and personnel required by this RFP for a Secondary Contract in the form of a FIRM-FIXED DOLLAR AMOUNT PER SQUARE INCH OF INSTANT TICKET AREA (PER 1000 INSTANT TICKETS) provided by the Contractor.

6.3.2 The Offeror shall state its dollar amount of credit per person per site visit for unused press checks, security inspections or training (Section 5.2.2).

6.3.3 The Offeror shall state its proposed price to provide each of the Additional Tasks listed in the form of a FIRM, FIXED DOLLAR AMOUNT PER SQUARE INCH OF INSTANT TICKET AREA (PER 1000 INSTANT TICKETS) provided by the Contractor. The amount indicated will be an incremental dollar amount to be added to the amount for the base Instant Ticket for this Additional Task. For example, if the base Instant Ticket amount is $2.00 per square inch of
Instant Ticket area and the Lottery determines that it wants to use metallic ink for a particular game for which the Offeror’s additional price is $0.09 per square inch of Instant Ticket area, then the resulting overall price to the Lottery is $2.09 per square inch of Instant Ticket area for this game.

6.3.4 The Secondary Contract(s) that results from this RFP will be an Indefinite Quantity Contract with Firm, Fixed Unit Prices (Firm, Fixed dollar amount per square inch of Instant Ticket area/1000) in accordance with COMAR 21.06.03.02 & 21.06.03.06.

6.4 INSTRUCTIONS FOR APPENDIX F-FINANCIAL PROPOSAL SHEET
- Appendix F is to be completed by the Offeror and signed in ink by an individual who is authorized to bind the Offeror to all prices offered. Any erasures or alterations must be initialed by the signer in ink.
- All prices must be recorded with five decimal places if a percentage (e.g. 0.0000) and with dollars and cents if a dollar amount (e.g. $00.00)
- All prices must be the actual price that the State will pay for the proposed item and may not be contingent on any other factor or condition.
- Nothing shall be entered on the Financial Proposal Sheet that alters or proposes conditions or contingencies on the proposed prices.
- It is imperative that the prices entered on the Financial Proposal Sheet be recorded correctly. Any incorrect entries or inaccurate calculations by the Offeror will be treated as provided in COMAR 21.05.03.03E and 21.05.02.12.

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SECTION VII. INFORMATION REQUIRED IN OFFEROR’S PROPOSAL

7.1 TWO VOLUME SUBMISSION

The selection procedure for this RFP requires that the technical data and financial data must each be submitted separately. Offerors must submit proposals in two separate volumes, which will be separately evaluated:

a. Volume I - Technical Proposal
b. Volume II – Financial Proposal

Offerors must submit proposals encompassing all of the services required in the RFP and may not submit proposals for only certain services of the RFP.

7.2 PROPOSALS

1. Volume I - Technical Proposal must be sealed separately from the Volume II - Financial Proposal, but submitted simultaneously to the Procurement Officer at the address listed in Section 3.1.1.

2. An unbound original, so identified, six (6) paper copies and one (1) complete and exact electronic copy of each Volume shall be submitted. The electronic copy shall be included with the original paper copy of each respective Volume (Technical or Financial).

3. The electronic version of Volume I - Technical Proposal shall be submitted in MS Word or PDF format, and Volume II - Financial Proposal shall be submitted in MS Word, PDF or Excel format. The electronic versions must include the ability to search, copy and print selected pages and partial pages. Electronic media shall be CD or thumb drive and shall bear the RFP number and name, name of the Offeror, and the Technical or Financial Volume number (Volume I is Technical or Volume II is Financial).

4. The Offeror is required to submit a separate sealed package for each Volume. Each Volume and each separately sealed package are to be labeled either “Volume I-Technical Proposal” or “Volume II-Financial Proposal”.

5. On the outside of each sealed package, the Offeror must include the RFP Title and number, the name and address of the Offeror, the Volume number (I=Technical or II=Financial), and the Deadline for Receipt of Proposals.

6. All pages of each proposal Volume must be consecutively numbered from beginning (Page 1) to end (Page “x”). The final page of each Volume shall state “Final Page".
7.3 VOLUME I – TECHNICAL PROPOSAL

7.3.1 Transmittal Letter

A brief transmittal letter prepared on the Offeror’s business stationary must accompany the original Technical Proposal. The purpose of this letter is to transmit the proposal and it shall:

- State whether the Offeror is submitting a proposal for the Primary Contract, a Secondary Contract, or both. (NOTE: An Offeror submitting for both Primary and Secondary Contracts need only submit a single Technical Proposal, but must complete both Category A & B on the Financial Proposal Sheet.)
- Acknowledge receipt of all Amendments to the RFP, if any.
- Be signed by an individual who is authorized to commit the Offeror to all services and requirements as stated in the RFP, including the prices contained in its proposal.

7.3.2 General Format of Technical Proposal

If an Offeror is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror’s proposal must contain the following explicit statement that the parent organization will guarantee the performance of the subsidiary:

“(Parent) hereby guarantees absolutely the full, prompt and complete performance by (Offeror) of all the terms, conditions and obligations contained in this Contract, as it may be amended from time to time, including any and all exhibits that are now or may become incorporated hereunto, and other obligations of every nature and kind that now or may in the future arise out of or in connection with this Contract, including any and all financial commitments, obligations and liabilities. (Parent) may not transfer this absolute guaranty to any other person or entity without the prior express written approval of the Lottery. (Parent) further agrees that if the Lottery brings any claim, action, suit or proceeding against (Offeror), (Parent) may be named as a party, in its capacity as Absolute Guarantor. (Parent) expressly recognizes and agrees that any and all notices, correspondence, or other written or oral communication from the Lottery to (Offeror) shall be conclusively deemed to have been received by (Parent), and (Parent) hereby waives any and all requirements that it receive any such notices, correspondence or written or oral communications, whatsoever.”

This section provides specific instructions for submission of the Offeror’s Technical Proposal. Adherence to the required organization and numbering will
allow the Evaluation Committee to “map” the RFP requirements directly to the Offeror’s responses by paragraph number and facilitate a fair and uniform review process. In addition, the Proposal shall:

1. Be prepared in a clear and concise manner.

2. Address all points of this RFP. The Offeror shall regard specifications in this RFP as mandatory.

3. Be organized and numbered in the same order as given in the RFP, using the correct subsection and paragraph number for each specification. For example, Section 2.1 Para 1; Section 3.2 Para 4; etc.

4. Not include in the Technical Proposal any reference to prices proposed by the Offeror.

5. Include in the Technical Proposal the specific sections as described below in Sections 7.3.3 through 7.3.11.

### 7.3.3 Title and Table of Contents

The Technical Proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP, followed by a table of contents.

Confidential Information: Information that is claimed to be proprietary or confidential is to be labeled accordingly throughout the text and a summary of those sections is to be placed after the Title Page and before the Table of Contents in the Offeror’s Technical Proposal, and if applicable, also in the Financial Proposal. Only those portions that can reasonably be shown to be proprietary or confidential may be identified as such.

### 7.3.4 Executive Summary

1. The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled “Executive Summary.”

2. The Offeror shall state whether it is submitting a proposal for the Primary Contract only, a Secondary Contract only, or both.

3. The Offeror shall state whether or not it meets the Offeror Minimum Requirements (Section 1.3) and provide verification of compliance.

4. The Summary shall identify any exceptions the Offeror has taken to the requirements of this RFP, the Mandatory Contractual Provisions or any other attachments. If an Offeror takes no exception to the State’s terms, conditions and requirements, the Executive Summary should so state. By submitting a proposal in response to this RFP, the Offeror shall be deemed to have agreed to and accepted all mandatory contract terms and conditions set forth in the standard contract form, unless otherwise noted.
**Warning:** If there is any item, including any standard clause provision with which the Offeror cannot or will not comply, such exception must be clearly noted and explained, including the degree to which the Offeror may consider some degree of compliance. Exceptions to terms and conditions may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

5. The Offeror must provide a statement of intent to comply with the terms, conditions and requirements of Sections III. and IV., and provide any information required by these Sections.

6. The Offeror must provide a statement of intent to comply with the terms, conditions and requirements of Section V.

### 7.3.5 Offeror Technical Response to RFP Requirements

The Offeror shall address all requirements as described in Section V of the RFP and describe in the Technical Proposal how it proposes to meet each requirement. If the Lottery is seeking the Offeror’s agreement to a requirement, the Offeror shall state agreement or disagreement.

As stated above, any exception to a term, condition or requirement may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award. Any paragraph that represents a work requirement shall include a detailed explanation of how the work will be done.

#### 7.3.5.1. Overview of Game Production Methods

The Offeror shall provide a description of the methods to be employed in the manufacturing of Instant Tickets. Each of the major production steps shall be identified and described.

The Offeror shall describe its proposed production plan and schedule to be adhered to for all games to be produced under this Contract. The plan and schedule proposed shall begin with the presentation of the proposed game to the Lottery and conclude with the delivery of the final product to the Lottery’s Retailer network. The plan and schedule shall include all major steps, decision points, production steps, and internal controls in the creation, production, and distribution cycles for an instant game.

#### 7.3.5.2. Anti-Counterfeiting and Anti-Alteration Features

The Offeror shall describe the built-in features against counterfeiting and alteration in its game Instant Tickets. Include in their entirety any reports made by independent testing laboratories during the past two (2) years.
7.3.5.3. **Game Capability**

The Offeror shall submit six (6) sample Instant Games, including sample Instant Tickets and actual Working Papers, that the Offeror has produced for NASPL customers. Samples shall include one each for price points of $1.00, $2.00, $3.00, $5.00, $10.00 and $20.00.

7.3.5.4. **Ticket Samples and Laboratory Reports**

The Offeror shall submit not less than three hundred (300) consecutively numbered samples of Instant Tickets for each of five (5) Instant Games it has produced for a NASPL lottery. Instant Tickets submitted shall be machine made and not handmade, and shall accurately reflect the Offeror’s product. The Lottery may submit the Offeror’s Instant Tickets to testing laboratories selected by the Lottery for evaluation. Sample Instant Tickets shall include at least one of each of the following play types:

1. Match three;  
2. Key number or symbol match;  
3. Add up;  
4. Beat a score; and  
5. Extended Play

All Instant Ticket samples shall contain a Bar Code; at least two (2) Instant Ticket samples shall contain Optical Character Reader (OCR-A) game/book/ticket/numbers.

The Offeror shall submit copies of written testing results from one or more laboratories covering all Instant Tickets submitted. Costs for this testing shall be borne by the Offeror. The written test results shall be from an independent laboratory for at least two (2) of the sample games. For the remaining three (3) sample games, the written test results shall be either from an independent laboratory or an internal test report.

7.3.5.5. **Ticket Catalogs**

1. The Offeror shall submit two (2) ticket catalogs which contain Instant Tickets from all past available games produced by the Offeror within the past most recent one (1) year. In addition, Ticket Catalogs shall include samples of all available play symbol configurations, as well as information relating to Offeror’s capability to print play symbols in more than one (1) color. The Offeror shall also include sample Instant Tickets featuring variable sizes, die-cut shape configurations, recycled/recyclable stock, unique inks, four-color process play area
configurations, or other non-standard configurations which may be available.

