



Multi-State Lottery Association

Date of Issuance: February 18, 2022 - Proposals to RFP Due March 18, 2022

Introduction

The Multi-State Lottery Association (MUSL) is an unincorporated non-profit government benefit association owned and operated by thirty-eight (38) governmental lotteries (Member Lotteries). MUSL assists both Member Lotteries and additional lotteries licensed to sell multi-jurisdictional lottery games such as Powerball, in the operation and sale of those lottery games. As part of its services to Member Lotteries, MUSL develops and maintains websites for the promotion of these games.

MUSL is pursuing red team/external and internal penetration testing from qualified vendors.

Summary of Services Requested

MUSL is requesting proposals for a penetration test project for offices located in Iowa and seeks to establish a non-exclusive agreement with a qualified Vendor.

MUSL expects the selected Vendor to provide a Project Manager who will be assigned to the project for its duration, absent extenuating circumstances, such as termination of employment, inability to complete the assignment, etc.

MUSL may request that the successful vendor enter into a multi-year contract.

Timeline for the RFP and Project

February 18, 2022 - Issue Request for Proposal.

February 28, 2022 - Written questions from interested Vendors due to MUSL. All questions should be sent by email, subject line "2022 Pen Test" to Procurement@MUSL.com

March 7, 2022 - Written responses to Vendor questions distributed to all interested Vendors. Interested Vendors must express their interest before this date to receive the responses to Vendor questions. The responses will not be posted publicly.

March 18, 2022 – Proposals Due and received by MUSL no later than 3:00 pm CDT. Vendors must email a PDF of their proposal, subject line "2022 Pen Test" to Procurement@MUSL.com

March 21, 2022 – April 15, 2022 - Vendor proposal evaluation and selection process begins; evaluation team may require teleconferences with Vendors submitting proposals. Teleconferences, if necessary, will be held via Teams on **April 11, 2022**.

April 20, 2022- Successful Vendor selected.

April 20 – May 31, 2022 - Contract negotiations. It is anticipated that a project kick-off meeting will be held following successful contract negotiations.

June 10 through August 12, 2022 - penetration testing and reporting timeframe, including re-evaluation testing and reporting.

See the Deliverable Schedule for payments associated with key Project completion dates.

MUSL reserves the right to modify the schedule as may be necessary.

Service Requirements

MUSL seeks the following services:

- 1) A Red Team exercise covering the following broad activities and define how some will be accomplished:
 - a) Recognizing Information security issues within MUSL through this exercise
 - b) Identification of misconfigured and unpatched devices that could be used to compromise MUSL network that could lead to data exfiltration
 - c) Identification of possible weak points in physical and logical security of BC and DR Site(s)
 - d) Examining MUSL for weaknesses as through the eyes of an industrial spy or a competitor or attacker using following techniques –
 - i. Reconnaissance
 - ii. Enumeration
 - iii. External Recon
 - iv. Internal Recon
 - v. Social Engineering Attacks
 - vi. Password Cracking, and Bypassing Windows User Account Control (UAC)
 - vii. Lateral Movement
 - viii. Network Domination & Persistence
 - ix. Network Infrastructure Exploitation for cases such as Firewall bypass, Router testing/configuration, DNS foot-printing, Proxy Servers, Vulnerability exploits, Configuration
 - x. Detection evasion & Obfuscation Techniques
 - xi. Data Exfiltration
 - xii. Privilege Escalation
 - xiii. Virtualization Attacks
 - e) Vulnerability Assessment, Verification, and Recommended Solution to mitigate vulnerability in Local / remote networks (automated and manual)
 - f) Conduct simulated cyber-attacks on MUSL's infrastructure
 - g) Validate protections and monitoring around high-value systems
 - h) Blended, covert test that can encompass network testing, phishing, wireless, and physical attacks
 - i) Use the machine assigned to Red Team to compromise other critical resources.
 - j) Scan the network to understand topology and restrictions
 - k) Map the critical servers in the network

- l) Attempting to compromise the critical servers and provide evidence
 - m) Bidder may use additional methodologies to penetrate security
 - n) Providing best practices or recommendations for remediation based on the findings.
- 2) Web application assessment and penetration test, including:
- a) Comprehensive security assessment of the scoped web applications
 - b) Identify OWASP Top 10 vulnerabilities present
 - c) Exploit each flaw in an effort to gain access to internal environment
 - d) Check all input fields for input validation
 - e) Identify known command injection vulnerabilities
 - f) Providing best practices or recommendations for remediation based on the findings.
- 3) Physical Security assessment and penetration testing will be performed at one location, approximately 12,000 square feet, and should include:
- a) Lock picking, shimming, and other non-destructive bypass techniques.
 - b) Impersonation of a service provider or vendor to gain access to the building.
 - c) Entering unlocked doors/areas
 - d) Testing controls for unannounced visitors.
 - e) Dumpster diving, taking photos of the building/workspace.
 - f) Social Engineering
 - g) Pretending to be a customer to gain access to systems
 - h) Testing whether employees follow established protocols regarding unannounced visitors
- 4) Other services related to the above and commonly included in this type of assessment
- 5) A follow-up assessment of vulnerabilities found after MUSL review and remediation.

