



Maryland State Lottery and Gaming Control Agency (MLGCA)

REQUEST FOR PROPOSALS (RFP)

**Lottery Central Monitoring and Control System (LCMCS)
(#2015-01)**

SOLICITATION NO. E75R5400007

Issue Date: December 10, 2015

Due Date: March 3, 2016

NOTICE TO OFFERORS

A Prospective Offeror that has received this document from <https://emaryland.buyspeed.com/bsol/>, or that has received this document from a source other than the Procurement Officer, and that wishes to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide the Prospective Offeror's name and mailing address so that amendments to the RFP or other communications can be sent to the Prospective Offeror.

**Minority Business Enterprises Are Encouraged to Respond
to this RFP**

STATE OF MARYLAND***Maryland State Lottery and Gaming Control Agency (MLGCA)*****RFP KEY INFORMATION SUMMARY SHEET**

RFP Title:	Lottery Central Monitoring and Control System
RFP Number:	2015-01
RFP Issuing Agency:	Maryland State Lottery and Gaming Control Agency (MLGCA) Montgomery Park Business Center 1800 Washington Boulevard, Suite 330 Baltimore, MD 21230
RFP Issue Date:	December 10, 2015
Proposals Due Date and Time:	March 3, 2016 at 2:00 p.m. (Local Time)
Procurement Officer:	Robert W. Howells Maryland State Lottery and Gaming Control Agency Montgomery Park Business Center 1800 Washington Boulevard, Suite 330 Baltimore, MD 21230 Telephone: 410-230-8789; Fax: 410-230-8727 E-mail Address: robert.howells@maryland.gov
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Send Proposals to:	Maryland State Lottery and Gaming Control Agency Montgomery Park Business Center 1800 Washington Boulevard, Suite 330 Baltimore, MD 21230 Attention: Robert W. Howells
Send Questions (e-mail only) to:	E-mail Address: robert.howells@maryland.gov
Contract Type	Fixed Price Incentive
Contract Duration	Eight (8) year base period, one (1) three-year option period, and one 12 month option period for transition
MBE Subcontracting Goal:	15.0 %
VSBE Subcontracting Goal:	0.5 %
Small Business Reserve	No
Pre-Proposal Conference:	Montgomery Park Business Center (January 7, 2016 @ 10:00 am) 1800 Washington Boulevard, Suite 330 Baltimore, MD 21230 See Attachment E for Response Form

STATE OF MARYLAND
NOTICE TO OFFERORS/CONTRACTORS
Maryland Wants to Do Business with You

Please let us know why you are not proposing. (Check all that apply).

- ☐ We do not offer the services/commodities requested.
- ☐ Busy with other commitments.
- ☐ Specifications are unclear or too restrictive.
- ☐ Timetable is unworkable.
- ☐ Bonding/Insurance requirements are prohibitive.
- ☐ Our experience with State of Maryland has not been satisfactory.
- ☐ Other (Please specify)

Additional Comments:

Please add suggestions for improvement here:

Name of Commenter and Business (optional): _____

Contact Person (optional): _____ Phone (____) _____ - _____

Proposal Number: **2015-01** Entitled: ***Lottery Central Monitoring and Control System***

Your comments will help us improve the procurement process.

Thank You.

Please return your comments with your proposal. If you have chosen not to propose to this RFP, please e-mail this completed form to the Procurement Officer's e-mail address.

TABLE OF CONTENTS

1	GENERAL INFORMATION.....	10
1.1	Summary Statement	10
1.2	Abbreviations and Definitions	10
1.3	Contract Type.....	27
1.4	Contract Duration.....	27
1.5	Procurement Officer.....	28
1.6	Contract Manager.....	28
1.7	Pre-proposal Conference	28
1.8	eMaryland Marketplace (eMM).....	29
1.9	Questions.....	29
1.10	Procurement Method	30
1.11	Proposals Due (Closing) Date and Time	30
1.12	Multiple or Alternate Proposals	30
1.13	Economy of Preparation	30
1.14	Public Information Act Notice	30
1.15	Award Basis	31
1.16	Oral Presentation	31
1.17	Duration of Proposal	32
1.18	Revisions to the RFP	32
1.19	Cancellations	33
1.20	Incurred Expenses	33
1.21	Protest/Disputes	33
1.22	Offeror Responsibilities	33
1.23	Substitution of Personnel.....	34
1.24	Mandatory Contractual Terms.....	36
1.25	Bid/Proposal Affidavit	37
1.26	Contract Affidavit.....	37
1.27	Compliance with Laws/Arrearages	37
1.28	Verification of Registration and Tax Payment.....	37
1.29	False Statements	37
1.30	Payments by Electronic Funds Transfer.....	38
1.31	Prompt Payment Policy	38
1.32	Electronic Procurements Authorized.....	38
1.33	Minority Business Enterprise (MBE) Participation Goal.....	39

1.34	Living Wage Requirements.....	43
1.35	Federal Funding Acknowledgement	44
1.36	Conflict of Interest Affidavit and Disclosure	44
1.37	Non-Disclosure Agreement.....	44
1.38	HIPAA - Business Associate Agreement.....	45
1.39	Non-Visual Access	45
1.40	Mercury and Products That Contain Mercury.....	45
1.41	Veteran-Owned Small Business Enterprise Goals	45
1.42	Location of the Performance of Services Disclosure	47
1.43	Department of Human Resources (DHR) Hiring Agreement	47
1.44	Purchasing and Recycling Electronic Products.....	47
1.45	Contract Extended To Include Other Non-State Governments or Agencies.....	48
1.46	Retainage	48
1.47	Proposal/Bid Bond	48
1.48	Surety Bond Assistance Program	48
1.49	Performance Bond.....	49
1.50	Payment Bond	50
1.51	Ownership of Written Material	50
1.52	Litigation/Protest Bond	50
1.53	Fidelity Bond.....	51
1.54	Trademark Notice.....	51
1.55	Proposal Disclosure Prohibition.....	52
1.56	Information Not Contained in RFP	52
2	MINIMUM QUALIFICATIONS.....	53
2.1	Offeror Minimum Qualifications	53
2.2	Offeror Personnel Minimum Qualifications	53
3	SCOPE OF WORK.....	54
3.1	Background and Purpose	54
3.2	Agency / Project Background	55
3.3	General Requirements.....	66
3.4	LCMCS Requirements.....	74
3.5	Retailer Location Configuration	81
3.6	Telecommunications Network	82
3.7	Draw Games.....	85
3.8	Monitor Games	88

3.9	Instant Game Support and Accounting	88
3.10	Accounting Requirements - General	96
3.11	Data Retention	97
3.12	Amber and Silver Alerts	98
3.13	Management and Retailer Reports	98
3.14	System Administration/Management Features	100
3.15	Internal Control System (ICS)	101
3.16	Games Development	102
3.17	Training, Research and Marketing Support	104
3.18	Back Office Functionality	107
3.19	Retailer Management System	110
3.20	Retailer Website	111
3.21	Support Services	112
3.22	System Modifications, Enhancements and Upgrades	117
3.23	Download Server Environment	118
3.24	Data Warehouse System With Business Intelligence	119
3.25	Conversion and Implementation	120
3.26	Additional Tasks	126
3.27	Security Requirements	129
3.28	Staffing Requirements	140
3.29	Problem Escalation Procedure	142
3.30	Liquidated Damages – General and Specific	142
3.31	Deliverables	151
3.32	Insurance Requirements	155
3.33	Audits	156
3.34	Mobile Applications	156
4.	PROPOSAL FORMAT	158
4.1	Two-Part Submission	158
4.2	Volume I – Technical Proposal	158
4.3	Volume II – Financial Proposal	172
4.4	Proposal Packaging	172
4.5	Proposal Delivery	172
5.	EVALUATION CRITERIA AND PROCEDURE	174
5.1	Evaluation Committee	174
5.2	Technical Proposal Evaluation Criteria	174

5.3	Financial Proposal Evaluation Criteria.....	176
5.4	Reciprocal Preference.....	176
5.5	Selection Procedures	176
5.6	Documents Required Upon Notice of Recommended Award	177
Attachment A - CONTRACT		181
1.	Definitions	181
2.	Scope of Contract	182
3.	Period of Performance	182
4.	Consideration and Payment	182
5.	Patents, Copyrights, Intellectual Property	183
6.	Indemnification.....	185
7.	Limitations of Liability.....	186
8.	Prompt Pay Requirements	186
9.	Risk of Loss; Transfer of Title.....	187
10.	Confidentiality	187
11.	Exclusive Use and Ownership	187
12.	Source Code Escrow	187
13.	Notification of Legal Requests	189
14.	Termination and Suspension of Service.....	189
15.	Audit.....	189
16.	Change Control and Advance Notice.....	189
17.	Non-Disclosure	189
18.	Transition Responsibilities.....	189
19.	Redundancy, Data Backup and Disaster Recovery.....	190
20.	Effect of Contractor Bankruptcy.....	190
21.	Parent Company Guarantee	190
22.	Property Rights/Usufruct	190
R23.	General Terms and Conditions	191
R24.	Data Protection.....	197
R25.	Other Mandatory Items	198
R26.	Right to Audit.....	201
27.	No Waiver of Right	202
28.	Change in Financial Condition	202
29.	Bankruptcy	202

30. Taxes	202
31. Lottery Ticket Purchase and Prize Payment Restrictions	202
32. Administrative Information	203
Attachment B - BID/PROPOSAL AFFIDAVIT	212
Attachment C - CONTRACT AFFIDAVIT	212
Attachment D - MINORITY BUSINESS ENTERPRISE FORMS	216
MBE ATTACHMENT D-1A: MBE UTILIZATION AND FAIR SOLICITATION AFFIDAVIT & MBE PARTICIPATION SCHEDULE-Instructions	216
MBE ATTACHMENT D-1A: MBE UTILIZATION AND FAIR SOLICITATION AFFIDAVIT & MBE PARTICIPATION SCHEDULE.....	219
MBE ATTACHMENT D-1B WAIVER GUIDANCE	222
MBE ATTACHMENT D-1C	229
MBE ATTACHMENT D- 2.....	233
MBE ATTACHMENT D-3A	234
MBE ATTACHMENT D-3B	236
MBE ATTACHMENT D-4A MBE Prime Contractor Paid/Unpaid MBE Invoice Report	238
MBE ATTACHMENT D-4B MBE Prime Contractor Report	239
MBE D-5 Subcontractor Paid/Unpaid MBE Invoice Report	240
Attachment E - PRE-PROPOSAL CONFERENCE RESPONSE FORM	241
Attachment F - FINANCIAL PROPOSAL PRICING INSTRUCTIONS	242
ATTACHMENT F – PRICE SHEET	245
Attachment G - LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS	257
ATTACHMENT G-1 Maryland Living Wage Requirements Affidavit of Agreement	259
Attachment H - FEDERAL FUNDS ATTACHMENT	261
Attachment I - CONFLICT OF INTEREST AFFIDAVIT AND DISCLOSURE	262
Attachment J - NON-DISCLOSURE AGREEMENT (CONTRACTOR)	263
NON-DISCLOSURE AGREEMENT - ATTACHMENT J-1	266
NON-DISCLOSURE AGREEMENT – ATTACHMENT J-2.....	267
Attachment K - HIPAA BUSINESS ASSOCIATE AGREEMENT	268
Attachment L - MERCURY AFFIDAVIT	269
Attachment M - VETERAN-OWNED SMALL BUSINESS ENTERPRISE	270
ATTACHMENT M-1	271
ATTACHMENT M-2	272
ATTACHMENT M-3	273
ATTACHMENT M-4	274
Attachment N - LOCATION OF THE PERFORMANCE OF SERVICES DISCLOSURE	275

Attachment O -	DHR HIRING AGREEMENT	276
Attachment P -	NON-DISCLOSURE AGREEMENT (OFFEROR)	277
Attachment Q -	LABOR CLASSIFICATION PERSONNEL RESUME SUMMARY	279
Attachment R -	AGENCY RECEIPT OF DELIVERABLE FORM	280
Attachment S -	AGENCY DELIVERABLE PRODUCT ACCEPTANCE FORM.....	281
Attachment T -	PROPOSAL/BID BOND	282
Attachment U -	PERFORMANCE BOND	284
Attachment V -	LITIGATION/PROTEST BOND	287
Attachment W -	AUTHORIZATION FOR RELEASE OF INFORMATION.....	288
Attachment X -	RETAILER LOCATIONS	289

GENERAL INFORMATION

1.1 Summary Statement

- 1.1.1 The Maryland State Lottery and Gaming Control Agency (“MLGCA” or “Lottery”) is issuing this Request for Proposals (“RFP”) to obtain a Lottery Central Monitoring and Control System (“LCMCS”) and its implementation, operation and maintenance.
- 1.1.2 It is the State’s intention to obtain products/services, as specified in this RFP, through a Contract between the successful Offeror and the State. The anticipated duration of the period of performance under the Contract is an eight (8) year base period and one (1) three-year option period, and one twelve (12) month option period for transition. See Section 1.4 for more information.
- 1.1.3 The MLGCA intends to make a single award as a result of this RFP.
- 1.1.4 Offerors, either directly or through their subcontractor(s), must be able to provide all products/services and meet all of the requirements requested in this RFP and the successful Offeror (Contractor) shall remain responsible for Contract performance regardless of subcontractor participation in the work.
- 1.1.5 The Contract shall be non-exclusive and nothing in this Contract shall preclude the MLGCA from procuring similar services from another vendor. The MLGCA reserves the right to secure directly the services of third parties to perform any services secured under this Contract. The Contractor will not be entitled to payment of any fee or otherwise for any services performed by these third parties.
- 1.1.6 The Contractor may be entitled to receive incentive payments for exceeding performance targets based on the formula specified in Attachment A, Section 4.6.

1.2 Abbreviations and Definitions

For the purposes of this RFP, the following abbreviations and terms have the meanings indicated:

Access	The ability or the means necessary to read, write, modify, or communicate data/information or otherwise use any system resource.
Ad Hoc Reports	Reports generated as needed as opposed to on a production schedule.
Administrative Access Point (AAP)	A web-based interface used by MLGCA staff to access the LCMCS for the purpose of, but not limited to, reporting, research, ticket research, subscriptions, data export and game definition.
Advanced Encryption Standard (AES)	Also referenced as Rijndael (its original name), is a specification for the encryption of electronic data established by the U.S. National Institute of Standards and Technology (NIST) in 2001

Advance Play	Players may purchase a ticket that plays the same set of numbers for more than one sequential Drawing, starting with the next Drawing.
Americans with Disabilities Act (ADA)	Americans With Disabilities Act of 1990 including changes made by the ADA Amendments Act of 2008, and regulations promulgated pursuant to that statute.
Application Programming Interface (API)	Code that allows two software programs to communicate with each other. The API defines the correct way for a developer to write a program that requests services from an operating system or other application. A set of routines, protocols, and tools for building software applications.
Back Office System(s)	The MLGCA systems that support MLGCA Subscriptions, Positive Pay, 1099s, Check Writing, Claims-XCAP Retailers, MLGCA Claims Centers, W-2Gs, Retailer Management, Annuities and Winning Numbers Hotline
Back-up Data Center (BDC)	For purposes of the LCMCS, the BDC is the real-time functional duplicate of the Primary Data Center (“PDC”).
Back-up LCMCS	The Back-up/redundant environment that comprises the components of the LCMCS, taken as a single physical, logical or virtual group that is designated as being redundant to the Primary LCMCS. The Back-up LCMCS is primarily responsible for the accurate processing of a transaction in real-time in a secure manner if the Primary LCMCS is not functional.
Bar Code	The symbol on an Instant Ticket, Draw Game Ticket or other item (e.g., coupon, lottery buck, keno buck, lottery dollar or other type of promotional giveaway) which is used to uniquely identify each ticket or item. A code consisting of a group of printed and variously patterned bars and spaces and sometimes numerals that are designed to be scanned and read into computer memory as identification for the object it labels. Current readers support the following format at a minimum, EAN-13, UPC-A&E, Codes 11,39,93,&128, Interleaved 2 of 5, CODABAR(NW7), PDF-417, Data Matrix,

	Proprietary SGI codes, and QR codes.
Bulk Delivery	As used in reference to Instant Games, means the ability of the MLGCA to pre-assign certain Packs of Instant Tickets to a specific Retailer. The pre-assigned Packs print on a delivery document called a manifest, and when the Packs are delivered at the Retailer location only one Pack on the manifest needs to be scanned and the LCMCS automatically assigns the entire manifest to the Retailer's inventory.
Business Day	The days and times that the LCMCS is available to process Retailer transactions, sales, cashing, validations, Instant Ticket activations, etc. Currently the Business Day is 365/366 days per year from 5:30 am to 2:00 am. The MLGCA has the unilateral right to change these times during the Contract term.
Business Intelligence (BI)	A set of methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical, and operational insights and decision-making. It encompasses a variety of tools and applications that enable organizations to collect data from internal systems and external sources, prepare it for analysis, develop and run queries against the data, and create reports, dashboards and data visualizations to make the analytical results available to decision makers as well as operational workers.
Business Week	The period beginning at the start of the Business Day on Monday and running through the end of the Business Day the following Sunday, which serves as an accounting unit. The MLGCA has the unilateral right to change this period during the Contract term.
Canceled Ticket Receipt	A receipt issued by a Terminal to confirm a voided prior transaction.
Central Collections Unit (CCU)	The State Agency responsible for collecting monies owed to the State.
Centralized Automated Reporting System (CARS)	The MUSL system used by the Contractor to report Powerball and Mega Millions sales.

Claim Number	The unique serial number assigned by the LCMCS to a transaction, receipt or ticket.
COMAR	Code of Maryland Regulations available on-line at www.dsd.state.md.us
Commission	The Maryland State Lottery and Gaming Control Commission.
Connectivity	A system's or device's ability to link with other systems or devices, including third party systems or devices.
Consumables	Play Slips, ticket stock, printer paper, printer ribbons, ink supply, toner, pencils and any other operational supplies required by Retailers to operate their terminals. The term "Consumables" does not include Point of Sale promotional items or Instant Tickets.
Contract	The Contract awarded to the successful Offeror pursuant to this RFP, the form of which is attached to this RFP as Attachment A.
Contract Manager	The State representative who is primarily responsible for Contract administration functions, including issuing written direction, invoice approval, monitoring the Contract to ensure compliance with the terms and conditions of the Contract, monitoring MBE and VSBE compliance, and achieving completion of the Contract on budget, on time, and within scope.
Contractor	The Offeror awarded the Contract resulting from this RFP #2015-01
Contractor Personnel	Employees and agents and Subcontractor employees and agents performing work at the direction of the Contractor under the terms of the Contract
Contractor's Point of Contact (POC)	Person designated at the time of Contract award by the Contractor as the single point of contact with the authority and knowledge to resolve Contract issues.
Conversion Period	The period of time from the start date of this Lottery Central Monitoring and Control System Contract until the expiration of the existing On-Line Gaming System Contract (#2005-11), during which time the Contractor shall install the

	LCMCS including all required components, Terminals and Equipment and provide the required business and technical support necessary to perform all functions required by this Contract. The Contractor shall not be paid or accrue the right to any payments during the Conversion Period.
Corporate Account	A Retailer account with common ownership of two (2) or more distinct MLGCA Retailer locations. Generally the business is incorporated and has a corporate headquarters.
Coupon	A LCMCS output or external item that entitles a player to a reward of either a free or discounted MLGCA Ticket or other product.
Customer Display	Hardware attachment to a Retailer Terminal for the display of Jackpot amounts and other information as designated by the MLGCA. (minimum size 18" in length x 4" in height)
Customer Relationship Management (CRM)	Software applications that allow companies to manage every aspect of their relationship with a customer. This software brings all touch points between an organization and its customers into one location for use in managing the "customer experience."
Data Encryption Standard (DES)	Data Encryption Standard of the United States Department of Defense which is a widely used method of data encryption using a private (secret) key.
Data Interface	Software interface consisting of commands, codes and messages (called Application Program Interface) that enable different programs to communicate with each other and the operating system.
Data Mining	The process of analyzing data from different perspectives and summarizing it into useful information. It allows users of the data to analyze data from many different angles and find correlations or patterns among dozens of data fields.
Data Warehouse	A central repository for all or significant parts of the data that the MLGCA will use for analysis and reporting. A large store of data accumulated

	from a wide range of sources within a company and used to guide management decisions.
Day	Calendar day unless otherwise specified.
DGS	Maryland Department of General Services
Director	Director of the Maryland State Lottery and Gaming Control Agency, or designee.
District Manager (DM)	A MLGCA marketing and sales representative for an assigned geographic territory.
Demarcation Point (DMARC)	DMARC is the point at which public facing communications transport ends and connects with the customer's on-premises wiring.
DoIT	Maryland Department of Information Technology
Draw Game	A MLGCA game (1) sold and redeemed through a computer network at Retailer locations; and (2) whose Tickets are generated by a Terminal and are a record of a transaction for a Draw Game.
Draw Game Ticket	A hard-copy bearer instrument that is a player's record of a wager transaction for a Draw Game
Draw Reporting System (DRS)	The MUSL system used by MLGCA for reporting draw information for Powerball and Mega Millions
Drawing	A random selection event used for determining winners of certain MLGCA games
Drawing Day	The day or days of the week on which the winning numbers for the MLGCA games are selected
eMM	eMaryland Marketplace
Evaluation Committee	Evaluation of Proposals performed in accordance with COMAR 21.05.03 by a committee established for that purpose and based on the evaluation criteria set forth in this RFP.
Expanded Cashing Authority Program (XCAP)	A Retailer that participates in the MLGCA's "Expanded Cashing Authority Program", which allows for tickets up to five thousand dollars (\$5,000.00) to be cashed at the Retailer's location.

Extensible Markup Language (XML)	A markup language that defines a set of rules for encoding documents in a format which is both human-readable and machine-readable.
Facility (Facilities)	One or all locations required to provide and support the Retailer network, including data centers, warehouses, repair depots, and any others designated by the MLGCA.
Facings	The number of Instant Ticket displays available at a Retailer which determines the number of individual Instant Games that will be displayed.
Failover	Hardware, software or manually initiated method of continuing processing in the event of LCMCS, component, application, communications or operation failure(s), in as short a time as possible and with little or no impact to the Retailer Network. The remaining system(s) shall immediately assume the load in case of failure in one system, without loss or corruption of any data and transactions received prior to the time of the failure.
File	A related collection of records containing a consistent set of data fields that describe an entity. A file can be processed by software representing an authorized user to add, modify or delete records, or to generate a report or display of useful information. A file can be operated on as an object itself, for example to move it from one location to another, or to delete it.
File Transfer Protocol (FTP)	File Transfer Protocol of TCP/IP in a secured mode, according to MIL-STD-1780, ASCII format, text and image types, file, and record structures.
First Read Rate	A measure of reader performance, especially Bar Code reader performance, which indicates the proportion of times the reader returns a successful read of a legitimate code on the first try. "First read" event is defined as the initial effort of an experienced user to read a code, occurring within approximately a three (3) second time window.
Fiscal Year (FY)	State Fiscal Year, July 1 – June 30. For example, FY 15 (or FY 2015) represents the period beginning July 1, 2014 through June 30, 2015.

Fixed-Price	Pricing option which places responsibility on the Contractor for the delivery of any products and the complete performance of any services in accordance with the RFP at a price that is not subject to adjustment.
Fully Integrated	Having two or more components merged together into a single system, with the capability to share data with other systems or components.
Graphical User Interface (GUI)	A type of interface that allows users to interact with electronic devices through graphical icons and visual indicators such as secondary notation, as opposed to text-based interfaces, typed command labels or text navigation.
Guaranteed Low-End Prize Structure (GLEPS)	A method of distributing low-tier prizes in Instant Ticket Games where the number of the low-tier prizes (\$25 or less) is the same in each Pack within the entire game.
Hardware	All State-of-the-Art computer equipment to be used and provided by the Contractor, including all associated central computers, Terminals, control channels, monitoring equipment, communications equipment and peripheral equipment.
Internal Control System (ICS)	An accounting and data processing system that allows the MLGCA to balance Terminal transactions to Contractor data and trace problems as necessary.
Information Security Policy	State of Maryland Information Security Policy Version 3.1 dated February 2013, or later versions.
Instant Game (also, Instant Ticket Game)	A game in which Tickets have a concealed prize structure and playing area. The player removes the material concealing the playing area on the game ticket (e.g., including but not limited to latex coating or flap) in accordance with the game instructions. Includes any game wherein the player receives an immediate result without waiting for a Drawing.
Instant Ticket	An authorized MLGCA game ticket issued in an Instant Game.
Instant Ticket System	The subsystem that allows Retailers to validate Instant Tickets through the use of a Terminal and

	that performs Instant Ticket accounting and Pack Management functions.
Interactive Voice Response (IVR)	Interactive voice response (IVR) is a technology that allows a computer to interact with humans through the use of voice and touch tone phone input.
IT	Information Technology
Key Personnel	Contractor Personnel that, should they leave during the performance period, will, in the State's opinion, have a substantial negative impact on the Contractor's performance under the Contract. As provided in Section 1.23, Key Personnel may be identified after Contract award. May be referenced as "proposed personnel."
Letter of Authorization	A document issued by the manufacturer or distributor authorizing the Offeror /Contractor to sell and/or provide services for the manufacturer's product line.
Licensed Property	A trademark or brand that the Contractor has the exclusive rights to use.
Local Time	Time in the Eastern Time zone as observed by the State of Maryland. Unless otherwise specified, all stated times shall be Local Time, even if not expressly designated as such.
Lottery Central Monitoring and Control System (LCMCS)	The Contractor-provided computer system, comprised of software, offices, Hardware, parts, supplies, commodities, personnel and services necessary to implement, conduct and provide the services described in the RFP to the MLGCA. This includes all game operations which enable the MLGCA to sell and redeem all Tickets, validate Instant Tickets and perform accounting and Pack management functions for Retailers. This also includes all items, systems and components defined in this RFP.
MLGCA Data Center(s)	A dedicated environmentally controlled facility housing MLGCA equipment located at MLGCA Headquarters (PDC) hosted by MLGCA or hosted by the Contractor (BDC).
Maryland State Lottery and Gaming Control Agency (MLGCA or Lottery or Agency)	The unit of the Executive Branch of Maryland State government issuing the RFP (The terms

	“MLGCA”, “Lottery” or “Agency” may be used interchangeably)
MBE Certification	A determination made by the Maryland Department of Transportation that a legal business entity is certified as an MBE.
MBE Liaison Officer	The person designated by the Director to be responsible for administering the MLGCA’s MBE program.
MDOT	Maryland Department of Transportation
Minority Business Enterprise (MBE)	A Minority Business Enterprise certified by the Maryland Department of Transportation under COMAR 21.11.03.
Monitor	A television type device used for graphical display of Monitor Games.
Monitor Game	A Draw Game with Drawing results graphically displayed on Monitors at Retailer locations.
Multi-State Lottery Association (MUSL)	A non-profit government-benefit association owned and operated by its member lotteries.
NASPL	The North American Association of State and Provincial Lotteries
Net Draw Game Sales	Gross sales minus cancellations, promotional free tickets and adjustments for misprinted tickets for Draw Games.
Net Income	Net Sales less expenses (both gaming and operational) incurred by the MLGCA.
Net Instant Sales	Gross Instant Ticket sales minus free and returned Tickets for Instant Games
Net Sales	The total of Net Instant Sales and Net Draw Game Sales, excluding e-commerce sales.
Network Management Services	Includes design, engineering, implementation and management functions associated with the operation of the telecommunications component.
Non-Traditional Lottery Gaming Capabilities	Games and gaming capabilities not usually found in a typical lottery draw gaming environment, but that still comply with the Maryland State Lottery Act.
Normal State Business Hours	Normal State business hours are 8:00 a.m. – 5:00

	p.m. Monday through Friday except State Holidays, which can be found at: www.dbm.maryland.gov – keyword: State Holidays
Notice to Proceed (NTP)	A written notice from the Procurement Officer that work on an Additional Task shall begin on a specified date. After Contract commencement, additional NTPs may be issued by the Procurement Officer regarding the start date for any service included within this RFP with a delayed or non-specified implementation date.
NTP Date	The date specified in a NTP for work on the project or Additional Task to begin.
Offeror	An entity that submits a proposal in response to this RFP.
Operational Sales Period	The specific daily hours designated by the MLGCA during which Retailers may sell, cancel, validate, deliver, activate, settle, return, transfer, and perform other operations on Retailer Terminal.
Optical Mark Reader (OMR)	Electronic equipment that scans, interprets and converts bar-coded information into a machine-readable form, and is capable of reading marks on a Play Slip or Ticket.
Pack	A book of Instant Tickets, with individual Instant Tickets uniquely numbered by virtue of game/pack/ticket identifiers. Books contain varying numbers of Instant Tickets, depending on the game.
Pari-mutuel	(1) The total number of winning matches per prize level, divided equally into the dollar value of the prize pool for the specific prize level; or (2) The total number of winning matches in the designated prize levels, divided equally into the dollar value of the prize pool for the designated prize levels.
Person	An individual, corporation, partnership, business trust, statutory trust, or limited liability company.
Personally Identifiable Information (PII)	Any information about an individual maintained by the State, including (1) any information that can be used to distinguish or trace an individual's

	identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (2) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information.
Play	A single set of numbers for a Drawing. A ticket may contain multiple plays, depending on the game.
Player Card	A device (card) for identifying registered players for promotional or other purposes.
Play Slip	A card issued by the MLGCA used by a player to select his playable numbers.
Point of Contact (POC)	The individual named as the person to coordinate on a particular topic.
Point of Sale (POS)	Depending on context: (a) the location where a product is purchased; (b) the device with which a Retailer records a sale and collects money; or (c) promotional, advertising or display pieces (e.g., stickers and signs) placed where a product is sold used to increase public awareness of MLGCA products and services in order to increase sales.
Pre-Validator	A device that validates to determine if a ticket (Draw or Instant) is a winner and is part of a Retailer Unit.
Primary Data Center (PDC)	The components of the LCMCS, taken as a single physical, virtual or logical group, that are designated as being primarily responsible for the accurate processing of a transaction in a secure manner.
Primary LCMCS	The system that is currently processing all transactions on the LCMCS. The Primary LCMCS may reside either in the PDC or BDC at any given time.
Problem Escalation Procedure (PEP)	The document that outlines the procedures for escalating issues, both routine and emergency, with the Contractor.
Procurement Officer	The State representative who is responsible for the Contract, determining scope issues and is the only State representative that can authorize

	changes to the Contract.
Proposal	As appropriate, either or both an Offeror's Technical or Financial Proposal.
Protected Health Information (PHI)	Information that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (i) that identifies the individual; or (ii) with respect to which there is a reasonable basis to believe the information can be used to identify the individual
Qualified Offerors	Those responsible Offerors that submitted proposals initially classified by the Procurement Officer as reasonably susceptible of being selected for award (COMAR 21.05.03.03C(1)).
Quick Response Code (QR Code)	The trademark for a type of matrix barcode (or two-dimensional barcode).
Quick Pick	A function that allows the LCMCS to automatically and randomly select a player's wager numbers or symbols.
Random	To have no discernible pattern under any type of testing. No characteristic or set of characteristics or prior elements or a set of values or sequence of values shall allow prediction of the next value.
Random Number Generator (RNG)	A computational or physical device designed to generate a sequence of numbers or symbols that cannot be reasonably predicted better than by a random chance.
Redemption Receipt	A receipt issued by a Terminal validating the prize and amount, or stating that the ticket is not a winner.
Refurbish	A complete overhaul and cleaning of all parts of the Terminal, replacing any worn and outdated hardware.
Report	Information produced by the LCMCS that is viewed via display, printed, or saved to a file depending on the needs of the MLGCA.
Request for Proposals (RFP)	This Request for Proposals for the Maryland State Lottery and Gaming Control Agency, including

	any attachments/amendments/addenda thereto.
Retailer (or “Agent”)	A Person licensed by the MLGCA to sell MLGCA Tickets. (The term “Agent” may occasionally be used interchangeably to mean “Retailer”).
Retailer Master File	The authority file containing the official list and data defining Retailers.
Retailer Network	All Retailers connected to the LCMCS.
Retailer Unit	All equipment necessary for a Retailer to be able to sell and cash any or all MLGCA games. This includes but is not limited to Terminals, printer, monitor for advertising, player accessible ticket checker, monitors for displaying monitor games, jackpot signs, etc.
Revenue Contribution Rate	The percentage of revenue returned to the State from MLGCA sales covered under this Contract after prize expenses, commission expenses, and administrative expenses as calculated at the end of the prior Fiscal Year. For Fiscal Year 2015 this rate was 29%.
Reversion	Prizes not claimed within 182 days from the date of a Drawing or from the close of an Instant Ticket Game.
Scheduled Reports	Reports generated and delivered to MLGCA on scheduled days and times.
Secure File Transfer Protocol (SFTP)	Is a network protocol that provides secure file access, file transfer, and file management functionalities over any reliable data stream.
Security Breach	A security incident in which Sensitive, protected or confidential data is intentionally or unintentionally released to an untrusted environment, including: copied, transmitted, viewed, stolen or used by an individual unauthorized to do so. Data breaches may involve financial information such as credit card or bank details, personal health information (PHI), personally identifiable information (PII), trade secrets or intellectual property.
Security Incident	Attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system

	operations in an information system.
Security or Security Measures	All of the administrative, physical, and technical safeguards in an information system.
Send-to-Cut	With regard to Draw Game Terminals, the Terminal wager transaction time that is measured from completion of data entry (when “Send” is pressed) to availability of the ticket for the Retailer/player (when the ticket paper is “Cut”).
Sensitive Data	<p>Sensitive Information includes personally identifiable information (PII), protected health information (PHI) or other proprietary or confidential data as defined by the State.</p> <p>PII is information about an individual that (1) can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; (2) is linked or linkable to an individual, such as medical, educational, financial, and employment information; (3) falls within the definition of “personal information” under Md. Code Ann., State Govt. § 14-3501(d); or (4) falls within the definition of “personal information” under Md. Code Ann., State Gov't § 10-1301(c).</p>
Service Level Agreement (SLA)	Is a contract between a service provider (either internal or external) and the end user that defines the level of service expected from the service provider. SLAs are output-based in that their purpose is specifically to define what the customer will receive.
Settlement	The act of billing the Retailer, in the LCMCS, for Instant Tickets for which it is liable but has not yet paid.
Simple Mail Transfer Protocol (SMTP)	Simple Mail Transfer Protocol of TCP/IP, according to MIL-STD-1781.
Software	Any LCMCS firmware, programs, subroutines, source code instructions, including all documentation relating to these items and any other descriptive materials or related items that may be required to enable the MLGCA LCMCS to perform its functions.

Start-up (or Start-up Date)	5:00 am (Local Time) on June 26, 2017, or other agreed upon earlier time and date, that live operations shall commence under the Contract resulting from this RFP.
State	The State of Maryland
State-of-the-Art	The most current technology.
Subcontractor	An agent, service provider, supplier, or vendor selected by the Contractor to provide subcontracted services or products under the direction of the selected Contractor or other Subcontractors, and including any direct or indirect Subcontractors of a Subcontractor. Does not include an employee with an employment contract, or an employee organization with a collective bargaining agreement.
Subscription	A method of purchasing games which provides the ability to play games in advance via mail or the internet.
System Requirements Specification (SRS)	Is a structured collection of information that embodies the requirements of a system.
Technical Safeguards	The technology and the policy and procedures for its use that protect sensitive electronic information and control access to it.
Telecommunications Network	The data communications infrastructure that connects all Retailers to the PDC and BDC and to the primary and backup ICS sites. Also included is any connectivity required at the Retailer location including wiring and wireless technologies.
Tel-Sell	The MLGCA's current service provider provides the system functionality and personnel to interface with Retailers via phone to assist in the ordering and fulfillment of Instant Ticket ordering. These orders are determined by the on-hand inventory of Instant Tickets for the Retailer, the priority set by the MLGCA to encourage sales of certain Instant Tickets and the desires of the Retailer.
Terminal	A computerized unit specifically designed for issuing and processing tickets and for printing special reports. Includes the following types of

	Terminals:
<i>Retailer Terminal</i>	Terminal installed at a Retailer's location: (1) for the purpose of selling and redeeming Draw Game Tickets, validating Instant Tickets and performing Pack Management and accounting functions; (2) that allows connection to the LCMCS either directly or indirectly; and (3) that prints reports.
<i>Player Self-Service Terminal (PSST)</i>	A customer-operated Terminal that sells Draw and Instant Game Tickets. PSSTs are for placement in high-traffic Retailer locations; designed for use by the player directly; contain a currency acceptor for payment; dispense tickets of variable lengths; and provide connectivity to the LCMCS to record the sale of tickets at the time of purchase and to track paper inventory in the machine.
<i>Other Terminal Types</i>	Any other Terminal used for retail sales that performs some but not all of the functions of a Retailer Terminal. (For example, a hand-held portable Terminal capable of selling only Quick Picks for Draw games, countertop self-service Terminals that read vouchers and Play Slips or small footprint self-service Terminals that sell Draw and Monitor Games and Instant Ticket Games).
Ticket	An authorized game Ticket for a MLGCA game.
Total Estimated Base Contract Term Price	The Offeror's total proposed price for products/services proposed in response to this solicitation, included in the Financial Proposal with Attachment F – Price Sheet, and used in the financial evaluation of Proposals (see RFP Section 5.3).
Transaction	A game activity that must be processed by the LCMCS. Transactions include but are not limited to wagers, cancels, validations, rejections, deliveries, activations, settlements, returns, transfers, reports, sign-ons and sign-offs.
Transaction Time	The time required to complete a full transaction (sale, validation, cancel, etc.) from its initiation to end result, including the printing of a ticket.
Transition Services	Any and all services required by the MLGCA to prepare for, implement and successfully

	complete, the conversion from the existing Back Office Systems run by the MLGCA and the existing service provider's MLGCA system to the Contractor.
Transmission Control Protocol/Internet Protocol (TCP/IP)	Transmission Control Protocol/Internet Protocol, according to MIL-STD-1777 and MIL-STD-1778.
Unclaimed Prize Fund	A non-lapsing special fund consisting of reverted monies that is used by the MLGCA to pay prizes to players. SG 9-122(f)(2)(ii).
Validation	The process of determining that a Ticket is the rightful winner so that the claimant may be paid the prize.
Validation Number	The unique serial number on the face of the Ticket by which means the validity and pay status of the Ticket is determined. Also known as a VIRN.
Veteran-owned Small Business Enterprise (VSBE)	A business that is verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs as a veteran-owned small business. See Code of Maryland Regulations (COMAR) 21.11.13.
WLA	World Lottery Association
Void if Removed Number (VIRN)	A security feature of Instant Tickets printed under the latex (or other coating). Also known as a Validation Number.
Working Day(s)	Same as "Business Day"

1.3 Contract Type

The Contract shall be an Indefinite Quantity Contract in accordance with COMAR 21.06.03.06 and Fixed-Price Incentive Contract in accordance with COMAR 21.06.03.02 and 21.06.03.04A.(2). The Contract shall establish Fixed-Price type Unit Prices based on a Fixed Percent of Net Sales for Part A(1) and Task VI Sub-Part CIII; based on Fixed Monthly Fees for A(2) through A(7), Tasks II, III, IV and V, and Task VI Sub-Part CI and CII; and based on Fixed Percent of E-Commerce Sales for Task I.

1.4 Contract Duration

1.4.1 The Contract shall start from the date of mutual Contract execution by the parties ("Effective Date").

- 1.4.2 The MLGCA's existing Contract for On-Line Gaming System (#2005-11) expires on June 25, 2017. This replacement Contract for LCMCS will be for a term of approximately eight (8) years, tentatively beginning on or about July 1, 2016 and extending through June 28, 2024. The period of time from the Effective Date until the expiration date of the existing contract, which is anticipated to be the period approximately from July 1, 2016 through June 26, 2017, shall be the Conversion Period during which time the Contractor shall install the LCMCS to perform all functions required by this Contract and prepare the LCMCS to be fully operational by June 26, 2017. The end date of this Contract is fixed on a Sunday to coincide with the MLGCA's Business Week.
- 1.4.3 As of the Effective Date, the Contractor shall perform all activities required by the Contract, including the requirements of this solicitation and the offerings in its Technical Proposal, for the compensation described in its Financial Proposal.
- 1.4.4 The Contract shall be for eight (8) years from the Effective Date. The State, at its sole option, may renew the term of the Contract through one (1) additional three-year renewal option. Upon the expiration of this Contract, or of the renewal option period if exercised, the State, at its sole option, may renew the term of the Contract for up to an additional twelve (12) month period (the Final Renewal Option Period) for up to a total potential Contract length of twelve (12) years. The Final Renewal Option Period is intended to facilitate the conversion and transition to a follow-on LCMCS contractor, and the MLGCA will indicate the number of months needed to facilitate the transition at the time of exercising this option.
- 1.4.5 The Contractor's obligations to pay invoices to Subcontractors that provide products/services during the Contract term, as well as the audit, confidentiality, document retention, and indemnification obligations of the Contract (see Attachment A), shall survive expiration or termination of the Contract and continue in effect until all such obligations are satisfied.

1.5 Procurement Officer

The sole point of contact in the State for purposes of this RFP prior to the award of a contract is the Procurement Officer listed on the Key Information Summary Sheet. The MLGCA may change the Procurement Officer at any time by written notice.

1.6 Contract Manager

The Contract Manager for the contract is listed in the Key Information Summary Sheet. The MLGCA may change the Contract Manager at any time by written notice.

1.7 Pre-proposal Conference

- 1.7.1 A Pre-proposal Conference will be held at the time, date and location indicated on the Key Information Summary Sheet. Attendance at the pre-proposal conference is not mandatory, but all interested companies are strongly encouraged to attend in order to facilitate better preparation of their proposals.
- 1.7.2 Attendees should bring a copy of the solicitation and a business card to help facilitate the sign-in process.

- 1.7.3 The pre-proposal conference will be summarized in writing. As promptly as is feasible subsequent to the pre-proposal conference, the attendance record and pre-proposal summary will be distributed via the same mechanism described for amendments and questions.
- 1.7.4 In order to assure adequate seating and other accommodations at the pre-proposal conference, please e-mail the Pre-Proposal Conference Response Form (Attachment E) no later than the time and date indicated on the form. In addition, if there is a need for sign language interpretation and/or other special accommodations due to a disability, please call the Procurement Officer no later than five (5) business days prior to the pre-proposal conference. The MLGCA will make reasonable efforts to provide such special accommodation.

1.8 eMaryland Marketplace (eMM)

- 1.8.1 eMaryland Marketplace (eMM) is an electronic commerce system administered by the Maryland Department of General Services (DGS). In addition to using the MLGCA's website (www.mdlottery.com) and possibly using other means for transmitting the RFP and associated materials, the RFP and pre-proposal conference summary and attendance sheet, Offerors' questions and the Procurement Officer's responses, amendments, and other solicitation related information will be made available via eMM.
- 1.8.2 In order to receive a contract award, a company must be registered on eMM. Guidelines can be found on the eMaryland Marketplace website at <http://emaryland.buyspeed.com>.

1.9 Questions

- 1.9.1 All questions shall be submitted via e-mail to the Procurement Officer. Please identify in the subject line the Solicitation Number and Title. Answers to all questions that are not clearly specific only to the requestor will be distributed via the same mechanism as for RFP amendments and posted on eMM. The Procurement Officer, based on the availability of time to research and communicate an answer, will decide whether an answer can be given before the Proposals Due Date and Time.
- 1.9.2 Only answers that have been answered in writing by the State can be considered final and binding.
- 1.9.3 If an Offeror discovers any conflict, discrepancy, omission, or other error in this RFP, it shall immediately notify, in writing, the Procurement Officer. Should a potential Offeror identify alleged ambiguities in the specifications or Contract provisions included in this RFP, or should there be doubt as to the meaning or intent of any section herein, the potential Offeror must request clarification from the Procurement Officer prior to the Proposals Due Date. Failure to do so may prevent consideration of a future protest (See COMAR 21.10.02.03).
- 1.9.4 If an Offeror fails to notify the MLGCA of an error in the RFP known to the Offeror, or an error that reasonably should have been known to the Offeror, the Offeror shall submit a proposal at the Offeror's own risk; and, if awarded the Contract, the Offeror shall not be entitled to additional compensation or time by reason of the error or its later correction.

1.10 Procurement Method

The Contract will be awarded in accordance with the Competitive Sealed Proposals procurement method as described in COMAR 21.05.03.

1.11 Proposals Due (Closing) Date and Time

- 1.11.1 Proposals, in the number and form set forth in Section 4 “Proposal Format,” must be received by the Procurement Officer no later than the Proposals Due Date and Time listed on the Key Information Summary Sheet in order to be considered.
- 1.11.2 Requests for extension of this date or time shall not be granted. Offerors mailing Proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.02.10, proposals received by the Procurement Officer after the due date and time shall not be considered.
- 1.11.3 Proposals may only be modified or withdrawn by written notice received by the Procurement Officer before the Proposals Due Date and Time.
- 1.11.4 Proposals delivered by e-mail or facsimile shall not be considered.
- 1.11.5 Companies not responding to this solicitation are requested to submit the “Notice to Offerors/Contractors” form, which includes company information and the reason for not responding (e.g., too busy, cannot meet mandatory requirements).

1.12 Multiple or Alternate Proposals

Multiple and/or alternate Proposals will not be accepted.

1.13 Economy of Preparation

Proposals should be prepared simply and economically and provide a straightforward and concise description of the Offeror’s Proposal to meet the requirements of this RFP.

1.14 Public Information Act Notice

- 1.14.1 Offerors should give specific attention to the clear identification of those portions of their proposals that they deem to be confidential, proprietary commercial information or trade secrets and provide justification why such materials, upon request, should not be disclosed by the State under the Public Information Act (PIA), Md. Code Ann., General Provisions Article, Title 4. (Also, see RFP Section 4.2.2.2 “Claim of Confidentiality”). This confidential and/or proprietary information should be identified by page and section number and placed after the Title Page and before the Table of Contents in the Technical Proposal and if applicable, separately in the Financial Proposal. A blanket statement by the Offeror that its entire proposal is confidential proprietary commercial information or a trade secret is unacceptable. Proposals shall be open to public inspection only after Contract award, to the extent permitted by the PIA.
- 1.14.2 Offerors are advised that, upon request for this information from a third party, the Procurement Officer is required to make an independent determination whether the information must be disclosed.

1.15 Award Basis

A Contract shall be awarded to the responsible Offeror submitting the Proposal that has been determined to be the most advantageous to the State, considering price and evaluation factors set forth in this RFP (see COMAR 21.05.03.03F), for providing the products/services as specified in this RFP. See RFP Section 5 for further award information.

1.16 Oral Presentation

- 1.16.1 Offerors will be required to make oral presentations to State representatives, conduct demonstrations of its proposed equipment and services, and accommodate site visits. The Offeror must include in all of these activities its key staff that would be assigned to this project if awarded the Contract. Submission of a proposal does not guarantee an Offeror the opportunity to be invited to participate in oral presentations or discussions, demonstrations or site visits.
- 1.16.2 Offerors must confirm in writing any substantive oral clarification of, or change in, their Proposals made in the course of discussions. Any such written clarifications or changes then become part of the Offeror's Proposal and are binding if the Contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations.
- 1.16.3 Offerors may be required to supply one Terminal for each Terminal type proposed. Each Terminal type must have a user manual and be programmed to operate in a stand-alone mode to demonstrate functionality of the Terminal, if requested.

1.16.4 Site Visits/Demonstrations

The Evaluation Committee may make site visit(s) to the Offerors' place of business, the Offeror's subcontractor's facilities, an existing lottery where the proposed LCMCS is operational in a production mode, other location where the Offeror is providing services to a third party, or some combination of these or other appropriate venue.

The purpose of the site visit and demonstration is to give the Committee an opportunity to observe a demonstration of the proposed LCMCS and to compare the Offeror's demonstrated performance with its written Technical Proposal. Demonstrations should illustrate that the proposed LCMCS will perform in a completely satisfactory manner, and that it will meet or exceed RFP requirements. The MLGCA's requirements for demonstrations may range from full-scale, user-oriented demonstrations to technically detailed demonstrations that are particular to specific LCMCS requirements. Demonstrations will be based on core functionality and enhanced business offerings.

Demonstrations will be conducted in private, and the Evaluation Committee will hold demonstration content in confidence throughout the procurement process. The MLGCA reserves the right to record each site visit/demonstration.

1.16.5 Scheduling

The Procurement Officer will notify Offerors of the time, place, procedure, scope, and format for the oral presentations, demonstrations and site visits that may be required. The MLGCA may require an Offeror to participate in multiple separate sessions (up to three) that may be scheduled concurrently or on separate dates. An Offeror's failure to promptly comply and

cooperate with these requirements could result in its proposal being rejected and eliminated from further consideration.

1.16.6 Expenses

The Offeror shall provide travel, lodging, meals and related expenses both to and from the site visit(s) for up to ten (10) representatives of the MLGCA. To the extent practicable, the State's Standard Travel Regulations (COMAR 23.02.01) shall be followed.

The selection of individuals to attend site visits shall be determined in the sole discretion of the Director or the Director's designee. Airline and rail transportation shall be purchased by the Offeror, utilizing the lowest logical air or rail fares available. Ground shuttle transportation may be purchased by the Offeror or reimbursed to State representatives using the State's Standard Travel Regulations. Lodging accommodations shall be purchased by the Offeror, utilizing where practicable only those properties that would provide a government rate to Maryland State employee(s) on government business.

Meals and reimbursable expenses other transportation and lodging shall be reimbursed to the State after the State representative submits itemized receipted bills and other supporting documentation as required by the State's Standard Travel Regulations. Expenses made by representatives in excess of those permitted under the State's Standard Travel Regulations shall be reimbursed by neither the State nor the Offeror.

A modest working lunch during site visits may be provided at the Offeror's expense if the Offeror's representatives are present at the same time and if leaving the site would be counterproductive and inefficient.

1.17 Duration of Proposal

Proposals submitted in response to this RFP are irrevocable for the latest of the following: 180 days following the Proposals Due Date and Time, best and final offers (if requested), or the date any protest concerning this RFP is finally resolved. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

1.18 Revisions to the RFP

1.18.1 If it becomes necessary to revise this RFP before the Proposals Due Date and Time, the MLGCA shall endeavor to provide amendments to all prospective Offerors that were sent this RFP or which are otherwise known by the Procurement Officer to have obtained this RFP. In addition, amendments to the RFP will be posted on the MLGCA's procurement web page and through eMM. It remains the responsibility of all prospective Offerors to check all applicable websites for any amendments issued prior to the submission of Proposals. Amendment made after the Proposals Due Date and Time will be sent only to those Offerors that submitted a timely Proposal and that remain under award consideration as of the issuance date of the amendment.

1.18.2 Acknowledgment of the receipt of all amendments to this RFP issued before the Proposals Due Date and Time shall be included in the Transmittal Letter accompanying the Offeror's Technical Proposal. Acknowledgement of the receipt of amendments to the RFP issued after the Proposal Due Date and Time shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of an amendment does not relieve the Offeror from complying

with the terms, additions, deletions, or corrections set forth in the amendment, and may cause the Proposal to be deemed not susceptible for award.

1.19 Cancellations

The State reserves the right to cancel this RFP, accept or reject any and all Proposals, in whole or in part, received in response to this RFP, to waive or permit the cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State. The State also reserves the right, in its sole discretion, to award a Contract based upon the written Proposals received without discussions or negotiations.

1.20 Incurred Expenses

The State will not be responsible for any costs incurred by any Offeror in preparing and submitting a Proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities related to submitting a Proposal in response to this solicitation.

1.21 Protest/Disputes

Any protest or dispute related, respectively, to this solicitation or the Contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

1.22 Offeror Responsibilities

- 1.22.1 The successful Offeror shall be responsible for providing products and services for which it has been selected as required by this RFP. All subcontractors shall be identified and a complete description of their role relative to the Proposal shall be included in the Offeror's Proposal. If applicable, subcontractors utilized in meeting the established MBE or VSBE participation goal(s) for this solicitation shall be identified as provided in the appropriate Attachment(s) of this RFP (see Section 1.33 "Minority Business Enterprise Goals" and Section 1.41 "Veteran-Owned Small Business Enterprise Goals").
- 1.22.2 If an Offeror that seeks to perform or provide the products/services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror, such as but not limited to, references, financial reports, or experience and documentation (e.g., insurance policies, bonds, letters of credit) used to meet minimum qualifications, if any, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's Proposal shall contain an explicit statement that the parent organization will guarantee the performance of the subsidiary.
- 1.22.3 Although experience and documentation of an Offeror's parent may be used to satisfy minimum qualifications, a parental guarantee of the performance of the Offeror under this Section will not automatically result in crediting the Offeror with the experience and/or qualifications of the parent under any evaluation criteria pertaining to the actual Offeror's experience and qualifications. Instead, the Offeror will be evaluated on the extent to which the State determines that the experience and qualifications of the parent are transferred to and shared with the Offeror, any stated intent by the parent in its guarantee of performance for direct involvement in the performance of the Contract, and the value of the parent's participation as determined by the State.

1.23 Substitution of Personnel**A. Key Personnel**

For this Contract, the following positions to be identified in the Technical Proposal will be considered Key Personnel, and shall be required to meet the qualifications stated in Section 3.28.

1. General Manager (must propose)
2. Project Manager (must propose)

Additional Key Personnel may be identified for the Additional Tasks.

B. Continuous Performance of Key Personnel

Key Personnel shall be available to perform Contract requirements 30 days from the NTP Date. Unless explicitly authorized by the Contract Manager or specified in the Contract, Key Personnel shall be assigned to the State of Maryland as a dedicated resource.

Key Personnel shall perform continuously for the duration of the Contract, or such lesser duration as specified in the Technical Proposal. Key Personnel may not be removed by the Contractor from working under the Contract without the prior written approval of the Contract Manager.

C. Definitions

For the purposes of this section, the following definitions apply:

Extraordinary Personnel Event – means leave under the Family Medical Leave Act; or an incapacitating injury or incapacitating illness; or other circumstances that in the sole discretion of the State warrant an extended leave of absence, such as extended jury duty or extended military service that precludes the individual from performing his/her job duties under the Contract.

Incapacitating – means any health circumstance that substantially impairs the ability of an individual to perform the job duties described for that individual's position in the RFP or the Contractor's Technical Proposal.

D. Contractor Personnel General Substitution Provisions

The following provisions apply to all of the circumstances of Contractor Personnel substitution described in paragraph E of this section.

1. The Contractor shall demonstrate to the Contract Manager's satisfaction that the proposed substitute has qualifications at least equal to those of the Contractor Personnel proposed to be replaced.
2. The Contractor shall provide the Contract Manager with a substitution request that shall include:
 - a. A detailed explanation of the reason(s) for the substitution request;
 - b. The resume of the proposed substitute, signed by the substituting individual and his/her formal supervisor;
 - c. The official resume of the current personnel for comparison purposes; and
 - d. Evidence of any required credentials.
3. The Contract Manager may request additional information concerning the proposed substitution. In addition, the Contract Manager and/or other appropriate State personnel involved

with the Contract may interview the proposed substitute personnel prior to deciding whether to approve the substitution request.

4. The Contract Manager will notify the Contractor in writing of: (i) the acceptance or denial, or (ii) contingent or temporary approval for a specified time limit, of the requested substitution. The Contract Manager will not unreasonably withhold approval of a proposed Contractor Personnel replacement.

E. Replacement Circumstances

1. Key Personnel Replacement

To replace any Key Personnel in a circumstance other than as described in 1.23.E.2, including transfers and promotions, the Contractor shall submit a substitution request as described in paragraph D to the Contract Manager at least fifteen (15) days prior to the intended date of change. A substitution may not occur unless and until the Contract Manager approves the substitution in writing.

2. Key Personnel Replacement Due to Vacancy

- a. The Contractor shall replace Key Personnel whenever a vacancy occurs due to the sudden termination, resignation, Extraordinary Personnel Event, or death of such personnel. (A termination or resignation with thirty (30) days or more advance notice shall be treated as a replacement under Section E.1.)
- b. Under any of the circumstances set forth in this paragraph E.2, the Contractor shall identify a suitable replacement and provide the same information and items required under paragraph D of this section within fifteen (15) days of the actual vacancy occurrence or from when the Contractor first knew or should have known that the vacancy would be occurring, whichever is earlier.

3. Key Personnel Replacement Due to an Indeterminate Absence

- a. If any Key Personnel has been absent from his/her job for a period of ten (10) days due to injury, illness, or other physical condition, or an Extraordinary Personnel Event and it is not known or reasonably anticipated that the individual will be returning to work within the next twenty (20) days to fully resume all job duties, before the 25th day of continuous absence, the Contractor shall identify a suitable replacement and provide the same information and items to the Contract Manager as required under paragraph D of this section.
- b. However, if this person is available to return to work and fully perform all job duties before a replacement has been authorized by the Contract Manager, the Contract Manager may, at his/her sole discretion, authorize the original personnel to continue work under the Contract, or authorize the replacement personnel to replace the original personnel, notwithstanding the original personnel's ability to return.

4. Directed Personnel Replacement

- a. The Contract Manager may direct the Contractor to replace any Contractor Personnel who, in the sole discretion of the Contract Manager, are perceived as being unqualified, non-productive, unable to fully perform the job duties, disruptive, or known, or reasonably believed, to have committed a major infraction(s) of law, MLGCA policies, or Contract

requirements. Normally, a directed personnel replacement will occur only after prior notification of problems with requested remediation, as described in paragraph 4.b.

- b. If deemed appropriate in the discretion of the Contract Manager, the Contract Manager shall give written notice of any Contractor Personnel performance issues to the Contractor, describing the problem and delineating the remediation requirement(s). The Contractor shall provide a written response to the remediation requirements in a Remediation Plan within ten (10) days of the date of the notice and shall immediately implement the Remediation Plan upon written acceptance by the Contract Manager. If the Contract Manager rejects the Remediation Plan, the Contractor shall revise and resubmit the plan to the Contract Manager within five (5) days, or in the timeframe set forth by the Contract Manager in writing.
- c. Should performance issues persist despite an approved Remediation Plan, the Contract Manager may give written notice of the continuing performance issues and either request a new Remediation Plan within a specified time limit or direct the substitution of Contractor Personnel whose performance is at issue with a qualified substitute, including requiring the immediate removal of the Contractor Personnel at issue.
- d. Replacement or substitution of Contractor Personnel under this section shall be in addition to, and not in lieu of, the State's remedies under the Contract or which otherwise may be available at law or in equity.
- e. If after such remediation the Contract Manager determines to direct substitution under 1.23.E.4.a, if at all possible, at least fifteen (15) days advance notice shall be given to the Contractor. However, if the Contract Manager deems it necessary and in the State's best interests to remove the Contractor Personnel with less than fifteen (15) days' notice, the Contract Manager may direct the removal in a timeframe of less than fifteen (15) days, including immediate removal.

F. Substitution Prior to and Within 30 Days After Contract Execution

Prior to contract execution or within thirty (30) days after the Effective Date, the Offeror may substitute proposed Key Personnel only under the following circumstances: vacancy occurs due to the sudden termination, resignation, or approved leave of absence due to an Extraordinary Personnel Event, or death of such personnel. To qualify for such substitution, the Offeror must demonstrate to the State's satisfaction the event necessitating substitution and that the originally proposed staff is actual full-time personnel employed directly with the Offeror (subcontractors, temporary staff or 1099 contractors do not qualify). Proposed substitutions shall be of equal caliber or higher, in the State's sole discretion. Proposed substitutes deemed by the State to be less qualified than the originally proposed individual may be grounds for pre-award disqualification or post-award termination.

1.24 Mandatory Contractual Terms

By submitting a Proposal in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms and conditions of this RFP and the Contract, attached herein as Attachment A. Any exceptions to this RFP or the Contract shall be clearly identified in the Executive Summary of the Technical Proposal. **The volume and severity of Exceptions to the Contract terms, including the terms of the RFP, will be considered in the evaluation process, and may be grounds for finding an Offeror not reasonably susceptible for award.**

1.25 Bid/Proposal Affidavit

A Proposal submitted by an Offeror must be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as Attachment B of this RFP.

1.26 Contract Affidavit

All Offerors are advised that if a Contract is awarded as a result of this RFP, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Attachment C of this RFP. This Affidavit must be provided within five (5) Business Days of notification of recommended award.

1.27 Compliance with Laws/Arrearages

- 1.27.1 By submitting a Proposal in response to this RFP, the Offeror, if selected for award, agrees that it will comply with all federal, State, and local laws applicable to its activities and obligations under the Contract.
- 1.27.2 By submitting a response to this solicitation, the Offeror also represents that it is not in arrears in the payment of any obligations due to the State of Maryland, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the Contract if selected for award.

1.28 Verification of Registration and Tax Payment

- 1.28.1 Before a business entity can do business in the State of Maryland it must be registered with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. The SDAT website is <http://sdatcert3.resiusa.org/ucc-charter/>.
- 1.28.2 It is strongly recommended that any potential Offeror complete registration prior to the Proposals Due Date and Time. An Offeror's failure to complete registration with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for award.

1.29 False Statements

Offerors are advised that Md. Code Ann., State Finance and Procurement Article, § 11-205.1 provides as follows:

- 1.29.1 In connection with a procurement contract a person may not willfully:
 - a. Falsify, conceal, or suppress a material fact by any scheme or device.
 - b. Make a false or fraudulent statement or representation of a material fact.
 - c. Use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
- 1.29.2 A person may not aid or conspire with another person to commit an act under subsection (1) of this section.

- 1.29.3 A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding five years or both.

1.30 Payments by Electronic Funds Transfer

By submitting a response to this solicitation, the Offeror agrees to accept payments by electronic funds transfer (EFT) unless the State Comptroller's Office grants an exemption. Payment by EFT is mandatory for contracts exceeding \$200,000. The successful Offeror shall register using the COT/GAD X-10 Vendor Electronic Funds (EFT) Registration Request Form.

Any request for exemption must be submitted to the State Comptroller's Office for approval at the address specified on the COT/GAD X-10 form and must include the business identification information as stated on the form and include the reason for the exemption. The COT/GAD X-10 form can be downloaded at:

http://comptroller.marylandtaxes.com/Government_Services/State_Accounting_Information/Static_Files/APM/gadx-10.pdf.

1.31 Prompt Payment Policy

This procurement and the Contract to be awarded pursuant to this RFP are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs (GOMA) and dated August 1, 2008. Promulgated pursuant to Md. Code Ann., State Finance and Procurement Article, §§ 11-201, 13-205(a), and Title 14, Subtitle 3, and COMAR 21.01.01.03 and 21.11.03.01, the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The Contractor must comply with the prompt payment requirements outlined in the Contract, Sections 8 – "Prompt Pay Requirements" and R23.14.3 "MBE Prompt Pay Requirements" (see Attachment A), should an MBE goal apply to this RFP. Additional information is available on GOMA's website at: <http://goma.maryland.gov/Pages/Legislation-and-Policy.aspx>.

1.32 Electronic Procurements Authorized

- 1.32.1 Under COMAR 21.03.05, unless otherwise prohibited by law, a primary procurement unit may conduct procurement transactions by electronic means, including the solicitation, bidding, award, execution, and administration of a contract, as provided in Md. Code Ann., Maryland Uniform Electronic Transactions Act, Commercial Law Article, Title 21.
- 1.32.2 Participation in the solicitation process on a procurement contract for which electronic means has been authorized shall constitute consent by the Offeror to conduct by electronic means all elements of the procurement of that Contract which are specifically authorized under the solicitation or the Contract.
- 1.32.3 "Electronic means" refers to exchanges or communications using electronic, digital, magnetic, wireless, optical, electromagnetic, or other means of electronically conducting transactions. Electronic means includes facsimile, e-mail, internet-based communications, electronic funds transfer, specific electronic bidding platforms (e.g., <https://emaryland.buyspeed.com/bsol/>), and electronic data interchange.
- 1.32.4 In addition to specific electronic transactions specifically authorized in other sections of this solicitation (e.g., § 1.30 "Payments by Electronic Funds Transfer") and subject to the

exclusions noted in Section 1.32.5 of this subsection, the following transactions are authorized to be conducted by electronic means on the terms as authorized in COMAR21.03.05:

1. The Procurement Officer may conduct the procurement using eMM, e-mail, or facsimile to issue:
 - a. the RFP
 - b. any amendments
 - c. Pre-Proposal conference documents
 - d. questions and responses
 - e. communications regarding the RFP or Proposal to any Offeror or potential Offeror
 - f. notices of award selection or non-selection
 - g. the Procurement Officer's decision on any RFP protest or Contract claim
2. An Offeror or potential Offeror may use e-mail to:
 - a. ask questions regarding the RFP
 - b. reply to any material received from the Procurement Officer by electronic means that includes a Procurement Officer's request or direction to reply by e-mail or facsimile, but only on the terms specifically approved and directed by the Procurement Officer
 - c. submit a "No Proposal Response" to the RFP
3. The Procurement Officer, the Contract Manager, and the Contractor may conduct day-to-day Contract administration, except as outlined in Section 1.32.5 of this subsection, utilizing e-mail, facsimile, or other electronic means if authorized by the Procurement Officer or Contract Manager.

1.32.5 The following transactions related to this procurement and any Contract awarded pursuant to it are *not authorized* to be conducted by electronic means:

- a. submission of initial Proposals;
- b. filing of Protests;
- c. filing of Contract claims;
- d. submission of documents determined by the MLGCA to require original signatures (e.g., Contract execution, Contract modifications); or
- e. any transaction, submission, or communication where the Procurement Officer has specifically directed that a response from the Contractor or Offeror be provided in writing or hard copy.

1.32.6 Any facsimile or e-mail transmission is only authorized to the facsimile numbers or e-mail addresses for the identified person as provided in the solicitation, the Contract, or in the direction from the Procurement Officer or Contract Manager.

1.33 Minority Business Enterprise (MBE) Participation Goal

1.33.1 Establishment of Goal and Subgoals

An overall MBE subcontractor participation goal has been established for this procurement as identified in the Key Information Summary Sheet, representing a percentage of the total contract dollar amount.

In addition, the following subgoals have been established for this procurement:

A. There are no sub-goals established for this procurement.

Notwithstanding any subgoals established above, the Contractor is encouraged to use a diverse group of subcontractors and suppliers from any/all of the various MBE classifications to meet the remainder of the overall MBE participation goal.