2. The Offeror shall list and describe any currently held proprietary and/or patented printing and production processes, patented game plays or ink technologies, exclusive licensing agreements, licensed properties of any kind, and copyrights, service marks or trademarks

7.3.5.6. Production Facility/Business Recovery Plan

1. The Lottery requires a highly reliable source of Instant Tickets. The Offeror shall describe its main production facility and its backup facility(ies) for the production of Instant Tickets for the Lottery, including location, security features and capacities. The Offeror shall detail the current percentage of operating capacity being utilized at the production facilities, and the anticipated impact of adding the printing volumes anticipated by this RFP.

2. The Offeror shall provide a copy of its Business Recovery Plan to be used in case of emergency or disaster at its production facility.

The following three (3) Sections 7.3.5.7, 7.3.5.8 & 7.3.5.9 apply only to the Primary Contract and shall not be submitted by Offerors for a Secondary Contract.

7.3.5.7. Product Plan for Maryland

Instant Games represent an important growth area for the Lottery. Instant Ticket sales have increased from FY 2005 through and including FY 2012, growing from $391 million in gross sales to $506.8 million in those 7 years. During the same time period, the Instant Ticket product has grown from approximately 26% to over 28% of total Lottery sales. However, in recent years the percentage of Net Revenue, when compared to total sales, has decreased due to the growth in higher dollar products. Since the Lottery’s core mission is to generate revenue to help support the good causes of the State including education, public health, public safety, human resources and the environment, increasing Instant Ticket revenue remains an important area of focus. It is the Lottery’s goal to both continue Instant Ticket sales growth as well as to grow Instant Ticket revenues.

As a way to achieve optimal merchandising to increase sales results, Instant Game launch strategies have evolved over the last several fiscal years. Historically, the Lottery launched 66 games in FY 2005 but only 54 new games were launched in FY 2012 (see Section 2.2 for year-by-year historical totals). The frequency and timing of new launches have also changed over the years whereas the Lottery once launched 2 to 3 games every other week
to the most recent monthly launch cycle of 4 new games that was implemented in FY 2012.

Given the above, the Offeror shall submit its Instant Game Product Plan for Maryland. The Offeror’s strategy should include, but not be limited to, the recommended number of games per fiscal year, price points, top prizes, prize payout, a detailed explanation of the resulting net sales and specifically net revenue per price point, play styles, game themes, the quantity of Instant Tickets for each game, game features, and game launch frequency. Offeror shall also provide a recommended prize structure for each price point ($1, $2, $3, $5, $10, $20) based on Maryland’s Instant Game environment and players.

7.3.5.8 Case Study

The Offeror shall provide an outline of the Case Study described below, which will be presented orally to the Evaluation Committee in accordance with Section 3.8 of the RFP.

Assignment #1 – Reverse the Revenue Trend – 30 minutes oral presentation time

The Lottery has experienced a disproportionate decreasing trend of Instant Ticket revenues (see Section 2.2 “INSTANT TICKET RATIO OF SALES / REVENUE FOR FY 2001 – FY 2012”). As the Lottery has responded to the market’s desire for higher price point games, the revenue earned has declined. The Lottery is looking for the Offeror to present a strategy to reverse this trend which is specifically attuned to Maryland.

Offeror shall provide an overall strategy applicable to an entire fiscal year, while focusing on specific launch plans that would apply to Maryland and its Instant Game players. The Lottery is looking not only for the Offeror’s recommendations but also for the analytical and strategic thinking used to derive the proposed direction as well as the creative and game design capabilities.

The plan shall include, but not necessarily be limited to, discussion on the creative direction, Instant Ticket price, prize structure design, and what strategies should be employed at retail to maximize sales; and so forth. Actual Instant Ticket samples do not have to be manufactured.

The following data will be provided to Offeror upon written request: Demographics of Instant Game players and the player segmentation of Maryland’s Instant Game players. Sales information for the Lottery is provided in Section II of this RFP.
**Assignment #2** - Best of the Best – 15 minutes oral presentation time

Offeror shall present a case study on their “best of the best” single Instant Ticket that has been launched in one of their customer states.

The Offeror shall not use a Maryland Instant Ticket to showcase its “best of the best.”

Case study shall include background on the Instant Ticket, the strategy/creative thinking behind the Instant Ticket design, prize structure development, marketing support, and the success of the Instant Ticket.

**Assignment #3** - Product Plan for Maryland – 30 minutes oral presentation time

The Offeror shall highlight its Instant Game Product Plan for Maryland described in Section 7.3.5.7.

The Maryland Lottery currently ranks in the top 5 in per capita sales for On-Line Games and 23rd in per capita sales for Instant Ticket Games. Explain in detail, as part of the Product Plan, how the Offeror will raise the Lottery’s per capita Instant Ticket rank without impacting On-Line Game sales and Net Income and without affecting overall Net Income for Instant Ticket Games.

### 7.3.5.9  Delivery of Instant Tickets to Retailers

The Offeror must describe the proposed process/procedures and time frames for the delivery of Instant Tickets, from the pick-up of packed Instant Tickets at the Lottery’s warehouse to the delivery of these Instant Tickets to Retailer locations. If a subcontractor is to be utilized, the Offeror must name the subcontractor and describe the subcontractor’s experience with deliveries. The proposed subcontractor must be approved by the Lottery.

The Offeror must describe its automated tracking system that will be provided to the Lottery to track deliveries and the types of reports and information that will be available to the Lottery. The URL for this specific website page that the Lottery’s On-Line Gaming System Contractor, Scientific Game International, Inc, will be linking to shall be provided.

The Offeror must provide a plan for delivery based on the current number of Retailer locations (4,300) throughout Maryland, and factor in the capacity to support additional Retailers over the Contract term (See Section 2.3). This plan shall discuss how deliveries are to be made within the required twenty four (24) hours after pick-up from the Lottery’s warehouse. Any geographic areas that cannot be delivered within the required time period must be
identified and explained. A list of current Lottery Retailers with addresses is available upon written request (see Appendix M).

The Offeror must describe the procedures and processes utilized to document the delivery and receipt of Instant Tickets to the Retailers and how delivery information is updated in the automated tracking system. The Offeror must also describe the procedures and processes followed when a package is refused or undeliverable.

The Offeror must describe the type of vehicles that will be used to pick-up packed Instant Tickets and POS materials from the Lottery’s warehouse.

The Offeror must describe the number and size of the bulk containers that will be used to transport packages of Instant Tickets from the Lottery’s warehouse to the Contractor’s warehouse and distribution facility. These containers will be returned to the Lottery’s warehouse. (NOTE: The containers being supplied by the current delivery contractor are approximately 3' x 4' x 4' in size and equipped with rollers.)

The Offeror must describe how it will maintain all Instant Tickets in a secure manner at all times.

The Offer must describe the back-up procedures for the delivery of Instant Tickets in the event that the primary delivery service becomes unavailable.

7.3.6. Offeror’s Background, Experience and Capabilities

The Offeror shall describe its organization and its structure, to include:

a. A brief history of the company, including the number of years it has been in business and the founding date of the organization.

b. The exact name of the Offeror submitting the proposal.

c. The type of business entity (e.g., corporation, partnership, etc.).

d. The place of the Offeror’s incorporation, if any.

e. The states and countries in which the Offeror is qualified to do business and the nature of any business done in that state or country.

f. The name, address and telephone number of all attorneys, law firms, or lobbyists representing the Offeror in the State of Maryland.

g. The name, address and telephone number of the certified public accountants proposed to be used for game production certification.
h. The name, address and telephone number of all personnel, consultants, sales agents or other entities involved in aiding the Offeror’s efforts to obtain this Contract pursuant to this RFP or otherwise assisting the Offeror.

i. If the Offeror is a partnership, the general and limited partners.

j. If the Offeror is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

k. If the Offeror is an association, the members, officers, and directors.

l. If the Offeror is a corporation, the officers, directors, and stockholders; except that, in the case of stockholders of a publicly traded corporation, only stockholders of five percent (5%) or more of such publicly held securities need be identified;

m. If the Offeror is a subsidiary or intermediary company, all other intermediary companies and the parent company or holding company involved, the officer, directors, and stockholders of each; except that, in the case of stockholders of a publicly traded corporation, only stockholders of five percent (5%) or more of such publicly held securities need be identified.

n. An organization chart of the Offeror showing all major divisions and units, which components will perform the requirements of this Contract, where the management of this Contract will fall within the organization, and what corporate resources will be available to support this Contract in both primary and secondary, or back-up, roles. Highlight name/positions on the chart who will work on the Lottery’s account. Include on the chart any new positions that would be created as a result of acquiring the Lottery account and provide a description of how these positions would be filled and when.

o. Any union affiliations that may affect this Contract and describe the effect.

The Offeror shall describe its organization’s background and experience in providing Instant Ticket Games and marketing services, shall include information on past experience with similar projects, and shall describe how its organization can meet the requirements of this RFP specifically to include the following:

1. An overview of the Offeror’s experience providing similar services. This description shall include:
   a. A summary of the services offered;
   b. The number of years the Offeror has provided these services and the geographic locations the Offeror currently serves;
c. A list of current clients (list NASPL clients first), contract start and end dates, and the current printing commitments for these clients. Also include your firm’s commitment to meeting Instant Ticket delivery dates;

d. A list of current outstanding bids and proposals, potential contract start and end dates, and geographic locations;

e. A list of Liquidated Damages, in excess of $50,000 for any single incident, assessed or pending against the Offeror for the last five (5) years to include amounts, reason for damages and explanation;

f. The Offeror must disclose whether, during the past five (5) years, it has had to pull any of its product from sale for any reason, and if so, why? Has any lottery refused to accept a game for any reasons, and if so, why?; and

g. The Offeror must state, for the last three (3) years, the percentage of its Instant Ticket production for Lotteries that has been listed as “omits” on your validation system.

2. A minimum of three (3) references of its customers who are capable of documenting the Offeror’s ability to manage projects of comparable size and complexity. Each client reference must include the following information:

a. Name of client organization;

b. Name, title, and telephone number of Point-of-Contact for client organization;

c. Value, type, and duration of contract(s) supporting the client organization;

d. The services provided, scope of the contract, geographic area being supported, and performance objectives satisfied, and improvements made to client systems (e.g. reduction in operation/maintenance costs while maintaining/improving current performance levels); and

e. An explanation of why the Offeror is no longer providing the services to the client organization, should that be the case.

**NOTE:** The Lottery shall have the right to contact any reference of its own choosing, or any other source, as part of the evaluation and selection process. The Lottery shall also have the right to obtain additional Instant Tickets from other Lotteries which may be used in evaluating the Offeror’s product.
3. A list of any current or previous contracts that the Offeror has had with any department or agency of the State of Maryland, to include the contract name and number, contract term and contract amount.

**7.3.7 Assigned Personnel’s Background and Experience**

Describe the account team that will be assigned to service the Lottery under this Contract. Identify by name, title and function each of the Key personnel who will be directly involved with providing the services rendered under this Contract; state the percent of participation of each Key person in this Contract; and provide their resume. For Offerors for the Primary Contract, the Key personnel shall specifically include the proposed Dedicated Account Representative.