MUSL systems to be in scope:

- 1) Approximately 25 computers used by staff, Johnston, Iowa
- 2) Approximately 80 servers, mostly virtual, Johnston, Iowa, and a remote datacenter
 - a) One (1) of which is an on-premises Kubernetes cluster
- 3) Approximately two (2) physical servers and two (2) computers used by staff, remote site
- 4) All related network equipment
 - a) At least two (2) (HA pairs) firewalls total
 - b) Three (3) managed switches each at Johnston, Iowa and at a remote datacenter
 - c) Approximately two (2) wireless base station devices each at Johnston, Iowa, and remote office
- 5) Any other devices discovered on the network or at the locations
- 6) Approximately 12 web applications and APIs
 - a) Four (4) available externally
 - b) Eight (8) available only internally
- 7) Azure, Office 365, and On-premises Active Directory.

Report Requirements

The initial report must include the step-by-step process used to exploit or prove the existence of any vulnerability identified such that a technically competent reader could reproduce the process. It must outline the severity of each vulnerability identified and recommended remediations. References to the CVE or other resources regarding the vulnerability may be included but will not suffice as the only recommended remediation in the report. MUSL reserves the right to request timely clarification and supplemental documentation for any item outlined in the report.

The final report must include an executive summary and the results of the re-evaluation. It should also include any responses or comments made by MUSL about vulnerabilities that may remain after the remediation period and re-evaluation.

Please include an example report with the Proposal that is indicative of what the final deliverable will include.

Anticipated Project Schedule and Deliverables

- 1) Kick-off meeting, mutually determine statement of work, deliverables, and task assignments.
- 2) Designate Vendor Project Manager.
- 3) Weekly meetings scheduled by Vendor Project Manager during the project.
- 4) Initial written report providing details on findings, step-by-step description of exploitation path, and proposed remedies.
- 5) Final written report providing details on remediated and non-remediated findings.

Evaluation and Vendor Selection

- 1) Any award to be made pursuant to this RFP will be based upon the proposal with appropriate consideration given to operational, technical, cost, and management requirements. Evaluation of offers will be based upon the Vendor's responsiveness to the RFP and the total price quoted for all items covered by the RFP.
- 2) Marketing and general promotional materials will not be helpful to the evaluation team. Please only provide specific information regarding how your company can address the requirements as set forth in this RFP.
- 3) The following are criteria which will be used for consideration of Proposals (order not necessarily indicative of evaluation weighting):
 - a) Sufficiency of Proposal and Information Presented
 - b) The extent to which Vendor's proposed solution fulfills MUSL's stated requirements as set out in this RFP.
 - c) Ability to perform the Scope of Services set out in the Service Requirements.
 - d) Past Work and Performance
 - e) Sample report alignment with report requirements as set out in this RFP
 - f) Proposed Costs, including licensing and ongoing costs, if any. Cost proposals should include costs associated with the remediation evaluation.
 - g) Terms and Conditions for Products and Services (Interested bidders must include the appropriate terms and conditions in their proposals.)

MUSL may contact any Vendor for clarifications or additional information regarding their Proposals and may negotiate contract terms including Scope of Work, deliverables, and budget.

MUSL may contact any client or former client of the Vendor for additional information regarding the Vendor's services.

MUSL will notify all Vendors submitting proposals as to its selection of a contracted vendor.

Background Security Reviews

The Selected Vendor will be subject to successful completion of a financial and criminal history background check of the organization, its owners, and all staff who will be assigned to work on the MUSL project. A CV of each member of your organization who will be assigned to this project must be included in your proposal. Additionally, MUSL may determine that vendor employees be required to take additional security testing as may be governed by internal security policies. As part of the proposals, Vendors are expected to provide code of ethics and/or code of conduct requirements, information security policies, and the employment handbook implemented in their workplace for review by MUSL.

