



REQUEST FOR PROPOSAL

Multi-State Lottery Association Mechanical Draw Machines 2019

The Multi-State Lottery Association (MUSL) is seeking a qualified, responsible Bidder to provide equipment, which will be used to conduct lottery drawings. The equipment should be delivered to our production studio located in Tallahassee, Florida no later than Wednesday, May 1, 2019.

The successful Bidder will be expected to enter into a written agreement with MUSL within 60 days of selection; however, final selection of the successful bidder will be contingent upon the completion of background checks and MUSL's review and acceptance of the results of the background checks.

Proposals shall consist of two (2) Submittals along with an electronic copy of the proposals via disk or thumb drive. The two (2) Submittals shall be provided in two separate sealed envelopes: the Technical Submittal and the Cost Submittal. Bidders' Proposals will be received up until 3:00 p.m. CT on January 11, 2019. Sealed bids should be submitted to:

Procurement
MULTI-STATE LOTTERY ASSOCIATION
4400 NW Urbandale Drive
Urbandale, IA 50322

Bidders are encouraged to visit MUSL.com to review MUSL's organizational structure and mission.

SECTION I GENERAL INFORMATION

1.1 INTRODUCTION AND PURPOSE

The Multi-State Lottery Association (MUSL) is an association of governmental lotteries formed to allow those lotteries to conduct various lottery games, including the world's largest lottery game, POWERBALL®. The purpose of this Request for Proposal (RFP) is to allow MUSL to choose a Bidder to supply mechanical draw machines and related services, including updates and maintenance services.

Obligations under this contract will commence on or about February 6, 2019, and continue through June 30, 2023. MUSL can, at its sole option, extend the contract with up to five (5) one-year extensions through June 30, 2028.

1.2 CONTENT OF THE REQUEST FOR PROPOSAL (RFP) AND PROPOSALS

This RFP is designed to provide bidders with the information necessary for the preparation of competitive Proposals. The RFP is not intended to be comprehensive, and each bidder is responsible for addressing all issues relevant to the RFP.

MUSL reserves the right to modify the RFP at any time. Any modification of the RFP will be clearly marked as a modification and provided to each bidder who received an original copy of the RFP.

A Proposal is defined as: the *Technical Submittal* and the *Cost Submittal*. Each Submittal shall be in a separate, sealed envelope, and together constitute the Proposal.

Proposals shall be based solely on the material contained in the RFP or in subsequent modifications to the RFP. Bidders are to disregard any draft material they may have received, any newspaper articles they may have read, and any other oral or written representations from any source.

In submitting a proposal, the bidder agrees that it will not bring any claim or have any cause of action against MUSL or its members based on any misunderstanding concerning the information provided, or MUSL's or its members' failure, negligent or otherwise, to provide the bidder with pertinent information as intended under the terms of the RFP.

Bidders are encouraged to provide MUSL with information, evidence and demonstrations (if any) that will make possible an award that best serves the stated interests of MUSL. Bidders are provided wide latitude in the degree of detail they offer or the extent to which they reveal

plans, processes, and procedures. Bidders should prepare their Proposals simply and economically, providing a straightforward and concise description of their capabilities to satisfy the requirements of this RFP. Proposals that are excessive in length or that contain a significant amount of boilerplate, advertising text or redundancies are discouraged.

1.3 BIDDER QUESTIONS

A bidding conference will not be held. Bidders may submit written questions concerning this RFP by the date identified below in Section 1.7. All bidders who received copies of the RFP will receive copies of the written questions received and the written answers provided by MUSL. The questions and answers will not modify the RFP, unless MUSL specifically states that a modification is being made.

All written questions regarding this RFP shall be directed to:

Procurement@musl.com
OR
PROCUREMENT DEPARTMENT
Multi-State Lottery Association
4400 NW Urbandale Drive
Urbandale, IA 50322

A Bidder may be disqualified for attempts to contact any MUSL staff member to request additional information about this RFP. MUSL will disqualify a Bidder for intentionally causing a material violation or circumvention of the requirements of this Section.

1.4 SUBMISSION OF PROPOSALS

Only one Proposal will be accepted from each Bidder. The Proposal may include multiple machine designs.

Bidders must identify and address each requirement in this RFP by section number and in order.

Bidders must submit their Proposal as the two Submittals defined above. The Submittals shall be labeled appropriately. The original of each Submittal must be provided, in addition to three (3) copies. Additionally, one copy marked “Confidential Copy” shall be submitted with all information marked as confidential redacted.

For the avoidance of doubt, the following shall be submitted: One original Proposal; three (3) copies of the Proposal; and one (1) Confidential Copy of the Proposal. The Confidential Copy of the Proposal is the only copy that should have confidential information redacted from it.

Each Proposal must also be accompanied by a signed Bidder's certification included with the RFP (Appendix A).

1.5 TRANSMITTAL LETTER

A transmittal letter must be submitted as the first page of the Proposal. The transmittal letter must clearly indicate that it is the transmittal letter, identify the Bidder submitting the proposal, and indicate the name, title, address, and telephone number of the person in the Bidder’s organization to be contacted concerning the proposal. The transmittal letter must also contain any requests for treatment of information submitted by the Bidder as confidential information as required by this RFP.

