

**INTRALOT Questions for the
ALC ON-LINE LOTTERY GAME SERVICES AND LOTTERY GAMING SYSTEMS
AND SERVICES RFP
Due July 2, 2009 by 5:00 pm CDT**

RFP Specific Questions

1. Section 1.0, Page 4:
What, if any, are the "Regional Lotto Game(s)" that the Lottery may be considering at this time?

2. Section 1.5, Page 6:
The RFP states: The Official Proposal Price Sheet submitted in response to this RFP must be submitted separately sealed from the proposal response. *Vendors must include all pricing information on the Official Price Proposal Sheet and must clearly mark said page(s) as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.*

Would the Lottery please provide a sample of the "Official Price Proposal Sheet" that they would prefer the bidding vendors to utilize?

3. Section 1.6, Page 6:
The RFP states: *This will be a term contract for a term of seven (7) years from date of award, with an option for renewal up to three (3) additional times in one (1) year increments or a portion thereof.*

On the other hand, at the section 4.1, page 25 the RFP states: *...during the seven (7) year term of the Contract. All prices quoted are applicable for seven (7) years from October 29, 2009 or such earlier start-up date as may be achieved.*

A commonly used effective date for the seven year term of the Contract could be the start-up date of the lottery operations, as may be achieved. Please confirm or state otherwise.

4. Section 1.9, Page 7:
The RFP states: Proposals and documents pertaining to the RFP become the property of the ALC and shall be open to public inspection subsequent to proposal opening. It is the responsibility of the Vendor to identify all proprietary information and to seal such information in a separate envelope marked as confidential and proprietary.

Since the RFP requires a REDACTED copy of the Vendor's Proposal will the Lottery consider allowing the bidding vendors to CLEARLY MARK the CONFIDENTIAL and PROPRIETARY information instead of sealing this information in a separately sealed envelope?

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For example:

START of Confidential, Proprietary and Trade Secret Information.

Confidential and Proprietary text.....

END of Confidential, Proprietary and Trade Secret Information.

5. Section 1.13, Page 7:

In order to assure full performance of all obligations imposed on a Vendor by contracting with the Lottery, the Vendor will be required to provide a performance security in an amount of at least two percent (2%) of the total proposal price submitted by the Vendor within ten (10) working days from date of receipt of the Lottery's written notification by mail of its intent to award a proposal.

Would the Lottery be willing to change this requirement so the performance security would be a fixed amount in the range of \$1,000,000 to \$5,000,000?

Secondly, please confirm if this performance security could be in the form of a bond or letter of credit.

Thirdly, we would like to suggest that the performance security be issued within 10 business days from contract signing date.

6. Section 3.0.1.1, Page 15:

According to the requirements of the RFP support for up to 3,200 monitors is required. Due to the controversy surrounding monitor games and whether they are legal or not and the timing for starting monitor games in Arkansas, could the Lottery please change the requirement to actually run monitor games to a Specified Option and not part of the base price to cover additional drawing equipment, software, and bandwidth needed to operative the monitor games?

Would the Lottery please change the provision for color monitors to be a Specified Option? This relieves the Lottery of the task of defining how many monitors should be in the base price (which is unknown at this time), and relieves the Vendor of guessing about how much cost to include in the base price to cover the cost of the monitors and other costs associated with operating the monitor games. Changing the operation of monitor games to a specified option and changing the color monitors to a specified option, still allows them to be evaluated for price. However, it removes the problem about "when and if" monitor games are to be implemented and also allows the vendor to be able to

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cover the cost of the monitors from the time that monitor games are implemented. Another benefit is that the Lottery will not be penalized by an unnecessarily higher base price in the beginning of the contract when monitor games may not be in operation.

7. Section 3.0.1.1, Page 15:

The RFP states: *The Vendor may be required to lease space for the data center from the ALCC at its cost.*

Could the Lottery please advice of what space is available by the ALC for lease and the applicable leasing rate?

