

REQUEST FOR PROPOSALS (RFP)

LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM #2015-01

RESPONSES TO WRITTEN QUESTIONS (Q&A #9) April 19, 2016

This list of questions and responses #9 (Q&A#9) is being issued to clarify certain information contained in the above named Request for Proposals (RFP). The statements and interpretations of Contract requirements, which are stated in the following responses are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the Contract does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the State Lottery and Gaming Control Agency's ("MLGCA") responses to those questions:

182. QUESTION: Section 3.26.6, page 129; Section 4.2.2.6.24, page 167; and Attachment F: The RFP requires an Offeror to describe the solution it proposes to provide for accepting Alternate Payment Methods from Players at brick and mortar retailers. Further, Attachment F- Price Sheet, with respect to Part C – Additional Task VI – Sub-Part CII, requires an Offeror to provide its price to provide all equipment, hardware, software, personnel and services required by the RFP to provide the "Alternative Payment Methods", which shall be expressed a "Fixed Monthly Fee" per 100 Retailers.

As the MLGCA is aware, "Alternative Payment Methods" may require payment of "bank processing fees" which generally range from 2-4% of the transaction amount (e.g., a \$1 purchase would have a "bank processing fee" of approximately \$.02-\$.04). As there is no way for an Offeror to estimate the expected utilization of an Alternative Payment Method for Player purchases (i.e., what percentage of transactions will be purchased by a Player using this "Alternative Payment Method"), an Offeror would need to unreasonably burden its "Monthly Fixed Fee" to account for the "bank processing fees".

It is therefore requested that the MLGCA confirm that any such "bank processing fees" are to be expressly excluded from the "Fixed Monthly Fee" offered under Part C – Additional Task VI – Sub-Part CII and that any "bank processing fees" would be chargeable to the MLGCA in addition to the "Fixed Monthly Fee"?

ANSWER: MLGCA understands that in addition to the Fixed Monthly Fee to be proposed in CII (Alternative Payment Methods) there may also be a processing

fee charged by the bank for each transaction. Any such bank processing fees may be excluded from the Fixed Monthly Fee in Part CII and separately charged to the MLGCA in addition to the Fixed Monthly Fee. Bank processing fees shall be invoiced to MLGCA at actual cost with no mark-up and submitted on a monthly basis accompanied by all supporting documentation.

183. QUESTION: Attachment F – Price Sheet:

a) For various reasons, including but not limited to, printing compatibility with different printers, adjusting of formatting and adding multiple scenarios for certain tasks, it is necessary for an Offeror to have unlocked access to the Excel spreadsheet. It is requested that MSLAGA unlock the entire spread sheet so that Offerors can adjust formatting and printing as needed.

b) The task for Alternative Payments is impossible to price because costs for these alternative payments are driven by transaction volumes added with dollar amounts of the transactions and these costs are not driven by fixed monthly costs. Therefore, the requirement for a fixed monthly fee format forces the Offeror to overestimate the volume of alternative payment transactions that may actually occur for which there are no real estimates and also to estimate the dollars of those transactions that are occurring. Thus the calculation of a fixed monthly fee for the required pricing format will significantly over cost the provision of alternative payments.

It is therefore requested that the Alternative Payments pricing method be changed from a fixed monthly fee to a compound cost with two components:

1. A cost per transaction performed on alternative payments, plus
2. A cost as % of the dollar amount of the transaction.

ANSWER: a) A totally unlocked version of Attachment F – Price Sheet has been posted on the SFTP site. Offerors shall be responsible for the accuracy of all entries and calculations on the Price Sheet.

b) The requirement for a Fixed Monthly Fee in Sub-Part CII will not be deleted. However, bank processing fees may be excluded from the Fixed Monthly Fee and separately charged to the MLGCA in addition to the Fixed Monthly Fee (See Answer to Question #182.) Offerors may also utilize Sub-Part CIV for other types of equipment and services that it may provide using various pricing formats.