Additionally, the transmittal letter shall specifically recite that the Bidder has read, and agrees to all provisions and requirements of the RFP.

By signing and submitting the transmittal letter, the Bidder is agreeing to the following:

1. The Bidder will provide the goods and services requested in this RFP in accordance with this RFP and the Bidder’s proposal;
2. The Bidder is warranting that it has not made any material misrepresentation or omission in connection with its Proposal;

3. The Bidder has not acted with other Bidders to restrict competition for this solicitation;
4. The Bidder has not agreed to pay any person or entity (other than a bona fide employee of the Bidder) a fee or commission conditioned on the award of this contract;
5. The person signing the transmittal letter has the power to make the above representations, and bind the Bidder to the terms of the Bidder's Proposal; and,
6. The Bidder agrees to the Scope of Ownership as identified in Section 1.20 below.

1.6 SUBMISSION OF DISCLOSURE DOCUMENTS

The "Initial Bidder Disclosure" (Appendix B) must also be included with the proposal.

1.7 DATES RELEVANT TO THIS RFP

December 13, 2018	RFP released
December 19, 2018	Bidders' questions are due by 3:00 p.m. CT in accordance with Section 1.3 above
December 21, 2018	MUSL responses to Bidders' questions emailed to all bidders
January 11, 2019	Proposals due by 3:00 p.m. CT.
No later than January 18, 2019	Bidder Selection, subject to successful Background Checks
January 18, 2019	Begin Background Checks Process; Contract Review
February 2019	Contract begins
No later than May 1, 2019	Machines delivered

All dates are subject to change at the sole discretion of MUSL.

Proposals and disclosure documents must be received by the Procurement Department, Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, IA 50322, **by no later than 3:00 p.m. Central Time on January 11, 2019.**

1.8 COST ACCEPTED BY BIDDERS

MUSL is not responsible for any costs incurred by a Bidder that are related to the preparation or delivery of the proposal, any on-site inspection or off-site presentation which may be required, or any other activities related to this RFP. MUSL will pay its own traveling expenses that may be associated with this RFP.

1.9 RESERVED

1.10 CLARIFICATIONS TO PROPOSALS

Clarifications from Bidders may be requested by MUSL for the purpose of resolving ambiguities or questions about the information presented in the proposals. Clarification responses shall be provided in writing and shall address only the information requested. Clarifications of proposals will be issued by MUSL's designated contact (see above). Responses to clarifications shall be submitted within a reasonable time as specified by MUSL.

1.11 ALL PROPOSALS AND PRICING VALID FOR 180 DAYS

All proposals submitted shall remain valid for 180 calendar days following the date on which the proposals are opened. A Bidder's submission of a proposal shall constitute the Bidder's express agreement to this time limit. The pricing from the selected Bidder shall remain valid through successful contract negotiations.

1.12 SOURCES OF INFORMATION USED BY MUSL IN ADDITION TO THE PROPOSALS

MUSL reserves the right to contact individual bidders after the submission of bidder proposals for the purpose of clarifying a proposal to ensure mutual understanding. Bidders will not be permitted to modify or amend their proposals if contacted by MUSL for this reason.

Information obtained from or through the disclosure documents may be used in evaluating the proposals.

MUSL reserves the right to make an on-site inspection of the Bidders' facilities that MUSL deems pertinent and necessary to evaluate the Bidders' proposals. MUSL may consider information obtained during the inspection for purposes of evaluating the proposals.

MUSL reserves the right to request video of potential machines in use to assist in the evaluation process.

MUSL reserves the right to obtain information, from any and all sources, 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.

1.13 STANDARDS APPLICABLE TO THE AWARD

MUSL shall award the contract to the responsible bidder submitting the best proposal. MUSL shall consider and evaluate each Proposal based on these factors: security, warranty and service, end-user experience and references, overall design, and costs.

THE SUCCESSFUL BIDDER MUST PASS A SECURITY BACKGROUND CHECK PERFORMED BY LOTTERY OFFICIALS OR LAW ENFORCEMENT OFFICIALS.

All Proposals received from Bidders will be reviewed and evaluated by an Evaluation Committee, comprised of MUSL personnel as appointed by the MUSL Executive Director or designee. The Evaluation Committee will evaluate each Proposal and determine which Proposal best addresses the applicable provisions of the RFP, offers the best overall range of benefits and is considered most advantageous to MUSL. The Evaluation Committee will report its recommendation to the Executive Director, who will review the Evaluation Committee's report and determine whether to seek clarification, request additional information, or proceed with an award of the Contract.

1.14 WAIVER OF INFORMALITIES AND REJECTION FOR NONCOMPLIANCE

MUSL reserves the right to waive minor deficiencies in a proposal. The decision as to whether a deficiency will be waived or will require the rejection of a proposal will be solely within the discretion of the Evaluation Committee. **Bidders are advised that the failure to comply with or respond to any part of this RFP that requires a response may result in rejection of their proposal.** MUSL reserves the right to reject any and all proposals in response to this RFP at any time during the solicitation process for any reason. MUSL reserves the right to refuse to meet with any or all Bidders responding to this RFP during the RFP process, which concludes when a contract for the work has been signed by both parties.

