

REQUEST FOR PROPOSALS
SECURITY AUDIT OF FACILITIES AND PROCEDURES
Issued March 9, 2015

On behalf of interested government-operated lotteries, the Multi-State Lottery Association (MUSL) is seeking a qualified Bidder or Bidders to provide a Security Audit of Facilities and Procedures at the MUSL headquarters in Urbandale, Iowa.

Interested Bidders may submit proposals by mail, carrier, or in person on or before **March 30, 2015** to:

Craig Durbin
Assistant Director for Security Oregon State Lottery
503-540-1406
500 Airport Road
PO Box 12649
Salem, Oregon 97309
Telephone: 503-540-1406
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SECTION 1
GENERAL AND LEGAL
INFORMATION and REQUIREMENTS

1.1 About MUSL

The Multi-State Lottery Association (MUSL), is a non-profit association owned and operated by 38 U.S. lotteries (including the District of Columbia and the U.S. Virgin Islands) selling such games as Powerball, and having contractual agreements with the remaining existing 10 U.S. lotteries that sell Powerball and other lottery games. As used in this RFP “Member Lotteries” are lottery members of MUSL and “Contracted Lotteries” are those lotteries which are not Member Lotteries but contract with MUSL to participate in games serviced by MUSL. All Member and Contracted Lotteries participating in lottery games serviced by MUSL shall be referred to as “Participating Lotteries”. MUSL’s governing Board of Directors is comprised of the lottery directors of its Member Lotteries. The Board directs the MUSL professional staff consisting of an Executive Director and other staff who provide accounting, legal, security, IT, draw services and other services for the benefit of the Member and Contracted Lotteries.

MUSL’s activities for its Member and Contracted Lotteries includes conducting game drawings, creation and maintenance of a draw reporting system and central account reporting system, creation and operation of RNGs, central accounting and prize pool and prize reserve maintenance, creation and maintenance of websites for MUSL games and website hosting for Member and Contracted Lottery websites, and other services as requested by Member and Contracted Lotteries.

1.2 Obligations and Responsibilities; Costs of Proposal

THE ISSUANCE OF THIS DOCUMENT CREATES NO OBLIGATIONS OR RESPONSIBILITIES WHATSOEVER FOR MUSL OR ANY LOTTERY. Obligations and responsibilities will be determined only after executed written agreements. This document and the issuance of this document do not obligate MUSL or any Lottery to enter into an agreement. Bidders to this document are wholly responsible for all costs in submitting a proposal to this document. Bidders shall hold MUSL and its Member Lotteries and Contracted Lotteries harmless for any failure, negligent or otherwise, to provide the Bidder with pertinent information as intended by this RFP.

1.3 Advisory of Confidentiality, Proprietary, Trade Secret, Etc.

Bidder shall clearly and specifically indicate each page or section that the Bidder considers confidential, proprietary, or a trade secret. The release of such confidentiality, proprietary, or trade secret information shall be determined by federal and the various state and jurisdictional laws of each lottery viewing the materials. No enhanced obligations are created by this RFP. A statement that an entire proposal is confidential, proprietary or a trade secret will not be accepted.

1.4 Ownership of Materials; Intellectual Property; Indemnification

MUSL shall own all tangible materials submitted in response to this RFP. MUSL reserves the right to use any and all information in any response to draft a future RFP, if any. The Bidder will retain ownership, to the extent that such ownership exists under U.S. laws, of its intellectual property associated with the Bidder's presentation of its products and services.

Bidders must provide in their proposal citations for patents, copyrights and trademarks offered in the Proposal. Bidder shall indemnify and hold harmless MUSL and its Member Lotteries and Contracted Lotteries, their jurisdictions, departments, divisions, agencies, sections, commissions, members, agents, officers, officials and employees (the "Indemnified Parties") against all claims related to the products and services to be provided as specified in the Proposal.

1.5 Contact, Questions, Modifications of RFP

The Bidders are requested to limit questions and contacts to email or other written communications. All questions and all responses from MUSL will be provided in writing to all Bidders expressing an interest in this RFP. Email questions are preferred. MUSL may modify this RFP through a Response to Questions document, but ONLY when it is expressly stated that the RFP is being modified. All Bidders who receive copies of the RFP from MUSL and who have a continuing interest will receive copies of the written questions received and the written answers provided by MUSL without identifying the source of the questions. The questions and answers will not modify the RFP unless MUSL specifically states that a modification is being made.

MUSL reserves the right to contact Bidders after the submission of proposals for the purpose of clarifying information or representations made in a proposal to ensure mutual understanding and to request clarification of the information or representations in a proposal before completing the initial evaluation.

Initial Questions are due on or before March 16, 2015.

All written questions and other inquiries regarding this RFP shall be directed to:

Craig Durbin
Assistant Director for Security Oregon State Lottery
503-540-1406
craig.durbin@state.or.us

1.6 Questions to Bidders

Proposals will be reviewed and evaluated by an Evaluation Committee to determine whether the Bidder has agreed to and can comply with the key requirements in this RFP. The Evaluation Committee may ask Bidders additional questions following receipt of the Proposals as part of the evaluation process.

1.7 Evaluation of Proposals

MUSL may not award any contracts or may award one or more contracts. If a contract is awarded, MUSL will award the contract to the Bidder which submits the best overall proposal in MUSL's sole discretion. Factors to be considered by the Evaluation Committee include the following:

- o Bidder capabilities;
- o Bidder experience;
- o Price;
- o Plans and Timelines; and
- o Personnel.

1.8 Awards, Rejections, Cancellation, Waiver for Non-Compliance

MUSL reserves the right to reject any or all questions, proposals, replies, and responses to this RFP. MUSL reserves the right to waive any minor irregularity by a bidder in the best interests of MUSL for the purpose of continuing the process or of awarding a contract. MUSL reserves the right to cancel this RFP at any time.

1.9 Negotiation

MUSL reserves the right to negotiate for changed terms submitted in a Proposal, including modifications to proposed deliverables and Bidder compensation.

1.10 Contract Terms

APPENDIX C includes expected contract terms for any awarded contract following this RFP. Significant disagreement with the expected terms must be expressly stated in submitted questions or within the Proposal.

1.11 Background Checks

Bidder and all control persons of Bidder and independent contractors must submit to and must pass a background check to provide product and services to MUSL and the lotteries. Contracts cannot be awarded to persons found guilty of a felony, a misdemeanor involving moral turpitude or any gambling law violation. Bidder shall be responsible for the costs of any background checks.

The Contract Administrator will coordinate background checks.

1.12 Sources of Information used in Addition to the Proposals

MUSL reserves the right to contact individual Bidders after the submission of information for the purpose of clarifying a proposal to ensure mutual understanding; such clarification shall be done in writing (including email) or confirmed in writing (including email). A bidder may not modify or amend their proposals if contacted by MUSL for this reason.