1.33.2 Attachments D-1A to D-5 – The following Minority Business Enterprise participation instructions, and forms are provided to assist Offerors:

Attachment D-1A	MBE Utilization and Fair Solicitation Affidavit & MBE Participation Schedule (must submit with Proposal)
Attachment D-1B	Waiver Guidance
Attachment D-1C	Good Faith Efforts Documentation to Support Waiver Request
Attachment D-2	Outreach Efforts Compliance Statement
Attachment D-3A	MBE Subcontractor Project Participation Certification
Attachment D-3B	MBE Prime Project Participation Certification
Attachment D-4A	Prime Contractor Paid/Unpaid MBE Invoice Report
Attachment D-4B	MBE Prime Contractor Report
Attachment D-5	Subcontractor/Contractor Unpaid MBE Invoice Report

1.33.3 An Offeror shall include with its Proposal a completed MBE Utilization and Fair Solicitation Affidavit (Attachment D-1A) whereby:

- (a) The Offeror acknowledges the certified MBE participation goal and commits to make a good faith effort to achieve the goal and any applicable subgoals, or requests a waiver, and affirms that MBE subcontractors were treated fairly in the solicitation process; and
- (b) The Offeror responds to the expected degree of MBE participation, as stated in the solicitation, by identifying the specific commitment of certified MBEs at the time of Proposal submission. The Offeror shall specify the percentage of total contract value associated with each MBE subcontractor identified on the MBE participation schedule, including any work performed by the MBE prime (including a prime participating as a joint venture) to be counted towards meeting the MBE participation goals.
- (c) An Offeror requesting a waiver should review Attachment D-1B (Waiver Guidance) and D-1C (Good Faith Efforts Documentation to Support Waiver Request) prior to submitting its request.

If an Offeror fails to submit a completed Attachment D-1A with the Proposal as required, the Procurement Officer shall determine that the Proposal is not reasonably susceptible of being selected for award.

1.33.4 Offerors are responsible for verifying that each of the MBE(s) (including any MBE primes and/or MBE primes participating in a joint venture), selected to meet the goal and any subgoals

and subsequently identified in Attachment D-1A is appropriately certified and has the correct NAICS codes allowing it to perform the committed work.

1.33.5 Within ten (10) Working Days from notification of recommended award or the date of the actual award, whichever is earlier, the Offeror must provide the following documentation to the Procurement Officer.

- (a) Outreach Efforts Compliance Statement (Attachment D-2).
- (b) MBE Prime/Subcontractor Project Participation Certification (Attachment D-3A/3B).
- (c) If the recommended awardee believes a waiver (in whole or in part) of the overall MBE goal or of any applicable subgoal is necessary, the recommended awardee must submit a fully-documented waiver request that complies with COMAR 21.11.03.11.
- (d) Any other documentation required by the Procurement Officer to ascertain Offeror responsibility in connection with the certified MBE subcontractor participation goal or any applicable subgoals.

If the recommended awardee fails to return each completed document within the required time, the Procurement Officer may determine that the recommended awardee is not responsible and, therefore, not eligible for Contract award. If the Contract has already been awarded, the award is voidable.

1.33.6 A current directory of certified MBEs is available through the Maryland State Department of Transportation (MDOT), Office of Minority Business Enterprise, 7201 Corporate Center Drive, Hanover, Maryland 21076. The phone numbers are (410) 865-1269, 1-800-544-6056, or TTY (410) 865-1342. The directory is also available on the MDOT website at <http://mbe.md.state.md.us/directory/>. The most current and up-to-date information on MBEs is available via this website. **Only MDOT-certified MBEs may be used to meet the MBE subcontracting goals.**

1.33.7 The Contractor, once awarded a Contract, will be responsible for submitting or requiring its subcontractor(s) to submit the following forms to provide the State with ongoing monitoring of MBE Participation:

- (a) Attachment D-4A (Prime Contractor Paid/Unpaid MBE Invoice Report).
- (b) Attachment D-4B (MBE Prime Contractor Report)
- (c) Attachment D-5 (MBE Subcontractor/Contractor Unpaid MBE Invoice Report).

1.33.8 An Offeror that requested a waiver of the goal or any of the applicable subgoals will be responsible for submitting the Good Faith Efforts Documentation to Support Waiver Request (Attachment D-1C) and all documentation within ten (10) Working Days from notification of recommended award or from the date of the actual award, whichever is earlier, as required in COMAR 21.11.03.11.

1.33.9 All documents, including the MBE Utilization and Fair Solicitation Affidavit & MBE Participation Schedule (Attachment D-1A), completed and submitted by the Offeror in connection with its certified MBE participation commitment shall be considered a part of the Contract and are hereby expressly incorporated into the Contract by reference thereto. All of the referenced documents will be considered a part of the Proposal for order of precedence purposes (see Contract – Attachment A, Section 2.2).

1.33.10 The Offeror is advised that liquidated damages will apply in the event the Contractor fails to comply in good faith with the requirements of the MBE program and pertinent Contract provisions. (See Contract - Attachment A, Section R23.14.2).

1.33.11 As set forth in COMAR 21.11.03.12-1(D) when a certified MBE firm participates on a contract as a prime contractor (including a joint-venture where the MBE firm is a partner), a procurement agency may count the distinct, clearly defined portion of the work of the contract that the certified MBE firm performs with its own work force towards fulfilling up to fifty-percent (50%) of the MBE participation goal (overall) and up to one hundred percent (100%) of not more than one of the MBE participation subgoals, if any, established for the contract.

In order to receive credit for self-performance, an MBE prime must list its firm in Section 4A of the MBE Participation Schedule (Attachment D-1A) and include information regarding the work it will self-perform. For the remaining portion of the overall goal and the subgoals, the MBE prime must also identify other certified MBE subcontractors (see Section 4B of the MBE Participation Schedule (Attachment D-1A)) used to meet those goals. If dually-certified, the MBE prime can be designated as only one of the MBE classifications but can self-perform up to 100% of the stated subgoal.

As set forth in COMAR 21.11.03.12-1, once the Contract work begins, the work performed by a certified MBE firm, including an MBE prime, can only be counted towards the MBE participation goal(s) if the MBE firm is performing a commercially useful function on the Contract.

1.33.12 With respect to Contract administration, the Contractor shall:

(a) Submit by the 15th of each month to the Contract Manager and the MLGCA's MBE Liaison Officer:

- i. A Prime Contractor Paid/Unpaid MBE Invoice Report (Attachment D-4A) listing any unpaid invoices, over 45 days old, received from any certified MBE subcontractor, the amount of each invoice and the reason payment has not been made; and
- ii. (If Applicable) An MBE Prime Contractor Report (Attachment D-4B) identifying an MBE prime's self-performing work to be counted towards the MBE participation goals.

(b) Include in its agreements with its certified MBE subcontractors a requirement that those subcontractors submit by the 15th of each month to the Contract Manager and the MLGCA's MBE Liaison Officer an MBE Subcontractor Paid/Unpaid Invoice Report (Attachment D-5) that identifies the Contract and lists all payments to the MBE subcontractor received from the Contractor in the preceding 30 days, as well as any outstanding invoices, and the amounts of those invoices.

(c) Maintain such records as are necessary to confirm compliance with its MBE participation obligations. These records must indicate the identity of certified minority and non-minority subcontractors employed on the Contract, the type of work performed by each, and the actual dollar value of work performed. Subcontract agreements documenting the work performed by all MBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.

(d) Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the MBE

participation obligations. Contractor must retain all records concerning MBE participation and make them available for State inspection for three years after final completion of the Contract.

(e) Upon completion of the Contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

1.32.13 MLGCA's MBE Coordinator

Roslyn Fuller, MBE/SBR/VSBE Coordinator
Maryland State Lottery and Gaming Control Agency
1800 Washington Boulevard, Suite 330
Baltimore, MD 21230
Phone: 410-230-8887
Fax: 410-230-8795
e-mail: Roslyn.fuller@maryland.gov

The MLGCA's MBE Coordinator is also responsible for the MLGCA's SBR and VSBE programs.

1.34 Living Wage Requirements

- 1.34.1 Maryland law requires that contractors meeting certain conditions pay a living wage to covered employees on State service contracts over \$100,000. Maryland Code Ann., State Finance and Procurement Article, § 18-101 et al. The Commissioner of Labor and Industry at the Department of Labor, Licensing and Regulation requires that a contractor subject to the Living Wage law submit payroll records for covered employees and a signed statement indicating that it paid a living wage to covered employees; or receive a waiver from Living Wage reporting requirements. See COMAR 21.11.10.05.
- 1.34.2 If subject to the Living Wage law, Contractor agrees that it will abide by all Living Wage law requirements, including but not limited to reporting requirements in COMAR 21.11.10.05. Contractor understands that failure of Contractor to provide such documents is a material breach of the terms and conditions and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions. Information pertaining to reporting obligations may be found by going to the Maryland Department of Labor, Licensing and Regulation (DLLR) website <http://www.dllr.state.md.us/labor/prev/livingwage.shtml>.
- 1.34.3 Additional information regarding the State's living wage requirement is contained in Attachment G. Offerors must complete and submit the Maryland Living Wage Requirements Affidavit of Agreement (Attachment G-1) with their Proposals. If an Offeror fails to complete and submit the required documentation, the State may determine an Offeror to not be responsible under State law.
- 1.34.4 Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least the minimum amount set by law for the applicable Tier area. The specific living wage rate is determined by whether a majority of services take place in a Tier 1 Area or a Tier 2 Area of the State. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. If the Contractor provides more than 50% of the services from an out-of-State location, the State agency determines the wage

tier based on where the majority of the service recipients are located. See COMAR 21.11.10.07.

1.34.5 The Offeror shall identify in the Proposal the location from which services will be provided.

NOTE: Whereas the Living Wage may change annually, the Contract price may not be changed because of a Living Wage change.

1.35 Federal Funding Acknowledgement

The Contract does not contain federal funds.

1.36 Conflict of Interest Affidavit and Disclosure

- 1.36.1 Offerors shall complete and sign the Conflict of Interest Affidavit and Disclosure (Attachment I) and submit it with their Proposal. All Offerors are advised that if a Contract is awarded as a result of this solicitation, the Contractor's personnel who perform or control work under this Contract and each of the participating subcontractor personnel who perform or control work under this Contract shall be required to complete agreements substantially similar to Attachment I Conflict of Interest Affidavit and Disclosure.
- 1.36.2 Additionally, contractors have an ongoing obligation to ensure that any necessary personnel or subcontractor personnel have completed such agreements prior to providing any services under the Contract. For policies and procedures applying specifically to Conflict of Interests, the Contract is governed by COMAR 21.05.08.08.
- 1.36.3 Contractors should be aware that the State Ethics Law, Md. Code Ann., General Provisions Article, Title 5, might limit the selected Contractor's ability to participate in future related procurements, depending upon specific circumstances.
- 1.36.4 By submitting a Conflict of Interest Affidavit and Disclosure, the Contractor shall be construed as certifying all personnel and subcontractors are also without a conflict of interest as defined in COMAR 21.05.08.08A.

1.37 Non-Disclosure Agreement

1.37.1 Non-Disclosure Agreement (Offeror)

Certain documentation may be available for potential Offerors to review at the MLGCA's headquarters. Offerors who review such documentation will be required to sign a Non-Disclosure Agreement (Offeror) in the form of Attachment P. Please contact the Procurement Officer to schedule an appointment.

1.37.2 Non-Disclosure Agreement (Contractor)

All Offerors are advised that this RFP and any resultant Contract(s) are subject to the terms of the Non-Disclosure Agreement (Contractor) contained in this RFP as Attachment J. This Agreement must be provided within five (5) Business Days of notification of recommended award; however, to expedite processing, it is suggested that this document be completed and submitted with the Proposal.

1.38 HIPAA - Business Associate Agreement

A HIPAA Business Associate Agreement is not required for this procurement.

1.39 Non-Visual Access

- 1.39.1 By submitting a Proposal, the Offeror warrants that the information technology offered under the Proposal: (1) provides equivalent access for effective use by both visual and non-visual means; (2) will present information, including prompts used for interactive communications, in formats intended for both visual and non-visual use; (3) if intended for use in a network, can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired; and (4) is available, whenever possible, without modification for compatibility with software and hardware for non-visual access. The Offeror further warrants that the cost, if any, of modifying the information technology for compatibility with software and hardware used for non-visual access will not increase the cost of the information technology by more than five percent (5%). For purposes of this solicitation, the phrase "equivalent access" means the ability to receive, use and manipulate information and operate controls necessary to access and use information technology by non-visual means. Examples of equivalent access include keyboard controls used for input and synthesized speech, Braille, or other audible or tactile means used for output.
- 1.39.2 The Non-visual Access Clause noted in COMAR 21.05.08.05 and referenced in this solicitation is the basis for the standards that have been incorporated into the Maryland regulations, which can be found at: www.doit.maryland.gov, keyword: NVA.

1.40 Mercury and Products That Contain Mercury

All products or equipment provided pursuant to this solicitation shall be mercury-free products. The Offeror must submit a Mercury Affidavit in the form of Attachment L with its Proposal.

1.41 Veteran-Owned Small Business Enterprise Goals**1.41.1 Notice to Offerors**

Questions or concerns regarding the Veteran-Owned Small Business Enterprise (VSBE) subcontractor participation goal of this solicitation must be raised before the due date for submission of Proposals.

1.41.2 Purpose

The Contractor shall structure its procedures for the performance of the work required in this Contract to attempt to achieve the VSBE subcontractor participation goal stated in this solicitation. VSBE performance must be in accordance with this section and Attachment M, as authorized by COMAR 21.11.13. The Contractor agrees to exercise all good faith efforts to carry out the requirements set forth in this section and Attachment M.

1.41.3 VSBE Goals

An overall MBE subcontractor participation goal of the total contract dollar amount has been established for this procurement as identified in the Key Information Summary Sheet.

By submitting a response to this solicitation, the Offeror agrees that this percentage of the total dollar amount of the Contract will be performed by verified veteran-owned small business enterprises.

In 2015, Maryland amended COMAR 21.11.13.05 as part of its Veteran-Owned Small Business Enterprise (VSBE) program concerning VSBE primes. This amendment, which became effective March 6, 2015, allows an agency to count the distinct, clearly defined portion of work that a certified VSBE performs with its own work force toward meeting up to one-hundred percent (100%) of the VSBE goal established for a procurement. Please see the attached VSBE forms and instructions.

In order to receive credit for self-performance, a VSBE Prime must list its firm in the VSBE Prime/Subcontractor Participation Schedule (Attachment M-1) and include information regarding work it will self-perform. For any remaining portion of the VSBE goal that is not to be performed by the VSBE Prime, the VSBE Prime must also identify verified VSBE subcontractors used to meet the remainder of the goal.

1.41.4 Solicitation And Contract Formation

An Offeror must include with its Proposal a completed Veteran-Owned Small Business Enterprise Utilization Affidavit and Subcontractor Participation Schedule (Attachment M-1) whereby:

- A. The Offeror acknowledges it: a) intends to meet the VSBE participation goal; or b) requests a full or partial waiver of the VSBE participation goal. If the Offeror commits to the full VSBE goal or requests a partial waiver, it shall commit to making a good faith effort to achieve the stated goal.
- B. The Offeror responds to the expected degree of VSBE participation as stated in the solicitation, by identifying the specific commitment of VSBEs at the time of Proposal submission. The Offeror shall specify the percentage of contract value associated with each VSBE subcontractor identified on the VSBE Participation Schedule.

If a Offeror fails to submit Attachment M-1 with the Proposal as required, the Procurement Officer may determine that the Proposal is not reasonably susceptible of being selected for award.

1.41.5 Within 10 Working Days from notification of recommended award, the awardee must provide the following documentation to the Procurement Officer.

- A. VSBE Subcontractor Participation Statement (Attachment M-2);
- B. If the apparent awardee believes a full or partial waiver of the overall VSBE goal is necessary, it must submit a fully-documented waiver request that complies with COMAR 21.11.13.07; and
- C. Any other documentation required by the Procurement Officer to ascertain Offeror responsibility in connection with the VSBE subcontractor participation goal.

If the apparent awardee fails to return each completed document within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award.

1.41.6 The Contractor, once awarded the Contract shall:

- A. Submit monthly by the 10th of the month following the reporting period to the Contract Manager and MLGCA VSBE representative a report listing any unpaid invoices, over 45 days old, received from any VSBE subcontractor, the amount of each invoice, and the reason payment has not been made (Attachment M-3).
- B. Include in its agreements with its VSBE subcontractors a requirement that those subcontractors submit monthly by the 10th of the month following the reporting period to the Contract Manager and MLGCA VSBE representative a report that identifies the prime contract and lists all payments received from Contractor in the preceding 30 days, as well as any outstanding invoices, and the amount of those invoices (Attachment M-4).
- C. Maintain such records as are necessary to confirm compliance with its VSBE participation obligations. These records must indicate the identity of VSBE and non-VSBE subcontractors employed on the contract, the type of work performed by each, and the actual dollar value of work performed. The subcontract agreement documenting the work performed by all VSBE participants must be retained by the Contractor and furnished to the Procurement Officer on request.
- D. Consent to provide such documentation as reasonably requested and to provide right-of-entry at reasonable times for purposes of the State's representatives verifying compliance with the VSBE participation obligations. The Contractor must retain all records concerning VSBE participation and make them available for State inspection for three years after final completion of the Contract.
- E. At the option of the MLGCA, upon completion of the Contract and before final payment and/or release of retainage, submit a final report in affidavit form and under penalty of perjury, of all payments made to, or withheld from VSBE subcontractors.

1.42 Location of the Performance of Services Disclosure

The Offeror is required to complete the Location of the Performance of Services Disclosure. A copy of this Disclosure is included as Attachment N. The Disclosure must be provided with the Proposal.

1.43 Department of Human Resources (DHR) Hiring Agreement

This solicitation does not require a DHR Hiring Agreement.

1.44 Purchasing and Recycling Electronic Products

- 1.44.1 State Finance and Procurement Article, Md. Code Ann. § 14-414, requires State agencies purchasing computers and other electronic products in categories covered by EPEAT to purchase models rated EPEAT Silver or Gold unless the requirement is waived by the Department of Information Technology (DoIT). This information is located on the DGS website:
<http://www.dgs.maryland.gov/GreenOperations/GreenPurchasing/Guidelines/specs/ElectronicProductDisposalSpecification.pdf>
- 1.44.2 Guidelines provided by DGS require planning and coordination of the proper disposition of Information Technology equipment. State Finance and Procurement Article, Md. Code Ann. § 14-415, requires state agencies awarding contracts for services to recycle electronic products to award the contract to a recycler that is R2 or e-Stewards certified. This information is located

on the DGS web site: <http://www.dgs.maryland.gov/GreenOperations/GreenPurchasing/Guidelines/specs/ElectronicProductDisposalSpecification.pdf>

- 1.44.3 Guidelines provided by DoIT discuss information and guidance on the proper disposition of IT equipment, media sanitization, and protecting confidential information stored on media. This information is located in the State's Information Technology (IT) Security Policy <http://doit.maryland.gov/support/pages/securitypolicies.aspx>. Section 6.5 Media Protection provides guidance on proper precautions to protect confidential information stored on media.

1.45 Contract Extended To Include Other Non-State Governments or Agencies

This section does not apply to this RFP.

1.46 Retainage

This RFP does not require Retainage.

1.47 Proposal/Bid Bond

- 1.47.1 Each Offeror must submit with its Proposal a Proposal/Bid Bond or other suitable security in the amount of one million dollars (\$1,000,000.00), guaranteeing the availability of the products/services at the offered price for 180 days after the Proposals Due Date and Time .
- 1.47.2 The bond shall be in the form provided in Attachment T.
- 1.47.3 An Offeror may request a release of the bond after the date of the award in return for a release signed by the Contractor and accepted by the MLGCA.
- 1.47.4 Acceptable security shall be as described below, identified within and excerpted from COMAR 21.06.07:

Acceptable security for proposal/bid, performance, and payment bonds is limited to:

- A. A bond in a form satisfactory to the State underwritten by a surety company authorized to do business in this State;
 - B. A bank certified check, bank cashier's check, bank treasurer's check, cash, or trust account;
 - C. Pledge of securities backed by the full faith and credit of the United States government or bonds issued by the State;
 - D. An irrevocable letter of credit in a form satisfactory to the Attorney General and issued by a financial institution approved by the State Treasurer;
- 1.47.5 The cost of this bond, or other suitable security, is to be included in the total prices proposed and is not to be proposed and will not be recoverable as a separate cost item.

1.48 Surety Bond Assistance Program

Assistance in obtaining bid, performance and payment bonds may be available to qualifying small businesses through the Maryland Small Business Development Financing Authority (MSBDFa).

MSBDFA can directly issue bid, performance or payment bonds up to \$750,000. MSBDFA may also guarantee up to 90% of a surety's losses as a result of a Contractor's breach of Contract; MSBDFA exposure on any bond guaranteed may not, however, exceed \$900,000. Bonds issued directly by the program will remain in effect for the duration of the Contract, and those surety bonds that are guaranteed by the program will remain in effect for the duration of the surety's exposure under the Contract. To be eligible for bonding assistance, a business must first be denied bonding by at least one surety on both the standard and specialty markets within 90 days of submitting a bonding application to MSBDFA. The applicant must employ fewer than 500 full-time employees or have gross sales of less than \$50 million annually, have its principal place of business in Maryland or be a Maryland resident, must not subcontract more than 75 percent of the work, and the business or its principals must have a reputation of good moral character and financial responsibility. Finally, it must be demonstrated that the bonding or guarantee will have a measurable economic impact, through job creation and expansion of the state's tax base. Applicants are required to work through their respective bonding agents in applying for assistance under the program. Questions regarding the bonding assistance program should be referred to:

Maryland Department of Business and Economic Development
Maryland Small Business Development Financing Authority
MMG Ventures
826 E. Baltimore Street
Baltimore, Maryland 21202
Phone: (410) 333-4270
Fax: (410) 333-2552

1.49 Performance Bond

- 1.49.1 The Successful Offeror/Contractor shall deliver to the Procurement Officer, within ten (10) days after notice of recommended award, a Performance Bond or other suitable security in the amount of Ten Million Dollars (\$10,000,000.00) guaranteeing that the Contractor shall well and truly perform the Contract.
- 1.49.2 The bond shall be in the form provided in Attachment U and underwritten by a surety company authorized to do business in the State and shall be subject to approval by the MLGCA, or other acceptable security for bond as described in COMAR 21.06.07, as summarized in 1.47.4.
- 1.49.3 The Performance Bond shall be maintained throughout the term of this Contract, and option period, if exercised. Evidence of renewal of the Performance Bond and payment of the required premium shall be provided to the MLGCA. This bond shall also secure liquidated damages.
- 1.49.4 The Performance Bond may be renewable annually. The Contractor shall require that the surety provide to the MLGCA thirty (30) days written notice of non-renewal, cancellation, or material modification of the bond by either the surety or the Contractor. Non-renewal, cancellation or material modification of the bond by the Surety will not constitute an event of default by the Contractor provided that the Contractor obtains an acceptable replacement Performance Bond to be effective prior to the expiration of the thirty (30) day notice period.
- 1.49.5 Failure of the Contractor to submit and maintain the required Performance Bond coverage throughout the term of the Contract, and any option period, if exercised, will constitute an event of default under the Contract.

- 1.49.6 After the first year of the Contract, the Contractor may request a reduction in the amount of the Performance Bond. The amount and the duration of the reduction, if any, will be at the MLGCA's sole discretion. If any reduction is granted, the MLGCA shall have the right to increase the amount of the Performance Bond to any amount, up to the original amount, at any time and at the MLGCA's sole discretion.
- 1.49.7 The Performance Bond is forfeited to the MLGCA, in whole or in part, if the Contractor defaults in the performance of its contractual obligations or if the MLGCA incurs damages due to the willful or negligent performance of the Contractor or its subcontractors. However, the surety shall have the option within thirty (30) days of notice of default to cure the default or tender funds sufficient to pay the cost of completion up to an amount not to exceed the penal sum of the bond. With the concurrence of the MLGCA, the surety may assume the remainder of the Contract to perform or sublet.
- 1.49.8 The cost of this bond, or other suitable security, is to be included in the total prices proposed and is not to be proposed and will not be recoverable as a separate cost item.

1.50 Payment Bond

This RFP does not require a Payment Bond.

1.51 Ownership of Written Material

All opened proposals become the property of the MLGCA upon receipt and will not be returned to the Offerors. Selection or rejection of the proposal will not affect this right. Unopened financial proposals will be returned to the Offeror.

1.52 Litigation/Protest Bond

- 1.52.1 Each Offeror must submit with its proposal a Litigation/Protest Bond in the amount of One Million Dollars (\$1,000,000.00). The purpose of the Litigation/Protest Bond is to discourage frivolous lawsuits and protests by permitting the MLGCA to recover, in addition to its attorney's fees, damages that result from delay in implementing a Contract. A claim upon the bond may be made by the MLGCA if:
- A. The Offeror brings any legal action or protest against the MLGCA, the State, the Commission, or any individual member thereof, or any employee of the State, over the award of a Contract resulting from this RFP;
 - B. The MLGCA or such other party as listed 1.52.1A above is the prevailing party at the conclusion of the action or protest; and,
 - C. The tribunal before which the action was brought, or any other authorized tribunal, determines that the action or any portion thereof was frivolous, was brought in bad faith, or was not based upon reasonable grounds.
- 1.52.2 The bond shall be in the form of a policy or certificate underwritten by a surety company authorized to do business in the State and shall be subject to approval by the MLGCA, or other acceptable security for bond as described in COMAR 21.06.07 as summarized in 1.47.4. Offerors may submit Litigation/Protest Bond in a form as found in Attachment V.

- 1.52.3 The Litigation/Protest Bond shall remain in effect for one (1) year from the Proposals Due Date and Time and, in the event the Offeror is involved in litigation or a protest related to this RFP, shall be extended until the date for any filing or appeal has passed.
- 1.52.4 Offerors, including the successful Offeror, may request a release of the bond after the date of Contract execution in return for a Release and Covenant Not To Sue in a form acceptable to the MLGCA, signed by the Offeror, notarized and accepted by the MLGCA.

1.53 Fidelity Bond

- 1.53.1 The Contractor shall submit to the Procurement Officer, within ten (10) days after notice of recommended award, a Fidelity Bond in the amount of Ten Million Dollars (\$10,000,000.00) covering any loss to the State due to any fraudulent or dishonest act on the part of the Contractor, and any officer, employee, or subcontractor of the Contractor. If coverage for Subcontractors is not included in the Fidelity Bond, then the Contractor shall require each Subcontractor to provide the Procurement Officer sufficient evidence of its own coverage. The Fidelity Bond must be in the form of a policy or certificate underwritten by a surety company authorized to do business in the State and shall be subject to approval by the MLGCA, or other acceptable security for bond as described in COMAR 21.06.07 and as summarized in 1.47.4.
- 1.53.2 The Fidelity Bond shall be maintained throughout the term of this Contract, and option periods, if exercised. Evidence of renewal of the Fidelity Bond and payment of the required premium shall be provided to the MLGCA.
- 1.53.3 Failure of the Contractor to submit and maintain the required Fidelity Bond coverage, including subcontractor coverage, throughout the term of the Contract, and any option period, if exercised, will constitute an event of default under the Contract.

1.54 Trademark Notice

- 1.54.1 The MLGCA employs several trademarks or registered trademarks. The list that follows is intended to be illustrative, but not necessarily exhaustive. Offerors are hereby provided notice that certain marks listed below may not be identified elsewhere in this RFP as holding intellectual property rights.

<u>Name</u>	<u>Mark</u>	<u>Owner</u>
1. Cash4Life	®	Multi-State Lottery Association
2. Lottery in Motion	TM	Scientific Games International, Inc.
3. Mega Millions	®	Illinois Department of the Lottery
3. Megaplier	®	Texas Lottery Commission
4. MONOPOLY Millionaire	TM	Hasbro, Inc. – filed; probably ® soon
5. MONOPOLY Millionaires' Club	TM	Hasbro, Inc. – filed; probably ® soon
6. OnePlace Enterprise	TM	Hudson Alley Software
7. Powerball	®	Multi-State Lottery Association
8. Power Play	®	Multi-State Lottery Association
9. Properties Plus	®	Scientific Games International, Inc.
10. Racetrax	®	Tabcorp International Pty Ltd
11. Racetrax® Bonus	TM	Not filed for registration

1.54.2 In addition, the MLGCA owns the rights to the following:

- | | |
|-----------------------------|---|
| 1. Keno Bonus | ® |
| 2. Multi-Match | ® |
| 3. Keno To Go | ™ |
| 4. PHARAOH'S GOLD | ® |
| 5. Packaged Keno To Go | ® |
| 6. World Championship Poker | ® |
| 7. Super Slots | ® |
| 8. Carry Out Keno | ® |
| 9. My Lottery Rewards | ™ |

1.55 Proposal Disclosure Prohibition

- 1.55.1 Upon issuance of this RFP, neither the MLGCA or Commission, nor their representatives shall discuss the contents of this RFP with potential Offerors or their representatives, other than in conjunction with the Pre-Proposal Conference, the Question and Answer process, oral presentations/site visits or discussions (See RFP Section 1.7, 1.9, 1.16 and 5.5).
- 1.55.2 Until a Contract resulting from this RFP is awarded, no employee, agent, or representative of any Offeror may make available or discuss its proposal with any officer of the State of Maryland, any Commission member, or any employee, agent or representative of the MLGCA, unless specifically authorized to do so in this RFP or in writing by the Procurement Officer for the purposes of clarification, evaluation, and/or negotiation.
- 1.55.3 Prior to Contract execution, Offerors shall not represent themselves to MLGCA staff, Retailers or the public as having the endorsement of the MLGCA or Commission or as a supplier of any products or services to the MLGCA or Commission.

1.56 Information Not Contained in RFP

Proposals shall be based solely on the material contained in this RFP and any amendments thereto. Offerors are to disregard any newspaper advertisements, news articles, and any oral representations when preparing their proposals.

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2 MINIMUM QUALIFICATIONS

2.1 Offeror Minimum Qualifications

To be considered reasonably susceptible for award, an Offeror must provide proof with its Proposal that the following Minimum Qualifications have been met:

- 2.1.1 North American Lottery Experience: The Offeror, at time of submission, shall have been currently operating a lottery central monitoring and control system for at least one (1) year for one or more North American states or provincial lotteries (“NASPL”).
- 2.1.2 The proposed LCMCS, including all software and hardware proposed, shall at the time of proposal submission be in operation in a NASPL lottery or other international lottery, with the exception that equivalent or improved newer releases or model numbers of the proposed products and their architectures are acceptable at time of installation, as accepted by and agreed to in writing by the MLGCA. The MLGCA acknowledges that an Offeror’s proposed LCMCS would require adaptation to the Maryland requirements and that component parts would be ordered and assembled for delivery.

Note: Subcontractor experience may not be used by the Offeror to meet Minimum Qualifications. The Minimum Qualifications must be met by the Offeror/Contractor.

2.2 Offeror Personnel Minimum Qualifications

2.2.1 General Manager

The Contractor shall provide a General Manager on the Contract with at least five (5) years’ experience managing either a lottery or gaming system.

2.2.2 Project Manager

The Contractor shall provide a Certified Project Manager on the Contract with a minimum of five (5) years project management experience and experience in lottery or gaming system vendor transitions.

(See Section 3.28 Staffing Requirements for position responsibilities)

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3 SCOPE OF WORK

3.1 Background and Purpose

- 3.1.1 The MLGCA is issuing this RFP to obtain an LCMCS and additional Lottery services. Services include, but are not limited to, system implementation, operation and maintenance of the LCMCS and related systems, sales, marketing, instant ticket inventory and distribution, accounting, Terminals, Software, and Telecommunications Network that shall connect the Retailers to the Primary and Back-up Data Centers (PDC and BDC, respectively) and all other locations required for the operation of the LCMCS. The specific requirements of the LCMCS, and all services are further defined throughout this RFP.
- 3.1.2 Offerors shall be required to furnish satisfactory evidence that they meet or exceed all minimum qualifications listed in Section 2 of this RFP. The Contractor shall be responsible to perform all requirements as detailed in Section 3 of the RFP.
- 3.1.3 Offerors are invited to subcontract with other vendors to provide all of the requirements of the RFP, but Offerors must submit proposals encompassing all of the services required in the RFP and may not submit proposals for only certain services of the RFP.
- 3.1.4 In addition to providing the basic LCMCS requirements, the MLGCA is seeking a Contractor that is focused on providing innovative concepts and solutions that will drive increases in sales and revenue.
- 3.1.5 Offerors are hereby notified that the LCMCS resulting from this RFP will process Personally Identifiable Information (PII), also referenced more generally as Sensitive Data throughout the RFP.
- 3.1.6 The Contractor shall provide space for certain personnel and functions, as described in this RFP, co-located in the MLGCA headquarters building at Montgomery Park Business Center, 1800 Washington Boulevard, Baltimore, MD 21230. Information concerning the cost per square foot and the layout of the space can be obtained from the building owner. The contact information is as follows:

Ashley Tarran-Jones	410-779-1267 (direct line)
	410-365-2004 (cell)
Himmelrich Associates, Inc	410-779-1201 (fax)
1340 Smith Ave, Suite 330	
Baltimore, Maryland 21209	

MLGCA may provide some assistance to the Contractor regarding building space availability but the Contractor shall be responsible for its costs related to the acquisition, build-out, furnishings, maintenance, utilities, cleaning, etc. All tenant improvements shall be done at the expense of the Contractor. The design and layout of this Site shall be pre-approved by MLGCA, and it shall not be identified externally or internally as being the premises of the Contractor.

3.2 Agency / Project Background

The information provided in this Section 3.2 (3.2.1 to 3.2.11) is for background and informational purposes only.

3.2.1 HISTORY

The MLGCA is an independent agency of the State of Maryland.

The Lottery, which was expanded and renamed MLGCA when gaming was approved in the State, was established by the General Assembly through the enactment of Chapter 365 of Laws of Maryland of 1972 and the voters' approval of a constitutional amendment that same year. The amendment was ratified on November 7, 1972, and operations commenced on January 2, 1973. In May 1973, the Lottery started selling a \$.50 weekly game that gave players the opportunity to win prizes ranging from \$25 to \$1 million. The popularity of this game led to a \$1 iteration, and eventually the introduction of Instant Ticket Games (also known as scratch-offs) in February 1976.

In 2007, during the special session of the Maryland General Assembly, House Bill 4 and Senate Bill 3 were enacted relating to the legalization of Video Lottery Terminals ("VLTs"). This set up broad parameters for the operation of a maximum of 15,000 VLTs, the establishment of five VLT facilities within the State, and specified that the State Lottery and Gaming Control Commission shall regulate the operation of VLTs, including licensing of operators and operation of a Central Monitor and Control System. In 2012, Senate Bill 1 – Gaming Expansion – Video Lottery Terminals and Table Games – passed the 2012 second special session of the Maryland General Assembly. This bill was approved by voters in November 2012 – provisions include: the addition of table games to existing casinos and future casinos; a sixth casino; increased the maximum number of VLTs allowed in the State; and 24-7 casino operations.

The MLGCA's current portfolio includes Draw games and Instant or scratch-off games. Draw games are further categorized as Daily Draw (Pick 3, Pick 4, Bonus Match 5 and 5 Card Cash), Jackpot (Multi-Match, Mega Millions, Powerball) and Monitor (Keno and Racetrax®). Details about each of these games are included in Sections 3.2.3 and 3.2.4. In addition, we will start selling Cash 4 Life on January 26, 2016.

The MLGCA owns 1,000 Instant Ticket Vending Machines ("ITVMs"). These ITVMs are not connected to the current On-Line Gaming System, but the system is responsible for accounting functions for the Instant Tickets in the same manner as it accounts for Instant Tickets that are not dispensed through the ITVMs.

In 2014 Instant Ticket Lottery Machines ("ITLM") were approved for Veterans' Organizations located in certain counties in the State. The Law authorizes the issuance of up to 5 ITLMs for each licensed organization and it is estimated that there are currently 150 qualified organizations that may apply for the ITLMs.

The Contractor is not responsible for the operation of VLTs or ITLMs.

3.2.2 GENERAL INFORMATION

The Maryland State Lottery and Gaming Control Agency operates pursuant to State Government Article, Title 9, Subtitle 1, Annotated Code of Maryland, which establishes the purpose, powers, duties and procedural framework of the MLGCA and COMAR Title 36.

3.2.2.1 Lottery and Gaming Control Commission ("Commission")

The Lottery and Gaming Control Commission advises the Director on the operation and administration of the MLGCA and regulates casino gaming in Maryland under the State Gaming Law, found at State Government Article, Title 9, Subtitle 1A. The seven members of the Commission are appointed by the Governor with advice and consent of Maryland's Senate. The Commission provides direction and guidance to the MLGCA Director concerning MLGCA operations and regulates the operation of the casinos and VLTs/Table Games with assistance of the MLGCA staff.

3.2.2.2 Organization

The MLGCA is comprised of several administrative units or departments, all ultimately reporting to the MLGCA Director. With the recent expansion of gaming, the MLGCA has grown significantly and numerous organizational changes have occurred. Some MLGCA departments focus solely on the Gaming regulatory responsibilities, while others split their time between Gaming and traditional lottery business matters. For purposes of this RFP, only the traditional lottery portion of the business operations is being considered.

3.2.3 DRAW AND MONITOR GAMES

Draw games generally allow players to select their numbers or utilize automatic computer plays. Players receive a ticket from a Retailer then wait for the MLGCA to conduct a drawing to determine if they have won.

The MLGCA currently offers nine (9) Draw games. These games can be divided into three broad categories:

1. Daily drawing
2. Jackpot prizes
3. Monitor

Information about each game is noted below:

Daily Drawing

1. **Pick 3:** Players choose three numbers between zero and nine for the chance to win prizes ranging from \$25 to \$500. Drawings are held twice daily.
2. **Pick 4:** Players choose four numbers between zero and nine for a chance to win prizes ranging from \$100 to \$5,000. Drawings are held twice daily.
3. **Bonus Match 5:** Players select five numbers from a field of 39 numbers. The MLGCA selects six winning numbers from that same field of numbers. The first five winning numbers selected determine up to a \$50,000 win. The sixth number, called the 'bonus' ball, provides additional ways of winning for players. Players who match the 'bonus' number use it to make a match of 4, 3, or 2 of the original winning numbers a 5, 4, or 3 winning number match. Drawings are held nightly.
4. **5 Card Cash:** Based on a standard poker game using a 52 card playing deck, and offers players two chances to win – an instant win and a nightly drawing. Each ticket is \$2, and is printed with a 'hand' of 5 cards. A player can win instantly if their ticket shows a poker hand of a pair of jacks or better. Instant win prizes range from a free 5 Card Cash game ticket up to \$10,000. Regardless of their instant win outcome, a player could also win during the nightly draw – every night, 5 cards

are drawn and a player can win by matching 2, 3, 4 or 5 cards to those drawn. Drawing prizes range from \$3 up to \$100,000. Drawings are held nightly.

Jackpot Prizes

1. **Multi-Match:** For each game, a player is able to select the first line of six numbers, and then will automatically receive two additional lines of six random numbers, for a total of 18 numbers. Multi-Match Drawings are held every Monday and Thursday evening.
2. **Mega Millions:** A multi-state jackpot game. Drawings are held every Tuesday and Friday evening.
3. **Powerball:** A multi-state jackpot game. Drawings are held every Wednesday and Saturday evening.

Monitor

1. **Keno:** Keno is predominantly sold in a social atmosphere and drawings take place every 4 minutes. Players select from 1 to 10 numbers from a field of 80 playable numbers. The Random Number Generator selects 20 winning numbers, and the player wins by matching anywhere from zero to 10 numbers. Prizes in Keno range from \$2 to \$100,000. Keno Bonus is sold in conjunction with Keno at a cost equal to a player's original Keno wager and provides players with an opportunity to multiply their winnings. Possible multipliers are three, four, five or 10. Keno Super Bonus is very similar to Keno Bonus, only a player is guaranteed a multiplier. Cost to play Keno Super Bonus is twice the amount of the game wager. Possible multipliers are two, three, four, five, six, 10, 12 and 20.
2. **Racetrax®** is a keno-style game that incorporates an animated horse racing game to offer payouts and prizes. Each horse has predetermined odds for winning the race. The player places a minimum bet of \$1 for Win (selects a horse to finish first), Show (selects a horse to finish in top three), Quinella (selects two horses to finish first and second in any order), Exacta (selects the two horses that will finish first and second in exact order), Trifecta (selects three horses to finish first, second and third in exact order) and Superfecta (selects four horses that will finish first, second, third and fourth in exact order). Other bet types include Exacta Box (selects at least two horses that will finish first and second in any order), Trifecta Box (selects horses to finish first, second and third in any order) and Trifecta Wheel (selects four or more horses to place first, second and third in any order) Superfecta Box (selects at least four horses that will finish in first, second, third and fourth in any order) and Superfecta Wheel (selects at least five horses that will finish first, second, third and fourth in exact order). The races (drawings) are conducted every four and a half minutes throughout the day. Racetrax Bonus is an add-on feature that gives players the opportunity to increase their winnings by three, four, five or ten times. The cost is equal to a player's base or original wager.

3.2.4 INSTANT TICKET GAMES (SCRATCH-OFF GAMES)

Instant Ticket Games, also known as Scratch-Off Games, are offered in a variety of price points, colors, themes and play styles. Instant Players scratch a latex-covered play area to reveal a variety of numbers and/or symbols, which are compared to a "key" or winning numbers already printed on the ticket to determine if they won. The MLGCA launched 53 different Instant Ticket Games in fiscal year 2015.

3.2.5 RETAILERS

The MLGCA's current On-Line Gaming System Contract supports a network of licensed Retailers located throughout the State where MLGCA products are sold. These Retailers represent a number of different trade styles; most notably, convenience stores, liquor stores and bars and restaurants. Corporate stores or chains account for about a quarter of current Retailer locations, with the remainder being owned by independent businesses. To become a licensed Retailer, an entity must submit an application package to the MLGCA and meet a number of stringent licensing criteria.

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FY 2015 Sales by Business Category (Sales in Millions)

Retailer Network by Trade	FY15 Total Retailers	% of Network	FY15 Total Retailer Sales	% of Sales	FY15 Draw Retailer Sales	% of Draw Sales	FY15 Instant Retailer Sales	% of Instant Sales
Supermarkets	387	8.42%	\$106.44	6.06%	\$54.32	4.5%	\$52.12	9.5%
C-Stores	950	20.67%	\$427.52	24.36%	\$287.77	23.8%	\$139.75	25.52%
Gas C-Stores	1222	26.59%	\$512.21	29.18%	\$331.76	27.4%	\$180.44	32.9%
Restaurants/ Bars	781	16.99%	\$173.17	9.87%	\$155.07	12.8%	\$18.09	3.3%
Drug Stores	85	1.85%	\$7.50	0.43%	\$4.36	0.3%	\$3.14	0.5%
Liquor Stores	943	20.52%	\$435.67	24.82%	\$308.98	25.5%	\$126.69	23.1%
Service Businesses	23	.50%	\$5.05	0.29%	\$3.99	0.3%	\$1.05	0.1%
Newsstands/ Smoke	87	1.89%	\$34.09	1.94%	\$23.02	1.9%	\$11.06	2.0%
Miscellaneous	118	2.57%	\$53.04	3.02%	\$38.45	3.1%	\$15.09	2.7%
Total	4,596	100%	\$1,755.34	100%	\$1,207.77	100%	\$547.57	100%

*Does not include Subscriptions or ITLMs.

3.2.6 PLAYERS

A 2015 survey indicated that 59% of the adult Maryland population had played at least one MLGCA game in the past 12 months.

3.2.7 SALES

In Fiscal Year 2015, the MLGCA generated \$1.761 billion in sales and \$526.5 million in revenue, which was contributed to the State of Maryland. Since its inception in 1973, the MLGCA has generated more than \$14.4 billion in revenue. Below is a summary of sales and revenue for the past five years:

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Fiscal Year	Sales (Billion)	Revenue (Million)
2015	\$1.761	\$526.5
2014	\$1.724	\$521.1
2013	\$1.756	\$545.2
2012	\$1.795	\$556.1
2011	\$1.714	\$519.4

The MLGCA's Comprehensive Annual Financial Report for FY2014 can be found at <http://cdn.mdlottery.com.s3.amazonaws.com/CAFR/CAFR%20-%202014.pdf>

3.2.8 BACK OFFICE SYSTEM

This section describes the current Back Office System which is owned and operated by the MLGCA. The Contract resulting from this RFP will require the Contractor to provide and operate Back Office Functionality. (See Section 3.18)

3.2.8.1 Daily Interface File Retrievals

The Operations Unit retrieves the Daily Accounting interface files daily from the previous day from the Contractor's On-Line Gaming System at 6:00 am. These files are retrieved from the Contractor in a secure environment via a TCP/IP address in the Contractor's FTP Directory. The files are:

1. SYSTOT - total Draw game sales and total commissions for each game.
2. INSTANT GAME – total validations and Packs sold for each Instant Game.
3. LIABILITY – total Draw game liability for beginning of day, prize amount won, what amount was paid today, Reversion amount, and liability at the end of day for each Draw game.
4. ACTIVE PACK – game number, Pack name, and active Packs for all Instant Games.
5. AGENT ADJUSTMENT – (Retailer Adjustment) reason code, reason description, and the adjustment amount.

These files are converted from ASCII to EBCDIC for use on the Unisys system.

3.2.8.2 Security Software

The MLGCA's network is supported and protected by Cisco equipment, including an intrusion detection and prevention system.

3.2.8.3 System Functionality

A. Subscriptions

The MLGCA currently offers subscriptions for Mega Millions and Multi-Match which range from a period of 13 to 52 weeks. As subscriptions near expiration, renewal notices are generated weeks

prior to the subscription expiration date and mailed to players as a reminder to renew their subscription. Players receive verification of their selected numbers.

Subscriptions, new and renewals, are not effective until checks are received via mail and entered into the MLGCA's Back Office System. The back office subscription data is also uploaded into the Contractor's system for inclusion in the appropriate Mega Millions and Multi-Match drawings. The current Back Office System accumulates winnings by subscribers, allows winnings to accumulate into player wallets and generates a file of all subscription winnings so that winners can be paid through the State's payment system. Currently, the MLGCA accumulates by subscriber all individual winnings under \$10 and remits these winnings via check to the subscriber at the end of their subscription period. Individual winnings from \$15 to \$600 are remitted to the subscriber via check immediately following the winning. A file is uploaded into the state's payment system for the state General Accounting Division to cut the check. Jackpot winners are contacted prior to remitting payment. The Back Office System immediately notifies the MLGCA of any jackpot winners and winners over \$600. The system automatically generates the required W-2Gs and adds the relevant information into the year-end W-2G file. The Back Office System provides daily reports to identify the dollar amount of subscriptions processed, the amount won and provide any other financial data required by the MLGCA to report subscription activity.

B. Positive Pay

On a daily basis the MLGCA generates and remits a positive pay file to its bank containing all checks issued for that day and detailed information about each check. The purpose of this file is to certify to the bank the legitimacy of the checks issued.

C. 1099s

The MLGCA produces and mails year-end 1099s for each Retailer based on the commission data that is accumulated in the System as well as bonus commissions earned by Retailers. The MLGCA currently has the ability to reprint individual 1099s.

D. Check Writing

The Back Office System supports check writing functions for the MLGCA's Claims department. Checks, up to \$25,000, are created for winnings paid at the two MLGCA Claims Centers. Each check also creates a record which goes into the daily Positive Pay file. Winnings over \$25,000 are paid through the State's General Accounting Division.

E. Claims

The Back Office System supports the MLGCA Claim process. Winnings in excess of \$600 and up to \$5,000 can be claimed at certain Retailers called XCAP or at the MLGCA Customer Resource Centers. Winnings in excess of \$5,000 must be claimed at the MLGCA Customer Resource Centers.

F. Claims - XCAP Retailers

All claims at XCAP Retailers with a value between \$600 and \$5,000 are checked using the claimant's Social Security Number against a database to verify that the Player does not owe the State Child Support, Central Collections Unit (CCU), or that the claimant has not signed up for the MLGCA Voluntary Exclusion Program. If the Player is included in this database, the Player is advised to take the winning Ticket to a MLGCA Customer Resource Center. The MLGCA requires Claim Forms to be completed by XCAP Retailers for every Ticket claimed with winnings between \$600 and \$5,000. XCAP Retailers are required to mail in completed claim forms to the

Customer Resource Center. The claim information is then keyed into the Back Office and a W-2G is generated. This information is automatically transferred into the year-end W-2G files. The Back Office System provides daily reports of all activity as well as other reports requested by the MLGCA to enable the reconciliation of W-2G activity to ensure that for all claims exceeding \$600, W-2Gs were produced and transferred into the year-end W-2G file.

G. Claims - MLGCA Customer Resource Center

For all tickets claimed at the MLGCA Customer Resource Centers, regardless of the dollar amount, the claimant's Social Security Number is entered into the system to determine if the claimant owes Child Support, CCU or is on the Voluntary Exclusion list. If it is determined that the claimant owes Child Support or CCU, the system deducts this amount from the winnings and issues a check for any remaining money. If claimant is on the Voluntary Exclusion list, all winnings are intercepted. The reports that specify the amounts intercepted, the type of interception (e.g., child support, CCU, Voluntary Exclusion) and from whom the amount was intercepted are then generated by the system. Currently, Child Support is the first interception followed by CCU. If the winnings are in excess of \$600, the System produces a W-2G for the full amount of the winnings and transfers the full amount into the year-end W-2G file.

Upon processing a claim in excess of \$5,000 the system automatically calculates the appropriate federal and State tax withholding rates. The System also contains a field for both in-State and out-of-State rates, and recognizes what rate to use.

H. W-2Gs

The System prints and maintains a file of all W-2Gs produced during the calendar year as part of the Claims process. The claims process includes all claims processed through the System, as well as payments made to annuitants. The System also enables the MLGCA to enter merchandise prizes. Once all W-2G information for the calendar year has been entered and reconciled, the System produces a year-end W-2G file meeting IRS and State specifications.

I. Retailer Management

The MLGCA maintains a Retailer database system. This system tracks all information on Retailers including all Retailer demographics, tax ID numbers, percentage of ownership for owners, bank account information, etc. The banking information is used in the generation of the weekly sweep file for the MLGCA. The system records all Bond information for specific Retailers, and generates a report showing Bonds that are about to expire. The MLGCA also has the ability to suspend sales for any Retailer when necessary.

J. Annuities

The system tracks annuitants and associated annuity information for the life of the annuity. The system also has the ability to track annuity assignments. Additionally the system produces quarterly reports showing annuities due payment for a given time period and annuities that have reached their last payment date. Once the quarterly annuities are approved for payment, W2-Gs are printed for each individual and a file is created to upload into the State financial system.

K. Winning Number Hotline

The MLGCA provides an Interactive Voice Response (IVR) system for players to call (410-230-8830), to receive an audio recording of the winning numbers for all Draw games; present and historical draws. The caller is presented with a series of prompts to select the game and Drawing date. The IVR system is fully redundant, and has a web-based user interface that allows MLGCA

staff to enter the winning numbers after every Drawing. The user interface is dynamic by game, and provides captive (drop downs, etc.) data fields for each game which prevents the incorrect numbers/information from being entered. Each number (or other Drawing information) has an audio file associated with it which is played for callers. The average call volume of the IVR system is approximately one million calls per month with the heaviest call volume being in the middle of the day (11:30 am – 1:30 pm). The average daily call volume is approximately 28,000 calls. The IVR system is also capable of reporting on call volume and other information on usage.

3.2.9 ON-LINE GAMING SYSTEM

This section describes the current On-Line Gaming System which is provided and operated by the MLGCA's incumbent services provider – Scientific Games International, Inc. The Contract resulting from this RFP will require the new Contractor to provide and operate a LCMCS as described in this RFP.

The MLGCAs current system supports approximately:

1. 5,150 Retailer Terminals
2. 350 Player Self-Service Terminals
3. 650 Jackpot Signs
4. 75 Enunciator Boards for displaying Keno results
5. 750 scrolling message signs which are located at approximately 4,500 Retailer locations throughout the State.
6. 4,400 monitors displaying either Keno or Racetrax® (20" to 40")
7. 4,200 Ticket Checkers
8. 3,500 Lottery in Motion™ (as described below) monitors used for MLGCA advertising and game promotion.
9. 70 Tablets, cases, printers, servers, consumables and all communications costs associated with the Sales Force Automation tool

The incumbent Contractor uses automated drawing machines to select winning Keno/Keno Bonus/Keno Super Bonus, Racetrax® and Racetrax® Bonus numbers.

The current system is designed in a Quad-Plex configuration, with two systems residing in the PDC and two systems residing in the BDC. At any given time, any one of the systems is capable of operating as the Primary System. There are independent communications circuits running from each data center to the two download VSAT SpaceNet Hubs, one in Marietta, Georgia and one in Chicago, Illinois. There are also communications circuits connecting the PDC and BDC. All transactions are replicated across all systems, allowing any system in the PDC or BDC to operate as the Primary System at any time with no loss of data or transaction information. A typical Retailer has at least one Terminal, a printer, a Lottery in Motion™ monitor, a customer ticket checker and two monitors used to display monitor games drawings and results. The system processes all sales, validation and cashing transactions for all Draw and Monitor Games in real time. The system is also used to accept the shipment of Instant Ticket Packs, activate all Instant Ticket Packs making them available for sale and cashing, and process the validation and cashing of all Instant Tickets. The system also produces daily and weekly reports, reflecting sales activity, cashing activity and liabilities for each game for each Drawing or for a range of Drawings. Daily

files are exported from the system for import into the MLGCA's Back Office accounting system. The system produces a weekly file reflecting the amounts to be swept from each Retailer's bank account.

The System communicates information to other MLGCA and third party systems/applications. Communication for data exchange is currently utilizing API, XML, text files (via Secure FTP), and Web Services. Interfaces exist for the MLGCA's primary website, player's rewards website, and the Back Office Systems.

The System also includes the following features:

Properties Plus®/My Lottery Rewards™ - Properties Plus® supplied by Scientific Games International, Inc. is a web-based initiative that serves as the platform for the MLGCA's My Lottery Rewards player loyalty program. The components of the program include:

1. Responsive design website development, host, maintenance and security
2. Player registration system
3. Internet based Ticket registration system for non-winning Instant Tickets and winning and non-winning Draw Tickets
4. Mobile App for smartphones and tablets
5. Points based loyalty accumulation and redemption for prizes and Drawings
6. Prize merchandise, merchandise fulfillment and customer service support
7. Drawing services
8. Database analysis and Customer Relationship Management
9. Account management, planning and execution
10. Financial management
11. Access to over 240 licensed products to use as part of on-going Product Development planning

Learn more about My Lottery Rewards at mdlottery.com/rewards.

Lottery In Motion™ ("LIM") – A monitor, normally 19 or 20 inches, which is attached to the System and usually located near the Retailer Terminal that is used to advertise new games, jackpots, promotions, recent winners, and more. Information on the LIM is dynamic and can be updated in near real-time. Items displayed on the LIM Monitor are graphically based in order to catch the attention of customers in retail locations. The LIM monitor is also used to display Amber and Silver Alerts. Each Retailer has the opportunity to have a LIM Monitor installed at their location.

Hudson Alley's OnePlace Enterprise™/Lottery Sales Force Automation (LSFA) – A tablet-based sales force automation tool that allows DMs to have access to sales data and Instant Ticket inventory information for Retailers. This information is displayed in both data and graphical formats, making it easy for the DM to utilize the information when talking to Retailers regarding sales trends. There is also a web-based portion of OnePlace that allows access to more information for DMs in the field and office-based personnel. The Contractor shall supply up to 80 tablets, cases, printers, all associated wireless communications costs and all Consumables needed to

support the sales force automation tool. In addition, the Contractor shall supply and host all servers needed to host the Retailer Management software production and test environments.

Tel-Sell - The MLGCA's current Contractor provides the system functionality and personnel to interface with Retailers via phone to assist in the ordering and fulfillment of Instant Ticket ordering. These orders are determined by the on-hand inventory of Instant Tickets for the Retailer, the priority set by the MLGCA to encourage sales of certain Instant Tickets and the desires of the Retailer.

3.2.10 MOBILE APPLICATIONS

The MLGCA presently provides numerous mobile applications for its players to include:

1. Player Loyalty Mobile Application
2. MD Lottery app
3. MD Lottery - Keno & Racetrax app

3.2.11 TELECOMMUNICATIONS NETWORK

The current network environment is provided and operated by the MLGCA's incumbent service provider – Scientific Games International, Inc. The Contract resulting from this RFP will require the Contractor to provide and operate a Telecommunications Network as described in this RFP.

The current network is approximately 98% VSAT supported by SpaceNet and Scientific Games International, Inc. There are two (2) hub sites, one in Chicago, IL and one in Marietta, GA. There are DS-3s linking the two hub sites to the PDC and BDC. The remainder of the current network is a mixture of CDMA, DSL and Comcast cable.

3.2.12 PROJECT BACKGROUND (or existing system environment)

The MLGCA's existing Contract for On-Line Gaming System (#2005-11) expires on June 25, 2017.

It is the MLGCA's intention to make a recommendation for award of the Contract resulting from this RFP in April 2016 and to submit that recommendation to the Board of Public Works for approval in May 2016. A Conversion Period of approximately one (1) year is anticipated to commence tentatively on July 1, 2016 and continue through June 25, 2017. The new LCMCS described in this RFP shall be fully operational by June 26, 2017. The Contractor shall install and make fully operational the LCMCS described in this RFP during the Conversion Period, occurring between the Effective Date until the expiration date of the existing contract. If the LCMCS is ready to become fully operational prior to June 26, 2017, the MLGCA may, at the MLGCA's sole discretion, direct the Contractor to initiate LCMCS operation at an earlier date.

The MLGCA has the following specific objectives for issuing this RFP and entering into a Contract for the implementation and operation of the Lottery Central Monitoring and Control System:

1. To propose innovative and creative ideas that will lead to increased sales and revenues and to maximize net MLGCA proceeds for the State of Maryland;

2. To engage with the Contractor who will, over the term of the Contract, maintain creativity thereby assisting the MLGCA to maintain a competitive position with the other providers of entertainment;
3. To install an integrated LCMCS that will meet the gaming product needs of the MLGCA for the term of the Contract;
4. To operate the LCMCS, which includes but not limited to:
 - a. Data centers,
 - b. Draw Games and Monitor Games,
 - c. Instant Ticket Games distribution and tracking;
5. To obtain, install and maintain Terminals, supporting components, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize the risks for the MLGCA;
6. To obtain, install and maintain Terminals that will lead to high Retailer and player satisfaction for quality and performance;
7. To obtain, install and maintain a LCMCS that is sufficiently flexible to meet the MLGCA's evolving requirements;
8. To ensure that the proposed LCMCS and all related services are operational by June 26, 2017; and
9. To obtain a Contractor to provide all administrative services required in the operation of the LCMCS through the term of the Contract.

3.3 General Requirements

- 3.3.1 The following sections describe the Scope of Work and services specifications for the MLGCA's LCMCS. The Contractor shall be responsible for meeting all LCMCS requirements and shall be responsible for all technical functionality and business support.
- 3.3.2 The Contractor shall perform all work specified in Section 3 except the Additional Tasks (also called "Tasks") specified in Section 3.26. These Additional Tasks may be included or added to the LCMCS (individually or jointly) at any time in the sole and unilateral discretion of the MLGCA pursuant to a NTP. The Contractor shall submit pricing for all Additional Tasks as part of its Proposal. Contractor shall not begin any work on any Additional Tasks unless Contractor receives a written NTP from the MLGCA. Contractor acknowledges and understands that the MLGCA may choose not to proceed with any Additional Tasks.

Task I – E-Commerce Subscriptions

Task II – Host mdlottery.com Online Network

Task III – Secondary Communications Connection to Retailers

Task IV – Player Loyalty Club

Task V – MLGCA Customer Resource Center – Lanham, MD

Task VI – Additional Business Enhancements

- 1- Additional Non-standard Terminal or Self Service Terminal Types
- 2 - Alternate Payment methods from Players at brick and mortar retailers
- 3 - Other types of equipment and services (except Terminals)

3.3.3 The Contractor shall provide all Hardware required to fulfill the requirements of the Contract and shall remove and take possession of all Hardware upon expiration of the Contract.

3.3.4 The LCMCS shall provide comprehensive functionality, including but not limited to, the following overall business functions which shall be met by the Contractor:

1. Draw Games, Draw Game validation, Game management, and the operation of Draw Games
2. Instant Ticket validation, Instant Ticket inventory management, Instant Ticket distribution tracking and combined accounting and Retailer billing for Instant Tickets integrated with Draw Game billing
3. Primary and Back-up LCMCS and facilities
4. Repair, maintenance, updates, periodic replacement of Hardware and Software
5. All Hardware, Software and wiring required at the Retailer locations including all Retailer Terminal functions
6. Order entry (Instant Ticket, supplies, maintenance)
7. Administrative Access Points (browser based), user reports, and a database for user functions and ad hoc reports
8. Telecommunications Network with State-of-the-Art equipment and systems to connect all Retailer locations to the PDC and BDC and within the Retailer locations. Utilize wireless communications within a Retailer location to the maximum extent possible.
9. Tel-Sell/Predictive Ordering (see 3.9.2 and 3.9.8.2)
10. Back Office functionality (see 3.18)
11. Data Warehouse with Business Intelligence software and support. Supply Business Intelligence ("BI") tools, including Customer Relationship Management, allowing the MLGCA to better understand its players and their buying patterns, supporting the transformation of raw data into useful information which can guide the MLGCA in making decisions to maximize sales and revenue. Contractor supplied, web-based BI tools will provide reporting functionality, support for data mining techniques, business performance management, predictive analysis and more.

3.3.5 Required Project Policies, Guidelines and Methodologies

The Contractor shall be required to comply with all applicable laws, regulations, policies, standards and guidelines affecting information technology projects, which may be created or changed periodically. It is the responsibility of the Contractor to ensure adherence and to remain abreast of new or revised laws, regulations, policies, standards and guidelines affecting project execution. These may include, but are not limited to:

1. The State of Maryland System Development Life Cycle (SDLC) methodology at: www.DoIT.maryland.gov - keyword: SDLC;

2. The State of Maryland Information Technology Security Policy and Standards at: www.DoIT.maryland.gov - keyword: Security Policy;
3. The State of Maryland Information Technology Non-Visual Standards at: www.DoIT.maryland.gov - keyword: Contract Policies;
4. The State of Maryland Information Technology Project Oversight at: www.DoIT.maryland.gov - keyword: IT Project Oversight;

3.3.6 Any personnel provided under this RFP shall maintain any required professional certifications for the duration of the resulting Contract.

3.3.7 Replacement of Existing Hardware/Software

All existing Hardware and Software, with the possible exception of Retailer wiring, shall be replaced as a result of this RFP. All LCMCS components shall be delivered, installed, implemented, tested, certified by an independent laboratory, operational, and accepted by the MLGCA by the Start-up Date, unless otherwise directed in writing by the MLGCA. The Contractor shall obtain the MLGCA's pre-approval for all Retailer wiring being retained. All wiring, either new or retained existing wiring, shall be the responsibility of the Contractor.

Any existing MLGCA-owned equipment at Retailer locations not used by the Contractor shall be removed by the Contractor and disposed of or returned to the MLGCA for proper disposal, at the MLGCA's direction (see also Section 1.44).

3.3.8 Transition-In Requirements

The Contractor shall cooperate with the incumbent contractor or any other contractor designated by the MLGCA to accomplish all Transition Services and to ensure a smooth transition from the incumbent contractor's system to the new Contractor's LCMCS with no disruption of the MLGCA's operations or sales. See also Section 3.25 Conversion and Implementation.

3.3.9 Site Visits

The Contractor shall provide travel, lodging, meals and related expenses for up to two site visits per Contract year for up to four (4) MLGCA representatives for each site visit for the purpose of visits to the Contractor's corporate headquarters, data center, or other business location designated by the MLGCA. To the extent practicable, the State's Standard Travel Regulations (COMAR 23.02.01) shall be followed.

The selection of individuals to attend site visits shall be determined in the sole discretion of the Director or the Director's designee. Airline and rail transportation shall be purchased by the Contractor, utilizing the lowest logical air or rail fares available. Ground shuttle transportation may be purchased by the Contractor or reimbursed to employees using the State's Standard Travel Regulations. Lodging accommodations shall be purchased by the Contractor, utilizing where practicable only those properties that would provide a government rate to Maryland state employees on government business.

Meals and reimbursable expenses other transportation and lodging shall be reimbursed to the State after the state employee submits itemized receipted bills and other supporting documentation as required by the State's Standard Travel Regulations. Expenses made by employees in excess of those permitted under the State's Standard Travel Regulations shall be reimbursed by neither the State nor the Contractor.

A modest working lunch during site visits may be provided at the Contractor's expense if the Contractor's representatives are present at the same time and if leaving the site would be counterproductive and inefficient.

3.3.10 Transition-Out Requirements

The Contractor shall fully cooperate with any subsequent contractor or any other contractor designated by the MLGCA to ensure a smooth transition from the Contractor's LCMCS to the new contractor's system with no disruption of the MLGCA's operations or sales. This shall include, but not be limited to:

1. Transfer of all current sales and cashing information
2. Transfer of historical data from the Data Warehouse
3. Removal of all equipment from Retailer locations within thirty (30) days of the end of this Contract

3.3.11 Status of Hardware and Software at Time of Proposal

As stated in Section 2.1, the LCMCS, including all Software and Hardware proposed shall, at the time of proposal submission, be State-of-the-Art and in operation in a NASPL lottery or other international lottery. The MLGCA shall have the sole right to determine if the proposed LCMCS is State-of-the-Art at the time the proposal is received.

The MLGCA will consider other elements of the proposed LCMCS, such as Terminals, etc., that are at the specifications or concept stage, early in development, or that are products announced but not yet ready for manufacture and delivery. However, any such element shall be available for inspection by the MLGCA at the time of evaluation at which time the element shall be hooked-up to a live or test system, and capable of being fully demonstrated and successfully operating in order to be considered.

3.3.12 Certification

The Contractor shall contract with an independent testing laboratory to test and certify that the Contractor's LCMCS is performing according to specifications. At the conclusion of certification and deployment, the external testing company shall issue a certification report stating that the LCMCS meets specifications as defined in a LCMCS specifications document developed by the MLGCA and Contractor. The Contractor shall be responsible for correcting any exceptions and implementing all recommendations on a timely basis at no additional cost to the MLGCA. Progress reports as well as supporting documentation regarding the status of the correction of exceptions or implementation of recommendations may be required at specified times as determined by the MLGCA.