1.15 PROPOSAL REJECTION

MUSL reserves the right to reject any and all proposals in response to this RFP. Bidders whose proposals are not selected for further negotiations or contract award will be notified in writing at the address given in the proposal.

1.16 REQUESTS FOR CONFIDENTIALITY

Proposals will not be opened publicly so that MUSL may evaluate requests for confidentiality. Proposals will be shown only to MUSL, members of MUSL and persons authorized by MUSL.

Any request for confidential treatment of information must be included in the transmittal letter described in this RFP. The request must also include the name, address, and telephone number of the person authorized by the Bidder to respond to any inquiries by MUSL concerning the confidential status of the materials. The Bidder must also state in the transmittal letter the reasons such confidentiality is necessary.

Any documents or information in the Proposal, which is considered confidential information, must be marked appropriately on each page upon which confidential information appears. The confidential information must be clearly identifiable to the reader wherever it appears. The original, and all copies of the proposal submitted, as well as the original proposal, must be marked in this manner.

In addition, a Confidential Copy of the Proposal with confidential information redacted must be submitted.

The Bidder's failure to request confidential treatment of material pursuant to this section will be deemed by MUSL as a waiver of any right to confidentiality, which the Bidder may have had. Under no circumstance will MUSL be liable to any Bidder or to any person or entity for any disclosure of any materials not claimed as confidential by the Bidder or for materials MUSL reasonably believes should not be considered trade secret or confidential information.

Identification of the entire Proposal as confidential may be deemed non-responsive and disqualify the Bidder.

1.17 COPYRIGHTS

By submitting a proposal, the Bidder agrees that MUSL may copy the proposal for purposes of facilitating the evaluation or to respond to requests for public records. By submitting a response to the RFP, the Bidder represents that such copying will not violate any copyrights in the materials submitted.

1.18 PROPOSALS PROPERTY OF MUSL

All proposals will become the property of MUSL and will not be returned to the bidders.

MUSL reserves the right to use any and all information contained in a proposal to the extent permitted by law. Due to the creative nature of the lottery industry, many marketing ideas have been presented, designed, and developed by lottery personnel or associated, outside-related agencies unknown to Bidders. MUSL will have the right to use ideas or adaptations of ideas that are presented in the proposals if deemed “non-original” or “previously submitted.”

1.19 CONTRACT PROVISIONS

The contract that MUSL expects to award as a result of this RFP will be based upon the proposal submitted by the successful Bidder(s) and all requirements as presented in this RFP. MUSL reserves the right to either award a contract without further negotiation with the successful Bidder, or to negotiate terms with the selected Bidder if the best interests of MUSL would be served by so doing.

The selected Bidder may be required to reduce the price quoted if MUSL reduces the requirements placed upon the Bidder, or if MUSL assumes some of the requirements contained in the RFP, and/or assumes some of the Bidder’s responsibilities.

The contract terms included in Appendix D are not intended to be a complete listing of all contract terms, but are provided to enable the Bidder to better evaluate the Bidder’s costs associated with the provision of services to MUSL.

When submitting proposals, Bidders should expect to enter into a contract with the terms and conditions indicated in Appendix D.

1.20 SCOPE OF OWNERSHIP

MUSL shall have ownership of the equipment, goods, hardware, software (unless a license is required, and set out as a cost), and other products and services to be delivered by the Bidder under the agreement. Such services shall include, but not be limited to, any unfinished products (no matter at what stage of completion) that are the result of the Bidder's partial or complete performance under the agreement.

If the Bidder requires any part of its software or hardware 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 mentioned in the proposal. Additionally, any licensing fees associated with the software used in products produced in response to this RFP shall be included as a separate item in the Cost proposal.

The Bidder agrees that no ideas or materials shall be used by the Bidder, or its subcontractors, at any time, during or after the term of the agreement, to advertise any competitive product of MUSL.

If the agreement 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.

MUSL retains the right to inspect any phase of services to be provided either on a continuing or a spot-check basis.

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 of the Mechanical Ball Machine is necessary. Upon award of a contract resulting from this RFP, the successful Bidder may be required to complete a Non-Disclosure Agreement (and return the signed Agreement) prior to commencement of services.

1.21 CONTRACTOR WARRANTIES

Warranties expressed in the Agreement will be intended to modify the warranties implied by law only to the extent that they expand the warranties applicable to the goods and services provided by the successful Bidder.

The successful Bidder will represent and warrant that in the performance of the Contract, its work product and the information, data, designs, processes, inventions, techniques, devices and other such intellectual property furnished, used, or relied upon by the Bidder will not infringe on any copyright, patent, trademark, trade dress or other intellectual property rights held by a third-party.

In the event that a third party asserts that MUSL's use of the product(s) is in violation of such party's rights, the successful Bidder shall indemnify and hold harmless MUSL and its member lotteries.