MUSL reserves the right to obtain, from any and all sources, information concerning a Bidder or a Bidder's product which MUSL deems pertinent to this RFP and to consider such information in evaluating the Bidder's proposal. Any information obtained may be used in evaluating the proposals. Information obtained from outside sources that has a significant impact on the evaluation of the Bidder's Proposal may be reviewed with the Bidder for accuracy if that is deemed necessary by MUSL.

1.13 Proposals Valid for 365 Days

Proposals must be valid for 365 days after the final submission date.

1.14 Submission of Proposal

Bidders must submit the proposals via email, download link, or by delivery of an electronic memory device. Electronic submissions must be readable using Microsoft Windows and Office standard programs (Word, Excel, PowerPoint, Publisher), as a PDF file, or as a standard media file (JPG, GIF, PNG, WMV, MP4, MPG, MOV, MP3). Bidders may also submit one printed proposal by verified delivery, though not required, to assure timely deliver. Bidders may also submit one copy of printed or constructed material as may be necessary to demonstrate their proposal.

Each proposal must also be accompanied by a signed copy of: (1) APPENDIX A - Bidder's Certification, certifying authority for the Bidder and acknowledging an understanding the terms of the RFP, and (2) APPENDIX B - Covenant Not to Sue.

Your complete response to this RFP (identical electronic materials may follow a physical delivery) must be received by MUSL on or before **March 30, 2015**.

Proposals will be opened in the presence of at least two MUSL executives but will not be opened in public so that confidential material may be ascertained. MUSL does not intend to publicly release proposals received.

1.15 Dates Relevant to this RFP

All dates are subject to change by MUSL.

| | |
|-------------------------------|--|
| March 9, 2015 | RFP available to potential Bidders |
| March 16, 2015 | Bidders' questions are due |
| March 20, 2015 | MUSL responses to Bidder's questions due |
| March 30, 2015 | Proposals due |
| March 30, 2015 | Proposal opening; Evaluation Comm. Review Begins |
| March 31-April 6, 2015 | Evaluation Committee recommendation / Contractor Selection / Contract Negotiations |
| April 13, 2015 | Services Begin |

SECTION 2

LOTTERY GOALS OF THE RFP

2.1 Goals

In the MUSL agreement between MUSL and Member Lotteries, the MUSL Board is charged with the exclusive approval of policies for compliance with the Associations standards of integrity, security, financial soundness, and authority over all items minus those in product offerings.

The MUSL Board is also charged with assuring the soundness of the Association’s standards in integrity, security and financial controls and to assure that those standards are consistent with current industry recognized best practice and standards.

MUSL seeks to engage an independent firm experienced in both physical and logical security procedures to conduct a comprehensive audit and evaluation of all security aspects in the organization’s operations.

The audit and technical evaluations will assess MUSL’s security posture as it relates to building access, internal and external personnel, computer systems security, random number generators, security awareness program, software lifecycle development, logical infrastructure protection, security of MUSL as a service provider, draw policies and procedures, prize reserves, supporting security documentation, and any other aspects of security applicable to particular MUSL games, Member Lotteries, and MUSL operations. Audit focus areas are detailed below.

The portion of the report containing the overall evaluation of MUSL in terms of each aspect of security, shall be presented to the MUSL Security Review Task Force engaged by the MUSL Board and to the MUSL Board itself. Except as may be required by law, all work product and deliverables including but not limited to the draft and final reports shall remain confidential, and may not be released to any third party not explicitly authorized in writing by MUSL. See Confidentiality, below.

The purpose of this audit is to gain assurance that the systems are operating as designed, there are no security risks and to document areas where improvements in security, SDLC, segregation of duties and physical controls can be improved.

2.2 Required Services include:

2.2.1 Contractor shall conduct a complete and thorough physical and logical Security Audit of the Multi State Lottery Association (MUSL) in accordance with the highest professional and industry standards considered in the lottery/gaming industry and this RFP. This is to include, but not limited to, World Lottery Association, Gaming Laboratories International (GLI), National Institute of Standards and Technologies (NIST), Institute of Internal Auditors (IIA), International Organization for Standardization (ISO), and Control Objectives for Information and Related Technology (COBIT), and other best practices as defined by the Task Force.

2.2.2 Contractor shall ensure at all times that Contractor's key personnel on Contractor's project team possess the necessary skills, abilities and experience to perform the following in accordance with the highest professional and industry standards.

2.2.3 Contractor shall work under the direction of a **Contract Administrator**, who is part of MUSL's Security Review Task Force as appointed by the MUSL Board.

2.2.4 Scope of Security Audit Focus Areas

Contractor shall focus the Security Audit on both internal and external threats to the welfare of MUSL's overall security, of the primary and any backup or secondary sites. Specifically using best practice criteria, contractor shall review policy and procedural documentation, conduct interviews, and perform technical evaluations to assess the following:

- Organizational structure – roles and responsibilities to provide best overall security while maintaining adequate segregation of duties
- Evaluate the systems of managements control over MUSL
- Personnel security – hiring procedures, building access, security awareness training
- Security against means of fraudulently winning
- Security of game drawings, both physical and logical, including lifecycle
- Root kit analysis of systems
- Malware and anti-virus detection and prevention methods
- Gap analysis against software patches, updates, and anti-virus definitions
- Access management – role assignment, segregation of duties
- System configuration – standardization, change management, patch management, web server and database specific configurations
- External certification of systems used to assure draw sales

- Data communications security – network access, data loss prevention, and encryption methodologies
- Network architecture – existence and accuracy of network diagrams, overall security analysis
- Audit log configurations and review procedures
- Code review of lifecycle to include current and past history
- Security aspects applicable to each particular MUSL game, to include those provided by MUSL as a service provider
- Security of drawings in MUSL games where winners are determined by drawings of numbers
- Disaster recovery and business continuity, policy and procedure plans
- Any other aspects of security applicable to any particular MUSL game and to the member lotteries, MUSL and its operations.

2.3 Work Phases

Contractor shall complete the work for these Services between April 13, 2015 and June 18, 2015. Contractor shall deliver Services in accordance with the following work plan which is comprised of **four phases: (1) project planning and management, (2) fieldwork and fact finding, (3) analysis and (4) report development and delivery.**

2.3.1 Phase 1 – Project Planning and Management

Contractor shall:

1. Conduct kick-off meeting to initiate project.
2. Identify needed surveys and interviews.
3. Confirm scope, objectives, work plan, schedule, logistics and management activities with the Contract Administrator.
4. Conduct quality assurance over major tasks and deliverables for all project phases through the term of the Contract and any extensions.
5. Provide weekly status reports via teleconference and monitor the project through communication with the Contract Administrator for all project phases through the term of the Contract and any extensions.