The Contractor shall be responsible for all costs associated with LCMCS testing and certification. The independent testing laboratory shall interact directly to the MLGCA.

The independent testing laboratory selected shall be identified as part of the Proposal. The MLGCA has the unilateral right to accept or reject the Contractor's choice of an independent testing laboratory. The MLGCA has the right to request a change to the independent testing laboratory during the Contract term and any option period(s), if exercised.

The independent testing laboratory shall test and certify that the following meet specifications:

1. The LCMCS

2. All RNGs utilized for Monitor Games
3. All RNGs utilized for Quick Pick bets on all Terminals
4. Any other RNGs utilized

The MLGCA may, at any time during the term of this Contract, require the Contractor to have any or all of the above retested and recertified by the independent testing laboratory, at no charge to the MLGCA.

The independent testing laboratory shall test and certify the RNGs on all Terminals as part of any change to the Terminal Software that impacts the RNGs used to create Quick Pick bets on all Terminals. All RNGs shall be certified after any software modifications.

The independent testing laboratory shall test the LCMCS based on the items defined in the specifications document developed by the MLGCA and Contractor.

The independent testing laboratory shall assist the MLGCA in developing and implementing testing scripts to assure that all converted data is accurate and that the LCMCS and all Hardware meet all required specifications. The independent testing laboratory shall have sufficient personnel on-site during testing to perform this function.

3.3.13 Performance Period for Acceptance

The LCMCS must perform in accordance with the technical specifications set forth in the Contract for a period of ninety (90) consecutive days after completion of the Conversion Period and Start-up of the LCMCS. Upon expiration of the ninety (90) day Conversion Period, the MLGCA will either accept or reject the LCMCS dependent upon its performance. Failure to satisfy the performance period may result in the Contractor's obligation to remove and replace the LCMCS.

3.3.14 Product Substitution/Technical Enhancements

1. A product or device provided by the Contractor during the term of this Contract may be substituted by the Contractor only under the following conditions:
 - a) The item has been discontinued by the manufacturer or has otherwise become obsolete or;
 - b) The substitution shall be pre-approved in writing by the Procurement Officer.
2. Enhancement or replacement of obsolete or obsolescent technology may be accepted by the State at its sole discretion. Any request for such enhancement or substitution shall be submitted in writing to the Procurement Officer and the Contract will be amended accordingly.

The replacement item shall be of equal or greater performance and technical capabilities than the item being replaced.

Any request for substitution shall be submitted in writing to the Procurement Officer. The request shall include the reason for substitution; a list of the items being replaced; a list of the replacement items including product documentation, literature, etc.

3. During the term of the Contract, the State may desire to incorporate new products or technologies that are within the scope of the Contract but were not available in the marketplace at the time of execution of the Contract. Such new products and

technologies may offer significant advantages to the State in terms of economy, efficiency, quality, effectiveness and increased sales and revenue, and therefore it may be in the State's interest to take advantage of such new products or technologies in a manner consistent with applicable law and the Contract.

4. Nothing in this Contract shall preclude the MLGCA from utilizing future technical enhancements to the LCMCS that may become available from the Contractor, so long as the price charged for such possible future enhancement is fair and reasonable.

3.3.15 Custom Software

1. As described in the sample Contract (Attachment A), the State shall solely own any custom software, including, but not limited to application modules developed to integrate with a COTS, source-code, maintenance updates, documentation, and configuration files, when developed under this Contract.
2. Upon a Contractor's voluntary or involuntary filing of bankruptcy or any other insolvency proceeding, Contractor's dissolution, Contractor's discontinuance of support of any software or system, the Contractor shall convey to the State all rights, title, and interests in all custom software, licenses, software source codes, and all associated Software Source Code Documentation that comprises any solutions proposed as a part of the Master Contract or Contract. These rights include, but are not limited to, the rights to use, and cause others to use on behalf of the State, said software, software documentation, licenses, software source codes, and Software Source Code Documentation.

3.3.16 Custom Source Code

1. For all custom software provided to the State pursuant to any Contract, the Contractor shall either provide the source code directly to the State in a form acceptable to the State, or deliver two copies of each software source code and software source code documentation to a State-approved escrow agent following the terms set forth in the sample contract (Attachment A) and in Section 3.3.17.
2. The State shall have the right to audit software source code and corresponding software source code documentation for each software product that comprises the solution as represented by the Contractor. This audit shall be scheduled at any time that is convenient for the parties to be present. The State shall be provided with software or other tools required to view all software source codes.
3. The Contractor shall provide the current source code and documentation for all custom software to the State at the time of Contract termination.

3.3.17 Source Code Escrow

1. The Contractor shall cause the escrow agent to place the software source code in the escrow agent's vaulted location that is located in the Baltimore/Washington area of Maryland that is acceptable to the State. Two copies of the source code shall be stored on compact discs or other media designated by the State in a format acceptable to the State, and shall be easily readable and understandable by functional analysts and technical personnel with the skill set for that type of component, subcomponent, or software code. Source code shall be sent to the escrow agent within five (5) days of any new or updated software being put into production. The Contractor shall provide the Contract Manager written notice that the

software has been sent to the escrow agent. The escrow agent must provide written notice to the Contract Manager that the software has been received.

2. The Contractor shall provide the following:

- a) Name, address, and telephone number of the third party that acts as escrow agent;
- b) Source code escrow procedures;
- c) Name, address, telephone number of party who audits escrow account;
- d) Frequency of updates and maintenance of source code at escrow agent; and
- e) Description of third party licensing arrangements and associated costs.

3.3.18 Data

1. Data, databases and derived data products created, collected, manipulated, or directly purchased as part of a RFP shall become the property of the State. The purchasing State agency is considered the custodian of the data and shall determine the use, access, distribution and other conditions based on appropriate State statutes and regulations.
2. Licensed and/or copyrighted data shall be governed by the terms and conditions identified in the Contract or the license.

3.3.19 Random Number Generator Security Scan, Vulnerability and Risk Assessment

1. MLGCA utilizes RNGs provided by the current service provider to draw the winning numbers for Keno, Racetrax, and second change drawings for 5 Card Cash. There are two RNGs in production which continuously generate a combination of numbers; the draw/winning numbers selected alternate between two RNGs every other game. The RNGs are certified prior to use in production and locked in a cabinet controlled by MLGCA. The security, integrity, and randomness of the RNGs are vital to the success of the MLGCA.
2. Ongoing Schedule:
 - a) RNGs and associated equipment must undergo an annual vulnerability and risk assessment
 - b) A security scan of the RNGs and associated equipment shall occur every 6 months
 - c) Anytime the RNG or associated software is modified a security scan and certification of the RNG is required
 - d) The MLGCA may require other periodic scans of the RNG devices on a schedule as determined by the MLGCA to ensure the integrity of the RNG Devices and that they have not been compromised.

3. Description of Scans and Assessments:

The requested review must be performed by an independent certification laboratory approved by the MLGCA (see 3.3.12) and include a security scan, integrity review, and an annual risk and vulnerability assessment to identify existing vulnerabilities, and whether the security of RNGs or associated systems have been compromised in any fashion. The methodology/standard of the assessment should be conducted in accordance with National Institute of Standards and Technology (NIST) Special Publication (SP) 800-30, Risk Management Guide for Information Technology Systems.

Minimally the scan, integrity review, and risk and vulnerability assessment performed by the certification laboratory must include the following:

- a. A forensic image of RNG data storage devices must be created. The RNG, its operating system, all other software and data on the devices as well as the unallocated areas on the storage devices must be imaged. A copy of this image file in a non-proprietary format must be provided to MLGCA IT and Security staff. Vendor will not be authorized to release the contents of the scan or the results of their services to any entity other than the MLGCA without MLGCA's express prior written approval;
- b. An initial analysis of the operating system must be conducted, to find and recover any and all deleted files and directories, and perform a hash and signature analysis of the active files on the system. These must be compared against known hash signatures from the NIST database and a list prepared of files that fail to match known NIST signatures;
- c. The Contractor will provide a verified copy of the RNG application to the certification laboratory with associated hash values, and these must be compared against the RNG system to identify any additional or modified files;
- d. A review of the system registry and system logs to extract any information related to the executed files, connected storage device information, network connections and other use related information. A report must be prepared to summarize devices connected to the RNG;
- e. Link files must be extracted and a report of activity for review and analysis. The analysis must identify applications and files expected or accessed on the RNG;
- f. The system must be booted in virtual environment to review active applications and procedures in memory, to identify any applications or procedures that may be running in memory that are not otherwise anticipated. A summary of questionable applications must be generated for further analysis;
- g. Any additional analysis in the event any of the procedures set for above identify questionable or suspect activity or files on the RNG;
- h. Validate that the RNG is successfully and accurately passing the draw/winning numbers to the hosts and that the process is secure and has adequate controls in place to mitigate errors or tampering.
- i. A final encompassing risk and vulnerability assessment must be prepared and a report provided to the MLGCA indicating that
 - i. No risks or vulnerabilities were determined or
 - ii. What risks or vulnerabilities were detected
 - iii. An assessment of those risks or vulnerabilities
 - iv. Recommendations

Following a request by the MLGCA, the above security scan, certification, and assessments must be completed and reported within the time-frame agreed upon between the MLGCA, the Contractor, and the selected certification laboratory. The Contractor shall be responsible for correcting any exceptions and implementing all recommendations on a timely basis at no additional cost to the MLGCA. Progress reports as well as supporting documentation regarding the status of the correction of exceptions or implementation of recommendations may be required at specified times as determined by the MLGCA.

3.3.20 News/Press Releases

The MLGCA is the only entity authorized to issue news releases relating to this Contract and performance there under. The Contractor shall not issue any news or press releases or any commercial advertising pertaining to this Contract or to the MLGCA or Commission without the prior written approval of the Procurement Officer.

3.4 LCMCS Requirements

3.4.1 PRIMARY SYSTEM REQUIREMENTS

The Contractor shall provide to the MLGCA the following Hardware and other services for the duration of this Contract and any extension thereof in order to meet all MLGCA requirements at the Start-up date and for all on-going operations:

Functionality

1. The LCMCS shall support multiple types of games and meet the data retention requirements including but not limited to:
 - a. Instant Games,
 - b. Draw Games, and
 - c. Monitor Games.
2. The LCMCS, as delivered, shall have the ability to process at a minimum 32,000 combined transactions per minute; these combined transactions include wagers, cashing (validations) and cancellations.
3. The LCMCS shall have at a minimum the capacity in all hardware and software aspects to accommodate 300 concurrent Instant Games. This includes distribution, sales and validation.
4. The LCMCS shall provide the capacity for a Draw Game sales day of at least a ten (10) digit dollar amount (\$99,999,999.00) and Draw Game jackpots of at least a thirteen (13) digit dollar amount (\$99,999,999,999.00).
5. The LCMCS shall support all current and future products offered to the public by the MLGCA. This shall include all games as described within this RFP, games introduced by the MLGCA between the issuance of this RFP and the LCMCS Start-up, and any future games. The LCMCS shall also be capable of incorporating additional promotions.
6. The MLGCA shall have the ability to use any and all games the Contractor has or develops during the term of the Contract, including any games between the issuance of the RFP and Contract award. The Contractor shall provide updates to a list of State-of-the-Art Games for the MLGCA's use within the LCMCS.
7. The LCMCS shall support 99.99% uptime during Normal Business Hours processing as more fully described in Section 3.30 Liquidated Damages.
8. The LCMCS shall record each transaction at both the PDC and BDC before such transaction result is returned to the Terminal.
9. The LCMCS shall meet the performance requirements with the specified Terminal types and shall be operational during each and every Business Day for the specified number of hours. The LCMCS shall support twenty four by seven (24x7) operations. The LCMCS shall have

available all Retailer functions supporting the sale and validation of MLGCA products and all administrative and management functions (e.g., claims processing, Retailer management and maintenance) at all times during every Business Day.

10. When communication between the LCMCS and a Terminal is disrupted, the components shall automatically resume processing as soon as communication is restored without any loss of data.
11. The LCMCS shall support an unlimited number of Promotions.
12. The LCMCS shall be configurable and capable of future scaling and expansion of Transactions, data storage, Retailer locations, number of Terminals and additional Terminal types.
13. The LCMCS shall be able to activate, de-activate and re-activate all MLGCA functions (including limiting product offerings) or specified gaming functions for the entire Retailer network or for specified Retailers or groups of Retailers at any time (i.e., the ability to sell and validate Draw or Instant Games). Contractor shall document the procedures and processes.
14. The Primary and Back-up LCMCS shall support real-time video recording and retention of all monitor game displays for a minimum period of forty five (45) days. These recordings shall be maintained by day and be available for MLGCA review upon request.
15. Alarms and monitoring devices shall be in place and shall automatically notify the MLGCA if any part of the LCMCS goes down.
16. The LCMCS shall be capable of issuing Tickets for up to 365 days of Advance Play. The Advance Play feature shall be capable of issuing the same numbers for all advance Drawings. Advance Play shall be initiated either by Play Slip or Retailer Terminal input. The LCMCS shall issue a replacement Ticket for remaining Drawings in the event a winning Ticket is presented for Validation prior to the last Drawing of the Advance Play Ticket.
17. Sales Threshold and Sales Threshold Alerts:
 - a. A sales threshold shall be able to be set for variable dollar amounts as directed by the MLGCA. Currently, the sales threshold is \$7,500. The LCMCS shall be capable of setting this threshold by Retailer as directed by the MLGCA.
 - b. A sales threshold shall be able to be set for all Retailers as well as for any individual Retailer.
 - c. The LCMCS shall provide an automatic notification to the MLGCA whenever sales of a specific game at a Retailer exceeds the sales threshold (a Sales Threshold Alert).
 - d. The LCMCS shall provide an automatic notification or alert directly to designated MLGCA personnel via e-mail and a LCMCS generated report which identifies, in real-time, any Retailer Terminal that reaches MLGCA established threshold dollar amounts and incremental increases for all games. Information provided in a Sales Threshold Alert shall include, but not be limited to, Retailer name, Retailer number, address, contact name, phone number, sales amount, and date and time threshold was reached.
 - e. The LCMCS must allow disabling of sales on one or more specific games for a specific Retailer. Once notified, a representative from the MLGCA Security Division may contact the Contractor's Operations staff and direct them to disable sales on one or more specific games for a specific Retailer.

18. The LCMCS shall provide the MLGCA with the ability to have the Terminal print multiple copies of the claim ticket as a receipt for the player, a receipt for the Retailer and a copy for the MLGCA.
19. The LCMCS shall provide the MLGCA with threshold reporting via AAP for cancels specific to a game at a rate specified by the MLGCA. The LCMCS shall notify MLGCA personnel directly via e-mail of Terminals that exceed a specified cancel threshold.
20. All game types and game administration functions for Draw, Monitor and Instant Games support shall be supported by a fully redundant configuration.
21. No single component failure shall cause a failure in any other system or component.
22. The LCMCS shall provide the ability for the Retailer to scan a player's previously played Ticket and recreate the exact same bets for a player for that game.
23. The LCMCS shall allow for and recognize variable expiration date time frames for vouchers, pre-paid cards and coupons.
24. The Contractor shall provide a Data Warehouse capable of storing all historical data as required by the MLGCA (See Section 3.24).
25. The Contractor shall provide Business Intelligence software, with Customer Relationship Management, capable of mining all data collected from any subsystems to assist the MLGCA in better understanding player behavior, buying patterns, etc.
26. Support all Back Office functionality as described in Section 3.2.8 and 3.18.

Functionality/Contractor Task

27. The Contractor shall:
 - a. Convert current Retailers to the new LCMCS,
 - b. Install new Retailers, and
 - c. Provide implementation, maintenance, day-to-day operations and
 - d. Resolve all outages on the Telecommunications Network which links all Retailer Terminals, devices and systems involved in operating the Draw Games, Monitor Games, and Instant Ticket accounting activities.
28. There shall be no cost to the MLGCA or to Retailers in resolving Telecommunication Network problems and/or repairs, including problems that involve wiring or devices internal to Retailer locations.

Hardware

29. The Contractor shall furnish: all equipment necessary to fully support the LCMCS and MLGCA operations as described in this RFP, including:
 - a. Computer Hardware and Software to support Draw and Monitor Games and functions and Instant Ticket accounting system functions. This Computer Hardware and Software shall have full redundancy.
 - b. Retailer Terminals with cash drawers. Terminals shall be provided and installed in Retailer locations.
 - c. AAPs shall be provided and installed at MLGCA offices.

- d. Retailer Terminal menus, keystrokes and reports shall be as consistent as possible for all functions shared by Terminal types.
- e. Monitors to support Monitor Games at Retailer locations. The Contractor shall maintain all Monitors such that the picture contents can be read from their installed location (e.g., burn in must not impair the ability to read the contents).
- f. Ticket Checkers capable of pre-validating Draw, Monitor, and Instant Game Tickets.
- g. Advertising and Game display monitors.
- h. Keno enunciator boards.
- i. Jackpot Signs.
- j. Scrolling Message Signs.
- k. Any other item, Hardware or facilities deemed necessary by the MLGCA for the efficient operation of the LCMCS.
- l. All Hardware shall have redundant power supplies.
- m. PSST capable of selling, validating and cashing all Draw, Monitor Games and Instant Games.

Consumables

- 30. The Contractor shall maintain sufficient inventory of all Consumables for both Retailers and players.
- 31. All Play Slips and ticket stock will be designed by the MLGCA and the Contractor and approved by the MLGCA.

Invalid Winning Tickets

- 32. The Contractor shall be liable for all winning Tickets issued by the LCMCS and presented for redemption that are not identified as valid, winning Tickets on the validation files, for which the MLGCA becomes liable for payment.

3.4.1.1 Failover

- 1. The Contractor shall provide a LCMCS configuration, which assures no loss or corruption of data, minimal service disruption and no loss of games processing continuity in the event of a hardware or software problem or failure.
- 2. The backup LCMCS shall immediately assume the transaction processing in case of a failure in one portion of the system, without loss or corruption of any data and transactions received prior to the time of the failure.
- 3. The procedures for operations staff regarding failures and backup and recovery shall be documented. A copy of the procedures shall be delivered to the MLGCA at least sixty (60) days before Start-up. The MLGCA shall have the right to review and approve the Contractor's procedures.

3.4.1.2 Operations Procedures

The Contractor shall create and document the procedures for computer operations staff, especially regarding failure situations. These procedures shall cover operations at both the PDC and BDC and clearly highlight any differences in operation between the two data centers. Included in these procedures shall be the process for failing over from one data center to the other as well as any failovers of the Telecommunications Network. The Contractor shall submit its procedures to the MLGCA for approval within forty five (45) days prior to Start-up Date.

3.4.1.3 Secure Connections

1. All components of the LCMCS shall meet or exceed the current ISO 15408 Common Criteria for Information Technology Security. (http://www.iso.org/iso/iso_catalogue/catalogue_tc/catalogue_detail.htm?csnumber=50341), as revised from time to time, and Contractor shall comply with all revisions within a time frame as directed by the MLGCA.
2. There shall be no ability to connect into the LCMCS from outside the Retailer Network, or from a remote non-Retailer Terminal or device without the MLGCA's pre-approval.
3. Any such capability, such as for remote monitoring or diagnosis of equipment or software, shall employ stringent security mechanisms such as message encryption, logging of sessions, etc.
4. Any connection to the LCMCS from outside of the Retailer Network shall trigger a notification to specified individuals at the MLGCA advising them of such access.
5. Connections to other remote systems and terminals shall be protected by firewalls, encryption, secure shell (SSH), Virtual Private Network (VPN) or other means. Any routers shall route traffic only to addresses defined in their routing tables as valid.
6. The acceptability of any security approach will be part of the Security Plan and subject to MLGCA pre-approval.

3.4.1.4 Time Synchronizing

1. All systems provided shall be time synchronized.
2. Synchronization with an external time standard shall be provided.

3.4.1.5 Data Interfaces

The Contractor shall provide and support all required interface files and data feeds to support MLGCA operations, including but not limited to, the MLGCA accounting system, the MLGCA website, MUSL, Mega Millions, and the CRM software. Existing interfaces are described in Section 3.2.8.1.

The Contractor shall develop new interfaces as required. New interfaces shall be developed and supported as directed by the MLGCA and be implemented within thirty (30) days of notification.

The Contractor shall provide a real-time interface for website updates of winning numbers as required by the MLGCA for each game.

3.4.1.6 Primary Data Center (PDC) Location

The Contractor shall provide and operate a PDC including, but not limited to, facilities, equipment and staff support which shall be used exclusively to support the MLGCA's Contract. This facility may be co-located within another data center as long as the Contractor can demonstrate that all equipment, access and personnel are separated from the remainder of the data center. This could be a walled off or fenced off area within a larger data center. The PDC shall be located within the continental United States and with the MLGCA's prior approval, may be located at a shared site with other business of the Contractor. If the PDC is co-located with other customers, a full description and network diagram shall be provided showing how the MLGCA's network will be kept separate from the other customers with no potential corruptions, mixing of data, or access to the MLGCA network from a non-MLGCA customer or unauthorized non-MLGCA location. Contractor shall be responsible for all PDC costs, including costs related to the acquisition, build-out, furnishings, maintenance, etc. All tenant improvements shall be performed at the expense of the Contractor.

3.4.1.7 LCMCS Acceptance Testing Facility

The Contractor shall provide an Acceptance Testing Facility, located within the same building as MLGCA's Headquarters, which shall be dedicated at all times for the MLGCA's use for Acceptance Testing. Acceptance Testing is the process by which the MLGCA verifies that the delivered LCMCS or LCMCS components meet all of the Contract requirements, meet the MLGCA's standards for quality and are acceptable for deployment into the MLGCA environment. The Testing Facility shall contain an independent system that is a complete set of computer systems and software consisting of the exact duplicate configuration of the PDC (Draw, Instant, database, Telecommunications Network, including terminal types and all peripheral devices) and have all combinations of equipment and system capabilities including communication types to allow any and all testing of the LCMCS and related hardware and software. The Facility shall meet the following requirements:

1. The Contractor shall provide dedicated space of a minimum of 500 square feet for acceptance testing with adequate room for all supporting Retailer Terminals and AAPs, printers, peripheral devices.
2. The dedicated space for acceptance testing shall have a separate climate control.
3. This space shall be fully finished at the Contractor's expense. The layout and design shall be approved by the MLGCA.
4. The Acceptance Testing Facility shall be available at all times to MLGCA personnel for acceptance testing of software and or hardware for initial Start-up and ongoing changes throughout the life of the Contract.
5. As operational configurations, processes, or devices change or upgrade, the testing and development systems shall mirror those changes.
6. The Contractor shall obtain proper permits and inspections and the physical area shall comply with all State and local building codes, laws and rules for facilities of its type.
7. The Contractor shall be solely responsible for the costs of Acceptance Testing Facility design and construction, and utilities and building services.

8. The Contractor shall supply all equipment required for testing. This includes all devices and connection types necessary to test websites, mobile applications and real time data feeds to other websites and third party vendors.
9. The Acceptance Testing Facility shall have all communications types the Contractor will utilize in the Telecommunications Network available at all times for the MLGCA testing staff.

3.4.2 BACK-UP SYSTEM REQUIREMENTS

3.4.2.1 General Requirements

1. The Contractor shall provide and operate a fully redundant Back-up LCMCS to the Primary LCMCS with minimal service disruption to the LCMCS and with no loss or corruption of data. Minimal service disruption is defined in section 3.30 Liquidated Damages.
2. The Back-up LCMCS shall meet the same performance and security standards as the Primary LCMCS, with no single point of failure. The Back-up LCMCS shall contain the capability to perform all management functions associated with Draw, Monitor and Instant Games, as well as being available remotely by communications from the PDC and BDC.
3. Data transferred to and recorded at the BDC shall always contain the most recent transactions. The Telecommunications Network shall have a routing mechanism independent of the PDC so that the BDC can be reached without the PDC.
4. The operational procedures for transferring control to the BDC shall be clear and concise. The Contractor shall provide and maintain an up to date disaster recovery plan as set forth in 3.27.12.
5. The Contractor must maintain a BDC at all times. If the approved BDC fails, then an alternate location must be operational within 30 days. The Contractor shall provide, at no additional cost, those systems, Facilities, and other components necessary to resume MLGCA sales under a two-site operational scenario. Data transferred to and recorded at the BDC shall always contain all most recent transactions, allowing a rapid Failover.

3.4.2.2 Back-up Data Center (BDC) Location

1. The Contractor shall provide and operate a BDC including, but not limited to, Facilities, Hardware and staff support (24/7/365/366) which shall be located in a different power sub-station, be served by a separate central office, and be at least one hundred (100) miles from the PDC to limit the chances that a disaster will affect both the PDC and BDC at the same time. The BDC must reside in the continental United States, and with the MLGCA's prior approval, may be located at a shared site with other business of the Contractor. If the BDC is co-located with other customers, a full description and network diagram shall be provided showing how the MLGCA's network will be kept separate from the other customers with no potential corruptions, mixing of data, or access to the MLGCA network from a non-MLGCA customer or unauthorized non-MLGCA location. Contractor shall be responsible for all BDC costs, including costs related to the acquisition, build-out, furnishings, maintenance, etc. All tenant improvements shall be performed at the expense of the Contractor.
2. Regardless of the location selected for the BDC, the Contractor shall provide a communication transport path between its PDC and BDC and the two MLGCA data centers to assure seamless

LCMCS continuity in the event of a major outage. Each of these transport paths shall be capable of supporting all of the traffic between all data centers, and the traffic between the Contractor's data centers and the MLGCA Data Centers.

3. The Contractor shall include in the BDC selection criteria a consideration of the sensitivity to potential adverse conditions such as earthquake, flood or local communications failure.
4. The Contractor may change the location of the BDC at any time if approved by the MLGCA.

3.4.2.3 MLGCA Backup Data Center

The Contractor shall supply separate secure space in either their PDC or BDC, depending upon geographic location, for the MLGCA Backup Data Center. This space shall at a minimum meet the following requirements:

1. Dedicated and secure/segregated data center space of two hundred (200) square feet to be utilized by MLGCA personnel for back-up servers and other equipment for the MLGCA's systems. Design layout shall be approved by the MLGCA. This space shall be protected by the same fire protection and back-up power as the PDC and BDC.
2. The Contractor shall supply a secure server cabinet, power and network infrastructure necessary to connect the MLGCA back-up servers to the MLGCA primary data center.
3. Provide a private circuit with at least 50 mbps with a latency of no more than five (5) ms between the MLGCA back-up servers and the MLGCA primary data center.
4. The Contractor shall be responsible for moving all MLGCA back-up servers and equipment currently located in the Lanham Customer Resource Center to the Contractor-supplied MLGCA Backup Data Center.
5. The Contractor shall provide IP surveillance cameras as required by MLGCA as identified in Section 3.27.7 #5 to monitor the MLGCA cabinets in the MLGCA Backup Data Center.
6. The Contractor shall supply HVAC in the data center as required.

3.5 Retailer Location Configuration

1. The Contractor shall be responsible for supplying all equipment, configuration and cable/wiring necessary for a fully functional Retailer location.
2. The Contractor shall be responsible for ongoing operational costs of equipment connectivity, the equipment, configuration, and cable/wiring at the Retailer location.
3. The Contractor is not required to install any electrical wiring for any of the devices in a Retailer location. All electrical receptacles required to support the Contractor's equipment shall be the responsibility of the Retailer.
4. Based on the solution proposed by the Contractor, the Contractor shall be responsible for supplying the equipment and furnishing the connectivity of all devices within a Retailer location. The Contractor shall be responsible for all costs associated with connectivity within the Retailer location. The Contractor shall furnish and pay operational costs for all

communications equipment and wiring necessary to connect equipment within the Retailer location and the equipment and wiring necessary to connect the Retailer to the PDC and BDC.

5. The Contractor shall provide all appropriate cabling and wiring necessary inside all Retailer locations connecting the Contractor supplied devices to the network. Where the network vendor provides a traditional wire line technology, such as frame relay, DSL etc., the Contractor shall provide the wiring between the network termination device (DMARC) and the network interface device. Similarly, where a radio device would require a separation between the network device and an antenna, the Contractor shall provide the cable and pay the cost of installation of connecting the cable to the antenna. (All cases including where the distance is in excess of 100 feet, the Contractor shall bear all costs of connecting the Contractor's LCMCS to the DMARC). If the Contractor proposes a Satellite-based communications network, the Contractor shall be responsible for all equipment, configuration and wiring necessary. The Contractor shall comply with all State and county building codes when performing any wiring at Retailer locations.

3.6 Telecommunications Network

The Contractor shall provide a Telecommunications Network that is sufficiently robust to support all of the MLGCA's current and future game offerings, current and future reporting, and other potentially network intensive needs such as digital marketing, etc. The Telecommunications Network shall be configured to communicate directly to both the PDC and BDC in such a way as to continue system operations if one of the Data Centers is off-line or non-operational.

3.6.1 TELECOMMUNICATIONS NETWORK REQUIREMENTS

The Contractor shall provide a statewide Telecommunications Network and associated Management Services that, at a minimum, shall:

1. Be operationally sound, maintain a high level of system availability, data integrity and security to minimize risk to the MLGCA.
2. Provide a flexible Telecommunications Network configuration that readily adapts and responds to market dynamics, meets changing MLGCA needs, and guards against technological obsolescence.
3. Replace the existing Telecommunications Network to take advantage of State-of-the-Art network technology and system management tools.
4. Collect essential network component and Terminal performance, configuration and error information to enable effective management.
5. Provide a set of network tools and processes that assure the successful operation of the entire Telecommunications Network, which shall be integrated into related business processes that address ongoing support activities. These services shall include, but not be limited to, the following:
 - a. Service Ordering – The Contractor shall support the business process of adding, removing or changing Retailer locations. Service Ordering includes, but is not limited to:
 - i. Plan the placement and connections needed for all equipment to be installed within Retailer locations.

- ii. Coordinate implementation of the network services with the MLGCA and Retailers.
 - iii. Assure adequate capacity and engineer the changes to the network management infrastructure, the WAN and related local access services that are needed to support the new or modified infrastructure.
 - iv. Ensure that all configuration changes are reflected in the appropriate management tools.
 - v. Engineer changes to the network management infrastructure as needed.
 - vi. Coordinate the installation of telecommunications services and Terminal equipment at Retailer locations.
- b. Telecommunications Network Configuration Management - The Contractor shall maintain an inventory of supplied components. Configuration management includes, but is not limited to:
- i. Maintain the appropriate level of inventory of all hardware items necessary to meet the Liquidated Damages outlined in Section 3.30.
 - ii. Make this inventory accessible to the Retailer Trouble Reporting Hotline personnel as defined in Section 3.21.3, network management tools.
- c. Performance and Availability Management – The Contractor shall provide active monitoring of the network components and Terminals to identify performance issues and service outages within the network. The Contractor shall provide solutions that are proactive in nature, by initiating corrective action upon detection rather than waiting to respond to a Retailer initiated trouble ticket. Performance and Availability Management shall include, but is not limited to:
- i. Coordination of service activities needed to restore service, eliminate chronic failure situations or correct network latency issues. This includes, but is not limited to:
 - (1) Provide a second and third level of escalation for network issues.
 - (2) Provide any diagnostic tools needed for complex problem determination situations.
 - (3) Implement processes and tools that facilitate the detection, isolation, prevention and correction of performance and availability issues.
 - (4) Monitor the utilization of network components using appropriate management queries and reporting.
 - (5) Monitor and report on the availability of all Contractor's Hardware, connections and the PDC and BDC and connections to both of the MLGCA Data Centers.
 - (6) Monitor each Terminal response time using appropriate Simple Network Management Protocol (SNMP) or similar type queries and reporting.
 - (7) When corrective action is required, the Contractor shall:
 - a) Create a trouble ticket within the Contractor's trouble ticket system. (See Section 3.21.3)
 - b) Coordinate all service actions with the Contractor's Hotline and the MLGCA.

- c) Interface with telecommunication carriers, Retailers, and the MLGCA to maximize availability and reliability of the network.
 - d) Close out trouble ticket.
 - ii. All network status and performance management tools shall provide both graphical status display of information and web-based reporting of key network conditions.
 - iii. Provide Network Liquidated Damages (“LD”) reporting applications so MLGCA staff may view the network LD trends using no special equipment.
 - iv. The Contractor shall provide a real-time visual display of Retailer network and Hardware status. Appropriate access to this system shall be provided to the Hotline personnel and Operators to enable them to properly monitor the network and be able to dispatch service personnel accordingly. If the site providing the display of Retailer and Hardware status is not co-located with the PDC, then connectivity shall be provided to connect this monitoring tool with the MLGCA’s headquarters so that MLGCA personnel can also monitor the status on the network.
 - d. Support TCP/IP open communication protocol for network transmissions and support (SNMP).
 - e. Mobile Terminal support capabilities shall be available for a wireless Terminal with the same functionality as a Retailer Terminal.
 - f. Tickets shall be logged on the Contractor’s trouble ticket system in real-time.
6. Provide a remote software management strategy that minimizes needed Telecommunication Network resources and includes, at a minimum, the following items:
- a. Support software distribution broadcasts that deliver new Terminal software that will subsequently be activated without interrupting MLGCA operation.
 - b. A Software distribution plan that includes processes for implementing new software on the Terminal and the ability to rollback to a known version of the software.
 - c. The ability to selectively implement new software on a subset of the Terminal population.

3.6.2 SECURITY

The Contractor shall provide encryption techniques that will eliminate and discourage attempts of any third party to eavesdrop on the Telecommunications Network and gain access to data that might compromise the integrity of the LCMCS.

The Telecommunication Network shall be made sufficiently secure, and shall be designed to protect against a disruption of service and corruption of data caused by any attempt to disrupt service by tampering with the Retailer network in a way that may not compromise the data but will interfere with the ability of the network to transmit data in a timely manner.

The Contractor shall provide a secure Telecommunication Network that meets the following minimum requirements:

- 1. Network Device Access: All systems and users requiring access to the network devices utilized in supporting MLGCA operations shall be approved by the MLGCA. Network devices shall support controls and procedures that allow the MLGCA to audit related network device access approved by any multi-jurisdictional associations of which the MLGCA may be a part and shall be approved by MLGCA.

2. Principle of Least Privilege: All networks related to MLGCA operations shall be designed with this principle in mind. Network access controls shall be utilized to allow only the required network services needed by specific systems or networks to be routed. Unneeded administrative protocols shall be unavailable. The Contractor shall document permitted ports, services and protocols and assume full responsibility for proper and secure management.
3. Secure External Transmissions: All data communications external to secured facilities shall be encrypted and secured. All data shall be encrypted from point of transmission to point of receipt, including any data transmitted directly from the Primary LCMCS to the Back-up LCMCS, to the MLGCA Data Center locations and other remote locations.
4. Firewalls: Shall be placed between any Data Center and external communications networks as well as any transmission that occurs between systems of different providers, even if they reside in the same data center.
5. Network: Sensitive data is defined in Section 1.2 and includes but is not limited to plays, validations, security codes, reports, and downloaded software. Commercially available encryption mechanisms are acceptable if approved by any multi-jurisdictional associations of which MLGCA may be a part, and if approved by the MLGCA.
6. Connections to LCMCS and Networks Not Dedicated/Private: Any connection made between the LCMCS that processes games transactions and any other systems or networks that are not private and/or dedicated to MLGCA gaming transaction processing (such as the MLGCA administrative systems and the Contractor's administrative support system and development/QA system), shall be effected through devices that detect and block or filter out unnecessary and unauthorized traffic and consistent with standards adopted by multi-jurisdictional associations, of which the MLGCA may be a part, and approved by MLGCA.
7. Software transfers shall be secured.
8. Intrusion Detection/Prevention System: The Contractor shall employ appropriate intrusion and attack prevention and detection capabilities. Those capabilities shall track unauthorized access and attempts to access the MLGCA's data, as well as attacks on the Contractor's infrastructure that supports the MLGCA's data.
9. Notification of Breach: Notification of a breach shall be reported immediately within thirty (30) minutes to the MLGCA's Security Department. Initial notification may be verbal but shall be tracked through the Ticket system and followed up with a written incident report.

3.7 Draw Games

3.7.1 GAMES

The Contractor shall provide Draw Games which are equal to or better than, in respect to quality, sales and revenue generation, the existing Draw Games specified in 3.2.3. At a minimum, the Contractor shall provide:

1. Pick 3 – Twice per day
2. Pick 4 – Twice per day
3. Multi-Match
4. Bonus Match 5
5. 5 Card Cash

6. Mega Millions
7. Powerball
8. Cash4Life (MLGCA will be joining the Cash4Life consortium in January of 2016)

3.7.2 CURRENT DRAWING CUT-OFF TIMES

The Contractor shall adhere to the following cut-off times for the draw games:

Game	Cut-Off time
Pick 3 Midday / Pick 4 Midday (Sunday)	12:24 PM
Pick 3 Midday / Pick 4 Midday (Mon-Sat)	12:24 PM
Pick 3 – Evening / Pick 4 Evening (Sunday)	8:05 PM
Pick 3 – Evening / Pick 4 Evening (Mon-Sat)	7:52 PM
Bonus Match 5 (Sunday)	8:05 PM
Bonus Match 5 (Mon-Sat)	7:52 PM
5 Card Cash (Sunday)	8:45 PM
5 Card Cash (Mon-Sat)	7:52 PM
Mega Millions (Tuesday and Friday)	10:59 PM
Powerball (Wednesday and Saturday)	11:00 PM
Multi-Match (Monday and Thursday)	11:17 PM
Cash4Life – Starting in 2016	9:00 PM

3.7.3 DRAWING PROCEDURES-MLGCA AND CONTRACTOR

To insure that the correct winning numbers are entered into the ICS and to verify that the numbers are correct and the same as what the Contractor has entered into its LCMCS, the Contractor shall follow these procedures after each Drawing:

1. The Contractor's Computer Operations staff members shall view the Drawing on television and write down the winning numbers on the Winning Numbers Drawing Sheet.
2. The Winning Numbers Drawing Sheet shall be verified by the Contractor via phone with the drawing official at the studio after the Drawing and with the faxed Drawing sheet from the studio.
3. The Contractor shall fax a copy of the Daily Activity Report to MLGCA IT Operations immediately after the games are placed in "Final Results Entered" status.
4. If there is no problem or any discrepancy the MLGCA operator shall check the numbers and the close time from the Winning Numbers Drawing Sheet with the Daily Activity Report

that is sent to the MLGCA after the game is placed into pay status. The Certification report shall indicate that the game is closed.

5. If the numbers or close time are actually incorrect after the game is placed in Pay Status, the MLGCA operator shall immediately call management and inform them of the problem. The operator shall call the Contractor to verify the correct numbers and or correct close time.
6. The Contractor IT Operator shall enter the numbers into the Winning Numbers Database.
7. The current Drawing Cut-Off Times are shown in the table in Section 3.7.2. These times are subject to change and games may be added or deleted during the Contract term.

3.7.4 MULTI-STATE GAME DRAWING PROCEDURES

1. Maryland participates in three (3) multi-state (multi-jurisdictional) games
 - a. Powerball
 - b. Mega Millions
 - c. Cash4Life starting in January of 2016
2. Drawings currently take place on:
 - a. Powerball / Wednesday and Saturday nights at 10:59pm.
 - b. Mega Millions / Tuesday and Friday nights at 11:00pm.
 - c. Cash4Life / Monday and Thursday nights 9:00pm.
3. All game data (sales, winning numbers & winners) is uploaded to MUSL via two (2) independent reporting systems provided to each state and contracted vendor by MUSL:
 - a. DRS – Daily Reporting System (State Use Only)
 - b. CARS – Computer Activity Reporting System (Vendor Use Only)
4. Contractor retrieves data from its LCMCS and enters it into CARS.
5. MLGCA data is retrieved for entry from its Internal Control System (ICS), and enters it into DRS.
6. Processing cannot continue to the next step until each entry of data between DRS and CARS matches exactly.
7. Upon successful balancing of DRS and CARS from all jurisdictions associated with each game, winners and next jackpot details are systematically announced by MUSL via their reporting system.
8. Local MLGCA officials are immediately notified of Top-Tier or High-Tier winners for each game.

3.8 Monitor Games

The Contractor shall provide Monitor Games which are equal to or better than, in respect to both quality and sales and revenue generation, the existing Monitor Games specified in 3.2.3. At a minimum, the Contractor shall provide two Monitor Games:

1. Keno
2. A Horse Racing-style Game

3.9 Instant Game Support and Accounting**3.9.1 GENERAL**

The MLGCA's Instant Ticket accounting system consists of all functions required to manage the Instant Games, including inventory management, game management, Ticket validation, order entry, ticket distribution and ticket and game accounting as described in this Section.

The requirements that follow regarding Instant Ticket accounting are expressed as Contractor requirements and represent the MLGCA's current business methods.

The Contractor shall perform the processing of all activities which support Instant Ticket accounting:

1. All LCMCS activities which support the Instant Ticket products shall be transaction-based in real-time. The processing of transactions shall be a secure process with appropriate audit trails provided upon demand for review. Errors and processing exceptions (e.g., bad PIN attempts, bad passwords, bad Terminal IDs) shall be logged in a file. This log shall contain Retailer number and all data pertinent to the error.
2. The LCMCS shall be capable of reading a special barcode on Instant Tickets and automatically validating those Tickets. This barcode is hidden under latex on the Tickets and shall not require a PIN to be entered.

At all stages of its life cycle, the ownership of each Pack shall be identified (See Section 3.9.6(1)). Each stage, or potential stage, of a Pack's life cycle is referred to as its status. Statuses shall include warehouse locations, received at Retailer location, activated, settled, returned, in transit, stolen, and destroyed, and any other status deemed necessary by the MLGCA.

3. The LCMCS shall track inventory status to the ticket detail level. Current ticket status (paid, stolen, etc.) and all status history shall be available for real-time retrieval, viewing and modification. The ability to mark all, one, or any range of tickets as stolen, lost, or any other security-relevant status, shall be available in real-time via a AAP.
4. The LCMCS shall have the ability to maintain inventory at multiple warehouses.
5. The LCMCS shall allow the scanning of packs into shipments in a given warehouse.
6. The LCMCS shall have the ability to scan Instant Tickets on a Terminal and produce shift and daily reports of Instant Ticket sales by game, price point or total, and be able to produce a report of Instant Ticket inventory remaining by Game.

7. The MLGCA has the right to approve any algorithm used in the Bar Codes used on Instant Tickets.

3.9.2 TEL-SELL REQUIREMENTS

The Contractor shall provide LCMCS functionality and personnel to interface with Retailers via phone to assist in the ordering and fulfillment of Instant Tickets.

The LCMCS shall provide Predictive Ordering functionality (See Section 3.9.8.2), creating recommended orders for each Retailer based on multiple factors including but not limited to: priority of the Game as specified by the MLGCA, sales history for the Retailer, the current inventory for the Retailer, the rate of redemption for existing inventory for the Retailer, the delivery timeframe for new orders, warehouse inventory of Games and sales based on statewide sales.

The LCMCS shall also allow the MLGCA to encourage sales of certain Games, giving them a higher priority for shipment than other Games of the same price point.

3.9.3 GAME DEFINITION REQUIREMENTS

1. The LCMCS shall support:
 - a. Three (3) digit game numbers
 - b. Four (4) digit game numbers
 - c. Game name
 - d. Pack data (Starting pack number - six (6) digit minimum, number of packs in game)
 - e. Ticket data (Cost of ticket, tickets per pool, ticket per pack, ticket dimensions)
 - f. Prize structure/levels (The ability to specify, for each prize level)
 - g. Prize Level and Prize Value
 - h. Prize Type (Low-tier, mid-tier, high-tier, cash or merchandise prizes).
 - i. An automatically printed prize verification is to be produced
 - j. The estimated and actual number of winners
 - k. A description of the prize
 - l. Start Order Date (Date when LCMCS adds game and allows walk-ins and trunk issues)
 - m. Start Activation Date (Date when Retailers may start activating packs)
 - n. End Order Date (Date when LCMCS removes Game and disallows walk-ins and trunk issues)
 - o. End Activation Date (Date after which Retailers may no longer activate packs of the game)
2. The LCMCS shall, by Game and date, handle variable Retailer sales and cashing commissions and Retailer bonuses.

3.9.4 GAME LOADING REQUIREMENTS

The LCMCS shall provide the ability to load the following data items from the Instant Ticket Supplier files (typically CD-ROM files or files downloaded from a secure FTP site):

1. Have the ability to handle games with Packs of tickets in various ticket quantities. The

LCMCS shall be able to handle total number of Packs per game to the Pack number limit (currently 6 digits) up to 999,999 Packs per game

2. The MLGCA currently settles all Packs @ \$300.00 per Pack regardless of ticket value except for \$20 tickets that are settled with a value of \$600. The LCMCS shall have the ability to vary the Pack size and settlement value per Pack (i.e., \$10 ticket with 60 tickets per Pack = \$600.00 value) and also settle on a Ticket by Ticket basis.
3. Pack file - includes carton numbers
4. Validation file - the validation files are bit-mapped files
5. Status file – game, Pack and ticket status file.

3.9.5 GAME CLOSING/REMOVAL REQUIREMENTS

The LCMCS shall provide:

1. End of redemption date parameter automatically stops validation (“Game Too Old” message);
2. End-of-game reports, which consist of a minimum of all Packs within a game and the last owner and status for each;
3. End-of-game purging, which consists of removing all Packs and game data from the LCMCS; although game specific data in the database shall remain unless otherwise specified by the MLGCA; and
4. If any packs remain in a Retailer ownership other than “sold” status, the LCMCS shall not allow the purging of the Game.

3.9.6 PACK STATUS/OWNERSHIP REQUIREMENTS

Movements from status to status shall be controlled via a matrix (referred to as the Pack Transition Matrix), which defines whether such a physical move is possible without interim statuses being required. Authorization to perform Pack movements from one status to another shall be controlled via the cross-referencing of the requesting user's authorization level with the Pack Transition Matrix. The Instant Ticket accounting system shall provide unique user authorization levels (referred to as the Security Grid). Access to the Security Grid and the Pack Transition Matrix shall be controlled by security access.

1. As a minimum, the LCMCS shall manage the following pack statuses:
 - a. Omitted by Instant Ticket Supplier
 - b. Stolen/missing from MLGCA
 - c. Available for distribution at warehouse
 - d. In transit between warehouses
 - e. In transit to Retailer
 - f. In DM trunk
 - g. Received by Retailer
 - h. Activated, available for sale
 - i. Settled, full Pack

- j. Settled, partially returned
 - k. Promotional
 - l. Stolen/missing from Retailer/DM/trunk
 - m. Full return, available for distribution at warehouse
 - n. Voided by Security
 - o. Destroyed by Security
 - p. Defective Pack
2. For each status, the LCMCS shall identify Pack ownership and location. The LCMCS shall provide real-time update capability for these statuses by management users, i.e., ability to change the status of a Pack via on-line access.
 3. The LCMCS shall provide:
 - a. The ability to specify allowable Pack movement between statuses, and who is authorized to make each move
 - b. The ability to move multiple Packs from one status to another, in bulk by: range of Packs, cartons, pallets, and shipments
 - c. The ability to move entire Retailer's inventory from one Retailer to another in bulk, from Retailer to DM, from DM to Retailer or from DM to DM in bulk
 - d. The ability to mark a Retailer's entire "active" inventory to a "sold" status in bulk.
 4. The LCMCS shall be capable of electronically exporting (downloading) inventory control information.
 5. The LCMCS shall have the ability to copy maximum count "quota levels" per game levels from previous games on the LCMCS.
 6. The LCMCS shall have the ability to create "blitz" distribution. This is generating orders for a specific Game to all Retailers all at once without affecting other re-ordering methods.

3.9.7 SHIPPING FULFILLMENT REQUIREMENTS

LCMCS requirements are as follows:

1. The LCMCS shall provide the ability to produce Pack/distribution lists on demand for the daily orders accumulated up to the time of request.
2. The LCMCS shall be capable of supporting multiple courier contractors simultaneously. The MLGCA's current Pack distribution methods consist of delivery primarily by UPS and, to a lesser extent, the DM.
3. The Contractor shall, at no expense to the MLGCA, provide the necessary interface with billing and tracking systems of the courier(s) selected by the MLGCA, which are currently UPS with FedEx as back-up. An automated interface may be required by certain courier systems.
4. The Contractor shall provide and maintain all Instant Ticket warehouse packing station equipment and software necessary to facilitate order entry, packing, labeling and

distribution of all Instant Tickets including, but not limited to: PCs, scanners, printers, etc. in both the Primary and Back-up Instant Ticket Warehouses. The MLGCA will determine how many Instant Ticket warehouse packing stations are required in both the Primary and Back-up Instant Ticket Warehouses.

5. The LCMCS shall create Bills of Lading in a format as specified by the MLGCA for both the Primary and Back-up Instant Ticket Warehouses.
6. The Contractor shall provide sufficient hand-held scanners to inventory Instant Tickets in the Warehouse and the software to support the scanning and uploading of this data into the LCMCS. After scanning the existing inventory of one or more Instant Games in the Warehouse, the data shall be uploaded to the LCMCS no later than sixty (60) minutes after the final inventory count, which shall then produce a report showing the scanned Inventory of each game compared to the LCMCS inventory.
7. The LCMCS shall enable Retailers to acknowledge ticket deliveries in a single transaction using a Bar Coded shipment number readable by the Terminal scanner.

3.9.8 ORDERING AND TRUNK ISSUE REQUIREMENTS

3.9.8.1 On-Demand Ordering

The LCMCS shall support Tel-Sell and DM trunk issuance by providing this function real-time, via an AAP and through the Retailer Terminal. On-Demand ordering refers to the issuance of Packs from the warehouse directly to a Retailer. DM trunk issuance is defined as the transfer of Packs from the warehouse to a DM for subsequent issuance to Retailers as the need arises (the Retailer recipients are not known at the time of transfer).

At a minimum, this function shall provide the ability to:

1. Include multiple Packs from multiple games in one order.
2. Optically scan available packs in the Warehouse, which then places the Packs into an order automatically.
3. Specify Pack number or Pack count.
4. Automatically provide printed receipt.
5. Transfer data to third-party shipping system for shipping label generation.

3.9.8.2 Predictive Ordering

The LCMCS shall contain an auto-reorder capability. The LCMCS shall monitor Retailer inventory in real-time, and automatically distribute Packs to those Retailers whose inventory levels have fallen below calculated specified levels. The LCMCS shall also allow uploading the specific levels via external media/files.

The auto-reorder feature shall be independent of the other re-ordering features, i.e., disabling the feature shall not in any way affect other re-ordering methods.

3.9.9 TICKET VALIDATION REQUIREMENTS

The LCMCS shall provide a real-time ticket validation capability, i.e., ticket information scanned or entered via a Retailer Terminal is immediately evaluated by the LCMCS, the ticket

status is updated, and the result returned to the Terminal. If the ticket is a winner, the result shall include the prize amount.

1. The LCMCS shall:
 - a. Prevent unauthorized access to the validation file and provide a complete audit trail of successful/unsuccessful access attempts.
 - b. Retain a historic record of the result of the validation transaction for 182 days in an accessible fashion and a total of three (3) years from final payment under this Contract.
 - c. Accept and Process a minimum of three (3) Instant Ticket Contractor validation algorithms, in order to validate tickets from more than one Contractor.
 - d. Recognize and process several categories of winners, e.g., low-tier, mid-tier and high-tier.
 - e. Support both GLEPS and non-GLEPS prize accounting.
 - f. Both Retailer Terminals and PSSTs shall be capable of scanning a special barcode to validate all Instant Tickets. This barcode will be under latex and not visible to players until the latex is removed. This shall be a one-step validation process, not requiring the manual entry of a VIRN.
 - g. The requirement to enter the VIRN number from under the latex if the Special Barcode is not available or is unreadable.
 - h. Distinguish between the Retailer's ability to pay the prize or the prize having to be paid by a MLGCA office.
2. In addition to updating the ticket status immediately, the validation task shall also update validation detail, Retailer validation totals and game validation totals.
3. The LCMCS shall be able to detect and display errors, including but not limited to:
 - a. Ticket number incorrectly entered
 - b. Ticket too old
 - c. Game is not active
 - d. Ticket had already been presented for payment
 - e. Invalid VIRN
 - f. Stolen ticket
 - g. Pack not activated
 - h. Invalid Barcode
 - i. Other messages as deemed necessary by the MLGCA

3.9.10 ACCOUNTING REQUIREMENTS

The LCMCS shall maintain Retailer financial accounts and process various financial transactions, which include charges for Packs, returns, prize payments, sales and cashing commissions, adjustments, and settlement.

1. The LCMCS shall be able to settle Packs (i.e., the action that causes the Packs to be billed to the Retailer) using various methods to include but not be limited to:
 - a. Settle by number of days after activation
 - b. Settle by percentage of value or count of tickets validated from a Pack
 - c. Settle immediately after activation
 - d. Vary the method by which Retailers settle a Pack from Retailer to Retailer
2. The LCMCS shall be able to Activate, Settle and account for Instant Tickets on a Ticket by Ticket basis for specific Retailers as defined by the MLGCA. The Contractor shall propose other Instant Ticket settlement options available on their LCMCS.
3. The LCMCS shall retain financial transaction history, by Retailer, for ten (10) years in the Data Warehouse and make these records accessible via system reports for a total of three (3) years from the final payment under this Contract.
4. The LCMCS shall generate the required reports and files necessary for the MLGCA to process funds due from Retailers on a weekly and/or as needed basis. The LCMCS shall support "Sweep on Demand" of Retailer accounts. The LCMCS shall automatically generate the MLGCA approved National Automated Clearing House Association (NACHA) file and transfer that file to the MLGCA designated financial institution.
5. The LCMCS shall provide the ability to track all status changes for any Instant Ticket or Instant Ticket Pack.

3.9.11 RETURNS REQUIREMENTS

As specified by the MLGCA, the LCMCS shall process Instant Tickets returned for credit. At a minimum, the LCMCS shall be able to scan the tickets and/or Packs returned. The process shall issue a credit to the Retailer and produce the corresponding accounting entries. The LCMCS shall also change the ticket/Pack status to prevent future validation.

3.9.12 RECEIPT OF PACKS REQUIREMENTS

1. The LCMCS shall provide a Bar Code (from pack or shipment insert) or manual entry of Pack receipts.
2. The LCMCS shall recognize the following conditions:
 - a. Successful receipt
 - b. Pack does not exist
 - c. Game is not active
 - d. Pack is not in transit to this Retailer
 - e. Pack has been activated

- f. Pack has been reported stolen
- g. Pack is in received status
- h. Pack has been settled
- i. Shipment is not in received status

3.9.13 PACK SWAP REQUIREMENTS

Pack swapping refers to the ability for DMs to accept a Pack received by Retailers into the DMs' vehicle trunk inventories. The LCMCS shall support Pack swapping by providing this functionality on Retailer Terminals and allowing swapped Packs to be issued to other Retailers or returned to the warehouse. The LCMCS shall:

- 1. Provide for Bar Code (from pack or shipment insert) or manual entry of Pack swaps.
- 2. Allow and track only Packs received by Retailer (not yet activated) to be swapped.
- 3. Allow and track swaps from Retailer to DM trunk (DM shall sign onto Terminal which will disable all Retailer functions and only allow DM functions until DM is signed off).

3.9.14 PACK ACTIVATION REQUIREMENTS

- 1. The LCMCS shall provide for Bar Code (from Pack or shipment insert) or manual entry of Pack activations.
- 2. The LCMCS shall recognize the following conditions:
 - a. Successful activation
 - b. Pack does not exist
 - c. Game is not active
 - d. Pack is not in this Retailer's inventory
 - e. Pack has not yet been received by this Retailer (still in transit to this Retailer)
 - f. Pack has been activated
 - g. Pack has been reported stolen
 - h. Pack has been settled
 - i. Invalid Bar Code

3.9.15 TICKET VALIDATION REQUIREMENTS

- 1. The LCMCS shall provide the following:
 - a. Ability to print multiple player receipts
 - b. Ability to redeem an Instant Ticket for any other MLGCA product
 - c. Ability to validate real-time
 - d. Ability to process multiple validations
 - e. Recognition of the following statuses:
 - i. Cash Winner, not paid, payable by Retailer

- ii. Claim Winner, not paid, payable by MLGCA
- iii. Merchandise Winner, not paid
- iv. Ticket from closed game
- v. Ticket from non-existing or inactive game
- vi. Ticket not a winner
- vii. Ticket already redeemed by another Retailer
- viii. Ticket already redeemed by the validating Retailer
- ix. Ticket stolen
- x. Ticket from a pack not yet activated

3.9.16 QUOTA LEVEL ADJUSTMENT REQUIREMENTS

1. The LCMCS shall allow the MLGCA to adjust quota levels for individual Retailers, by Game. Quota levels shall be visible and adjustable through the AAPs.
2. The LCMCS shall have the ability to upload and download quota levels from and to a specific media type as specified by the MLGCA.

3.10 Accounting Requirements - General

The LCMCS shall provide the ability to enter, update and delete adjustments specified by the MLGCA.

1. For each adjustment type, the LCMCS shall provide the ability to add/modify the following:
 - a. Retailer number
 - b. Debit or Credit amount
 - c. Debit or Credit
 - d. Reason (type of adjustment) - provide list for selection
 - e. Initials of person making the adjustment (posted automatically)
 - f. Comment field
2. The LCMCS shall allow the MLGCA to add, in real-time, an adjustment type.
3. The LCMCS shall have the capability to have a warning threshold on the amount of an adjustment, set per user. When the adjustment value exceeds the warning threshold, the system shall not automatically process the adjustment until a different user processes the adjustment. Only a different user with the permission to override the threshold shall be allowed to process an adjustment that exceeds a user's warning threshold amount. Each occurrence of the warning threshold reached shall automatically distribute e-mail warnings to specified parties as determined by the MLGCA.
4. The LCMCS shall provide the ability to apply, in one process, the same adjustment to Retailer groups.

5. The LCMCS shall generate the required reports and files necessary for the MLGCA to process funds due from Retailers on a weekly and/or as needed basis. The LCMCS shall support Sweep on Demand of Retailer accounts.
6. The LCMCS shall credit Retailer accounts for prizes paid by them in real time.
7. The LCMCS shall credit Retailer accounts for sales and cashing commissions and other items as determined by the MLGCA and changed from time to time.
8. The LCMCS shall accept and process adjustments as specified by the MLGCA. The LCMCS shall allow for categories of adjustments to be defined by the MLGCA. Posting of adjustments shall be from either an AAP or from computer files supplied by the MLGCA.
9. At the end of a Business Week, the LCMCS shall generate Retailer billing reports which combine game activity into one billing process. The LCMCS also shall generate reports for the MLGCA's finance department which detail the Business Week combined activity for each Retailer. The LCMCS shall also be capable of generating the required reports on any day of the week, or multiple times per week for any prior Business Week and for week-to-date.
10. Each day the LCMCS shall generate an electronic file as specified by the MLGCA containing Retailer financial account data for all game activity.
11. Promotional tickets are not chargeable to any Retailer account; they shall be accounted for in reports as required by the MLGCA.

3.11 Data Retention

3.11.1 Contractor Data and Records Retention

Unless otherwise stated in a specific section of this RFP, the Contractor shall retain and maintain all production data, transactions, records and documents in any way relating to this Contract for a minimum of three (3) years after final payment by the State under this Contract or until the expiration of any applicable statute of limitations, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State at all reasonable times.

3.11.2 System Data Retention

1. Retailer settlement data, which combines all game activity, shall be available to the Retailers for a period of at least eighteen (18) months. All data shall be retained in the Data Warehouse for a period of at least ten (10) years.
2. For Start-up, the Contractor shall be furnished data to be imported from existing systems. The Contractor shall import at least:
 - a. eighteen (18) months of data as furnished by the MLGCA, and
 - b. five (5) years of warehouse data from the existing Contractor and MLGCA's Back Office Systems.
3. The Contractor shall retain data from subsequent years during the Contract until at least ten (10) years of data is available in the Data Warehouse.

3.12 Amber and Silver Alerts

- 3.12.1 The Contractor shall provide the ability to display Amber and Silver Alerts at Retailer locations.
- 3.12.2 Amber and Silver Alerts shall be entered by the Contractor immediately upon receipt from the State and shall be updated as new information is received from the State.
- 3.12.3 Amber Alerts shall be shown full time on the Retailer Sales and Advertising Monitor screen until the Contractor is advised that they may be removed and shall be incorporated into the advertising graphics for all Monitor Games.
- 3.12.4 Silver Alerts shall be put into graphic rotation on the Retailer Sales and Advertising Monitor screen and shall be incorporated into the advertising graphics for all Monitor Games.
- 3.12.5 Both Amber and Silver Alerts shall be configurable to be displayed in one or more regions of the State.

3.13 MLGCA and Retailer Reports**3.13.1 GENERAL REQUIREMENTS**

- 1. All data shall be exportable to such file formats as Excel, CSV and text format.
- 2. The LCMCS shall provide two types of reporting capability: Regularly Scheduled Reports and Ad Hoc Reports.
- 3. The Contractor shall create new Regularly Scheduled and Ad Hoc reports throughout the term of the Contract.

The MLGCA anticipates that reporting requirements will change to reflect evolving business methods. The MLGCA requires that changes to both Retailer Terminal Reports and Management Reports be made throughout the term of the Contract at no expense to the MLGCA.

- 4. All reports shall be available based on an authority matrix to be specified by the MLGCA.
- 5. All reports shall be cancellable at any time without impacting other report generation or calculation.
- 6. The LCMCS shall provide a chronological report of all transactions by date, time, transaction type, Retailer number, transaction number and any other sort option as required by the MLGCA. The data to produce these transaction reports shall be available for a period of at least eighteen (18) months beyond the transaction date on LCMCS and for up to ten (10) years from the Data Warehouse.
- 7. The MLGCA requires maximum flexibility in utilizing the information that is contained on the LCMCS.
 - a. The MLGCA requires that the Contractor maintain a model (such as a relational database) specifically for the MLGCA containing data elements and relationships to be agreed upon by the MLGCA and the Contractor.
 - b. The data items shall be made current in real time or as close to real-time as possible.

- c. The database information shall include all information collected by the LCMCS.
 - d. MLGCA LCMCS users shall be able to, using the relational database architecture, develop, modify, save and schedule individual reports.
 - e. All information retrieved from the relational database architecture in user-developed reports shall be able to be indexed and sorted.
 - f. The MLGCA may require the Contractor to use database queries for additional data extraction.
- 8. The LCMCS shall provide the management users with the ability to view the same reports that are available at the Retailer Terminals.
 - 9. The LCMCS shall provide summary sales data for all games daily, by Retailer, by product, in a record format to be specified by the MLGCA.
 - 10. The LCMCS shall provide reports containing financial data, game results information and inventory information. The LCMCS shall display and/or print these reports at Retailer Terminals.
 - 11. The LCMCS shall provide the ability for management users to inquire into a Retailer's account history for a specified range of dates. The information provided in response to such an inquiry shall detail all financial activity and ticket inventory activity for the selected time period. The ability to select specific transaction types for a time period is also required. This account history shall be available to management users for a minimum of eighteen (18) months beyond the date of the Retailer transaction.
 - 12. Reports shall be able to be scheduled for automatic generation and distribution.
 - 13. There shall be warnings on report generations that will take over thirty (30) seconds. Reports taking longer than thirty (30) seconds will be allowed to run and shall have no impact on LCMCS performance.

3.13.2 RETAILER TERMINAL REPORTS

- 1. LCMCS reports shall be available upon demand on the Retailer Terminals in each Retailer location and shall be displayed on the Terminal screen and/or printed on the ticket stock. All reports shall be labeled as reports and include a "not for sale, report only" message to be defined by the MLGCA. Certain financial reports shall require a Retailer management pass code to be printed or displayed.
- 2. Reports shall reflect separate accounting, sales and game information for both the mid-day and evening Drawings of the Pick 3 and Pick 4 games.
- 3. Reports shall reflect separate accounting, sales and game information by price, theme and play type if so desired by the MLGCA.

3.13.3 MLGCA REPORTS

- 1. The following requirements shall apply to all Reports:
 - a. Reports can be requested through an AAP reports selection menu.
 - b. The MLGCA shall have the ability to view reports, print in PDF format and export in Excel, CSV or text format. For exported reports the data shall appear as it does in the printed version with column headings but no page headings.

2. Standard report parameters are required for all Reports which shall include, but not be limited to, the ability to:
 - a. Specify a date range
 - b. Specify detail level or summary level information, where applicable
 - c. Specify when (date and time) the report will be produced
 - d. Specify selection criteria where applicable
 - e. Specify Retailer categories (individual, chain, multi-Terminal)
 - f. Save reports in electronic file formats for ad hoc reporting and storage
 - g. Share reports in electronic file formats for setting into Microsoft Office product or similar software.

3.14 System Administration/Management Features

3.14.1 SECURITY-RELATED ACTIVITIES

1. The LCMCS shall provide the ability to add to or deny selected Retailer authorities, as needed, to include but not be limited to:
 - a. Define, enable or disable any Retailer Terminal or Terminal function. Retailer management actions shall be effective immediately in real-time without waiting for a batch run, and shall create an audit trail of the changes made, the date of the change and the user who made the change to a Retailer Terminal, for a period of 365 days.
 - b. Set thresholds on the number of consecutive bad validations and daily cumulative bad validations before a Retailer is disabled, and re-set threshold and/or override the current setting.
 - c. Set global and individual thresholds for invalid PIN attempts and bad validations.
 - d. Change the password of a Retailer's activation pass code and sign-on pass code.
2. Administrative Access Points (AAP):
 - a. The LCMCS shall support a two-step process for user account creation. The Contractor shall be responsible for creating all AAP users as directed by the MLGCA. The MLGCA shall be notified when the account is pending approval at which time the MLGCA will either approve or deny the account creation. No AAP accounts shall be activated without the approval of the MLGCA.
 - b. The use of AAPs shall be password and audit-trail protected. All AAP sign-on attempts, whether successful or not, shall be logged and shall reference the time, date, AAP and valid/invalid sign-on attempts. All transactions from the AAPs representing modifications to the LCMCS (such as game control parameters and winning numbers entry) shall be logged and protected by verification steps with a printout of both the entry and the verification.
 - c. The LCMCS shall prohibit the use of trivial or generic passwords (such as single characters and common dictionary words). The LCMCS shall require complex passwords, and periodic password changes of at least every 45 days. Passwords

may not be reused within a 12-month period. All applications and servers requiring authentication shall support the ability to enforce complex passwords, minimum life of password, maximum life of password, and minimum iterations of passwords.