The successful Bidder must warrant that the products and services provided to MUSL will be suitable for the particular purpose of use in performing lottery drawings and are merchantable. The Bidder also acknowledges that MUSL is relying on the successful Bidder's skill and judgment to provide products and services that are fit, in all aspects, for the purposes of use by MUSL for complete and reliable mechanical machines.

The successful Bidder must represent and warrant that all services provided shall be performed in a prompt, competent and workmanlike manner by properly trained individuals in accordance with the highest standards in the Bidder's profession, and that all goods and services will be free and clear of any lien or claim by any part at the time of delivery, and that no misrepresentations have been made including material omissions.

1.22 LIQUIDATED DAMAGES

MUSL and the Bidders agree that it would be extremely impractical and difficult to determine actual damages that MUSL will sustain in the event of a breach by the successful Bidder. Additionally, MUSL and the Bidders further agree that the goods and services to be provided under this RFP and resulting Agreement are not readily available on the open market, and any breach by the successful Bidder will delay and disrupt MUSL's operations, and will result in damages. MUSL and the Bidders agree that the assessment of liquidated damages is reasonable, and are not to be construed as a penalty.

In no case shall liquidated damages be measured in terms of potential lost revenue or potential lost net profit to MUSL, unless and to the extent that a court of competent jurisdiction should determine that a liquidated damages provision is unenforceable as a matter of law.

Assessment of liquidated damages shall be in addition to, and not in lieu of, such other remedies as may be available to MUSL. Except and to the extent expressly provided herein, MUSL shall be entitled to recover liquidated damages under each and every section applicable to any given breach, occurrence or incident. Liquidated damages may include, but not be limited to reputational damages and other losses that MUSL may incur due to a breach by the successful bidder.

Upon determination that liquidated damages are to be or may be assessed, MUSL shall notify the successful Bidder of the assessment in writing. The availability of any period of cure will depend on the situation and will be in the sole discretion of MUSL.

SECTION II DISCLOSURE REQUIREMENTS

2.1 NOTICE OF DISCLOSURE REQUIREMENTS

All bidders submitting a proposal must provide a completed response to the "Initial Bidder Disclosure" document (Appendix B). This document must be included with the bidder's proposal.

The Bidder must provide complete background information, upon notification of contract award, on all control persons of the Bidder and any person(s) involved in this project deemed pertinent by the MUSL. Bidder must pass background checks prior to contract signing.

A "Control Person" means any person who owns five percent or more of the Bidder, a parent company, a subsidiary company, and all officers and directors of the Bidder, parent or subsidiary company of the Bidder, or any other business entity directly associated with the Bidder.

All parties contracting with MUSL must pass security background checks performed by lottery security officials or law enforcement officials.

MUSL will not award a contract to a Bidder if a Control Person of the Bidder, or a person assigned by the Bidder to perform services for MUSL, has been convicted of a felony or any gambling-related offense.

2.2 USE OF INFORMATION

Any information provided to MUSL in the disclosure form or obtained by MUSL through the use of these documents may be used by MUSL to determine the successful bidder or to disqualify a bidder. Law enforcement or Lottery security officials may confer with bidders.

**SECTION III
RESERVED**

**SECTION IV
MANDATORY REQUIREMENTS**

4.1 GENERAL REQUIREMENTS. In providing the following information and disclosures, Bidder shall respond with as much detail as would be helpful to MUSL in determining Bidder's ability to provide the necessary goods and services.

Bidder must specifically address each requirement below, and reference the requirement with each response.

A. ORGANIZATION

1. Provide the name and address of its principal place of business.
2. Provide the name of owners and officers as follows:
 - a. If a corporation, the names of all corporate officers, directors, and stockholders having five percent (5%) or more in equity or securities of the corporation.
 - b. If a company or other association, the names of all the members, officers, and directors.
 - c. If a partnership or joint venture, the names of all of the general partners, limited partners, or joint venturers.
 - d. If a sole proprietorship, the name of the owner.
3. Provide an organization chart highlighting the names and positions of those key individuals who will perform work in relation to this RFP. Include the project manager and the key representative for service-related issues once the machines have been delivered.
4. If subcontractors will be used to perform the work, disclose the same information required of the Bidder herein regarding the subcontractors.
5. Disclose to the best of Bidder's knowledge and belief, any Lottery employee or Commissioner or their respective family members who hold any interest, financial or otherwise, in the Bidder's organization, or if such a person is an officer or director of Bidder.

B. EXPERIENCE

1. Bidder Qualifications
 - a. Provide resumes for all persons to be assigned to this project. State the experience that the Bidder, the Bidder's key personnel, and the personnel, which will be assigned to the MUSL contract have had in providing services similar to those described in this RFP.
2. In-house Facilities
 - a. Describe the in-house facilities, resources, manpower, and equipment which will be made available to MUSL to perform the work described below.

C. LITIGATION

1. Provide a description of any contracts that Bidder was awarded but was unable to honor.
2. Provide a description of any pending and/or threatened litigation involving Bidder. Describe any past litigation involving Bidder, and the outcome of the same.
3. List all U.S. lotteries to which you have supplied a mechanical draw machine in the past 10 years.