Contractual Terms and Conditions

Any resulting contract will include requirements regarding confidentiality, bonding and insurance, compliance with MUSL security requirements, intellectual property assurances and other provisions. Vendors should expect to enter into an agreement as provided for in this RFP. A non-disclosure agreement may be included in the contractual terms and conditions.

MUSL will complete a review of each submitted deliverable within specified working days from the date of receipt and identify if the deliverable is accepted (per the acceptance criteria), or, if the deliverable is rejected as not meeting the agreed-upon deliverable. Vendor will have time to correct the deficiencies.

Deliverables will meet the due dates as shown below, and incremental payments will be made in accordance with MUSL's acceptance of the deliverable or other work, as provided for in the schedule below. MUSL's acceptance of the deliverables will not be unreasonably withheld:

Deliverable Schedule

| No. | Item | Payment amount associated with the accepted deliverable or other requirements | Due Date | Recipient |
|-----|---|---|----------|-------------------------------|
| 1 | Initial evaluation begins | 10% of contracted amount | 6/10/22 | MUSL |
| 2 | Progress report with acceptance by MUSL | 10% of contracted amount | 6/22/22 | MUSL |
| 3 | Draft report accepted by MUSL | 10% of contracted amount | 6/27/22 | MUSL |
| 4 | Final report accepted by MUSL | 20% of contracted amount | 7/1/22 | MUSL |
| 5 | Re-evaluation begins | 10% of contracted amount | 7/25/22 | Mutually agreed to by Parties |
| 6 | Draft re-evaluation report | 5% of contracted amount | 8/3/22 | MUSL |
| 7 | Final re-evaluation report accepted by MUSL and Project completion/sign off by MUSL | 35% of contracted amount | 8/12/22 | MUSL |

Due dates for the deliverables as set forth above may be adjusted by MUSL, with input from the selected Vendor.

Performance Monitoring

The Vendor is required to provide MUSL's project manager with weekly written progress reports of this project.

Items to be covered in the progress report may include:

- a) Required documents (plans, estimates, schedules, analyses)
- b) Description of all work performed and completed during the week for which the progress report is provided and shall present the work to be performed during the

subsequent week.

- c) Identification of outstanding issues encountered with an explanation of the cause, proposed resolution, and timeframe in which the issue will be resolved.
- d) Schedule of progress/status meetings with the MUSL project manager.

Liquidated damages may be imposed should the reporting be late, incomplete, or unsatisfactory through no fault of MUSL.

Costs of Proposals

Vendors are responsible for their own costs associated with submitting Proposals in response to this RFP; MUSL will not reimburse any vendor costs incurred in the submission of their Proposal.

MUSL is not required to enter into a contract with any Vendor as a result of the issuance of this RFP.

Other Information

By issuing this RFP, MUSL is not offering to enter into a contract with any interested Vendor, nor does acceptance of a proposal or additional information constitute an agreement to enter into a contract with any interested Vendor. Vendor selection schedule may change.

Vendor Requirements

The successful Vendor must be regularly and continuously engaged in the business of providing services performed by their Information Technology professionals and experts during the past three (3) years. This must be verifiable through the Vendor's website, references, and past projects completed.

Bidders must provide at least three (3) professional references, including name, title, phone number, email and physical address. Bidders must provide a brief description of the services performed.

Bidder Information

Please provide responses to these questions:

- 1) What is the estimated timeline for completion of the project?
- 2) Does your company have a process for replacing individuals who are not qualified or are unable to work well with outside staff? Staff replacements must be approved by MUSL; approval will not be unreasonably withheld.
- 3) Please briefly describe the process for assigning, and replacing staff assigned to the project.
- 4) What type of insurance does your company carry currently?
- 5) What type of warranty do you provide for the penetration test services?

MUSL Contact Information

Interested vendors may submit their questions and Proposals by email only to:

Procurement@MUSL.com

Place the following information in the subject line: 2022 Pen Test

Attempts to contact other employees at MUSL may be grounds for disqualification from the RFP process.

Thank you for your interest in this project.

RED TEAMING AND PENETRATION TESTING AGREEMENT

This Agreement (“**Agreement**”) is made and entered into on the last date of execution by the Multi-State Lottery Association, (“**MUSL**”) with offices located at **XXX**, and **XXXXXX** (“**Contractor**”) with offices located at **XXX** (each a “**Party**” and collectively the “**Parties**”).