2.3.2 Phase 2 – Fieldwork and Fact Finding

Contractor shall:

1. Scrutinize available and current technology and operational documents to gain initial understanding of MUSL security systems and procedures.
2. Develop an interview and observation schedule which maps MUSL's personnel to the security areas in scope.
3. Conduct a walk-through of the current technology environment and operations in any MUSL site.
4. Meet and interview with selected members of MUSL's management as needed to assure scope.
5. Conduct interviews and review security related policies and procedures
6. Perform testing to ensure physical and logical controls
7. Every area of audit conducted to the extent permitted by MUSL existing obligations and duties under third-party confidentiality agreements, or where possible, reasonable non-disclosure agreements entered into between Contractor and such third parties.

2.3.3 Phase 3 – Analysis

Contractor shall:

1. Perform supplemental inquiries, observations and inspections.
2. Assess whether effective IT and gaming operations security controls have been compromised, are in place and are being followed.
3. Identify potential security risks and analyze possible opportunities for improvement.
4. Summarize risks and recommendations as findings to bring forward to MUSL's identified Security Review Task Force.
5. Recommend best practice MUSL Board actions and organizational structure to ensure integrity of continued operation.

2.3.4 Phase 4 – Report Development and Delivery

Contractor shall:

1. Develop the Preliminary Draft Report which shall include, at a minimum, Contractor's findings with respect to each of the security audit items listed in this RFP and present the report(s) to MUSL's identified Security Review Task Force and Board
2. Incorporate MUSL's identified Security Review Task Force input and clarification to produce the Secondary Draft.
3. Assemble the Final Report.
4. Develop an issues matrix ("Findings Matrix") to identify high, medium and low risk areas and recommendations
5. Deliver 9 bound copies of the Final Report and an electronic copy of the Final Report, encrypted in MUSL's-approved protocol or manner to the Contract Administrator.
6. Meet with MUSL's Security Review Task Force, Board and other officials to present the Final Report.
7. Make a presentation to the MUSL Board in conjunction with MUSL's Security Review Task Force – date and place of presentation TBD.

2.4 Joint Responsibilities and Operational Conduct of the Contractor and MUSL

In support of the Security Audit, Contractor and MUSL shall provide the following:

2.4.1 Personnel

1. Contractor shall consult with MUSL's management, Contractor-specified MUSL personnel and MUSL technical and programming personnel. MUSL shall ensure that Contractor has access to the MUSL personnel Contractor specified for consultation during the Services.
2. Contractor and the Contract Administrator shall each mutually coordinate and facilitate the consultation or questioning of appropriate MUSL personnel. Contractor shall only use these discussions to gather information and identify potential security issues. Should issues arise around access to MUSL's personnel, Contractor shall advise and discuss them with the Contract Administrator prior to continuing any work. Under no circumstances shall Contractor or Contractor's staff have, or presume to have, the authority to direct MUSL's personnel to change or modify any MUSL's practice, procedure or policy.

2.4.2 Access

Contractor and MUSL shall mutually coordinate and facilitate Contractor access to all documents, records and related information, sites, networks, operating systems and both software and hardware as reasonably required for Contractor's Services under this Contract. MUSL will provide Contractor access to all personnel required to fulfill this audit during the time period referenced.

Exceptions to this access are:

- Specific firewall configurations;
- Passwords;
- MUSL's Confidential Standards;
- Attorney-Client Privileged communications and documents.

If Contractor believes they require access to any of the information indicated in the exceptions above to perform the Security audit, they should discuss the materials they believe they require with the Contract Administrator who will address it with MUSL's Security and Integrity or Legal Committees.

2.4.3 Work Space Accommodations

When conducting Services at MUSL headquarters, 4400 N.W. Urbandale Drive Urbandale Iowa, MUSL shall provide approved Contractor's staff with the following: Work space for Contractor's staff, a lockable cabinet for project work papers, MUSL visitor identification badges and escort within the requirements of MUSL security.

2.4.4 Documentation

1. On-site: MUSL shall provide Contractor reasonable on-site access to required documentation for various network components, hardware, and proprietary systems/applications as required to perform the Services. MUSL reserves the right to limit such on-site access for security or confidentiality purposes (see Access, above).
2. Off-site: MUSL shall provide Contractor reasonable off-site access to documentation, by the agreed upon date(s), once Contractor staff performing the Services are properly cleared by MUSL's Security.

2.4.5 Use of Electronic Communication

In the interest of facilitating Services to MUSL, Contractor may communicate by facsimile or send electronic mail over the Internet. Such communications may include information that is confidential. While MUSL recognizes and accepts that Contractor has no control over the possibility of unauthorized interception of these communications once they have been sent, Contractor shall use the most stringent industry protocols to keep all such communications secure. MUSL consents to facsimile transmissions to MUSL's representatives provided Contractor first informs them, by live telephone conversation, prior to sending the transmission. Contractor shall not send the transmission by facsimile if Contractor does not make such live telephone contact. Contractor is not required to notify the Contract Administrator prior to sending emails.

2.5 MUSL Responsibilities

During the term of this Contract, the MUSL Board will:

1. Make all management decisions and perform all management functions in connection with all Services resulting from this engagement, as deemed necessary by the MUSL Board and the Security Review Task Force; and
2. Establish or maintain internal controls, including ongoing monitoring activities.

Additionally, MUSL will:

3. Notify Contractor about all known or suspected fraud affecting MUSL and involving MUSL's management, MUSL's employees who have significant roles in internal control, and others where the fraud could have a material effect on the control environment; and
4. Notify Contractor of any allegations of fraud or suspected fraud affecting MUSL, which MUSL has received in communications from employees, former employees, regulators or others. MUSL agrees that information MUSL provides to Contractor under this section 12 will be to the best of MUSL's knowledge and belief, truthful and accurate.

If any issues or concerns in these areas arise during the course of this Contract, Contractor will promptly discuss them with Contract Administrator.

2.6 Deliverables and Project Schedule

Contractor shall complete all Services and deliver all deliverables in accordance with the specifications and requirements set forth in this RFP by no later than the date or dates set forth herein. MUSL reserves the right to extend the deliverables dates; any other changes to the deliverables dates will be by mutual written agreement of the MUSL and the Contractor.

2.6.1 Communications

Contractor shall communicate with the Contract Administrator whenever requested, and whenever Contractor encounters major issues that impact the project (e.g. potential delays, inability to obtain necessary information, breaches in security etc.). Additionally, Contractor shall provide bi-weekly status reports to the Contract Administrator throughout the term of this Contract.