D. FINANCIAL STABILITY

1. List all bankruptcy, reorganization, insolvency or default on any bond or loan obligation experienced by Bidder in the past 10 years.

E. REFERENCES

1. List all lotteries to which Bidder has provided services and describe in detail the nature of those services.
2. Provide five (5) business references that are currently using goods and services similar to those being proposed in this RFP, and include: the contact name; email address; telephone number; and address.

F. TITLE TO, USE OF, AND COMPENSATION FOR INTELLECTUAL PROPERTY

To the extent a successful Bidder uses or relies upon third-party intellectual property rights in fulfilling its obligations under the Agreement, the successful Bidder represents and warrants that it has the valid right to use such intellectual property right. In the event of failure to perform, or

breach of the Agreement, the successful Bidder must ensure continued right of use of licensed intellectual property by MUSL.

G. INABILITY TO PLAY LOTTERY

Restrictions apply to the purchase of tickets and payment of prizes regarding individuals related to the successful Bidder and its subcontractors. No ticket or share issued by a lottery shall be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any vendor or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any such person if such officer, employee, agent, or subcontractor has access to confidential information which may compromise the integrity of MUSL, its members, and any and all games that are sold by its member and other lotteries.

4.2 MACHINE REQUIREMENTS

The following list describe features that need to be incorporated into the potential draw machines:

- The machines must have one draw chamber with the capacity to hold up to eighty (80) balls.
- These machines must have the ability to select a variable number of balls on a completely random basis.
- A total of four (4) machines will be required.
- Machines must have the capability to be activated remotely.
- The machines must be able to display the balls before the balls enter the mixing chamber.
- Machines must have a programmable mixing time feature and a programmable time between ball selection feature. A total of eight (8) sets of balls will be needed.
 - Four sets containing numbers one (1) through sixty-nine (69). These sets should be white in color with black numbers.
 - Four sets containing numbers one (1) through twenty-six (26). These sets should be red in color with white numbers. Balls from each machine MUST fall into a single display tray.
- Ball weight, diameter, and density should be as identical as possible in order to allow that all balls have the same likelihood of being selected. Parameters may be provided by bidder, with MUSL approving the acceptable ranges.
- The overall footprint of the machine should be no larger than approximately 3'x3'x7 ½'
- The machines will be used in front of green screen technology, and therefore, all aspects of the machine must be visible in front of Chroma Key backgrounds.

4.3 SUPPORT, SERVICE AND MAINTENANCE REQUIREMENTS

- Must provide 24/7/365 customer service support; Bidders must describe their customer support team.
- Provide details on annual pricing regarding warranty and ongoing service and maintenance plan, including, but not limited to: hotline troubleshooting; evaluation; game matrix and feature addition / change / modification; and system support for the initial term and each contract renewal period.

4.4 AESTHETICS

- Aesthetically, the machines should add to the production value of Powerball drawings, which are televised nationwide.
- The balls must be visible at all times during the drawing process.

SECTION V INSURANCE REQUIREMENTS

The successful Bidder, within 15 days following notification of their selection, shall provide MUSL with evidence of insurance as defined in Appendix D.

The successful Bidder must maintain in effect insurance policies in full force and effect from the execution of the Agreement and must continue in full force and effect throughout the term of the Agreement. MUSL must receive thirty (30) days advance written notice of cancellation, termination, or failure to renew any policy.

Professional Liability and Errors and Omissions insurance must indemnify MUSL, its directors, officers and employees, and its member lotteries for direct or indirect loss due to any error or omission caused by the successful Bidder and coverage must continue until one (1) year past the term of the Agreement.

SECTION VI
FINANCIAL INFORMATION

MUSL may request audited financial statements and/or financial records during the evaluation of submitted proposals.

SECTION VII COST PROPOSAL

The Bidder must provide a single, firm, fixed cost to MUSL for the providing of all services relating to the production of the mechanical draw machines and all other described elements of this RFP.

The cost proposal should include the following components, identified separately:

- a. Mechanical Draw Machine (including maintenance and support for the Initial Term of two years). Pricing must include a cost per unit, including support and maintenance, and include any discounts for purchasing multiple units.

Currently, MUSL anticipates it will need four (4) identical machines located at our production studio located in Tallahassee, Florida

- b. License Fees (if applicable).
- c. Maintenance and support fees for period(s) beyond the Initial Term.
- d. Length of initial warranty and costs of extended warranty. It is expected that the initial warranty will be free of charge.

Interested Bidders shall use this format in providing Costs:

1. Cost of one machine:
2. Cost of four machines:
3. Cost of each ball set:
4. Cost of delivery to Tallahassee, FL:
5. Cost of annual service and maintenance contract (to begin after warranty period):

APPENDIX A

BIDDER CERTIFICATION

I certify 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 state that in making this proposal the indicated bidder has not consulted with others for the purpose of restricting competition and that the bidder has not made any knowingly false statements in its proposal or background statement.