RECITALS

WHEREAS, MUSL is an association of governmental lotteries organized to assist, facilitate, and coordinate among its Participating Lottery members one or more multi-jurisdiction lottery games; and

WHEREAS, MUSL issued a Request for Proposal (“**RFP**”) on **XXX** for services related to red teaming and penetration testing;

WHEREAS, Contractor submitted a Proposal on **XXX** (the “**Proposal**”); and

WHEREAS, MUSL desires to have Contractor provide the Services as identified in the RFP and the Proposal (“**the Project**”); and

WHEREAS, each Party has legal authority to enter into this Agreement; and

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, and intending to be legally bound, the parties hereto agree as follows:

1. Services to be Provided by Contractor. Contractor shall perform all Services, and issue all Reports as required by the RFP and Contractor’s Proposal and by this reference, incorporated into the terms and conditions of this Agreement. The order of preference in the event of a conflict in terms shall be resolved by the terms of the documents in this order: Agreement, RFP, Contractor’s proposal. Services shall be performed within the timeframe as mutually agreed to by the Parties, and as may be set out in a Statement of Work (SOW). The fee for the services shall be as indicated in Contractor’s Proposal. For purposes of this Agreement, the term “Contractor” includes any subcontractors; use of subcontractors must be approved in advance by MUSL. Services shall be performed during the hours specified by MUSL.

Any Report regarding the work performed under this agreement is issued solely for the benefit of the MUSL, and is to the scope defined in the RFP, the Proposal, and this Agreement.

2. Costs. Contractor shall be paid a fixed fee of \$**XXX** for all authorized Services required by the RFP and as identified in Contractor’s Proposal. Invoices shall be submitted to ap@musl.com and security@musl.com, or by USPS or overnight services to the Director of Finance, Multi-State Lottery Association, **XXX** Iowa, and undisputed amounts shall be paid within 45 days of receipt of the invoice. The Parties agree that time is of the essence with respect to starting, and completing a successful project, and that timely completion of each deliverable, and acceptance by MUSL is critical. Retainage of **XX percent (XX%)** of the total fixed fee may be withheld until the final payment as deemed necessary by MUSL to ensure successful and timely completion of the Project. The Parties shall make all reasonable efforts to resolve disputed amounts. MUSL will not pre-pay for services, and all expenses (lodging, travel, meals, incidentals, etc.) shall be pre-approved, in writing by the MUSL Project Manager.

3. Key Personnel. Contractor's personnel assigned to this project are those identified in Contractor's Proposal and any substitutions made as allowed below ("Key Personnel"). Contractor shall ensure at all times that only Contractor's personnel who have undergone background testing as required by MUSL are on Contractor's project team for this project, and also ensures that those personnel possess the necessary skills, abilities, and experience to perform the following in accordance with the highest professional and industry standards. Substitutions may be made only with approval in writing from MUSL and prior to the substitution.

Contractor shall work under the direction of, and provide all information concerning the Project to MUSL's project manager(s) or designee(s).

At MUSL's direction, Key Personnel may be required to undergo security awareness and ethics training, and meet specific security-related requirements or provide specific security and ethics assurances as deemed necessary by MUSL. If requested by MUSL, Contractor may be required to provide its employee handbook and/or code of conduct or code of ethics prior to the start of any work.

4. Deliverables and Project Schedule. Contractor shall complete all Services and provide all deliverables in accordance with the specifications and requirements set forth in this Agreement, the Proposal, an applicable Statement of Work ("SOW"), or as mutually agreed to by the Parties. MUSL reserves the right to extend the deliverables dates; any other changes will be by mutual written agreement of the MUSL and the Contractor.

Deliverables include any tangible or intangible items or things that have been or will be prepared, created, maintained, serviced, or developed by the Contractor at any time following the effective date of the Agreement, for or on behalf of MUSL.

4.1 Change Order Process

Changes to the original scope of the project shall be identified through a change order proposal, which shall be in writing, and submitted to MUSL. The proposal shall describe the specific change(s) needed, why it wasn't identified in the original project scope, and how it will assist in successful completion of the project. The proposal shall also include the increase, or decrease in costs associated with the proposed change.

MUSL shall have three (3) business days to review and discuss with the other party. If accepted, the proposal shall be signed, and dated by both parties. If rejected, the parties may discuss alternatives to the proposal, and jointly develop a change order proposal for review, and signature. No action after three (3) business days means rejection of the change order, and another submission will be required using the same process as set forth above.

5. Confidentiality. Each party acknowledges that in the course of the Project it may learn from the other party certain non-public personal or otherwise confidential information. Each party shall regard any and all non-public or confidential information it receives which in any way relates or pertains to the other party, including its members, customers, and employees, as confidential. Each party shall take commercially reasonable steps to not disclose, reveal, copy, sell, transfer, assign, or distribute any or any part of such information in any form, to any person or entity, or permit any of its employees, agents, or representatives to do so for any purpose other than as required under this Agreement, and expressly as part of the Project.