2.6.2 Reporting

Contractor shall create and deliver to the Contract Administrator a preliminary Security Audit draft report (“Preliminary Draft”), a secondary Security Audit draft report (“Secondary Draft”) and a final Security Audit report (“Final Report”) in confidential formats pursuant to the following schedule:

- a. Develop and deliver the Preliminary Draft Report to the Contract Administrator no later than June 5, 2015.
- b. Incorporate input and clarification received from MUSL to produce the Secondary Draft, and deliver the Secondary Draft to the Contract Administrator no later than 10 Business Days from receipt of MUSL’s comments.
- c. Assemble the Final Report.
- d. Develop the Issues Matrix based on the Contract Administrator’s approved layout.
- e. Deliver 9 bound copies of the Final Report and an electronic copy of the Final Report to the Contract Administrator. Due no later than June 18, 2015.
- f. Meet with MUSL’s Security Review Task Force and management, electronically or physically, and other officials to present the Final Report, as requested by MUSL. Due no later than June 18, 2015.
- g. Make a presentation of the Final Report to the MUSL Board in conjunction with MUSL’s Security Review Task Force – date and place of presentation TBD (likely June 22, 2015 in New Orleans, LA).

2.6.3 Project Schedule

The key scheduling milestones for Services are:

1. Engagement Commencement on April 13, 2015
2. Initial Planning in April
3. On-site Fieldwork from late-April - May, 2015
4. Draft Report due to MUSL no later than June 5, 2015
5. Final Report due to MUSL no later than June 18, 2015

2.7 Confidentiality

Any information, whether proprietary or not, made known to or discovered by Contractor during the performance of or in connection with a Contract resulting from this RFP shall be kept confidential and not be disclosed to any person other than MUSL or the Member Lotteries and the other Indemnified Parties without the express permission of MUSL. The selected Bidder shall immediately notify the MUSL in writing if it is requested to disclose any information made known to or discovered by it during the performance of the Contract or at any time thereafter.

Except as may be required by law, all work product and deliverables including but not limited to the draft and final reports shall remain confidential, and may not be released to any third party not explicitly authorized in writing by MUSL.

If Contractor is ever required or requested to provide information or documents regarding the Services under this RFP to any party other than MUSL or a Member Lottery in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which Contractor is not a party. Contractor shall immediately advise MUSL of any such requests or requirements and MUSL may initiate such legal action as MUSL deems appropriate to protect information from discovery.

2.8 Ownership

At the end of the Contract, all work product, documents, data, draft and final reports and all other materials developed as a result of the Contract shall be the property of and shall be delivered to MUSL. Contractor shall have no right to retain or use those materials in any way other than as permitted by the MUSL.

SECTION 3
EXPECTED PROPOSAL DETAILS

3.1 Content of Proposal - REQUIRED

Each proposal must respond in the order of this RFP's subsection numbers (2.2A, 2.2B, etc.) and note each subsection number before each proposal element, including a N/A response if the subsection is not applicable.

Each proposal must provide:

- A. A clear description of the services being proposed as described in Section 2;
- B. Bidders must indicate their capabilities to offer such services;
- C. A timeline showing milestones and final delivery of the services;
- D. Experience with providing services;
- E. Specific identification of all costs, fees, license costs, intellectual property charges, or charges of any kind that you expect MUSL or the lotteries to pay for the services must be included in Section 5 Cost Proposal. Costs of any kind not disclosed in Section 5 will be not be included in a final contract;
- F. Bidder must describe staffing anticipated for the project;

SECTION 4
BIDDER DETAILS

The Bidder MUST provide the following detailed information in Section 4 of its Proposal.

- 4.1** Name and address of company (or other business entity) submitting the proposal.
- 4.2** Type of business entity (e.g., corporation, partnership).
- 4.3** Place of incorporation, if applicable.
- 4.4** Name and location(s) of major offices and other facilities that relate to the interested party's performance under the terms of this RFP.
- 4.5** Name(s), address(es), and function(s) of any and all subcontractors and independent contractors, associated companies, or consultants to be involved in any phase of this project, with an explanation of their respective roles.
- 4.6** Name, address, e-mail address, voice telephone number, and fax number of interested party's representative to contact regarding all matters concerning this proposal.
- 4.7** Audited financial statements, including auditor's opinion, for the Bidder for each of the past two fiscal years, or the complete period of business operation, if less than two years shall be available upon request. Note: If a Bidder who has submitted a proposal in response to this RFP experiences a substantial change in financial condition prior to the award of a contract pursuant to this RFP, or if a selected Bidder experiences a substantial change in financial condition during the term of a contract with MUSL, notification in writing must be submitted to MUSL at the time the change occurs or is identified.
- 4.8** Each bidder must include in its proposal a complete disclosure of any pending civil or criminal litigation or investigation involving the company, including any litigation under appeal. This is a continuing disclosure requirement; any litigation or investigation commencing after submission of a proposal, including after a contract award, must be disclosed in a timely manner in a written statement to MUSL. Failure to notify MUSL of an investigation may result in rejection of the bidder's proposal or termination of the contract.
- 4.9** Resumes for all managers who would be assigned to MUSL contract.
- 4.10** Identify no more than two comparable engagements conducted by the Bidder within the last five years. Indicate the key contact's name, title email address, and voice telephone number for each engagement.
- 4.11** Identify any patents, trademarks copyrights or other intellectual property offered for use or required for use in the Proposal.

SECTION 5

COST AND FEE DETAILS

In a separate section entitled PROPOSAL DETAILS, the Bidder MUST set out ALL COSTS AND FEES expected to be paid by MUSL for the services offered in the Proposal.

Neither MUSL, nor the lotteries, will pay more than the proposal amount proposed unless MUSL determines to negotiate for an increase or improvement in the product or services offered.

Bidders should submit a single total final proposal cost amount, broken down as follows:

Hourly rates of Contractor personnel by title or area of responsibility, such as Engagement Principal, Project Manager, Senior and Staff Consultants, Technical Managers, etc. (by whatever appropriate titles are used by Contractor);

Anticipated Hours required of each of the above personnel;

Anticipated travel-related expenses including travel to MUSL to perform the review and to the Final Report presentation to the MUSL Board;

Any and all other costs and fees as included by the Bidder in its Cost Proposal.

Payments to Contractor

MUSL will pay the Contractor 25% of the agreed upon Proposal Cost amount at signing, 25% following submission of the Preliminary Draft Report, and the remainder following completion of all work.

Contractor shall complete all Services, including deliverables to the Contract Administrator's satisfaction. If MUSL, in its sole discretion, determines that any or all of the Services, or deliverables, or both are unacceptable, Contractor shall correct any such deficiencies in the Services to MUSL's satisfaction without further compensation. MUSL may withhold any payments due to Contractor until any or all deficiencies have been corrected to MUSL's satisfaction.