- d. A complex password shall:
 - i. Be a minimum length of 8 characters
 - ii. Contain at least one special character (i.e. \$,!, @)
 - iii. Not contain the user's name or any part of the user's full name.
 - iv. Not contain leading or trailing blanks
 - v. Not contain more than two (2) consecutive identical characters
 - vi. Not be similar to passwords used in the past 12 months
 - vii. Contain two (2) of the following three (3) character classes:
 - 1) Lower case letters
 - 2) UPPER case letters
 - 3) Numbers
- e. Not more than four (4) invalid password attempts will lock the logon id and require a security administrator to reactivate the id.
- f. The Contractor shall provide the MLGCA a tool to administer access control, which shall be available on the AAPs and shall allow the MLGCA to control access to the LCMCS for both Retailer and MLGCA staff.

3.14.2 TRANSACTION INQUIRY

The MLGCA requires the ability to research transaction history files to verify the existence of any and all transactions. The purpose is to answer customer questions, to investigate fraud allegations, to gather information for presentation to courts as evidence, and similar such actions. The LCMCS shall have the ability to:

1. Enter transaction ID (if available) for look-up
2. View all fields of any transaction (or group of transactions) history immediately after the transaction has taken place (been recorded)
3. View or print transaction content

3.15 Internal Control System (ICS)

The MLGCA's ICS is currently provided by the incumbent On-Line Gaming System Contract via a subcontractor. This service shall be discontinued under this Contract. Instead, during the term of this Contract, the MLGCA will competitively procure its own ICS contractor.

There will be a Primary and a Back-up ICS. The Primary ICS will be located at the MLGCA's headquarters Data Center. The Back-up ICS will be located in the MLGCA Back-up Data Center at the Claims Center and Back-up Instant Ticket Warehouse. The Contractor shall provide all telecommunications circuits and equipment necessary to connect these systems.

The MLGCA processes all transactions for each Drawing to verify the number of prize winners for each prize level. This verification is initiated immediately after each Drawing, so that verification can be achieved as soon as possible. Also, the MLGCA executes an Instant Ticket accounting application that processes all Instant Ticket transactions to produce balancing reports for all major functional areas of the Instant Ticket application. This audit system and its associated processes are called the ICS.

All LCMCS transactional data shall be electronically transferred in a secured mode to the MLGCA's ICS at intervals specified by the MLGCA. This data shall be provided in near real-time and support check point balancing.

The Contractor awarded this Lottery Central Monitoring and Control System Contract shall be required to work cooperatively with the MLGCA's ICS contractor to provide full access to all data feeds required.

3.16 Games Development

The MLGCA's current games are described in Section 3.2.3.

The MLGCA plans to introduce new games, game modifications, and features throughout the term of the Contract. It is possible that some past Games/concepts may be brought back into production. The Contractor shall assist to develop, install and support these games at no cost to the MLGCA. During the term of the Contract the Contractor shall present to the MLGCA for consideration any new games or game modifications it believes will increase sales and revenue.

The Contractor shall review other available games and promotions used by other lotteries and present these games and promotions to the MLGCA. The MLGCA will determine if these games or promotions are a good fit with the MLGCA's current suite of games and promotions. If the MLGCA decides to implement one of these games or promotions, the Contractor shall develop a projected timeframe for its implementation and work with the MLGCA to develop a specifications document covering all aspects of the Game or promotion and a corresponding test plan.

In the event the MLGCA chooses to utilize a game or promotion owned by a third-party developer, the Contractor shall cooperate as fully with the third-party developer as if the third-party developer was the MLGCA, and shall coordinate all communications between itself and the third-party developer with the MLGCA.

3.16.1 PROMOTIONS, SECOND CHANCE DRAWINGS AND BONUSES

1. The Contractor shall provide as they become available new promotions, second chance Drawings, Retailer bonuses, and games to increase sales/revenue, including promotion research and design, at no additional cost to the MLGCA.
2. The Contractor shall take an active role in all aspects of sales and marketing in order to increase the MLGCA's long-term sales and revenue. At a minimum, Contractor involvement shall include:
 - a. Analyzing sales and trends.
 - b. Identifying sales opportunities within various parts of the State.
 - c. Analyzing MLGCA game offerings and making recommendations for changes.
 - d. Helping to design innovative promotions and analyzing the effectiveness of those promotions.

- e. Participating in Quarterly Marketing Strategy meetings with the MLGCA and assisting in formulating the slate of games, game changes and game promotions to be introduced in the coming twelve (12) months, and assisting in monitoring analyzing their progress.
 - f. On an annual basis, providing a “State of the Industry” Presentation which will incorporate a review of the industry, identifying new games, new gaming media, relevant technologies, sales trends, marketing plans and financial data.
 - g. Working closely with chain headquarters accounts to help make productive sales calls and technology demonstrations.
 - h. Maximizing customer service and Retailer training.
 - i. Participating in strategic planning sessions.
 - j. Developing on-going relationships with other lotteries to understand the rationale behind their sales programs, marketing plans and game ideas.
 - k. Recommending new merchandising ideas for the MLGCA.
 - l. Aiding in staffing MLGCA sponsorships.
 - m. Helping to conduct MLGCA and Retailer conferences.
 - n. Ensuring that MLGCA staff is fully trained on Terminal operations.
3. The Contractor shall maintain close communication with other lottery jurisdictions, gather information and use the data from these jurisdictions in a timely fashion. This shall include but not be limited to:
- a. Terminal promotions the Contractor has implemented for other lotteries.
 - b. Terminal promotions and marketing efforts in non-English language.
 - c. Coupon use and creation from Terminal-based promotions.
 - d. Terminal generated coupons (Bar-Codes) for cross and up selling promotions.
 - e. Redemption of coupons giving Retailers instant credit.
4. During the term of this Contract, and any extensions, the MLGCA will run promotions to enhance sales and promote/introduce games. These promotions will run at various timeframes in conjunction with Draw Games, Instant Games and outside vendors. All games shall be able to be used as a qualifier or promotional ticket within a promotion scenario.
5. Promotions may involve clerks, Retailer account owners, players, chain accounts or MLGCA sales staff.
6. The LCMCS shall provide flexibility in Terminal promotions so that different types of promotions can be implemented at the same time in different parts of the State and with different levels of intensity.
7. After SRS signoff there shall be a maximum three (3) month development turn-around time on all new games and new promotions.

8. A library of reports shall be available to track all promotion and game activity. Also, quarterly reports tracking national and international promotion trends and concepts shall be established.
9. The LCMCS shall be capable of limiting the use of Promotional Coupons to the purchase of MLGCA products.
10. The Contractor shall be capable of providing a broad range of promotional features, second chance drawings and Retailer bonuses should the MLGCA decide to include them. Listed below are several samples of promotions, second chance Drawings and Retailer bonuses. The MLGCA shall not be limited to these examples:
 - a. "Free Play" when several plays are purchased or other conditions specified by the MLGCA.
 - b. "Cross Promotion" between products that allow for discounts (e.g., buy "x" amount of Game A, either Instant or On-Line, and get "y" amount of Game B, either Instant or Online, free). Draw, Monitor and Instant Game products may be cross-promoted in combinations (e.g., Draw to Draw, Draw to Instant, etc.)
 - c. "Multiple Drawings" per Day for the same game, including Day/Night feature with the same Play for the day and night Drawings of a game.
 - d. "Bonus Draw" of more than one (1) winning number (set of winning numbers) at the MLGCA's option.
 - e. "Bonus Payoff" with a specified increase in the payoff for specified winning Plays at the MLGCA's option.
 - f. "Drawing Events" with varying the number of Drawings per game per week and/or the days the Drawings are conducted.
 - g. "Single Use Coupons" produced by third party sources for sales promotions. For example, a coupon may permit the bearer to obtain a free ticket from a Retailer. The coupons shall have Bar Code reading specifications similar to Instant Tickets. The Contractor's application software shall permit the use of coupon promotions. As part of this capability, the LCMCS shall read coupons with a traceable and accountable Bar Code/serial number (i.e. using a validation file).
 - h. "System Coupons" generated by the Terminal and LCMCS shall be capable of being used as part of a cross promotion and other marketing purposes.

3.17 Training, Research and Marketing Support

3.17.1 RETAILER STAFF TRAINING

1. The Contractor shall provide training for all new Retailers.
2. The MLGCA has the right of final approval for all training provided by the Contractor. The MLGCA has the right to train Retailers on financial matters.
3. The Contractor shall provide a comprehensive training program for all Retailers on the use of Terminals and sales and marketing which shall include, but not be limited to, the following:

- a) Length of training;
 - b) Location of training;
 - c) Topics to be discussed;
 - d) Method of delivery, such as one-on-one or classroom setting;
 - e) Procedure for tracking attendance;
 - f) Who will deliver the training - Contractor or Subcontractor; and
4. Provide a sample Retailer manual and indicate what other materials may be provided to a retailer.
5. The Contractor shall provide automatically generated daily reports to the MLGCA on scheduled and completed training.
6. The Contractor shall make ad hoc training reports available to the MLGCA on request.
7. For security purposes Terminals shall have a training mode. The screen color on the Terminal shall change when in training mode. Tickets produced in training mode shall be clearly identified as being void and not valid.
8. Training Materials:
 - a. The Contractor shall provide Retailers with Quick Reference Cards describing the most frequently asked questions and solutions.
 - b. The Contractor shall update training materials with each major MLGCA change in games or operations and distribute to Retailers before the effective date of the change.
 - c. The Contractor shall supply web-based training videos to be available on the Retailer Website to all Retailers. This training shall include but not be limited to Terminal usage, an overview of each game, specific training on each promotion, etc.

3.17.2 MLGCA STAFF TRAINING

The Contractor shall provide Training as directed by the MLGCA to include, but not limited to:

1. For MLGCA staff prior to conversion or other major revision to the MLGCA's games or operations. Training shall include all functions related to new AAP functionality, drawing and prize liability, at a minimum.
2. Training shall be provided to all appropriate MLGCA staff on the use of the Business Intelligence software and reporting from the Data Warehouse.
3. For new MLGCA staff and follow-up training to MLGCA staff upon request.
4. On the Retailer website.
5. On Claims Center operations.
6. Other training as directed by the MLGCA.
7. User Documentation:
 - i. The Contractor shall provide user documentation of its LCMCS in an electronic format approved by the MLGCA. The MLGCA will post this documentation on its internal network.
 - ii. The Contractor shall update its documentation with each software change. The update

shall be provided to the MLGCA in an electronic format approved by the MLGCA prior to Acceptance Testing.

- iii. The Contractor shall supply web-based operations manuals for all trainees.

3.17.3 MLGCA BUSINESS INTELLIGENCE REPORTING AND ANALYTICS TRAINING

The Contractor shall provide Business Intelligence Reporting and Analytics training for up to three (3) MLGCA employees before the system is in production use (prior to Start-up Date). The training shall be a certification program offered by the software provider or an authorized training partner for the software provider. The training may be delivered onsite, or at an off-site location but must be delivered in a classroom type environment (i.e., not online and not remote). In addition, the Contractor shall also provide a second certification program that meets the criteria stated in this section for up to two (2) additional MLGCA employees at any time throughout the term of the Contract.

3.17.4 ONGOING TRAINING, RESEARCH AND MARKETING SUPPORT

During the term of the Contract or any extensions thereof, the Contractor shall provide an annual budget to be used for research, marketing and training support activities, as required and approved by the Contract Manager. The budget amount for each Contract year shall be Eight Hundred Fifty Thousand Dollars (\$850,000.00). Any unused portion of this budget amount may be credited to the MLGCA, or rolled over for use in subsequent Contract years, at the sole discretion of the MLGCA.

1. Training Activities

The Contractor may be required to provide training on all games to Retailers, Sales and other administrative staff members of the MLGCA organization. Such activities include, but are not limited to, training about new products and technologies, informing Retailers about MLGCA product and marketing plans, and discussing the benefits of becoming a Retailer, and strategies. Activities could also be a forum for soliciting Retailer comments and feedback. Related activities may include, but are not limited to, providing guest speakers, presentation materials, premium items, site rental and food expenses, as requested by the MLGCA.

2. Research Activities

Activities that the Contractor may be required to perform in the research area include, but are not limited to, research projects on all games designed to learn more about existing players and potential players, uncover new product opportunities, and provide feedback on specific game concepts and designs. The types of research include, but are not limited to, focus groups, internet-based research and tracking studies.

3. Marketing Activities

The Contractor may be required to assist the MLGCA with the marketing of certain games. Types of activities the Contractor may be required to provide include, but are not limited to, assisting with all aspects of Retailer meetings and special events, developing advertising

flyers, producing promotional items, providing industry and/or motivational speakers, and assisting in the development of other marketing projects designed to increase both short and long-term sales and revenue.

3.18 Back Office Functionality

3.18.1 GENERAL REQUIREMENTS

1. The Contractor shall provide to the MLGCA Back Office functionality which meets or exceeds the current Back Office System as described in Section 3.2.8, and additionally meets the requirements below.
2. The Contractor's LCMCS shall support business functions that are currently managed through the MGCA's Back Office System. This includes the processing of Subscriptions, the Positive Pay file, 1099s, Check Writing, Claims, W-2Gs, Retailer Management, Annuities, Winning Numbers Line and Interface Files.
3. The Contractor shall be responsible for all equipment, forms and supplies necessary to meet all Back Office functionality.
4. A general overview of the functionality of each area is included below with specific details to be further defined in the Business Requirements after Contract award.

3.18.2 SUBSCRIPTIONS

1. The Contractor shall provide a subscription program that supports the MLGCA's current method of offering subscriptions and has the ability to support an expanded subscription program through which the MLGCA may offer subscriptions for all products for shorter or longer periods of time than is currently offered.
2. The Contractor shall be responsible for converting all current subscription data into its system and automatically generating renewal notices and cards in accordance with the MLGCA's current procedures.
3. The Contractor's system shall be able to accumulate winnings by subscribers, allow winnings to accumulate in player wallets and to generate a file of all subscription winnings so that winners can be paid through the State's payment system. The MLGCA may in the future want to offer players an opportunity to reinvest their winnings into future subscriptions.
4. The LCMCS shall be able to offer this option to the player and provide the player with real time information concerning winning balances.
5. The LCMCS shall be able to immediately notify the MLGCA of any jackpot winners as well as any winners over \$600.
6. The LCMCS shall be able to automatically generate the required W-2Gs and have the relevant information transferred into the year-end W-2G file.

7. The LCMCS shall be required to provide, on a daily basis, reports to identify the dollar amount of subscriptions processed, the amount won and provide any other financial data required by the MLGCA to report subscription activity.

3.18.3 POSITIVE PAY

The Contractor's LCMCS shall generate the MLGCA approved Positive Pay file and transfer that file to the MLGCA designated financial institution.

3.18.4 FORM 1099

The Contractor's LCMCS shall be able to reprint individual IRS Form 1099s for a period of five (5) previous calendar years. The Contractor shall supply all equipment and supplies required for the printing 1099s. The Contractor shall be responsible for converting and importing all current 1099 data at the start of the Contract as well as the previous five (5) calendar years' 1099 data into its system. Once all 1099 information for the calendar year has been entered and reconciled, the LCMCS shall produce a 1099 file meeting IRS and State specifications.

3.18.5 CHECK WRITING

The Contractor's LCMCS shall support the check writing functions of the MLGCA. The Contractor shall supply all equipment and supplies necessary to support the printing of checks for the MLGCA.

3.18.6 CLAIMS

The Contractor's LCMCS shall support all functions of the Claims process. Winnings in excess of \$600 and up to \$5,000 can be claimed at certain Retailers (called XCAP) or at the MLGCA Customer Resource Centers. Winnings in excess of \$5,000 must be claimed at the MLGCA Customer Resource Centers.

3.18.6.1 Claims - XCAP Retailers

At a minimum, the LCMCS shall require the Retailer to capture all information that is currently on the MLGCA claim form available at <http://cdn.mdlottery.com/wp-content/uploads/2013/11/Claim-Form-11-1-13.pdf>. This data shall then be used to generate and print the daily W-2Gs at MLGCA headquarters for all Claims paid by XCAP Retailers. This information shall also be automatically transferred into the year-end W-2G files. The LCMCS shall provide daily reports of all activity as well as other reports requested by the MLGCA to enable the reconciliation of W-2 activity to ensure that for all claims exceeding \$600, W-2Gs were produced and transferred into the year-end W-2G file. The Contractor shall furnish all Claim Forms and W-2G forms.

3.18.6.2 Claims - MLGCA Customer Resource Centers

The Contractor's LCMCS shall provide the MLGCA with reports that specify at a minimum, the amounts intercepted, the type of interception (e.g., child support, CCU, Voluntary

Exclusion) and from whom the amount was intercepted. The Contractor shall be able to program its LCMCS in order for interceptions to be made in a specified order.

Upon processing a claim in excess of \$5,000, the LCMCS shall automatically calculate the appropriate federal and State tax withholding rates. The LCMCS shall contain a field for both in-State and out-of-State rates, and recognize which rate to use. All fields storing both federal and State tax rates shall be easily modified as tax rates change from time to time.

3.18.7 FORM W-2G

The Contractor shall provide a LCMCS to print all required W-2Gs and maintain a file of all W-2Gs produced during the calendar year as part of the Claims process. The Claims process includes all claims processed through the LCMCS, second chance drawings, and payments made to annuitants. The LCMCS shall also enable the MLGCA to enter merchandise. The LCMCS shall be flexible in specifying the calendar year, as the calendar year is defined based on when a claim is made and a check is received. Once all W-2G information for the calendar year has been entered and reconciled, the LCMCS shall produce a W-2G file meeting IRS and State specifications. The Contractor shall be responsible for all equipment and supplies necessary to produce W-2Gs for the MLGCA.

3.18.8 RETAILER MANAGEMENT

1. The Contractor shall supply a fully functional Retailer Management module enabling the MLGCA to move Retailers from Prospective Retailers created through the Retailer Website to active Retailers, generate the appropriate installation paperwork and track the Retailer through the process until they are trained, installed and selling.
2. The LCMCS shall allow MLGCA personnel with the proper authority to update information about the Retailer.
3. The LCMCS shall be capable of recoding bank account information and be able to reuse an old bank account number if necessary. The banking information is used in the generation of the weekly sweep file for the MLGCA.
4. The LCMCS shall allow for up to ten (10) owners for each Retailer reflecting their percentage of ownership.
5. The LCMCS shall be capable of recording Bond information for specific Retailers, and generating a report showing Bonds that are about to expire. The MLGCA shall have the ability to suspend sales for any Retailer for either all games or a specific game.
6. The LCMCS shall capture and report on the telecommunications type used to connect the Retailer to the network shall also be reflected in the Retailer information.
7. The Contractor shall be responsible for converting all existing Retailer data from all applicable sources.

3.18.9 ANNUITIES

1. The LCMCS shall have the ability to track annuitants and associated annuity information for the life of the annuity.
2. The LCMCS shall also have the ability to track annuity assignments.
3. The LCMCS shall produce quarterly reports showing annuities due payment for a given time period and annuities that have reached their last payment date. Once the quarterly annuities are approved for payment, the LCMCS shall print W2-Gs for each individual. Annuities that have reached their last payment shall be removed from future reports but remain in the system for reference purposes. The LCMCS shall have the ability to produce monthly reports, reports of changes made, and other reports as required by MLGCA.

3.18.10 WINNING NUMBER HOTLINE

The Contractor shall provide to the MLGCA a Winning Number Hotline which meets or exceeds the current system as described in Section 3.2.8.3 K and is fully managed by the Contractor.

3.18.11 INTERFACE FILES

The Contractor shall provide an interface for the near real time exchange of information between the LCMCS and the MLGCA's accounting systems. The exchange of data shall occur daily on a schedule and method dictated by the MLGCA. The MLGCA anticipates that the exchange of data between systems shall encompass data pertaining to sales, subscriptions, Instant Tickets and returns.

3.19 Retailer Management System

3.19.1 LOTTERY SALES FORCE AUTOMATION (LSFA)

Contractor shall provide a LSFA tool to assist the DMs in working with Retailers to increase sales of MLGCA products. This product shall provide capabilities equal to or greater than the current version of "Hudson Alley's OnePlace Enterprise™" described in Section 3.2.9.

The Contractor is responsible for all costs associated with the requirement to include, but not be limited to, software licensing, hosting, equipment (tablets, printers servers, etc.), all communications costs for connecting the devices to the system allowing updates as needed, training of MLGCA personnel, ongoing support of the hardware and software and any software development required to support updates or modifications to the LSFA software throughout the life of the Contract. The LSFA tool shall include but not be limited to the following:

1. Provides graphical presentation of Sales data to Retailers by Game, Game Type, etc.
2. Allows the e-mailing of reports or data to a Retailer.
3. Provides the DM the ability to review available POS inventory, to place orders by Retailer to be picked up at the MLGCA's POS warehouse and to view the status of all Retailer applications.
4. Shows associated hardware and POS items within the Retailer.
5. Provides DMs the ability to update Instant Ticket Initial Order information.

6. Provide DMs the ability to see the repair history for Retailers.

3.19.2 RETAILER SUPPLY TRACKING

The Contractor shall provide the tracking of Retailer supplies through the system. This method of tracking shall allow updates to a Retailer's recorded inventory during on-site visits by the DMs which shall be coordinated with each Retailer's sales and estimated rate of use of supplies to estimate the time when the Retailer will run low on supplies.

3.20 Retailer Website

- A. The Contractor shall work with MLGCA to design, develop, launch, maintain and improve a Retailer Website to either complement or replace retailercorner.mdlottery.com. The website shall be targeted to two distinct audiences:
 1. Prospective Retailers
 2. Current Retailers
- B. The Contractor shall host the website and it shall reside on a separate server, and shall either complement or replace the current retailercorner.mdlottery.com.
- C. Access from users shall be web-based, and secure.
- D. The Contractor shall supply for approval all security protocols.
- E. The Contractor shall guarantee 99% uptime.
- F. The website shall be ADA and State (see 3.3.5 item 3) compliant and compatible with the top five web browsers on the last three released versions. New web browser releases shall be accommodated as soon as possible.
- G. All updates to retailer data shall be automated with little to no manual intervention.
- H. The Contractor shall host the Retailer Website as well as provide all support for the Retailer Website including all end-user support.
- I. The website shall be built utilizing a Content Management System (CMS) for easy updates by MLGCA staff.
- J. Prospective Retailer Website content shall include but not limited to:
 1. A description of benefits to becoming a Retailer
 2. Description of steps to becoming a Retailer and overview of application process
 3. Ability to request introductory overview
 4. Ability to request location evaluation
 5. Online application featuring e-signature submission
 6. Ability for prospective retailer to determine status of application
 7. Workflow Management for MLGCS to track and report on the status of Applications
 8. Additional recommendations as necessary
 9. Prospective Retailers shall be limited to viewing only their own information

K. Current Retailers Website content shall include but not limited to:

1. Access controlled (individual access, role based)
2. My Account Profile/Personal Homepage, complete with management platform
3. Enable the Retailer Network to self-service their activities related to the MLGCA
4. Retailers shall be limited to viewing only their own information
5. A mechanism shall be in place to allow Retailers to retrieve and reset their passwords
6. Invoices and reports
 - a. Export data within five year period with CSV format
7. Access to personal sales information and goals
8. Access to all current Terminal reports
9. Access to Instant Inventory profile
10. Terminal History Reports for a Terminal for given date and time range (ex: 07/14/14 09:00 to 10:00)
11. POS management, selection and ordering
12. General information and Frequently Asked Questions
13. Manuals and Training
14. Message Center
 - a. Linked to My Account/Personal Homepage
 - b. Email opt-in and opt-out
 - c. Short Message Service (SMS) opt-in and opt-out
15. Service calls status reports
16. Inquire into the Service History for their location

3.21 Support Services

The Support Services described in this Section are applicable to ongoing operations for the entire Contract term. Many of these support services will be required during the Conversion Period on a phased-in schedule as approved by the MLGCA and as specified in Section 3.25.

3.21.1 INSTALLATION AND SUPPORT SERVICES**3.21.1.1 Retailer Terminal/Monitor Maintenance**

1. The Maintenance and Repair Facility (MRF) shall be located at a MLGCA approved site within the continental United States and must meet all MLGCA, MUSL, Mega Millions, and WLA security requirements.
2. All new Retailers shall be installed and operational within fourteen (14) days from receipt of the installation notice from MLGCA. A Retailer shall be considered to have been installed and operational when the terminal, or terminals, and associated equipment have been installed at the designated location; is in good running and working order; is connected by communications services to the central computer sites; is capable of issuing tickets, conducting validations, and producing reports, and performing all other terminal functions as specified in this RFP; and the retailer has received terminal training from the Contractor which is deemed satisfactory by the MLGCA.
3. Beginning in the sixtieth (60) month and ending by the sixty sixth (66) of the contract start date, the Contractor shall perform a depot level replacement and/or refurbishment of all

terminals and related equipment which shall be accomplished in accordance with a schedule to be submitted to the MLGCA by the Contractor at least forty-five (45) days before work is scheduled to begin. The schedule shall be subject to approval by the MLGCA. This replacement and/or refurbishment shall be accomplished without disruption to the network.

4. The Contractor shall continuously monitor the operability of all equipment and immediately take steps necessary to return inoperable equipment to a working status.
5. The Contractor may "swap-out" or repair Terminals and Monitors so long as a Terminal or Monitor is operating at that location within the service level time period specified herein.
6. The Contractor shall perform preventative maintenance visits for all Retailer Terminals and other LCMCS related equipment at least once every 120 days. The Contractor may request a longer period if it demonstrates equipment reliability. The MLGCA may require shorter preventative maintenance periods if the level of performance is unacceptable in the sole discretion of the MLGCA. The Contractor may suggest performance measures and values it feels are appropriate for this purpose. The Contractor shall:
 - a. Maintain the appearance of supplied Hardware as close to new looking as possible.
 - b. Provide field staff who exhibit a professional appearance and are easily identified as Contractor staff.
7. The Contractor shall maintain an adequate inventory for replacements and repairs so as to provide the required service levels.
8. The Contractor shall provide the MLGCA with monthly reports of the status of preventive maintenance as designed and requested by the MLGCA.

3.21.1.2 Terminal Performance/Non-Performance

In all cases, the Director shall have the sole right to make the determination if Hardware is non-operational and whether the Contractor responded within the time period specified in Section 3.21.1.2 item 3.

1. A Terminal is non-operational if it cannot perform all of the following functions:
 - a) Process purchases (by both manual and machine methods)
 - b) Issue tickets
 - c) Display broadcast messages
 - d) Validate tickets (by both manual and machine methods)
 - e) Print and display reports and perform all the Instant Ticket related functions (by both manual and machine methods).
2. Monitors are considered non-operational whenever winning numbers, graphics or MLGCA information is not legible by an average consumer. Monitors shall be repaired or replaced within the same time period as specified for Terminals in Section 3.21.1.2 item 3.
3. The Contractor shall arrive at a Retailer's location and complete the repair of the Terminals and/or Monitors within three working (3) hours from the time the outage is noted or the hotline call is received by the Contractor. Working hours are defined as the period from 6:00 a.m. to 12:00 a.m. when these hours coincide with a Retailer's normal business hours. The Contractor shall perform repairs during a Retailer's normal business hours.

3.21.1.3 Field Service/Support

1. Terminals and Monitors
2. Warehousing and Delivery of Supplies
 - a. Supply Delivery:
 - i. The Contractor shall make routine deliveries during a Retailer's normal business hours.
 - ii. Emergency delivery of Ticket stock due to outage shall receive the same priority as non-operational service call described in Section 3.21.1.2.
 - b. Warehouse Requirements:

The Contractor shall provide the necessary facilities and resources to order, ship, store inventory and retrieve Consumables for delivery to Retailers.
 - c. Supply Requirements and Specifications:
 - i. The Contractor shall provide all supplies needed for the smooth and effective operation of the Retailer's equipment.
 - ii. The Contractor shall provide Ticket stock and Play Slips.
 - a) If the Contractor provides thermal printers as part of the LCMCS, ticket stock shall be top-coated thermal paper.
 - b) The MLGCA retains the right to approve, in advance, such factors as the paper thickness, print, colors and format to be used on Ticket stock and Play Slips at Start-up and throughout the Contract term.
 - c) As directed by the MLGCA, the Contractor shall pickup and destroy existing Ticket stock and Play Slips.
 - d) Ticket stock shall contain anti-counterfeiting properties as approved by the MLGCA. The Contractor shall submit for approval by the MLGCA ten (10) Ticket samples of its Ticket stock for evaluation of anti-counterfeiting characteristics, graphics and durability within 120 days of NTP.
 - iii. Tickets shall be durable for a minimum of 365 days after printing. The Contractor shall provide test results demonstrating that its tickets meet this requirement no later than sixty (60) days before Start-up.
 - iv. Ticket stock shall contain pre-printed sequential serial numbers on the back of the stock, to ensure that a minimum of one (1) number will appear on each report or Ticket.
 - v. The Contractor shall destroy unused Ticket stock in a secure manner.
 - vi. When the MLGCA contacts the Contractor with an individual ticket number, the Contractor shall be able to track the number to a single Retailer and report the name, location, Retailer number and date of delivery for the Retailer to whom the ticket stock was delivered. The Contractor shall report this information back to the MLGCA within 15 minutes.

3.21.1.4 Field Service Maintenance Program

1. The Contractor shall provide a detailed plan for establishing a field service schedule to maintain all Terminals, Monitors, and other Retailer location Hardware used for the sales, validations, and cashing of Tickets sixty (60) days before Start-up. This maintenance plan shall include, at a minimum:
 - a. Routine Terminal maintenance plan
 - b. Process for Terminal repair
 - c. Parts, Terminals, Monitors and supplies inventory for all equipment
2. The maintenance plan shall address, at the minimum, the following:
 - a. On-site Terminal and Monitor maintenance
 - b. High level of Terminal appearance (Dust & dirt free, clean, scratch & dent free, without evidence of insect or rodent infestation, etc.)
 - c. Types of remedial on-site service
 - d. Updating of operation and service manuals
 - e. Retailer maintenance database
 - f. Statewide Terminal repair and parts system
 - g. Tracking of Terminals, Monitors, remote control units, and any other equipment in the Retailer location used for the sales, validations, and cashing of Tickets
3. The Contractor shall ensure that **Ticket stock that is readily discernible from Retailer Ticket stock** is available for field service and MLGCA personnel and that it is used for all non-selling purposes.
4. The Contractor shall maintain an accurate Hardware inventory system for all Contractor-owned and MLGCA-owned Hardware. Location and in-service or out-of-service shall be recorded for Hardware.
5. The Contractor shall provide the MLGCA with the ability to determine the location and condition/status (received, installed, not installed, inoperable, repaired, etc.) of all Hardware including any MLGCA-owned Hardware.
6. The Contractor shall produce a detailed inventory of all existing and newly installed Hardware no later than sixty (60) days after the Start-up Date. The inventory shall include location, description and serial numbers of Hardware. This inventory shall include but not be limited to Retailer Terminals, PSSTs, Monitors, Customer Display Units, communication devices and associated components.
7. The Contractor shall keep this inventory up-to-date and make this inventory available at all times throughout the term of the Contract.

3.21.2 TERMINAL MONITOR AND INSTALLATION

1. The Contractor shall provision all new Retailer locations and all existing Retailer locations where there is a change of ownership or relocation of Hardware as defined in Section 3.21.1.1.
2. The Contractor shall comply with all State and local building codes, laws and rules for facilities of its type and obtain proper permits and inspections.

3. At a minimum, the Contractor shall provide the following services:
 - a. Supply Retailers with sufficient Consumables.
 - b. The Contractor shall provide the MLGCA with daily reports on scheduled and completed installations.
4. The Contractor shall coordinate, with the MLGCA and Retailers, all in-house relocations of all Hardware to ensure the moves are timely and placement is proper. This service shall be at no additional cost to the MLGCA or the Retailer.

3.21.3 HOTLINE (RETAILER TROUBLE REPORTING SYSTEM)

1. The Contractor shall include as a part of its field services operation a Terminal/Monitor/network trouble reporting system whereby Retailers may quickly and easily report problems to the Hotline at Contractor's expense.
2. The Hotline shall provide a single toll-free number to be used by all Retailers when reporting issues with their equipment or when requesting supplies. The Contractor shall employ sufficient resources to meet the performance standards for Terminal/Monitor field service and Hotline operators. Ninety Nine percent (99%) of calls to the Hotline shall be answered within thirty (30) seconds. Average wait times shall not exceed one (1) minute for any 30 minute period.
3. The Contractor shall provide weekly Hotline Call daily call statistics within five (5) days of the end of each Business Week.
4. The Contractor shall associate the Hotline number with a system capable of providing comprehensive ad hoc reporting including quality assurance monitoring (See #2 above). Summary records and reports shall be available for two (2) years at a minimum. These records shall be provided to the MLGCA directly and immediately upon request.
5. The Contractor shall install and maintain an automated dispatch system for tracking all Retailer inquiries and service calls and repairs. The system shall be flexible and include a database with ad hoc reporting. Access to this system shall be available to designated MLGCA personnel via an AAP.
6. This system shall also monitor and track all automatic orders and Retailer generated orders.
7. The Contractor shall provide a location from which it will support the Hotline requirements if the primary call center becomes inoperable.
8. Reporting
The Contractor's system shall capture all information related to Retailer service calls, dispatches and resolutions for reporting purposes. This information shall be accessible to the MLGCA via Business Intelligence reporting.
9. Recording
 - a. The Contractor shall record all incoming Hotline calls. The Hotline shall specifically inform callers that information is being recorded by the system.
 - b. The Contractor shall maintain recorded calls for at least sixty (60) days.

- c. The Contractor shall make recorded calls available to the MLGCA within twenty-four (24) hours of request.

10. Staffing

The Contractor shall provide call center staffing levels and positions to ensure adequate Hotline coverage twenty-four (24) hours per day:

- a. The Contractor shall after MLGCA business hours take reports of stolen tickets, mark the Tickets as stolen in the LCMCS, and report to the MLGCA.
- b. The Contractor shall provide at least a Korean-speaking and Spanish-speaking Hotline operator at all times.
- c. The Contractor shall have a language translation service available to support any other languages that may need to be used to communicate with Retailers.
- d. The Contractor shall designate a staff member to be the call center's liaison with the MLGCA.

11. Management

The Contractor shall:

- a. Allow the MLGCA to actively participate in the development and revision of the information resources developed to help Hotline operators to handle calls.
- b. Provide Hotline operator access to information about the status of the Telecommunications Network.
- c. Have a Hotline Quality Assurance and Training Program, which is subject to approval by the MLGCA.

3.22 System Modifications, Enhancements and Upgrades

3.22.1 Throughout the life of the Contract, the MLGCA may require additions or modifications to the LCMCS Software and/or Hardware at no additional cost to the MLGCA. For each addition or modification, the Contractor and the MLGCA shall work together to perform the following functions:

- 1) Business Requirements Gathering
- 2) Development Software Requirements Specifications
- 3) Completion of Contractor Testing and MLGCA User Acceptance Testing

Initiation of projects shall be by written notification from the Contract Manager. No software or hardware shall be deployed until all of these steps have been completed and the Contractor has received written approval from the MLGCA to proceed.

3.22.2 All Hardware and Software shall be replaceable at any time by more modern models or versions simply by means of system upgrades. All system hardware and system software must be fully supported by the respective manufacturer at all times during the Contract.

If manufacturer support for any hardware module, component, or system software is discontinued or becomes end of life by the manufacturer, the Contractor must replace, if

required by the MLGCA, the respective hardware modules, components, or system software modules at its own cost (including integration, test and acceptance) six (6) months prior to the support being discontinued. The Contractor shall immediately inform the MLGCA of any such support discontinuation of which it becomes aware of no later than 12 months prior to end of life.

3.22.3 Throughout the Contract term, the Contractor shall:

1. Provide fixes to all software and hardware errors and design defects; and provide improved versions of the hardware and software to sustain performance or correct performance problems, to otherwise meet or continue to meet Contract-requirements.
2. Maintain third-party hardware and software elements of the System with "supported releases" from the manufacturers. This includes, but is not limited to, software for networks and devices, configurations, reporting software, management systems, Data Warehouse system, Business Intelligence, and hardware diagnostics and other tools. At the time the Contractor is notified by a supplier or the MLGCA that a correction, fix or new security certificates exist or a model or release is scheduled to have support dropped, it is the Contractor's obligation to acquire and install without delay the patch, certificate or an appropriate upgrade upon MLGCA approval. Also, secure file transfer protocol (SFTP) services shall be provided on an ongoing basis.
3. Make available at Start-up the latest LCMCS software versions. The MLGCA shall have the sole right to determine whether features and capabilities of new releases require installation.

3.23 Download Server Environment

The MLGCA requires a download server environment to ensure and facilitate the independent download of software and content to all connected Terminals. This may be a separate system. If a separate system is proposed, the Contractor shall provide hardware as well as system and application software means for updating the Terminal software from dedicated servers located within the PDC and BDC. The means shall include all tools needed for performing the update and controlling the process.

1. The Contractor shall support updates for the applications as well as for the infrastructure software (OS, security patches, etc.).
2. Software download shall be performed in the background and simultaneous to Terminal operations, to allow the Terminals to stay online and enable sales. No degraded LCMCS performance may occur during or in conjunction with downloads. The software shall be downloaded to a secondary storage area within the Terminal and be activated through centrally managed parameters when so determined by the MLGCA. This implies that the Terminal shall be able to hold at least two different versions of software (one active, one inactive).
3. The Contractor shall describe the various ways of performing the update (e.g., stand alone, full update, partial update, application updates, infrastructure update, emergency) as well as how the application ensures the integrity of the Terminal software downloaded.
4. The download server environment shall also support certain broadcasting functionality (e.g., for files to be distributed to Terminals, progressive jackpot information, etc.) based upon a trigger from the central site or upon request for single transfer from the Terminal.

5. The download server environment shall be seamlessly usable for distributing multi-media related content to the Terminal or Retail environment as provided through a Content Management System (CMS) unless the Contractor proposes an alternative concept.

3.24 Data Warehouse System With Business Intelligence

1. The Contractor shall deploy a solution with BI that is capable of full integration and consolidation of MLGCA operations and related information within a central Data Warehouse.
2. The BI tools shall include CRM allowing the MLGCA to understand player behavior and buying patterns and develop trends and determine relationships among data to maximize sales and revenue.
3. The Contractor supplied, web based BI tools, will provide reporting functionality, support for data mining techniques, business performance management, predictive analysis, data relationship patterns, associations and other information needed by the MLGCA. The Data Warehouse and BI tools shall have access to data from the LCMCS, Player Loyalty Program, Retailer Website and other data as defined by the MLGCA.
4. The BI tools shall be able to transform raw data into meaningful and useful information for reporting, statistics, promotional, marketing, strategic planning, and other analysis purposes.
5. It shall meet the requirements of Business Intelligence and Data Mining as defined in Section 1.2. The LCMCS shall feed all relevant operational information and player transactions passing through the LCMCS (including Instant Ticket transactions) into the Data Warehouse on a regular, preferably near real-time basis.
6. It also includes, but is not limited to, Back Office, CRM, winning numbers and Retailer Trouble Reporting Hotline.
7. The Contractor shall provide a dedicated system, databases, related access and analysis tools and full documentation (including data structures), independent of the production environment.
8. This system shall be configured in a redundant manner and location for allowing continuous access by the MLGCA through an easy-to-use graphical user interface. This interface shall be used for accessing this database based on access rights (to be decided by the MLGCA) and a comprehensive set of reports, dashboard and other information as shall be made available to MLGCA staff.
9. The Contractor shall also provide a dedicated resource, within the same building as MLGCA's Headquarters, that will be primarily responsible for developing reports, dash boards, data visualizations, and running queries, utilizing the data stored in the Data Warehouse as directed by the MLGCA.
10. The LCMCS shall permit configuring automatic e-mail functionality per report to designated users. Such functionality may include online inquiries of selected information, graphic displays on workstations, printed graphic displays, or any other output options.

3.25 Conversion and Implementation**3.25.1 CONVERSION PLAN**

This Conversion Plan shall ensure a smooth Start-up of the LCMCS and all MLGCA games. Current MLGCA operations shall not be delayed or interrupted during this process.

The Contractor shall provide a full-time dedicated Certified Project Manager during the Conversion Period.

The Contractor shall have provided with its Proposal a draft Conversion Plan. The Contractor shall submit within thirty (30) days of Contract award a detailed and final version of the Conversion Plan which, when approved by the MLGCA, shall become the basis for the Conversion. This Conversion Plan, both draft and final versions, shall include, but not be limited to, the following:

1. Executive Summary - A concise but functional summary of each phase of the proposed Plan, in order of progression. The Executive Summary shall provide a “map” for the MLGCA to use in reviewing the Conversion Plan. Each area summarized shall be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project.
2. A description, start and end dates, roles and responsibilities, dependencies, input and outputs and deliverables. This shall include a timeline (Gantt Chart), beginning with the Contract execution date.
3. Timeline and process for hiring and phase-in of Staff requirements (See Section 3.28).
4. LCMCS Transition

The Contractor shall finalize for approval by the MLGCA and execute a Conversion Plan which, at a minimum, shall address the following:

- a. Set-up of Communications environments
- b. Set-up of facilities for Retailer support and equipment
- c. Delivery and installation of Retailer equipment
- d. Documentation (LCMCS, User manuals, Retailer manuals)
- e. Communication Network activities, including identifying any required building permits and coordination required with the Retailer location landlord
- f. Set-up of network management tools and processes
- g. Testing, including Acceptance Testing by the MLGCA
- h. LCMCS certification
- i. Back Office and MLGCA systems as defined in Section 3.2.7 and 3.2.8.
- j. Player Rewards Program
- k. Winning Numbers Hotline
- l. Retailer Hotline

- m. MLGCA training on various administrative and management applications
- n. Reporting and monitoring tools
- o. Retailer training
- p. LCMCS installation.

3.25.2 IMPLEMENTATION

1. The LCMCS and components shall be delivered, operational and certified prior to June 26, 2017 at 5:00am (local time), and shall commence live operations at that time. All LCMCS, hardware, software, games, shall have been successfully tested by both the Contractor and the MLGCA, certified, and shall be in place selling and validating tickets on June 26, 2017. (Note: If the LCMCS is ready to become fully operational prior to June 26, 2017, the MLGCA may, at the MLGCA's sole discretion, direct the Contractor to initiate LCMCS operation at an earlier date).
2. To the greatest extent possible, conversion shall be implemented while:
 - a. Maintaining existing sales
 - b. Minimizing disruption to Retailers' business
 - c. Minimizing disruption to players' purchases
3. Once the Contractor resolves all exceptions noted during its testing, the software and/or hardware shall be made available for MLGCA acceptance testing.
4. The Contractor shall provide the MLGCA with a copy of its test scripts and all test results (interim and final) before the acceptance testing date. The test system shall mirror the production system. Any differences between the test system and the production system shall be approved in writing by the MLGCA.
5. The Contractor shall resolve any exceptions noted during the MLGCA's testing within the timeframe set forth in the Conversion Plan. The MLGCA will make the pass/fail decision for each test.
6. The Contractor shall provide sufficient staff to fix any problems found during the MLGCA's acceptance testing. Acceptance Testing shall include, at a minimum:
 - a. Overall functionality
 - b. LCMCS recovery tests
 - c. High volume tests
 - d. LCMCS response time
 - e. Data conversion
 - f. Confirmation of accurate accounting and reporting of all transactions over two billing cycles
 - g. Written documentation of expected results, actual test results, and status of each exception.
7. The Contractor shall provide operational support during the MLGCA's acceptance testing.

8. The Contractor shall provide simulators for processing transaction volumes through the system.
9. If it is necessary for MLGCA staff to travel to the Contractor's location for testing or user reviews, the Contractor shall bear all related travel and per diem costs. To the extent practicable, the State's Standard Travel Regulations (COMAR 23.02.01) shall be followed.

The selection of individuals to attend site visits shall be determined in the sole discretion of the Director or the Director's designee. Airline and rail transportation shall be purchased by the Contractor, utilizing the lowest logical air or rail fares available. Ground shuttle transportation may be purchased by the Contractor or reimbursed to employees using the State's Standard Travel Regulations. Lodging accommodations shall be purchased by the Contractor, utilizing where practicable only those properties that would provide a government rate to Maryland state employees on government business.

Meals and reimbursable expenses other transportation and lodging shall be reimbursed to the State after the State employee submits itemized receipted bills and other supporting documentation as required by the State's Standard Travel Regulations. Expenses made by employees in excess of those permitted under the State's Standard Travel Regulations shall be reimbursed by neither the State nor the Contractor.

A modest working lunch during site visits may be provided at the Contractor's expense if the Contractor's representatives are present at the same time and if leaving the site would be counterproductive and inefficient.

10. Project Reporting and Monitoring Requirements:
 - a. The Contractor and the MLGCA shall have weekly Conversion reviews at a minimum.
 - b. The Contractor shall prepare weekly reports for the MLGCA on the progress made toward the goals and deadlines stated in the Conversion Plan. These reports shall be submitted electronically to the MLGCA in an agreed upon format such as Microsoft Project.
11. The Contractor shall complete initial start-up training on the new Hardware and System for all Retailers in hotels or other appropriate and convenient locations throughout the State two (2) weeks prior to the Start-up Date. The locations, times and size of the training groups shall be approved by the MLGCA. (This type of training may be employed during the Contract period if major changes or updates are made to the LCMCS. The decision to employ this type of training is at the discretion of the MLGCA.)

3.25.3 BUSINESS REQUIREMENTS DOCUMENT

1. Within seven (7) days after the Contract start date, the Contractor shall provide a team of at least three business analysts who shall begin to thoroughly familiarize themselves with the MLGCA's business processes, including the Retailers' business processes related to the sale of MLGCA products. The team shall observe the business processes and meet with end users as needed.
2. This shall include an in-depth review of the MLGCA's Back Office System and the functions that will be migrated to the Contractor's LCMCS.
3. Within sixty (60) days after the Contract start date, the Contractor shall deliver to the MLGCA a separate Business Requirements document for each major functional area

described below. The purpose of the Business Requirements documents is for the Contractor to demonstrate its understanding of the MLGCA's business requirements. The MLGCA will review and approve these documents. The Business Requirements documents shall address each business process currently performed by the MLGCA and the Retailers' business processes related to the sale of MLGCA products. The Business Requirements documents shall identify any modifications that are suggested to current processes. At a minimum, the Contractor shall produce a separate Business Requirements document for each of the following functional areas:

- a. All Games
- b. Prize Validation and Payments
- c. System Administration
- d. Retailer Applications and Licensing
- e. Retailer Maintenance
- f. Retailer Accounting and Billing
- g. Promotions
- h. Retailer Management (Customer Relationship Management)
- i. Claims Processing
- j. Check Writing Functions
- k. Subscription Processing
- l. 1099 and W2G Reporting
- m. ICS Integration Plan
- n. Retailer Website
- o. Business Intelligence and Reporting
- p. MLGCA Back Office Integration
- q. Annuities

3.25.4 DATA CONVERSION

Data from existing MLGCA systems and current Central System will be transferred to the new LCMCS. One of the most significant conversion processes will be identifying and obtaining all of the appropriate data which needs to be loaded into the new LCMCS, and Data Warehouse to support the initial operation of the system. Existing data must be successfully expanded, corrected, and migrated from multiple systems which currently support MLGCA lottery operations to the new LCMCS.

The specific objectives for the approach to conversion of data to the LCMCS are to:

- a) identify, collect and define critical and missing data from existing systems early in the process to ensure an efficient conversion period,
- b) identify existing automated files containing import/export data that will continue to be utilized,
- c) eliminate and continue to avoid unnecessary duplication of data,

- d) protect the integrity of the existing data throughout the conversion and to validate, and correct as necessary, the converted data prior to use in production,
 - e) provide a smooth and seamless transition, and ensure continued consistency throughout the conversion
1. During the first thirty (30) days after the Contract start date, a team of Contractor business analysts shall thoroughly familiarize themselves with the data in the MLGCA Back Office Systems and the outgoing contractor's system, the MLGCA website, and the Retailer website.
 2. Within sixty (60) days of Contract start, the Contractor shall provide the MLGCA with the plan for conversion of all required data.

At a minimum the data gathering process documented in the data conversion plan shall include the following key steps:

- a) identify the data subject to conversion for each system for all appropriate databases,
- b) modify selected data fields, and edit data, as appropriate
- c) report potential duplicates identified during the process and control until resolution
- d) identify data that may require manual entry
- e) review automated file imports for data format and field requirements
- f) Identify sensitive/PII data requires encryption
- g) determine if the data will reside on the host or within the data warehouse
- h) identify data required for the customer relationship management application

3.25.5 SOFTWARE REQUIREMENTS

1. Upon receiving MLGCA approval of its Business Requirements documents, the Contractor shall develop corresponding Software Requirements Specification ("SRS") documents. The Contractor shall deliver these documents to the MLGCA for approval no later than forty-five (45) days after receipt of approval of its Business Requirements documents.
2. The purpose of the SRS documents is to specify the functionality of the software applications that will be provided by the Contractor at Start-up in support of the MLGCA's and the Retailers' business processes related to the sale of MLGCA products. The SRS documents shall include, at a minimum, the following:
 - a. Each specification shall make reference to the corresponding business requirement or process in the corresponding Business Requirements Document.
 - b. For each specification the Contractor shall indicate if the functionality exists in the Contractor's base system. If it does not exist, or if modifications to the base system functionality are required, the Contractor shall provide an estimate of the time it will take to develop the new functionality or modify the existing functionality. The estimate, development and or modification shall be at no additional cost to MLGCA.
 - c. For each specification the Contractor shall identify how the MLGCA may test the functionality in acceptance testing. Optionally, the Contractor may also identify how its own staff may test the functionality.

- d. MLGCA approval is required for any subsequent changes to SRS documents. The MLGCA may identify changes during software development and acceptance testing.

3.25.6 ACCEPTANCE TESTING

Acceptance Testing means an extensive verification process to demonstrate and ensure that all Business Requirements documents and provisions in this RFP, the resulting Contract and MLGCA specifications pertaining to the Start-up of operations or future development projects are met.

The MLGCA takes a comprehensive approach to Acceptance Testing and shall have the right to perform any acceptance test that it deems necessary. The results of these tests will determine whether the MLGCA accepts the LCMCS. The MLGCA shall have the sole right for determining the pass or fail decision for each of the acceptance tests and test components.

1. At a minimum, the MLGCA's user Acceptance Test script shall include, but not be limited to, verification that all aspects of the LCMCS defined in the RFP and all Business Requirements are met. Additionally all functionality of all equipment such as Terminals, PSSTs and Retailer Hardware will be tested to verify that they perform as required to meet all specifications of the RFP.
2. The MLGCA, will as part of Acceptance Testing, perform extensive testing on all aspects of data conversion to include but not limited to data converted from the MLGCA Back Office Systems, the current Contractors system, the Player Loyalty system, the MLGCA website, the IVR system, and the MLGCA Retailer website.
3. All new programs and any changes to existing programs made by the Contractor shall be tested by the MLGCA prior to installation. All software installations, including Terminal applications and Central Site applications, shall be approved in writing by the Director prior to installation.
4. The MLGCA intends to execute comprehensive acceptance testing prior to implementation of the LCMCS and for subsequent software releases. The MLGCA will approve the Contractor's development and execution of acceptance testing. The Contractor, however, shall be responsible for the quality of the LCMCS and software releases. MLGCA approval for the implementation of software based on Acceptance Test results does not diminish the Contractor's responsibility for the quality of the software.
5. The MLGCA requires that Acceptance Testing shall be a cooperative effort between the Contractor and the MLGCA. The Contractor shall provide a system dedicated to Acceptance Testing. This test system shall be run independent of the production systems. The Certification vendor will work with the MLGCA to develop independent test scripts to verify that all data conversion and Business Requirements have been met. The Contractor shall assure that this test system is available to the MLGCA and that operational resources are available to assist the MLGCA in conducting and evaluating the Acceptance Testing.
6. When the Contractor is ready to deliver the product, the MLGCA will determine whether the product is acceptable according to previously agreed-upon criteria. The method for handling problems will be approved by the MLGCA. Before carrying out Acceptance Testing, the Contractor shall assist the MLGCA in identifying time schedules, procedures for evaluation, software/hardware environments and resources required, and acceptance criteria.

7. The Contractor shall perform extensive self-testing, debugging and quality assurance on all software prior to submitting it to the MLGCA for Acceptance Testing. All software submitted to the MLGCA for testing shall be fully operational and ready for production use. The MLGCA shall have the right to reject software that is not in acceptable testing condition.
8. The Contractor shall successfully meet the MLGCA's Acceptance Test requirements no later than two (2) weeks prior to the scheduled installation of any new software or LCMCS enhancements.
9. The MLGCAs requirements for Acceptance Testing include, but are not limited to, the following:
 - a. The encryption scheme shall be in effect during all tests.
 - b. The Contractor's test system shall include all Terminal types using all communication methods applicable in the live environment. The number and configuration of the Terminals to be used for acceptance testing shall be determined by the MLGCA.
10. Acceptance Testing shall verify that the Contractor's LCMCS performs in compliance with the requirements of this RFP and all subsequently defined Business Requirements documentation and SRS.

3.26 Additional Tasks

The Tasks specified below describe future functionality that may be added to the LCMCS at any time in the sole and unilateral discretion of the MLGCA via a NTP as stated in Sections 1.2 and 3.3.2. The MLGCA is aware of functionality that, although not essential in the base rollout of the LCMCS, would enhance efficiencies and functionality for the MLGCA's business and budgetary processes. The following are Tasks that are eligible for work under the NTP process. All Terms and Conditions to the Contract will apply to any Task required by the MLGCA.

3.26.1 TASK I – E-COMMERCE SUBSCRIPTIONS

The LCMCS shall be capable of supporting the user base from the Internet, in a secure manner, as well as the transaction activity from the traditional MLGCA network. The Contractor shall provide, but not be limited to:

1. Secure hosting of the responsive design website
2. Secure account for each player
3. Web portal for play from personal computers and mobile devices
4. Apps for playing on mobile devices
5. Geo-location services to limit play to devices located within Maryland
6. Age verification services to limit play to those 18 years old or over
7. Verification of last four of SSN
8. Connection to LCMCS to allow checking for winning Draw and Instant Tickets
9. Provide all banking fees associated with creating and maintaining an account funded by a bank transfer or debit transaction
10. Limits on the amount played by day, week or month that is fully configurable by the MLGCA

11. Exclusion of players who have opted to join the State Voluntary Exclusion Program
12. Support for future operating systems and mobile devices as the market changes
13. 24x7 phone and e-mail support

3.26.2 TASK II – HOST “MDLOTTERY.COM” ONLINE NETWORK

Work with MLGCA’s vendor partner(s) to host mdlottery.com online network environments. Contractor shall be able to duplicate and improve upon the environment. The current environment infrastructure includes:

1. Edge Web Hosting – mdlottery.com online network application and database servers
 - a. Cisco Routing
 - b. IP/Port/Protocol Filters
 - c. Global IP Blacklists
 - d. Redundant F5 Load Balancing
 - e. Secure Socket Layer (SSL) Offload
 - f. IDS/IPS
 - g. Private Virtual Local Area Network (VLAN)
 - h. Customer Firewall
 - i. Final Web Traffic Inspection via Web Application Firewall (WAF)
 - j. Two (2) Web Servers
 - k. Two (2) Microsite Servers
 - l. One (1) Numbers Finder Server
 - m. Customer Firewalls
 - n. Highly Secure Internal Network Zone
 - o. Development Server
 - p. Offsite Replication via private network

3.26.3 TASK III – SECONDARY COMMUNICATIONS CONNECTION TO RETAILERS

The Contractor shall provide a secondary, backup, communications method for connecting Retailers to the Retailer network. This connectivity shall be via a communications path separate from the primary connectivity.

3.26.4 TASK IV – PLAYER LOYALTY CLUB

The Contractor shall provide a Player Loyalty Club utilizing responsive design allowing it to run on multiple platforms. Additionally the Contractor shall develop apps for both IOS and Android devices.

The Player Loyalty Club shall include but not be limited to the following

1. Provide a fully functional responsive design website which includes but is not limited to:
 - i. Player registration
 - ii. Player age verification
 - iii. Player geographic verification
 - iv. Player demographics
 - v. Ticket Checking
 - vi. Ability for Players to enter second chance contests
 - vii. Ability to do targeted mass emailing to specific groups of players
2. Prevent unauthorized access and provide a complete audit trail of successful/unsuccessful access attempts.
3. Provide Player end user support via webpage, email and telephone.
4. Have the ability to run multiple second chance contests concurrently.
5. Capture the playing history of players by game to use in targeted email marketing.

3.26.5 TASK V – MLGCA CUSTOMER RESOURCE CENTER – LANHAM, MD

The Contractor shall provide a facility located within the Lanham, MD 20706 zip code for the MLGCA's use as a Claims Center. At a minimum, the following shall be included in this facility:

1. A MLGCA Staff area for the exclusive use of MLGCA personnel which shall:
 - a. Consist of a minimum of two thousand (2,000) square feet
 - b. Be fully finished office space consisting of office equipment and furniture (desks, chairs, file cabinets, telephones, copier, fax machine, etc.) for MLGCA personnel
 - c. Two hundred (200) sq. ft. of storage space.
 - d. The layout and design shall be approved by the MLGCA including bulletproof glass and other security measures, where required by the MLGCA (for example, Claim Office).
2. The Contractor shall be responsible for moving all equipment from the current Customer Resource Center to the new Customer Resource Center.
3. The Contractor shall connect the Customer Resource Center the PDC and BDC to support the real-time data feed to the backup ICS system.
4. The Contractor shall provide restrooms in the MLGCA area for MLGCA staff use that are not shared with public restroom facilities associated with the Customer Resource Center.
5. The Contractor shall provide customer parking for a minimum of fifteen (15) vehicles.
6. The Contractor shall supply cleaning services and all utilities and services for this entire facility.
7. All MLGCA areas shall have a separate security system, including video monitoring.

8. All MLGCA areas shall have separate climate control system.

3.26.6 TASK VI – ADDITIONAL BUSINESS ENHANCEMENTS

The Contractor shall provide Additional Business Enhancements as submitted in Section 4.2.2.6.24 (Task VI) of its Proposal. Each Additional Business Enhancement shall be independently priced and may be individually selected by the MLGCA.

1. Offerors shall specify and describe any additional non-standard Terminal or Self Service Terminal type that it proposes to provide.
2. Offerors shall describe the solution it proposes to provide for accepting alternate payment methods from Players at brick and mortar retailers.
3. Offerors shall specify and describe any other types of equipment and services (except Terminals) that it proposes.

3.27 Security Requirements

3.27.1 EMPLOYEE IDENTIFICATION

1. All Contractor Personnel shall display his or her company ID badge at all times while on State premises. Upon request of authorized State personnel, each such Contractor Personnel shall provide additional photo identification.
2. At all times at any facility, Contractor Personnel shall cooperate with State site requirements that include but are not limited to being prepared to be escorted at all times, providing information for badge issuance, and wearing the badge in a visible location at all times.

3.27.2 CRIMINAL BACKGROUND CHECK

The Contractor shall obtain from each prospective Contractor Personnel a signed statement permitting a criminal background check. The Contractor shall secure at its own expense a Maryland State Police and/or FBI background check and shall provide the Contract Manager with completed checks on all new Contractor Personnel prior to assignment. The Contractor may not assign Contractor Personnel with a criminal record unless prior written approval is obtained from the Contract Manager.

The Contractor shall also secure at its own expense an updated Maryland State Police and/or FBI background check and shall provide the Contract Manager with completed checks on all Contractor Personnel upon attainment of each five (5) year employment anniversary.

3.27.3 INFORMATION TECHNOLOGY

1. Contractor, and any Subcontractor(s) shall implement administrative, physical and technical safeguards to protect State data that are no less rigorous than accepted industry standards for information security such as those listed below; and shall ensure that all such safeguards, including the manner in which State data is collected, accessed, used, stored,

processed, disposed of and disclosed comply with applicable data protection and privacy laws as well as the terms and conditions of this Agreement.

2. Contractor and any Subcontractor(s) shall comply with and adhere to the following information security standards. These policies may be revised from time to time and the Contractor shall comply with all such revisions.
 - a. Maryland Department of Information Technology Security Standards
<http://doit.maryland.gov/support/Pages/SecurityPolicies.aspx>
 - b. SANS Institute, "Critical Security Controls", version 5
<http://www.sans.org/critical-security-controls/>
 - c. Cloud Security Alliance (CSA), "Security Guidance for Critical Areas of Focus in Cloud Computing", version 3.0
<https://cloudsecurityalliance.org/research/security-guidance/>
 - d. Federal Information Processing Standard (FIPS), "Minimum Security Requirements for Federal Information and Information Systems", FIPS 200
<http://csrc.nist.gov/publications/PubsFIPS.html>
 - e. National Institute of Standards and Technology (NIST), "Security and Privacy Controls for Federal Information Systems and Organizations", SP 800-53 Revision 4
<http://csrc.nist.gov/publications/PubsSPs.html#800-53>
 - f. National Institute of Standards and Technology (NIST), "Guidelines for Security and Privacy in the Public Cloud", SP 800-144
<http://csrc.nist.gov/publications/PubsSPs.html>
 - g. Contractor shall also comply with and adhere to any and all standards promulgated by NASPL, Mega Millions, MUSL, and WLA as requested by the MLGCA. Any conflict among these standards shall be resolved at the sole discretion of the MLGCA. All agencies, employees and contractors of the State are responsible for protecting information from unauthorized access, modification, disclosure and destruction.

3.27.4 INFORMATION SECURITY REQUIREMENTS

To ensure sufficient data protection safeguards are in place, the Contractor, and any Subcontractor(s) shall at a minimum implement and maintain the following at all time. The Contractor and/or any Subcontractor(s) may augment this list with additional information technology controls.

1. Establish separate production and test environments for systems supporting the LCMCS and ensure that production data is not replicated in the test environment unless it has been previously anonymized or otherwise modified to protect the confidentiality of Sensitive Data elements including but not limited to Sensitive Data.

2. Apply hardware and software hardening procedures as recommended by the manufacturer to reduce the LCMCS systems' surface of vulnerability. The purpose of system hardening is to eliminate as many security risks as possible. This is typically done by removing all non-essential software programs and utilities from the computer. These procedures may include but are not limited to removal of unnecessary software, disabling or removing of unnecessary services, the removal of unnecessary usernames or logins, and the deactivation of unneeded features in the LCMCS system configuration files.
3. Establish policies and procedures to implement and maintain mechanisms for regular internal vulnerability testing of operating system, application, and network devices supporting the LCMCS. Such testing is intended to identify outdated software versions; missing software patches; device or software misconfigurations; and to validate compliance with or deviations from the Contractor's and/or Subcontractor's security policy. Contractor and/or Subcontractor shall evaluate all identified vulnerabilities for potential adverse effect on the system's security and integrity and remediate the vulnerability promptly or document why remediation action is unnecessary or unsuitable. The MLGCA shall have the right to inspect these policies and procedures and the performance of vulnerability testing to confirm the effectiveness of these measures for the services being provided.
4. Where website hosting or Internet access is the service provided or part of the service provided, Contractor and/or Subcontractor shall conduct regular external vulnerability testing. External vulnerability testing is an assessment designed to examine the Contractor and/or Subcontractor's security profile from the Internet without benefit of access to internal systems and networks behind the external security perimeter. Contractor and/or Subcontractor(s) shall evaluate all identified vulnerabilities on Internet-facing devices for potential adverse effect on the system's security and integrity and remediate the vulnerability promptly or document why remediation action is unnecessary or unsuitable. The MLGCA shall have the right to inspect these policies and procedures and the performance of vulnerability testing to confirm the effectiveness of these measures for the services being provided.
5. Ensure that anti-virus and anti-malware software is installed and maintained on all systems supporting the LCMCS services; that the anti-virus and anti-malware software is automatically updated; and that the software is configured to actively scan and detect threats to the system for remediation.
6. Enforce strong user authentication and password control measures over the LCMCS to minimize the opportunity for unauthorized system access through compromise of the user access controls. At a minimum, the implemented measures shall be consistent with the most current State of Maryland Department of Information Technology's Information Security Policy, including specific requirements for password length, complexity, history, and account lockout. Additionally, accounts should automatically disable after 60 days of inactivity and users should be forced to change their password on their first log in after a password reset.
7. Ensure that State data is not comingled with the Contractor's and/or any Subcontractor(s) other clients' data through the proper application of data compartmentalization security

measures. This includes but is not limited to classifying data elements and controlling access to those elements based on the classification and a user's access or security level.

8. Apply data encryption to protect State Sensitive Data from improper disclosure or alteration. Data encryption shall be applied to State data in transit over networks and, where possible, State data at rest within the system; as well as to State data when archived for backup purposes. Encryption algorithms which are utilized for this purpose must comply with current Federal Information Processing Standards (FIPS), "Security Requirements for Cryptographic Modules", FIPS PUB 140-2.
<http://csrc.nist.gov/publications/fips/fips140-2/fips1402.pdf>
<http://csrc.nist.gov/groups/STM/cmvp/documents/140-1/1401vend.htm>
9. Enable appropriate logging parameters on systems supporting LCMCS to monitor user access activities, authorized and failed access attempts, system exceptions, and critical information security events as recommended by the operating system and application manufacturers as well as information security standards including the current State of Maryland Department of Information Security Policy.
10. Retain the aforementioned logs and review them at least daily to identify suspicious or questionable activity for investigation and documentation as to their cause and remediation, if required.
11. Ensure system and network environments are separated by properly configured and updated firewalls to preserve the protection and isolation of State data from unauthorized access as well as the separation of production and non-production environments.
12. Restrict network connections between trusted and untrusted networks by physically and/or logically isolating systems supporting LCMCS from unsolicited and unauthenticated network traffic.
13. Review at regular intervals the aforementioned network connections, documenting and confirming the business justification for the use of all service, protocols, and ports allowed, including the rationale or compensating controls implemented for those protocols considered insecure but necessary.
14. Ensure that Contractor and/or Subcontractor personnel shall not connect any of its own equipment to a State LAN/WAN without prior written approval by the State. The Contractor/Subcontractor shall complete any necessary paperwork as directed and coordinated with the Contract Manager to obtain approval by the State to connect Contractor/Subcontractor-owned equipment to a State LAN/WAN.