Contractor shall maintain as confidential and shall not disclose to third parties without MUSL's prior express written permission all information and deliverables not otherwise publicly available, whether proprietary or not, made known to or discovered by Contractor or furnished by Contractor to MUSL or furnished by MUSL to

Contractor during the performance of or in connection with this Agreement. Contractor shall immediately notify (within three (3) days of the request) MUSL in writing if Contractor receives a request to disclose such information during this Agreement or at any time thereafter.

If Contractor is required or requested to provide information or documents regarding any services performed under this Agreement to any party other than MUSL, Contractor shall immediately (within three (3) days of the request) notify or advise MUSL of any such requests or requirements. MUSL may initiate such legal action as MUSL deems appropriate to protect information from discovery to protect MUSL's interests.

MUSL agrees that the Report is proprietary to the Contractor and to MUSL, and will not release the Report to any other parties external to the Agreement except its members without prior written approval of Contractor. Contractor will not release the Report to any party external to the Agreement without express written approval from the Executive Director (or designee as provided in writing) of MUSL.

6. Return of Information. Upon request of MUSL, and upon expiration or termination of this Agreement, Contractor shall return all documents and any other tangible information as provided under this Agreement (including but not necessarily limited to confidential information provided by MUSL or developed by Contractor), and any copies, notes, memoranda, records, drawings, manuals, computer software, data, work product, draft and final reports or other documents or materials. Contractor shall provide written confirmation of the destruction of all electronic files containing confidential information either obtained by Contractor or created by Contractor in performance of this Agreement. This does not apply to any information which is or becomes public knowledge through a source other than Contractor and through no fault of Contractor; is or becomes lawfully available to Contractor from a source other than MUSL; or, is disclosed by Contractor with MUSL's prior written approval.

This Section shall survive Termination and/or the Term of this Agreement. Contractor also expressly agrees that no use of the information gained from this Project shall be used in public speeches, presentations or in any public forum unless MUSL has provided express written consent. Damages pursuant to this section shall apply should Contractor not adhere to the requirements.

7. Liquidated Damages. Contractor and the MUSL hereby acknowledge and agree to the following: 1) if Contractor does not provide or perform the requirements referred to or listed in this Agreement, damage to MUSL will result; 2) establishing the precise measure of MUSL's damages in the event of default by Contractor may be costly, time consuming, or difficult or impossible to accurately estimate or calculate; 3) the liquidated damages amount(s) set forth in this section represent a good faith effort to quantify the damages that could reasonably be anticipated at the time of execution of this Agreement; 4) the damages set forth herein are just and reasonable; 5) nothing contained in this section shall be construed as relieving Contractor from performing all contractual requirements as set forth in its Proposal and as required by this Agreement and the RFP, whether or not the requirements are set forth herein; 6) it is the Parties' mutual intention that this section provide for liquidated damages to compensate the MUSL upon the occurrence of such an event, rather than

penalties to deter Contractor from breaching this Agreement and/or to punish Contractor upon the occurrence of such an event; and 7) MUSL may therefore in its sole discretion, deduct damages from the compensation due to Contractor. All assessments of damages shall be within the sole discretion of the MUSL.

(a) Liquidated Damages Assessment. Once MUSL has determined that liquidated damages are to be assessed, MUSL shall notify Contractor of the assessment(s). Failure to notify does not impact MUSL's assessment of damage and is not a condition precedent thereto. MUSL will withhold liquidated damages from payments to Contractor, or, if no payments have been made, MUSL will make demand of payment of liquidated damages. The Contractor must make payment within thirty (30) days of MUSL's demand. In the event the Contractor fails to pay within the thirty (30) day period, MUSL may make a claim for payment from the bonds, insurance or lines of credit proffered by Contractor under this Agreement, or MUSL may seek payment directly from Contractor in the event such bonds, insurance or lines of credit are insufficient or no longer available.

(b) Failure to Assess Liquidated Damages. The failure of MUSL to assess liquidated damages in any instance where the MUSL is entitled to liquidated damages pursuant to the terms of this Agreement shall not constitute waiver in any fashion of the MUSL's rights to assessment of liquidated damages.

7.1 Severability of Individual Liquidated Damages Clauses. If any portion of this liquidated damages provision is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

7.2 Specific Liquidated Damages.

(a) Failure to Maintain Confidentiality. Should Contractor fail to adhere to the Confidentiality provisions of this Agreement at any time, whether prior to the completion of Contractor services and deliverables under this Agreement or at any time thereafter, Contractor may be assessed liquidated damages in an amount up to \$100,000 per incident.