Name

Title

Entity submitting proposal

Date

APPENDIX B

INITIAL BIDDER DISCLOSURE

The bidder shall provide the following information on a separate sheet entitled “Bidder Disclosure”:

1. Name, website address, mailing address and physical address of company (or other business entity) submitting the proposal.
2. Type of business entity (e.g., corporation, partnership).
3. Place of incorporation, if applicable.
4. Name and location(s) of major offices and other facilities that relate to the bidder's performance under the terms of this RFP.
5. Name(s), address(es), and function(s) of any and all subcontractors, associated companies, or consultants to be involved in any phase of this project.
6. Name, address, voice telephone number, email address, and fax number of bidder's representative to contact regarding all contractual matters concerning this proposal.
7. Name, address, voice telephone number, email address, and fax number of bidder's representative to contact regarding all technical matters concerning this proposal.
8. Name, address, voice telephone number, email address, and fax number of bidder's representative to contact regarding scheduling and other arrangements, if necessary.
9. Names of all attorneys and law firms representing the bidder.
10. Bidder's federal employer identification number.
11. The name, address and telephone number of all persons, consultants, sales agents, or other entities involved in aiding the bidder's efforts to obtain this contract or otherwise assisting the bidder.
12. The bidder must state whether or not, for each controlling person of the bidder or employee assigned to do the work, during the last five (5) years, any of the following events occurred:

- a. A petition under the Bankruptcy Act or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which such person was a general partner at or within two (2) years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two (2) years before the time of such filing.
 - b. Such person was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation (excluding traffic violations and other minor offenses).
 - c. Such person was the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining him from, or otherwise limiting his participating in any type of professional or business practice or activity (i.e., licenses, suspension and/or revocation of same).
 - d. Such person was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of such person to engage in any professional or business practice or activity.
13. A bidder must provide the name, home address, cell phone number, and current duties and responsibilities of all individuals who will be assigned to work on any contract awarded pursuant to this RFP. This requirement is met if the information requested here is included in the resumes provided with the bid.
 14. If any part of the bidder's work on any contract awarded pursuant to this RFP is to be performed by subcontractors, partners, or consultants, the bidder must identify such parties and describe their functions, as well as the contractual agreements with said parties. The bidder should also include resumes of the officers and key employees of such parties.
 15. Bidders who employ or have on their governing boards as of the date of their proposals, employees or former employees of MUSL or its members shall identify each such person and their position and responsibilities within the bidder's organization. If, following a review of this information, MUSL determines that a conflict of interest may exist, the bidder may be disqualified from further consideration for the award of a contract.

16. If any control person of the bidder, or subcontractor of the bidder, or any employee of either assigned to this project, is a member of the immediate family of any employee of MUSL or its members or has a close personal relationship to any employee of MUSL or its members, indicate each person and employee.
17. The bidder must state whether any of the following has occurred:
 - a. During the last five (5) years, the bidder has had a contract terminated for any reason.
 - b. During the last two (2) years, the bidder has been assessed penalties under any of its existing or past contracts. If so, indicate the public jurisdiction, the reason for the penalty, and the penalty amount of each incident.
 - c. During the last two (2) years, the bidder, a subsidiary of intermediary company, parent company or holding company was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the bidder to engage in any business, practice or activity.

APPENDIX C
(reserved)

APPENDIX D

**AGREEMENT FOR THE PRODUCTION OF
MECHANICAL DRAW MACHINES**

This agreement is made by and between the Multi-State Lottery Association (MUSL), an unincorporated government benefit association, and CONTRACTOR (Contractor), located at ADDRESS.

- 1. Incorporation of Documents.** The MUSL Request for Proposal (RFP) for the Mechanical Draw Machine number and the Contractor's response to the Request for Proposal (Contractor's Proposal) are incorporated by reference into this agreement as though fully set forth.

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.

- 2. Term.** The initial contract term will be for four (4) years through June 30, 2023. The MUSL will have the sole right to extend the contract up to five (5) additional one-year option periods for a total contract period not to exceed ten (10) years.
- 3. Contractor's Duties.** The Contractor shall perform as set forth in this agreement, the Contractor's Proposal, and as required by the RFP. In the event that any of the employees specified in the Contractor's Proposal become unavailable to the Contractor, the Contractor shall replace them with employees with comparable expertise.

The purpose of this agreement is to provide MUSL with Mechanical Draw Machines. Contractor and MUSL agree that the following terms and conditions shall govern the provision of these services.

4. **Payments to Contractor.** The Contractor agrees to submit an invoice to the MUSL requesting payment for the services rendered based on the prices set forth in this agreement, not to exceed \$X. This fee shall include all costs incurred by the Contractor in providing services as set forth in this agreement, the RFP, and the Contractor's Proposal. Invoices shall be submitted to the Director of Draws and Productions, Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, IA 50322 or sue@musl.com, and undisputed amounts will be paid within 45 days of receipt. A payment structure will likely include a fifty percent (50%) payment upon order placement and the remainder of the payment made upon delivery and testing by MUSL.
5. **Termination for Cause.** MUSL may terminate this Agreement upon written notice for the breach by the Contractor, if such breach is not cured, provided that a cure if feasible, within the timeframe for cure set forth in the written notice of breach by MUSL. Breach events include, but are not limited to, Contractor's failure to perform as set forth by this Agreement or Contractor's failure to provide equipment, goods, and services that meet the specifications and requirements set forth in this Agreement, without limitation the representations and warranties set forth in this Agreement.