The Offeror must state, for each person identified as Key personnel, and other personnel involved in Lottery matters, including their full name, business address, business telephone number, five (5) year employment history, as well as lottery experience, and for each state whether or not, during the last five (5) years, any of the following events occurred:

a. Such person was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation (excluding traffic violations and other minor offenses).

b. Such person was the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining such person from engaging in any type of professional or business practice or activity.

c. Such person was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of such person to engage in any professional or business practice or activity.

**7.3.8 Financial Capability and Legal Action Summary**

1. Offerors shall provide evidence of their financial capacity to provide the services required by this RFP, to include:
   a. The last three (3) year end audited financial statements. The financial statements shall include the auditor’s opinion, complete set of financial statements, and footnotes.
   b. At least five (5) financial references from banks or other financial institutions attesting to the Offeror’s credit worthiness.

2. The Offeror shall include the following information regarding legal actions:
   a. A statement as to whether there are any pending legal actions against the Offeror, and a brief description of any such action.
b. A brief description of any settled or closed legal actions against the Offeror over the past three (3) years.

c. A description of any judgments against the Offeror within the past five (5) years, including the case name, number, court, and what the final ruling or determination was from the court.

d. In instances where litigation is ongoing and the Offeror has been directed not to disclose information by the court, provide the name of the judge, location of the court, and case name and number.

e. A statement whether the Offeror, a subsidiary or intermediary company, parent company or holding company was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation during the past five (5) years.

f. A statement whether the Offeror, a subsidiary or intermediary company, parent company or holding company was the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining it from or otherwise limiting its participation in any type of business, practice or activity during the past five (5) years.

7.3.9 Economic Benefit

Offerors shall submit with their proposals a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of their performance of this contract. Proposals will be evaluated to assess the benefit to Maryland’s economy specifically offered. (Do not include any detail of the financial proposal with this technical information.)

Proposals that identify specific benefits as being contractually enforceable commitments will be rated more favorably than proposals that do not identify specific benefits as contractual commitments, all other factors being equal.

Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the contract term.

As applicable, for the full duration of the Contract, including any renewal period, or until the commitment is satisfied, the Contractor shall provide to the Procurement Officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this Section. These benefit attainment reports shall be provided quarterly, unless elsewhere in these specifications a different reporting frequency is stated.

In responding to this Section, the following do not generally constitute economic benefits to be derived from this contract:
1. Generic statements that the State will benefit from the Offeror’s superior performance under the contract;

2. Descriptions of the number of Offeror employees located in Maryland other than those that will be performing work under this Contract; or

3. Tax revenues from Maryland based employees or locations, other than those that will be performing, or used to perform, work under this Contract.

Discussion of Maryland based employees or locations may be appropriate if the Offeror makes some projection or guarantee of increased or retained presence based upon being awarded this contract.

Examples of economic benefits to be derived from the Contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:

1. The contract dollars to be recycled into Maryland’s economy in support of the Contract, through the use of Maryland subcontractors, suppliers and joint venture partners.

2. The number and types of jobs for Maryland residents resulting from the Contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the Contractor has committed, including contractual commitments at both prime and, if applicable, subcontract levels.

3. Tax revenues to be generated for Maryland and its political subdivisions as a result of the Contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the Contract.

4. Subcontract dollars committed to Maryland small businesses and MBEs.

5. Other benefits to the Maryland economy which the Offeror promises will result from awarding the Contract to the Offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the Contract award. Offerors may commit to benefits that are not directly attributable to the Contract, but for which the Contract award may serve as a catalyst or impetus.

NOTE: Because there is no guarantee of any level of usage under the Contract, the Offeror should state its level of commitment per $1,000,000 of Contract value. In other words, for each $1,000,000 of Contract value, how many Maryland jobs will be created, what Maryland tax revenue will be generated, how much will be paid to Maryland subcontractors, etc.

7.3.10 Subcontractors
Offerors shall identify all subcontractors, if any, and provide a complete description of the roles these subcontractors will have in the performance of the Contract. Subcontractors used to meet the Minority Business Enterprise ("MBE") goal of this RFP shall also be identified.

7.3.11 Required Submissions

Offerors must submit the following items with the original Technical Proposal (Offerors need to submit only one (1) paper original of these items):

1. A completed Proposal Affidavit (Appendix A);
2. A completed Conflict of Interest Affidavit and Disclosure (Appendix G);
3. A Proposal Bond in the amount of Five Hundred Thousand Dollars ($500,000.00) (Appendix I);
4. A Litigation/Protest Bond in the amount of Five Hundred Thousand Dollars ($500,000.00) (Appendix H);
5. Statement of Intent to Comply (Section 7.3.4, paragraphs 4. & 5.)
6. Living Wage-Affidavit of Agreement (Appendix K);
7. Authorization for Release of Information (Appendix L); and

Item #8 below is applicable only to proposals for the Primary Contract.

8. Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1);

7.4 VOLUME II – FINANCIAL PROPOSAL

This Volume must contain the Offeror's pricing information. The Offeror must submit its prices being proposed on the Financial Proposal Sheet provided in Appendix F. The Financial Proposal Sheet (Appendix F) must be submitted separately and clearly marked as "Financial Proposal" as stated in Section 7.2. The Offeror must provide complete price information for all services required by this RFP.

7.5 SUBMISSION DEADLINE

The Offeror must submit an original, so identified, six (6) paper copies and one (1) electronic copy of its Proposal (both Technical and Financial) by the Deadline for Receipt of Proposals specified in Section 3.7 of this RFP.

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SECTION VIII. EVALUATION AND SELECTION PROCEDURE

8.1 QUALIFYING PROPOSAL

All Offerors’ proposals received by the Deadline for Receipt of Proposals will be first reviewed by the Procurement Officer to determine if the Offeror’s Minimum Requirements specified in Section 1.3, if any, have been met and to determine compliance with the submission requirements of the RFP and, in particular, with the requirement for submission of the MBE Forms contained in Attachment D-1. An Offeror not meeting the Minimum Requirements will be determined to be “not responsible”. A proposal that does not include the completed D-1 MBE Form will be determined to be “not reasonably susceptible of being selected for award”. If either determination is made, the proposal shall not be further considered and the Offeror’s financial proposal shall be returned unopened.

8.2 EVALUATION COMMITTEE

The Evaluation Committee will be appointed by the Director and may include members of the Commission. All proposals from Qualified Offerors (“qualified proposals”) will be evaluated by the Evaluation Committee. The Evaluation Committee may request additional assistance from any other source, and may obtain information from any source regarding verification of an Offeror’s qualifications.

8.3 TECHNICAL EVALUATION

The Evaluation Committee shall conduct its evaluation of the technical merits of the proposals. The technical evaluation of each proposal will be completed by the Evaluation Committee in accordance with the Evaluation Criteria set forth in Section 8.4 below. If at any time in the evaluation process an Offeror is determined to be not responsible or a proposal is determined to be not reasonably susceptible of being selected for award, the proposal will be dropped from further consideration in the awarding of the Contract and the financial proposal will be returned unopened to the Offeror.

8.4 CRITERIA FOR TECHNICAL EVALUATION

Primary Contract - The criteria that will be used by the Evaluation Committee for evaluation of the Technical Proposals are listed below, in descending order of importance, i.e., criterion no. 1 is more important than criterion no. 2, criterion no. 2 is more important than criterion no. 3, etc.

1. Product Plan for Maryland (7.3.5.7)
2. Game Capability (7.3.5.3) and Ticket Catalogs (7.3.5.5)
3. Case Study (Originality of name, concept, theme; Visual impact; Commercial Potential; Quality of presentation (7.3.5.8))

4. Overview of Game Production Methods (7.3.5.1); Anti-Counterfeiting and Anti-Alteration Features (7.3.5.2); and Ticket Samples and Laboratory Reports (7.3.5.4)

5. Assigned Personnel's Background and Experience, with specific emphasis on the Dedicated Account Representative’s qualifications (7.3.7)

6. Offeror’s Background, Experience and Capabilities (7.3.6); and Financial Capability and Legal Action Summary (7.3.8)

7. Delivery of Instant Tickets to Retailers (7.3.5.9)

8. Production Facility/Business Recovery Plan (7.3.5.6)

9. Economic Benefit (7.3.9)

Secondary Contract - The criteria that will be used by the Evaluation Committee for qualification of the Technical Proposals are listed below:

1. Game Capability (7.3.5.3) and Ticket Catalogs (7.3.5.5)

2. Overview of Game Production Methods (7.3.5.1); Anti-Counterfeiting and Anti-Alteration Features (7.3.5.2); and Ticket Samples and Laboratory Reports (7.3.5.4)

3. Offeror's Background, Experience and Capabilities (7.3.6); and Financial Capability and Legal Action Summary (7.3.8)

4. Assigned Personnel's Background and Experience (7.3.7)

5. Production Facility/Business Recovery Plan (7.3.5.6)

8.5 FINANCIAL EVALUATION

The separate Financial Volume of each qualified proposal, which consists of the Financial Proposal Sheet provided in Appendix F, will be distributed to the Evaluation Committee following the completion of the technical evaluation.

Primary Contract - All qualified Offerors will be ranked from the lowest (best) price to the highest price, based on the Offeror's proposed “Total Estimated Annual Contract Amount (I + II)” for Category A-Primary Contract, as specified on the Financial Proposal Summary Sheet - Appendix F (Page 5 of 9).
Offerors are reminded that prices listed in A.3, Additional Tasks, will not be evaluated or considered in the basis of award by the Lottery.

Secondary Contract – Price evaluation will be done at the time of evaluation of a Request for Quotation.

A resident business preference will be given, if applicable, as described in Section 3.26.

8.6 DISCUSSIONS
The Evaluation Committee may enter into discussions with qualified or potentially qualified Offerors as set forth in COMAR 21.05.03.03.C. Discussions, however, need not occur and the Lottery may make an award without holding discussions (See COMAR 21.05.03.02.A(4)). Offerors may be asked to participate in face to face discussions with the Evaluation Committee or other State representatives concerning their proposals. Discussions may be conducted by telephone, or may be in the form of written questions to be answered by the Offerors and conducted by mail, e-mail, or facsimile transmission at the discretion of the Lottery.

8.7 BEST AND FINAL OFFER
When it is deemed in the best interest of the State, the Procurement Officer may permit qualified Offerors to revise their initial proposals by submitting a Best and Final Offer (BAFO). The Procurement Officer shall notify each qualified Offeror of the scope of the requested BAFO (Technical and/or Financial) and shall establish a common date and time for the Offeror’s submission. The Procurement Officer may require more than one series of BAFOs and discussions if the Director or designee makes a determination that it is in the State’s best interest to conduct additional discussions or change the Lottery’s requirements and require submission of another BAFO. If more than one BAFO is requested, an Offeror’s immediate previous offer shall be construed as its best and final offer unless the Offeror submits a timely notice of withdrawal or another BAFO. The Procurement Officer may consult with and seek the recommendation of the Evaluation Committee during the BAFO process.