(b) Failure to Return Confidential Information. Should Contractor fail to return all documents and things pertaining to the Project or confidential information provided by MUSL at the termination of this Agreement, Contractor may be assessed liquidated damages in an amount up to \$50,000 per incident.

(c) Failure to adhere to the Project's Delivery Schedule.

8. Term. The term shall be from the Agreement execution date through **XXX**, or as otherwise mutually agreed to by the Parties.

MUSL will complete a review of each submitted deliverable within specified working days from the date of receipt and identify if the deliverable is accepted (per the acceptance criteria), or, if the deliverable is rejected as not meeting the agreed-upon deliverable. Vendor will have time to correct the deficiencies.

Deliverables will meet the due dates as shown below, and incremental payments will be made in accordance with MUSL's acceptance of the deliverable or other work, in accordance with the schedule below. MUSL's acceptance will not be unreasonably withheld:

9. Performance Monitoring

The Vendor is required to provide MUSL's project manager with weekly written progress reports of this project. Items to be covered in the progress report may include:

- a) Required documents (plans, estimates, schedules, analyses)
- b) Description of all work performed and completed during the week for which the progress report is provided and shall present the work to be performed during the subsequent week.
- c) Identification of outstanding issues encountered with an explanation of the cause, proposed resolution, and timeframe in which the issue will be resolved.
- d) Schedule of progress/status meetings with the MUSL project manager.

10. Invoices

Invoices should show, in detail the work performed, by whom, and on the specific date it was performed. MUSL will pay undisputed invoices within 45 days of receipt. Invoices should be submitted to ap@MUSL.com and security@MUSL.com.

11. Termination. MUSL may terminate this Agreement, in whole or in part, at any time, at will and without cause and will be responsible only for paying compensation to Contractor as for services rendered up to and including the date of termination, so long as there is no dispute regarding the quality and whether the services were provided on or prior to the date of termination.

MUSL shall not be liable for any costs incurred if termination by MUSL is for cause and, in the sole discretion of MUSL, such cause materially threatened the security or integrity of MUSL, or if, in the sole discretion of MUSL, Contractor failed to provide any goods or services of material value or benefit to MUSL.

If this Agreement is terminated, compensation, if any, shall be limited to reasonable expenses for good and valuable (as determined by MUSL) products, materials, supplies, and services provided by Contractor and accepted by MUSL through the termination date for which Contractor have not yet been compensated. MUSL will make no payments to Contractor for work not provided to MUSL, work in progress, or raw materials acquired unnecessarily in advance by Contractor, in excess of MUSL's delivery requirements, or initiated by Contractor after receipt of notice of termination.

12. Exclusivity. This Agreement is non-exclusive as related to the services provided and nothing in this Agreement precludes MUSL from procuring the same or similar services from another vendor.

13. Indemnification. Contractor shall indemnify, defend and hold harmless the Indemnified Parties from and against all actions, losses, liabilities, suits, 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), whether based on negligence, strict liability, intellectual property infringement or any other culpable conduct, arising from or in connection with any of the following:

- (a) Any claim, demand, action, citation or legal proceeding arising out of or resulting from (i) the Services and deliverables provided by Contractor, (ii) performance of the work, duties, responsibilities, actions or omissions of Contractor or any of its subcontractors under this Agreement, or (iii) a breach of any representation or warranty made by Contractor in this Agreement, including, but not limited to, Contractor's unauthorized disclosure of MUSL confidential information.
- (b) Any claim, demand, action, citation or legal proceeding arising out of or related to occurrences that Contractor failed to insure against, or which Contractor's insurer has declined coverage of, as provided for under this Agreement.
- (c) 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, which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of Contractor, or by any of its subcontractors, or by anyone directly or indirectly employed by any of them.
- (d) Any claim, demand, action, citation or legal proceeding resulting from any negligent or intentional act or omission of Contractor or any of its subcontractors, including failing to follow MUSL security-related requirements as required in this Agreement.

These indemnification clauses shall not apply to the extent, if any, that such death, bodily injury, property damage, or other damages are caused by the negligence or reckless or intentional wrongful conduct of MUSL, its Members or their individual jurisdictions.

This section shall survive the termination of this Agreement.

14. Compliance with Laws. Each Party shall comply with all applicable laws, rules and regulations when performing under this Agreement. This also requires that Contractor to pay all taxes, fees, and assessments, however designated or levied, or based upon the goods and services supplied by Contractor.

15. Non-Discrimination. Contractor agrees that it shall not discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, sexual orientation, marital status, national origin, ancestry, or disability of a qualified individual with a disability.