The Contractor may terminate this Agreement upon written notice for the breach by the MUSL if such breach is not cured, provided that a cure is feasible, within the timeframe for cure set forth in the written notice of breach by the Contractor. Breach events include MUSL's breach of this Agreement or any related software license contract or MUSL's failure to pay as set forth in this Agreement.

6. **Termination for Convenience.** MUSL may terminate the contract upon issuing a 30-day notice, paying compensation only for good and valuable product and services received, as determined by the MUSL.

Further, if the contract is terminated, compensation, if any, shall be limited to reasonable expenses for products, materials, supplies, and services rendered, for which Contractor has not yet been compensated. MUSL will make no payments for unfurnished work, 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.

6.1. Immediate Termination. MUSL may terminate this Agreement, effective immediately without advance notice, allowance for cure, and without penalty or legal liability to MUSL for any of the following reasons:

- a. if the Contractor furnished any statement, representation, warranty or certification in connection with this Agreement, which is materially false, deceptive, incorrect or incomplete; or
- b. if the Contractor becomes subject to any bankruptcy or insolvency proceeding under federal or state law to the extent allowed by applicable state or federal law including bankruptcy laws; or
- c. if the Contractor terminates or suspends its business, or lets its insurance lapse or be cancelled; or
- d. if MUSL reasonably believes that the Contractor has become insolvent or unable to pay or perform its obligations consistent with applicable federal or state law; or
- e. if an officer, director or employee of Contractor in contract with MUSL's account is or has been convicted of a felony, any gambling-related offense whether a misdemeanor or felony, or of any state or federal ongoing criminal conduct or Racketeer Influenced or Corrupt Organization Act (RICO) offenses by a court of competent jurisdictions; or
- f. if a lawsuit is filed against Contractor claiming that the Contractor's processes or materials violate any valid patent, trademark, copyright, intellectual property right or contract, and the Lottery reasonably believes that the lawsuit may impair the Contractor's performance of this Agreement; or,
- g. if during the course of this Agreement the Contractor or any employee, contractor, or agent of Contractor seeks to sell or pass any Lottery ticket, play any lottery game or claim any lottery prize, or
- h. if during the course of this Agreement any action by the Contractor interferes with MUSL's relationship with its membership or any multi-jurisdictional game it supports.

If cancellation occurs for any of the causes set forth above, MUSL shall have no further obligation to the Contractor other than payment for services rendered and materials provided prior to cancellation. Payment will be made only upon submission of invoices

and proper proof of the Contractor's claim. This provision in no way limits the remedies available to MUSL in the event of a termination under this provision.

7. No Release of Obligation. The expiration or termination of this Agreement for any cause shall not release Vendor from:

- a. Any obligations and duties remaining under any order accepted by the Contractor prior to such expiration or termination; or
- b. Any liability which at the time of expiration or termination has already accrued to the other party, or, which thereafter may accrue in respect to any event prior to expiration or termination; or
- c. Any liability from any obligation that survives expiration or termination

8. Non-Exclusive. The contract will not be exclusive as related to projects for a Mechanical Draw Machine or similar system are undertaken by the MUSL or its members.

9. Indemnification.

- a. **General Indemnification.** Contractor shall indemnify, defend and hold harmless MUSL, its Members and their jurisdictions, and their departments, divisions, agencies, sections, commissions, officers, employees and agents from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all 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:
 - i. Any claim, demand, action, citation or legal proceeding arising out of or resulting from (i) the products provided or (ii) performance of the work, duties, responsibilities, actions or omissions of Contractor or any of its subcontractors under this contract, or (iii) a breach of any representation or warranty made by Contractor in the contract.
 - ii. Any claim, demand, action, citation or legal proceeding arising out of or related to occurrences that Contractor is required to insure against as provided for under the contract.

- iii. 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 the performance of services by Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.
- iv. Any claim, demand, action, citation or legal proceeding resulting from an act or omission of Contractor or any of its subcontractors in its or their capacity as an employer of a person.

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.

b. Patent / Copyright / Trademark / License Infringement Indemnification

Contractor shall indemnify, defend and hold harmless MUSL, its Members and their jurisdictions, and their departments, divisions, agencies, sections, commissions, officers, employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trademark, license, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in Contractor's opinion be likely to become the subject of a claim of infringement, Contractor shall at Contractor's sole expense (i) procure for MUSL the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing.

The MUSL will not agree to indemnify the Contractor for any reason.

10. Compliance with Laws. Contractor shall comply with all applicable laws and rules when performing. This also requires that the Contractor pay all taxes, fees, and assessments, however designated, levied, or based upon the goods and services supplied by the Contractor.