8.8 FINAL RANKING AND RECOMMENDATION FOR AWARD
Upon completion of all discussions and reference checks, the Procurement Officer will recommend award of the Primary Contract to the responsible Offeror whose proposal is determined to be the most advantageous to the State, considering the technical evaluation factors and price factors as set forth in this RFP.
In making the most advantageous Offer determination, technical factors and price factors shall be given equal weight.

In addition, the Procurement Officer may recommend award of a Secondary Contract(s) to any other Offeror(s), except for the Offeror awarded the Primary Contract, that are determined to be technically qualified.

Recommended contract award(s), if any, resulting from this RFP, is subject to all appropriate State approvals.

8.9 DEBRIEFING OF UNSUCCESSFUL OFFERORS

Unsuccessful Offerors will be debriefed upon their written request to the Procurement Officer, provided the request is made within a reasonable period of time, not to exceed ten (10) days, after receiving notice from the Procurement Officer of not being recommended for award. Request for debriefings shall be honored by the Lottery at the earliest feasible time after the request has been received. Debriefings shall be held in accordance with COMAR 21.05.03.06.

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SECTION IX. APPENDICES

APPENDIX A - Proposal Affidavit. This form must be completed and submitted with the Offeror’s Technical Proposal.

APPENDIX B - Contract Affidavit. It is not required to be submitted with Proposal. It must be completed by the selected Offeror and submitted to the Procurement Officer within five (5) working days after notification of proposed contract award.

APPENDIX C - Pre-Proposal Conference Response Form

APPENDIX D - Minority Business Enterprise (MBE) Instructions/Forms

  APPENDIX D-1 – Certified MBE Utilization and Fair Solicitation Affidavit
  APPENDIX D-2 – Outreach Efforts Compliance Statement
  APPENDIX D-3 – Subcontractor Project Participation Statement
  APPENDIX D-4 – Contractor Paid/Unpaid Invoice Report
  APPENDIX D-5 – MBE Subcontractor Paid/Unpaid Invoice Report

APPENDIX E – Vendor Electronic Funds Transfer (EFT) Registration Request Form


APPENDIX G – Conflict of Interest Affidavit and Disclosure

APPENDIX H – Litigation/Protest Bond

APPENDIX I – Proposal Bond

APPENDIX J – Performance Bond

APPENDIX K – Living Wage Requirements for Service Contracts - Affidavit of Agreement must be completed and submitted with the Offeror’s Proposal.

APPENDIX L – Authorization for Release of Information

APPENDIX M – Lottery Retailer Locations
APPENDIX A – PROPOSAL AFFIDAVIT

COMAR 21.05.08.07 (Effective 8/2012)

(This Affidavit is Required to be Completed & Submitted with Offeror’s Proposal)

A. AUTHORITY

I HEREBY AFFIRM THAT:

I, __________________________ (print name) __________________________ (title), of ___________________ ___________________ (print firm name) possess the legal authority to make this Affidavit.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned Offeror hereby certifies and agrees that the following information is correct: In preparing its proposal on this project, the Offeror has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in §19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the proposal submitted by the Offeror on this project, and terminate any contract awarded based on the proposal. As part of its proposal, the Offeror herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the Offeror discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Offeror agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

B-1. CERTIFICATION REGARDING MINORITY BUSINESS ENTERPRISES.

The undersigned Offeror hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, §14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:
(1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;

(2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the bid or proposal;

(3) Fail to use the certified minority business enterprise in the performance of the contract; or

(4) Pay the certified minority business enterprise solely for the use of its name in the bid or proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the proposal submitted by the Offeror on this project, and terminate any contract awarded based on the proposal.

B-2. CERTIFICATION REGARDING VETERAN-OWNED SMALL BUSINESS ENTERPRISES.

The undersigned Offeror hereby certifies and agrees that it has fully complied with the State veteran-owned small business Enterprise Law, State Finance and Procurement Article, §14-605, Annotated Code of Maryland, which provides that, a person may not:

(1) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain public money, procurement contracts, or funds expended under a procurement contract to which the person is not entitled under this title;

(2) Knowingly and with intent to defraud, fraudulently represent participation of a veteran–owned small business enterprise in order to obtain or retain a bid preference or a procurement contract;

(3) Willfully and knowingly make or subscribe to any statement, declaration, or other document that is fraudulent or false as to any material matter, whether or not that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(4) Willfully and knowingly aid, assist in, procure, counsel, or advise the preparation or presentation of a declaration, statement, or other document that is fraudulent or false as to any material matter, regardless of whether that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;

(5) Willfully and knowingly fail to file any declaration or notice with the unit that is required by COMAR 21.11.12; or

(6) Establish, knowingly aid in the establishment of, or exercise control over a business found to have violated a provision of §B-2(1) — (5) of this regulation.
C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, §6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

___________________________________________________________
___________________________________________________________
___________________________________________________________.

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business’s contracting activities including obtaining or performing contracts with public bodies, has:

(1) Been convicted under state or federal statute of:

(a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or

(b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;

(2) Been convicted of any criminal violation of a state or federal antitrust statute;

(3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. §1961 et seq., or the Mail Fraud Act, 18 U.S.C. §1341 et seq., for acts in connection with the submission of bids or proposals for a public or private contract;

(4) Been convicted of a violation of the State Minority Business Enterprise Law, §14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
(5) Been convicted of a violation of §11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;

(6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;

(7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of bids or proposals for a public or private contract;

(8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract; or

(9) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§B and C and subsections D(1)—(8) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).
F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

(1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and

(2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):

________________________________________________________________________________________
________________________________________________________________________________________

G. SUB-CONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

(1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying bid or offer that is being submitted;

(2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the bid price or price proposal of the bidder or offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying bid or offer is submitted.

I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT:

Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the
Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. **CONTINGENT FEES**

I FURTHER AFFIRM THAT:

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

K. **ACKNOWLEDGEMENT**

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this bid or proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: ______________________

By: __________________________________________

(print name of Authorized Representative and Affiant)

____________________________________________

(signature of Authorized Representative and Affiant)
APPENDIX B – CONTRACT AFFIDAVIT

COMAR 21.07.01.25 (Effective 8/8/2011)

(This Affidavit is NOT Required To Be Completed & Submitted With Offeror’s Proposal)

A. AUTHORITY

I HEREBY AFFIRM THAT:

I, _____________________________ (print name), ___________________________ (title), of _______________________________________________ (print firm name) possess the legal authority to make this Affidavit.

B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

I FURTHER AFFIRM THAT:

The business named above is a (check applicable box):

(1) Corporation — ☐ domestic or ☑ foreign;
(2) Limited Liability Company — ☐ domestic or ☑ foreign;
(3) Partnership — ☐ domestic or ☑ foreign;
(4) Statutory Trust — ☐ domestic or ☑ foreign;
(5) ☑ Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID Number: __________________________ Address: __________________________
_________________________________________________________________________________

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID Number: __________________________ Address: __________________________
_________________________________________________________________________________
C. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13 221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate $100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches $100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, §§14 101 — 14-108, Annotated Code of Maryland, which requires that every person that enters into contracts, leases, or other agreements with the State of Maryland, including its agencies or a political subdivision of the State, during a calendar year in which the person receives in the aggregate $100,000 or more shall file with the State Board of Elections a statement disclosing contributions in excess of $500 made during the reporting period to a candidate for elective office in any primary or general election.

E. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head’s designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency’s undercover operations.)

I CERTIFY THAT:

(1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.

(2) By submission of its bid or offer, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:

(a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;

(b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business’ workplace and specifying the actions that will be taken against employees for violation of these prohibitions;

(c) Prohibit its employees from working under the influence of drugs or alcohol;
(d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;

(e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;

(f) Establish drug and alcohol abuse awareness programs to inform its employees about:

   (i) The dangers of drug and alcohol abuse in the workplace;
   (ii) The business's policy of maintaining a drug and alcohol free workplace;
   (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
   (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

   (i) Abide by the terms of the statement; and
   (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

   (i) Take appropriate personnel action against an employee, up to and including termination; or
   (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing,
possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

   (a) The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

   (b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

   (c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated __________, 20___, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: ______________

By: _____________________________________________
   (printed name of Authorized Representative and Affiant)

____________________________________________________
   (signature of Authorized Representative and Affiant)

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.
APPENDIX C

PRE-PROPOSAL CONFERENCE RESPONSE FORM

Project Title: INSTANT TICKET GAMES & RELATED SERVICES
Project: #2013-01

A Pre-Proposal Conference will be held at 2:00 PM (Local Time), on February 12, 2013, at:

Maryland State Lottery & Gaming Control Agency
Montgomery Park Business Center
1800 Washington Boulevard, Suite 330
Baltimore MD 21230

For directions to the meeting site, you may contact Robert W. Howells at 410-230-8789.

Please return this form by February 8, 2013 advising whether or not you plan to attend.

Return this form via e-mail or fax to the Procurement Officer:

Robert W. Howells
Fax: (410) 230-8727
e-mail: rhowells@msla.state.md.us

Please indicate:

_____ Yes, the following representatives will be in attendance:

1.
2.
3.
4.

_____ No, we will not be in attendance.

Company/Firm/Vendor Name __________________________________________ Telephone __________________________________________

Signature __________________________________________ Name/Title __________________________________________
APPENDIX D

MINORITY BUSINESS ENTERPRISE INSTRUCTIONS/FORMS

MARYLAND STATE LOTTERY & GAMING CONTROL AGENCY

MINORITY BUSINESS ENTERPRISE PARTICIPATION

PURPOSE

Contractor shall structure its procedures for the performance of the work required in this contract to attempt to achieve the Minority Business Enterprise (MBE) goal stated in the Request for Proposals. MBE performance must be in accordance with this Appendix, as authorized by Code of Maryland Regulations (COMAR) 21.11.03. Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this Appendix.

MBE GOALS AND SUBGOALS

☐ An MBE subcontract participation goal of ten (10%) percent of the total contract dollar amount has been established for this contract. By submitting a response to this RFP, the Offeror agrees that this dollar amount of the contract will be performed by certified minority business enterprises

OR

☐ An overall MBE subcontract participation goal of ___ percent of the total contract dollar amount has been established for this contract. This dollar amount includes:

☐ A sub-goal of ____ percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as women-owned businesses.
☐ A subgoal of ___ percent of the total contract dollar amount to be allocated to certified minority business enterprises classified as African American-owned businesses.

By submitting a response to this RFP, the Offeror agrees that these dollar amounts of the contract will be performed by certified minority business enterprises as specified.

◆ A prime Contractor — including an MBE prime Contractor — must accomplish an amount of work not less than the MBE subcontract goal with certified MBE subcontractors.
◆ A prime Contractor comprising a joint venture that includes MBE partner(s) must accomplish the MBE subcontract goal with certified MBE subcontractors.
SOLICITATION AND CONTRACT FORMATION

An Offeror must include with its offer:

A completed Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1), whereby the offeror:

(1) acknowledges the certified MBE participation goal or requests a waiver, commits to make a good faith effort to achieve the goal, and affirms that MBE subcontractors were treated fairly in the solicitation process; and

(2) responds to the expected degree of Minority Business Enterprise participation as stated in the RFP, by identifying the specific commitment of certified Minority Business Enterprises at the time of submission. The Offeror shall specify the price and/or the percentage of contract value associated with each MBE subcontractor identified.