Additional Services

The Contract Administrator may request that Contractor perform additional services related to, but not contemplated by this RFP. Should this occur, Contractor shall communicate to MUSL the scope of such additional services and any corresponding fees that would result. Contractor and MUSL must mutually agree to these services and fees in writing prior to any additional work being completed.

APPENDIX A
BIDDER CERTIFICATION

I certify that I have received and understand the RFP and that I have the authority to bind the Bidder indicated below to the specific terms and conditions imposed in the RFP, and that by my signature on this document, the Bidder specifically agrees to all of the waivers, restrictions, and requirements of the RFP as conditions precedent to submitting this proposal.

I further certify that in making this proposal the indicated Bidder has not consulted with others for the purpose of restricting competition and will not consult or reveal the contents of its Proposal, and has not obtained, by any means, information about another Bidder’s Proposal.

I further acknowledge receipt of the anticipated contract terms and do hereby state that:

- () I have no significant issues with the anticipated contract terms, or
- () I have significant issues with the anticipated contract terms and the issues are stated on an attached sheet.

I hereby waive any demand that materials be treated as confidential proprietary, or as a trade secret, except as clearly marked on each pertinent page of the Proposal.

I further certify that the Bidder indicated below is willing and able to provide the goods and services stated in its Proposal at the cost stated in its Proposal and AGREES to be bound by its Proposal for a period up to 365 days after submission of the Proposal, conditioned upon execution of a contract, which shall not be unreasonably delayed or denied by Bidder.

Signed and dated this _____ day of _____, 2015.

Name: _____

Title: _____

Bidder (entity submitting proposal):

APPENDIX B
COVENANT NOT TO SUE

COVENANT NOT TO SUE

_____ (Company Name) of _____ (Address),
(hereinafter “Bidder”), in consideration for submitting a Proposal to provide goods and services to the Multi-State Lottery Association (hereinafter “MUSL”) covenants and agrees not to institute any action or suit at law, in equity or any administrative action, against MUSL, any Member Lottery or Contracted Lottery of MUSL, or any of its officers, employees, or agents thereof, in any forum, now or hereafter, to contest or delay the award of any contract resulting from the Request for Proposal. I acknowledge MUSL’s right of redress through criminal actions, if applicable.

In executing this covenant, Bidder expressly reserves any and all rights, causes of action, claims, and demands against any person, firm, or corporation other than the aforementioned parties.

Executed this _____ day of _____, 20__.

Authorized Signature

Title

State of _____)

County of _____)

The foregoing Covenant Not to Sue was subscribed, sworn to, and acknowledged before me by _____, on behalf of _____, this _____ day of _____, 20__.

(seal) _____
Notary Public

APPENDIX C

ANTICIPATED CONTRACT TERMS

The following contract terms are not intended to be a complete listing of all contract terms, but are provided to enable the Bidder to evaluate the Bidder's costs and obligations associated with the provision of products and services to MUSL and the lotteries. **When submitting proposals, Bidders should plan on the following terms being included in any contract awarded as a result of this solicitation.**

Term. The term will be from April 13, 2015 through the completion of services.

Termination. MUSL may terminate the Contract at any time, paying compensation only for good and valuable products and services received, as determined by MUSL.

MUSL shall not be liable for any costs incurred if termination by MUSL is for cause.

If the Contract is terminated, compensation, if any, shall be limited to reasonable expenses for products, materials, supplies, and services provided, for which the selected Bidder has not yet been compensated. MUSL will make no payments for work not provided to MUSL, work in progress, or raw materials acquired unnecessarily in advance, in excess of MUSL's delivery requirements, or initiated after receipt of notice of termination.

Upon full payment by MUSL of undisputed amounts owed, all work product, documents, listings, graphics, data, draft and final reports and all other materials developed as a result of the Contract shall be delivered to and become the property of MUSL. In addition, the selected Bidder 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 selected Bidder in the course of performing its duties and obligations under this Contract shall be deemed owned by MUSL. These items shall not be used by the selected Bidder for any independent project of the selected Bidder or publicized by the selected Bidder without the written permission from MUSL. MUSL shall have full and complete rights to reproduce, duplicate, disclose, and otherwise use all such data, information, survey instruments and reports.

Non-Exclusive. The Contract shall be non-exclusive as related to the services provided and nothing in this Contract shall preclude MUSL or any Member Lottery or any Contractual Lottery from procuring similar services from another vendor. MUSL and each Member Lottery and each Contractual Lottery reserves the right to secure directly the services of third parties to perform

any services secured under this Contract. The selected Bidder will not be entitled to payment of any fee or otherwise for any services performed by these third parties.

Indemnification.

General Indemnification. The selected Bidder shall indemnify, defend and hold harmless the Indemnified Parties from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all reasonably related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

Any claim, demand, action, citation or legal proceeding arising out of or resulting from (i) the concepts provided or (ii) performance of the work, duties, responsibilities, actions or omissions of that selected Bidder or any of its subcontractors under this Contract, or (iii) a breach of any representation or warranty made by the selected Bidder in the Contract.

Any claim, demand, action, citation or legal proceeding arising out of or related to occurrences that the selected Bidder has failed to insure against, or which the Bidder's insurer has declined coverage of, as provided for under this Contract.

Any claim, demand, action, citation or legal proceeding arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with and to the extent of its negligent or intentional failure of required performance of services by the selected Bidder, or by any of its subcontractors, or by anyone directly or indirectly employed by any of them.

Any claim, demand, action, citation or legal proceeding resulting from any negligent or intentional act or omission of the selected Bidder or any of its subcontractors in its or their capacity as an employer of a person.

The selected Bidder shall indemnify the Indemnified Parties, against liability for any costs, expenses, loss, suits, actions, or claims of any character arising from or relating to negligent or intentionally wrongful acts, or the failure of performance of the selected Bidder or its subcontractors under this Contract or in any manner related to the subject matter of this Contract. This section shall survive the termination of this Contract. MUSL and the Lotteries have no obligation to provide legal counsel or defense or to pay attorney's fees to the selected Bidder 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 selected Bidder or its subcontractors as a result of or relating to the selected Bidder's obligations under this Contract.

MUSL and the Lotteries have no obligation for the payment of any judgments or the settlement of any claims against the selected Bidder or its subcontractors as a result of or relating to the selected Bidder's obligations under this Contract.

The selected Bidder shall immediately notify MUSL of any claim or suit made or filed against the selected Bidder or its subcontractors regarding any matter resulting from or relating to the selected Bidder's obligations under the Contract, and will cooperate, assist, and consult with MUSL and any Member Lottery or Contracted Lottery in the defense or investigation of any claim, suit, or action made or filed against MUSL and any Member Lottery or Contracted Lottery as a result of or relating to the selected Bidder's performance under this Contract.