3.27.5 SECURITY PLAN

The Contractor shall submit a detailed security plan to the MLGCA for approval no later than ninety (90) days prior to the Start-up date. At a minimum, the Security Plan shall be reviewed annually and updated as necessary and shall include the following sections:

1. Business Impact Analysis
2. Risks, Threat and Vulnerability Analysis
3. Security Strategy
4. Personnel Security Practices
5. Physical Security
6. Data Security
7. Telecommunications Operational and Physical Security
8. Telecommunications Access Security
9. Protection of Software and Other Copyrighted Material
10. Plan Evaluation
11. Security Awareness/Training
12. Plan Maintenance

3.27.6 OFF-SITE DATA STORAGE

The Contractor shall keep back-up copies of all software and data required to support a full LCMCS recovery without loss or corruption of data by maintaining said information in a secure location remote from either the PDC or BDC. Data transport shall be via secure and reliable methods and all back-up data shall be encrypted or otherwise secure from unauthorized access. A complete audit trail of the generation, transport, retention and destruction of the back-up data shall be maintained for period of three (3) years from final payment of this Contract and shall be available for review by the MLGCA.

3.27.7 PHYSICAL SECURITY

1. The Contractor shall ensure that adequate protective measures are implemented for all IT computing resources and facilities. The purpose of the physical security component is to reduce the risk of data compromise due to physical break-ins or unauthorized access to server resources.
 - a. The placement of computer room walls and windows shall limit access by unauthorized individuals.
 - b. The general structure of interior walls shall be secured and are constructed from the floor to the true, not false, ceiling.
2. The Contractor's computer facilities shall be secured twenty-four (24) hours per day so that only authorized persons are permitted to gain entry into the facilities and such persons are restricted to authorized areas. Access control requirements shall include, but not be limited to:
 - a. All key access doors shall be self-closing and self-locking with locks being changed periodically.
 - b. Badge systems shall be required for all employees and visitors.

- c. All visitors and messengers shall be logged in and out of the facility and all visitors shall be escorted at all times while inside. Logs shall be kept for the life of the Contract.
 - d. Access authority shall be removed immediately upon change of assignment or termination.
 - e. A complete listing of the Contractor's staff and access levels shall be furnished to the MLGCA monthly and reviewed by the Contract Manager to ensure that only authorized staff has access.
 - f. The Contractor shall keep a current list of MLGCA employees or other State staff who are authorized access and their access levels. Sensitive areas shall include, at a minimum, LCMCS systems and the communications equipment/workstations used to access the LCMCS systems.
 - g. All Contractor employees shall receive, use, and be easily recognized by a photo identification badge.
 - h. The Contractor shall use positive identification using pass, key lock, badge system, cipher lock or other controls for employees, suppliers, and visitors to access the computer room.
 - i. The Contractor shall establish a control system to ensure identification of the individuals having possession of the keys, cards, and badges at any given time.
 - j. The Contractor shall, at a minimum, on a monthly basis review the list of assigned key cards or access rights and verify that all persons on the list are still authorized employees.
 - k. The Contractor shall use logs or badges for visitors to all access controlled Facilities.
 - l. The Contractor shall control Data Center access for maintenance and other personnel and provide escorts.
 - m. Contractor shall install and maintain physical intrusion detection devices at all entrances and exits to its facilities. Devices shall be operational 24 hours a day.
3. Only persons authorized by the MLGCA may access:
- a. Sensitive or confidential data
 - b. Software programs and LCMCS documentation
 - c. Data Centers
 - d. Any other area deemed by the MLGCA to warrant such authorization.
4. At any time, personnel authorized by the MLGCA may inspect all premises of the Contractor or its subcontractors involved in the Contract to determine the degree of security and operational compliance. Authorized MLGCA personnel or other party designated by the MLGCA shall have access to interview any Contractor or subcontractor employee or authorized agent in conjunction with any audit, review or investigation deemed necessary by the MLGCA.
5. Video Surveillance – The Contractor shall install video surveillance equipment in each Data Center and facility and have cameras covering the front and back of each rack of

MLGCA equipment, Contractor Operations areas and entry to all secure access areas in each Data Center. Video from all of these systems must be kept for a period of at least sixty (60) days. MLGCA Security personnel shall have real time web access to any of the cameras covered in this section.

3.27.8 DATA SECURITY

1. After the Director has accepted the LCMCS in writing for each release, the Contractor shall be prohibited from modifying the software or databases of the LCMCS without the prior written approval of the Director.
2. All Software installed by the Contractor, as well as any maintenance or enhancements to that Software, and all program documentation supplied by the Contractor for the duration of the Contract, shall be licensed to the MLGCA for the duration of the Contract and any extensions at no additional cost.
3. The MLGCA shall have the right to require at any time such further and additional security measures as deemed necessary or appropriate to ensure the integrity of the LCMCS.
4. The Contractor shall run daily checksums on all hosts and RNGs. The results of these checksums shall be automatically emailed to designated MLGCA staff.
5. Data that is determined to be sensitive enough to warrant encryption while in storage shall be encrypted using an encryption level no less than AES.
6. The Data Security requirements include:
 - a. Shared user accounts shall not be permitted.
 - b. The applications and servers requiring authentication shall support the ability to enforce complex passwords, minimum life of password, maximum life of password and minimum iterations of passwords.
 - c. The Contractor shall develop, document and implement a data security plan that is appropriate for the level of sensitivity/confidentiality of the information being processed. This data security plan shall be submitted to the lottery for approval no later than 90 days before Start-up. The purpose of the data security plan is to reduce the risk associated with the compromise or destruction of Contractor-controlled data. Content shall include rules for the storage and dissemination of data shared with other organizations. The data security plan shall include:
 - i. Contractor Security Policy Statements
 - ii. Software version control and its currency
 - iii. Access control techniques
 - iv. Data entry processes
 - v. Processing accuracy
 - vi. Distribution of output reports and introduction or release of data
 - vii. Data and program back-up
 - viii. Controls to prevent unauthorized use or removal of tape files, diskettes, and other media

- ix. Data encryption standards for storage and secure management
- x. Processing audit trails
- xi. Application testing
- xii. LCMCS access violations
- xiii. Intrusion detection notification and response procedures
- xiv. Virus prevention, detection and removal
- xv. Appropriate disposal of hardcopy data which may contain Sensitive Data or information which may allow compromise of information systems security

7. General Security Requirements

- a. LCMCS access and user access rights shall be approved by the MLGCA.
 - b. LCMCS and networks shall support controls and procedures allowing the MLGCA to audit all access (including remote access, if any).
 - c. LCMCS shall be compliant with all systems security and fault tolerance requirements promulgated by any multi-jurisdictional associations (e.g., MUSL, NASPL, WLA) the MLGCA is or may become a member, as required by the MLGCA.
 - d. The Contractor shall ensure the LCMCS is not vulnerable to unauthorized access. The Contractor must specify the methods by which the LCMCS system will be protected against access, viruses, spyware, denial of service, and other attacks.
 - e. The Contractor shall provide information on operating system hardening, login and password controls, and system security log management.
 - f. The Contractor shall ensure computer and communications systems and services involved in storing, using, or transmitting MLGCA data are secure and will protect that data from unauthorized disclosure, modification, or destruction.
 - g. The Contractor shall use at least two-factor authentication to limit access to systems that contain sensitive MLGCA data, such as personally identifiable data. Unless the MLGCA instructs the Contractor otherwise in writing, the Contractor shall consider all MLGCA data to be confidential and critical.
8. The MLGCA requires external, independent penetration tests and security reviews to be conducted regularly. The Contractor shall provide for independent, professional and credible security firms offering such security and penetration testing services, to conduct one annual test resulting in one (1) annual security review subject to Contractor guidance, a test plan and schedule provided and approved by the MLGCA. The MLGCA prefers to have alternating or different suppliers of such service each year. All such firms must sign a comprehensive Non-Disclosure-Agreement with the Contractor and the MLGCA prior to conducting any test. Upon test conclusion, each firm must present and provide a comprehensive report to the MLGCA's security department along with further explanations if necessary. In case security weaknesses are found, the Contractor shall be obliged to immediately remedy such weaknesses.

3.27.9 SECURITY/PROBLEM NOTIFICATION

1. The Contractor shall within one (1) hour upon discovery report any Security Incident, Security Breach security violation, violation of law (e.g., theft), or disappearance of any Play Slips, Instant Tickets, Draw Ticket paper stock, validation files, or other equipment, software or material used or to be used in the performance of this Contract.
2. The Contractor shall report all system impacting incidents or anomalies verbally to the Contract Manager or designee within one (1) hour upon discovery of the first indication of a problem.
3. The Contractor shall submit a preliminary written report to the Contract Manager within twelve (12) hours of the event and submit a final written report within forty eight (48) hours of the event. At a minimum, incident and anomaly reporting shall include a description of the incident, its cause, impact on the operation and corrective action taken for each occurrence of LCMCS failure, operator error, deviation from established procedures and those items for which liquidated damages are applicable.

3.27.10 SECURITY REPORTS

The Contractor shall automatically provide from the LCMCS without human intervention a report showing LCMCS user privileges and authorities on a bi-weekly basis. These reports shall also include a copy of the Instant Games security grid and all user group capabilities, user group/class assignments, authority levels and active user names and user IDs. The MLGCA shall have the ability to run these reports whenever needed without intervention by the Contractor.

3.27.11 PERSONNEL SECURITY

1. The MLGCA may initiate investigations into the background of any officers, principals, investors, owners, subcontractors, employees, or any other associates of the Contractor it deems appropriate. Background investigations may include fingerprint identification.
2. Key Personnel who shall be performing services under the Contract and as determined by the MLGCA may be required to undergo a background investigation by the MLGCA within thirty (30) days of execution of the Contract.
3. The Contractor shall cooperate with such investigations and instruct its Contractor Personnel and Subcontractors to cooperate. The MLGCA may terminate the Contract based upon adverse results of these background checks if the MLGCA determines that its integrity, security or goodwill may be in jeopardy.
4. The ability to conduct such investigations shall be a continuing right of the MLGCA throughout the Contract.
5. The Contractor shall report the involvement of any of the Contractor Personnel, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation

3.27.12 DISASTER PLAN AND RECOVERY

3.27.12.1 Disaster Plan

1. The Contractor shall develop a Disaster Recovery Plan and submit to the MLGCA for approval no later than forty-five (45) days from Contract execution date.

2. The Contractor shall document, maintain, and update the Disaster Recovery Plan as needed (at minimum upon any change in the LCMCS or personnel) and periodically test (See #4 below) to ensure minimal interruption to service in case of an emergency.
3. A remote method to monitor equipment at the BDC shall be provided.
4. Failover testing to the BDC, whereby the Contractor shall demonstrate that the BDC is fully functional by operating in production from the BDC, shall be conducted at least twice per Contract year for at least one Business Day as directed by the MLGCA. The PDC shall serve as the backup data center in this scenario. This test shall also demonstrate the ability to process and ship Instant Tickets from the Back-up Instant Ticket Warehouse. A written report on the failover testing shall be supplied to the Contract Manager within five (5) days of each failover test. This report shall highlight any issues encountered and the corrective actions being taken to mitigate these issues. The MLGCA may request a repeat test outside of the scheduled semi-annual tests if it deems the issues encountered are serious enough to warrant another test necessary.
5. The Contractor shall provide a means of connecting the MLGCA's Data Centers and platforms to the Contractor's PDC primary and backup equipment and systems. Sufficient bandwidth shall be provided between the PDC and BDC to the MLGCA's Data Centers to carry on operational recovery business operations. The Contractor shall allow unit testing with the MLGCA PDC and BDC and the Contractor's BDC.
6. The Contractor shall conduct operational recovery and business continuity (Disaster Recovery) testing/exercises twice a year, to include full performance and end-to-end testing of all business processes and procedures, system and component functionality. The MLGCA shall be allowed to observe the testing/exercises. The MLGCA and Contractor shall work together to determine the duration of each fail test/exercise.
7. The Contractor shall cooperate with the MLGCA in its internal operational recovery and business continuity exercises.
8. The Contractor shall promptly correct and retest any deficiencies discovered by audit findings or operational recovery testing.

3.27.12.2 Disaster Recovery

1. In the event of irreparable damage at the PDC or BDC, or of an unplanned, extended abandonment of the PDC or BDC, the Contractor shall provide at no additional cost LCMCS components necessary to resume MLGCA sales under a two-site operational scenario.
2. Such LCMCS components shall be furnished, installed and operational within thirty (30) days after notification from the MLGCA.
3. Until a permanent PDC or BDC can be re-established, substitute Facilities shall meet MLGCA-approved environmental and security measures as specified in Sections 3.4.1.6 and 3.4.2.2.
4. In the event of irreparable damage or an unplanned, extended abandonment of the Instant Ticket Distribution Warehouse, the Contractor shall provide, at no additional cost to the MLGCA, an alternate Instant Ticket distribution location. This alternate distribution location shall be ready to process Instant Ticket orders within fourteen (14) days of notification that the Instant Ticket Warehouse is not available.

5. An occurrence meeting the definition of Force Majeur does not exempt the Contractor from the requirements of this Section.

3.27.13 BASIC FIRE PROTECTION AND STRUCTURAL REQUIREMENTS

All computer facilities shall meet the following minimum structural requirements:

1. Computer rooms and telecommunication rooms shall be separate from other areas by non-combustible construction having at least a two (2) hour fire resistance.
2. Walls shall extend from structural floor to structural floor (or roof) above.
3. Fire doors shall be provided on all entrances into the computer room with a fire resistance rating at least equal to the wall in which the door is located.
4. Fire and smoke dampers shall be provided in ducts that pass through the computer room walls, floor or ceiling.
5. The physical area shall comply with all state and local building codes, laws and rules for facilities of its type. The Contractor shall obtain proper permits and inspections.
6. The physical facility shall be constructed in accordance with the standards specified in the current edition of National Fire Protection Association (NFPA) publication No. 75, "Protection of Electronic Computing/Data Processing Equipment."
7. The computer rooms shall be protected by an automatic fire extinguishing system based on FM-200 or another MLGCA approved method. The system shall be installed and maintained as specified by applicable National Fire Protection Association (NFPA) and State Fire Marshall standards. The automatic extinguishing system shall be equipped with alarms that sound locally and at a constantly attended location on or off the premises, such as a fire department or other acceptable location. The alarm system shall indicate a trouble condition if it becomes inoperable and provide supervision of extinguishing system valves to indicate unauthorized tampering or closing. When triggered, the automatic fire extinguishing alarms shall sound locally and the Contractor shall notify the Contract Manager and on-call MLGCA security person.
8. An air conditioning failure detection mechanism shall be provided. The environmental controls (air conditioning system) shall be interlocked to shut down upon activation of the fire extinguishing system or the automatic fire extinguishing system shall be installed with sufficient capacity to compensate for loss of extinguishing system through operation of the air conditioning systems.
9. All penetrations through the computer rooms, walls or ceilings shall be sealed tightly with material equivalent to existing floor, wall or ceiling construction to prevent passage of heat, smoke and water.
10. The Contractor shall install and maintain, in good operating condition, fire detection, fire suppression, and fire extinguishing systems of sufficient capacities both in the computer room and below the computer room floor.
11. There shall be a water detection system covering all under floor areas of computer and media storage areas.
12. Fire proof storage for back-up media shall be able to withstand a minimum two (2) hour fire.

3.27.14 POWER AND POWER BACK-UP EQUIPMENT

Each Facility shall contain, at a minimum, the following ancillary equipment. All of these systems shall be new and shall be maintained in good operating condition:

1. A completely new uninterruptible power supply with batteries and electrical generating capabilities of, at a minimum, one hundred fifty (150) percent of the capacity needed to sustain all hardware, environments, equipment, communications equipment and necessary lighting to conduct full capacity business until primary power is restored if a failure occurs.
2. If a raised floor is not used in computer areas, the Contractor shall describe what designs and procedures are considered to ensure protection against electrical shocks and accidents.

3.28 Staffing Requirements

- A. The staff described in this Section are applicable to ongoing operations for the entire Contract term. Many of these staff are also required at some point during the Conversion Period on a phased-in schedule as approved by the MLGCA and as specified in Section 3.25.
- B. The Contractor shall over the term of the Contract update its organization chart showing the staffing positions/categories and number/list of Contractor Personnel assigned.
- C. The Contractor shall provide the MLGCA with policies regarding staffing, work schedules and vacations. These policies shall be reviewed and, before implementation, approved by the Director.
- D. The MLGCA requires the following minimum Contractor staffing in certain areas, with all positions being full-time unless otherwise specified. The required personnel listed below shall be Contractor Personnel and not employees of the State. The Contractor shall provide all Personnel necessary to meet the requirements of the Contract and to provide a high quality of service, and shall provide the title and responsibilities for all positions. Specifically, the Contractor shall provide all extra staff as required to meet the timelines identified in the Conversion Plan or to maintain support for SLAs.

3.28.1 GENERAL MANAGER

The Contractor shall assign a General Manager who shall be 1) located within the same building as MLGCA's Headquarters, and 2) the primary point of contact between the Contractor and the MLGCA for all Contract and operational matters and 3) the primary point of contact between the Contractor and the MLGCA for all conversion and implementation matters.

3.28.2 PROJECT MANAGER

The Contractor shall assign a full-time dedicated Certified Project Manager who will be located within the same building as MLGCA's Headquarters. The Project Manager shall work with all of the Contractor's resources to develop the overall Project Plan for the LCMCS installation, start up, acceptance testing, conversion and Start up Date. The Project Manager shall hold

weekly meetings with the MLGCA to provide status and updates on all aspects of the project. After conversion, the Project Manager shall be responsible for developing and managing all projects including those involving hardware, software and other changes to the LCMCS.

3.28.3 MARKETING MANAGER

The Contractor shall assign a dedicated Marketing Manager to support MLGCA promotional and other efforts and initiatives. This individual shall provide input in marketing planning meetings, conduct projects to increase sales, and develop Retailer bonuses, at a minimum, and shall be located within the same building as MLGCA's Headquarters.

3.28.4 BUSINESS INTELLIGENCE/SALES ANALYST

The Contractor shall provide a Business Intelligence/Sales Analyst who shall be assigned on a full-time basis and shall be located within the same building as MLGCA's Headquarters, and who shall assist the MLGCA to:

1. Uncover new selling opportunities and new marketing strategies quarterly for Draw, Monitor and Instant products and prize structures through data analysis from Maryland and other jurisdictions,
2. Design improved sales reports, make sales presentations to MLGCA management, and work closely with the MLGCA's Marketing and Sales staff.
3. Provide expertise in creating reports using the data in the Data Warehouse to track trends of sales and revenue and assist the MLGCA in making business decisions based on this data, and
4. Provide training and support for MLGCA personnel responsible for creating reports from the Data Warehouse.

3.28.5 TELEMARKETING MANAGER AND PERSONNEL

The Contractor shall provide a sufficient number of Tel-Sell representatives to pre-sell Instant Games, promotions, assist Retailers with Instant Ticket inventory, order placement and other duties as deemed necessary by the MLGCA. The Tel-Sell unit shall be staffed separately from computer operations and other areas.

3.28.6 DATA CENTER OPERATORS

For security purposes, there shall never be fewer than two (2) Computer Operators on-site in a computer room at any time. This requirement applies to both the PDC and BDC.

3.28.7 LEAD DATABASE SPECIALIST

The Contractor shall employ a Database Specialist who shall be assigned to the project at all times who will be located within the same building as MLGCA's Headquarters to provide database support. At a minimum, this individual shall have experience with client server and relational database architecture to support the MLGCA in development and maintenance of database applications and ad-hoc reports utilizing the Contractor's database. This position will also be trained to assist the MLGCA in creating reports and queries of data in the Data Warehouse.

3.28.8 LEAD NETWORK SPECIALISTS

The Contractor shall employ a Network Specialist who shall be assigned to the project at all times at the Contractor's PDC to provide network support and support for the CRM system and devices. The Network Specialist shall demonstrate expertise and be certified for managing the type of network (hardware) proposed and implemented. There shall also be network support in conjunction with any BDC. The Network Specialist shall also provide support to the MLGCA.

3.28.9 MARKETING REPRESENTATIVES

The Contractor shall provide a minimum of six (6) trained Marketing Representatives including a Representative for each Region (currently 4) and two (2) Multi-lingual Representatives. These Representatives shall address Retailer shortages and chronic service problems. They shall support promotional merchandise and POS, and work with DMs on problem accounts and be responsible for all Retailer field training, promotions and demonstrations, and shall perform other duties as required by the MLGCA.

3.29 Problem Escalation Procedure

- 3.29.1 The Contractor must provide and maintain a Problem Escalation Procedure (PEP) for both routine and emergency situations. The PEP must state how the Contractor will address problem situations as they occur during the performance of the Contract, especially problems that are not resolved to the satisfaction of the State within appropriate timeframes.
- 3.29.2 The Contractor shall provide contact information to the Contract Manager, as well as to other State personnel, as directed should the Contract Manager not be available.
- 3.29.3 The Contractor must provide the PEP no later than sixty (60) Business Days after notice of recommended award. The PEP must be updated annually. The PEP shall detail how problems under the Contract will be escalated in order to resolve any issues in a timely manner. The PEP shall include:
- a. The process for establishing the existence of a problem;
 - b. The maximum duration that a problem may remain unresolved at each level in the Contractor's organization before automatically escalating the problem to a higher level for resolution;
 - c. Circumstances in which the escalation will occur in less than the normal timeframe;
 - d. The nature of feedback on resolution progress, including the frequency of feedback to be provided to the State;
 - e. Identification of, and contact information for, progressively higher levels of personnel in the Contractor's organization who would become involved in resolving a problem;
 - f. Contact information for persons responsible for resolving issues after normal business hours (e.g., evenings, weekends, holidays) and on an emergency basis; and
 - g. A process for updating and notifying the Contract Manager of any changes to the PEP.
- 3.29.4 Nothing in this section shall be construed to limit any rights of the Contract Manager or the State which may be allowed by the Contract or applicable law.

3.30 Liquidated Damages – General and Specific

3.30.1 LIQUIDATED DAMAGES

It is agreed by the MLGCA and Contractor that:

1. If the Contractor does not provide or perform the requirements referred to or listed in this provision, damage(s) to the MLGCA will result.
2. Proving such damage(s) will be costly, difficult, and time consuming.
3. The damage figures listed below represent a good faith effort to quantify the range of harm that could reasonably be anticipated at the time of the making of the Contract and is not considered a penalty.
4. Liquidated damages shall become due within thirty (30) calendar days after written notification by the MLGCA. The MLGCA may, at its sole discretion, deduct liquidated damages from payments due to the Contractor. The Contractor's surety shall be liable under the Performance Bond for all liquidated damages assessed against the Contractor.
5. Nothing in this provision shall be construed as relieving the Contractor from performing all Contract requirements whether listed herein or not, nor is the MLGCA's right to enforce or to seek other remedies from failure to perform any other Contract duty hereby diminished.
6. Remedies of the MLGCA specified in this section or elsewhere in the Contract for breach or failure of performance by the Contractor shall in no way limit any other remedies available to the MLGCA under the Contract; under any statute or regulation; or at law or in equity including, without limitation, all remedies of a buyer under the Uniform Commercial Code. All rights, powers and remedies shall be cumulative and concurrent. Any failure of the MLGCA to exercise a remedy shall not be a waiver of any breach or non-performance by the Contractor nor shall it prevent the MLGCA from later exercising that or any other remedy.
7. The Contract will be used by the MLGCA to monitor Contractor performance and will provide the basis for determining liquidated damages.
8. All Liquidated Damages (General and Specific) listed in this RFP shall also apply to Additional Tasks defined in Section 3.26, if a NTP is issued.

3.30.1 ASSESSMENT: COLLECTIONS, WITHHOLDS

1. Once the MLGCA has determined that liquidated damages are to be assessed, the Director shall notify the Contractor of the assessment (or assessments). At the Director's discretion, the assessment notice may direct payment of the assessment by the Contractor. If payment is thus directed, the Contractor shall pay the assessment within thirty (30) calendar days of receipt of the assessment notice unless directed otherwise by the Director. If the Director determines that any damage was caused in part by the MLGCA, the Director shall reduce damage assessment against the Contractor proportionately.
2. Any liquidated damages assessment may also be collected, at the Director's discretion, by withholding the funds from any payment (or payments) due the Contractor after the date of assessment.

3.30.2 CONDITIONS FOR RELIEF OR TERMINATION

As determined appropriate by the Director, the following are the conditions under which the Contractor may obtain relief from the continued assessment of liquidated damages which have been imposed.

1. Except as waived by the Director, no liquidated damages imposed on the Contractor shall be terminated or suspended until the Contractor issues a written notice of correction to the Director verifying the correction of condition(s) for which liquidated damages were imposed, and all the Contractor corrections have been subjected to system testing or other verification at the discretion of the Director.
2. The Contractor shall conduct the acceptance testing of any correction the Director deems necessary.
3. The necessary level of documentation to verify corrections will be determined by the Director, who is the sole judge of the accuracy of any documentation provided.
4. A Contractor Notice of Correction will not be accepted until the correction is verified by a system test and the MLGCA's written approval of the test results is received.
5. Unless specified otherwise by the Director, system corrections shall be sustained for a reasonable period of at least ninety (90) calendar days from MLGCA acceptance, otherwise liquidated damages may be re-imposed without a succeeding grace period (in those cases where one is allowed) within which to correct.
6. The Contractor's use of resources to correct defects shall not cause other system problems or delay other deliverables.
7. The Contractor shall certify that each defect is corrected.
8. The Director may waive or reduce liquidated damages for conditions such as but not limited to fault of the State, no damage to the State, no financial loss to the State, and the Contractor's improved performance.

3.30.3 SEVERABILITY OF INDIVIDUAL CLAUSES

If any portion of any provision on liquidated damages in this Contract is determined to be unenforceable in one or more of its applications, the remaining portion remains in effect in all applications not determined to be invalid that are severable from the invalid applications. If any portion of this liquidated damages provision is determined to be unenforceable in total, the other portions shall remain in full force and effect.

LIQUIDATED DAMAGES - GENERAL

3.30.4 DAMAGES IMPOSED / SYSTEM CONVERSION PERIOD

3.30.4.1 Condition

The Contractor shall complete all key milestone dates as agreed upon in the Conversion Plan as described in Section 3.25 and comply with all other Contractual requirements in effect during the Conversion Period.

3.30.4.2 Damage

1. \$10,000 per day for each missed key milestone date, as agreed upon in the Conversion Plan, prior to Start-up date.
2. \$150,000 per day following the planned Start-up date for each Day of delay in completion of all agreed upon milestone dates in the Conversion Plan.
3. \$500 per day for each and every failure to provide a deliverable or resolve an acceptance test problem pursuant to the agreed upon schedule or to comply with all other contractual requirements in effect, until such requirement is provided or performed.

3.30.5 RETAILER INSTALLATION – CONVERSION PERIOD

3.30.5.1 Condition

The Contractor shall install all Terminals, Monitors, and associated Hardware in accordance with the schedule, which shall be agreed to by the Contractor and the MLGCA. The only exception to this timeframe would be for installations awaiting work to be done by a Retailer. A Retailer shall be considered to be installed and operational when required equipment has been installed at the designated location, is in good running and working order, connected to the PDC and BDC, and is capable of processing wagers and issuing Tickets in conjunction with the LCMCS, and the Retailer has received training which is deemed satisfactory and verified by the MLGCA. If the LCMCS fails to support any or all Terminals, then said Terminal(s) shall not qualify as being operational.

3.30.5.2 Damage

In the event that the Contractor fails to install Retailer Terminals, Monitors and associated Hardware as specified, up to \$700 per Day per Terminal or Monitor until installed. For any Terminal/Monitor that is not installed after fifteen (15) Days from the scheduled installation date, up to \$1,500 per Day per Terminal/Monitor for each subsequent Day.

3.30.6 TIMELY AND ACCURATE REPORTS OR FILES

3.30.6.1 Condition

Reports, files and export data shall be created and available on a pre-defined, scheduled and ad hoc basis according to the schedule approved by the MLGCA. This condition applies to the primary LCMCS, back-up LCMCS, BI system, data warehouse, and export data.

3.30.6.2 Damages

\$5,000 per Day for each late or inaccurate report, file or data export, until the required report or file is provided or corrected.

3.30.7 RETAILER OUTAGE

3.30.7.1 Condition

For any Retailer who is completely unable to sell and cash Tickets the Contractor shall make the repairs necessary to make the Retailer operational within three business (3) hours of

notification of the outage during a Retailer's sales hours. In all cases, the determination as to whether or not a Retailer is operational shall be made solely by the MLGCA.

3.30.7.2 Damage

If there has been a maintenance delay beyond the allowable three (3) hour repair time as set forth above, liquidated damages shall be based upon the average dollar value of lost revenue to the State. Lost revenue is determined by multiplying the current Revenue Contribution Rate times the Retailer's average daily sales for the same day of the week for the thirteen (13) weeks immediately prior*. For a Retailer where multiple Terminals or Monitors are installed, if at least one Terminal or Monitor (as applicable) remains operational then liquidated damages may not be assessed under this Section.

*Example – Retailer with only one Terminal and/or Monitor averages \$1,000 per day in sales on Tuesday for prior 13 weeks. On the day of the service call sales are \$350, indicating lost sales equal to \$650 and lost revenue equal to \$201.50.

3.30.8 RETAILER TROUBLE REPORTING AND HOTLINE

3.30.8.1 Condition

The Contractor shall employ sufficient resources to meet the performance standards of the Retailer Trouble Reporting Hotline. Ninety Nine percent (99%) of calls to the Hotline shall be answered by a live representative within thirty (30) seconds. Average wait times shall not exceed one (1) minute for any 30 minute period on any Business Day. The Contractor shall provide weekly call statistics for the Retailer Trouble Reporting Hotline within five (5) days of the end of each Business Week. Within ten (10) Business Days after notification from the Director that a performance standard is not being met, the Contractor shall employ additional resources as necessary to meet the performance standard as set forth by the MLGCA. The Hotline shall be available 99.99% of the Business Day excluding scheduled maintenance times.

3.30.8.2 Damages

If the Contractor does not bring deficient performance up to the standards within ten (10) Days of notification, up to \$1,000 per Day thereafter, for each specific corrective action required by the Director that the Contractor has not taken.

3.30.9 WINNING NUMBERS HOTLINE

3.30.9.1 Condition

The Contractor shall employ sufficient resources to meet the performance standards of Winning Numbers Hotline. Ninety Nine percent (99%) of calls to the Hotline within a twenty four (24) hour period shall be answered on the first call attempt. The Contractor shall provide weekly call statistics for the Winning Numbers Hotline within five (5) days of the end of each Business Week. Within ten (10) Business Days after notification from the Director that a performance standard is not being met, the Contractor shall employ additional resources as necessary to meet the performance standard as set forth by the MLGCA. The Hotline shall be available 99.99% of the Business Day excluding scheduled maintenance times.

3.30.9.2 Damages

If the Contractor does not bring deficient performance up to the standards within ten (10) Days of notification, up to \$1,000 per Day thereafter, for each specific corrective action required by the Director that the Contractor has not taken.

3.30.10 FAILURE TO MODIFY GAMES, TO INSTALL ADDITIONAL GAMES OR IMPLEMENT REQUESTS FOR SYSTEM CHANGES

3.30.10.1 Condition

The Contractor shall modify games, install additional games, or implement requests for LCMCS changes within the agreed upon time frame. In addition, the Contractor shall complete acceptance testing of the required modification or addition to the LCMCS, and receive the Director's written approval of such test, within the time frame specified.

3.30.10.2 Damages

Up to \$50,000 per Day that the modification of games, installation of additional games, or implementation of a request for LCMCS changes exceeds the required completion date.

3.30.11 UNAUTHORIZED SOFTWARE/HARDWARE MODIFICATIONS

3.30.11.1 Condition

The Contractor shall not modify any software or hardware without the prior written consent of the Director.

3.30.11.2 Damage

Up to \$50,000 per violation or occurrence.

3.30.12 UNAUTHORIZED ACCESS

3.30.12.1 Condition

The Contractor shall preclude unauthorized persons, that is, personnel who are not authorized by the Director or a designee, from accessing any Facility or the LCMCS.

3.30.12.2 Damage

Up to \$10,000 for each person for each occurrence in violation. An occurrence shall be defined as each and every act that permits access by an unauthorized person.

3.30.13 FAILURE TO SUPPORT AN INSTANT TICKET GAME

3.30.13.1 Condition

The LCMCS shall handle Instant Ticket transactions and produce reports for all games ordered by the MLGCA from its Instant Ticket suppliers.

3.30.13.2 Damage

Up to \$10,000 per Day for any Instant Games for which the Contractor does not provide timely and/or correct Instant Ticket transaction handling and reporting.

3.30.14 SECURITY/PROBLEM NOTIFICATION – FAILURE TO TIMELY REPORT

3.30.14.1 Condition

The Contractor shall comply with the reporting requirements of Section 3.27.9.

3.30.15.2 Damage

Up to \$5,000 per each reportable event for which the Contractor does not provide timely and/or correct notification and reporting.

3.30.15 INVALID WINNING TICKETS

3.30.15.1 Condition

The Contractor shall be liable for all winning tickets issued by the LCMCS and presented for redemption that are not identified as valid, winning saleable tickets on the validation files, for which the MLGCA becomes liable for payment.

3.30.15.2 Damage

Equal to the amount of the liability incurred by the MLGCA.

3.30.16 RETAILER WEBSITES UNAVAILABILITY

3.30.16.1 Condition

The websites shall be unavailable for access and available to perform functions no more than two (2) minutes total from the time an issue is detected or reported to the Contractor during any Business Day, excluding scheduled maintenance time as approved by the MLGCA.

3.30.16.2 Damage

Up to \$1,000 per hour or portion thereof when a Retailer website is not accessible and/or performing its functions.

3.30.17 PERFORMANCE

3.30.17.1 Condition

The Send-to-Cut time for any Retailer Terminal, PSST or other device capable of producing or validating Tickets shall not exceed three (3) seconds, from the Terminal or device to the LCMCS and back. This time includes the total round trip communications time and the processing of the transaction by the LCMCS(s). The Telecommunication Network shall meet this objective 99.99% of the time. The Send-to-Cut time shall be under two (2) seconds 99% of the time. At no time shall the Send-to-Cut time exceed four (4) seconds.

3.30.17.2 Damage

\$5,000 per hour or portion thereof when the Send-to-Cut time exceeds four (4) seconds for over one (1) % of the Retailer Network.

3.30.18 BACK OFFICE FUNCTIONALITY

3.30.18.1 Condition

All Back Office Functionality, not specified elsewhere within this section, shall be available on the LCMCS at all times. At no time shall any of this functionality be unavailable for more than one (1) hour in any twenty four (24) hour period.

3.30.18.2 Damage

\$5,000 per hour for each hour, for each Back Office Function, in excess of one (1) hour that any Back Office function as defined in Section 3.18 is unavailable..

3.30.19 MINORITY BUSINESS ENTERPRISE COMPLIANCE

See Section R23.14 of Attachment A

LIQUIDATED DAMAGES - SPECIFIC

3.30.20 SYSTEM OUTAGE

3.30.20.1 Condition

The LCMCS shall be “down” no more than two (2) minutes total during any Business Day. When cumulative downtime extends beyond two (2) minutes during any Business Day, liquidated damages may be imposed.

3.30.20.2 Damages

- A. The dollar value of sales data during the five-minute period just prior to the LCMCS outage will be used to calculate damages. (If the LCMCS outage occurs at the beginning of game day or game “cut off” time, sales data for the same day and time of the previous week data will be used to calculate damages. If the previous week falls on a holiday or is an unusual occurrence, the MLGCA will compare sales data for the same day and time of the previous two to three weeks to calculate damages.)
- B. The MLGCA will determine the extent of LCMCS outage, as specified above, and will divide the sales data for the five-minute period by five to determine the dollar value of loss sales per minute that shall be imposed for LCMCS outage.
- C. The total dollar value of loss sales per minute will be multiplied by the total number of minutes of LCMCS outage minus two minutes to determine the total lost sales during the outage period.
- D. The MLGCA will multiply the current Revenue Contribution Rate by the total lost sales during the outage period to determine the total liquidated damage penalty.
- E. For each minute of downtime, or fraction thereof, beyond two (2) minutes, the Director may impose liquidated damages of up to the amount as determined above.

3.30.21 SYSTEM DEGRADED PERFORMANCE

The MLGCA shall be solely responsible for determining, through existing reporting programs, the degraded performance described herein.

3.30.21.1 Condition

The LCMCS shall have “degraded performance” no more than two (2) minutes total during any Business Day. The LCMCS shall be considered as having degraded performance when the LCMCS cannot process wagers from 100 percent of the installed and operational Terminals and games. The extent of degraded performance shall be determined by using existing game activity reports. Whenever the LCMCS has “degraded performance” which collectively exceeds two (2) minutes during any Business Day, the Director may impose liquidated damages as determined below.

3.30.21.2 Damage

- A. The total number of wagers processed during the same day and time period just prior to the onset of degraded performance will be used to calculate an average number of wagers per minute. (If degraded performance occurs at the beginning of game day or game “cut off” time, wager data for the same day and time of the previous week will be used to calculate the average number of wagers per minute. If the previous week falls on a holiday or is an unusual occurrence, the MLGCA will compare wager data for the same day and time for the previous two to three weeks to determine an average number of wagers per minute.)
- B. The actual number of wagers processed during the total number of minutes of degraded performance will be used to calculate an average number of wagers per minute during the period of degraded performance.
- C. The average number of wagers processed per minute during degraded performance shall be divided by the average number of wagers processed per minute during the same day and time period just prior to the onset of degraded performance to determine the percentage of performance for each minute of degraded performance.
- D. The dollar value of sales during the same day and time period just prior to the degraded performance will be used to calculate damages. (If the degraded performance occurs at the beginning of game day or game “cut off” time, sales data for the same day and time of the previous two-three weeks will be used to calculate damages. If the previous week falls on a holiday or is an unusual occurrence, the MLGCA will compare sales data for the same day and time for the previous two-three weeks to calculate damages.)
- E. The MLGCA will determine the extent of degraded performance, as specified above, and will multiply the actual percentage of degraded performance by the sales data to determine the dollar value of lost sales.
- F. The MLGCA will determine average dollar value of lost sales per minute by dividing the dollar value of lost sales by the total number of minutes of degraded performance to determine the average dollar value of lost sales per minute that shall be imposed for degraded performance. (If degraded performance occurs at the beginning of game day or game “cut off” time, wager data for the same day and time of the previous week will be divided by sales data to determine the dollar value of lost sales per minute that shall be imposed for degraded performance. If the previous week falls on a holiday or is an unusual occurrence, the MLGCA will compare sales data for the same day and time for the previous two-three weeks to determine the dollar value of lost sales per minute that shall be imposed for degraded performance.)

- G. The average dollar value of lost sales per minute will be multiplied by the total number of minutes of degraded performance, minus two minutes, to determine the total sales lost.
- H. The MLGCA will multiply the current Revenue Contribution Rate by the total lost sales to determine the total liquidated damage penalty.

3.31 Deliverables

3.31.1 DELIVERABLE SUBMISSION

- 3.31.1.1 For every deliverable, the Contractor shall request that the Contract Manager confirm receipt of that deliverable by sending an Agency Receipt of Deliverable Form (Attachment R) with the deliverable. The Contract Manager will acknowledge receipt of the deliverable via e-mail using the provided form.
- 3.31.1.2 For every deliverable, the Contractor shall submit by e-mail an Agency Deliverable Product Acceptance Form (DPAF), provided as Attachment S, to the Contract Manager in MS Word (2010 or greater).
- 3.31.1.3 Unless specified otherwise, written deliverables shall be compatible with Microsoft Office, Microsoft Project and/or Microsoft Visio versions 2010 or later. At the Contract Manager's discretion, the Contract Manager may request one hard copy of a written deliverable.
- 3.31.1.4 A standard deliverable review cycle will be elaborated and agreed-upon between the State and the Contractor. This review process is entered into when the Contractor completes a deliverable.
- 3.31.1.5 For any written deliverable, the Contract Manager may request a draft version of the deliverable, to comply with the minimum deliverable quality criteria listed in this Section. Drafts of each final deliverable, except status reports, are required at least two weeks in advance of when the final deliverables are due (with the exception of deliverables due at the beginning of the project where this lead time is not possible, or where draft delivery date is explicitly specified). Draft versions of a deliverable shall comply with the minimum deliverable quality criteria listed in this Section.

3.31.2 DELIVERABLE ACCEPTANCE

- 3.31.2.1 A final deliverable shall satisfy the scope and requirements of this RFP for that deliverable, including the quality and acceptance criteria for a final deliverable as defined in Section 3.31.4 Deliverable Descriptions/Acceptance Criteria.
- 3.31.2.2 The Contract Manager shall review a final deliverable to determine compliance with the acceptance criteria as defined for that deliverable. The Contract Manager is responsible for coordinating comments and input from various team members and stakeholders. The Contract Manager is responsible for providing clear guidance and direction to the Contractor in the event of divergent feedback from various team members.

- 3.31.2.3 The Contract Manager will issue to the Contractor a notice of acceptance or rejection of the deliverable in the DPAF (Attachment S).
- 3.31.2.4 In the event of rejection, the Contract Manager will formally communicate in writing any deliverable deficiencies or non-conformities to the Contractor, describing in those deficiencies what shall be corrected prior to acceptance of the deliverable in sufficient detail for the Contractor to address the deficiencies. The Contractor shall correct deficiencies and resubmit the corrected deliverable for acceptance within the agreed-upon time period for correction.

3.31.3 MINIMUM DELIVERABLE QUALITY

The Contractor shall subject each deliverable to its internal quality-control process prior to submitting the deliverable to the State. Each deliverable shall meet the following minimum acceptance criteria:

1. Be presented in a format appropriate for the subject matter and depth of discussion.
2. Be organized in a manner that presents a logical flow of the deliverable's content.
3. Represent factual information reasonably expected to have been known at the time of submittal.
4. In each section of the deliverable, include only information relevant to that section of the deliverable.
5. Contain content and presentation consistent with industry best practices in terms of deliverable completeness, clarity, and quality.
6. Meets the acceptance criteria applicable to that deliverable, including any State policies, functional or non-functional requirements, or industry standards.
7. Contains no structural errors such as poor grammar, misspellings or incorrect punctuation.

A draft written deliverable may contain limited structural errors such as incorrect punctuation, and shall represent a significant level of completeness toward the associated final written deliverable. The draft written deliverable shall otherwise comply with minimum deliverable quality criteria above.

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3.31.4 DELIVERABLE DESCRIPTIONS/ACCEPTANCE CRITERIA

The Contractor may suggest other subtasks, artifacts, or deliverables to improve the quality and success of the assigned tasks.

Deliverables

Section	Deliverable	Due
3.4.1.2	The Contractor shall create and document the procedures for computer operations staff, especially regarding failure situations	45 Days prior to Start-up Date
3.4.3.1	Subsection 4 The Contractor shall provide and maintain an up to date disaster recovery plan as set forth in 3.28.12	Updated as needed
3.21.1.1	Subsection 8 The Contractor shall provide the MLGCA with monthly reports of the status of preventive maintenance as designed and requested by the MLGCA	Monthly
3.21.1.3	Subsection 2, c, ii, d The Contractor shall submit for approval by the MLGCA ten (10) Ticket samples of its Ticket stock for evaluation of anti-counterfeiting characteristics, graphics and durability	Within 120 days of NTP
3.21.1.3	Subsection 2, c, iii Tickets shall be legible and readable for a minimum of 365 days after printing	60 Days prior to Start-up Date
3.21.4	Subsection 1 The Contractor shall provide a detailed plan for establishing a field service schedule to maintain all Terminals, Monitors, and other Retailer location Hardware used for the sales, validations, and cashing of Tickets	60 Days prior to Start-up Date
3.21.4	Subsection 6 The Contractor shall produce a detailed inventory of all existing and newly installed Hardware	60 Days prior to Start-up Date
3.22.3	Subsection 3 The Contractor shall provide weekly Hotline Call daily call statistics	Weekly
3.22.3	Subsection 11 Have a Hotline Quality Assurance and Training Program, which is subject to approval by the MLGCA	As Requested

Section	Deliverable	Due
3.25.1	The Contractor shall submit within thirty (30) days of Contract award a detailed and final version of the Conversion Plan which, when approved by the MLGCA, shall become the basis for the Conversion.	Within 30 days of Effective Date
3.25.4	Subsection 2 The Contractor shall provide the MLGCA with the plan for Conversion of all required data	Within 60 days of Effective Date
3.25.5	Subsection 1 Upon receiving MLGCA approval of its Business Requirements Documents, the Contractor shall develop corresponding Software Requirements Specification (“SRS”) documents	Within 45 days of approval of the Business Requirements Documents
3.27.5	The Contractor shall submit a detailed security plan to the MLGCA for approval	No Later than 60 Days prior to Start-up Date
3.27.8	Subsection 5, c The Contractor shall develop, document and implement a data security plan that is appropriate for the level of sensitivity/confidentiality of the information being processed	No Later than 90 Days prior to Start-up Date
3.27.8	Subsection 7 The MLGCA requires external, independent penetration tests and security reviews to be conducted regularly. The Contractor shall provide for independent, professional and The Contractor shall provide for independent, professional and credible security firms offering such security and penetration testing services	Annually
3.27.12.1	Subsection 1 The Contractor shall develop a disaster recovery plan and submit to the MLGCA for approval	No later than 45 days from Effective Date
3.27.12.1	Subsection 4 A written report of failover testing shall be supplied to the Contract Manager	Within 5 days of failover testing
3.29	Subsection 3 The Contractor must provide the Problem Escalation Plan	No later than 60 days after notice of recommended award

3.32 Insurance Requirements

3.32.1 Any insurance furnished as a condition of this Contract shall be issued by a company authorized to do business in this State.

3.32.2 Insurance shall be provided as specified in the Contract (Attachment A).

3.32.3 The recommended awardee must provide a certificate(s) of insurance with the prescribed coverages, limits and requirements set forth in this Section 3.32 "Insurance Requirements", within ten (10) Business Days from notice of recommended award. During the period of performance for multi-year contracts the Contractor shall update certificates of insurance annually, or as otherwise directed by the Contract Manager.

3.32.4 The following type(s) of insurance and minimum amount(s) of coverage are required:

3.32.4.1 GENERAL LIABILITY

The Contractor shall maintain Commercial General Liability Insurance with limits sufficient to cover losses resulting from, or arising out of, Contractor action or inaction in the performance of the Contract by the Contractor, its agents, servants, employees, or subcontractors, but no less than a Combined Single Limit for Bodily Injury, Property Damage, and Personal and Advertising Injury Liability of \$1,000,000 per occurrence and \$3,000,000 aggregate.

3.32.4.2 ERRORS AND OMISSIONS/PROFESSIONAL LIABILITY

The Contractor shall maintain Errors and Omissions/Professional Liability insurance with minimum limits of \$1,000,000 per occurrence.

3.32.4.3 EMPLOYEE THEFT INSURANCE

The Contractor shall maintain Employee Theft Insurance with minimum limits of \$1,000,000 per occurrence.

3.32.4.4 CYBER SECURITY/DATA BREACH INSURANCE

The Contractor shall maintain Cyber Security/Data Breach Insurance in the amount of \$10,000,000 per occurrence. The coverage shall be valid at all locations where work is performed or data or other information concerning the State's claimants and/or employees is processed or stored.

3.32.4.5 WORKER'S COMPENSATION

The Contractor shall maintain such insurance as necessary and/or as required under Worker's Compensation Acts, the Longshore and Harbor Workers' Compensation Act, and the Federal Employers' Liability Act.

3.32.4.6 AUTOMOBILE AND/OR COMMERCIAL TRUCK INSURANCE

The Contractor shall maintain Automobile and/or Commercial Truck Insurance as appropriate with Liability, Collision, and PIP limits no less than those required by the State where the vehicle(s) is registered, but in no case less than those required by the State of Maryland.

3.32.5 STATE INCLUSION ON INSURANCE

The State shall be listed as an additional insured on the policies with the exception of Worker's Compensation Insurance and Professional Liability Insurance. All insurance policies shall be endorsed to include a clause that requires that the insurance carrier provide the Contract Manager, by certified mail, not less than 45 days' advance notice of any non-renewal, cancellation, or expiration. In the event the Contract Manager receives a notice of non-renewal, the Contractor shall provide the Contract Manager with an insurance policy from another carrier at least 30 days prior to the expiration of the insurance policy then in effect. All insurance policies shall be with a company licensed by the State to do business and to provide such policies.

3.32.6 SUBCONTRACTOR INSURANCE

The Contractor shall require that any subcontractors providing products/services under this Contract obtain and maintain similar levels of insurance and shall provide the Contract Manager with the same documentation as is required of the Contractor.

3.33 Audits

The Contractor shall have the audits described below performed on an annual basis for each year of the Contract and renewal option period if exercised. The Contractor shall be responsible for the cost of all audits described below as well as implementing all audit recommendations on a timely basis at no additional cost to the MLGCA. Progress reports as well as supporting documentation regarding the status of the implementation of the recommendations may be required at specified time intervals as determined by the MLGCA.

3.33.1 ANNUAL FINANCIAL STATEMENT AUDIT

The Contractor shall have an annual financial statement audit conducted by an independent Certified Public Accounting ("CPA") firm in order to obtain reasonable assurance that the financial statements are free of material misstatement based upon audit tests of transaction amounts and disclosures. These audits shall be conducted in accordance with auditing standards generally accepted in the United States of America. A copy of the Contractor's annual financial statement audit, including the opinion, shall be provided directly to the MLGCA upon completion of each audit.

The Contractor shall provide the MLGCA with Securities and Exchange Commission (SEC) 10-K reports (or the appropriate non-U.S. equivalent) as they are issued, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended.

3.33.2 ANNUAL SOC 1 TYPE 2 (SSAE-16) AUDIT AND ANNUAL SOC 2 TYPE 2 AUDIT

The Contractor shall have an annual SOC 1 Type 2 (SSAE 16) audit report conducted by an independent CPA firm, as it pertains to the Contractor's Maryland operations and headquarters location to the extent procedures and controls overlap. These audits may also require travel to the Contractor's headquarters operations.

The SOC 1 Type 2 audits will include functions performed by subcontractors, as appropriate. A SOC 1 Type 2 (SSAE 16) Audit includes both a review of the internal controls placed in operation as well as tests of operating effectiveness. Prior to contracting with the independent

CPA firm, the Contractor shall obtain the MLGCA's approval of the firm. In addition, prior to the start of each audit, the Contractor in conjunction with the MLGCA shall jointly determine the control objectives to be tested. Controls to be tested shall include both those over financial reporting and data security.

In addition, the Contractor shall have an annual SOC 2 Type 2 audit performed that includes the following three trust service principals: the security of the system, the availability of the system and the processing integrity of the system. Prior to contracting with the independent CPA firm, the Contractor shall obtain the MLGCA's approval of the firm.

Both the SOC 1 and SOC 2 audits shall be conducted on a fiscal year basis with the first audit period beginning July 1, 2017 and ending June 30, 2018. The audits shall be completed by mid-September of each year.

If the Contractor fails to obtain the required audit in a timely manner or receive an unqualified opinion on these yearly audits or fails to comply with the recommendations, the MLGCA will deem this infraction to be a material breach of contract and the Contractor may be subject to Liquidated Damages as referred to in Section 3.30 of this RFP until all significant deficiencies are corrected to the satisfaction of the MLGCA.

3.33.3 AUDIT OF CONTRACTOR RECORDS AND PROCEDURES

The MLGCA either directly or through third party representatives (e.g., legislative auditors, MLGCA independent auditors, MLGCA internal auditor), shall have the right to audit any and all Contractor and Subcontractor procedures and operations. The Contractor shall fully cooperate and make all records available for review. Failure to comply with the recommendations may result in Liquidated Damages as defined in Section 3.30 until all significant deficiencies are corrected to the satisfaction of the MLGCA.

3.34 Mobile Applications

The Contractor shall provide the following functionality available to other applications within the MLGCA suite of mobile applications:

3.34.1. Partner Functions:

- A. Scanning to check tickets for winners
- B. Find a Retailer
- C. ePlayslip

3.34.2. Additional Support

The Contractor shall work with MLGCA IT and other digital service vendors to support functionality within other MLGCA mobile applications including but not limited to:

- A. MD Lottery app
- B. MD Lottery - Keno & Racetrax app

4 PROPOSAL FORMAT

4.1 Two-Part Submission

Offerors shall submit Proposals in separate volumes:

- a. Volume I – TECHNICAL PROPOSAL
- b. Volume II – FINANCIAL PROPOSAL

4.2 Volume I – Technical Proposal

Note: Provide no pricing information in the Technical Proposal (Volume I). Include pricing information only in the Financial Proposal (Volume II).

Offerors must submit proposals encompassing all of the services required in the RFP and may not submit proposals for only certain services of the RFP.

4.2.1 Format of Technical Proposal

The Technical Proposal will include all items detailed below. In addition to the following instructions, responses in the Offeror's Technical Proposal must reference the RFP's organization and section numbering (ex. "Section 4.2.1 Response"). This proposal organization will allow direct mapping between Offeror responses and RFP requirements by Section number and will aid in the evaluation process.

If an Offeror is the subsidiary of another entity, all information submitted by the Offeror such as, but not limited to, references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary.

4.2.2 The Technical Proposal shall include the following documents and information in the order specified as follows. Each section of the Technical Proposal shall be separated by a TAB as detailed below:

4.2.2.1 Title Page and Table of Contents (Submit under TAB A)

The Technical Proposal should begin with a Title Page bearing the name and address of the Offeror and the name and number of this RFP. A Table of Contents shall follow the Title Page for the Technical Proposal, organized by section, subsection, and page number.

4.2.2.2 Claim of Confidentiality (If applicable, submit under TAB A-1)

Any information which is claimed to be confidential is to be noted by reference and included after the Title Page and before the Table of Contents, and if applicable, also in the Offeror's Financial Proposal. The entire Proposal cannot be given a blanket confidentiality designation - any confidentiality designation must apply to specific sections, pages, or portions of pages of the Proposal and an explanation for each claim shall be included (see Section 1.14 "Public Information Act Notice").

4.2.2.3 Transmittal Letter (Submit under TAB B)

A Transmittal Letter shall accompany the Technical Proposal. The purpose of this letter is to transmit the Proposal and acknowledge the receipt of any addenda. The Transmittal Letter should be brief and signed by an individual who is authorized to commit the Offeror to its

Proposal and the requirements as stated in this RFP. The Transmittal Letter should include the following:

- A. Name and address of the Offeror;
- B. Name, title, e-mail address, and telephone number of primary contact for the Offeror;
- C. Solicitation Title and Solicitation Number that the Proposal is in response to;
- D. Signature, typed name, and title of an individual authorized to commit the Offeror to its Proposal;
- E. Federal Employer Identification Number (FEIN) of the Offeror, or if a single individual, that individual's Social Security Number (SSN);
- F. Offeror's eMM number;
- G. Offeror's MBE certification number (if applicable);
- H. Acceptance of all State RFP and Contract terms and conditions (see Section 1.24); if any exceptions are taken, they are to be noted in the Executive Summary (see Section 4.2.2.4); and
- I. Acknowledgement of all addenda to this RFP issued before the Proposal due date.

4.2.2.4 Executive Summary (Submit under TAB C)

The Offeror shall condense and highlight the contents of the Technical Proposal in a separate section titled "Executive Summary." The Summary shall also identify any exceptions the Offeror has taken to the requirements of this RFP, the Contract (Attachment A), or any other attachments. Exceptions to terms and conditions may result in having the Proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

Warning: If there is any item, including any standard clause provision with which the Offeror cannot or will not comply, such exception must be clearly noted and explained, including the degree to which the Offeror may consider some degree of compliance.

The Offeror shall document all assumptions and exceptions. If the Offeror has taken no exceptions to the requirements of this RFP, the Executive Summary shall so state. Acceptance or rejection of exceptions is within the sole discretion of the State. If there are no assumptions, the Offeror shall so state.

4.2.2.5 Minimum Qualifications Documentation (If applicable, Submit under TAB D)

The Offeror shall submit any Minimum Qualifications documentation that may be required, as set forth in Section 2 "Offeror Minimum Qualifications."

4.2.2.6 Offeror Technical Response to RFP Requirements (Submit under TAB E)

- A. The Offeror shall present an overview of the entire LCMCS to include a description of how it meets the MLGCA's overarching objective for innovative concepts and solutions that will drive increased sales and revenue. The Offeror shall address in sequence in Sections 4.2.2.6.1 through 4.2.2.6.28 each Scope of Work requirement (Section 3) in its Technical Proposal and describe how its proposed products/services, including the products/services of any proposed subcontractor(s), will meet or exceed the requirement(s). If the State is seeking Offeror agreement to any requirement(s), the Offeror shall state its agreement or disagreement. Any paragraph in the Technical Proposal that responds to a Scope of Work requirement shall include an explanation of how the work will be performed. Any exception to a requirement, term, or condition may result in having the Proposal classified as not reasonably susceptible of being selected for award or the Offeror deemed not

responsible. The response shall address each requirement in Section 3 of this RFP in order, and shall contain a cross reference to the RFP requirement.

- B. The Offeror shall give a definitive description of the proposed plan to meet the requirements of the RFP which shall include the specific methodology and techniques to be used by the Offeror in providing the required products/services as outlined in RFP Section 3, Scope of Work. The description shall include an outline of the overall management concepts employed by the Offeror and a project management plan, including project control mechanisms and overall timelines.
- C. The Offeror shall identify the location(s) from which it proposes to provide the services, including, if applicable, any current facilities that it operates, and any required construction to satisfy the State's requirements as outlined in this RFP.
- D. Flexibility of the LCMCS. Provide a discussion supported by the responses elsewhere for Section 3, making clear how the LCMCS is flexible and can grow, and can be tailored to the business needs and rules of the MLGCA. As the MLGCA environment can be expected to evolve over the course of the Contract, describe the LCMCS's capacity for flexibility and adaptability.
- E. New and Unused Hardware. Affirm that all proposed transaction processing computers, networking equipment, Retailer Terminals, diagnostic equipment, etc. are new and unused; that all Hardware proposed is compliant with current electronic technology manufacturing standards and of current manufacture by the Offeror or its suppliers; and that all hardware models installed shall represent the then-current equivalent or better equipment in case a proposed device is phased out or replaced. Describe any additional or alternative functionality which the LCMCS can offer in meeting the objectives of this RFP.
- F. Hardware Certification Standards. Submit evidence that the proposed equipment has been inspected for safety and approved by a reputable testing laboratory and that all proposed equipment is in compliance with FCC regulations suitable for devices of the types proposed. Alternatively, if the devices proposed are new models and not yet inspected and/or certified, affirm that documentation showing certification will be provided prior to the time of Contract signing.
- G. The Offeror should provide in Sections 4.2.2.6.1 through 4.2.2.6.28 below a detailed response to each and every requirement of the corresponding Section of the RFP. In addition, for each of these Sections listed below are specific additional items that the MLGCA desires to have the Offeror address.

4.2.2.6.1 General Requirements (Ref: Section 3.3)

In addition to responding to each requirement in this section, Offerors shall:

Describe any elements of the LCMCS, such as Terminals, etc., that are at the specifications or concept stage, early in development, or that are products announced but not yet ready for manufacture and delivery. Specify the exact status of any such element and verify that it shall be available for inspection by the MLGCA at the time of evaluation/site visits and shall be hooked-up to a live or test system and capable of being fully demonstrated.

Identify the proposed testing/certification company. Describe how the Offeror will work with the Certification vendor and the MLGCA to assure that all specifications

are tested, that the LCMCS and its components will perform as specified, and to assure that all information converted from the prior Contractor is converted accurately and correctly.

4.2.2.6.2 LCMCS Requirements (Ref: Section 3.4)

- a. Describe the configuration of the Primary LCMCS and PDC and how it will meet the requirements.
- b. Describe the configuration of the Back-up LCMCS and configuration and location of the BDC and how it will meet the requirements.

4.2.2.6.3 Retailer Location Configuration (Ref: Section 3.5)

- a. Describe the equipment the Offeror will provide for the standard Retailer Hardware configuration.
- b. Describe in Task VI all other optional Terminal types the Offeror wishes to be considered, noting the differences in functionality between Terminal types. Offeror is encouraged to propose and explain all types of Terminals and associated Retailer equipment that it foresees to be of value to the MLGCA to help to increase sales and revenue and improve ease of play.
- c. Propose monitor sizes the Offeror recommends to best display monitor games.
- d. Describe the proposed PSST and its impact on sales/revenue.
- e. Describe how the proposed Terminals will improve the Retailer experience (e.g., less maintenance due to a decreased number of moving parts, a easier to load printer with a more direct paper path)
- f. Describe how the Retailer location will be configured along with how any wireless technology will be used.
- g. Describe the use of wireless technologies to support selling of Tickets at remote locations and events.
- h. Describe the process to track DM check-in and check-out at Retailers.

4.2.2.6.4 Telecommunications Network (Ref: Section 3.6)

- a. Describe how the proposed telecommunications network will be capable of supporting all of the MLGCA's current game offerings and any anticipated future offerings. Details of this network, including all types of telecommunications technologies being used, along with network drawings should be provided.
- b. Describe the types of telecommunications that will be used between the Data Centers and the Retailer locations and how the performance and availability measures are to be achieved and the tools that will be used to monitor the status of the Telecommunications Network. Describe how Retailers in areas with poor communications will be connected to the network and how remote connections from promotional events will be handled.

- c. Provide any additional information on network security components and controls including firewall and intrusion detection/prevention systems, network access controls, network device hardening, login and password controls, network device log management and other relevant factors.

4.2.2.6.5 Draw Games (Ref: Section 3.7)

- a. Describe how the required Draw Games and all associated process and procedures will be supported.
- b. Offeror should propose any other Draw Games which are equal to or better than, in respect to both quality and sales and revenue generation, the existing Draw Games specified in Section 3.2.3 including game description, frequency of Drawings, projected sales and revenue, etc.

4.2.2.6.6 Monitor Games (Ref: Section 3.8)

- a. Offeror should propose at least two Monitor Games which are equal to or better than, in respect to both quality and sales and revenue generation, the existing Monitor Games specified in Section 3.2.3. One shall be a Keno game and one shall be a horse racing style game.
- b. Offeror may also propose any additional monitor games, to include its recommendation for how these games will fit into the MLGCA's game mix. Any proposed games must be a lottery game and may not be games that would be considered VLTs under SG 9-1A or slot machines under Criminal Law Article.
- c. The Offeror will describe how it will support the required Monitor Games and any other games that are recommended to the MLGCA to increase sales/revenues, including sample graphics, frequency of Drawings, projected sales and revenue, etc.

4.2.2.6.7 Instant Game Support and Accounting (Ref: Section 3.9)

- a. Describe how the Offeror will fulfill all aspects of the Instant Ticket process. Describe in detail how Tel-Sell and Predictive Ordering shall be introduced and the impact this is expected to have on Instant Ticket sales and revenue.
- b. Describe how Tel-Sell and Predictive Ordering work together to increase sales.
- c. Explain how the Offeror would improve Instant Ticket sales, excluding ticket design, which is not covered under this RFP.

4.2.2.6.8 Accounting Requirements - General (Ref: Section 3.10)

- a. Describe how the accounting requirements will be fulfilled.

4.2.2.6.9 Data Retention (Ref: Section 3.11)

- a. Describe how the Offeror will meet the data retention requirements for both the LCMCS and the Data Warehouse.

4.2.2.6.10 Amber and Silver Alerts (Ref: Section 3.12)

- a. Describe how the Offer will support the displaying of Amber and Silver Alerts on devices in Retailer locations.

4.2.2.6.11 Management and Retailer Reports (Ref: Section 3.13)

- a. Describe how the Offeror will meet the reporting requirements for both Retailers and the MLGCA.
- b. Describe how the use of the data in the Data Warehouse can be used to assist the MLGCA in the analysis of data and help determine the effectiveness of game changes, promotions, etc. Describe how this information will be presented in both graphical and data formats, and how the Offeror will track and provide reports on specific sales or promotional thresholds and provide reports and the necessary information to adjust Retailer commissions or pay Retailer bonuses.

4.2.2.6.12 System Administration/Management Features (Ref: Section 3.14)

- a. Describe how System Administration/Management Features requirements will be fulfilled.

4.2.2.6.13 Internal Control System (Ref: Section 3.15)

- a. Describe how the Offeror will interface with the MLGCA's ICS contractor to assure the integrity of all transactions on the LCMCS.
- b. Describe how all transactional information will be accurately delivered to the Back-up ICS.

4.2.2.6.14 Games Development (Ref: Section 3.16)

- a. Describe how new game development and new promotions will be supported on the LCMCS and the flexibility of the LCMCS allowing for variations of existing promotions to be implemented in a short period of time.
- b. Propose any new games or promotions the Offeror believes would increase sales and revenue.

4.2.2.6.15 Training, Research and Marketing Support (Ref: Section 3.17)

- a. Describe the approach to providing training for new Retailers and any training required for new games or equipment throughout the life of the contract.
- b. Describe how the Offeror will meet the requirement for training Retailers from across the State while limiting the travel time to the training facility for Retailers to less than two (2) hours.

4.2.2.6.16 Back Office Functionality (Ref: Section 3.18)

- a. Provide details on how the Offeror will meet the requirements for each area of the Back Office functionality and describe how its system meets or exceeds the

current Back Office System functionality for each area as described in Section 3.18

- b. Describe how the Offeror will convert and verify existing data from the current MLGCA Back Office Systems. The Offeror shall propose and describe how its system automates the claims process for the XCAP Retailers and eliminates the need for Retailers to provide paper claim forms for every claim.

4.2.2.6.17 Retailer Management System (Ref: Section 3.19)

- a. Describe the Offeror's proposed Retailer management system application and how it meets or exceeds the MLGCA's current system.
- b. Describe the equipment to be used and how the Offeror will provide ongoing support to MLGCA staff use of the management system tool.
- c. Describe how the Offeror will work closely with the management system vendor to provide the latest version and functionality to MLGCA end users, at no additional cost to the MLGCA.

4.2.2.6.18 Retailer Website (Ref: Section 3.20)

- a. Describe the proposed system and solution, including the related information available on the site, the processes for keeping the information up-to-date, the MLGCA interaction with it and how overall management of the site is foreseen. If any additional environments are necessary or can be used (e.g., the CMS), the Offeror may propose a fully integrated solution.
- b. Describe how the Offeror will host the website as well as provide all support for the website including all end-user support to new and existing Retailers.
- c. Describe what security features will be in place to protect the Sensitive Data required from each Retailer and assure that information on the website is secure and the ongoing efforts that will be taken to ensure security and data integrity.