If an Offeror fails to submit Attachment D-1 at the time of submittal of the offer as required, the Procurement Officer shall determine that the offer is not reasonably susceptible of being selected for award.

Within ten (10) working days from notification that it is the apparent awardee or from the date of the actual award, whichever is earlier, the apparent awardee must provide the following documentation to the Procurement Officer.

(1) Outreach Efforts Compliance Statement (Attachment D-2)
(2) Subcontractor Project Participation Statement (Attachment D-3)
(3) If the apparent awardee has requested a waiver (in whole or in part) of the overall MBE goal or of any subgoal as part of the previously submitted Attachment D-1, it must submit documentation supporting the waiver request that complies with COMAR 21.11.03.11.
(4) Any other documentation required by the Procurement Officer to ascertain Offeror responsibility in connection with the certified MBE participation goal.

If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.
CONTRACT ADMINISTRATION REQUIREMENTS

Contractor shall:

1. Submit monthly to the Lottery a report listing any unpaid invoices, over 30 days old, received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made.

2. Include in its agreements with its certified MBE subcontractors a requirement that those subcontractors submit monthly to the Lottery a report that identifies the prime contract and lists all payments received from Contractor in the preceding 30 days, as well as any outstanding invoices, and the amount of those invoices.

3. Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed. Subcontract agreements documenting the work performed by all MBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.

4. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State’s representatives verifying compliance with the MBE participation obligations. Contractor must retain all records concerning MBE participation and make them available for State inspection for three (3) years after final completion of the Contract.

5. At the option of the procurement agency, upon completion of the Contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

Attachments

D-1 Certified MBE Utilization and Fair Solicitation Affidavit (must be submitted with offer)

D-2 Outreach Efforts Compliance Statement (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

D-3 Subcontractor Project Participation Statement (must be submitted within 10 working days of notification of apparent award or actual award, whichever is earlier)

Note: D-4 & D-5 will not be completed or submitted by Offeror with its Proposal.
CERTIFIED MBE UTILIZATION AND FAIR SOLICITATION AFFIDAVIT

(Submit with Proposal)

This document shall be completed and included with the submittal of the offer. If the Offeror fails to complete and submit this form with the offer as required, the Procurement Officer shall determine that the offer is not reasonably susceptible of being selected for award.

In conjunction with the response submitted to RFP No. 2013-01, I affirm the following:

1. I acknowledge and intend to meet the overall certified Minority Business Enterprise (MBE) participation goal of 10% (ten percent) and, if specified in the RFP, sub goals of ___ percent for MBEs classified as African American-owned and ___ percent for MBEs classified as women-owned. Therefore, I will not be seeking a waiver pursuant to COMAR 21.11.03.11.

OR

I conclude that I am unable to achieve the MBE participation goal and/or subgoals. I hereby request a waiver, in whole or in part, of the overall goal and/or subgoals. Within 10 business days of receiving notice that our firm is the apparent awardee, I will submit all required waiver documentation in accordance with COMAR 21.11.03.11.

2. I understand that if I am notified that I am the apparent awardee, I must submit the following additional documentation within 10 working days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier.

   (a) Outreach Efforts Compliance Statement (Form D-2)
   (b) Subcontractor Project Participation Statement (Form D-3)
   (c) Any other documentation, including waiver documentation, if applicable, required by the Procurement Officer to ascertain Master Contractor’s responsibility in connection with the certified MBE participation goal.

   I understand that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for NTP award. If the NTP has already been awarded, the award is voidable.

3. In the solicitation of subcontract quotations or offers, MBE subcontractors were provided not less than the same information and amount of time to respond as were non-MBE subcontractors.

4. Set forth below are the (i) certified MBEs I intend to use and (ii) the percentage of the total contract amount allocated to each MBE for this project. I hereby affirm that the MBE firms are only providing those products and services for which they are MDOT certified.
Prime Contractor:  
(Firm Name, Address, Phone)

Project Description:  
**Instant Ticket Games and Related Services**

Project Number: **2013-01**

### List Information For Each Certified MBE Subcontractor On This Project

<table>
<thead>
<tr>
<th>Minority Firm Name</th>
<th>MBE Certification Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification Category For Dually Certified MBE Subcontractors <em>(Check Only One Certification Category)</em></td>
<td></td>
</tr>
<tr>
<td>☐ African American Owned</td>
<td>☐ Woman-Owned</td>
</tr>
<tr>
<td>Percentage of Total Contract</td>
<td></td>
</tr>
</tbody>
</table>

<table>
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<tr>
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<tr>
<td>Percentage of Total Contract</td>
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</tbody>
</table>

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<tr>
<td>☐ African American Owned</td>
<td>☐ Woman-Owned</td>
</tr>
<tr>
<td>Percentage of Total Contract</td>
<td></td>
</tr>
</tbody>
</table>

Continue on a separate page, if needed.
SUMMARY

Total African-American MBE Participation: ___
Total Woman-Owned MBE Participation: ___
Total Other Participation: ___
Total All MBE Participation: ___

I solemnly affirm under the penalties of perjury that the contents of this Affidavit are true to the best of my knowledge, information, and belief.

______________________________  ______________________________
Offeror’s Name  Signature of Affiant
(PLEASE PRINT OR TYPE)

Name: ________________________
Title: ________________________
Date: ________________________
ATTACHMENT D-2

OUTREACH EFFORTS COMPLIANCE STATEMENT

This document shall be completed and submitted by Offeror within ten (10) working days of notification of recommendation for Contract award

In conjunction with the offer submitted in response to RFP No. 2013-01, the Offeror states the following:

1. Offeror identified opportunities to subcontract in these specific work categories:

2. Attached to this form are copies of written solicitations (with bidding instructions) used to solicit MDOT certified MBEs for these subcontract opportunities.

3. Offeror made the following attempts to contact personally the solicited MDOT certified MBEs:

4. Select ONE of the following:
   a. ☐ This project does not involve bonding requirements.
      OR
   b. ☐ Offeror assisted MDOT certified MBEs to fulfill or seek waiver of bonding requirements (describe efforts)

5. Select ONE of the following:
   a. ☐ Offeror did/did not attend the pre-proposal conference
      OR
   b. ☐ No pre-proposal conference was held.

__________________________________________________________________________________________
Offeror Printed Name
__________________________________________________________________________________________
Address
__________________________________________________________________________________________
Name, Title
__________________________________________________________________________________________
Date
**ATTACHMENT D-3**

**SUBCONTRACTOR PROJECT PARTICIPATION STATEMENT**

This document shall be completed and submitted by Offeror within ten (10) working days of notification of recommendation for Contract award. Complete and submit one form for each MDOT certified MBE listed on Form D-1.

_________________________ (Contractor) has entered into a contract with ___________________________ (subcontractor) to provide services in connection with the RFP described below.

<table>
<thead>
<tr>
<th>Prime Contractor Address and Phone</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Instant Ticket Games and Related Services</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Number</th>
<th>Total Contract Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013-01</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Minority Firm Name</th>
<th>MBE Certification Number</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
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</table>

<table>
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<tr>
<th>Work To Be Performed</th>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Total Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

The undersigned Contractor and Subcontractor hereby certify and agree that they have fully complied with the State Minority Business Enterprise law, State Finance and Procurement Article §14-308(a)(2), Annotated Code of Maryland which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a bid or proposal and:

(1) fail to request, receive, or otherwise obtain authorization from the certified MBE to identify the certified MBE in its proposal;
(2) fail to notify the certified MBE before execution of the contract of its inclusion of the bid or proposal;
(3) fail to use the certified MBE in the performance of the contract; or
(4) pay the certified MBE solely for the use of its name in the proposal.

**CONTRACTOR SIGNATURE**

By: ___________________________
    Name, Title
    Date

**SUBCONTRACTOR SIGNATURE**

By: ___________________________
    Name, Title
    Date
**ATTACHMENT D-4**

**MARYLAND STATE LOTTERY & GAMING CONTROL AGENCY**  
**MINORITY BUSINESS ENTERPRISE PARTICIPATION**  
**CONTRACTOR PAID/UNPAID INVOICE REPORT**

* Complete and submit this form for each MDOT certified Minority Business Enterprise Subcontractor by the 15th of each month. Failure to comply with MBE reporting requirements may result in sanctions being invoked, up to and including contract termination.

<table>
<thead>
<tr>
<th>Report #: __________</th>
<th>Instant Ticket Games and Related Services #2013-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period (Month/Year): __________</td>
<td>Contracting Unit ________________________________</td>
</tr>
<tr>
<td></td>
<td>Contract Amount ________________________________</td>
</tr>
<tr>
<td></td>
<td>MBE Sub Contract Amt ______________________________</td>
</tr>
<tr>
<td></td>
<td>Contract Begin Date ______________________________</td>
</tr>
<tr>
<td></td>
<td>Contract End Date ________________________________</td>
</tr>
<tr>
<td></td>
<td>Services Provided __________________________________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prime Contractor:</th>
<th>Contact Person:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td></td>
</tr>
<tr>
<td>City:</td>
<td>State: ZIP:</td>
</tr>
<tr>
<td>Phone:</td>
<td>FAX:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subcontractor Name:</th>
<th>Contact Person:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone:</td>
<td>FAX:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subcontractor Services Provided:</th>
</tr>
</thead>
<tbody>
<tr>
<td>List all unpaid invoices over 30 days old received from the MBE subcontractor named above:</td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>Total Dollars Unpaid: $__________</td>
</tr>
</tbody>
</table>

**If more than one MBE subcontractor is used for this contract, please use separate forms.**  
**Return one copy of this form to the following address:**

<table>
<thead>
<tr>
<th>Roslyn Fuller, MBE Coordinator</th>
<th>Phone: 410-230-8831</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maryland State Lottery &amp; Gaming Control Agency</td>
<td>Fax: 410-230-8795</td>
</tr>
<tr>
<td>1800 Washington Boulevard, Suite 330</td>
<td>e-mail: <a href="mailto:rfuller@msla.state.md.us">rfuller@msla.state.md.us</a></td>
</tr>
<tr>
<td>Baltimore, MD 21230</td>
<td></td>
</tr>
</tbody>
</table>

Signature:__________________________________________ Date:____________________________________
# ATTACHMENT D-5

## MARYLAND STATE LOTTERY & GAMING CONTROL AGENCY
### MINORITY BUSINESS ENTERPRISE PARTICIPATION

**Minority Business Enterprise Participation Subcontractor Paid/Unpaid Invoice Report**

<table>
<thead>
<tr>
<th>Report #: _____</th>
<th>Instant Ticket Games &amp; Related Services #2013-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period (Month/Year): <strong>/</strong>__</td>
<td>Contracting Unit ________________________________</td>
</tr>
<tr>
<td>Report Due By the 15th of the following Month.</td>
<td>Contract Amount _________________________________</td>
</tr>
<tr>
<td></td>
<td>MBE Sub Contract Amt ____________________________</td>
</tr>
<tr>
<td></td>
<td>Contract Begin Date ____________________________</td>
</tr>
<tr>
<td></td>
<td>Contract End Date ______________________________</td>
</tr>
<tr>
<td></td>
<td>Services Provided ______________________________</td>
</tr>
</tbody>
</table>

**MBE Subcontractor Name:**

**MDOT Certification #:**

**Contact Person:**

**Address:**

<table>
<thead>
<tr>
<th>City:</th>
<th>State:</th>
<th>ZIP:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Phone:</th>
<th>FAX:</th>
</tr>
</thead>
</table>

**Subcontractor Services Provided:**

List all payments received from Prime Contractor during reporting period above.