16. Bonds and Insurance. All required bonds and insurance must be issued by companies or financial institutions which are financially rated Excellent or better by A.M. Best Company and duly licensed, admitted, and authorized to do business in Iowa by the Insurance Division of the State of Iowa.

Proof of bonding or insurance must be furnished to MUSL no later than the date of Agreement execution and periodically thereafter as renewed.

Contractor shall maintain insurance for claims set forth below which may arise out of or result from Contractor's operations under this Agreement, whether such operations be by Contractor 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:

- (a) Claims under workers' compensation, disability benefit and other similar employee benefit acts as required by law in each jurisdiction in which Contractor does business.
- (b) Claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees or subcontractors.
- (c) Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.
- (d) General Liability Insurance coverage with limits of not less than \$1,000,000 for injury to any one person, \$5,000,000 for any one occurrence of personal injury and \$2,000,000 for any one occurrence of property damage.
- (e) Property Insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the services provided under this Agreement 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 (including its member lotteries and licensee lotteries) is not responsible for insuring any of Contractor's equipment or facilities included in or associated with this Agreement.
- (f) Automotive Liability Insurance covering drivers and vehicles employed in connection with the operation of this Agreement.
- (g) Errors and Omissions Insurance with limits of not less than \$5,000,000 to be in force and effect beginning one week prior to the beginning of services under this Agreement. Insurance coverage must insure Contractor and the Indemnified Parties for direct loss which may be incurred due to any error caused by Contractor, its officers, employees, agents, subcontractors or assigns in the provision of services, regardless of negligence. Coverage must continue until one year past the expiration of this Agreement

Contractor may not elect to provide entirely or in part for the insurance protections described above through self-insurance.

17. Assignment. No right or obligation of Contractor under this Agreement may be assigned by Contractor without the prior written approval of MUSL, and in the event of any such approval, the terms and conditions hereof shall apply to and bind the party or parties to whom the right or obligation is assigned as fully and completely as Contractor is hereunder bound and obligated. No assignment shall operate to release Contractor from its liability for the timely and effective performance of its obligations hereunder. Assignments made in violation of this provision shall be null and void.

18. News Releases. Contractor shall not issue any news releases, media statements, or any other advertising or presentation materials (verbally or in writing) pertaining to this Agreement or Project, without prior written approval from MUSL.

19. Use of MUSL Intellectual Property. Contractor agrees not to use the names, logos, images, nor any data or results arising from this procurement process or Agreement as a part of any commercial advertising or for any reason without prior written approval by MUSL.

20. Force Majeure. For the purposes of this contract, “force majeure” is defined as an act of God or any other cause of like kind not reasonably within a party’s control, and which, by the exercise of due diligence of such party, could not have been prevented or is unable to be overcome. Contractor must inform MUSL in writing within three (3) days of the existence of any such force majeure or otherwise waives this right as a defense.

Neither Contractor nor MUSL shall be liable to the other for any delay in or failure of performance under this Agreement 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 delay or failure shall extend the period for performance in the exercise of reasonable diligence until after the cause of delay or failure has been removed.

If Force Majeure conditions are expected to continue unabated for an indefinite period and Contractor cannot perform services as required by this Agreement, MUSL retains the right to obtain alternative services and/or to terminate this Agreement so that business continuity can be restored without liability to Contractor for any services not performed or not provided.

Contractor shall immediately upon discovery notify MUSL in writing of any delays in performance regardless of responsibility, fault, or negligence. If Contractor contends the delay is the responsibility, fault or negligence of MUSL staff, Contractor must provide written notice within three (3) days of the discovery, and to the extent possible, identify the event or individual responsible so MUSL may take appropriate action to remedy the situation. Failure to provide such notice to MUSL as required in this section shall constitute a waiver of Contractor’s right to assert MUSL’s action/inaction as a defense.

21. Intellectual Property - Scope of Ownership. Each party will retain exclusive interest in and ownership of its Intellectual Property developed before this Agreement or developed outside the Scope of this Agreement. Any Intellectual Property developed solely by a Party under this Agreement, and without participation of, or information from the other Party is and will remain the sole and exclusive property of the developing party. In the event that the Parties jointly develop Intellectual Property, the Parties shall engage in good faith negotiations to establish their respective rights. In the event the Parties cannot reach an agreement with regard to such jointly developed property, each party will have equal ownership and rights in such intellectual property, without further obligation and without a duty to account to the other Party.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Iowa both as to interpretation and performance without regard to any conflict of laws provisions. In the event that any proceeding of a quasi-judicial or judicial nature is brought to determine any matter arising out of or in connection with this Agreement, such proceeding must be brought in Polk County District Court for the State of Iowa or in Federal District Court for the Southern District of Iowa in Polk County, Iowa. Contractor acknowledges that MUSL is formed pursuant to the Iowa’s Revised Uniform Unincorporated Nonprofit Association Act.