Compliance with Laws. The Contract will require the selected Bidder to comply with all applicable laws and rules when performing. This also requires that the selected Bidder pay all taxes, fees, and assessments, however designated, levied, or based upon the goods and services supplied by the selected Bidder.

Non-Discrimination. The Contract will require that the selected Bidder agrees that it shall not discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry or disability of a qualified individual with a disability.

Security. MUSL reserves the right at any time to conduct security audits of the selected Bidder. Such audits may be conducted by MUSL of the Participating Member or Contract Member's own personnel or an independent firm specified by MUSL at the expense of the selected Bidder.

Bonds and Insurance. The selected Bidder shall maintain adequate insurance as approved by MUSL for the performance of the Contract and, by submission of a proposal, agrees to indemnify and save harmless and to defend all legal or equitable actions brought against the Indemnified Parties for and from all claims of liability which is or may be the result of the selected Bidder's actions during the performance of the Contract.

The purchase or non-purchase of such insurance or the involvement of the selected Bidder in any legal or equitable defense of any action brought against the selected Bidder based upon work performed pursuant to the Contract will not waive any defense which MUSL, MUSL Member Lotteries and Contracted Lotteries, the individual jurisdictions, and their agencies and their respective officers, employees and agents might otherwise have against such claims, specifically including the defense of sovereign immunity where applicable, and MUSL, MUSL Member Lotteries and Contracted Lotteries, the individual jurisdictions, and all agencies, officers and employees thereof shall not be financially responsible for the consequences of work performed, pursuant to said contract.

Certificates of insurance and proof of bonding must be furnished to MUSL on date of Contract execution and periodically thereafter as renewed.

Insurance. The selected Bidder shall purchase and maintain insurance for claims set forth below which may arise out of or result from the selected Bidder's operations under the Contract,

whether such operations be by the selected Bidder or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

Claims under workers' compensation, disability benefit and other similar employee benefit acts as required by law in each jurisdiction in which the selected Bidder does business.

Claims for damages because of bodily injury, occupational sickness or disease, or death of the selected Bidder's employees.

Claims for damages because of bodily injury, sickness or disease, or death of any person other than selected Bidder's employees.

Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

General Liability Insurance coverage with limits of not less than \$2,000,000 for injury to any one person, \$4,000,000 for any one occurrence of personal injury and \$2,000,000 for any one occurrence of property damage.

Property Insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the services provided in an amount equal to or greater than the actual replacement cost thereof. Coverage shall insure personal property including contents, equipment, and mobile items against fire, theft, collision, and flood. MUSL, MUSL Member and Contracted Lotteries and the individual jurisdictions will not be responsible for insuring any equipment or facilities included in or associated with the Contract.

Automotive Liability Insurance covering drivers and vehicles employed in connection with the operation of the Contract with limits of not less than \$1,000,000 for personal injury to each driver and \$250,000 for property damage per occurrence.

Errors and Omissions Insurance with limits of not less than \$3,000,000 to be in force and effect beginning one week prior to the beginning of services and which shall continue for one (1) year after termination of this Contract which will indemnify the selected Bidder and the Indemnified Parties for direct loss which may be incurred due to any error caused by the selected Bidder in the provision of services, its officers, employees, agents, subcontractors or assigns regardless of negligence.

A STATEMENT OF SELF-INSURANCE TO COVER THE ABOVE REQUIREMENTS SHALL BE CONSIDERED NON-RESPONSIVE.

Errors and Omissions Insurance must continue until one year past the term of the Contract. All other insurances covered by this section must be effective when performance commences under the Contract and continue through the life of the Contract and any authorized extensions.

The required insurance coverages shall be written for not less than any insurance limits as required by the Contract.

Assignment of the Contract will not be allowed without the written consent of MUSL.

News Releases. The selected Bidder shall not issue any **news releases** pertaining to this procurement process nor during the performance of the Contract without prior written approval by MUSL.

Use of MUSL Intellectual Property. The selected Bidder agrees not to use MUSL's, or any MUSL Member Lotteries or Contracted lottery's name, logos, images, nor any data or results arising from this procurement process or contract as a part of any commercial advertising without prior written approval by MUSL and the affected Lottery.

Sensitive Operation. MUSL is an extremely sensitive enterprise because of the nature of the business and because lotteries are operated by the governments of U.S. States, territories and the District of Columbia. Therefore, it is essential that its operation, and the operation of other enterprises that would be linked to it in the public mind, avoid not only impropriety but also the appearance of impropriety. Because of these concerns, Bidders associated with MUSL are expected to:

- Offer goods and services only of the highest standards.
- Use their best efforts to uphold the integrity of MUSL and its Member Lotteries and Contracted Lotteries and prevent the lotteries and the Lottery industry from becoming embroiled in unfavorable publicity.
- Make sales presentations in a responsible manner and when it is necessary to point out the superiority of their goods or services over those of their competitors, to do so in such a manner as to avoid unfavorable publicity for MUSL and its Member Lotteries and Contracted Lotteries.
- Avoid promotional activities which could be interpreted as improper and produce embarrassment to MUSL and its Member Lotteries and Contracted Lotteries.
- Report any security problems only to the MUSL Security Review Task Force and the MUSL Board.

Approvals. The selected Bidder shall not use any employees, subcontractors or agents involved with performance of the Contract which are not approved by MUSL.

Change in Condition. If a selected Bidder experiences a substantial change in financial condition during the term of a Contract with MUSL, then MUSL must be notified in writing at the time the change occurs or is identified. A "substantial change" in financial condition is defined as any event that, following generally accepted accounting practices, would require a notation in the audited annual report. Failure to notify MUSL of such a change may result in termination of the Contract.

Integration. The Contract negotiated between MUSL and a selected Bidder(s) shall include as integral parts thereof: the Contract terms, this RFP, amendments to this RFP, and the selected Bidder's proposal.

In the event of a conflict in language between the RFP, RFP amendments, and the proposal, the provisions set forth in the RFP and its amendments shall govern. In the event that an issue is addressed in the proposal that is not addressed in the RFP or its amendments, no conflict in language shall be deemed to occur.

In the event of a conflict in language between any of the above-mentioned documents and the Contract, the provisions set forth in the Contract shall govern. In the event that an issue is not addressed in the Contract, no conflict in language shall be deemed to occur.

Any alterations, variations, changes, modifications or waivers of or to provisions of the Contract shall only be valid when they have been reduced to writing and duly executed and approved by each of the parties.