1. 
2. 
3. 

**Total Dollars Paid:** $

List dates and amounts of any unpaid invoices over 30 days old.

1. 
2. 
3. 

**Total Dollars Unpaid:** $

**Prime Master Contractor:**

**Contact Person:**

Return one copy of this form to the following address:

Roslyn Fuller, MBE Coordinator
Maryland State Lottery & Gaming Control Agency
1800 Washington Boulevard, Suite 330
Baltimore, MD 21230
Phone: 410-230-8831
Fax: 410-230-8795
e-mail: rfuller@msla.state.md.us

Signature: ______________________________________ Date: ____________________
VENDOR ELECTRONIC FUNDS TRANSFER (EFT) REGISTRATION REQUEST FORM
State of Maryland
Comptroller of Maryland

Date of Request ______________________________

Business Identification Information (Address to be used in case of default to check):

Business Name____________________________________________________________
Address Line 1____________________________________________________________
Address Line 2____________________________________________________________
City ________________________ State _______   Zip code  

Taxpayer Identification Number:

Federal Employer Identification Number:  
(or) Social Security Number:  

Business contact name, title, e-mail and phone number including area code. (And address if different from above):
_______________________________________________________________________
_______________________________________________________________________

Financial Institution Information:

Name and address _________________________________________________________
Contact name, phone number (include area code), ______________________________

ABA Number  
Account Number __________________________________________________________
ACCOUNT TYPE  

Format Desired: _____ CCD  _____ CCD+  _____ CTX*  (Check one.)

*Note – There may be a charge to you by your bank with this format.

A **VOIDED CHECK** from the bank account must be attached.
Transaction Requested:

1. ___ Initiate all disbursements via EFT to the above account.
2. ___ Discontinue disbursements via EFT, effective _____________________.
3. ___ Change the bank account to above information – a copy of the approved Registration Form for the previous bank account must be attached.

I am authorized by __________________________________________ (hereinafter Company) to make the representations contained in this paragraph. Company authorizes the Comptroller and the Treasurer of Maryland to register it for electronic funds transfer (EFT) using the information contained in this registration form. Company agrees to receive all funds from the State of Maryland by electronic funds transfer according to the terms of the EFT program. Company agrees to return to the State of Maryland any EFT payment incorrectly disbursed by the State of Maryland to the Company’s account. Company agrees to hold harmless the State of Maryland and its agencies and departments for any delays or errors caused by inaccurate or outdated registration information or by the financial institution listed above.

*Name of registering business entity

______________________________________________
Signature of company treasurer, controller, or chief financial officer and date

Completed by GAD/STO
Date Received __________________________________________________________
GAD registration information verified _____________________________ Date to STO_______
STO registration information verified _____________________________ Date to GAD_______

R*STARS Vendor No. and Mail Code Assigned:

____________________________________________         _____________

State Treasurer’s Office approval date   General Accounting Division approval date

To Requestor:
Please retain a copy of this form for your records. Please allow approximately 30 days from the date of your request for the Comptroller’s and Treasurer’s Offices to process your request. Failure to maintain current information with this office could result in errors in payment processing. If you have any questions, please call the EFT registration desk at 410-260-7375.

Please submit form to:   EFT Registration, General Accounting Division
                        Room 205, P.O. Box 746
                        Annapolis, Maryland  21404-0746

Instructions: Electronic Funds Transfer instructions are located: http://compnet.comp.state.md.us/gad. Questions may be requested by email, gad@comp.state.md.us. Or call 1-888-784-0144.

COT/GAD X-10
This form must be completed in its entirety and submitted by Offeror with the Financial Proposal. Do Not change or alter this form.

Category A- PRIMARY CONTRACT

A.1.1 - The Offeror must state its price to provide, as Primary Contractor, all equipment, hardware, software, personnel and services required by this RFP (except Section 5.4 Delivery Services) for providing Instant Ticket Games and Related Services, specifically to include the Required Standard Ticket Features (Section 5.2.8 #31, i.e., excluding Additional Tasks). The price/amount shall be expressed as a Firm, Fixed Unit Price (Dollar Amount) Per Square Inch of Instant Ticket area per 1000 Instant Tickets printed by the Contractor. Price shall be stated as a dollar amount and shall be stated to 2 decimal places (e.g., $00.00).

<table>
<thead>
<tr>
<th>Game Volume (Number of Instant Tickets to be printed)</th>
<th>Price Per Square Inch of Instant Ticket Area/ per 1000 Instant Tickets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 500,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>500,001 to 1,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>1,000,001 to 2,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>2,000,001 to 3,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>3,000,001 to 4,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>4,000,001 to 6,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>6,000,001 to 8,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>8,000,001 to 10,000,000</td>
<td>$________.____</td>
</tr>
<tr>
<td>10,000,001 and over</td>
<td>$________.____</td>
</tr>
</tbody>
</table>

A.1.2 - The Offeror must state its price to provide, as Primary Contractor, all equipment, hardware, software, personnel and services required by Section 5.4 Delivery Services of this RFP. The price shall be expressed as a Firm, Fixed Unit Price (Dollar Amount) per delivery of Instant Ticket orders and POS materials to Retailers by the Contractor.

| Proposed Firm, Fixed dollar amount price for All Services & Equipment Required by this RFP for Providing Section 5.4 Delivery Services only per delivery (“Dollar Amount per Delivery to Retailers”) | $________.____ Price/Amount shall be stated as a dollar amount and shall be stated to 2 decimal places (e.g. $00.00) |

145
A.2 - Credit per person per site visit for unused press checks/security visits (Sections 5.2.2 & 5.2.16). Price/amount shall be stated as a dollar amount and shall be stated to 2 decimal places (e.g., $00.00). $_______.

A.3 – The Offeror must state its price to provide each of the Additional Tasks listed below, for a **Primary Contract** (Section 5.2.8 #32). The price shall be expressed as a **Firm, Fixed dollar amount Per Square Inch of Instant Ticket Area** ("Per Square Inch") per 1000 Instant Tickets **printed by the Contractor**. The dollar amount indicated will be an incremental amount to be added to the amount for the base Instant Ticket in A.1 above for these Additional Tasks. For any Additional Task included in the base Instant Ticket price in A.1 above and offered at no additional cost, insert No Cost ("N/C") in the price column. If the Offeror does not have the capability to provide a specific Additional Task, insert Not Applicable ("N/A") in the price column. Offerors are reminded that prices listed in A.3, Additional Tasks, will not be evaluated or considered in the basis of award. Price/amount shall be stated as a dollar amount and dollar amount shall be stated to 2 decimal places (e.g., $00.00).
1. Color Change (Pulsing)
2. Color Change on re-orders
3. Four-Color Process Instant Ticket back
4. Dual Pass Imaging
5. Dual color imaging
6. Multi color imaging
7. Synchronized imaging and graphics
8. Photo Realistic printing
9. Additional ink color
10. Fluorescent Ink
11. Metallic Ink
12. Scented Ink
13. Pearlescent Inks
14. Glittering Inks
15. Multiple Scenes, Continuous
16. Multiple Scenes, Individual
17. 10-Point Foil stock
18. Holographic Paper
19. Die-Cuts
20. Pack inserts (not matching book number)
21. Pack activation cards (matching book number)
22. Break opens
23. Perforated stubs w/ variable imaging information
24. Perforated stubs w/out variable imaging information

25. Accelerated Delivery

26. Cost of disposal of Instant Tickets per pallet

27. Retailer/promotional games

28. Skyline and pop up games

29. Additional Instant Ticket sizes, per square inch

30. Two-sided play area

31. Embossed Instant Tickets

32. Scored Instant Tickets

33. Folded Instant Tickets

34. Dauber marking system

35. Transparent Layer Marking System

36. Multi Game Production run discount

37. Game reprint discount

38. Pouches
   ▪ Connected & perforated pouches
   ▪ Separated pouches
   ▪ Connected, perfed Instant Tickets in pouch (State maximum strip length or number of Instant Tickets)
   ▪ Individual Instant Tickets in pouch (State maximum number)
   ▪ Multiple inserts in pouch (State maximum number and size)
   ▪ Varied pouch sizes, per square inch

39. Instant Ticket Stock white coated two (2) sides

40. Instant Ticket Stock white coated on front & .5 coated on back

41. Electronic Instant Tickets
**Category A - PRIMARY CONTRACT - Financial Proposal Summary Sheet**

I. Offeror’s Proposed Price to provide Instant Ticket Games and Related Services (excluding Section 5.4 Delivery Services). Price/amount shall be stated as a dollar amount and dollar amount shall be stated to 2 Decimal places (e.g., $00.00).

<table>
<thead>
<tr>
<th>Game Volume (Number of Instant Tickets to be printed)</th>
<th>Price Per Square Inch of Instant Ticket Area per 1,000 Instant Tickets From A.1.1</th>
<th>Lottery’s Estimate of Annual Quantities</th>
<th>Offeror’s Estimated Annual Price/Amount to Provide Instant Ticket Games &amp; Related Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 500,000</td>
<td>$_____<em>. (</em>) (x) 0* (=)</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>500,001 to 1,000,000</td>
<td>$_____<em>. (</em>) (x) 2,880,000* (=)</td>
<td>$__________</td>
<td>47,280,000</td>
</tr>
<tr>
<td>1,000,001 to 2,000,000</td>
<td>$_____<em>. (</em>) (x) 28,320,000</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>2,000,001 to 3,000,000</td>
<td>$_____<em>. (</em>) (x) 23,040,000</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>3,000,001 to 4,000,000</td>
<td>$_____<em>. (</em>) (x) 14,160,000</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>4,000,001 to 6,000,000</td>
<td>$_____<em>. (</em>) * (=)</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>6,000,001 to 8,000,000</td>
<td>$_____<em>. (</em>) 0* (=)</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>8,000,001 to 10,000,000</td>
<td>$_____<em>. (</em>) 0* (=)</td>
<td>$__________</td>
<td></td>
</tr>
<tr>
<td>10,000,000 and over</td>
<td>$_____<em>. (</em>) 0* (=)</td>
<td>$__________</td>
<td></td>
</tr>
</tbody>
</table>

**Total** $__________. (_) (I)

II. Offeror’s Proposed Price to provide Delivery Services to Retailers (Section 5.4)

<table>
<thead>
<tr>
<th>Dollar Amount per Delivery to Retailers From A.1.2</th>
<th>Lottery’s Estimate of Annual Number of Deliveries To Retailers</th>
<th>Offeror’s Estimated Annual Price/Amount to Provide Deliveries to Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>$_________<em>. (</em>) (x) 195,000* (=)</td>
<td></td>
<td>Total $_________<em>. (</em>) (II)</td>
</tr>
</tbody>
</table>

III. TOTAL ESTIMATED ANNUAL CONTRACT AMOUNT (I + II) (=) $_____________________.

**(BASIS OF AWARD)**

(Price/amount shall be stated as a dollar amount and dollar amount/Contract Amount shall be stated to 2 decimal places (e.g., $00.00).
*NOTE: The “Total Estimated Annual Contract Amount (I + II)” specified above is the total estimated annual Contract price/amount and is based on model quantities for the Lottery’s Annual Instant Tickets printed and the number of Deliveries to Retailers and will be used solely for price evaluation, comparison and selection for recommendation for award. The quantities indicated are not a guarantee of any minimum or maximum amounts under this Contract and may change at any time during the term of the Contract, or renewal option period if exercised. The amount to be paid to the Contractor shall be calculated using 1) the Price Per Square Inch of Instant Ticket Area per 1,000 Instant Tickets specified on the Financial Proposal Sheet multiplied by the Lottery’s actual Ticket Quantities Printed, and 2) the Firm, Fixed Unit Price (Dollar amount per Delivery of Instant Ticket orders and POS materials to Retailers) specified on the Financial Proposal Sheet multiplied by the actual number of Deliveries to Retailers.