23. Notices. The Parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if made in writing, and mailed certified mail, first class postage prepaid, return receipt requested, or sent by overnight service with receipt acknowledged. All notices and other communications hereunder shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the third (3rd) day

after the date mailed, by certified or registered mail (in each case, return receipt requested, postage pre-paid). Any such notice or communication shall be sent to the following addresses or such other addresses as may be designated from time to time by the parties in writing:

As to Contractor:

Attention:

As to MUSL:

Executive Director
MULTI-STATE LOTTERY ASSOCIATION
XXX
XXX Iowa

With copy to: Project Manager at security@musl.com and Legal at legal@musl.com

24. Miscellaneous

(a) Taxes. Each of the parties shall bear all taxes imposed on it as a result of the existence or operation of this Agreement including, but not restricted to, any tax on or measured by any fee or other payment required to be made by it hereunder, any registration tax, any tax imposed with respect to the granting of or transfer of licenses or other rights hereunder or the payment or receipt of fees or royalties hereunder. In particular, any tax which one party is required to withhold for fees or royalties paid to the other party shall be borne by the other party.

(b) Entire Agreement. This Agreement, the RFP and the Contractor's Proposal constitutes the entire agreement of the parties concerning the subject matter hereof and supersedes all previous agreements whether written or verbal, and may only be amended in writing agreed to and executed by the parties hereto through their duly authorized officers or representatives.

(c) Independent Contractor. Contractor is an independent contractor, and the relationship between the parties shall be governed by the terms of this Agreement and shall not extend to other activities, transactions, or agreements. Neither party is in any way the legal representative, partner or agent of, nor has any authority to assume or create any obligation on behalf of the other party.

(d) Severability. If any provision of this Agreement is held illegal, void or unenforceable in a judicial proceeding, such provision shall be severed from this Agreement and shall be inoperative. The parties shall use their best efforts to replace the severed provision with a new provision which is not illegal and which follows the principles of the severed provision as closely as is legally possible. The remainder of this Agreement shall remain in full force and effect and binding on the parties hereto.

(e) Waiver. Failure of either Party to assert any or all of its rights under this Agreement shall not be deemed a waiver of such rights, nor shall any waiver be implied from acceptance of, or payment made for any Service or Deliverable.

(f) Conflict of Interest. Contractor shall, while this Agreement is in effect, avoid situations, agreements or relationships which might cause a conflict of interest and shall immediately notify MUSL if any such conflict does or might appear to arise. No part of the price for this Agreement shall be paid directly or indirectly by the Contractor to an employee of MUSL in connection with any work contemplated or performed in relationship to this Agreement.

(g) Notice of Legal Proceedings. Each party shall immediately advise the other party of any legal notices served on the party which might affect the other party, handle promptly all correspondence from the other party, reasonably assist and co-operate with the other party's officers, research and sales personnel during their trips to the facilities of the party.

(h) Section Headings. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation of this Agreement.

(i) Counterparts. This Agreement may be executed in any number of counterparts. Any counterpart shall constitute a full and original Agreement for all purposes.

(j) Injunctive and Equitable Relief. Each of the parties expressly acknowledges and agrees that the terms of this Agreement are reasonable and necessary for the protection of the legitimate business interests of the other parties. The parties further acknowledge that a violation of this Agreement would cause serious, immediate and irreparable harm to the other party, and therefore agree that the parties shall be entitled to seek injunctive or other equitable relief without the necessity of proving such harm.

(k) Representations. Each party represents that it possesses all licenses, permits, and any other legal authorization necessary to enter into and fully perform all its obligations hereunder, and will maintain all such licenses, permits and other authorizations in good standing throughout the term.

(l) Reserved.

(m) Prohibition Against Purchasing Certain Lottery Products. Contractor (including any subcontractors or agents) and its Key Personnel and any other persons identified by MUSL are prohibited from purchasing or redeeming any tickets or receiving any prizes from any lottery games for which MUSL provides drawing services. This prohibition shall also apply to any persons residing in the prohibited persons' residence(s).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

XXX

(SIGNATURE)

BY: _____ Dated: _____

ITS: _____

MULTI-STATE LOTTERY ASSOCIATION

(SIGNATURE)

BY: _____ Dated: _____

ITS: _____