4.2.2.6.19 Support Services (Ref: Section 3.21)

- a. Describe how the Offeror will meet the field service maintenance requirements and the terminal and monitor installation requirements.
- b. If the Back-up LCMCS is co-located within a Backup Data Center used by other states or for other purposes, describe how these personnel will interact with the Back-up LCMCS on a daily basis and in the event the Back-up LCMCS becomes the Primary system.
- c. Submit the location address, owner(s) name, facility exterior photographs/drawings of the facility and floor plan for the Maintenance and Repair Facility. Demonstrate how these facilities meet all MLGCA, MUSL, Mega Millions, and WLA security requirements.
- d. Identify the physical location of the proposed call center.

- e. Describe what methods of Retailer trouble reporting, in addition to the toll-free Retailer Hotline number, will be supported.
- f. Describe the reporting capabilities of the trouble reporting system.

4.2.2.6.20 LCMCS Modifications, Enhancements and Upgrades (Ref: Section 3.23)

- a. Describe how the Offeror will ensure that the LCMCS will be upgraded or enhanced throughout the term of the Contract in order to ensure that the LCMCS and its components do not become antiquated or reach end-of-life and to ensure that the LCMCS and its components are kept as current as necessary to support the MLGCA's business and security goals.

4.2.2.6.21 Download Server Environment (Ref: Section 3.23)

- a. Explain if a separate system is being proposed and describe the system.
- b. Describe the preferred software distribution method.
- c. Describe the Telecommunication Network solutions for the various software distributions.

4.2.2.6.22 Data Warehouse System with Business Intelligence (Ref: Section 3.24)

- a. Describe how the Offeror will use the BI and CRM tools to assist the MLGCA in understanding player behavior, buying patterns and preferences and identify trends, patterns and relationships among data to increase sales and revenue.
- b. Offeror shall describe how the offered solution interlinks with other environments that may help the MLGCA improve its business.
- c. Specifically, each Offeror shall also describe any functionality available for the presentation of management, marketing and/or sales information other than on standard system reports.

4.2.2.6.23 Conversion and Implementation (Ref: Section 3.25)

- a. Offeror should provide its draft Conversion Plan which, when finalized and approved by the MLGCA, shall become the basis for the Conversion/Implementation. Plan should include all elements specified in Section 3.26.
- b. Describe the timeline and process for the phase-in of staff during the Conversion period.

4.2.2.6.24 Additional Tasks (Ref: Section 3.26)

Task I – E-Commerce Subscriptions

- a. The Offeror should propose its solution for selling MLGCA products via e-Commerce Subscriptions, to include all Draw and Monitor Games, Instant Tickets and any other offerings the Offeror may wish to propose. This

proposal shall provide an end to end solution to include but not be limited to the requirements stated in Section 3.26.1.

- b. Describe how players will create accounts, how these accounts will be funded as well as how players will receive payment for winnings. Describe how all applicable laws applying to sales will be enforced. Describe all steps that will be taken to protect the security of all player personal and financial data. Describe the ability for players to play from any device.
- c. Project annual sales and revenues to be generated by this program.

Task II – Host mdlottery.com Online Network

Describe how the Offeror will implement the required Task and how it will contribute to improved operational efficiency and increased sales and revenues.

Task III – Secondary Communications to Retailers

Describe how the Offeror will provide a secondary, backup, communications method for connecting Retailers to the Retailer network via a communications path separate from the primary connectivity.

Task IV – Player Loyalty Club

Describe how the Offeror will provide a Player Loyalty Club utilizing responsive design allowing it to run on multiple platforms. Additionally, describe the development of apps for both IOS and Android devices.

Task V – MLGCA Customer Resource Center

Describe the Facility located within the Lanham, MD 20706 zip code to be used as the MLGCA's Claims Center and its proposed operation..

Task VI – Additional Business Enhancements

In addition to the basic specifications required by the RFP, the MLGCA is seeking new and innovative concepts which will drive increases in sales and revenue and Offerors are encouraged to propose such additional capabilities.

Any such additional capabilities offered which are over and above the basic requirements of the RFP and not included in the base price should be individually listed and described below. Examples of such additional capabilities may be additional non-standard Terminal types, any additional equipment, games, promotions, process improvements, smart phones, etc., that the Offeror believes will increase sales and revenue. This Task is divided into three Sub-Parts:

Sub-Part CI: Offerors shall describe and provide specifications for any additional non-standard Terminal and Self Service Terminal types and Jackpot signs that it proposes to provide.

Sub-Part C2: Offerors shall describe the solution that it proposes to provide for accepting alternate payment methods from Players at brick and mortar Retailers.

Sub-Part C3: Offerors shall specify and describe any other types of equipment and services (except Terminals) that it proposes to provide.

For each additional capability proposed, the Offeror shall:

- a. Label each item in the Task VI as CI(1), CI(2),...CII(1), CII(2),...CIII(1), CIII(2)..., etc.;
- b. State the Section of the RFP to which the item corresponds
- c. Describe the item;
- d. Describe how the item will increase sales and revenue.
- e. Provide the corresponding price for each individual item in Section C of the Financial Proposal Sheet-Attachment F.

4.2.2.6.25 Security Requirements (Ref: Section 3.27)

- a. Describe how each area of the Security section will be met. Explain how the Disaster Recovery Plan and Disaster Recovery will be assured and tested on an annual basis.

4.2.2.6.26 Problem Escalation Procedure (Ref: Section 3.29)

- a. The Offeror shall provide a draft Problem Escalation Procedure (PEP) that includes, at a minimum, titles of individuals to be contacted by the Contract Manager should problems arise under the Contract and explain how problems with work under the Contract will be escalated in order to resolve any issues in a timely manner. Final procedures must be submitted as indicated in RFP Section 3.29.
- b. Provide a general description of the Offeror's policy for escalation procedures which will be presented in detail in the PEP after Contract award.

4.2.2.6.27 Mobile Applications (Ref: Section 3.34)

- a. Describe the Offeror's solutions for mobile applications

4.2.2.6.28 For the RFP Sections listed below, the only response required by the Offeror is an acknowledgement of the requirements contained in the Section and an agreement to comply. These Sections will not be separately evaluated in Section 5.

Section 3.30 – Liquidated Damages

Section 3.31 - Deliverables

Section 3.32 – Insurance Requirements

Section 3.33 – Audits

4.2.2.7 Experience and Qualifications of Proposed Staff (Section 3.28) (Submit under TAB F)

The Offeror shall identify the number and types of staff proposed to be utilized under the Contract, specifically identifying the required positions.

Describe how the Offeror's corporate resources will be used to support the MLGCA, both during Conversion and on an on-going basis.

Specify if the conversion implementation General Manager and the permanent General Manager are or are not different individuals.

The Offeror shall describe in detail how the proposed staff's experience and qualifications relate to their specific responsibilities, including any staff of proposed subcontractor(s). The Offeror shall include individual resumes for the Key Personnel. Each resume should include the amount of experience the individual has had relative to the Scope of Work set forth in this solicitation. Letters of intended commitment to work on the project, including letters from any proposed subcontractor(s), shall be included in this section. Offerors be aware of restrictions on substitution of Key Personnel prior to RFP award (see Section 1.23.E Substitution Prior to Contract Execution).

The Offeror shall provide an Organizational Chart outlining personnel and their related duties. The Offeror shall include job titles and the percentage of time each individual will spend on his/her assigned tasks. Offerors using job titles other than those commonly used by industry standards must provide a crosswalk reference document.

4.2.2.8 Offeror Qualifications and Capabilities (Submit under TAB G)

The Offeror shall include information on past experience with similar projects and/or services. The Offeror shall describe how its organization can meet the requirements of this RFP and shall also include the following information:

- A. The number of years the Offeror has provided the similar services;
- B. The number of clients/customers and geographic locations that the Offeror currently serves;
- C. The names and titles of headquarters or regional management personnel who may be involved with supervising the services to be performed under this Contract;
- D. The Offeror's process for resolving billing errors; and
- E. An organizational chart that identifies the complete structure of the Offeror including any parent company, headquarters, regional offices, and subsidiaries of the Offeror.

4.2.2.9 References (Submit under TAB H)

At least three (3) references are requested from customers who are capable of documenting the Offeror's ability to provide the products/services specified in this RFP. References used to meet any Offeror Minimum Qualifications (see Section 2) may be used to meet this request. Each reference shall be from a client for whom the Offeror has provided products/services within the past five (5) years and shall include the following information:

- A. Name of client organization;
- B. Name, title, telephone number, and e-mail address, if available, of point of contact for client organization; and
- C. Value, type, duration, and description of products/services provided.

The MLGCA reserves the right to request additional references or utilize references not provided by an Offeror. Points of contact must be accessible and knowledgeable regarding Offeror performance.

4.2.2.10 List of Current or Prior State Contracts (Submit under TAB I)

Provide a list of all contracts with any entity of the State of Maryland for which the Offeror is currently performing products/services or for which services have been completed within the last five (5) years. For each identified contract, the Offeror is to provide:

- A. The State contracting entity;
- B. A brief description of the products/services provided;
- C. The dollar value of the contract;
- D. The term of the contract;
- E. The State employee contact person (name, title, telephone number, and, if possible, e-mail address); and
- F. Whether the contract was terminated before the end of the term specified in the original contract, including whether any available renewal option was not exercised.

Information obtained regarding the Offeror's level of performance on State contracts will be used by the Procurement Officer to determine the responsibility of the Offeror and considered as part of the experience and past performance evaluation criteria of the RFP.

4.2.2.11 Financial Capability (Submit under TAB J)

An Offeror must include in its Proposal a commonly-accepted method to prove its fiscal integrity. If available, the Offeror shall include Financial Statements, preferably a Profit and Loss (P&L) statement and a Balance Sheet, for the last three (3) years (independently audited preferred).

In addition, the Offeror may supplement its response to this Section by including one or more of the following with its response:

- A. Dunn and Bradstreet Rating;
- B. Standard and Poor's Rating;
- C. Lines of credit;
- D. Evidence of a successful financial track record; and
- E. Evidence of adequate working capital.

4.2.2.12 Certificate of Insurance (Submit under TAB K)

The Offeror shall provide a copy of its current certificate of insurance showing the types and limits of insurance in effect as of the Proposal submission date. The current insurance types and limits do not have to be the same as described in Section 3.33.5.

4.2.2.13 Subcontractors (Submit under TAB L)

The Offeror shall provide a complete list of all subcontractors that will work on the Contract if the Offeror receives an award, including those utilized in meeting the MBE and/or VSBE subcontracting goal, if applicable. This list shall include a full description of the duties each

subcontractor will perform and why/how each subcontractor was deemed the most qualified for this project. See Section 4.2.2.7 for additional Offeror requirements related to subcontractors.

4.2.2.14 Legal Action Summary (Submit under TAB M)

This summary shall include:

- A. A statement as to whether there are any outstanding legal actions or potential claims against the Offeror and a brief description of any action;
- B. A brief description of any settled or closed legal actions or claims against the Offeror over the past five (5) years;
- C. A description of any judgments against the Offeror within the past five (5) years, including the court, case name, complaint number, and a brief description of the final ruling or determination; and
- D. In instances where litigation is on-going and the Offeror has been directed not to disclose information by the court, provide the name of the judge and location of the court.

4.2.2.15 Economic Benefit Factors (Submit under TAB N)

- A. The Offeror shall submit with its Proposal a narrative describing benefits that will accrue to the Maryland economy as a direct or indirect result of its performance of this contract. Proposals will be evaluated to assess the benefit to Maryland's economy specifically offered. See COMAR 21.05.03.03A(3).
- B. Proposals that identify specific benefits as being contractually enforceable commitments will be rated more favorably than Proposals that do not identify specific benefits as contractual commitments, all other factors being equal.
- C. Offerors shall identify any performance guarantees that will be enforceable by the State if the full level of promised benefit is not achieved during the Contract term.
- D. As applicable, for the full duration of the Contract, including any renewal period, or until the commitment is satisfied, the Contractor shall provide to the Procurement Officer or other designated agency personnel reports of the actual attainment of each benefit listed in response to this section. These benefit attainment reports shall be provided quarterly, unless elsewhere in these specifications a different reporting frequency is stated.
- E. Please note that in responding to this section, the following do not generally constitute economic benefits to be derived from this Contract:
 - 1. generic statements that the State will benefit from the Offeror's superior performance under the Contract;
 - 2. descriptions of the number of Offeror employees located in Maryland other than those that will be performing work under this Contract; or
 - 3. tax revenues from Maryland-based employees or locations, other than those that will be performing, or used to perform, work under this Contract.
- F. Discussion of Maryland-based employees or locations may be appropriate if the Offeror makes some projection or guarantee of increased or retained presence based upon being awarded this Contract.

- G. Examples of economic benefits to be derived from a contract may include any of the following. For each factor identified below, identify the specific benefit and contractual commitments and provide a breakdown of expenditures in that category:
1. The Contract dollars to be recycled into Maryland's economy in support of the Contract, through the use of Maryland subcontractors, suppliers and joint venture partners. **Do not include actual fees or rates paid to subcontractors or information from your Financial Proposal;**
 2. The number and types of jobs for Maryland residents resulting from the Contract. Indicate job classifications, number of employees in each classification and the aggregate payroll to which the Offeror has committed, including contractual commitments at both prime and, if applicable, subcontract levels. If no new positions or subcontracts are anticipated as a result of this Contract, so state explicitly;
 3. Tax revenues to be generated for Maryland and its political subdivisions as a result of the Contract. Indicate tax category (sales taxes, payroll taxes, inventory taxes and estimated personal income taxes for new employees). Provide a forecast of the total tax revenues resulting from the Contract;
 4. Subcontract dollars committed to Maryland small businesses and MBEs; and
 5. Other benefits to the Maryland economy which the Offeror promises will result from awarding the Contract to the Offeror, including contractual commitments. Describe the benefit, its value to the Maryland economy, and how it will result from, or because of the Contract award. Offerors may commit to benefits that are not directly attributable to the Contract, but for which the Contract award may serve as a catalyst or impetus.

4.2.3 Additional Required Technical Submissions (Submit under TAB O)

The following documents shall be completed, signed, and included in the Technical Proposal, under TAB O that follows the material submitted in response to Section 4.2.2.

Submit two (2) copies of each with original signatures. All signatures must be clearly visible.

- A. Completed Bid/Proposal Affidavit (Attachment B).
- B. Completed MDOT Certified MBE Utilization and Fair Solicitation Affidavit Attachment D-1A).
- C. Completed Maryland Living Wage Requirements Affidavit of Agreement (Attachment G-1).
- D. Completed Conflict of Interest Affidavit and Disclosure (Attachment I).
- E. Completed Mercury Affidavit (Attachment L)
- F. Completed Veteran-Owned Small Business Enterprise (VSBE) Utilization Affidavit and Subcontractor Participation Schedule. (Attachment M-1)
- G. Completed Location of the Performance of Services Disclosure (Attachment N).
- H. Proposal/Bid bond (Attachment T)
- I. Litigation/Protest bond (Attachment V)
- J. Authorization for Release of Information (Attachment W)

4.3 Volume II – Financial Proposal

The Financial Proposal shall contain all price information in the format specified in Attachment F. The Offeror shall complete the Price Sheet only as provided in the Price Sheet Instructions and the Price Sheet itself.

4.4 Proposal Packaging

- 4.4.1 Volume I – Technical Proposal and Volume II – Financial Proposal shall be sealed separately from one another. It is preferred, but not required, that the name, e-mail address, and telephone number of the Offeror be included on the outside of the packaging for each Volume. Each Volume shall contain an unbound original, so identified, and six (6) paper copies. The two (2) sealed Volumes to be submitted together in a single package to the Procurement Officer prior to the date and time for receipt of Proposals and including a label bearing:
- A. The RFP title and number,
 - B. Name and address of the Offeror, and
 - C. Closing date and time for receipt of Proposals
- 4.4.2 A complete electronic version of the Technical Proposal in Microsoft Word format (version 2010 or greater) must be enclosed with the original Technical Proposal. An electronic version of the Financial Proposal in Microsoft Word, PDF, or Microsoft Excel format (version 2010 or greater) must be enclosed with the original Financial Proposal. **Provide no pricing information on the media submitted in the Technical Proposal (Volume I). Include pricing information only in the Financial Proposal media (Volume II).**
- 4.4.3 A second complete electronic version of Volume I and Volume II in searchable Adobe .pdf format shall be submitted to support Public Information Act (PIA) requests. This copy shall be redacted so that confidential and/or proprietary information has been removed (see Section 1.14 “Public Information Act Notice”).
- 4.4.4 Electronic media (CD or flash drive) must be labeled on the outside with the RFP title and number, name of the Offeror, and volume number. Electronic media must be packaged with the original copy of the appropriate Proposal (Technical or Financial).
- 4.4.5 All pages of both proposal volumes shall be consecutively numbered from beginning (Page 1) to end (Page “x”).
- 4.4.6 All written materials must be in English.

4.5 Proposal Delivery

- 4.5.1 Offerors may submit proposals by hand or by mail as described below to the address provided in the Key Information Summary Sheet.
- A. For U.S. Postal Service deliveries, any Proposal that has been received at the appropriate mailroom, or typical place of mail receipt, for the respective procuring unit by the time and date listed in the RFP will be deemed to be timely. If an Offeror chooses to use the U.S. Postal Service for delivery, the Agency recommends that it use Express Mail, Priority Mail, or Certified Mail only as these are the only forms for which both the date and time of

receipt can be verified by the Agency. An Offeror using first class mail will not be able to prove a timely delivery at the mailroom, and it could take several days for an item sent by first class mail to make its way by normal internal mail to the procuring unit.

- B. Hand-delivery includes delivery by commercial carrier acting as agent for the Offeror. For any type of direct (non-mail) delivery, Offerors are advised to secure a dated, signed, and time-stamped (or otherwise indicated) receipt of delivery.

- 4.5.2 The Procurement Officer must receive all Technical and Financial Proposal material by the RFP Due Date and Time specified in the Key Information Summary Sheet. Requests for extension of this date or time will not be granted. Except as provided in COMAR 21.05.03.02F, Proposals received by the Procurement Officer after the due date will not be considered.

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5 EVALUATION CRITERIA AND PROCEDURE

5.1 Evaluation Committee

Evaluation of Proposals will be performed in accordance with COMAR 21.05.03 by a committee established for that purpose and based on the evaluation criteria set forth below. The Evaluation Committee will review Proposals, participate in Offeror oral presentations and discussions, and provide input to the Procurement Officer. The MLGCA reserves the right to utilize the services of individuals outside of the established Evaluation Committee for advice and assistance, as deemed appropriate.

5.2 Technical Proposal Evaluation Criteria

5.2.1 Offeror's Technical Response to RFP Requirements (See RFP § 4.2.2.6)

The State prefers an Offeror's response to work requirements in the RFP that illustrates a comprehensive understanding of work requirements and mastery of the subject matter, including an explanation of how the work will be performed. Proposals which include limited responses to work requirements such as "concur" or "will comply" will receive a lower ranking than those proposals that demonstrate an understanding of the work requirements and include plans to meet or exceed them.

5.2.2 The extent to which the Offeror's proposed services, solution, and capabilities will provide innovative concepts and solutions that will drive increases in sales and revenues.

5.2.3 The criteria to be used to evaluate each Technical Proposal are listed below in descending order of importance. Unless stated otherwise, any sub-criteria within each criterion have equal weight. Evaluation Criteria are as follows:

5.2.3.1 Level 1 Criteria

- a) Monitor Games (Section 4.2.2.6.6)
- b) Draw Games (Section 4.2.2.6.5)
- c) Central System (Section 4.2.2.6.2)
- d) Accounting Requirements – General (Section 4.2.2.6.8)
- e) System Administration/Management Features (Section 4.2.2.6.12)
- f) Security (Section 4.2.2.6.26)
- g) Instant Game Support and Accounting (Section 4.2.2.6.7)
- h) Additional Task VI CIII (4.2.2.6.25)

5.2.3.2 Level 2 Criteria

- a) Conversion/Implementation (Section 4.2.2.6.24)
- b) Back Office Functionality (4.2.26.16)
- c) Retailer Hardware (Section 4.2.2.6.3)

- d) Telecommunication Network (Section 4.2.2.6.4)
- e) Data Warehouse System with Business Intelligence (Section 4.2.2.6.24)
- f) Games Development (Section 4.2.2.6.14)
- g) Management and Retailer Reports (Section 4.2.2.6.11)
- h) Retailer Management System (Section 4.2.2.6.18)
- i) Training, Research and Marketing Support (Section 4.2.2.6.15)
- j) Additional Task VI CII (4.2.2.6.25) Alternate Payment Method

5.2.3.3 Level 3 Criteria

- a) Retailer Website (Section 4.2.2.6.19)
- b) Support Services (Section 4.2.2.6.20)
- c) Additional Task IV (4.2.2.6.25) Player Loyalty Program
- d) Additional Task V (4.2.2.6.25) MLGCA Customer Resource Center
- e) Additional Task VI CI (4.2.2.6.25) Additional Terminal Types

5.2.3.4 Level 4 Criteria

- a) Data Retention (Section 4.2.2.6.9)
- b) System Modifications, Enhancements and Upgrades (Section 4.2.2.6.21)
- c) Download Server Environment (Section 4.2.2.6.22)

5.2.3.5 Level 5 Criteria

- a) Amber and Silver Alerts (4.2.2.6.10)
- b) Additional Task I (4.2.2.6.25) E-Commerce Subscriptions
- c) Additional Task II (4.2.2.6.25) Host mdlottery.com
- d) Additional Task III (4.2.2.6.25) Secondary Communications to Retailers

5.2.3.6 Additional Considerations

- a. Offeror's Qualifications and Capabilities (4.2.2.8);References (4.2.2.9); and, Financial Capability and Legal Action Summary (Section 4.2.2.11, 4.2.2.14 and 4.2.2.12)
- b. Experience and Qualifications of Proposed Staff (4.2.2.7); and Subcontractors (4.2.2.13) (See RFP § 4.2.2.7)
- c. Economic Benefit (See RFP § 4.2.2.15)

5.3 Financial Proposal Evaluation Criteria

All Qualified Offerors (see Section 5.5.2.4) will be ranked from the lowest (most advantageous) to the highest (least advantageous) price based on the Total Estimated Base Contract Term Price within the stated guidelines set forth in this RFP and as submitted on Attachment F - Price Sheet.

A resident business preference will be given, if applicable, as described in Section 5.4.

5.4 Reciprocal Preference

5.4.1 Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. COMAR 21.05.01.04 requires that procuring units apply a reciprocal preference under the following conditions:

- 5.4.1.1 The most advantageous offer is from a responsible Offeror whose headquarters, principal base of operations, or principal site that will primarily provide the products/services required under this RFP is in another state.
- 5.4.1.2 The other state gives a preference to its resident businesses through law, policy, or practice; and
- 5.4.1.3 The preference does not conflict with a Federal law or grant affecting the procurement Contract.

5.4.2 The preference given shall be identical to the preference that the other state, through law, policy, or practice gives to its resident businesses.

5.5 Selection Procedures**5.5.1 GENERAL**

- 5.5.1.1 The Contract will be awarded in accordance with the Competitive Sealed Proposals (CSP) method found at COMAR 21.05.03. The CSP method allows for the conducting of discussions and the revision of Proposals during these discussions. Therefore, the State may conduct discussions with all Offerors that have submitted Proposals that are determined to be reasonably susceptible of being selected for contract award or potentially so. However, the State reserves the right to make an award without holding discussions.
- 5.5.1.2 In either case (i.e., with or without discussions), the State may determine an Offeror to be not responsible and/or an Offeror's Proposal to be not reasonably susceptible of being selected for award at any time after the initial closing date for receipt of Proposals and prior to Contract award. If the State finds an Offeror to be not responsible and/or an Offeror's Technical Proposal to be not reasonably susceptible of being selected for award, that Offeror's Financial Proposal will be returned if the Financial Proposal is unopened at the time of the determination.

5.5.2 SELECTION PROCESS SEQUENCE

- 5.5.2.1 A determination is made that the MDOT Certified MBE Utilization and Fair Solicitation Affidavit (Attachment D-1A) is included and is properly completed, if there is a MBE goal. In addition, a determination is made that the Veteran-Owned Small Business Enterprise

(VSBE) Utilization Affidavit and Subcontractor Participation Schedule (Attachment M-1) is included and is properly completed, if there is a VSBE goal.

5.5.2.2 Technical Proposals are evaluated for technical merit and ranked. During this review, oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform the services, as well as to facilitate arrival at a Contract that is most advantageous to the State. Offerors will be contacted by the State as soon as any discussions are scheduled.

5.5.2.3 Offerors must confirm in writing any substantive oral clarifications of, or changes in, their Technical Proposals made in the course of discussions. Any such written clarifications or changes then become part of the Offeror's Technical Proposal. Technical Proposals are given a final review and ranked.

5.5.2.4 The Financial Proposal of each Qualified Offeror (a responsible Offeror determined to have submitted an acceptable Proposal) will be evaluated and ranked separately from the Technical evaluation. After a review of the Financial Proposals of Qualified Offerors, the Evaluation Committee or Procurement Officer may again conduct discussions to further evaluate the Offeror's entire Proposal.

5.5.2.5 When in the best interest of the State, the Procurement Officer may permit Qualified Offerors to revise their initial Proposals and submit, in writing, Best and Final Offers (BAFOs). The State may make an award without issuing a request for a BAFO. **Offerors may only perform limited substitutes of proposed personnel (see Section 1.23.F Substitution Prior to and Within 30 Days After Contract Execution).**

5.5.3 AWARD DETERMINATION

Upon completion of the Technical Proposal and Financial Proposal evaluations and rankings, each Offeror will receive an overall ranking. The Procurement Officer will recommend award of the Contract to the responsible Offeror that submitted the Proposal determined to be the most advantageous to the State. In making this most advantageous Proposal determination, technical factors will receive greater weight than financial factors.

5.5.4 DEBRIEFING OF UNSUCCESSFUL OFFERORS

Unsuccessful Offerors will be debriefed upon their written request to the Procurement Officer, provided the request is made within a reasonable period of time, not to exceed ten (10) days, after receiving notice from the Procurement Officer of not being recommended for award. Request for debriefings shall be honored by the MLGCA at the earliest feasible time after the request has been received. Debriefings shall be held in accordance with COMAR 21.05.03.06.

5.6 Documents Required upon Notice of Recommended Award

Upon receipt of notice of recommended award, the following documents shall be completed, signed if applicable with original signatures, and submitted by the recommended awardee within ten (10) Business Days, unless noted otherwise. Submit three (3) copies of each of the following documents:

- A. Contract (Attachment A),
- B. Contract Affidavit (Attachment C),
- C. MBE Attachments D-2, D-3A, D-3B, within ten (10) Working Days,

- D. MBE Waiver Justification within ten (10) Working Days, usually including Attachment D-1C, if a waiver has been requested,
- E. Non-Disclosure Agreement (Attachment J),
- F. VSBE Attachments M-2 and M-3,
- G. Evidence of meeting insurance certificate requirements (See Section 3.11.8)
- H. Performance Bond (See Section 1.49)
- I. Fidelity Bond (see Section 1.53)

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RFP ATTACHMENTS

ATTACHMENT A – Contract

This is the sample contract used by the MLGCA. It is provided with the RFP for informational purposes and is not required to be submitted at Proposal submission time. Upon notification of recommendation for award, a completed contract will be sent to the recommended awardee for signature. The recommended awardee must return to the Procurement Officer three (3) executed copies of the Contract within five (5) Business Days after receipt. Upon Contract award, a fully-executed copy will be sent to the Contractor.

ATTACHMENT B – Bid/Proposal Affidavit

This Attachment must be completed and submitted with the Technical Proposal.

ATTACHMENT C – Contract Affidavit

This Attachment must be completed and submitted by the recommended awardee to the Procurement Officer within five (5) Business Days of receiving notification of recommendation for award.

ATTACHMENT D – Minority Business Enterprise Forms

If required (see Section 1.33), these Attachments include the MBE subcontracting goal statement, instructions, and MBE Attachments D1-A through D-5. Attachment D-1A must be properly completed and submitted with the Offeror's Technical Proposal or the Proposal will be deemed non-responsive and rejected. Within 10 Working Days of receiving notification of recommendation for Contract award, the Offeror must submit Attachments D-2, D-3A, D-3B and, if the Offeror has requested a waiver of the MBE goal, usually Attachment D-1C.

ATTACHMENT E – Pre-Proposal Conference Response Form

It is requested that this form be completed and submitted as described in Section 1.7 by those potential Offerors that plan on attending the Pre-Proposal Conference.

ATTACHMENT F – Financial Proposal Instructions and Price Sheet

The Price Sheet must be completed and submitted with the Financial Proposal.

ATTACHMENT G – Maryland Living Wage Requirements for Service Contracts and Affidavit of Agreement

Attachment G-1 Living Wage Affidavit of Agreement must be completed and submitted with the Technical Proposal.

ATTACHMENT H – Federal Funds Attachment – N/A

ATTACHMENT I – Conflict of Interest Affidavit and Disclosure

If required (see Section 1.36), this Attachment must be completed and submitted with the Technical Proposal.

ATTACHMENT J – Non-Disclosure Agreement (Contractor)

If required (see Section 1.37), this Attachment must be completed and submitted within five (5) Business Days of receiving notification of recommendation for award. However, to expedite processing, it is suggested that this document be completed and submitted with the Technical Proposal.

ATTACHMENT K – HIPAA Business Associate Agreement – N/A

ATTACHMENT L – Mercury Affidavit

If required (see Section 1.40), this Attachment must be completed and submitted with the Technical Proposal.

ATTACHMENT M – Veteran-Owned Small Business Enterprise Forms

If required (see Section 1.41), these Attachments include the VSBE Attachments M-1 through M-4. Attachment M-1 must be completed and submitted with the Technical Proposal. Attachment M-2 is required to be submitted within ten (10) Business Days of receiving notification of recommendation for award.

ATTACHMENT N – Location of the Performance of Services Disclosure

This Attachment must be completed and submitted with the Technical Proposal.

ATTACHMENT O – Department of Human Resources (DHR) Hiring Agreement – N/A

ATTACHMENT P – Non-Disclosure Agreement (Offeror)

This Attachment is to be submitted as instructed in the RFP.

ATTACHMENT Q – Labor Classification Personnel Resume Summary – N/A

ATTACHMENT R – Agency Receipt of Deliverable Form

ATTACHMENT S – Agency Deliverable Product Acceptance Form (DPAF)

ATTACHMENT T – Proposal/Bid Bond

This Attachment is to be submitted for providing a Proposal/Bid Bond for this RFP. Submit as instructed in RFP.

ATTACHMENT U – Performance Bond

This Attachment is to be submitted for providing a Performance Bond for this RFP. Submit as instructed in RFP.

ATTACHMENT V – Litigation/Protest Bond

This Attachment is to be submitted for providing a Litigation/Protest Bond for this RFP. Submit as instructed in RFP.

ATTACHMENT W – Authorization For Release of Information

This Attachment is to be submitted as instructed in the RFP.

ATTACHMENT X – Retailer Locations

Attachment A - CONTRACT**Maryland State Lottery and Gaming Control Agency**
“LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM”**#2015-01**

THIS CONTRACT (“Contract”) is made this _____ day of _____, 20____ by and between _____ and, on behalf of the STATE OF MARYLAND, the Maryland State Lottery and Gaming Control Agency (“MLGCA”, “Lottery” or “Agency”).

IN CONSIDERATION of the following, the parties agree as follows:

1. Definitions

In this Contract, the following words have the meanings indicated.

- 1.1. “COMAR” means the Code of Maryland Regulations, available on-line at www.dsd.state.md.us.
- 1.2. “Contract” means this contract for Lottery Central Monitoring and Control System.
- 1.3. “Contractor” means _____, whose principal business address is: _____.
- 1.4. “Contract Manager” means the individual identified in Section 1.6 of the Request for Proposals (RFP), or a successor designated by the MLGCA.
- 1.5. “Agency” means the Maryland State Lottery and Gaming Control Agency (“MLGCA” or “Lottery”).
- 1.6. “eMM” means eMaryland Marketplace.
- 1.7. “Financial Proposal” means the Contractor’s financial proposal dated _____.
- 1.8. “Minority Business Enterprise” (MBE) means an entity meeting the definition at COMAR 21.01.02.01B(54), which is certified by the Maryland Department of Transportation under COMAR 21.11.03.
- 1.9. “Procurement Officer” means the person identified in Section 1.5 of the RFP or a successor designated by the MLGCA.
- 1.10. “Proposal” collectively refers to the Offeror’s Technical Proposal and Financial Proposal.
- 1.11. “RFP” means the Request for Proposals for “Lottery Central Monitoring and Control System” #2015-01, and any amendments thereto issued in writing by the State.
- 1.12. “Sensitive Data” means any personally identifiable information (PII), protected health information (PHI) or other private/confidential data.
- 1.13. “Software” means the object code version of computer programs licensed pursuant to this Contract. Embedded code, firmware, internal code, microcode, and any other term referring to software that is necessary for proper operation is included in this definition of Software. Software includes all prior, current, and future versions of the Software and all maintenance updates and error corrections. Software also includes any upgrades, updates, bug fixes or modified versions or backup copies of the Software licensed to the State by Contractor or an authorized distributor.
- 1.14. “State” means the State of Maryland.
- 1.15. “Technical Proposal” means the Contractor’s technical proposal dated _____.
- 1.16. “Veteran-owned Small Business Enterprise” (VSBE) means a business that is verified by the Center for Veterans Enterprise of the United States Department of Veterans Affairs as a veteran-owned small business. See Code of Maryland Regulations (COMAR) 21.11.13.

- 1.17 Capitalized terms not defined herein shall be ascribed the meaning given to them in the RFP.

2. Scope of Contract

- 2.1. The Contractor shall provide products and services as described in the RFP: provide a Lottery Central Monitoring and Control System (“LCMCS”) and its implementation, operation and maintenance, to include but not be limited to Terminals, Software, and a Telecommunications Network that will connect the Retailer Terminals to the LCMCS.
- 2.2. These products and services shall be provided in accordance with the terms and conditions of this Contract and the following Exhibits, which are attached and incorporated herein by reference. If there are any inconsistencies between this Contract and Exhibits A through D, the terms of this Contract shall control. If there is any conflict among the exhibits, the following order of precedence shall determine the prevailing provision.

Exhibit A – The RFP

Exhibit B – The Contract Affidavit dated _____.

Exhibit C – The Technical Proposal

Exhibit D – The Financial Proposal

3. Period of Performance

- 3.1. The Contract shall start as of the date of full execution by the parties (the “Effective Date”). From this Effective Date, the Contract shall be for a period eight (8) years beginning approximately July 1, 2016 and ending on June 28, 2024. In its sole discretion, the Agency shall have the right to exercise an option to extend the Contract for one (1) three-year renewal period. Upon the expiration of this Contract, or of any renewal option period if exercised, the MLGCA, at its sole option, may renew the term of the Contract for up to an additional twelve (12) month option period (the Final Renewal Option Period) for up to a total potential contract length of twelve (12) years.

At the time of exercising this Final Renewal Option the MLGCA will indicate the number of months needed, in order to facilitate transition to a new contractor. All other terms and conditions, including price, shall remain the same for this Final Renewal Option as what is in effect at time of expiration of the initial Contract term or of the Renewal Option Period, as applicable.

- 3.2. The Contractor shall provide products and services under this Contract as of the date provided in a written Notice to Proceed.
- 3.3. Audit, confidentiality, document retention, Work Product (see §5.2) retention, warranty and indemnification obligations under this Contract and any other obligations specifically identified shall survive expiration or termination of the Contract.

4. Consideration and Payment

Beginning on June 26, 2017, or upon the Start-up/commencement of sales, whichever is later, the Contractor will begin to accrue earnings and the MLGCA agrees to pay the amounts set forth in the Contractor’s Financial Proposal.

- 4.1. In consideration of the satisfactory performance of the Contract, the MLGCA shall promptly process a proper invoice for payment in accordance with the terms of this Contract.
- 4.2. The total payment for products and services provided under a fixed price contract or the fixed price element of a combined fixed price – time and materials contract, shall be the firm fixed price submitted by the Contractor in its Financial Proposal. For time and materials contracts, or contracts which include both fixed price and time and materials elements, total payments to the Contractor for the time and materials portion may not exceed \$ **To Be Entered Upon Contract Award** (“NTE Amount”). The Contractor shall notify the Contract Manager, in writing, at least 60 days before time and material

obligations are expected to reach the NTE Amount. The Contractor shall have no obligation to perform the time and materials requirements under this Contract after payments reach the NTE Amount. The cessation of the Contractor's obligation to perform under this paragraph 4.2 is expressly conditioned on the following: that prior to the NTE Amount being reached, the Contractor shall: (i) give the notice required under this paragraph 4.2; (ii) promptly consult with the MLGCA and cooperate in good faith with the MLGCA to establish a plan of action to assure that every reasonable effort has been undertaken by the Contractor to complete critical work in progress prior to the date the NTE Amount will be reached; and (iii) secure data bases, systems, platforms and/or applications on which the Contractor is working so that no damage or vulnerabilities to any of the same will exist due to any such unfinished work.

- 4.3. The Contractor shall submit invoices for these charges to the MLGCA (Attn: AP MAILBOX) on a weekly basis with respect to the MLGCA's accounting week as required in the RFP. Each invoice must include the Contractor's Federal Tax Identification Number: <<enter the Contractor Tax ID number>>. The Contractor's eMM identification number is <<enter the Contractor's eMM ID number>>. Payments to the Contractor pursuant to this Contract shall be made no later than 30 days after the MLGCA's receipt of a proper invoice from the Contractor. Charges for late payment of invoices other than as prescribed by Title 15, Subtitle 1, of the State Finance and Procurement Article, Annotated Code of Maryland, as from time-to-time amended, are prohibited. Invoices shall be submitted to the Contract Manager. The final payment under this Contract will not be made until after certification is received from the Comptroller of the State that all taxes have been paid. Billing for any Additional Tasks shall be indicated as a separate line item.
- 4.4. In addition to any other available remedies, if, in the opinion of the Procurement Officer, the Contractor fails to perform in a satisfactory and timely manner, the Procurement Officer may refuse or limit approval of any invoice for payment, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the Procurement Officer.
- 4.5. Payment of an invoice by the MLGCA is not evidence that services were rendered as required under this Contract.
- 4.6. Contractor Incentive Program ("CIP"): The CIP shall be based on the total incremental Net Sales increase over the prior three (3) fiscal years average total Net Sales. The three-year average will be recalculated each year based on the three most recent years. Each year the Contractor shall be paid CIP compensation of one percent (1%) of any incremental increase in total Net Sales over the then-current three-year average. Any CIP payment will be made annually within fifteen (15) days after the receipt of the year-end audited financial statements (usually around October of each year) and subject to an invoice to be submitted by the Contractor. If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued support of the CIP, the Director may discontinue the CIP at any time upon thirty (30) days written notice to the Contractor.

5. Patents, Copyrights, Intellectual Property

- 5.1. If the Contractor furnishes any design, device, material, process, or other item, which is covered by a patent or copyright or which is proprietary to or a trade secret of another, the Contractor shall obtain the necessary permission or license to permit the State to use such item or items.
- 5.2. Except as provided in Section 5.4 of this Contract, the Contractor agrees that all documents and materials, including but not limited to, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, software, graphics, mechanical, artwork, computations and data prepared by or for the Contractor for purposes of this Contract ("Work Product") shall become and remain the sole and exclusive property of the State and shall be available to the Agency at any time. The Agency shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract.

- 5.3. Except as provided in Section 5.4 of this Contract, the Contractor agrees that at all times during the term of this Contract and thereafter, the Work Product shall be "works made for hire" as that term is interpreted under U.S. copyright law and shall be owned by the State. Ownership includes the right to copyright, patent, register and the ability to transfer these rights and all information used to formulate such Work Product. In the event any Work Product is or may not be considered a work made for hire under applicable law, Contractor assigns and transfers to the State the entire right, title and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof. Contractor shall execute all documents and perform such other proper acts as the State may deem necessary to secure for it the rights pursuant to this section.
- 5.4. Notwithstanding anything to the contrary in this Contract, to the extent (i) the Work Product incorporates any commercial-off-the shelf software (COTS) and/or any Pre-Existing Intellectual Property or (ii) any COTS and/or Pre-Existing Intellectual Property (other than a computer's operating system, supported internet browser, browser accessibility software or hardware if needed by the user, and software required to access a commonly-available data transmission tool or export format) is required to access, install, build, compile or otherwise use the Work Product (such COTS and Pre-Existing Intellectual Property individually and collectively referred to herein as "Third-party Intellectual Property," which shall be the sole property of Contractor or its third-party licensors, as applicable), Contractor hereby grants to the State, on behalf of itself and any third-party licensors, a royalty-free, paid-up, non-exclusive, unrestricted, unconditional, irrevocable, worldwide right and license, with the right to use, execute, reproduce, display, perform, distribute copies of internally, modify and prepare derivative works based upon, such Third-party Intellectual Property as may be necessary for the State to use the Work Product for the purposes for which such Work Product was designed and intended. "Pre-Existing Intellectual Property" means any program, utility or tool owned by Contractor or its third-party licensors that was created by Contractor or its third-party licensors independently from its performance of this Contract and not solely using funds from this Contract.
- 5.5. Subject to the terms of Section 6, Contractor shall defend, indemnify, and hold harmless the State, including, but not limited to, the Agency and its agents, officers, and employees, from and against any and all third party claims, costs, losses, damages, liabilities, judgments and expenses (including without limitation reasonable attorneys' fees) arising out of or in connection with any claim the Work Product or any Third-party Intellectual Property infringes, misappropriates or otherwise violates any third-party intellectual property rights.. Contractor shall not enter into any settlement involving third party claims that contains any admission of or stipulation to any guilt, fault, liability or wrongdoing by the State or that adversely affects the State's rights or interests, without the State's prior written consent, which consent may be withheld in the State's sole and absolute discretion. Contractor shall be entitled to control the defense or settlement of such claim (with counsel reasonably satisfactory to the State), provided that the State will, upon requesting indemnification hereunder: (a) provide reasonable cooperation to Contractor in connection with the defense or settlement of any such claim, at Contractor's expense; and (b) be entitled to participate in the defense of any such claim. Contractor's obligations under this section will not apply to the extent any Third-party Intellectual Property infringes, misappropriates or otherwise violates any third party intellectual rights as a result of modifications made by the State in violation of the license granted to the State pursuant to section 5.4; provided that such infringement, misappropriation or violation would not have occurred absent such modification.
- 5.6. Without limiting Contractor's obligations under Section 5.5, if all or any part of the Work Product or any Third Party Intellectual Property is held, or Contractor or the State reasonably determines that it could be held, to infringe, misappropriate or otherwise violate any third party intellectual property right, Contractor (after consultation with the State and at no cost to the State): (a) shall procure for the State the right to continue using the item in accordance with its rights under this Contract; (b) replace the item with an item that does not infringe, misappropriate or otherwise violate any third party intellectual property rights and, in the State's sole and absolute determination, complies with the item's specifications, and all rights of use and/or ownership set forth in this Contract; or (c) modify the item so

that it no longer infringes, misappropriates or otherwise violates any third party intellectual property right and, in the State's sole and absolute determination, complies with the item's specifications and all rights of use and/or ownership set forth in this Contract.

- 5.7. Except for any Pre-Existing Intellectual Property and Third-Party Intellectual Property, Contractor shall not acquire any right, title or interest (including any intellectual property rights subsisting therein) in or to any goods, software, technical information, specifications, drawings, records, documentation, data or any other materials (including any derivative works thereof) provided by the State to the Contractor. Notwithstanding anything to the contrary herein, the State may, in its sole and absolute discretion, grant the Contractor a license to such materials, subject to the terms of a separate writing executed by the Contractor and an authorized representative of the State.
- 5.8. Contractor, on behalf of itself and its subcontractors, hereby agrees not to incorporate, link, distribute or use any Third-party Intellectual Property in such a way that: (a) creates, purports to create or has the potential to create, obligations with respect to any State software (including any deliverable hereunder), including without limitation the distribution or disclosure of any source code; or (b) grants, purports to grant, or has the potential to grant to any third-party any rights to or immunities under any State intellectual property or proprietary rights. Without limiting the generality of the foregoing, neither Contractor nor any of its subcontractors shall incorporate, link, distribute or use, in conjunction with the Work Product, any code or software licensed under the GNU General Public License ("GPL"), Lesser General Public License ("LGPL"), Affero GPL ("AGPL"), European Community Public License ("ECPL"), Mozilla, or any other open source license, in any manner that could cause or could be interpreted or asserted to cause any State software (or any modifications thereto) to become subject to the terms of the GPL, LGPL, AGPL, ECPL, Mozilla or such other open source software.
- 5.9. Without limiting the generality of the foregoing, neither Contractor nor any of its subcontractors shall use any software or technology in a manner that will cause any patents, copyrights or other intellectual property which are owned or controlled by the State or any of its affiliates (or for which the State or any of its subcontractors has received license rights) to become subject to any encumbrance or terms and conditions of any third-party or open source license (including, without limitation, any open source license listed on <http://www.opensource.org/licenses/alphabetical>) (each an "Open Source License"). These restrictions, limitations, exclusions and conditions shall apply even if the State or any of its subcontractors becomes aware of or fails to act in a manner to address any violation or failure to comply therewith. No act by the State or any of its subcontractors that is undertaken under this Contract as to any software or technology shall be construed as intending to cause any patents, copyrights or other intellectual property that are owned or controlled by the State (or for which the State has received license rights) to become subject to any encumbrance or terms and conditions of any Open Source License.
- 5.10. The Contractor shall report to the Agency, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all Work Product delivered under this Contract.
- 5.11. The Contractor shall not affix (or permit any third party to affix), without the Agency's consent, any restrictive markings upon any Work Product and if such markings are affixed, the Agency shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

6. Indemnification

- 6.1. Contractor shall indemnify, defend, and hold the State, its directors, officers, employees and agents harmless from third-party liability for tangible property damage, bodily injury and death, and for fraud or willful misconduct of Contractor, including all related defense costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) arising from or relating to the performance of the Contractor or its subcontractors under this Contract.

- 6.2. The State has no obligation to provide legal counsel or defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person not party to this Contract against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.
- 6.3. The State has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this Contract.
- 6.4. The Contractor shall immediately notify the Procurement Officer of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's performance under this Contract.
- 6.5. Section 6 shall survive expiration of this Contract.

7. Limitations of Liability

- 7.1. Contractor shall be liable for any loss or damage to the State occasioned by the acts or omissions of Contractor, its subcontractors, agents or employees, including but not limited to personal injury; physical loss; or violations of the Patents, Copyrights, Intellectual Property sections of this Contract, as follows:
 - 7.1.1. For infringement of patents, trademarks, trade secrets and copyrights as provided in Section 5 ("Patents, Copyrights, Intellectual Property") of this Contract;
 - 7.1.2. Without limitation for damages for bodily injury (including death) and damage to real property and tangible personal property; and
 - 7.1.3. For all other claims, damages, loss, costs, expenses, suits or actions in any way related to this Contract where liability is not otherwise set forth as being "without limitation," and regardless of the basis on which the claim is made, Contractor's liability shall not exceed the value of the contract. Third-party claims arising under Section 6 ("Indemnification") of this Contract are included in this limitation of liability only if the State is immune from liability. Contractor's liability for third-party claims arising under Section 6 of this Contract shall be unlimited if the State is not immune from liability for claims arising under Section 6.
 - 7.1.4 In no event shall the existence of a subcontract operate to release or reduce the liability of Contractor hereunder. For purposes of this Contract, Contractor agrees that all Subcontractors shall be held to be agents of Contractor.

8. Prompt Pay Requirements

- 8.1. If the Contractor withholds payment of an undisputed amount to its subcontractor, the State, at its option and in its sole discretion, may take one or more of the following actions:
 - (a) Not process further payments to the Contractor until payment to the subcontractor is verified;
 - (b) Suspend all or some of the Contract work without affecting the completion date(s) for the Contract work;
 - (c) Pay or cause payment of the undisputed amount to the subcontractor from monies otherwise due or that may become due to the Contractor;
 - (d) Place a payment for an undisputed amount in an interest-bearing escrow account; or
 - (e) Default Contractor for failing to perform in accordance with the requirement to promptly pay subcontractors.
 - (f) Take other or further actions as appropriate to resolve the withheld payment.

- 8.2. An “undisputed amount” means an amount owed by the Contractor to a subcontractor for which there is no good faith dispute. Such “undisputed amounts” include (a) retainage which had been withheld and is, by the terms of the agreement between the Contractor and subcontractor, due to be distributed to the subcontractor and (b) an amount withheld because of issues arising out of an agreement or occurrence unrelated to the agreement under which the amount is withheld.
- 8.3. An act, failure to act, or decision of a Procurement Officer or a representative of the Agency concerning a withheld payment between the Contractor and subcontractor under this Contract, may not:
- (a) Affect the rights of the contracting parties under any other provision of law;
 - (b) Be used as evidence on the merits of a dispute between the Agency and the Contractor in any other proceeding; or
 - (c) Result in liability against or prejudice the rights of the Agency.
- 8.4. The remedies enumerated above are in addition to those provided under COMAR 21.11.03.13 with respect to subcontractors that have contracted pursuant to the Minority Business Enterprise program.

9. Risk of Loss; Transfer of Title

Risk of loss for conforming supplies, equipment and materials specified as deliverables to the State hereunder shall remain with the Contractor until the supplies, equipment, materials and other deliverables are received and accepted by the State. Title of all such deliverables passes to the State upon acceptance by the State

10. Confidentiality

Subject to the Maryland Public Information Act and any other applicable laws, all confidential or proprietary information and documentation relating to either party (including without limitation, any information or data stored within the Contractor’s computer systems) shall be held in absolute confidence by the other party. Each party shall, however, be permitted to disclose relevant confidential information to its officers, agents and employees to the extent that such disclosure is necessary for the performance of their duties under this Contract, provided the data may be collected, used, disclosed, stored and disseminated only as provided by and consistent with the law. The provisions of this section shall not apply to information that (a) is lawfully in the public domain; (b) has been independently developed by the other party without violation of this Contract; (c) was already in the possession of such party; (d) was supplied to such party by a third party lawfully in possession thereof and legally permitted to further disclose the information; or (e) which such party is required to disclose by law.

11. Exclusive Use and Ownership

Contractor shall not use, sell, sub-lease, assign, give, or otherwise transfer to any third party any other information or material provided to Contractor by the Agency or developed by Contractor relating to the Contract, except that Contractor may provide said information to any of its officers, employees and subcontractors who Contractor requires to have said information for fulfillment of Contractor's obligations hereunder. Each officer, employee and/or subcontractor to whom any of the Agency's confidential information is to be disclosed shall be advised by Contractor of and bound by the confidentiality and intellectual property terms of this Contract. The Contractor shall not access State user accounts or State data, except (1) in the course of data center operations; (2) in response to service or technical issues; (3) as required by the express terms of this Contract; or (4) at the State’s written request.

12. Source Code Escrow

- 12.1. The State will be named as a beneficiary under an escrow agreement (“Escrow Agreement”) that shall be entered into between the Contractor and an escrow agent (“Escrow Agent”) within ten (10) days of the Start-up Date, or within ten (10) days of any new software release, pursuant to which Contractor shall deliver a Source Code Escrow Package to Escrow Agent. The Contractor shall promptly provide a copy of the fully-executed Escrow Agreement to the State. The term “Source Code Escrow Package”

means: a) a complete copy in machine-readable form of the source code and executable code of the software licensed to the State under the Contract; b) a complete copy of any existing design documentation and user documentation; and/or c) complete instructions for compiling and linking every part of the source code into executable code for purposes of enabling verification of the completeness of the source code as provided below. The Escrow Agreement shall govern the maintenance and release of the Source Code Escrow Package, and Contractor agrees to update, enhance, or otherwise modify such Source Code Escrow Package promptly upon each release of a new version of any component thereof. Contractor shall pay all fees and expenses charged by Escrow Agent, including, but not limited to, fees and expenses related to the State being a named beneficiary under the Escrow Agreement. The State shall treat the Source Code Escrow Package as Contractor's confidential information. Under all circumstances, the Source Code Escrow Package shall remain the property of Contractor. The State shall only use the Source Code Escrow Package as contemplated in the Contract (including, but not limited to confidentiality provisions and usage restrictions). The Escrow Agent shall maintain the Source Code Escrow Package in a repository located in the United States.

- 12.2. In the event that the Escrow Agent either ceases providing escrow services to Contractor or Contractor determines in its reasonable business judgment that the Escrow Agent is no longer providing acceptable services, Contractor shall replace the Escrow Agent with another escrow agent, using an agreement which provides the State with rights no less advantageous than those in the Escrow Agreement. In such case, the new escrow agent shall be substituted in all ways for the incumbent Escrow Agent with respect to Section 12.1 above and all references herein to Escrow Agent shall be deemed to include such substitute escrow agent. The Escrow Agreement shall provide for 30-day advance notification to the State in the event that the Escrow Agreement is modified, terminated, or expires.
- 12.3. Contractor shall inform the State of the availability of an escrow for any third party software solutions it provides to the State.
- 12.4. In addition to the rights and obligations contained in the Escrow Agreement referenced in Section 12.1, the State shall have the Software Escrow Package released by the Escrow Agent to the State's possession immediately upon any voluntary or involuntary filing of bankruptcy or any other insolvency proceeding, including but not limited to a general assignment for the benefit of including but not limited to a general assignment for the benefit of creditors, the appointment of a receiver for business or assets; creditors, the appointment of a receiver for business or assets; Contractor's dissolution or liquidation, voluntary or otherwise; the State has compelling reasons to believe that such events will cause Contractor to fail to meet its obligations in the foreseeable future; or Contractor's discontinuance of support or failure to support in accordance with this Contract any software system or if the Contractor is otherwise unable or unwilling to provide the Source Code Escrow Package. This condition will also be considered met if after repeated e-mail and phone requests by the State for service, the State makes a request for service in writing to the Contractor's last known address served by certified signed receipt required mail delivery by U.S. Post Office or by a nationally recognized (in the United States) overnight carrier, and the Contractor remains unresponsive, meaning that the Contractor is unable to acknowledge message receipt, unwilling or otherwise unable to satisfy the request for a period longer than 15 days from attempt to deliver the written request.
- 12.5. The Contractor shall provide to the Director, or place in escrow with an escrow agent located in the State of Maryland, in a form acceptable to the MLGCA, up to date copies of all software source code and related documentation developed (or modified) by the Contractor, to operate the LCMCS and games. The purpose is to provide the MLGCA access to and use of the software source code for auditing or continued operations should the Contractor suffer from any condition such that it could not continue operations. If the Contractor supplies existing software for which the Contractor or others have copyright/ownership rights, the Contractor must either provide the source code directly to the Director, in a form acceptable to the MLGCA, or must place the source code in escrow with an escrow agent located in the State of Maryland. Two copies of all source code must be provided in a format approved by the MLGCA.

13. Notification of Legal Requests

The Contractor shall contact the State upon receipt of any electronic discovery, litigation holds, discovery searches and expert testimonies related to the State's data under this Contract, or which in any way might reasonably require access to the data of the State. The Contractor shall not respond to subpoenas, service of process and other legal requests related to the State without first notifying the State, unless prohibited by law from providing such notice.

14. Termination and Suspension of Service

- 14.1. In the event of a termination of the Contract, the Contractor shall implement an orderly return of all State data, at a time established by the State. The Contractor shall provide such data to the State in either the form it was provided to the State, or in another mutually agreed format, and shall furnish a schema for the data so that it can be interpreted by the State. The Contractor shall retain the data for a period of up to 90 days. Upon the State's affirmation, the Contractor shall then provide certification that it has securely disposed of the State data. The final monthly invoice shall include all charges for the 90-day retention period.
- 14.2. During any period of service suspension, the Contractor shall not take any action to intentionally erase any State data.
- 14.3. In the event of termination of the Contract in its entirety or any services, the Contractor shall not take any action to intentionally erase any State data for a period of 30 days after the effective date of termination, if the termination is for convenience, and for a period of 90 days after the effective date of termination, if the termination is for cause. After such period, the Contractor shall have no obligation to maintain or provide any State data and shall thereafter, unless legally prohibited, delete all State data in its systems or otherwise in its possession or under its control.
- 14.4. The State shall be entitled to any post-termination assistance generally made available with respect to the services.
- 14.5. The Contractor shall securely dispose of all requested data in all of its forms, such as disk, CD/DVD, backup tape and paper, when requested by the State. Data shall be permanently deleted and shall not be recoverable, according to NIST-approved methods. Certificates of destruction shall be provided to the State.

15. Audit

A SOC 1 Type 2 Audit and SOC 2 Type 2 Audit apply to this Contract.

16. Change Control and Advance Notice

The Contractor shall give advance notice to the State of any upgrades (e.g., major upgrades, minor upgrades, system changes) that may impact service availability and performance. A major upgrade is a replacement of hardware, Software or firmware with a newer or better version and usually includes a new version number.

17. Non-Disclosure

The Contractor shall require employee signature of the non-disclosure agreement provided by the State in the Request for Proposals issued for this Contract, and limit staff knowledge of State data to that which is absolutely necessary to perform job duties.

18. Transition Responsibilities

Upon termination or the end of the base period, and option periods if any, of this Contract, the Contractor must provide transition assistance requested by the State to facilitate the orderly transfer of services to the State or a follow-on contractor for the State as follows: (a) return to the State all State data in a mutually agreed format; (b) provide the schema necessary for reading of such returned data; (c) preserve, maintain, and protect, all State data for a period of up to ninety (90) days after the termination or expiration date, so that the state can ensure that all returned data is readable; (d) not delete State data until the earlier of ninety

(90) days or the date the State directs such deletion; (e) verify deletion of all State data after the retention period and (f) prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts. The final monthly fee for the services provided hereunder shall include all charges for the ninety-day data retention period.

19. Redundancy, Data Backup and Disaster Recovery

The Contractor must maintain or cause to be maintained disaster avoidance procedures designed to safeguard State data and other confidential information, Contractor's processing capability and the availability of hosted services, in each case throughout the base period, and any option periods at all times in connection with its required performance of those services. Any force majeure provisions of this Contract do not limit the Contractor's obligations under this "Redundancy, Data Backup and Disaster Recovery" Contract provision.

20. Effect of Contractor Bankruptcy

All rights and licenses granted by the Contractor under this Contract are and shall be deemed to be rights and licenses to "intellectual property," and the subject matter of this Contract, including services, is and shall be deemed to be "embodiments of intellectual property" for purposes of and as such terms are used and interpreted under § 365(n) of the United States Bankruptcy Code ("Code") (11 U.S.C. § 365(n) (2010)). The State has the right to exercise all rights and elections under the Code and all other applicable bankruptcy, insolvency and similar laws with respect to this Contract (including all executory statement of works). Without limiting the generality of the foregoing, if the Contractor or its estate becomes subject to any bankruptcy or similar proceeding: (a) subject to the State's rights of election, all rights and licenses granted to the State under this Contract shall continue subject to the respective terms and conditions of this Contract; and (b) the State shall be entitled to a complete duplicate of (or complete access to, as appropriate) all such intellectual property and embodiments of intellectual property, and the same, if not already in the State's possession, shall be promptly delivered to the State, unless the Contractor elects to and does in fact continue to perform all of its obligations under this Contract.

21. Parent Company Guarantee (If Applicable)

[Corporate name of Parent Company] hereby guarantees absolutely the full, prompt and complete performance by "[Contractor]" of all the terms, conditions and obligations contained in this Contract, as it may be amended from time to time, including any and all exhibits that are now or may become incorporated hereunto, and other obligations of every nature and kind that now or may in the future arise out of or in connection with this Contract, including any and all financial commitments, obligations and liabilities. "[Corporate name of Parent Company]" may not transfer this absolute guaranty to any other person or entity without the prior express written approval of the State, which approval the State may grant, withhold, or qualify in its sole and absolute discretion. "[Corporate name of Parent Company]" further agrees that if the State brings any claim, action, suit or proceeding against "[Contractor]", "[Corporate name of Parent Company]" may be named as a party, in its capacity as Absolute Guarantor.

22. Property Rights/Usufruct

Upon the expiration or termination of the Contract, all documents, listings, graphics, data and all other materials developed as a result of the Contract shall be delivered to and become the property of the Commission. In addition, the Contractor shall furnish, within fifteen (15) days after receipt of the Notice of Termination, such reports and projects as may be required, based on work already completed.

Any data, information, survey instruments, and reports collected or prepared by the Contractor in the course of performing its duties and obligations under this Contract shall be deemed owned by the Commission. This ownership provision is in consideration of the Contractor's use of public funds in collecting, preparing, or using such data, information, survey instruments, and reports. These items shall not be used by the Contractor for any independent project of the Contractor or publicized by the Contractor without the written permission from the Commission. Subject to applicable State and federal laws and

regulations, the Commission shall have full and complete rights to reproduce, duplicate, disclose, and otherwise use all such data, information, survey instruments and reports.

Except as otherwise provided in this subsection, if any trademark, copyrightable or patentable material is developed by the Contractor in the course of performance of this Contract, the Commission and the State shall have a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use the work, and authorize others to do so.

If, for any reason, other than the natural expiration of the Contract term, the Contractor ceases to perform the Contract, the Commission shall, in addition to any other rights it may have under this Contract, acquire a property right (usufruct) in all property (tangible or intangible, real or personal) used by the Contractor to perform the Contract and which is necessary to provide such service. Said property right (usufruct) shall be limited to the right of the Commission to possess and make use of such contractual items solely for the use and benefit of the Commission in operating, maintaining, altering and improving the operational characteristics of the Systems being used by the Commission under the Contract. Such property right (usufruct) shall be limited in time to the duration of the Contract or as the Commission deems necessary to fulfill the Contract and any extension thereof or obtain a substitute System.

R23. General Terms and Conditions

Unless otherwise noted, any language labeled with an R (e.g., R23.1) are mandatory Contract Terms that cannot and will not be revised.

R23.1. Pre-Existing Regulations

In accordance with the provisions of Section 11-206 of the State Finance and Procurement Article, Annotated Code of Maryland, the regulations set forth in Title 21 of the Code of Maryland Regulations (COMAR 21) in effect on the date of execution of this Contract are applicable to this Contract.

R23.2. Maryland Law Prevails

This Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland. The Maryland Uniform Computer Information Transactions Act (Commercial Law Article, Title 22 of the Annotated Code of Maryland) does not apply to this Contract, the Software, or any software license acquired hereunder. Any and all references to the Annotated Code of Maryland contained in this Contract shall be construed to refer to such Code sections as from time to time amended.

R23.3. Multi-year Contracts contingent upon Appropriations

If the General Assembly fails to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this Contract succeeding the first fiscal period, this Contract shall be canceled automatically as of the beginning of the fiscal year for which funds were not appropriated or otherwise made available; provided, however, that this will not affect either the State's rights or the Contractor's rights under any termination clause in this Contract. The effect of termination of the Contract hereunder will be to discharge both the Contractor and the State of Maryland from future performance of the Contract, but not from their rights and obligations existing at the time of termination. The Contractor shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the Contract. The State shall notify the Contractor as soon as it has knowledge that funds may not be available for the continuation of this Contract for each succeeding fiscal period beyond the first.

R23.4. Cost and Price Certification

R23.4.1. The Contractor, by submitting cost or price information certifies that, to the best of its knowledge, the information submitted is accurate, complete, and current as of a mutually

determined specified date prior to the conclusion of any price discussions or negotiations for:

- (1) A negotiated contract, if the total contract price is expected to exceed \$100,000, or a smaller amount set by the Procurement Officer; or
- (2) A change order or contract modification, expected to exceed \$100,000, or a smaller amount set by the Procurement Officer.

R23.4.2. The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date agreed upon between the parties, was inaccurate, incomplete, or not current.

R23.5. Contract Modifications

The Procurement Officer may, at any time, by written order, make changes in the work within the general scope of the Contract. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor's cost of, or the time required for, the performance of any part of the work, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. Pursuant to COMAR 21.10.04, the Contractor must assert in writing its right to an adjustment under this section and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Failure to agree to an adjustment under this section shall be a dispute under Section 23.8, Disputes. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

R23.6. Termination for Default

If the Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of the Contract, the State may terminate the Contract by written notice to the Contractor. The notice shall specify the acts or omissions relied upon as cause for termination. All finished or unfinished work provided by the Contractor shall, at the State's option, become the State's property. The State of Maryland shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by the Contractor's breach. If the damages are more than the compensation payable to the Contractor, the Contractor will remain liable after termination and the State can affirmatively collect damages. Termination hereunder, including the termination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.11B.

R23.7. Termination for Convenience

The performance of work under this Contract may be terminated by the State in accordance with this clause in whole, or from time to time in part, whenever the State shall determine that such termination is in the best interest of the State. The State will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination, and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination. Termination hereunder, including the determination of the rights and obligations of the parties, shall be governed by the provisions of COMAR 21.07.01.12 (A)(2).

R23.8. Disputes

This Contract shall be subject to the provisions of Title 15, Subtitle 2, of the State Finance and Procurement Article of the Annotated Code of Maryland, as from time to time amended, and COMAR 21.10 (Administrative and Civil Remedies). Pending resolution of a claim, the Contractor

shall proceed diligently with the performance of the Contract in accordance with the Procurement Officer's decision. Unless a lesser period is provided by applicable statute, regulation, or the Contract, the Contractor must file a written notice of claim with the Procurement Officer within 30 days after the basis for the claim is known or should have been known, whichever is earlier. Contemporaneously with or within 30 days of the filing of a notice of claim, but no later than the date of final payment under the Contract, the Contractor must submit to the Procurement Officer its written claim containing the information specified in COMAR 21.10.04.02.

R23.9. Living Wage

If a Contractor subject to the Living Wage law fails to submit all records required under COMAR 21.11.10.05 to the Commissioner of Labor and Industry at the Department of Labor, Licensing and Regulation, the Agency may withhold payment of any invoice or retainage. The Agency may require certification from the Commissioner on a quarterly basis that such records were properly submitted.

R23.10. Non-Hiring of Employees

No official or employee of the State of Maryland, as defined under State Government Article, §15-102, Annotated Code of Maryland, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract, shall during the pendency and term of this Contract and while serving as an official or employee of the State become or be an employee of the Contractor or any entity that is a subcontractor on this Contract.