Signature: ____________________________ Date: _____________
Primary Offeror/Contractor

Name: ________________________________ Title: ________________
(Printed or Typed)

Company: _____________________________ Phone No. _____________

Address: ______________________________
____________________________________ Federal Tax I.D. # _____________
Category B - SECONDARY CONTRACT

B.1 - The Offeror must state its price to provide, as a Secondary Contractor, all equipment, hardware, software, personnel and services required by this RFP for Providing Instant Ticket Games and Related Services, specifically to include the Required Standard Ticket Features (Section 5.2.8 #31, i.e., excluding Additional Tasks). The price shall be expressed as a Firm, Fixed Unit Price (Dollar Amount) Per Square Inch of Instant Ticket area per 1000 Instant Tickets printed by the Contractor. Price/amount shall be stated as a dollar amount and dollar amount shall be stated to 2 decimal places (e.g., $00.00).

<table>
<thead>
<tr>
<th>Game Volume (Number of Instant Tickets to be printed)</th>
<th>Price Per Square Inch of Instant Ticket Area/ per 1000 Instant Tickets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 500,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>500,001 to 1,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>1,000,001 to 2,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>2,000,001 to 3,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>3,000,001 to 4,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>4,000,001 to 6,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>6,000,001 to 8,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>8,000,001 to 10,000,000</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
<tr>
<td>10,000,001 and over</td>
<td>$___<em><strong><strong>.-</strong></strong></em></td>
</tr>
</tbody>
</table>

B.2 - Credit per person per site visit for unused press checks/security visits (Section 5.2.2 & 5.2.16). Price/amount shall be stated as a dollar amount and dollar amount shall be stated to 2 decimal places (e.g., $00.00). $________.-_____  

B.3 - Offeror must state its price to provide each of the Additional Tasks listed below, for a Secondary Contract (Section 5.2.8 #32). The price shall be expressed as a Firm, Fixed Unit Price (Dollar Amount) Per Square Inch of Instant Ticket area per 1000 Instant Tickets printed by the Contractor. The price indicated will be an incremental price to be added to the price for the base Instant Ticket in B.1 above for these Additional Tasks. For any Additional Task included in the base Instant Ticket price in B.1 above and offered at no additional cost, insert No Cost (“N/C”) in the price column. If the Offeror does not have the capability to provide a specific Additional Task, insert Not Applicable (“N/A”) in the price column. Price/amount shall be stated as a dollar amount and dollar amount shall be stated to 2 decimal places (e.g., $00.00).

<table>
<thead>
<tr>
<th>Additional Task (Secondary)</th>
<th>Price: $ Per Square Inch/1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Color Change (Pulsing)</td>
<td></td>
</tr>
<tr>
<td>2. Color Change on re-orders</td>
<td></td>
</tr>
<tr>
<td>3. Four-Color Process Instant Ticket back</td>
<td></td>
</tr>
<tr>
<td>Additional Task</td>
<td>(Secondary) Price: $ Per Square Inch/1,000</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>4. Dual Pass Imaging</td>
<td></td>
</tr>
<tr>
<td>5. Dual color imaging</td>
<td></td>
</tr>
<tr>
<td>6. Multi color imaging</td>
<td></td>
</tr>
<tr>
<td>7. Synchronized imaging and graphics</td>
<td></td>
</tr>
<tr>
<td>8. Photo Realistic printing</td>
<td></td>
</tr>
<tr>
<td>9. Additional ink color</td>
<td></td>
</tr>
<tr>
<td>10. Fluorescent Ink</td>
<td></td>
</tr>
<tr>
<td>11. Metallic Ink</td>
<td></td>
</tr>
<tr>
<td>12. Scented Ink</td>
<td></td>
</tr>
<tr>
<td>13. Pearlescent Inks</td>
<td></td>
</tr>
<tr>
<td>14. Glittering Inks</td>
<td></td>
</tr>
<tr>
<td>15. Multiple Scenes, Continuous</td>
<td></td>
</tr>
<tr>
<td>16. Multiple Scenes, Individual</td>
<td></td>
</tr>
<tr>
<td>17. 10-Point Foil stock</td>
<td></td>
</tr>
<tr>
<td>18. Holographic Paper</td>
<td></td>
</tr>
<tr>
<td>19. Die-Cuts</td>
<td></td>
</tr>
<tr>
<td>20. Pack inserts (not matching book number)</td>
<td></td>
</tr>
<tr>
<td>21. Pack activation cards (matching book number)</td>
<td></td>
</tr>
<tr>
<td>22. Break opens</td>
<td></td>
</tr>
<tr>
<td>23. Perforated stubs w/ variable imaging information</td>
<td></td>
</tr>
<tr>
<td>24. Perforated stubs w/out variable imaging information</td>
<td></td>
</tr>
<tr>
<td>25. Accelerated Delivery</td>
<td></td>
</tr>
<tr>
<td>26. Cost of disposal of tickets per pallet</td>
<td></td>
</tr>
<tr>
<td>27. Retailer/promotional games</td>
<td></td>
</tr>
</tbody>
</table>
Additional Task  

(Secondary) Price: $ Per Square Inch/1,000

28. Skyline and pop up games

29. Additional Instant Ticket sizes, per square inch

30. Two-sided play area

31. Embossed tickets

32. Scored tickets

33. Folded Tickets

34. Dauber marking system

35. Transparent Layer Marking System

36. Multi Game Production run discount

37. Game reprint discount

38. Pouches
   ▪ Connected & perforated pouches
   ▪ Separated pouches
   ▪ Connected, perfed tickets in pouch (State maximum strip length or number of tickets)
   ▪ Individual tickets in pouch (State maximum number)
   ▪ Multiple inserts in pouch (State maximum number and size)
   ▪ Varied pouch sizes, per square inch

39. Instant Ticket Stock white coated two (2) sides

40. Instant Ticket Stock white coated on front & .5 coated on back

41. Electronic Instant Tickets

----------------------------------------------------------------------------------------------------------------------------

Signature: __________________________________________ Date: ______________

Secondary Offeror/Contractor

Name: __________________________________________  Title: _______________________

(Printed or Typed)

Company: ______________________________  Phone No. ______________

Address: __________________________________________

______________________________  Federal Tax I.D. # ______________________
APPENDIX G

CONFLICT OF INTEREST AFFIDAVIT AND DISCLOSURE

(This affidavit is required to be submitted with the offeror’s proposal.)

A. “Conflict of interest” means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person’s objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. “Person” has the meaning stated in COMAR 21.01.02.01B(64) and includes a Bidder, Offeror, Contractor, Consultant, or Subcontractor or Subconsultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a bid or offer is made.

C. The Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain detail—attach additional sheets if necessary):

E. The Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the Offeror shall immediately make a full disclosure in writing to the Procurement Officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the Contract has been awarded and performance of the Contract has begun, the Contractor shall continue performance until notified by the Procurement Officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: ____________________________  By: ____________________________

(Authorized Representative and Affiant)
APPENDIX H
LITIGATION/PROTEST BOND

BOND NO.__________________________________________

KNOW ALL MEN BY THESE PRESENTS THAT ________________

having its principal office at _________________________________ as

Principal and ________________ authorized

to transact business in the State of Maryland, as Surety and held and firmly bound to the

State of Maryland, as obligee in the sum of Five Hundred Thousand and 00/100 Dollars

($500,000). As a condition of the Maryland State Lottery and Gaming Control Agency’s

Request for Proposals #2013-01, this bond must be supplied with the Proposal with provision

that a claim may be made upon this bond in accordance with Section 4.52.2 of the Maryland

State Lottery and Gaming Control Agency’s Request for Proposals #2013-01 for “Instant

Ticket Games and Related Services”.

PRINCIPAL AND SURETY bind themselves, their heirs, assigns, executors and

administrator, jointly and severally, conditioned that this obligation shall remain in full force

and effect for a period of one (1) year from the Deadline for Receipt of Proposals.

Provided, however, the Surety shall not be liable for the sum greater than the penal sum of

this bond.

IN WITNESS WHEREOF, the said Principal’s hand and seal have been set hereunto and the

said Surety has caused these presents to be signed by its Attorney to become effective on

this, the _____ day of ____________, 2013.

WITNESS:_________________________ BY:_____________________________

TITLE:____________________________

SURETY:_________________________

WITNESS:_________________________ BY:_____________________________

TITLE:____________________________
PROPOSAL BOND

Bond No. __________

KNOW ALL MEN BY THESE PRESENTS, that we, _____________________________ (Offeror) as Principal, hereinafter called the Principal, and __________________________________________________________________________ (Bonding Company) a corporation duly organized under the laws of the state of ________________, as Surety, hereinafter called the Surety, are held and firmly bond unto the State of Maryland, hereinafter called "State" for the sum of ________________ Five Hundred Thousand and 00/100 Dollars ($ 500,000 ), for the payment of which sum, the said Principal and the said Surety bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a proposal for __________________________________________________________________________ (Identify project by number and brief description)

NOW, THEREFORE, if the Principal, upon acceptance by the State of its proposal identified above, within the period specified herein for acceptance for one hundred-eighty (180) days, shall execute such further contractual documents, if any, and give such bond(s) as may be required by the terms of the proposal as accepted within the time specified (ten (10) days if no period is specified) after receipt of the forms, or in the event of failure so to execute such further contractual documents and give such bonds, if the Principal shall pay the State for any cost of procuring the work which exceeds the amount of its proposal, then the above obligation shall be void and of no effect.