8. Section 3.0.2.1, Page 17:

The RFP states: that "play slips should allow for optical scanning capability". Does this mean the retailer terminals should utilize a camera based (optical) or a traditional play slip scanner approach?

9. Section 3.0.3, Page 18:

The RFP states: *The telecommunications network and equipment is to be provided by the Successful Vendor and the installation and operating costs for required connectivity shall be part of the base price.*

a) Would the Lottery please consider amending this statement to say that all proposed telecommunications network and equipment, must be new and unused.

10. Section 3.1.10, Page 23:

Does the Lottery consider an electronic display to be a flat screen monitor or a LED scrolling display such as a beta brite?

How many electronic displays are required in the base price as not all retailers will have the space for or want the electronic displays?

11. Section 4, Page 25:

If the Lottery really wants to get the lowest price and because this is a startup state where the exact number of retailer terminals needed is not necessarily known, we suggest the Lottery set minimum levels of number of units required to be in the base price and for the vendors to offer optional pricing for number of units above these set amounts. Could the Lottery please define specific quantities for the following?

How many retailer terminals are required to be included in the base price?

How many ticket checkers are required to be in the base price?

How many neon or equivalent signs are required to be in the base price?

How many play stations are required in the base price?

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Would the Lottery please consider the requirement of the 100 TVMs to be quoted as a specified option?

12. Section 4.1, Page 25:
For matters of clarity and consistency among the bidders' pricing proposals during the evaluation time, we would like to request the Lottery to indicate the expected annual total net sales (for the base term of the Contract) that will be used when applying the vendor's percentages.
13. Section 5.9, Page 28:
The RFP states: In addition, a Vendor must submit a copy of its last three (3) years financial statements that have been audited by an independent public accounting firm.

Due to the voluminous amount of information, would the Lottery consider accepting one (1) hard copy to be included with the "Original" Proposal and seven (7) electronic copies to be included in each of the copies?

14. Section 6, page 29:
The RFP states at the evaluation point's criteria that maximum five (5) points will be given to the Vendor who commits the earliest startup date for Instants and maximum five (5) points will be given to the Vendor who commits the earliest startup date for On-line Tickets.
It is in our understanding that the Vendor that will commit the earliest startup date will achieve the maximum 5 points available and thereafter the next best commitments will be evaluated proportionally. For example:

Vendor A, commits an implementation period of X days. He is evaluated with 5 points.

Vendor B, commits an implementation period of X+1 days. He is evaluated with $5 \cdot X / (X+1)$ points.

Please confirm or state otherwise.

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15. Section 6, Page 29:

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In the Evaluation Points table, it is shown that 50 points out of a total of 100 points will be allocated in respect to the cost evaluation.

It is in our understanding that the lowest overall cost proposal will receive the maximum allocated points, i.e. 50 points. All other proposals will receive a percentage of the points available based on their cost relationship to the lowest.

$$\frac{\text{Lowest Responsive Offer Total Cost}}{\text{Other Offeror's Total Cost}} \times 50 \text{ points} = \text{Award Points}$$

Please confirm the above methodology or state otherwise.

General Questions:

1. Could the ALC please provide a listing of potential Lottery Retailers – either a listing of those who have expressed an interest to the Lottery in becoming a Lottery Retailer; or any prospective list that the Lottery has developed for internal planning purposes?
2. Is the ALC open to starting pilots with larger chain stores to implement multi-lane lottery purchase capabilities?
3. Has the ALC outlined which key Arkansas cities the Lottery would like to host retailer training sessions?
4. Could the ALC please provide any market research that was performed prior to this Lottery start-up?
5. Could the ALC please provide any marketing plans that have been created for this Lottery?
6. Please clarify where the state is with legislation for monitor games. If legislation has been passed or is passed in the future, what would be the timing for implementation?
7. If available, please provide a print quality Lottery logo and print quality game logos, preferably in EPS or vector-based format so that we may use them in our bid response.