R23.11. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or disability of a qualified person with a disability, sexual orientation, or any otherwise unlawful use of characteristics; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

R23.12. Commercial Non-Discrimination

- R23.12.1. As a condition of entering into this Contract, Contractor represents and warrants that it will comply with the State's Commercial Nondiscrimination Policy, as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland. As part of such compliance, Contractor may not discriminate on the basis of race, color, religion, ancestry, national origin, sex, age, marital status, sexual orientation, disability, or other unlawful forms of discrimination in the solicitation, selection, hiring, or commercial treatment of subcontractors, vendors, suppliers, or commercial customers, nor shall Contractor retaliate against any person for reporting instances of such discrimination. Contractor shall provide equal opportunity for subcontractors, vendors, and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that this clause does not prohibit or limit lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the marketplace. Contractor understands that a material violation of this clause shall be considered a material breach of this Agreement and may result in termination of this Contract, disqualification of Contractor from participating in State contracts, or other sanctions. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.
- R23.12.2. As a condition of entering into this Contract, upon the request of the Commission on Civil Rights, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended from

time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past four (4) years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that are requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

R23.13.Subcontracting and Assignment

R23.13.1 The Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the Procurement Officer, nor may the Contractor assign this Contract or any of its rights or obligations hereunder, without the prior written approval of the State, each at the State's sole and absolute discretion. Any such subcontract or assignment shall include the terms of this Contract and any other terms and conditions that the State deems necessary to protect its interests. The State shall not be responsible for the fulfillment of the Contractor's obligations to any subcontractors.

R23.13.2. Subcontractor Disclosure

The Contractor shall identify all of its strategic business partners related to services provided under this Contract, including but not limited to all subcontractors or other entities or individuals who may be a party to a joint venture or similar agreement with the Contractor, and who shall be involved in any application development and/or operations.

R23.14.Minority Business Enterprise Participation

R23.14.1. Establishment of Goal and Subgoals.

An overall MBE subcontractor participation goal and subgoals have been established for this procurement as described in section 1.33 of the RFP.

R23.14.2. Liquidated Damages for MBE program

R23.14.2.1. This Contract requires the Contractor to make good faith efforts to comply with the MBE Program and Contract provisions. The State and the Contractor acknowledge and agree that the State will incur damages, including but not limited to loss of goodwill, detrimental impact on economic development, and diversion of internal staff resources, if the Contractor does not make good faith efforts to comply with the requirements of the MBE Program and MBE Contract provisions. The parties further acknowledge and agree that the damages the State might reasonably be anticipated to accrue as a result of such lack of compliance are difficult to ascertain with precision.

R23.14.2.2. Therefore, upon a determination by the State that the Contractor failed to make good faith efforts to comply with one or more of the specified MBE Program requirements or Contract provisions, the Contractor agrees to pay liquidated damages to the State at the rates set forth below. The Contractor expressly agrees that the State may withhold payment on any invoices as a set-off against liquidated damages owed. The Contractor further agrees that for each specified violation, the agreed upon liquidated damages are reasonably proximate to the loss the State is anticipated to incur as a result of such violation.

i. Failure to submit each monthly payment report in full compliance with

COMAR 21.11.03.13B (3): \$25.00 per day until the monthly report is submitted as required.

- ii. Failure to include in its agreements with MBE subcontractors a provision requiring submission of payment reports in full compliance with COMAR 21.11.03.13B (4): \$100.00 per MBE subcontractor.
- iii. Failure to comply with COMAR 21.11.03.12 in terminating, canceling, or changing the scope of work/value of a contract with an MBE subcontractor and/or amendment of the MBE participation schedule: the difference between the dollar value of the MBE participation commitment on the MBE participation schedule for that specific MBE firm and the dollar value of the work performed by that MBE firm for the contract.
- iv. Failure to meet the Contractor's total MBE participation goal and sub goal commitments: the difference between the dollar value of the total MBE participation commitment on the MBE participation schedule and the MBE participation actually achieved.
- v. Failure to promptly pay all undisputed amounts to an MBE subcontractor in full compliance with the prompt payment provisions of this Contract: \$50.00 per day until the undisputed amount due to the MBE subcontractor is paid.

Notwithstanding the use of liquidated damages, the State reserves the right to terminate the Contract and exercise all other rights and remedies provided in the Contract or by law.

R23.14.3. MBE Prompt Pay Requirements

R23.14.3.1. To ensure compliance with certified MBE subcontract participation goals, the Agency may, consistent with COMAR 21.11.03.13, take the following measures:

- A) Verify that the certified MBEs listed in the MBE participation schedule actually are performing work and receiving compensation as set forth in the MBE participation schedule. This verification may include, as appropriate:
 - (1) Inspecting any relevant records of the Contractor;
 - (2) Inspecting the jobsite; and
 - (3) Interviewing subcontractors and workers.
 - (4) Verification shall include a review of:
 - (a) The Contractor's monthly report listing unpaid invoices over 30 days old from certified MBE subcontractors and the reason for nonpayment; and
 - (b) The monthly report of each certified MBE subcontractor, which lists payments received from the Contractor in the preceding 30 days and invoices for which the subcontractor has not been paid.
- B) If the Agency determines that the Contractor is not in compliance with certified MBE participation goals, then the Agency will notify the Contractor in writing of its findings, and will require the Contractor to take appropriate corrective action. Corrective action may include, but is not limited to, requiring the Contractor to compensate the MBE for work performed as set forth in the MBE participation schedule.

C) If the Agency determines that the Contractor is in material noncompliance with MBE Contract provisions and refuses or fails to take the corrective action that the Agency requires, then the Agency may:

- (1) Terminate the Contract;
- (2) Refer the matter to the Office of the Attorney General for appropriate action; or
- (3) Initiate any other specific remedy identified by this Contract.

R23.14.3.2. Upon completion of the contract, but before final payment or release of retainage or both, the Contractor shall submit a final report, in affidavit form under the penalty of perjury, of all payments made to, or withheld from MBE subcontractors.

R23.15. Insurance Requirements

The Contractor shall maintain workers' compensation coverage, property and casualty insurance, cyber liability insurance, and any other insurance as required in the RFP. The minimum limits of such policies must meet any minimum requirements established by law and the limits of insurance required by the RFP, and shall cover losses resulting from or arising out of Contractor action or inaction in the performance of services under the Contract by the Contractor, its agents, servants, employees or subcontractors. Effective no later than the date of execution of the Contract, and continuing for the duration of the Contract term, and any applicable renewal and transition periods, the Contractor shall maintain such insurance coverage and shall report such insurance annually or upon Contract renewal, whichever is earlier, to the Procurement Officer. The Contractor is required to notify the Procurement Officer in writing, if policies are cancelled or not renewed 35 days in advance of such cancellation and/or nonrenewal. Certificates of insurance evidencing this coverage shall be provided within five (5) days of notice of recommended award. All insurance policies shall be issued by a company properly authorized to do business in the State of Maryland. The State shall be included as an additional named insured on the property and casualty policy and as required in the RFP.

R23.16. Veteran Owned Small Business Enterprise Participation

An overall VSBE subcontractor participation goal has been established for this procurement as described in section 1.41 of the RFP.

R23.17. Security Requirements and Incident Response

- R23.17.1. The Contractor agrees to abide by all applicable federal, State and local laws concerning information security and comply with current State and agency information security policy, currently found at <http://doit.maryland.gov/Publications/DoITSecurityPolicy.pdf>. Contractor shall limit access to and possession of Sensitive Data to only employees whose responsibilities reasonably require such access or possession and shall train such employees on the Confidentiality obligations set forth herein.
- R23.17.2. The Contractor agrees to notify the Agency when any Contractor system that may access, process, or store State data or Work Product is subject to unintended access or attack. Unintended access or attack includes compromise by a computer malware, malicious search engine, credential compromise or access by an individual or automated program due to a failure to secure a system or adhere to established security procedures.
- R23.17.3. The Contractor further agrees to notify the Agency within twenty-four (24) hours of the discovery of the unintended access or attack by providing notice via written or electronic correspondence to the Contract Manager, Agency chief information officer and Agency chief information security officer.
- R23.17.4. The Contractor agrees to notify the Agency within two (2) hours if there is a threat to

Contractor's product as it pertains to the use, disclosure, and security of the Agency's data.

- R23.17.5. If an unauthorized use or disclosure of any Sensitive Data occurs, the Contractor must provide written notice to the Agency within one (1) business day after Contractor's discovery of such use or disclosure and thereafter all information the State (or State Agency) requests concerning such unauthorized use or disclosure.
- R23.17.6. The Contractor, within one day of discovery, shall report to the Agency any improper or non-authorized use or disclosure of Sensitive Data. Contractor's report shall identify:
- (a) the nature of the unauthorized use or disclosure;
 - (b) the Sensitive Data used or disclosed,
 - (c) who made the unauthorized use or received the unauthorized disclosure;
 - (d) what the Contractor has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure; and
 - (e) what corrective action the Contractor has taken or shall take to prevent future similar unauthorized use or disclosure.
 - (f) The Contractor shall provide such other information, including a written report, as reasonably requested by the State.
- R23.17.7. The Contractor shall protect Sensitive Data according to a written security policy no less rigorous than that of the State, and shall supply a copy of such policy to the State for validation. The Contractor agrees to comply with all applicable laws that require the notification of individuals in the event of unauthorized release of Sensitive Data or other event requiring notification. In the event of a breach of any of the Contractor's security obligations or other event requiring notification under applicable law, the Contractor agrees to assume responsibility for informing all such individuals in accordance with applicable law and to indemnify, hold harmless and defend the State (or Agency) and its officials and employees from and against any claims, damages, or other harm related to such security obligation breach or other event requiring the notification.
- R23.17.8. The Contractor shall disclose all of its non-proprietary security processes and technical limitations to the State.
- R23.17.9. This Section shall survive expiration or termination of this Contract.

R24 Data Protection

R24.1 Data Ownership

The State will own all right, title and interest in its data that is related to the services provided by this contract. The Contractor and/or Subcontracto(s) shall not access public jurisdiction user accounts or public jurisdiction data, except (1) in the course of data center operations, (2) in response to service or technical issues, (3) as required by the express terms of this contract or (4) at the State's written request.

R24.2 Loss of Data

In the event of loss of any State data or records where such loss is due to the intentional act, omission, or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the Contract Manager. The Contractor shall ensure that all data is backed up and is recoverable by the Contractor. In accordance with prevailing federal or state law or regulations, the Contractor shall report the loss of non-public data as directed in Section R23.17.

Protection of data and personal privacy (as further described and defined in section R23.17.7) shall be an integral part of the business activities of the Contractor to ensure there is no inappropriate or unauthorized

use of State information at any time. To this end, the Contractor shall safeguard the confidentiality, integrity and availability of State information and comply with the following conditions:

- R24.2.1 The Contractor shall implement and maintain appropriate administrative, technical and organizational security measures to safeguard against unauthorized access, disclosure or theft of Sensitive Data and non-public data. Such security measures shall be in accordance with recognized industry practice and not less stringent than the measures the Contractor applies to its own Sensitive Data and non-public data of similar kind.
- R24.2.2 All data collected or created in the performance of this contract shall become and remain property of the State.
- R24.2.3 All Sensitive Data shall be encrypted at rest and in transit with controlled access, including back-up data. Unless otherwise stipulated, the Contractor is responsible for encryption of the Sensitive Data.
- R24.2.4 Unless otherwise stipulated, the Contractor shall encrypt all non-public data at rest and in transit. The State shall identify data it deems as non-public data to the Contractor. The level of protection and encryption for all non-public data shall be identified and made a part of this Contract.
- R24.2.5 At no time shall any data or processes – that either belong to or are intended for the use of the State or its officers, agents or employees – be copied, disclosed or retained by the Contractor or any party related to the Contractor for subsequent use in any transaction that does not include the State.
- R24.2.6 The Contractor shall not use any information collected in connection with the service issued under this Contract for any purpose other than fulfilling the service.
- R24.2.7 Contractor shall, at its own expense, and at the sole election of the State, return to the State or destroy all Sensitive Data in its care, custody, control or possession upon request of the State or at termination of the Contract.

R25 Other Mandatory Items

R25.1 Data Location

The Contractor shall provide its services to the State and its end users solely from data centers in the United States (“U.S.”). Storage of State data at rest shall be located solely in data centers in the U.S. The Contractor shall not allow its personnel or contractors to store State data on portable devices, including personal computers, except for devices that are used and kept only at its U.S. data centers. The Contractor shall permit its personnel and contractors to access State data remotely only as required to provide technical support. If requested by the State, the Contractor shall provide technical user support on a 24/7 basis.

R25.2 Import and Export of Data

The State shall have the ability to import or export data in piecemeal or in entirety at its discretion without interference from the Contractor. This includes the ability for the State to import or export data to/from other service providers.

R25.3 Encryption of Data at Rest

The Contractor shall ensure hard drive encryption consistent with validated cryptography standards as referenced in FIPS 140-2, Security Requirements for Cryptographic Modules for all Sensitive Data, unless the State approves the storage of Sensitive Data on a Contractor portable device in order to accomplish Contract work.

R25.4 Security Incident or Data Breach Notification

The Contractor shall inform the State of any security incident or data breach.

- R25.4.1. Incident Response: The Contractor may need to communicate with outside parties regarding a security incident, which may include contacting law enforcement, fielding media inquiries and seeking external expertise as mutually agreed upon, defined by law or contained in the Contract. Discussing security incidents with the State should be handled on an urgent as-needed basis, as part of Contractor communication and mitigation processes as mutually agreed upon, defined by law or contained in the Contract.
- R25.4.2. Security Incident Reporting Requirements: The Contractor shall report a security incident to the appropriate State-identified contact immediately.
- R25.4.3. Breach Reporting Requirements: If the Contractor has actual knowledge of a confirmed data breach that affects the security of any State content that is subject to applicable data breach notification law, the Contractor shall (1) promptly notify the appropriate State-identified contact within 1 hour, unless shorter time is required by applicable law, and (2) take commercially reasonable measures to address the data breach in a timely manner.

R25.5 Data Breach Responsibilities

This section only applies when a data breach occurs with respect to Sensitive Data within the possession or control of the Contractor.

- R25.5.1. The Contractor, unless stipulated otherwise, shall immediately notify the appropriate State-identified contact by telephone in accordance with the agreed upon security plan or security procedures if it reasonably believes there has been a security incident.
- R25.5.2. The Contractor, unless stipulated otherwise, shall promptly notify the appropriate State-identified contact within 1 hour, unless shorter time is required by applicable law, if it confirms that there is, or reasonably believes that there has been, a data breach. The Contractor shall (1) cooperate with the State to investigate and resolve the data breach, (2) promptly implement necessary remedial measures, if necessary, and (3) document responsive actions taken related to the data breach, including any post-incident review of events and actions taken to make changes in business practices in providing the services, if necessary.
- R25.5.3. Unless otherwise stipulated, if a data breach is a direct result of the Contractor's breach of its Contract obligation to encrypt Sensitive Data or otherwise prevent its release, the Contractor shall bear the costs associated with (1) the investigation and resolution of the data breach; (2) notifications to individuals, regulators or others required by State law; (3) a credit monitoring service required by State or federal law; (4) a website or a toll-free number and call center for affected individuals required by State law – all not to exceed the average per record per person cost calculated for data breaches in the United States (currently \$201 per record/ person) in the most recent Cost of Data Breach Study: Global Analysis published by the Ponemon Institute at the time of the data breach; and (5) complete all corrective actions as reasonably determined by Contractor based on root cause; all [(1) through (5)] subject to this Contract's limitation of liability.

R25.6 Compliance with federal Health Insurance Portability and Accountability Act (HIPAA) and State Confidentiality Law

HIPAA clauses do not apply to this Contract.

R25.7. Suspension of Work

The Procurement Officer unilaterally may order the Contractor in writing to suspend, delay, or interrupt all or any part of its performance for such period of time as the Procurement Officer may determine to be appropriate for the convenience of the State.

R25.8. Nonvisual Accessibility Warranty

- R25.8.1. The Contractor warrants that the information technology to be provided under the Contract.
- (a) provides equivalent access for effective use by both visual and non-visual means;
 - (b) will present information, including prompts used for interactive communications, in formats intended for both visual and non-visual use;
 - (c) if intended for use in a network, can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired; and
 - (d) is available, whenever possible, without modification for compatibility with software and hardware for non-visual access.
- R25.8.2. The Contractor further warrants that the cost, if any, of modifying the information technology for compatibility with software and hardware used for non-visual access does not increase the cost of the information technology by more than five percent. For purposes of this Contract, the phrase "equivalent access" means the ability to receive, use and manipulate information and operate controls necessary to access and use information technology by non-visual means. Examples of equivalent access include keyboard controls used for input and synthesized speech, Braille, or other audible or tactile means used for output.

R25.9. Compliance with Laws/Arrearages

The Contractor hereby represents and warrants that:

- R24.9.1 It is qualified to do business in the State of Maryland and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- R24.9.2. It is not in arrears with respect to the payment of any monies due and owing the State of Maryland, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- R24.9.3. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and,
- R24.9.4. It shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.

R25.10 Contingent Fee Prohibition

The Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or bona fide agent working for the Contractor to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation or other entity, other than a bona fide employee or bona fide agent, any fee or other consideration contingent on the making of this Contract.

R25.11.Delays and Extensions of Time

The Contractor agrees to perform this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the

Contractor or the subcontractors or suppliers.

R25.12.Financial Disclosure

The Contractor shall comply with the provisions of §13-221 of the State Finance and Procurement Article of the Annotated Code of Maryland, which requires that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more, shall, within 30 days of the time when the aggregate value of these contracts, leases or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

R25.13.Political Contribution Disclosure

The Contractor shall comply with Md. Code Ann., Election Law Article, Title 14, which requires that every person that enters into a contract for a procurement with the State, a county, or a municipal corporation, or other political subdivision of the State, during a calendar year in which the person receives a contract with a governmental entity in the amount of \$200,000 or more, shall, file with the State Board of Elections statements disclosing: (a) any contributions made during the reporting period to a candidate for elective office in any primary or general election; and (b) the name of each candidate to whom one or more contributions in a cumulative amount of \$500 or more were made during the reporting period. The statement shall be filed with the State Board of Elections: (a) before execution of a contract by the State, a county, a municipal corporation, or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a contract, then twice a year, throughout the contract term, on: (i) February 5, to cover the six (6) month period ending January 31; and (ii) August 5, to cover the six (6) month period ending July 31. Additional information is available on the State Board of Elections website: http://www.elections.state.md.us/campaign_finance/index.html.

R25.14.Retention of Records

R25.14.1. The Contractor and Subcontractors shall retain and maintain all records and documents in any way relating to this Contract for three (3) years after final payment by the State under this Contract, or any applicable statute of limitations, prevailing federal or State law or regulation, or condition of award, whichever is longer, and shall make them available for inspection and audit by authorized representatives of the State, including the Procurement Officer or the Procurement Officer's designee, at all reasonable times. The Contractor shall, upon request by the Agency, surrender all and every copy of documents needed by the State, including, but not limited to itemized billing documentation containing the dates, hours spent and work performed by the Contractor and its subcontractors under the Contract. The Contractor agrees to cooperate fully in any audit conducted by or on behalf of the State, including, by way of example only, making records and employees available as, where, and to the extent requested by the State and by assisting the auditors in reconciling any audit variances. Contractor shall not be compensated for providing any such cooperation and assistance. All records related in any way to the Contract are to be retained for the entire time provided under this section.

R25.14.2. This provision shall survive expiration of this Contract.

R26. Right to Audit

R26.1 The State reserves the right, at its sole discretion and at any time, to perform an audit of the Contractor's and/or Subcontractors' performance under this Contract. In this agreement, an audit is defined as a planned and documented independent activity performed by qualified personnel, including but not limited to State and federal auditors, to determine by investigation, examination, or evaluation of objective evidence from data, statements,

records, operations and performance practices (financial or otherwise) the Contractor's compliance with the Contract, including but not limited to the adequacy and compliance with established procedures and internal controls over the services being performed for the State.

- R26.2 Upon three (3) business days' notice, Contractor and/or Subcontractors shall provide the State reasonable access during normal business hours to their records to verify conformance to the terms of this Contract. The State shall be permitted to conduct these audits with any or all of its own internal resources or by securing the services of a third party accounting/audit firm, solely at the State's election. The State shall have the right to copy, at its own expense, any record related to the services performed pursuant to this Contract.
- R26.3 Contractor and/or Subcontractors shall cooperate with the State or the designated auditor and shall provide the necessary assistance for the State or the designated auditor to conduct the audit.
- R26.4 The right to audit shall include subcontractors in which goods or services are subcontracted by Contractor and/or Subcontractors and that provide essential support to the services provided to the State under this Contract. Contractor and/or Subcontractors shall ensure the State has the right to audit with any lower tier subcontractor.

27. No Waiver of Right

The failure of a party to insist upon strict adherence to any term of the Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term or any other term of the Contract.

28. Change in Financial Condition

If the Contractor experiences a substantial change in its financial condition during the term of the Contract or any extension thereof, the Contractor shall notify the Procurement Officer in writing of the change at the time the change occurs or is identified. Failure to notify the Procurement Officer of such a substantial adverse change in financial condition may be sufficient grounds for terminating the Contract.

29. Bankruptcy

Upon the filing of any bankruptcy proceeding by or against the Contractor, whether voluntary or involuntary, or upon the appointment of a receiver, trustee, or assignee for the benefit of creditors, the Contractor shall notify the Procurement Officer in writing immediately.

30. Taxes

The Lottery and Commission shall have no responsibility for the payment of any federal, state or local taxes which become payable by the Contractor or its subcontractors as a result of this Contract.

The State is generally exempt from Federal excise taxes, Maryland sales and use taxes, District of Columbia sales taxes and transportation taxes. Exemption certificates will be completed upon request. Where a Contractor is required to furnish and install material in the construction or improvement of real property in performance of a contract, the Contractor shall pay the Maryland sales tax and the exemption does not apply.

31. Lottery Ticket Purchase and Prize Payment Restrictions

In accordance with Section 9-123 of the Maryland State Government Article, Annotated Code, no officer or employee of the MLGCA, their spouse, child, brother, sister, or parent residing in the household of such officer or employee shall purchase a Maryland Lottery ticket or be paid a prize in any Maryland Lottery game. During the term of this Contract, this restriction shall also apply to officers and employees of the Contractor or of any subcontractor whose use is subject to MLGCA approval who are directly involved with the MLGCA's account, and their spouse, child, brother, sister, or parent residing

in the household of such officer or employee. The Contractor shall ensure that this requirement is made known to each officer and employee of the Contractor and any subcontractor whose use is subject to MLGCA approval. The Director shall have the sole discretion to determine the applicability of this restriction to any specific individual.

32. Administrative Information

32.1. Procurement Officer and Contract Manager

The day-to-day work to be accomplished under this Contract shall be performed under the direction of the Contract Manager and, as appropriate, the Procurement Officer. All matters relating to the interpretation of this Contract shall be referred to the Procurement Officer for determination.

32.2. Notices

All notices hereunder shall be in writing and either delivered personally or sent by certified or registered mail, postage prepaid as follows:

If to the State:

John Gallagher, Contract Manager
Maryland State Lottery and Gaming Control Agency (Lottery
Montgomery Park Business Center, Suite 330
1800 Washington Boulevard
Baltimore, MD 21230
Phone Number: 410-230-8834
E-Mail: john.gallagher@maryland.gov

With a copy to:

Robert W. Howells, Procurement Officer
Maryland State Lottery and Gaming Control Agency (Lottery
Montgomery Park Business Center, Suite 330
1800 Washington Boulevard
Baltimore, MD 21230
Phone Number: 410-230-8789
E-Mail: robert.howells@maryland.gov

If to the Contractor:

Attn: _____

Parent Company Guarantor Contact:

Attn: _____

32.3. Approval

IN WITNESS THEREOF, the parties have executed this Contract as of the date hereinabove set forth.

Witness:	CONTRACTOR'S NAME By:
_____	_____

Name: _____
(Type/Print)

Title: _____

Date: _____

Witness:	MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY By:
_____	_____
	Gordon Medenica Director

Approved as to form and legal sufficiency this _____ day of _____, 2016.

Robert T. Fontaine
Assistant Attorney General

APPROVED BY MARYLAND BOARD OF PUBLIC WORKS: _____ ITEM#: _____
(date)

Attachment B - BID/PROPOSAL AFFIDAVIT**A. AUTHORITY**

I hereby affirm that I, _____ (name of affiant) am the _____ (title) and duly authorized representative of _____ (name of business entity) and that I possess the legal authority to make this affidavit on behalf of the business for which I am acting.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

The undersigned Bidder/Offeror hereby certifies and agrees that the following information is correct: In preparing its Bid/Proposal on this project, the Bidder/Offeror has considered all quotes submitted from qualified, potential subcontractors and suppliers, and has not engaged in "discrimination" as defined in § 19-103 of the State Finance and Procurement Article of the Annotated Code of Maryland. "Discrimination" means any disadvantage, difference, distinction, or preference in the solicitation, selection, hiring, or commercial treatment of a vendor, subcontractor, or commercial customer on the basis of race, color, religion, ancestry, or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or any otherwise unlawful use of characteristics regarding the vendor's, supplier's, or commercial customer's employees or owners. "Discrimination" also includes retaliating against any person or other entity for reporting any incident of "discrimination". Without limiting any other provision of the solicitation on this project, it is understood that, if the certification is false, such false certification constitutes grounds for the State to reject the Bid/Proposal submitted by the Bidder/Offeror on this project, and terminate any contract awarded based on the Bid/Proposal. As part of its Bid/Proposal, the Bidder/Offeror herewith submits a list of all instances within the past 4 years where there has been a final adjudicated determination in a legal or administrative proceeding in the State of Maryland that the Bidder/Offeror discriminated against subcontractors, vendors, suppliers, or commercial customers, and a description of the status or resolution of that determination, including any remedial action taken. Bidder/Offeror agrees to comply in all respects with the State's Commercial Nondiscrimination Policy as described under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland.

B-1. CERTIFICATION REGARDING MINORITY BUSINESS ENTERPRISES.

The undersigned Bidder/Offeror hereby certifies and agrees that it has fully complied with the State Minority Business Enterprise Law, State Finance and Procurement Article, § 14-308(a)(2), Annotated Code of Maryland, which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a Bid/Proposal and:

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the Bid/Proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the Bid/Proposal.

Without limiting any other provision of the solicitation on this project, it is understood that if the certification is false, such false certification constitutes grounds for the State to reject the Bid/Proposal submitted by the Bidder/Offeror on this project, and terminate any contract awarded based on the Bid/Proposal.

B-2. CERTIFICATION REGARDING VETERAN-OWNED SMALL BUSINESS ENTERPRISES.

The undersigned Bidder/Offeror hereby certifies and agrees that it has fully complied with the State veteran-owned small business enterprise law, State Finance and Procurement Article, § 14-605, Annotated Code of Maryland, which provides that a person may not:

- (1) Knowingly and with intent to defraud, fraudulently obtain, attempt to obtain, or aid another person in fraudulently obtaining or attempting to obtain public money, procurement contracts, or funds expended under a procurement contract to which the person is not entitled under this title;
- (2) Knowingly and with intent to defraud, fraudulently represent participation of a veteran-owned small business enterprise in order to obtain or retain a Bid/Proposal preference or a procurement contract;
- (3) Willfully and knowingly make or subscribe to any statement, declaration, or other document that is fraudulent or false as to any material matter, whether or not that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;
- (4) Willfully and knowingly aid, assist in, procure, counsel, or advise the preparation or presentation of a declaration, statement, or other document that is fraudulent or false as to any material matter, regardless of whether that falsity or fraud is committed with the knowledge or consent of the person authorized or required to present the declaration, statement, or document;
- (5) Willfully and knowingly fail to file any declaration or notice with the unit that is required by COMAR 21.11.12; or
- (6) Establish, knowingly aid in the establishment of, or exercise control over a business found to have violated a provision of § B-2(1)-(5) of this regulation.

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS**I FURTHER AFFIRM THAT:**

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, § 6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

_____.

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies, has:

- (1) Been convicted under state or federal statute of:
 - (a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
 - (b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;
- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. § 1961 et seq., or the Mail Fraud Act, 18 U.S.C. § 1341 et seq., for acts in connection with the submission of Bids/Proposals for a public or private contract;
- (4) Been convicted of a violation of the State Minority Business Enterprise Law, § 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (5) Been convicted of a violation of § 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;
- (7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of Bids/Proposals for a public or private contract;
- (8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract;
- (9) Been convicted of a violation of one or more of the following provisions of the Internal Revenue Code:
 - (a) §7201, Attempt to Evade or Defeat Tax;
 - (b) §7203, Willful Failure to File Return, Supply Information, or Pay Tax,
 - (c) §7205, Fraudulent Withholding Exemption Certificate or Failure to Supply Information;
 - (d) §7206, Fraud and False Statements, or
 - (e) §7207 Fraudulent Returns, Statements, or Other Documents;
- (10) Been convicted of a violation of 18 U.S.C. §286 Conspiracy to Defraud the Government with Respect to Claims, 18 U.S.C. §287, False, Fictitious, or Fraudulent Claims, or 18 U.S.C. §371, Conspiracy to Defraud the United States;
- (11) Been convicted of a violation of the Tax-General Article, Title 13, Subtitle 7 or Subtitle 10, Annotated Code of Maryland;

(12) Been found to have willfully or knowingly violated State Prevailing Wage Laws as provided in the State Finance and Procurement Article, Title 17, Subtitle 2, Annotated Code of Maryland, if:

(a) A court:

(i) Made the finding; and

(ii) Decision became final; or

(b) The finding was:

(i) Made in a contested case under the Maryland Administrative Procedure act; and

(ii) Not overturned on judicial review;

(13) Been found to have willfully or knowingly violated State Living Wage Laws as provided in the State Finance and Procurement Article, Title 18, Annotated Code of Maryland, if:

(a) A court:

(i) Made the finding; and

(ii) Decision became final; or

(b) The finding was:

(i) Made in a contested case under the Maryland Administrative Procedure act; and

(ii) Not overturned on judicial review;

(14) Been found to have willfully or knowingly violated the Labor and Employment Article, Title 3, Subtitles 3, 4, or 5, or Title 5, Annotated Code of Maryland, if:

(a) A court:

(i) Made the finding; and

(ii) Decision became final; or

(b) The finding was:

(i) Made in a contested case under the Maryland Administrative Procedure act; and

(ii) Not overturned on judicial review; or

(15) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§ B and C and subsections D(1)—(14 above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

 _____.

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, or any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities, including obtaining or performing contracts with public bodies, has ever been suspended or debarred (including being issued a limited denial of participation) by any public entity, except as follows (list each debarment or suspension providing the dates of the suspension or debarment, the name of the public entity and the status of the proceedings, the name(s) of the person(s) involved and their current positions and responsibilities with the business, the grounds of the debarment or suspension, and the details of each person's involvement in any activity that formed the grounds of the debarment or suspension).

_____.

F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

- (1) The business was not established and it does not operate in a manner designed to evade the application of or defeat the purpose of debarment pursuant to Sections 16-101, et seq., of the State Finance and Procurement Article of the Annotated Code of Maryland; and
 - (2) The business is not a successor, assignee, subsidiary, or affiliate of a suspended or debarred business, except as follows (you must indicate the reasons why the affirmations cannot be given without qualification):
- _____
- _____
- _____.

G. SUBCONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business, has knowingly entered into a contract with a public body under which a person debarred or suspended under Title 16 of the State Finance and Procurement Article of the Annotated Code of Maryland will provide, directly or indirectly, supplies, services, architectural services, construction related services, leases of real property, or construction.

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business has:

- (1) Agreed, conspired, connived, or colluded to produce a deceptive show of competition in the compilation of the accompanying Bid/Proposal that is being submitted;
- (2) In any manner, directly or indirectly, entered into any agreement of any kind to fix the Bid/Proposal price of the Bidder/Offeror or of any competitor, or otherwise taken any action in restraint of free competitive bidding in connection with the contract for which the accompanying Bid/Proposal is submitted.

I. CERTIFICATION OF TAX PAYMENT**I FURTHER AFFIRM THAT:**

Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, the State Department of Assessments and Taxation, and the Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. CONTINGENT FEES**I FURTHER AFFIRM THAT:**

The business has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency working for the business, to solicit or secure the Contract, and that the business has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee, bona fide agent, bona fide salesperson, or commercial selling agency, any fee or any other consideration contingent on the making of the Contract.

K. CERTIFICATION REGARDING INVESTMENTS IN IRAN

(1) The undersigned certifies that, in accordance with State Finance and Procurement Article, §17-705, Annotated Code of Maryland:

(a) It is not identified on the list created by the Board of Public Works as a person engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland; and

(b) It is not engaging in investment activities in Iran as described in State Finance and Procurement Article, §17-702, Annotated Code of Maryland.

2. The undersigned is unable to make the above certification regarding its investment activities in Iran due to the following activities: _____

L. CONFLICT MINERALS ORIGINATED IN THE DEMOCRATIC REPUBLIC OF CONGO (FOR SUPPLIES AND SERVICES CONTRACTS)**I FURTHER AFFIRM THAT:**

The business has complied with the provisions of State Finance and Procurement Article, §14-413, Annotated Code of Maryland governing proper disclosure of certain information regarding conflict minerals originating in the Democratic Republic of Congo or its neighboring countries as required by federal law.

M. I FURTHER AFFIRM THAT:

Any claims of environmental attributes made relating to a product or service included in the bid or proposal are consistent with the Federal Trade Commission's Guides for the Use of Environmental Marketing Claims as provided in 16 CFR §260, that apply to claims about the environmental attributes of a product, package or service in connection with the marketing, offering for sale, or sale of such item or service.

N. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Procurement Officer and may be distributed to units of: (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this Affidavit or any contract resulting from the submission of this Bid/Proposal shall be construed to supersede, amend, modify or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this Affidavit, (2) the contract, and (3) other Affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (print name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

Attachment C - CONTRACT AFFIDAVIT**A. AUTHORITY**

I hereby affirm that I, _____ (name of affiant) am the _____ (title) and duly authorized representative of _____ (name of business entity) and that I possess the legal authority to make this affidavit on behalf of the business for which I am acting.

**B. CERTIFICATION OF REGISTRATION OR QUALIFICATION WITH THE STATE
DEPARTMENT OF ASSESSMENTS AND TAXATION****I FURTHER AFFIRM THAT:**

The business named above is a (check applicable box):

- (1) Corporation — ☐ domestic or ☐ foreign;
- (2) Limited Liability Company — ☐ domestic or ☐ foreign;
- (3) Partnership — ☐ domestic or ☐ foreign;
- (4) Statutory Trust — ☐ domestic or ☐ foreign;
- (5) ☐ Sole Proprietorship.

and is registered or qualified as required under Maryland Law. I further affirm that the above business is in good standing both in Maryland and (IF APPLICABLE) in the jurisdiction where it is presently organized, and has filed all of its annual reports, together with filing fees, with the Maryland State Department of Assessments and Taxation. The name and address of its resident agent (IF APPLICABLE) filed with the State Department of Assessments and Taxation is:

Name and Department ID

Number: _____ Address: _____

and that if it does business under a trade name, it has filed a certificate with the State Department of Assessments and Taxation that correctly identifies that true name and address of the principal or owner as:

Name and Department ID

Number: _____ Address: _____

C. FINANCIAL DISCLOSURE AFFIRMATION**I FURTHER AFFIRM THAT:**

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13 221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION**I FURTHER AFFIRM THAT:**

I am aware of, and the above business will comply with, Election Law Article, Title 14, Annotated Code of Maryland, which requires that every person that enters into a contract for a procurement with the State, a county, or a municipal corporation, or other political subdivision of the State, during a

calendar year in which the person receives a contract with a governmental entity in the amount of \$200,000 or more, shall file with the State Board of Elections statements disclosing: (a) any contributions made during the reporting period to a candidate for elective office in any primary or general election; and (b) the name of each candidate to whom one or more contributions in a cumulative amount of \$500 or more were made during the reporting period. The statement shall be filed with the State Board of Elections: (a) before execution of a contract by the State, a county, a municipal corporation, or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a contract, then twice a year, throughout the contract term, on: (i) February 5, to cover the six (6) month period ending January 31; and (ii) August 5, to cover the six (6) month period ending July 31.

E. DRUG AND ALCOHOL FREE WORKPLACE

(Applicable to all contracts unless the contract is for a law enforcement agency and the agency head or the agency head's designee has determined that application of COMAR 21.11.08 and this certification would be inappropriate in connection with the law enforcement agency's undercover operations.)

I CERTIFY THAT:

- (1) Terms defined in COMAR 21.11.08 shall have the same meanings when used in this certification.
- (2) By submission of its Bid/Proposal, the business, if other than an individual, certifies and agrees that, with respect to its employees to be employed under a contract resulting from this solicitation, the business shall:
 - (a) Maintain a workplace free of drug and alcohol abuse during the term of the contract;
 - (b) Publish a statement notifying its employees that the unlawful manufacture, distribution, dispensing, possession, or use of drugs, and the abuse of drugs or alcohol is prohibited in the business' workplace and specifying the actions that will be taken against employees for violation of these prohibitions;
 - (c) Prohibit its employees from working under the influence of drugs or alcohol;
 - (d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
 - (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
 - (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
 - The dangers of drug and alcohol abuse in the workplace;
 - The business's policy of maintaining a drug and alcohol free workplace;
 - Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
 - The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;

(g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;

(h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:

Abide by the terms of the statement; and

Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;

(i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;

(j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:

Take appropriate personnel action against an employee, up to and including termination; or

Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

(k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

(3) If the business is an individual, the individual shall certify and agree as set forth in §E(4), below, that the individual shall not engage in the unlawful manufacture, distribution, dispensing, possession, or use of drugs or the abuse of drugs or alcohol in the performance of the contract.

(4) I acknowledge and agree that:

The award of the contract is conditional upon compliance with COMAR 21.11.08 and this certification;

(b) The violation of the provisions of COMAR 21.11.08 or this certification shall be cause to suspend payments under, or terminate the contract for default under COMAR 21.07.01.11 or 21.07.03.15, as applicable; and

(c) The violation of the provisions of COMAR 21.11.08 or this certification in connection with the contract may, in the exercise of the discretion of the Board of Public Works, result in suspension and debarment of the business under COMAR 21.08.03.

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Bid/Proposal Affidavit dated _____, 201____, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date: _____

By: _____ (printed name of Authorized Representative and Affiant)

_____ (signature of Authorized Representative and Affiant)

Attachment D - MINORITY BUSINESS ENTERPRISE FORMS**MBE ATTACHMENT D-1A: MBE UTILIZATION AND FAIR SOLICITATION AFFIDAVIT
& MBE PARTICIPATION SCHEDULE****INSTRUCTIONS****PLEASE READ BEFORE COMPLETING THIS DOCUMENT**

This form includes Instructions and the MBE Utilization and Fair Solicitation Affidavit & MBE Participation Schedule which must be submitted with the bid/proposal. If the Bidder/offeror fails to accurately complete and submit this Affidavit and Schedule with the bid or proposal as required, the Procurement Officer shall deem the bid non-responsive or shall determine that the proposal is not reasonably susceptible of being selected for award.

1. Contractor shall structure its procedures for the performance of the work required in this Contract to attempt to achieve the minority business enterprise (MBE) subcontractor participation goal stated in the Invitation for Bids or Request for Proposals. Contractor agrees to exercise good faith efforts to carry out the requirements set forth in these Instructions, as authorized by the Code of Maryland Regulations (COMAR) 21.11.03.
2. MBE Goals and Subgoals: Please review the solicitation for information regarding the Contract's MBE overall participation goals and subgoals. After satisfying the requirements for any established subgoals, the Contractor is encouraged to use a diverse group of subcontractors and suppliers from any/all of the various MBE classifications to meet the remainder of the overall MBE participation goal.
3. MBE means a minority business enterprise that is certified by the Maryland Department of Transportation ("MDOT"). Only entities certified by MDOT may be counted for purposes of achieving the MBE participation goals. In order to be counted for purposes of achieving the MBE participation goals, the MBE firm, including a MBE prime, must be MDOT-certified for the services, materials or supplies that it is committed to perform on the MBE Participation Schedule.
4. Please refer to the MDOT MBE Directory at www.mdot.state.md.us to determine if a firm is certified with the appropriate North American Industry Classification System ("NAICS") Code **and** the product/services description (specific product that a firm is certified to provide or specific areas of work that a firm is certified to perform). For more general information about NAICS, please visit www.naics.com. Only those specific products and/or services for which a firm is certified in the MDOT Directory can be used for purposes of achieving the MBE participation goals. **WARNING:** If the firm's NAICS Code is in graduated status, such products/services may not be counted for purposes of achieving the MBE participation goals. A NAICS Code is in the graduated status if the term "Graduated" follows the Code in the MDOT MBE Directory.
5. **NOTE: New Guidelines Regarding MBE Prime Self-Performance.** Please note that when a certified MBE firm participates as a prime contractor on a contract, a procurement agency may count the distinct, clearly defined portion of the work of the contract that the certified MBE firm performs with its own forces toward fulfilling up to fifty-percent (50%) of the MBE participation goal (overall) and up to one hundred percent (100%) of not more than one of the MBE participation subgoals, if any, established for the contract. In order to receive credit for self-performance, an MBE prime must list its

firm in Section 4A of the MBE Participation Schedule, including the certification category under which the MBE prime is self-performing and include information regarding the work it will self-perform. For the remaining portion of the overall goal and the subgoals, the MBE prime must also identify other certified MBE subcontractors (see Section 4B of the MBE Participation Schedule) used to meet those goals or request a waiver. For example, for a construction contract that has a 27% MBE overall participation goal and subgoals of 7% for African American firms and 4% for Asian American firms, subject to Section 4 above and this Section 5, a certified African American MBE prime can self-perform (a) up to 13.5 % of the overall goal and (b) up to 7% of the African American subgoal. The remainder of the overall goal and subgoals would have to be met with other certified MBE firms or a waiver request.

For a services contract with a 30% percent MBE participation goal (overall) and subgoals of 7% for African-American firms, 4% for Asian American firms and 12% for women-owned firms, subject to Sections 4 above and this Section 5, a dually-certified Asian American/Woman MBE prime can self-perform (a) up to 15% of the overall goal and (b) up to four percent (4%) of the Asian American subgoal OR up to twelve percent (12%) of the women subgoal. Because it is dually-certified, the company can be designated as only ONE of the MBE classifications (Asian American or women) but can self-perform up to one hundred percent (100%) of the stated subgoal for the single classification it selects.

6. Subject to the restrictions stated in Section 5 above, when a certified MBE that performs as a participant in a joint venture, a procurement agency may count a portion of the total dollar value of the contract equal to the distinct, clearly-defined portion of the work of the contract that the certified MBE performs with its own forces toward fulfilling the contract goal, and not more than one of the contract subgoals, if any. For example, if a MBE firm is a joint venture partner and the State determines that it is performing with its own forces 35 percent of the work in the contract, it can use this portion of the work towards fulfilling up to fifty percent (50%) of the overall goal and up to one hundred percent (100%) of one of the stated subgoals, if applicable.

7. As set forth in COMAR 21.11.03.12-1, once the Contract work begins, the work performed by a certified MBE firm, including an MBE prime, can only be counted towards the MBE participation goal(s) if the MBE firm is performing a commercially useful function on the Contract. Please refer to COMAR 21.11.03.12-1 for more information regarding these requirements.

8. If you have any questions as to whether a firm is certified to perform the specific services or provide specific products, please contact MDOT's Office of Minority Business Enterprise at 1-800-544-6056 or via e-mail to mbe@mdot.state.md.us sufficiently prior to the submission due date.

9. Worksheet: The percentage of MBE participation, calculated using the percentage amounts for all of the MBE firms listed on the Participation Schedule **MUST** at least equal the MBE participation goal **and** subgoals (if applicable) set forth in the solicitation. If a Bidder/offeror is unable to achieve the MBE participation goal and/or any subgoals (if applicable), the Bidder/offeror must request a waiver in Item 1 of the MBE Utilization and Fair Solicitation Affidavit (Attachment D-1A) or the bid will be deemed not responsive, or the proposal determined to be not susceptible of being selected for award. You may wish to use the Subgoal summary below to assist in calculating the percentages and confirm that you have met the applicable MBE participation goal and subgoals, if any.

Subgoals (if applicable)

Total African American MBE Participation: _____ %

Total Asian American MBE Participation: _____ %

Total Hispanic American MBE Participation: _____%

Total Women-Owned MBE Participation: _____%

Overall Goal

Total MBE Participation (include all categories): _____%

**MBE ATTACHMENT D-1A: MBE UTILIZATION AND FAIR SOLICITATION AFFIDAVIT
& MBE PARTICIPATION SCHEDULE**

This MBE Utilization and Fair Solicitation Affidavit and MBE Participation Schedule must be included with the bid/proposal for any solicitation with an MBE goal greater than 0%. If the Bidder/offeror fails to accurately complete and submit this Affidavit and Schedule with the bid or proposal as required, the Procurement Officer shall deem the bid non-responsive or shall determine that the proposal is not reasonably susceptible of being selected for award.

In connection with the bid/proposal submitted in response to Solicitation No. 2015-01, I affirm the following:

1. MBE Participation (PLEASE CHECK ONLY ONE)

_____ I acknowledge and intend to meet the overall certified Minority Business Enterprise (MBE) participation goal of 15.0 percent and, if specified in the solicitation, the following subgoals (complete for only those subgoals that apply):

- _____ percent for African American-owned MBE firms
- _____ percent for Hispanic American-owned MBE firms
- _____ percent for Asian American-owned MBE firms
- _____ percent for Women-owned MBE firms

Therefore, I am not seeking a waiver pursuant to COMAR 21.11.03.11.

Notwithstanding any subgoals established above, the Contractor is encouraged to use a diverse group of subcontractors and suppliers from any/all of the various MBE classifications to meet the remainder of the overall MBE participation goal.

OR

_____ I conclude that I am unable to achieve the MBE participation goal and/or subgoals. I hereby request a waiver, in whole or in part, of the overall goal and/or subgoals. Within 10 Working days of receiving notice that our firm is the apparent awardee or as requested by the Procurement Officer, I will submit the completed Good Faith Efforts Documentation to Support Waiver Request (Attachment D-1C) and all required waiver documentation in accordance with COMAR 21.11.03.

2. Additional MBE Documentation

I understand that if I am notified that I am the apparent awardee or as requested by the Procurement Officer, I must submit the following documentation within 10 business days of receiving notice of the potential award or from the date of conditional award (per COMAR 21.11.03.10), whichever is earlier:

- (a) Outreach Efforts Compliance Statement (Attachment D-2);
- (b) MBE Subcontractor Project Participation Statement (Attachment D-3);
- (c) Any other documentation, including waiver documentation if applicable, required by the Procurement Officer to ascertain Bidder or offeror responsibility in connection with the certified MBE participation goal and subgoals, if any.

I understand that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

3. Information Provided to MBE firms

In the solicitation of subcontract quotations or offers, MBE firms were provided not less than the same information and amount of time to respond as were non-MBE firms.

4. MBE Participation Schedule

Set forth below are the (i) certified MBEs I intend to use, (ii) the percentage of the total Contract amount allocated to each MBE for this project and, (iii) the items of work each MBE will provide under the Contract. I have confirmed with the MDOT database that the MBE firms identified below are performing work activities for which they are MDOT certified.

Prime Contractor: (Firm Name, Address, Phone)	Project Description:
Project Number:	

LIST INFORMATION FOR EACH CERTIFIED MBE FIRM YOU AGREE TO USE TO ACHIEVE THE MBE PARTICIPATION GOAL AND SUBGOALS, IF ANY.

MBE PRIMES: PLEASE COMPLETE BOTH SECTIONS A AND B BELOW.

SECTION A: For MBE Prime Contractors ONLY (including MBE Primes in a Joint Venture)

MBE Prime Firm Name: _____ MBE Certification Number: _____ (If dually certified, check only one box.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification	Percentage of total Contract Value to be performed with own forces and counted towards the MBE overall participation goal (up to 50% of the overall goal): _____% Percentage of total Contract Value to be performed with own forces and counted towards the subgoal, if any, for my MBE classification (up to 100% of not more than one subgoal): _____% Description of the Work to be performed with MBE prime's own forces: _____ _____
---	--

SECTION B: For all Contractors (including MBE Primes in a Joint Venture)

MBE Prime Firm Name: _____ MBE Certification Number: _____ (If dually certified, check only one box.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification	Percentage of Total Contract to be performed by this MBE: _____ % Description of the Work to be Performed: _____ _____ _____
MBE Prime Firm Name: _____ MBE Certification Number: _____ (If dually certified, check only one box.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification	Percentage of Total Contract to be performed by this MBE: _____ % Description of the Work to be Performed: _____ _____ _____
MBE Prime Firm Name: _____ MBE Certification Number: _____ (If dually certified, check only one box.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification	Percentage of Total Contract to be performed by this MBE: _____ % Description of the Work to be Performed: _____ _____ _____
MBE Prime Firm Name: _____ MBE Certification Number: _____ (If dually certified, check only one box.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification	Percentage of Total Contract to be performed by this MBE: _____ % Description of the Work to be Performed: _____ _____ _____

CONTINUE ON SEPARATE PAGE IF NEEDED

I solemnly affirm under the penalties of perjury that I have reviewed the instructions for the MBE MBE Utilization & Fair Solicitation Affidavit and MBE Schedule and that the information included in the Schedule is true to the best of my knowledge, information and belief.

 Bidder/Offeror Name

(PLEASE PRINT OR TYPE)

 Signature of Authorized Representative

 Address

 Printed Name and Title

 City, State and Zip Code

 Date
SUBMIT THIS AFFIDAVIT WITH BID/PROPOSAL

MBE ATTACHMENT D-1B WAIVER GUIDANCE**GUIDANCE FOR DOCUMENTING GOOD FAITH EFFORTS TO MEET MBE PARTICIPATION GOALS**

In order to show that it has made good faith efforts to meet the Minority Business Enterprise (MBE) participation goal (including any MBE subgoals) on a contract, the Bidder/offeror must either (1) meet the MBE Goal(s) and document its commitments for participation of MBE Firms, or (2) when it does not meet the MBE Goal(s), document its Good Faith Efforts to meet the goal(s).

I. Definitions

MBE Goal(s) – “MBE Goal(s)” refers to the MBE participation goal and MBE participation subgoal(s).

Good Faith Efforts – The “Good Faith Efforts” requirement means that when requesting a waiver, the Bidder/offeror must demonstrate that it took all necessary and reasonable steps to achieve the MBE Goal(s), which, by their scope, intensity, and appropriateness to the objective, could reasonably be expected to obtain sufficient MBE participation, even if those steps were not fully successful. Whether a Bidder/offeror that requests a waiver made adequate good faith efforts will be determined by considering the quality, quantity, and intensity of the different kinds of efforts that the Bidder/offeror has made. The efforts employed by the Bidder/offeror should be those that one could reasonably expect a Bidder/offeror to take if the Bidder/offeror were actively and aggressively trying to obtain MBE participation sufficient to meet the MBE contract goal and subgoals. Mere *pro forma* efforts are not good faith efforts to meet the MBE contract requirements. The determination concerning the sufficiency of the Bidder's/offeror's good faith efforts is a judgment call; meeting quantitative formulas is not required.

Identified Firms – “Identified Firms” means a list of the MBEs identified by the procuring agency during the goal setting process and listed in the procurement as available to perform the Identified Items of Work. It also may include additional MBEs identified by the Bidder/offeror as available to perform the Identified Items of Work, such as MBEs certified or granted an expansion of services after the procurement was issued. If the procurement does not include a list of Identified Firms, this term refers to all of the MBE Firms (if State-funded) the Bidder/offeror identified as available to perform the Identified Items of Work and should include all appropriately certified firms that are reasonably identifiable.

Identified Items of Work – “Identified Items of Work” means the bid items identified by the procuring agency during the goal setting process and listed in the procurement as possible items of work for performance by MBE Firms. It also may include additional portions of items of work the Bidder/offeror identified for performance by MBE Firms to increase the likelihood that the MBE Goal(s) will be achieved. If the procurement does not include a list of Identified Items of Work, this term refers to all of the items of work the Bidder/offeror identified as possible items of work for performance by MBE Firms and should include all reasonably identifiable work opportunities.

MBE Firms – “MBE Firms” refers to a firm certified by the Maryland Department of Transportation (“MDOT”) under COMAR 21.11.03. Only MDOT-certified MBE Firms can participate in the State's MBE Program.

II. Types of Actions Agency will Consider

The Bidder/offeror is responsible for making relevant portions of the work available to MBE subcontractors and suppliers and to select those portions of the work or material needs consistent with the available MBE subcontractors and suppliers, so as to facilitate MBE participation. The following is a list of types of actions the procuring agency will consider as part of the Bidder's/offeror's Good Faith Efforts when the Bidder/offeror fails to meet the MBE Goal(s). This list is not intended to be a mandatory checklist, nor is it intended to be exclusive or exhaustive. Other factors or types of efforts may be relevant in appropriate cases.

A. Identify Bid Items as Work for MBE Firms

1. Identified Items of Work in Procurements

(a) Certain procurements will include a list of bid items identified during the goal setting process as possible work for performance by MBE Firms. If the procurement provides a list of Identified Items of Work, the Bidder/offeror shall make all reasonable efforts to solicit quotes from MBE Firms to perform that work.

(b) Bidders/Offerors may, and are encouraged to, select additional items of work to be performed by MBE Firms to increase the likelihood that the MBE Goal(s) will be achieved.

2. Identified Items of Work by Bidders/Offerors

(a) When the procurement does not include a list of Identified Items of Work or for additional Identified Items of Work, Bidders/offerors should reasonably identify sufficient items of work to be performed by MBE Firms.

(b) Where appropriate, Bidders/offerors should break out contract work items into economically feasible units to facilitate MBE participation, rather than perform these work items with their own forces. The ability or desire of a prime contractor to perform the work of a contract with its own organization does not relieve the Bidder/offeror of the responsibility to make Good Faith Efforts.

B. Identify MBE Firms to Solicit

1. MBE Firms Identified in Procurements

(a) Certain procurements will include a list of the MBE Firms identified during the goal setting process as available to perform the items of work. If the procurement provides a list of Identified MBE Firms, the Bidder/offeror shall make all reasonable efforts to solicit those MBE firms.

(b) Bidders/offerors may, and are encouraged to, search the MBE Directory to identify additional MBEs who may be available to perform the items of work, such as MBEs certified or granted an expansion of services after the solicitation was issued.

2. MBE Firms Identified by Bidders/Offerors

(a) When the procurement does not include a list of Identified MBE Firms, Bidders/offerors should reasonably identify the MBE Firms that are available to perform the Identified Items of Work.

(b) Any MBE Firms identified as available by the Bidder/offeror should be certified to perform the Identified Items of Work.

C. Solicit MBEs

1. Solicit all Identified Firms for all Identified Items of Work by providing written notice. The Bidder/offeror should:
 - (a) provide the written solicitation at least 10 days prior to bid opening to allow sufficient time for the MBE Firms to respond;
 - (b) send the written solicitation by first-class mail, facsimile, or e-mail using contact information in the MBE Directory, unless the Bidder/offeror has a valid basis for using different contact information; and
 - (c) provide adequate information about the plans, specifications, anticipated time schedule for portions of the work to be performed by the MBE, and other requirements of the contract to assist MBE Firms in responding. (This information may be provided by including hard copies in the written solicitation or by electronic means as described in C.3 below.)
2. “All” Identified Firms includes the MBEs listed in the procurement and any MBE Firms you identify as potentially available to perform the Identified Items of Work, but it does not include MBE Firms who are no longer certified to perform the work as of the date the Bidder/offeror provides written solicitations.
3. “Electronic Means” includes, for example, information provided via a website or file transfer protocol (FTP) site containing the plans, specifications, and other requirements of the contract. If an interested MBE cannot access the information provided by electronic means, the Bidder/offeror must make the information available in a manner that is accessible to the interested MBE.
4. Follow up on initial written solicitations by contacting MBEs to determine if they are interested. The follow up contact may be made:
 - (a) by telephone using the contact information in the MBE Directory, unless the Bidder/offeror has a valid basis for using different contact information; or
 - (b) in writing *via* a method that differs from the method used for the initial written solicitation.
5. In addition to the written solicitation set forth in C.1 and the follow up required in C.4, use all other reasonable and available means to solicit the interest of MBE Firms certified to perform the work of the contract. Examples of other means include:
 - (a) attending any pre-bid meetings at which MBE Firms could be informed of contracting and subcontracting opportunities; and
 - (b) if recommended by the procurement, advertising with or effectively using the services of at least two minority focused entities or media, including trade associations, minority/women community organizations, minority/women contractors' groups, and local, state, and federal minority/women business assistance offices listed on the MDOT Office of Minority Business Enterprise website.

D. Negotiate With Interested MBE Firms

Bidders/Offerors must negotiate in good faith with interested MBE Firms.

1. Evidence of negotiation includes, without limitation, the following:
 - (a) the names, addresses, and telephone numbers of MBE Firms that were considered;
 - (b) a description of the information provided regarding the plans and specifications for the work selected for subcontracting and the means used to provide that information; and

- (c) evidence as to why additional agreements could not be reached for MBE Firms to perform the work.
2. A Bidder/offeror using good business judgment would consider a number of factors in negotiating with subcontractors, including MBE subcontractors, and would take a firm's price and capabilities as well as contract goals into consideration.
3. The fact that there may be some additional costs involved in finding and using MBE Firms is not in itself sufficient reason for a Bidder's/offeror's failure to meet the contract MBE goal(s), as long as such costs are reasonable. Factors to take into consideration when determining whether a MBE Firm's quote is excessive or unreasonable include, without limitation, the following:
- (a) the dollar difference between the MBE subcontractor's quote and the average of the other subcontractors' quotes received by the Bidder/offeror;
 - (b) the percentage difference between the MBE subcontractor's quote and the average of the other subcontractors' quotes received by the Bidder/offeror;
 - (c) the percentage that the MBE subcontractor's quote represents of the overall contract amount;
 - (d) the number of MBE firms that the Bidder/offeror solicited for that portion of the work;
 - (e) whether the work described in the MBE and Non-MBE subcontractor quotes (or portions thereof) submitted for review is the same or comparable; and
 - (f) the number of quotes received by the Bidder/offeror for that portion of the work.
4. The above factors are not intended to be mandatory, exclusive, or exhaustive, and other evidence of an excessive or unreasonable price may be relevant.
5. The Bidder/offeror may not use its price for self-performing work as a basis for rejecting a MBE Firm's quote as excessive or unreasonable.
6. The "average of the other subcontractors' quotes received" by the Bidder/offeror refers to the average of the quotes received from all subcontractors. Bidder/offeror should attempt to receive quotes from at least three subcontractors, including one quote from a MBE and one quote from a Non-MBE.
7. A Bidder/offeror shall not reject a MBE Firm as unqualified without sound reasons based on a thorough investigation of the firm's capabilities. For each certified MBE that is rejected as unqualified or that placed a subcontract quotation or offer that the Bidder/offeror concludes is not acceptable, the Bidder/offeror must provide a written detailed statement listing the reasons for this conclusion. The Bidder/offeror also must document the steps taken to verify the capabilities of the MBE and Non-MBE Firms quoting similar work.
- (a) The factors to take into consideration when assessing the capabilities of a MBE Firm, include, but are not limited to the following: financial capability, physical capacity to perform, available personnel and equipment, existing workload, experience performing the type of work, conduct and performance in previous contracts, and ability to meet reasonable contract requirements.
 - (b) The MBE Firm's standing within its industry, membership in specific groups, organizations, or associations and political or social affiliations (for example union vs. non-union employee status) are not legitimate causes for the rejection or non-solicitation of bids in the efforts to meet the project goal.

E. Assisting Interested MBE Firms

When appropriate under the circumstances, the decision-maker will consider whether the Bidder/offeree:

1. made reasonable efforts to assist interested MBE Firms in obtaining the bonding, lines of credit, or insurance required by the procuring agency or the Bidder/offeree; and
2. made reasonable efforts to assist interested MBE Firms in obtaining necessary equipment, supplies, materials, or related assistance or services.

III. Other Considerations

In making a determination of Good Faith Efforts the decision-maker may consider engineering estimates, catalogue prices, general market availability and availability of certified MBE Firms in the area in which the work is to be performed, other bids or offers and subcontract bids or offers substantiating significant variances between certified MBE and Non-MBE costs of participation, and their impact on the overall cost of the contract to the State and any other relevant factors.

The decision-maker may take into account whether a Bidder/offeree decided to self-perform subcontract work with its own forces, especially where the self-performed work is Identified Items of Work in the procurement. The decision-maker also may take into account the performance of other Bidders/offerees in meeting the contract. For example, when the apparent successful Bidder/offeree fails to meet the contract goal, but others meet it, this reasonably raises the question of whether, with additional reasonable efforts, the apparent successful Bidder/offeree could have met the goal. If the apparent successful Bidder/offeree fails to meet the goal, but meets or exceeds the average MBE participation obtained by other Bidders/offerees, this, when viewed in conjunction with other factors, could be evidence of the apparent successful Bidder/offeree having made Good Faith Efforts.

IV. Documenting Good Faith Efforts

At a minimum, a Bidder/offeree seeking a waiver of the MBE Goal(s) or a portion thereof must provide written documentation of its Good Faith Efforts, in accordance with COMAR 21.11.03.11, within 10 business days after receiving notice that it is the apparent awardee. The written documentation shall include the following:

A. Items of Work (Complete Good Faith Efforts Documentation Attachment D-1C, Part 1)

A detailed statement of the efforts made to select portions of the work proposed to be performed by certified MBE Firms in order to increase the likelihood of achieving the stated MBE Goal(s).

B. Outreach/Solicitation/Negotiation

1. The record of the Bidder's/offeree's compliance with the outreach efforts prescribed by COMAR 21.11.03.09C(2)(a). **(Complete Outreach Efforts Compliance Statement – Attachment D-2).**
2. A detailed statement of the efforts made to contact and negotiate with MBE Firms including:
(a) the names, addresses, and telephone numbers of the MBE Firms who were contacted, with the dates and manner of contacts (letter, fax, e-mail, telephone, etc.) **(Complete Good Faith Efforts Attachment D-1C- Part 2, and submit letters, fax cover sheets, e-mails, etc. documenting solicitations); and**

(b) a description of the information provided to MBE Firms regarding the plans, specifications, and anticipated time schedule for portions of the work to be performed and the means used to provide that information.

C. Rejected MBE Firms (Complete Good Faith Efforts Attachment D-1C, Part 3)

1. For each MBE Firm that the Bidder/offeror concludes is not acceptable or qualified, a detailed statement of the reasons for the Bidder's/offeror's conclusion, including the steps taken to verify the capabilities of the MBE and Non-MBE Firms quoting similar work.

2. For each certified MBE Firm that the Bidder/offeror concludes has provided an excessive or unreasonable price, a detailed statement of the reasons for the Bidder's/offeror's conclusion, including the quotes received from all MBE and Non-MBE firms bidding on the same or comparable work.

(Include copies of all quotes received.)

3. A list of MBE Firms contacted but found to be unavailable. This list should be accompanied by a MBE Unavailability Certificate (see Exhibit A to this Part 1) signed by the MBE contractor or a statement from the Bidder/offeror that the MBE contractor refused to sign the MBE Unavailability Certificate.

D. Other Documentation

1. Submit any other documentation requested by the Procurement Officer to ascertain the Bidder's/offeror's Good Faith Efforts.

2. Submit any other documentation the Bidder/offeror believes will help the Procurement Officer ascertain its Good Faith Efforts.

Exhibit A
MBE Subcontractor Unavailability Certificate

1. It is hereby certified that the firm of _____

(Name of Minority firm)

located at _____

(Number)

(Street)

(City)

(State)

(Zip)

was offered an opportunity to bid on Solicitation No. _____

in _____ County by _____

(Name of Prime Contractor's Firm)

2. _____ (Minority Firm), is either unavailable for the work/service or unable to prepare a bid for this project for the following reason(s):

Signature of Minority Firm's MBE Representative

Title

Date

MDOT Certification #

Telephone #

3. To be completed by the prime contractor if Section 2 of this form is not completed by the minority firm.

To the best of my knowledge and belief, said Certified Minority Business Enterprise is either unavailable for the work/service for this project, is unable to prepare a bid, or did not respond to a request for a price proposal and has not completed the above portion of this submittal.

Signature of Prime Contractor

Title

Date

MBE ATTACHMENT D-1C

GOOD FAITH EFFORTS DOCUMENTATION TO SUPPORT WAIVER REQUEST

Page __ of __

Prime Contractor:	Project Description:
Solicitation Number:	

Parts 1, 2, and 3 must be included with this certificate along with all documents supporting your waiver request.

I affirm that I have reviewed Attachment D-1B, Waiver Guidance. I further affirm under penalties of perjury that the contents of Parts 1, 2, and 3 of this Attachment D-1C Good Faith Efforts Documentation Form are true to the best of my knowledge, information, and belief.

Company Name

Signature of Representative

Address

Printed Name and Title

City, State and Zip Code

Date

GOOD FAITH EFFORTS DOCUMENTATION TO SUPPORT WAIVER REQUEST**Part 1 – Identified items of work Bidder/offeror made available to MBE firms**

Page __ of __

Prime Contractor:	Project Description:
Solicitation Number:	

Identify those items of work that the Bidder/offeror made available to MBE Firms. This includes, where appropriate, those items the Bidder/offeror identified and determined to subdivide into economically feasible units to facilitate the MBE participation. For each item listed, show the anticipated percentage of the total contract amount. It is the Bidder's/offeror's responsibility to demonstrate that sufficient work to meet the goal was made available to MBE Firms, and the total percentage of the items of work identified for MBE participation equals or exceeds the percentage MBE goal set for the procurement. Note: If the procurement includes a list of bid items identified during the goal setting process as possible items of work for performance by MBE Firms, the Bidder/offeror should make all of those items of work available to MBE Firms or explain why that item was not made available. If the Bidder/offeror selects additional items of work to make available to MBE Firms, those additional items should also be included below.

Identified Items of Work	Was this work listed in the procurement?	Does Bidder/offeror normally self-perform this work?	Was this work made available to MBE Firms? If no, explain why?
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

☐ Please check if Additional Sheets are attached.

GOOD FAITH EFFORTS DOCUMENTATION TO SUPPORT WAIVER REQUEST**Part 2 – identified MBE firms and record of solicitations**

Page __ of __

Prime Contractor:	Project Description:
Solicitation Number:	

Identify the MBE Firms solicited to provide quotes for the Identified Items of Work made available for MBE participation. Include the name of the MBE Firm solicited, items of work for which bids/quotes were solicited, date and manner of initial and follow-up solicitations, whether the MBE provided a quote, and whether the MBE is being used to meet the MBE participation goal. MBE Firms used to meet the participation goal must be included on the MBE Participation Schedule. Note: If the procurement includes a list of the MBE Firms identified during the goal setting process as potentially available to perform the items of work, the Bidder/offeror should solicit all of those MBE Firms or explain why a specific MBE was not solicited. If the Bidder/offeror identifies additional MBE Firms who may be available to perform Identified Items of Work, those additional MBE Firms should also be included below. Copies of all written solicitations and documentation of follow-up calls to MBE Firms must be attached to this form. This list should be accompanied by a Minority Contractor Unavailability Certificate signed by the MBE contractor or a statement from the Bidder/offeror that the MBE contractor refused to sign the Minority Contractor Unavailability Certificate (see Exhibit A to MBE Attachment D-1B). If the Bidder/offeror used a Non-MBE or is self-performing the identified items of work, Part 4 must be completed.