Accounting Records. Selected Bidders are required to maintain books, records and all other evidence pertaining to the Contract in accordance with generally accepted accounting principles (GAAP) and such other procedures specified by MUSL. These records shall be available to MUSL, and its internal or external auditors (and other designees) at all times during the Contract period and any extension thereof, and for three (3) full years from the expiration date and/or final payment on the Contract or extension thereof, whichever is later.

MUSL's certified public accounting firm or other designee will be given the right to review the work papers of any audits of the selected Bidder, if considered necessary by MUSL.

MUSL and its independent certified public accountants shall be given a copy of all reports including any management letters issued as a result of any audits of the selected Bidder.

Selected Bidders are required to provide, upon request, copies of filings to the Securities and Exchange Commission.

MUSL reserves the right at any time to audit a selected Bidder's records and operations as they relate to this Contract. Such audits may be conducted by MUSL's own auditors or an independent firm specified by MUSL at the expense of the selected Bidder.

Force Majeure. A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled. As herein used, Force Majeure means acts of war; terrorism; action of the elements; governmental interference; rationing; or any other cause which is beyond the control of the party affected and which, by the exercise of reasonable diligence, said party is unable to prevent.

Neither the selected Bidder nor MUSL shall be liable to the other for any delay in or failure of performance under the Contract of that selected Bidder due to a Force Majeure occurrence. Any

such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of such causes of such delay or failure shall extend the period for performance to such extent as determined by MUSL to be necessary to enable complete performance by a selected Bidder if reasonable diligence is exercised after the cause of delay or failure has been removed.

If Force Majeure conditions shall be expected to continue unabated for an indefinite period and the selected Bidder cannot service the Contract, MUSL retains the right to obtain alternative services and/or to terminate the Contract so that business continuity can be restored without liability to the selected Bidder for any services not performed or not provided.

Performance Bond

The selected Bidder, at the time of executing the Contract resulting from this RFP, must submit a performance bond in the amount equal to the amount estimated to be paid annually to the selected Bidder, if applicable. The bond shall provide funds to MUSL in the event that MUSL suffers any liability, loss, damage, or expense as a result of the selected Bidder's failure to fully and completely perform all requirements of this RFP and the resulting Contract, which include, without limitation, the selected Bidder's obligation to pay liquidated damages, to indemnify the Indemnified Parties under circumstances described by this RFP and the resulting Contract, including any exercised extensions thereof. With the exception of the liquidated damage amounts set forth in this RFP, bond payments shall be considered limited to actual damages that are sustained. The performance bond will guarantee the faithful performance of the selected Bidder for the duration of the Contract. If the selected Bidder defaults in the performance of its contractual obligations or if MUSL incurs damages due to the selected Bidder's breach of its duties, the surety shall have the option 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 MUSL, the surety may assume the remainder of the contract to perform or sublet.

Fidelity Bond

It shall be the responsibility of the selected Bidder to make sure that all the selected Bidder's employees and agents, and any subcontractor and its employees or agents, are covered by a fidelity bond in the amount of \$4,000,000. This bond shall be in effect throughout the initial term and any and all renewal terms of the contract. This bond coverage must indemnify MUSL and any MUSL Member Lotteries and Contracted Lotteries as joint payees, for any errors or omissions due to any fraudulent or dishonest act on the part of the selected Bidder and its officers and employees, and agents, and of any subcontractor and its officers and employees, and agents, regardless of negligence.

This bond shall be written as continuous, with an endorsement requiring notice of cancellation sent to MUSL at least thirty (30) days in advance of effective termination. The bond shall be

written on a discovery form providing a discovery period of four (4) years from the date the fraudulent or dishonest act was known or should have been known by MUSL.

Continuous will mean that notice of cancellation is required to the selected Bidder and there must be no gaps. Discovery means that the bond covers events occurring and discovered during the effective period that are not discovered until years later.

Confidentiality

Any information, whether proprietary or not, made known to or discovered by Contractor during the performance of or in connection with this Contract shall be kept confidential and not be disclosed to any person other than MUSL or the Member Lotteries or Contracted Lotteries and the other Indemnified Parties without the express permission of MUSL. The selected Bidder shall immediately notify the MUSL in writing if it is requested to disclose any information made known to or discovered by it during the performance of the Contract or at any time thereafter.

Scope of Ownership – Intellectual Property

The selected Bidder shall agree that at all times during the term of any Contract resulting from this RFP and thereafter, the work product created by the selected Bidder in connection with this RFP shall be owned as follows: all intellectual property solely conceived of by employees or consultants of the selected Bidder shall be owned by the selected Bidder; all intellectual property solely conceived of by employees or consultants of MUSL shall be owned by MUSL; and all intellectual property jointly conceived of by employees or consultants of MUSL and employees or consultants of the selected Bidder shall be jointly owned intellectual property (“Joint IP”). The selected Bidder may not use the Joint IP for any purpose that would compete with the products or services offered by MUSL, the Member Lotteries or the Contracted Lotteries.

If the Bidder requires any part of proposed concepts to remain proprietary or licensed by the Bidder to MUSL, the Bidder must clearly state such claim in the Transmittal Letter and at places where the items are mention in the proposal. The selected Bidder must provide to MUSL and each Member Lottery and Contracted Lottery a perpetual royalty-free license to use any concepts relating to the services provided that will remain proprietary or licensed by the selected Bidder after termination of the Agreement.

If the Contract is terminated for any reason, the Bidder shall agree to deliver to MUSL any and all products, materials or other items specified herein which MUSL might request, within thirty (30) days of request.

The Bidder shall not convey, assign, transfer or otherwise dispose of any right, title, or interest in any Contract resulting from this RFP or work to be performed by the selected Bidder without prior written approval of MUSL.

The Bidder shall assure that details of MUSL's marketing programs, advertising and/or game design are not disclosed to persons or organizations other than the personnel and/or subcontractors of the Bidder whose assistance in production is necessary.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa applicable to agreements made and to be wholly performed within that State, without regard to its conflict of laws provisions; MUSL's relationship with its member lotteries, including its liability to its members lotteries, and the obligations of its members for the liabilities of MUSL, shall be governed by Iowa's Revised Uniform Unincorporated Nonprofit Association Act.

Intellectual Property

The selected Bidder shall be responsible for obtaining clearances, licenses and any other appropriate rights in all intellectual property (whether owned by the selected Bidder or a third party), including but not limited to any copyrights, trademarks, service marks, patents, and/or licenses under relevant intellectual property rights, related to the proposed services. The selected Bidder represents and warrants that nothing it provides to MUSL will infringe, misappropriate, or violate, any copyright, trademark, trade secret or patent, or any other third party proprietary rights. As requested by MUSL, the selected Bidder must provide separate fully executed assurances that nothing provided to MUSL infringes, misappropriates, or violates any copyright, trademark, trade secret or patent, or any other third party proprietary rights. To the extent the selected Bidder has received rights to use any copyrights, trademarks, trade secrets or patents, or any other third party proprietary rights in the services to be provided under the Agreement, the selected Bidder shall ensure that these rights are also provided to MUSL, MUSL's Member Lotteries and Contracted Lotteries; and the selected Bidder shall furnish to MUSL copies of such licenses and/or other rights.