The Surety executing this instrument hereby agrees that its obligation shall not be impaired by any extension(s) of the time for acceptance of the proposal that the Principal may grant to the State, notice of which extension(s) to the Surety being hereby waived; provided that such waiver of notice shall apply only with respect to extensions aggregating not more than ninety (90) calendar days in addition to the period originally allowed for acceptance of the proposal.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.
In Presence of:
Witness
________________________________ as to__________________________(SEAL)

In Presence of:
Witness
________________________________ as to ____________________________(SEAL)
________________________________ as to ____________________________(SEAL)
________________________________ as to ____________________________(SEAL)

CORPORATE PRINCIPAL
Attest:
________________________________
(Name of Corporation)
AFFIX
________________________________
BY: ___________________ CORPORATE
Corporate Secretary
President
SEAL

SURETY
Attest:
________________________________
(Name of Surety)
AFFIX
________________________________
BY: ___________________ CORPORATE
Secretary
President
SEAL

Bonding Agent’s Name
Agent’s Address

Business Address of Surety
APPENDIX J  
PERFORMANCE BOND

Principal ____________________________  Business Address of Principal ____________________________

Surety ____________________________  Obligee: STATE OF MARYLAND
a corporation of the State of ________  By and through the following
and authorized to do business in the State of Maryland
Administration: Lottery & Gaming Control

Penal Sum of Bond (express in words and figures)

_________________, 20___________  Date Bond Executed

Contract Number: #2013-01___________  ______________________, 20___________
Description of Contract: ____________  Date of Contract

Instant Ticket Games and Related Services

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal named above and Surety named above, are held and firmly bound unto the Obligee named above in the Penal Sum of this Performance Bond stated above, for the payment of which Penal Sum we bind ourselves, our heirs, executors, administrators, personal representatives, successors, and assigns, jointly and severally, firmly by these presents. However, where Surety is composed of corporations acting as co-sureties, we, the co-sureties, bind ourselves, our successors and assigns, in such Penal Sum jointly and severally as well as severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each co-surety binds itself, jointly and severally with the Principal, for the payment of such sum as appears above its name below, but if no limit of liability is indicated, the limit of such liability shall be the full amount of the Penal Sum.

WHEREAS, Principal has entered into or will enter into a contract with the State of Maryland, by and through the Administration named above acting for the State of Maryland, which contract is described and dated as shown above, and incorporated herein by reference. The contract and all items incorporated into the contract, together with any and all changes, extensions of the time, alterations, modifications, or additions to the contract or to the work to be performed thereunder or to the Plans, Specifications, and Special Provisions, or any of them, or to any other items incorporated into the contract shall hereinafter be referred to as "the Contract."

WHEREAS, it is one of the conditions precedent to the final award of the Contract that these presents be executed.
NOW, THEREFORE, during the original term of said Contract, during any extensions thereto that may be granted by the Administration, and during the guarantee and warranty period, if any, required under the Contract, unless otherwise stated therein, this Performance Bond shall remain in full force and effect unless and until the following terms and conditions are meet:

1. Principal shall well and truly perform the Contract; and
2. Principal and Surety shall comply with the terms and conditions contained in this Performance Bond.

Whenever Principal shall be declared by the Administration to be in default under the Contract, the Surety may, within 15 days after notice of default from the Administration, notify the Administration of its election to either promptly proceed to remedy the default or promptly to complete the contract in accordance with and subject to its terms and conditions. In the event the Surety does not elect to exercise either of the above stated options, then the Administration thereupon shall have the remaining contract work completed, Surety to remain liable hereunder for all expenses of completion up to but not exceeding the penal sum stated above.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract or to the work to be performed thereunder or the Specifications accompanying the same shall in any way affect its obligations on the Performance Bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Contract or to the work or to the Specifications.

This Performance Bond shall be governed by and construed in accordance with the laws of the State of Maryland and any reference herein to Principal or Surety in the singular shall include all entities in the plural who or which are signatories under the Principal or Surety heading below.

IN WITNESS WHEREOF, Principal and Surety have set their hands and seals to this Performance Bond. If any individual is a signatory under the Principal heading below, then each such individual has signed below on his or her own behalf, has set forth below the name of the firm, if any, in whose name he or she is doing business, and has set forth below, then all members of each such partnership or joint venture have signed below, each member has set forth below the name of the partnership or joint venture, and each member has set forth below his or her title as general partner, limited partner, or member of joint venture, whichever is applicable. If any corporation is a signatory under the Principal or Surety heading below, then each such corporation has caused the following: the corporation’s name to be set forth below, a duly authorized representative of the corporation to affix below the corporation’s seal and to attach hereto a notarized corporate resolution or power of attorney authorizing such action, and each such duly authorized representative to sign below and to set forth below his or her title as a representative of the corporation. If any individual acts as a witness to any signature below, then each such individual has signed below and has set forth below his or her title as a witness. All of the above has been done as of the Date of Bond shown above.
In Presence of: 
Witness

__________________________ as to __________________________(SEAL)

In Presence of:
Witness

__________________________ as to __________________________(SEAL)

(Name of Co-Partnership)

__________________________ as to __________________________(SEAL)

__________________________ as to __________________________(SEAL)

__________________________ as to __________________________(SEAL)

CORPORATE PRINCIPAL

Attest:

____________________________________

(Name of Corporation)

BY: ___________________________

AFFIX CORPORATE SEAL

Corporate Secretary President SEAL

SURETY

Attest:

______________________________

Signature

BY: ___________________________

AFFIX CORPORATE SEAL

Title: __________________________

(Business Address of Surety)

Bonding Agent’s Name:

Agent’s Address:
APPENDIX K

LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS

A. This Contract is subject to the Living Wage requirements under Title 18, State Finance and Procurement Article, Annotated Code of Maryland and the regulations proposed by the Commissioner of Labor and Industry. The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State Contract for services that is valued at $100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee’s time during any work week on the State Contract. The Living Wage Law does not apply to an employee who works less than thirteen consecutive weeks and full-time on a Contract subject to the Living Wage. Information regarding the Living Wage Law may be found on the Department of Labor, Licensing and Regulation website at www.dllr.maryland.gov.

B. The Living Wage Law does not apply to:

(1) A Contractor who:

   (A) has a State Contract for services valued at less than $100,000; or

   (B) employs 10 or fewer employees and has a State contract for services valued at less than $500,000.

(2) A Subcontractor who:

   (A) performs work on a State Contract for services valued at less than $100,000;

   (B) employs 10 or fewer employees and performs work on a State Contract for services valued at less than $900,000; or

   (C) performs work for a contractor not covered by the Living Wage Law as defined in B(1)(B) above, or B (3) or C below.

(3) Contracts involving services needed for the following:

   (A) Services with a Public Service Company;

   (B) Services with a nonprofit organization;

   (C) Services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or

   (D) Services between a Unit and a County or Baltimore City.

C. If the Unit responsible for the State contract determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the Contract or program.
D. A Contractor must not split or subdivide a Contract, pay an employee through a third party, or treat an employee as an independent contractor or assign work to employees to avoid the imposition of any of the requirements of Title 18, State Finance and Procurement, Annotated Code of Maryland.

E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.

F. The Commissioner of Labor and Industry shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry’s Website, which is: http://www.dllr.state.md.us/labor/. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.

G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer’s share of the health insurance premium, as provided in §18-103(c), State Finance and Procurement Article, Annotated Code of Maryland, shall not lower an employee’s wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer’s share of health insurance premium shall comply with any record reporting requirements established by the Commissioner of Labor and Industry.

H. A Contractor/Subcontractor may reduce the wage rates paid under §18-103(a), State Finance and Procurement, Annotated Code of Maryland, by no more than 90 cents of the hourly cost of the employer’s contribution to an employee’s deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer’s contribution to an employee’s deferred compensation plan shall not lower the employee’s wage rate below the minimum wage as set in §3-413, Labor and Employment Article, Annotated Code of Maryland.

I. Under Title 18, State and Finance Procurement Article, Annotated Code of Maryland, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of $20 per day for each employee paid less than the Living Wage.
AFFIDAVIT OF AGREEMENT
Maryland Living Wage Requirements - Service Contracts

Affidavit of Agreement

Contract No.______2013-01____________________

Name of Contractor___________________________________________________________

Address______________________________________________________________

City ________________________State ________________Zip Code__________________

If the Contract is Exempt from the Living Wage Law

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland’s Living Wage Law for the following reasons (check all that apply):

_____ Offeror is a nonprofit organization
_____ Offeror is a public service company
_____ Offeror employs 10 or fewer employees and the proposed contract value is less than $900,000
_____ Offeror employs more than 10 employees and the proposed contract value is less than $100,000

If the Contract is a Living Wage Contract

A. The Undersigned, being an authorized representative of the above named Contractor, hereby affirms our commitment to comply with Title18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its Subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its Subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.
Affidavit of Agreement
Maryland Living Wage Requirements-Service Contracts

B. ___________________________________________(initial here if applicable) The Offeror affirms it has no covered employees for the following reasons: (check all that apply):

___ All employee(s) proposed to work on the contract will spend less than one-half of the employee’s time during every work week on the State contract;
___ All employee(s) proposed to work on the contract will be 17 years of age or younger during the duration of the contract; or
___ All employee(s) proposed to work on the contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: ______________________________________________________

__________________________________________________________

Signature of Authorized Representative Date

Title: __________________________________________________________

__________________________________________________________

Witness Name (Typed or Printed)

__________________________________________________________

Witness Signature Date
APPENDIX L

AUTHORIZATION FOR RELEASE OF INFORMATION

_________________________ (Insert Name of Offeror) has submitted a proposal in response to RFP #2013-01 issued by the Maryland State Lottery and Gaming Control Agency ("Lottery"). As part of the Lottery’s evaluation of the proposal, it will be contacting other entities that have had business relationships with Offeror.

This document, signed by an authorized representative of Offeror, demonstrates the desire of Offeror to:

1. Allow representatives of the Lottery unfettered access to any and all monitoring reports, licensing or certification documents, and records of evaluations related to the experiences of Offeror in its prior or current contracts for lottery related services, as well as the experiences of any of its parent or subsidiary corporations or other entities with which it has been associated;

2. Allow the same access afforded by the previous section 1 above to apply to situations in which Offeror may have functioned as a subcontractor;

3. Grant representatives of the Lottery unfettered access to discuss openly the performance of Offeror related to the experiences set out in sections 1 and 2 above; and

4. Expressly authorize that any and all of the information conveyed to representatives of the Lottery be kept in confidence by the Lottery without any expectation or requirement that the content of such information shall ever be released to Offeror or any other entity, except where otherwise required by law.

___________________________________________________
Name & Title:

___________________________________________________
(Name of Offeror)

Date: _______________________________
APPENDIX M
LOTTERY RETAILER LOCATIONS

A list of current Lottery Retailer Locations is available for review at the office of the Procurement Officer. Please contact the Procurement Officer to make arrangements to obtain a copy.

Robert W. Howells
Maryland State Lottery Agency
Montgomery Park Business Center
1800 Washington Boulevard, Suite 330
Baltimore, MD  21230
Telephone: (410) 230-8789
Fax: (410) 230-8727
E-mail Address: rhowells@msla.state.md.us