Name of Identified MBE Firm & MBE Classification	Describe Item of Work Solicited	Initial Solicitation Date & Method	Follow-up Solicitation Date & Method	Details for Follow-up Calls	Quote Rec'd	Quote Used	Reason Quote Rejected
Firm Name: MBE Classification (Check only if requesting waiver of MBE subgoal.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification		Date: <input type="checkbox"/> Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail	Date: <input type="checkbox"/> Phone <input type="checkbox"/> Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail	Time of Call: Spoke With: <input type="checkbox"/> Left Message	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Used Other MBE <input type="checkbox"/> Used Non-MBE <input type="checkbox"/> Self-performing
Firm Name: MBE Classification (Check only if requesting waiver of MBE subgoal.) <input type="checkbox"/> African American-Owned <input type="checkbox"/> Hispanic American- Owned <input type="checkbox"/> Asian American-Owned <input type="checkbox"/> Women-Owned <input type="checkbox"/> Other MBE Classification		Date: <input type="checkbox"/> Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail	Date: <input type="checkbox"/> Phone <input type="checkbox"/> Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail	Time of Call: Spoke With: <input type="checkbox"/> Left Message	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Used Other MBE <input type="checkbox"/> Used Non-MBE <input type="checkbox"/> Self-performing

☐ Please check if Additional Sheets are attached.
GOOD FAITH EFFORTS DOCUMENTATION TO SUPPORT WAIVER REQUEST

Part 3 – additional information regarding rejected MBE quotes

Page __ of __

Prime Contractor:	Project Description:
Solicitation Number:	

This form must be completed if Part 1 indicates that a MBE quote was rejected because the Bidder/offeror is using a Non-MBE or is self-performing the Identified Items of Work. Provide the Identified Items Work, indicate whether the work will be self-performed or performed by a Non-MBE, and if applicable, state the name of the Non-MBE. Also include the names of all MBE and Non-MBE Firms that provided a quote and the amount of each quote.

Describe Identified Items of Work Not Being Performed by MBE (Include spec/ section number from bid)	Self-performing or Using Non-MBE (Provide name)	Amount of Non-MBE Quote	Name of Other Firms who Provided Quotes & Whether MBE or Non-MBE	Amount Quoted	Indicate Reason Why MBE Quote Rejected & Briefly Explain
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other
	<input type="checkbox"/> Self-performing <input type="checkbox"/> Using Non-MBE	\$_____	<input type="checkbox"/> MBE <input type="checkbox"/> Non-MBE	\$_____	<input type="checkbox"/> Price <input type="checkbox"/> Capabilities <input type="checkbox"/> Other

☐ Please check if Additional Sheets are attached.

MBE ATTACHMENT D- 2**OUTREACH EFFORTS COMPLIANCE STATEMENT**

Complete and submit this form within 10 working days of notification of apparent award or actual award, whichever is earlier.

In conjunction with the bid/proposal submitted in response to Solicitation No. _____, I state the following:

1. Bidder/Offeror identified subcontracting opportunities in these specific work categories: _____

2. Attached to this form are copies of written solicitations (with bidding/proposal instructions) used to solicit certified MBE firms for these subcontract opportunities.

3. Bidder/Offeror made the following attempts to personally contact the solicited MDOT-certified MBE firms: _____

4. Please Check One:

- ☐ This project does not involve bonding requirements.
☐ Bidder/Offeror assisted MDOT-certified MBE firms to fulfill or seek waiver of bonding requirements. (DESCRIBE EFFORTS): _____

5. Please Check One:

- ☐ Bidder/Offeror did attend the pre-bid/pre-proposal conference.
☐ No pre-bid/pre-proposal meeting/conference was held.
☐ Bidder/Offeror did not attend the pre-bid/pre-proposal conference.

Company Name

Signature of Representative

Address

Printed Name and Title

City, State and Zip Code

Date

MBE Attachment D-3A

MBE SUBCONTRACTOR PROJECT PARTICIPATION CERTIFICATION

Please complete and submit one form for each certified MBE firm listed on the MBE PARTICIPATION schedule (Attachment D-1A) within 10 Working Days of notification of apparent award. If the BIDDER/offeror fails to return this AFFIDAVIT within the required time, the Procurement Officer may determine that the BIDDER/offeror is not responsible and therefore not eligible for Contract award.

Provided that _____ (Prime Contractor's Name) is awarded the State contract in conjunction with Solicitation No. 2015-01, such Prime Contractor intends to enter into a subcontract with _____ (Subcontractor's Name) committing to participation by the MBE firm _____ (MBE Name) with MDOT Certification Number _____ which will receive at least \$ _____ which equals to ____% of the Total Contract Amount for performing the following products/services for the Contract:

NAICS CODE	WORK ITEM, SPECIFICATION NUMBER, LINE ITEMS OR WORK CATEGORIES (IF APPLICABLE)	DESCRIPTION OF SPECIFIC PRODUCTS AND/OR SERVICES

Each of the Contractor and Subcontractor acknowledges that, for purposes of determining the accuracy of the information provided herein, the Procurement Officer may request additional information, including, without limitation, copies of the subcontract agreements and quotes. Each of the Contractor and Subcontractor solemnly affirms under the penalties of perjury that: (i) the information provided in this MBE Subcontractor Project Participation Affidavit is true to the best of its knowledge, information and belief, and (ii) has fully complied with the State Minority Business Enterprise law, State Finance and Procurement Article §14-308(a)(2), Annotated Code of Maryland which provides that, except as otherwise provided by law, a contractor may not identify a certified minority business enterprise in a Bid/Proposal and:

- (1) fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified Minority Business Enterprise in its Bid/Proposal;
- (2) fail to notify the certified Minority Business Enterprise before execution of the Contract of its inclusion of the Bid/Proposal;
- (3) fail to use the certified Minority Business Enterprise in the performance of the Contract; or
- (4) pay the certified Minority Business Enterprise solely for the use of its name in the Bid/Proposal.

PRIME CONTRACTORSignature of Representative:

_____Printed Name and Title:

_____Firm's Name:

_____Federal Identification Number:

_____Address:

_____Telephone:

_____Date:

_____**SUBCONTRACTOR**Signature of Representative:

_____Printed Name and Title:

_____Firm's Name:

_____Federal Identification Number:

_____Address:

_____Telephone:

_____Date:

MBE Attachment D-3B

MBE PRIME PROJECT PARTICIPATION CERTIFICATION

PLEASE COMPLETE AND SUBMIT THIS FORM TO ATTEST EACH SPECIFIC ITEM OF WORK THAT YOUR MBE FIRM HAS LISTED ON THE MBE PARTICIPATION SCHEDULE (ATTACHMENT D-1A) FOR PURPOSES OF MEETING THE MBE PARTICIPATION GOALS. THIS FORM MUST BE SUBMITTED WITHIN 10 WORKING DAYS OF NOTIFICATION OF APPARENT AWARD. IF THE BIDDER/OFFEROR FAILS TO RETURN THIS AFFIDAVIT WITHIN THE REQUIRED TIME, THE PROCUREMENT OFFICER MAY DETERMINE THAT THE BIDDER/OFFEROR IS NOT RESPONSIBLE AND THEREFORE NOT ELIGIBLE FOR CONTRACT AWARD.

Provided that _____ (Prime Contractor's Name) with Certification Number _____ is awarded the State contract in conjunction with Solicitation No. 2015-01, such MBE Prime Contractor intends to perform with its own forces at least \$_____ which equals to ____% of the Total Contract Amount for performing the following products/services for the Contract:

NAICS CODE	WORK ITEM, SPECIFICATION NUMBER, LINE ITEMS OR WORK CATEGORIES (IF APPLICABLE) For Construction Projects, General Conditions must be listed separately.	DESCRIPTION OF SPECIFIC PRODUCTS AND/OR SERVICES	VALUE OF THE WORK

MBE PRIME CONTRACTOR

Signature of Representative:

Printed Name and Title:

Firm's Name:

Federal Identification Number:

Address:

Telephone:

Date:

This form must be completed monthly by the prime contractor.

MBE ATTACHMENT D-4A MBE Prime Contractor Paid/Unpaid MBE Invoice Report
**Maryland State Lottery and Gaming Control Agency
Minority Business Enterprise Participation**
Prime Contractor Paid/Unpaid MBE Invoice Report

Report #: _____	Contract #: _____
Reporting Period (Month/Year): _____	Contracting Unit: _____
Report is due to the MBE Officer by the 15th of the month following the month the services were provided.	Contract Amount: _____
Note: Please number reports in sequence	MBE Subcontract Amt: _____
	Project Begin Date: _____
	Project End Date: _____
	Services Provided: _____

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	FAX: E-mail:		
MBE Subcontractor Name:		Contact Person:	
Phone:	FAX:		
Subcontractor Services Provided:			
List all payments made to MBE subcontractor named above during this reporting period:		List dates and amounts of any outstanding invoices:	
Invoice#	Amount	Invoice #	Amount
1.		1.	
2.		2.	
3.		3.	
4.		4.	
Total Dollars Paid:		Total Dollars Unpaid:	
\$ _____		\$ _____	
**If more than one MBE subcontractor is used for this contract, you must use separate D-4A forms. Information regarding payments that the MBE prime will use for purposes of meeting the MBE participation goals must be reported separately in Attachment D-4B. **Return one copy (hard or electronic) of this form to the following addresses (electronic copy with signature and date is preferred):			
_____ Contract Manager _____ Contracting Unit (Agency) _____ _____ mailto:			

Signature: _____ Date: _____

(Required)

This form must be completed monthly by MBE subcontractor

MBE D-5 Subcontractor Paid/Unpaid MBE Invoice Report

Minority Business Enterprise Participation Subcontractor Paid/Unpaid MBE Invoice Report

Report#: _____ Reporting Period (Month/Year): _____ Report is due by the 15th of the month following the month the services were performed.	Contract # _____ Contracting Unit: _____ MBE Subcontract Amount: _____ Project Begin Date: _____ Project End Date: _____ Services Provided: _____																														
MBE Subcontractor Name: _____																															
MDOT Certification #: _____																															
Contact Person: _____ E-mail: _____																															
Address: _____																															
City: _____ State: _____ ZIP: _____																															
Phone: _____ FAX: _____																															
Subcontractor Services Provided: _____																															
List all payments received from Prime Contractor during reporting period indicated above. <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 40%;">Invoice Amount</th> <th style="width: 55%;">Date</th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> </tbody> </table> Total Dollars Paid: \$_____		Invoice Amount	Date	1.			2.			3.			4.			List dates and amounts of any unpaid invoices over 30 days old. <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 40%;">Invoice Amount</th> <th style="width: 55%;">Date</th> </tr> </thead> <tbody> <tr><td>1.</td><td></td><td></td></tr> <tr><td>2.</td><td></td><td></td></tr> <tr><td>3.</td><td></td><td></td></tr> <tr><td>4.</td><td></td><td></td></tr> </tbody> </table> Total Dollars Unpaid: \$_____		Invoice Amount	Date	1.			2.			3.			4.		
	Invoice Amount	Date																													
1.																															
2.																															
3.																															
4.																															
	Invoice Amount	Date																													
1.																															
2.																															
3.																															
4.																															
Prime Contractor: _____ Contact Person: _____																															
**Return one copy of this form to the following address (electronic copy with signature & date is preferred):																															
_____ Contract Manager _____ Contracting Unit (Agency) _____ _____ mailto:																															

Signature: _____ Date: _____
(Required)

Attachment E - PRE-PROPOSAL CONFERENCE RESPONSE FORM

Solicitation Number 2015-01

Lottery Central Monitoring and Control System

A Pre-Proposal Conference will be held at 10:00 AM (Local Time), on **January 7, 2016**, at the Maryland State Lottery and Gaming Control Agency, at the address below. Please return this form by **January 4, 2016**, advising whether or not you plan to attend.

Montgomery Park Business Center
1800 Washington Boulevard, Suite 330
Baltimore MD 21230

Return this form to the Procurement Officer via e-mail or fax:

Robert Howells

Maryland State Lottery and Gaming Control Agency

E-mail: Robert.howells@maryland.gov

Fax #: (410) 230-8727

Please indicate:

_____ Yes, the following representatives will be in attendance:

- 1.
- 2.
- 3.

_____ No, we will not be in attendance.

Please specify whether any reasonable accommodations are requested (see RFP § 1.7 “Pre-proposal conference”):

Signature

Title

Name of Firm (please print)

Attachment F - FINANCIAL PROPOSAL PRICING INSTRUCTIONS

In order to assist Offerors in the preparation of their Financial Proposal and to comply with the requirements of this RFP, Price Sheet Instructions and a Price Sheet have been prepared. Offerors shall submit their Financial Proposal on the Price Sheet in accordance with the instructions on the Price Sheet and as specified herein. Do not alter the Price Sheet or the Proposal may be determined to be not reasonably susceptible of being selected for award. The Price Sheet is to be signed and dated, where requested, by an individual who is authorized to bind the Offeror to the prices entered on the Price Sheet.

The Price Sheet is used to calculate the Offeror's TOTAL ESTIMATED BASE CONTRACT TERM PRICE. Follow these instructions carefully when completing your Price Sheet:

- A) All Unit and Extended Prices must be clearly recorded and entered as either dollars and cents (e.g., \$000.00) or as a percentage with five decimal places (e.g., 0.00000), as appropriate. Ensure that decimal points are clear and distinct.
- B) All Unit Prices must be the actual price per unit the State will pay for the specific item or service identified in this RFP and may not be contingent on any other factor or condition in any manner.
- C) All calculations shall be rounded to the nearest cent, i.e., .344 shall be .34 and .345 shall be .35.
- D) Any goods or services required through this RFP and proposed by the Offeror at No Cost to the State must be clearly entered in the Unit Price, if appropriate, and Extended Price with \$0.00.
- E) Every blank in every Price Sheet shall be filled in. Any changes or corrections made to the Price Sheet by the Offeror prior to submission shall be initialed and dated.
- F) Except as instructed on the Price Sheet, nothing shall be entered on or attached to the Price Sheet that alters or proposes conditions or contingencies on the prices. Alterations and/or conditions may render the Proposal not reasonably susceptible of being selected for award.
- G) It is imperative that the prices included on the Price Sheet have been entered correctly and calculated accurately by the Offeror and that the respective total prices agree with the entries on the Price Sheet. Any incorrect entries or inaccurate calculations by the Offeror will be treated as provided in COMAR 21.05.03.03E and 21.05.02.12, and may cause the Proposal to be rejected.
- H) If option periods are included, pricing for each option period shall be the same as the base contract term. Any option to renew will be exercised at the sole discretion of the State and will comply with all terms and conditions in force at the time the option is exercised. If exercised, the option period shall be for a period identified in the RFP at the prices entered in the Price Sheet.
- I) All Financial Proposal prices entered below are to be fully loaded prices that include all costs/expenses associated with the provision of services as required by the RFP. The Financial Proposal price shall include, but is not limited to: all labor, profit/overhead, general operating, administrative, and all other expenses and costs necessary to perform the work set forth in the solicitation. No other amounts will be paid to the Contractor. If labor rates are requested, those amounts shall be fully-loaded rates; no overtime amounts will be paid.
- J) Unless indicated elsewhere in the RFP, sample amounts used for calculations on the Price Sheet are typically estimates for evaluation purposes only. Unless stated otherwise in the RFP, the MLGCA does not guarantee a minimum or maximum number of units or usage in the performance of this Contract.

K) Failure to adhere to any of these instructions may result in the Proposal being determined not reasonably susceptible of being selected for award.

L) Specifically, no taxes or assessments or license fees or permits of any type will be paid in addition to the rate and unit price proposed on the Price Sheet.

M) Contract Prices

M.1 PART A - LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM:

M.1.1 Offerors shall state their proposed price in Part A(1) to provide all Lottery Central Monitoring and Control System equipment and services required by this RFP in the form of a Fixed Price type Unit Price for a “Percent of Net Sales” based on a maximum of 5,000 Retailer locations being provided by the Contractor.

M.1.2 Offerors shall state their proposed incremental prices in Part A(2) – A(7) to provide the various types of Additional Hardware required for the LCMCS in the form of a Fixed Monthly Fee for the specified quantities being provided by the Contractor. The MLGCA shall have the unilateral option to order this Additional Hardware at any time during the term of the Contract or renewal option period, if exercised. Additional payment for the incremental amounts of Additional Hardware will become due and commence when the first item included in an incremental NTP is received and placed into service by the MLGCA.

M.2 PART B - ADDITIONAL TASKS I, II, III, IV and V:

Offerors shall state their proposed prices to provide all equipment and services for Tasks I, II, III, IV, and V specified in Section 3.26 in the form of (1) a Fixed Price type Unit Price for a “Percent of E-Commerce Sales” for Task I and, (2) a Fixed Monthly Fee for Task II, III, IV and V.

M.3 PART C - ADDITIONAL TASK VI:

Offerors shall state as a separate line item their proposed price to provide all equipment and services for each individual additional capability being proposed under Task VI specified in Section 3.26. Each line item may be exercised individually by the MLGCA as an option.

In Sub-Part CI, Offerors shall state their proposed price for any additional non-standard Terminal and Self Service Terminal types that it may provide in the form of a Fixed Monthly Fee.

In Sub-Part CII, Offerors shall state their proposed price for any for accepting alternate payment methods from Players at brick and mortar Retailers in the form of a Fixed Monthly Fee.

In Sub-Part CIII, Offerors shall state their proposed price for any other types of equipment and services that it may provide in the form of a Fixed Price type Unit Price for a “Percent of Net Sales”.

N) Basis of Award

The “Total Estimated Base Contract Term Price” specified on the Price Sheet (Summary) in Appendix F is based on model quantities for the MLGCA’s Net Sales, E-Commerce Sales and specified Fixed Unit Price/Indefinite Quantity items, and will be used solely for price evaluation, comparison and selection for recommendation for award. The quantities indicated are not a guarantee of any minimum or maximum amounts under this contract and may change at any time during the term of the contract, or any renewal option period if exercised. The amount to be paid to the Contractor will be calculated using the Fixed Percentages and Fixed Unit Prices specified on the Financial Proposal Sheet multiplied

by the actual MLGCA Net Sales, E-Commerce Sales (if applicable), and actual quantities purchased by the MLGCA, respectively.

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ATTACHMENT F – PRICE SHEET

This form must be completed in its entirety (prices must be provided for each section in Part A, each Task in Part B, and items in Part C as appropriate) and submitted by Offeror as its Financial Proposal.

PART A. – LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM: The Offeror must provide its price in Section A(1) to provide all hardware, software, personnel and services including a Telecommunications Network required by this RFP for a Lottery Central Monitoring and Control System. The prices shall be expressed as Fixed-Price type Unit Prices based on a **Fixed Percent of Net Sales**. Offerors must provide their proposed incremental price to provide the various types of Additional Hardware stated in Sections A(2) – A(7) in the form of a **Fixed Monthly Fee** based on the various specified unit quantity ranges.

Note: The Weighted Percentages used in A(2) – A(7) to calculate the Price represent the MLGCA's estimate of the distribution of the actual quantity ranges to be purchased during the Contract.

A(1). Proposed Fixed Percent for All Services & Hardware Required by This RFP for the LCMCS (Based on Hardware Listed below for up to 5,000 Retail locations, provided by Contractor) 4,700 Retailer Terminals 1,800 Player Self Service Terminals 4,700 Ticket Checkers 4,700 Customer Advertising/Display Monitors 5,500 Monitors to Support Monitor Games 1,500 Double Jackpot Signs 100 Keno Enunciator Boards 80 Tablets/Laptops, printers and all equipment needed to support the Lottery Sales Force Automation system	A(1) _____ (%) Percent shall be stated to 5 decimal places (e.g.,0.00000)
	% On Line A(1) x \$1.8 billion Net Sales (EST)
Estimated Annual Price for Section A(1)	= \$ _____

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A(2). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Standard Retailer Terminal**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20.00%	
101 - 300		X 300 =		40.00%	
301 - 500		X 500 =		40.00%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(2)				= \$ _____	

A(3). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Player Self Service Terminal with Twenty Four (24) Instant Ticket Bins**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(3)				= \$ _____	

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A(4). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Ticket Checkers**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(4)				= \$ _____	

A(5). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Customer Advertising Display Monitors**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(5)				= \$ _____	

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A(6). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Monitors to Support Monitor Games**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(6)				= \$ _____	

A(7). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): Double **Jackpot Signs**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section A(7)				= \$ _____	

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PART B. – ADDITIONAL TASKS I, II, III, IV and V

(Note: These Additional Tasks are for optional services and equipment.)

Task I. – E-COMMERCE SUBSCRIPTIONS: The Offeror must provide its price to provide all equipment, hardware, software, personnel and services required by this RFP to provide the E-Commerce Subscriptions Task. The price shall be expressed as a Fixed-Price type Unit Price based on a **Fixed Percent of E-Commerce Sales**.

B(1). Proposed Fixed Percent for All Services & Hardware Required by this RFP for Task I – E-Commerce Subscriptions.	B(1)_____ (%) Percent shall be stated to 5 decimal places (e.g.,0.00000)
	% On Line B(1) x \$100 million E-Sales (EST)
Estimated Annual Price for Task I	= \$ _____

Task II. – HOST MDLOTTERY.COM ONLINE NETWORK: The Offeror must provide its price to provide all equipment, hardware, software, personnel and services required by this RFP to provide the Host mdlottery.com Task. The price shall be expressed as a **Fixed Monthly Fee**.

B(2). Proposed Fixed Monthly Fee for All Services & Hardware Required by this RFP for Task II – Host mdlottery.com Online Network	B(2)\$_____ Fixed Monthly Fee stated in Dollars (e.g.,\$000.00)
	Amount On Line B(2) x 12 months
Estimated Annual Price for Task II	= \$ _____

Task III. – SECONDARY COMMUNICATIONS CONNECTION TO RETAILERS: The Offeror must provide its price to provide a secondary, backup, communications method for connecting Retailers to the Retailer network. This connectivity shall be via a separate communications path from the primary connectivity. The price shall be expressed as a **Fixed Monthly Fee**.

B(3). Proposed Fixed Monthly Fee for All Services & Hardware Required by this RFP for Task III – Secondary Communications Connection to Retailers. Per 100 Retailers	B(3)\$_____ Fixed Monthly Fee stated in Dollars (e.g.,\$000.00)
	Amount On Line B(3) x 12 months
Estimated Annual Price for Task III	= \$ _____

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Task IV. – PLAYER LOYALTY CLUB: The Offeror must provide its price to provide all equipment, hardware, software, personnel and services required by this RFP to provide the Player Loyalty Club Task. The price shall be expressed as a **Fixed Monthly Fee**.

B(4). Proposed Fixed Monthly Fee for All Services & Hardware Required by this RFP for Task IV – Player Loyalty Club.	B(4)\$_____ Fixed Monthly Fee stated in Dollars (e.g.,\$000.00)
	Amount On Line B(4) x 12 months
Estimated Annual Price for Task IV	= \$_____

Task V. – LOTTERY CUSTOMER RESOURCE CENTER – LANHAM, MD: The Offeror must provide its price to provide all office space, equipment, hardware, software, and services required by this RFP to provide a MLGCA Customer Resource Center in Lanham, MD. The price shall be expressed as a **Fixed Monthly Fee**.

B(5). Proposed Fixed Monthly Fee for All Services & Hardware Required by this RFP for Task V – Lottery Customer Resource Center – Lanham, MD.	B(5)\$_____ Fixed Monthly Fee stated in Dollars (e.g.,\$000.00)
	Amount On Line B(5) x 12 months
Estimated Annual Price for Task V	= \$_____

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PART C. – ADDITIONAL TASK VI

(Note: This Additional Task VI is for optional services and equipment.)

Task VI. – ADDITIONAL BUSINESS ENHANCEMENTS: The Offeror must provide its price as a separate line item to provide all equipment, hardware, software, personnel and services to provide the individual Additional Business Enhancement proposed. Each line item in Task VI may be exercised individually by the MLGCA as an option.

(Note: Complete the appropriate number of sections below for the number of Enhancements being proposed. Copy additional pages if necessary and continue the numbering format.

Sub-Part CI: Offerors shall state their proposed price for non-standard Self Service Terminals, Triple Jackpot Signs and any additional non-standard Terminal types that it may provide in the form of a **Fixed Monthly Fee** based on the various specified quantity ranges being provided by the Contractor.

CI(1). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): Specify Self Service Vending Terminal Type					
Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20.00%	
101 - 300		X 300 =		40.00%	
301 - 500		X 500 =		40.00%	
Total Adjusted Average					\$ _____
Total Adjusted Average x 12 months					
Estimated Annual Price for Section CI(1)				= \$ _____	

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CI(2). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Triple Jackpot Signs**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section CI(2)				= \$ _____	

CI(3). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Specify Terminal Type #1**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section CI(3)				= \$ _____	

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CI(4). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Specify Terminal Type #2**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section CI(4)				= \$ _____	

CI(5). Proposed Fixed Monthly Fee for the Additional Hardware as listed below (Fully Supported by the Contractor): **Specify Terminal Type #3**

Unit Range	Fixed Monthly Fee Per Unit	Multiplied by Number of Units	Monthly Fee Extended Fixed Price X # of Units	Multiplied by the Weighted Percentage	Adjusted Monthly Fee Extended Price
1 - 100		X 100 =		20%	
101 - 300		X 300 =		40%	
301 - 500		X 500 =		40%	
Total Adjusted Average					\$ _____
				Total Adjusted Average x 12 months	
Estimated Annual Price for Section CI(5)				= \$ _____	

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Sub-Part CII: Alternative Payment Methods. The Offeror must provide its price to provide all equipment, hardware, software, personnel and services required by this RFP to provide Alternative Payment Methods from players. The price shall be expressed as a **Fixed Monthly Fee**.

CII. Proposed Fixed Monthly Fee for All Services & Hardware Required by this RFP for Task VI – Alternative Payment Methods. Per 100 Retailers	CII\$_____ Fixed Monthly Fee stated in Dollars (e.g.,\$000.00)
	Amount On Line B(4) x 12 months
Estimated Annual Price for Task VI CII	= \$_____

Sub-Part CIII: Offerors shall state their proposed price for any other types of equipment and services (except Terminals) that it may provide in the form of a **Fixed Price type Unit Price for a “Percent of Net Sales”**.

CIII(1). Proposed Fixed Percent for All Services, Hardware & Software, as applicable.	CIII(1)_____ (%) Percent shall be stated to 5 decimal places (e.g.,0.0000)
	% On Line CIII(1) x \$1.8 billion Sales (EST)
Estimated Annual Price	= \$_____

CIII(2). Proposed Fixed Percent for All Services, Hardware & Software, as applicable.	CIII(2)_____ (%) Percent shall be stated to 5 decimal places (e.g.,0.0000)
	% On Line CIII(2) x \$1.8 billion Sales (EST)
Estimated Annual Price	= \$_____

CIII(3). Proposed Fixed Percent for All Services, Hardware & Software, as applicable.	CIII(3)_____ (%) Percent shall be stated to 5 decimal places (e.g.,0.0000)
	% On Line CIII(3) x \$1.8 billion Sales (EST)
Estimated Annual Price	= \$_____

CIII(4). Proposed Fixed Percent for All Services, Hardware & Software, as applicable	CIII(4)_____ (%) Percent shall be stated to 5 decimal places (e.g.,0.0000)
	% On Line CIII(4) x \$1.8 billion Sales (EST)
Estimated Annual Price	= \$_____

PRICE SHEET (SUMMARY)**PART A**

Estimated Annual Price for Part A(1) \$_____A(1)

Estimated Annual Price for Part A(2) \$_____A(2)

Estimated Annual Price for Part A(3) \$_____A(3)

Estimated Annual Price for Part A(4) \$_____A(4)

Estimated Annual Price for Part A(5) \$_____A(5)

Estimated Annual Price for Part A(6) \$_____A(6)

Estimated Annual Price for Part A(7) \$_____A(7)

Total Estimated Annual Price for Part A \$_____(Total A)
Sum of Lines A(1) through A(7)**PART B**

Estimated Annual Price for Task I Part B(1) \$_____B(1)

Estimated Annual Price for Task II Part B(2) \$_____B(2)

Estimated Annual Price for Task III Part B(3) \$_____B(3)

Estimated Annual Price for Task IV Part B(4) \$_____B(4)

Estimated Annual Price for Task V Part B(5) \$_____B(5)

Total Estimated Annual Price for Part B \$_____(Total B)
Sum of Lines B(1) through B(5)**TOTAL ESTIMATED ANNUAL PRICE** \$_____(Total A + B)
FOR PART A + PART B**X 7 (7 Year Base Contract Term representing the operational period after Start Up Date)****TOTAL ESTIMATED BASE CONTRACT TERM PRICE =** \$_____
(BASIS OF AWARD)

Signature: _____ Date: _____

Name: _____ Title: _____
(Printed or Typed)

Company: _____ Phone No. _____

Address: _____

Federal Tax I.D. # _____

Attachment G - LIVING WAGE REQUIREMENTS FOR SERVICE CONTRACTS

Living Wage Requirements for Service Contracts

- A. This contract is subject to the Living Wage requirements under Md. Code Ann., State Finance and Procurement Article, Title 18, and the regulations proposed by the Commissioner of Labor and Industry (Commissioner). The Living Wage generally applies to a Contractor or Subcontractor who performs work on a State contract for services that is valued at \$100,000 or more. An employee is subject to the Living Wage if he/she is at least 18 years old or will turn 18 during the duration of the contract; works at least 13 consecutive weeks on the State Contract and spends at least one-half of the employee's time during any work week on the State Contract.
- B. The Living Wage Law does not apply to:
- (1) A Contractor who:
 - (a) Has a State contract for services valued at less than \$100,000, or
 - (b) Employs 10 or fewer employees and has a State contract for services valued at less than \$500,000.
 - (2) A Subcontractor who:
 - (a) Performs work on a State contract for services valued at less than \$100,000,
 - (b) Employs 10 or fewer employees and performs work on a State contract for services valued at less than \$500,000, or
 - (c) Performs work for a Contractor not covered by the Living Wage Law as defined in B(1)(b) above, or B(3) or C below.
 - (3) Service contracts for the following:
 - (a) Services with a Public Service Company;
 - (b) Services with a nonprofit organization;
 - (c) Services with an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement ("Unit"); or
 - (d) Services between a Unit and a County or Baltimore City.
- C. If the Unit responsible for the State contract for services determines that application of the Living Wage would conflict with any applicable Federal program, the Living Wage does not apply to the contract or program.
- D. A Contractor must not split or subdivide a State contract for services, pay an employee through a third party, or treat an employee as an independent Contractor or assign work to employees to avoid the imposition of any of the requirements of Md. Code Ann., State Finance and Procurement Article, Title 18.
- E. Each Contractor/Subcontractor, subject to the Living Wage Law, shall post in a prominent and easily accessible place at the work site(s) of covered employees a notice of the Living Wage Rates, employee rights under the law, and the name, address, and telephone number of the Commissioner.
- F. The Commissioner shall adjust the wage rates by the annual average increase or decrease, if any, in the Consumer Price Index for all urban consumers for the Washington/Baltimore metropolitan

area, or any successor index, for the previous calendar year, not later than 90 days after the start of each fiscal year. The Commissioner shall publish any adjustments to the wage rates on the Division of Labor and Industry's website. An employer subject to the Living Wage Law must comply with the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate, required by the Commissioner, automatically upon the effective date of the revised wage rate.

G. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of the health insurance premium, as provided in Md. Code Ann., State Finance and Procurement Article, §18-103(c), shall not lower an employee's wage rate below the minimum wage as set in Md. Code Ann., Labor and Employment Article, §3-413. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's share of health insurance premium shall comply with any record reporting requirements established by the Commissioner.

H. A Contractor/Subcontractor may reduce the wage rates paid under Md. Code Ann., State Finance and Procurement Article, §18-103(a), by no more than 50 cents of the hourly cost of the employer's contribution to an employee's deferred compensation plan. A Contractor/Subcontractor who reduces the wages paid to an employee based on the employer's contribution to an employee's deferred compensation plan shall not lower the employee's wage rate below the minimum wage as set in Md. Code Ann., Labor and Employment Article, §3-413.

I. Under Md. Code Ann., State Finance and Procurement Article, Title 18, if the Commissioner determines that the Contractor/Subcontractor violated a provision of this title or regulations of the Commissioner, the Contractor/Subcontractor shall pay restitution to each affected employee, and the State may assess liquidated damages of \$20 per day for each employee paid less than the Living Wage.

J. Information pertaining to reporting obligations may be found by going to the Division of Labor and Industry website <http://www.dllr.state.md.us/labor/> and clicking on Living Wage for State Service Contracts.

ATTACHMENT G-1 Maryland Living Wage Requirements Affidavit of Agreement

Contract No. _____

Name of Contractor _____

Address _____

City _____ State _____ Zip Code _____

If the Contract Is Exempt from the Living Wage Law

The Undersigned, being an authorized representative of the above named Contractor, hereby affirms that the Contract is exempt from Maryland's Living Wage Law for the following reasons (check all that apply):

___ Bidder/Offeror is a nonprofit organization

___ Bidder/Offeror is a public service company

___ Bidder/Offeror employs 10 or fewer employees and the proposed contract value is less than \$500,000

___ Bidder/Offeror employs more than 10 employees and the proposed contract value is less than \$100,000

If the Contract Is a Living Wage Contract

A. The Undersigned, being an authorized representative of the above-named Contractor, hereby affirms its commitment to comply with Title 18, State Finance and Procurement Article, Annotated Code of Maryland and, if required, to submit all payroll reports to the Commissioner of Labor and Industry with regard to the above stated contract. The Bidder/Offeror agrees to pay covered employees who are subject to living wage at least the living wage rate in effect at the time service is provided for hours spent on State contract activities, and to ensure that its subcontractors who are not exempt also pay the required living wage rate to their covered employees who are subject to the living wage for hours spent on a State contract for services. The Contractor agrees to comply with, and ensure its subcontractors comply with, the rate requirements during the initial term of the contract and all subsequent renewal periods, including any increases in the wage rate established by the Commissioner of Labor and Industry, automatically upon the effective date of the revised wage rate.

B. _____ (initial here if applicable) The Bidder/Offeror affirms it has no covered employees for the following reasons: (check all that apply):

___ The employee(s) proposed to work on the contract will spend less than one-half of the employee's time during any work week on the contract

___ The employee(s) proposed to work on the contract is 17 years of age or younger during the duration of the contract; or

___ The employee(s) proposed to work on the contract will work less than 13 consecutive weeks on the State contract.

The Commissioner of Labor and Industry reserves the right to request payroll records and other data that the Commissioner deems sufficient to confirm these affirmations at any time.

Name of Authorized Representative: _____

Signature of Authorized Representative

Date

Title

Witness Name (Typed or Printed)

Witness Signature

Date

(submit with Bid/Proposal)

Attachment H - FEDERAL FUNDS ATTACHMENT
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This solicitation does not include a Federal Funds Attachment.

Attachment I - CONFLICT OF INTEREST AFFIDAVIT AND DISCLOSURE

Reference COMAR 21.05.08.08

(submitwith Bid/Proposal)

A. "Conflict of interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. "Person" has the meaning stated in COMAR 21.01.02.01B(64) and includes a Bidder/Offeror, Contractor, consultant, or subcontractor or sub-consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a Bid/Proposal is made.

C. The Bidder/Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail—attach additional sheets if necessary):

E. The Bidder/Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the Bidder/Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions which the Bidder/Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date:_____ By:_____

(Authorized Representative and Affiant)

Attachment J - NON-DISCLOSURE AGREEMENT (CONTRACTOR)

THIS NON-DISCLOSURE AGREEMENT ("Agreement") is made by and between the State of Maryland (the "State"), acting by and through (Maryland State Lottery and Gaming Control Agency) (the "Agency"), and _____ (the "Contractor").

RECITALS

WHEREAS, the Contractor has been awarded a contract (the "Contract") following the solicitation for Lottery Central Monitoring and Control System Solicitation # 2015-01; and

WHEREAS, in order for the Contractor to perform the work required under the Contract, it will be necessary for the State at times to provide the Contractor and the Contractor's employees, agents, and subcontractors (collectively the "Contractor's Personnel") with access to certain information the State deems confidential information (the "Confidential Information").

NOW, THEREFORE, in consideration of being given access to the Confidential Information in connection with the solicitation and the Contract, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties do hereby agree as follows:

1. Regardless of the form, format, or media on or in which the Confidential Information is provided and regardless of whether any such Confidential Information is marked as such, Confidential Information means (1) any and all information provided by or made available by the State to the Contractor in connection with the Contract and (2) any and all personally identifiable information (PII) (including but not limited to personal information as defined in Md. Ann. Code, State Govt. § 10-1301) and protected health information (PHI) that is provided by a person or entity to the Contractor in connection with this Contract. Confidential Information includes, by way of example only, information that the Contractor views, takes notes from, copies (if the State agrees in writing to permit copying), possesses or is otherwise provided access to and use of by the State in relation to the Contract..
2. Contractor shall not, without the State's prior written consent, copy, disclose, publish, release, transfer, disseminate, use, or allow access for any purpose or in any form, any Confidential Information except for the sole and exclusive purpose of performing under the Contract. Contractor shall limit access to the Confidential Information to the Contractor's Personnel who have a demonstrable need to know such Confidential Information in order to perform under the Contract and who have agreed in writing to be bound by the disclosure and use limitations pertaining to the Confidential Information. The names of the Contractor's Personnel are attached hereto and made a part hereof as ATTACHMENT J-1. Contractor shall update ATTACHMENT J-1 by adding additional names (whether Contractor's personnel or a subcontractor's personnel) as needed, from time to time.
3. If the Contractor intends to disseminate any portion of the Confidential Information to non-employee agents who are assisting in the Contractor's performance of the Contract or who will otherwise have a role in performing any aspect of the Contract, the Contractor shall first obtain the written consent of the State to any such dissemination. The State may grant, deny, or condition any such consent, as it may deem appropriate in its sole and absolute subjective discretion.
4. Contractor hereby agrees to hold the Confidential Information in trust and in strictest confidence, to adopt or establish operating procedures and physical security measures, and to take all other measures necessary to protect the Confidential Information from inadvertent release or disclosure to unauthorized third parties and to prevent all or any portion of the Confidential Information from

falling into the public domain or into the possession of persons not bound to maintain the confidentiality of the Confidential Information.

5. Contractor shall promptly advise the State in writing if it learns of any unauthorized use, misappropriation, or disclosure of the Confidential Information by any of the Contractor's Personnel or the Contractor's former Personnel. Contractor shall, at its own expense, cooperate with the State in seeking injunctive or other equitable relief against any such person(s).
6. Contractor shall, at its own expense, return to the Agency all Confidential Information in its care, custody, control or possession upon request of the Agency or on termination of the Contract.
7. A breach of this Agreement by the Contractor or by the Contractor's Personnel shall constitute a breach of the Contract between the Contractor and the State.
8. Contractor acknowledges that any failure by the Contractor or the Contractor's Personnel to abide by the terms and conditions of use of the Confidential Information may cause irreparable harm to the State and that monetary damages may be inadequate to compensate the State for such breach. Accordingly, the Contractor agrees that the State may obtain an injunction to prevent the disclosure, copying or improper use of the Confidential Information. The Contractor consents to personal jurisdiction in the Maryland State Courts. The State's rights and remedies hereunder are cumulative and the State expressly reserves any and all rights, remedies, claims and actions that it may have now or in the future to protect the Confidential Information and to seek damages from the Contractor and the Contractor's Personnel for a failure to comply with the requirements of this Agreement. In the event the State suffers any losses, damages, liabilities, expenses, or costs (including, by way of example only, attorneys' fees and disbursements) that are attributable, in whole or in part to any failure by the Contractor or any of the Contractor's Personnel to comply with the requirements of this Agreement, the Contractor shall hold harmless and indemnify the State from and against any such losses, damages, liabilities, expenses, and costs.
9. Contractor and each of the Contractor's Personnel who receive or have access to any Confidential Information shall execute a copy of an agreement substantially similar to this Agreement, in no event less restrictive than as set forth in this Agreement, and the Contractor shall provide originals of such executed Agreements to the State.
10. The parties further agree that:
 - a. This Agreement shall be governed by the laws of the State of Maryland;
 - b. The rights and obligations of the Contractor under this Agreement may not be assigned or delegated, by operation of law or otherwise, without the prior written consent of the State;
 - c. The State makes no representations or warranties as to the accuracy or completeness of any Confidential Information;
 - d. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement;
 - e. Signatures exchanged by facsimile are effective for all purposes hereunder to the same extent as original signatures;
 - f. The Recitals are not merely prefatory but are an integral part hereof; and
 - g. The effective date of this Agreement shall be the same as the effective date of the Contract entered into by the parties.

IN WITNESS WHEREOF, the parties have, by their duly authorized representatives, executed this Agreement as of the day and year first above written.

Contractor: _____ Maryland Lottery and Gaming Control Agency

By: _____ (SEAL) By: _____

Printed Name: _____ Printed Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

LIST OF CONTRACTOR'S EMPLOYEES AND AGENTS WHO WILL BE GIVEN ACCESS TO
THE CONFIDENTIAL INFORMATION

[illegible]

NON-DISCLOSURE AGREEMENT – ATTACHMENT J-2**CERTIFICATION TO ACCOMPANY RETURN OF CONFIDENTIAL INFORMATION**

I AFFIRM THAT:

To the best of my knowledge, information, and belief, and upon due inquiry, I hereby certify that: (i) all Confidential Information which is the subject matter of that certain Non-Disclosure Agreement by and between the State of Maryland and

_____, (“Contractor”) dated _____, 20____ (“Agreement”) is attached hereto and is hereby returned to the State in accordance with the terms and conditions of the Agreement; and (ii) I am legally authorized to bind the Contractor to this affirmation.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF, HAVING MADE DUE INQUIRY.

DATE: _____

NAME OF CONTRACTOR: _____

BY: _____

(Signature)

TITLE: _____

(Authorized Representative and Affiant)

Attachment K - HIPAA BUSINESS ASSOCIATE AGREEMENT
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This solicitation does not require a HIPAA Business Associate Agreement.

Attachment L - MERCURY AFFIDAVIT**MERCURY AFFIDAVIT
(submit with Bid/Proposal)****AUTHORIZED REPRESENTATIVE THEREBY AFFIRM THAT:**

I, _____ (name of affiant) am the
_____ (title) and the duly authorized
representative of _____
(name of the business). I possess the legal authority to make this affidavit on behalf of myself and the
business for which I am acting.

MERCURY CONTENT INFORMATION:

☐ The product(s) offered do not contain mercury.

OR

☐ The product(s) offered do contain mercury.

In an attachment to this Mercury Affidavit:

- (1) Describe the product or product component that contains mercury.
- (2) Provide the amount of mercury that is contained in the product or product component. Indicate the unit of measure being used.

I ACKNOWLEDGE THAT this affidavit is to be furnished to the procurement officer and may be distributed to units of (1) the State of Maryland; (2) counties or other subdivisions of the State of Maryland; (3) other states; and (4) the federal government. I further acknowledge that this Affidavit is subject to applicable laws of the United States and the State of Maryland, both criminal and civil, and that nothing in this affidavit or any contract resulting from the submission of this Bid/Proposal shall be construed to supersede, amend, modify, or waive, on behalf of the State of Maryland, or any unit of the State of Maryland having jurisdiction, the exercise of any statutory right or remedy conferred by the Constitution and the laws of Maryland with respect to any misrepresentation made or any violation of the obligations, terms and covenants undertaken by the above business with respect to (1) this affidavit, (2) the contract, and (3) other affidavits comprising part of the contract.

I DO SOLEMNLY DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THE CONTENTS OF THIS AFFIDAVIT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF.

Date

By: _____
Signature

Print Name: _____
Authorized Representative and Affiant

Attachment M - VETERAN-OWNED SMALL BUSINESS ENTERPRISE**ATTACHMENT M-1****VSBE Utilization Affidavit and Subcontractor Participation Schedule****(submit with Bid/Proposal)**

This document **MUST BE** included with the Bid/Proposal. If the Bidder/Offeror fails to complete and submit this form with the Bid/Proposal, the procurement officer may determine that the Bid is non-responsive or that the Proposal is not reasonably susceptible of being selected for award.

In conjunction with the Bid/Proposal submitted in response to Solicitation No. 2015-01, I affirm the following:

1. ☐ I acknowledge and intend to meet the overall verified VSBE participation goal of 0.5%. Therefore, I will not be seeking a waiver.

OR

- ☐ I conclude that I am unable to achieve the VSBE participation goal. I hereby request a waiver, in whole or in part, of the overall goal. Within 10 business days of receiving notice that our firm is the apparent awardee, I will submit all required waiver documentation in accordance with COMAR 21.11.13.07. If this request is for a partial waiver, I have identified the portion of the VSBE goal that I intend to meet.
2. I understand that if I am notified that I am the apparent awardee, I must submit the following additional documentation within 10 days of receiving notice of the apparent award or from the date of conditional award (per COMAR 21.11.13.06), whichever is earlier.
 - (a) Subcontractor Project Participation Statement (**Attachment M-2**); and
 - (b) Any other documentation, including waiver documentation, if applicable, required by the Procurement Officer to ascertain Bidder/Offeror responsibility in connection with the VSBE participation goal.I understand that if I fail to return each completed document within the required time, the Procurement Officer may determine that I am not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.
3. In the solicitation of subcontract quotations or offers, VSBE subcontractors were provided not less than the same information and amount of time to respond as were non-VSBE subcontractors.
4. Set forth below are the (i) verified VSBEs I intend to use and (ii) the percentage of the total contract amount allocated to each VSBE for this project. I hereby affirm that the VSBE firms are only providing those products and services for which they are verified.

ATTACHMENT M-1

VSBE Subcontractor Participation Schedule

Prime Contractor (Firm Name, Address, Phone):	Project Description:
Project Number: - _____	

List Information For Each Verified VSBE Subcontractor On This Project

Name of Veteran-Owned Firm:	DUNS Number:
Percentage of Total Contract:	Description of work to be performed:
Name of Veteran-Owned Firm:	DUNS Number:
Percentage of Total Contract:	Description of work to be performed:
Name of Veteran-Owned Firm:	DUNS Number:
Percentage of Total Contract:	Description of work to be performed:
Name of Veteran-Owned Firm:	DUNS Number:
Percentage of Total Contract:	Description of work to be performed:

Continue on a separate page, if needed.

SUMMARY

TOTAL VSBE Participation: _____ %

I solemnly affirm under the penalties of perjury that the contents of this Affidavit are true to the best of my knowledge, information, and belief.

 Bidder/Offeror Name
 (PLEASE PRINT OR TYPE)

 Signature of Affiant

Name: _____

Title: _____

Date: _____

ATTACHMENT M-2**VSBE Subcontractor Participation Statement**

Please complete and submit one form for each verified VSBE listed on Attachment M-1 within 10 working days of notification of apparent award.

_____ (prime contractor) has entered into a contract with
_____ (subcontractor) to provide services in connection with the
Solicitation described below.

Prime Contractor (Firm Name, Address, Phone):	Project Description:
Project Number: _____	Total Contract Amount: \$
Name of Veteran-Owned Firm:	DUNS Number:
Address:	FEIN:
Work to Be Performed:	
Percentage of Total Contract:	Total Subcontract Amount: \$

The undersigned Prime Contractor and Subcontractor hereby certify and agree that they have fully complied with the State Veteran-Owned Small Business Enterprise law, State Finance and Procurement Article, Title 14, Subtitle 6, Annotated Code of Maryland.

PRIME CONTRACTOR SIGNATURE**SUBCONTRACTOR SIGNATURE****By:** _____**Name, Title****Date:** _____**By:** _____**Name, Title****Date:** _____

This form is to be completed monthly by the prime contractor.

ATTACHMENT M-3

Maryland State Lottery and Gaming Control Agency
Veterans Small Business Enterprise (VSBE) Participation
Prime Contractor Paid/Unpaid VSBE Invoice Report

Report #: _____	Contract #: _____
Reporting Period (Month/Year): _____	Contracting Unit: _____
Report is due to the Contract Manager by the 10th of the month following the month the services were provided.	Contract Amount: _____
Note: Please number reports in sequence	VSBE Subcontract Amt: _____
	Project Begin Date: _____
	Project End Date: _____
	Services Provided: _____

Prime Contractor:		Contact Person:	
Address:			
City:		State:	ZIP:
Phone:	Fax:	E-mail:	
Subcontractor Name:		Contact Person:	
Phone:	Fax:		
Subcontractor Services Provided:			
List all payments made to VSBE subcontractor named above during this reporting period:		List dates and amounts of any outstanding invoices:	
Invoice#	Amount	Invoice #	Amount
1.		1.	
2.		2.	
3.		3.	
Total Dollars Paid: \$ _____		Total Dollars Unpaid: \$ _____	

**If more than one VSBE subcontractor is used for this contract, you must use separate M-3 forms for each subcontractor.

****Return one copy (hard or electronic) of this form to the following addresses (electronic copy with signature and date is preferred):**

_____ Contract Manager
_____ Contracting Unit
Maryland State Lottery and Gaming Control Agency

Signature: _____ Date: _____

This form is to be completed monthly by each VSBE subcontractor.

ATTACHMENT M-4**Veterans Small Business Enterprise Participation****Subcontractor Paid/Unpaid VSBE Invoice Report**

Report #: _____	Contract #: _____
Reporting Period (Month/Year): _____	Contracting Unit: _____
Report is due to the Contract Manager by the 10th of the month following the month the services were provided.	VSBE Subcontract Amt: _____
Note: Please number reports in sequence	Project Begin Date: _____
	Project End Date: _____
	Services Provided: _____

VSBE Subcontractor Name:		
Department of Veterans Affairs Certification #:		
Contact Person:	E-mail:	
Address:		
City:	State:	ZIP:
Phone:	Fax:	
Subcontractor Services Provided:		
List all payments received from Prime Contractor during reporting period indicated above.	List dates and amounts of any unpaid invoices over 30 days old.	
Invoice Amt	Invoice Amt	Date
Date	1.	
1.	2.	
2.	3.	
3.	Total Dollars Unpaid: \$ _____	
Total Dollars Paid: \$ _____		
Prime Contractor:	Contact Person	

****Return one copy of this form to the following address (electronic copy with signature & date is preferred):**

_____ Contract Manager

_____ Contracting Unit

Maryland State Lottery and Gaming Control Agency

Signature: _____ Date: _____

(Required)

Attachment N - LOCATION OF THE PERFORMANCE OF SERVICES DISCLOSURE**(submit with Bid/Proposal)**

Pursuant to Md. Ann. Code, State Finance and Procurement Article, § 12-111, and in conjunction with the Bid/Proposal submitted in response to Solicitation No. _____, the following disclosures are hereby made:

1. At the time of Bid/Proposal submission, the Bidder/Offeror and/or its proposed subcontractors:

____ have plans

____ have no plans

to perform any services required under the resulting Contract outside of the United States.

2. If services required under the contract are anticipated to be performed outside the United States by either the Bidder/Offeror or its proposed subcontractors, the Bidder/Offeror shall answer the following (attach additional pages if necessary):

- a. Location(s) services will be performed:

- b. Reasons why it is necessary or advantageous to perform services outside the United States:

The undersigned, being an authorized representative of the Bidder/Offeror, hereby affirms that the contents of this disclosure are true to the best of my knowledge, information, and belief.

Date: _____

Bidder/Offeror Name: _____

By: _____

Name: _____

Title: _____

Please be advised that the Agency may contract for services provided outside of the United States if: the services are not available in the United States; the price of services in the United States exceeds by an unreasonable amount the price of services provided outside the United States; or the quality of services in the United States is substantially less than the quality of comparably priced services provided outside the United States.

Attachment O - DHR HIRING AGREEMENT
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This solicitation does not require a DHR Hiring Agreement.

Attachment P - NON-DISCLOSURE AGREEMENT (OFFEROR)

This Non-Disclosure Agreement (the "Agreement") is made this ____ day of _____, 20__, by and between _____ (hereinafter referred to as "the OFFEROR ") and the State of Maryland (hereinafter referred to as "the State").

OFFEROR warrants and represents that it intends to submit a Technical Proposal in response to RFP # 2015-01 for Lottery Central Monitoring and Control System. In order for the OFFEROR to submit a Technical Proposal, it will be necessary for the State to provide the OFFEROR with access to certain confidential information including, but not limited, to _____. All such information provided by the State shall be considered Confidential Information regardless of the form, format, or media upon which or in which such information is contained or provided, regardless of whether it is oral, written, electronic, or any other form, and regardless of whether the information is marked as "Confidential Information". As a condition for its receipt and access to the Confidential Information described above, the OFFEROR agrees as follows:

1. OFFEROR will not copy, disclose, publish, release, transfer, disseminate or use for any purpose in any form any Confidential Information received, except in connection with the preparation of its Technical Proposal.
2. Each employee or agent of the OFFEROR who receives or has access to the Confidential Information shall execute a copy of this Agreement and the OFFEROR shall provide originals of such executed Agreements to the State. Each employee or agent of the OFFEROR who signs this Agreement shall be subject to the same terms, conditions, requirements and liabilities set forth herein that are applicable to the OFFEROR.
3. OFFEROR shall return the Confidential Information to the State within five business days of the State's Notice of recommended award. If the OFFEROR does not submit a Proposal, the OFFEROR shall return the Confidential Information to Robert W. Howells, MLGCA on or before the due date for Proposals.
4. OFFEROR acknowledges that the disclosure of the Confidential Information may cause irreparable harm to the State and agrees that the State may obtain an injunction to prevent the disclosure, copying, or other impermissible use of the Confidential Information. The State's rights and remedies hereunder are cumulative and the State expressly reserves any and all rights, remedies, claims and actions that it may have now or in the future to protect the Confidential Information and/or to seek damages for the OFFEROR'S failure to comply with the requirements of this Agreement. The OFFEROR consents to personal jurisdiction in the Maryland State Courts.
5. In the event the State suffers any losses, damages, liabilities, expenses, or costs (including, by way of example only, attorneys' fees and disbursements) that are attributable, in whole or in part to any failure by the OFFEROR or any employee or agent of the OFFEROR to comply with the requirements of this Agreement, OFFEROR and such employees and agents of OFFEROR shall hold harmless and indemnify the State from and against any such losses, damages, liabilities, expenses, and/or costs.
6. This Agreement shall be governed by the laws of the State of Maryland.
7. OFFEROR acknowledges that pursuant to Section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland, a person may not willfully make a false or fraudulent statement or representation of a material fact in connection with a procurement contract. Persons making such statements are guilty of a felony and on conviction subject to a fine of not more

than \$20,000 and/or imprisonment not exceeding 5 years or both. OFFEROR further acknowledges that this Agreement is a statement made in connection with a procurement contract.

8. The individual signing below warrants and represents that they are fully authorized to bind the OFFEROR to the terms and conditions specified in this Agreement. If signed below by an individual employee or agent of the OFFEROR under Section 2 of this Agreement, such individual acknowledges that a failure to comply with the requirements specified in this Agreement may result in personal liability.

OFFEROR: _____ BY: _____

NAME: _____ TITLE: _____

ADDRESS: _____

SUBMIT AS INSTRUCTED IN RFP

Attachment Q - LABOR CLASSIFICATION PERSONNEL RESUME SUMMARY

This solicitation does not require a Personnel Resume Summary.

Attachment R - AGENCY RECEIPT OF DELIVERABLE FORM

I acknowledge receipt of the following:

RFP Title: Lottery Central Monitoring and Control System

Project Number (RFP #): 2015-01

Title of Deliverable: _____

RFP Reference Section # _____

Deliverable Reference ID # _____

Name of Contract Manager: <<Name of Contract Manager>>

_____	_____
Contract Manager Signature	Date Signed

Name of Contractor's Project Manager: _____

_____	_____
Contractor's Project Manager Signature	Date Signed

Attachment S - AGENCY DELIVERABLE PRODUCT ACCEPTANCE FORM

Agency Name: Maryland State Lottery and Gaming Control Agency

RFP Title: Lottery Central Monitoring and Control System

Contract Manager: <<Name of Contract Manager>> and <<Phone Number >>

To: Contractor Name

The following deliverable, as required by Project Number (RFP #): 2015-01 has been received and reviewed in accordance with the RFP.

Title of deliverable: _____

RFP Contract Reference Number: Section # _____

Deliverable Reference ID # _____

This deliverable:

☐ Is accepted as delivered.

☐ Is rejected for the reason(s) indicated below.

REASON(S) FOR REJECTING DELIVERABLE:

OTHER COMMENTS:

Contract Manager Signature

Date Signed

Attachment T - PROPOSAL/BID BOND**PROPOSAL/BID BOND**

Bond No. _____

Bond No. _____

We, _____ as Principal, hereinafter called the Principal, and _____, a corporation duly organized under the laws of the State of _____, as Surety, hereinafter called the Surety, are held and firmly bound unto the State of Maryland, hereinafter called "State", for the sum of **One Million Dollars (\$1,000,000.00)** for the payment of which sum, the Principal and the Surety bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for (Identify project by number and brief description):

NOW, THEREFORE, if the Principal, upon acceptance by the State of its bid identified above, within the period specified therein for acceptance (ninety (90) days, if no period is specified), shall execute such further contractual documents, if any, and give such bond(s) as may be required by the terms of the bid as accepted within the time specified (ten (10) days if no period is specified) after receipt of the forms, or in the event of failure so to execute such further contractual documents and give such bonds, if the Principal shall pay the State the difference not to exceed the penalty hereof between the amount specified in Principal's bid and such larger amount for which the State may in good faith contract with another party to perform the work covered by said bid, then the above obligation shall be void and of no effect.

The Surety executing this instrument hereby agrees that its obligation shall not be impaired by any extension(s) of the time for acceptance of the bid that the Principal may grant to the State, notice of which extension(s) to the Surety being hereby waived; provided that such waiver of notice shall apply only with respect to extensions aggregating not more than ninety (90) calendar days in addition to the period originally allowed for acceptance of the bid.

In Presence of:
Witness

Individual Principal

(Name)

_____ as to

_____ (SEAL)

In Presence of:
Witness

Partnership Principal

(Name)

_____ as to

_____ (SEAL)

Partner

_____ as to

_____ (SEAL)

Partner

_____ as to

_____ (SEAL)

Partner

Attest:

Corporate Principal

(Name of Corporation)

AFFIX
SEAL

Secretary

By: _____
President

(Surety)

Attest:

By: _____
Attorney-in-fact

AFFIX
SEAL

Bonding Agent's Name _____

Agent's Address _____

Approved as to form and legal sufficiency this __ day of _____, 20__

Assistant Attorney General _____

Attachment U - PERFORMANCE BOND

PERFORMANCE BOND

Principal	Business Address of Principal
Surety	Obligee
A corporation of the State of _____	STATE OF MARYLAND
and authorized to do business in the State of Maryland	By and through the following Administration: Maryland State Lottery and Gaming Control Agency
Penal Sum of Bond (express in words and figures) Ten Million Dollars (\$10,000,000.00)	Date of Contract _____, 20__
Description of Contract Lottery Central Monitoring and Control System	Date Bond Executed _____, 20__
Contract Number: #2015-01	

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal named above and Surety named above, are held and firmly bound unto the Obligee named above in the Penal Sum of this Performance Bond stated above, for the payment of which Penal Sum we bind ourselves, our heirs, executors, administrators, personal representatives, successors, and assigns, jointly and severally, firmly by these presents. However, where Surety is composed of corporations acting as co-sureties, we the co-sureties, bind ourselves, our successors and assigns, in such Penal Sum jointly and severally as well as severally only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each co-surety binds itself, jointly and severally with the Principal, for the payment of such sum as appears above its name below, but if no limit of liability is indicated, the limit of such liability shall be the full amount of the Penal Sum.

WHEREAS, Principal has entered into or will enter into a contract with the State of Maryland, by and through the Administration named above acting for the State of Maryland, which contract is described and dated as shown above, and incorporated herein by reference. The contract and all items incorporated into the contract, together with any and all changes, extensions of time, alterations, modifications, or additions to the contract or to the work to be performed thereunder or to the Plans, Specifications, and Special Provisions, or any of them, or to any other items incorporated into the contract shall hereinafter be referred as "the Contract."

WHEREAS, it is one of the conditions precedent to the final award of the Contract that these presents be executed.

NOW, THEREFORE, during the original term of said Contract, during any extensions thereto that may be granted by the Administration, and during the guarantee and warranty period, if any, required under the Contract, unless otherwise stated therein, this Performance Bond shall remain in full force and effect unless and until the following terms and conditions are met:

1. Principal shall well and truly perform the Contract; and
2. Principal and Surety shall comply with the terms and conditions in this Performance Bond.

Whenever Principal shall be declared by the Administration to be in default under the Contract, the Surety may, within 15 days after notice of default from the Administration, notify the Administration of its election to either promptly proceed to remedy the default or promptly proceed to complete the contract in accordance with and subject to its terms and conditions. In the event the Surety does not elect to exercise either of the above stated options, then the Administration thereupon shall have the remaining contract work completed, Surety to remain liable hereunder for all expenses of completion up to but not exceeding the penal sum stated above.

The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract or to the work to be performed thereunder or the Specifications accompanying the same shall in any way affect its obligation on this Performance Bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Contract or to the work or to the Specifications.

This Performance Bond shall be governed by and construed in accordance with the laws of the State of Maryland and any reference herein to Principal or Surety in the singular shall include all entities in the plural who or which are signatories under the Principal or Surety heading below.

IN WITNESS WHEREOF, Principal and Surety have set their hands and seals to this Performance Bond. If any individual is a signatory under the Principal heading below, then each such individual has signed below on his or her own behalf, has set forth below the name of the firm, if any, in whose name he or she is doing business, and has set forth below his or her title as a sole proprietor. If any partnership or joint venture is a signatory under the Principal heading below, then all members of each such partnership or joint venture have signed below, each member has set forth below the name of the partnership or joint venture, and each member has set forth below his or her title as a general partner, limited partner, or member of joint venture, whichever is applicable. If any corporation is a signatory under the Principal or Surety heading below, then each such corporation has caused the following: the corporation's name to be set forth below, a duly authorized representative of the corporation to affix below the corporation's seal and to attach hereto a notarized corporate resolution of power of attorney authorizing such action, and each such duly authorized representative to sign below and set forth below his or her title as a representative of the corporation. If any individual acts as a witness to any signature below, then each such individual has signed below and has set forth below his or her title as a witness. All of the above has been done as of the Date of Bond shown above.

In Presence of:	Individual Principal
Witness:	_____
	(Name)
_____ as to	_____ (SEAL)

In Presence of:	Co-Partnership Principal
Witness:	_____ (SEAL)
_____	(Name of Co-Partnership)
_____ as to	By: _____ (SEAL)
_____ as to	_____ (SEAL)
_____ as to	_____ (SEAL)

Attest:	Corporate Principal

Corporate Secretary

as to

(Name of Corporation)

AFFIX
CORPORATE
SEAL

By: _____
President

Attest:

Signature

(SEAL) _____
(Individual or Corporate Surety)

Title _____ SEAL

(Business Address of Surety)

Approved as to legal form and sufficiency this ____
day of _____ 20__

Asst. Attorney General

Attachment V - LITIGATION/PROTEST BOND

LITIGATION/PROTEST BOND

BOND NO.

KNOW ALL MEN BY THESE PRESENTS THAT _____ having its principal office at _____ as Principal and _____ authorized to transact business in the State of Maryland, as Surety and held and firmly bound to the State of Maryland, as obligee in the sum of **One Million Dollars (\$1,000,000.00)**. As a condition of the Maryland State Lottery and Gaming Control Agency's Request for Proposals #2015-01, this bond must be supplied with the Proposal with provision that a claim may be made upon this bond in accordance with Section 1.52 of the Maryland State Lottery and Gaming Control Agency's Request for Proposals #2015-01 for a "Lottery Central Monitoring and Control System."

PRINCIPAL AND SURETY bind themselves, their heirs, assigns, executors and administrator, jointly and severally, conditioned that this obligation shall remain in full force and effect for a period of one (1) year from the Deadline for Receipt of Proposals.

Provided, however, the Surety shall not be liable for the sum greater than the penal sum of this bond.

IN WITNESS WHEREOF, the said Principal's hand and seal have been set hereunto and the said Surety has caused these presents to be signed by its Attorney to become effective on this, the _____ day of _____, 2015

WITNESS: _____

BY: _____

TITLE: _____

SURETY: _____

WITNESS: _____

BY: _____

TITLE: _____

Attachment W - AUTHORIZATION FOR RELEASE OF INFORMATION

AUTHORIZATION FOR RELEASE OF INFORMATION

_____ (Insert Name of Offeror) has submitted a proposal in response to RFP #2015-01 issued by the Maryland State Lottery and Gaming Control Agency ("MLGCA"). As part of the MLGCA's evaluation of the proposal, it will be contacting other entities that have had business relationships with Offeror.

This document, signed by an authorized representative of Offeror, demonstrates the desire of Offeror to:

1. Allow representatives of the MLGCA unfettered access to any and all monitoring reports, licensing or certification documents, and records of evaluations related to the experiences of Offeror in its prior or current contracts for lottery related services, as well as the experiences of any of its parent or subsidiary corporations or other entities with which it has been associated;
2. Allow the same access afforded by the previous section 1 above to apply to situations in which Offeror may have functioned as a subcontractor;
3. Grant representatives of the MLGCA unfettered access to discuss openly the performance of Offeror related to the experiences set out in sections 1 and 2 above; and
4. Expressly authorize that any and all of the information conveyed to representatives of the MLGCA be kept in confidence by the MLGCA without any expectation or requirement that the content of such information shall ever be released to Offeror or any other entity, except where otherwise required by law.

Name & Title:

(Name of Offeror)

Date: _____

Attachment X - RETAIL LOCATIONS

A list of current Retailer Locations is available for review at the office of the Procurement Officer. Please contact the Procurement Officer to make arrangements to obtain a copy.

Robert W. Howells

Maryland State Lottery and Gaming Control Agency

Montgomery Park Business Center

1800 Washington Boulevard, Suite 330

Baltimore, MD 21230

Telephone: (410) 230-8789

Fax: (410) 230-8727

E-mail Address: Robert.howells@maryland.gov