11. Insurance. Contractor shall maintain adequate insurance for the performance of the contract and, by submission of a bid, agrees to indemnify and save harmless and to defend all legal or equitable actions brought against MUSL, its Members and their individual jurisdictions, and any agency, officer and/or employee or agent of them, for and from all claims of liability which is or may be the result of Contractor's actions during the performance of the contract. The purchase or non-purchase of such insurance or the involvement of Contractor in any legal or equitable defense of any action brought against Contractor based upon work performed pursuant to the contract will not waive any defense which MUSL, its Members and their individual jurisdictions, and any agency, officer and/or employee or agent might otherwise have against such claims, specifically including the defense of sovereign immunity where applicable, and MUSL, its Members and their individual jurisdictions, and any agency, officer and/or employee or agent thereof shall not be financially responsible for the consequences of work performed, pursuant to said contract.

- b. **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.

- c. **Property Insurance** on all buildings, furniture, fixtures, computer and communications equipment used in fulfilling the requirements of this Agreement. Coverage shall insure personal property including contents, equipment, and mobile items against fire, theft, collision, and flood. The MUSL and the individual Members of the MUSL will not be responsible for insuring any equipment or facilities included in or associated with the contract.
 - d. **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 person and \$250,000 for property damage.
 - e. **Errors and Omissions Insurance** with limits of not less than \$10,000,000 per claim, to be in force and effect at all times which will indemnify Contractor and MUSL and the individual Members of the MUSL and their jurisdictions for direct loss which may be incurred due to any error caused by Contractor, its officers, employees, agents, subcontractors or assigns regardless of negligence. MUSL shall be named as an additional insured on this policy.
 - f. **Workers' Compensation Insurance** as required by law.
 - g. 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.
 - h. Certificates of insurance must be furnished to MUSL on date of contract execution, with the exception of the certificate for Errors and Omissions Insurance, which must be furnished to MUSL prior to installation of the first system.
 - i. The required insurance coverages shall be written for not less than any limits of liability as required by the contract, and shall include contractual liability as applicable to Contractor's obligations under the Indemnification clause of the contract. Self-insurance coverage will not be acceptable.
- 12. No Assignment.** Assignment of the contract will not be allowed without the written consent of the MUSL.

13. No News Releases. Contractor shall not issue any news releases pertaining to this procurement process nor during the performance of the contract without prior written approval by the MUSL.

14. No use of MUSL or member Intellectual Property. Contractor agrees not to use MUSL's or any member 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 the MUSL.

15. Sensitive Operation. The MUSL is an extremely sensitive enterprise because of the nature of the business and because it is government operated. 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, Contractor is expected to:

- a. Offer goods and services only of the highest standards.
- b. Use its best efforts to uphold the integrity of MUSL and its member lotteries and prevent the Lottery industry from becoming embroiled in unfavorable publicity.
- c. 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.
- d. Avoid promotional activities which could be interpreted as improper and produce embarrassment to MUSL and its member lotteries.
- e. Report discovered security problems only to the MUSL.

16. Approvals Required. MUSL must approve all employees, subcontractors or agents involved with performance of the contract.

17. Notification of Substantial Change Required. If Contractor 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.

18. Accounting Records. Contractor is 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.

- a. MUSL's certified public accounting firm or other designate will be given the right to review the work papers of these audits, if considered necessary by MUSL.
- b. MUSL and its independent certified public accountants shall be given a copy of all reports including any management letters issued as a result of the specified audits.
- c. Contractor is required to provide, upon request, copies of filings to the Securities and Exchange Commission.
- d. MUSL reserves the right at any time to audit Contractor'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 Contractor.

19. 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 Contractor nor MUSL shall be liable to the other for any delay in or failure of performance under the contract of Contractor 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 Contractor 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 Contractor cannot service the contract, MUSL retains the right to operate the System and/or to terminate the contract so that business continuity can be restored.

20. Ownership of Goods Produced. All components comprising the MECHANICAL DRAW MACHINE (all goods produced, videotaped, filed, or recorded material produced under the terms of this agreement) are solely owned by the MUSL. MUSL shall have the right to reproduce or use any products derived from the Contractor's work under the contract without payment of any royalties, fees, etc.

21. Contractor Not Employee or Agent of MUSL. The Contractor, its employees, agents or subcontractors performing under this agreement are not employees or agents of the MUSL or the MUSL members, but is an independent contractor performing pursuant to the terms of this agreement.

22. Choice of Forum. The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this agreement. 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.

23. Severance. If any provision of this agreement is held to be invalid or unenforceable, the remainder shall remain valid and enforceable.

24. Amendment. This Contract may be amended by mutual agreement of the parties. Any such amendment must be in writing and signed by an authorized representative of the parties.

25. Notices. All written notices and communications required by this agreement shall be sent in writing and via email to the following addresses:

Legal Department
Multi-State Lottery Association
4400 NW Urbandale Drive
Urbandale, IA 50322
Patricia@musl.com

CONTRACTOR NAME
Contact name and email
CONTRACTOR ADDRESS

The above Agreement entered into on the below dates:

Multi-State Lottery Association

Contractor

Name

Name

Date

Date