The selected Bidder shall defend, indemnify and hold harmless the Indemnified Parties from any and all claims of infringement of intellectual property rights arising from any product or service provided by the Bidder to MUSL, MUSL Member Lotteries or Contracted Lotteries including but not limited to the provided services. The selected Bidder shall be liable for any awards of damages including attorney's fees from claims, demands, actions, and causes of action arising from or relating to the provided. The selected Bidder shall also be responsible for all reasonable attorney fees of MUSL, its Member Lotteries and Contracted Lotteries relating to defending against any such claims.

If any products furnished by the selected Bidder become, or in the selected Bidder's opinion are likely to become, the subject of a claim of infringement, the selected Bidder will, at its option and expense: a) procure for MUSL and the Member Lotteries and Contracted Lotteries the right to continue using the applicable item, b) replace the product with a non-infringing product substantially complying with the item's specifications, or c) modify the item so that it becomes non-infringing and performs in a substantially similar manner to the original item.

MUSL will not agree to indemnify the Bidder for any reason.

All preexisting ideas, concepts, know-how and techniques and each invention, discovery and improvement thereof, previously made or conceived of by either the selected Bidder or MUSL or the Member Lotteries or Contracted Lotteries, 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, MUSL and its Member Lotteries and Contracted Lotteries have the right to use any preexisting intellectual property rights, free of any type of fees, of the selected Bidder necessary to effectuate the purpose of this Contract.

Selected Bidder 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 MUSL prior to the delivery of such materials and selected Bidder obtains at no additional cost for the benefit of MUSL, its Member Lotteries and Contracted Lotteries, their successors, assigns and contractors, an irrevocable, perpetual, nonexclusive, royalty-free right and license, for wherever MUSL and Member Lotteries and Contracted Lotteries can lawfully operate, to make, use, sell, offer for sale, reproduce, sublicense and distribute and otherwise exploit said Third Party Preexisting Works.

Selected Bidder 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.

Selected Bidder shall be responsible for applying for, prosecuting and maintaining patents arising from inventions it solely conceives or inventions jointly conceived by the parties (such inventions collectively the "Bidder Managed Patents") in accordance with prudent and responsible intellectual property portfolio maintenance policies. Patent costs for the Bidder Managed Patents will be borne by the selected Bidder. Selected Bidder shall take the lead on obtaining counsel for filing of Bidder Managed Patents. MUSL shall have the right to provide input on prosecution of the Bidder Managed Patents.

Enforcement of Bidder Managed Patents.

(a) Notice. If either Party learns of any infringement by a Third Party of any Bidder Managed Patent, it shall provide written notice as soon as practicable to the other Party of the specific details of any such alleged infringement or misappropriation. Thereafter, the Parties shall consult on a course of action with respect to such infringement.

(b) Selected Bidder Enforcement against Third Party Infringement. Unless otherwise agreed by the Parties in the course of their consultations, if the selected Bidder has standing under applicable laws to bring an action against such Third Party for such infringement, then the selected Bidder shall have the right, but shall not be obligated, to prosecute at its own expense any infringements of the Bidder Managed Patent, provided that the selected Bidder will (i) use counsel reasonably acceptable to MUSL, (ii) keep MUSL reasonably informed regarding the progress of any litigation and settlement discussions with any alleged infringer, and (iii) copy MUSL on all material documents and correspondence. In furtherance of such rights, MUSL hereby agrees that the selected Bidder may join MUSL as a party plaintiff or defendant, as applicable, in any such suit, or if necessary, prosecute such suit solely in the name of MUSL, without expense to MUSL. The selected Bidder shall control any such proceeding and MUSL shall cooperate with the selected Bidder. The selected Bidder shall hold harmless and indemnify MUSL from and against any order for costs arising without fault of MUSL that may be made against the selected Bidder or MUSL in such proceedings. The total cost of any infringement action commenced or defended solely by the Selected Bidder shall be borne by the Selected Bidder. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without consent of MUSL, which consent shall not unreasonably be withheld.

(c) MUSL Enforcement against Third Party Infringement. If within three (3) months after having been notified of any alleged infringement the selected Bidder fails to initiate any such infringement action, or if the selected Bidder shall notify MUSL at any time prior thereto of its intention not to bring suit against any alleged infringer, then in those events only, MUSL shall have the right, but shall not be obligated to prosecute at its own expense any infringement of the Bidder Managed Patent, provided that MUSL will (i) use counsel reasonably acceptable to the selected Bidder, (ii) keep the selected Bidder reasonably informed regarding the progress of any litigation and settlement discussions with any alleged infringer, and (iii) copy the selected Bidder on all material documents and correspondence. In furtherance of MUSL's rights herein, the selected Bidder hereby agrees that MUSL may join the selected Bidder as a party plaintiff or defendant, as applicable, in any such suit, without expense to MUSL. MUSL shall control any such proceeding and the selected Bidder shall cooperate with MUSL. MUSL shall hold harmless and indemnify the selected Bidder from and against any order for costs arising without fault of the selected Bidder that may be made against the selected Bidder or MUSL in such proceedings. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of the selected Bidder, which consent shall not be unreasonably withheld.

(d) Recovery. If either Party shall undertake the enforcement of the Bidder Managed Patent by litigation pursuant to this Section, any recovery or damages (whether by way of settlement or otherwise) received as a result of any such suit shall be applied first in satisfaction of any unreimbursed expenses and legal fees of either Party, and then the remainder shall be divided between the Parties as follows: seventy-five percent (75%) to the Party initiating the proceeding and twenty-five percent (25%) to the non-initiating Party.

(e) Party Cooperation. In the event that a Party shall undertake the enforcement and/or defense of the Bidder Managed Patent by litigation pursuant to this Agreement, the other Party shall cooperate in all reasonable respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like. Such cooperation and assistance shall be at the request and reasonable expense (excluding salaries, rent, utilities and other expenses typically treated as overhead) of the Party undertaking such enforcement and/or defense.

The selected Bidder shall promptly provide written notice to MUSL 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, selected Bidder shall update in writing MUSL on the status of all anticipated notices and claims.

Selected Bidder agrees to treat all New Intellectual Property Rights as confidential and trade secret proprietary information. Except as expressly permitted, selected Bidder 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. Selected Bidder 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.