Commonwealth of Virginia

Request for Sealed Proposals

Title: Scratcher Ticket Printing and Services

Due Date: August 2, 2019

Contact Information:

Amanda Nies-Berger, VCO, VCA
Purchasing Manager
ANies-Berger@valottery.com; 804-692-7645

Request for Proposals (RFP) #: .................................................................07119ANB

RFP Issue Date: ...........................................................................................July 2, 2019

Contract Term: ..........................................................................................5-year initial term

Proposal Due Date and Time: ................................................................. August 2, 2019; 2:00 PM, EST

The Virginia Lottery does not discriminate against faith-based organizations or against an Offeror because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by state law relating to discrimination in employment. The Virginia Lottery encourages firms to provide for the participation of small businesses and businesses owned by minorities and women through partnerships, joint ventures and subcontracting opportunities.

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I. PURPOSE:
The Virginia Lottery (herein after referred to as the “Lottery”) a state agency of the
Commonwealth of Virginia is seeking proposals from qualified firms to provide
scratcher ticket printing and services. It is the intention of the Lottery to award a
contract to a primary scratch ticket printer and related services partner, and for the
resulting partnership to operate in a manner mutually beneficial for the Lottery and
the partner in terms of efficiencies and economies of scale, premium offerings,
enhanced selling opportunities, and effective business strategy execution. The
Lottery will maintain the ability to purchase some number of scratch tickets games
that represent either patented materials or other features that may not be available
from the primary partner, or in the event of some type of service interruption. The
contracted services will not include ticket warehousing and distribution services.

II. BACKGROUND:
The Virginia Lottery (“Virginia Lottery” or “Lottery”) was established as an
independent agency of the Commonwealth of Virginia, effective December 1, 1987,
by the General Assembly of Virginia pursuant to a popular referendum held on
November 3, 1987. The Virginia Lottery began sales of scratcher ticket lottery
games on September 20, 1988. The current product offerings may be viewed at

The Virginia Lottery is an independent agency of the Commonwealth of Virginia.
The Lottery has approximately 76 sales representatives and 8 area managers. It is
the responsibility of the sales representatives to service almost 5,200 retail
delocations which are comprised primarily of convenience and grocery stores, but also
include bowling alleys, malls, airports, and truck stops. Retail locations utilize
Lottery vending machines as well as on-counter and in-counter displays. The
Lottery has 8 offices throughout Virginia with its headquarters being located in
Richmond and 7 customer service centers located in Harrisonburg, Farmville,
Hampton, Abingdon, Richmond, Roanoke, and Woodbridge. Customer service
centers serve as a warehouse for retailer sales representatives, player service
centers for cashing prizes, and training/meeting facilities.

Currently, scratcher ticket orders are placed by the field sales representatives using
a predictive algorithm on a tablet computer with the majority of stores receiving
orders weekly. Sales representatives can adjust the order suggested by the
algorithm before saving and synching to the gaming system for nightly order
processing. Orders are then packed for shipment the following business day and
then picked up by UPS. UPS delivers orders the second business day to all retailers.
Our gaming partner, IGT, warehouses our instant tickets and manages distribution
of all ticket orders. The software also enables a sales representative to set up their
route for “automated orders” where the same software will create and synch orders
on days where the sales representative is on leave, working on projects, territories
are vacant, etc. Initial allocation quantities for new games are set at the retailer
level by the sales representative based on the sales for each location and can be
adjusted for each launch. Sales representatives also carry trunk stock to use for
unexpected out of stock situations and new retailer setup. Partial and full-pack
scratch ticket returns are allowed, and full-pack returns are placed back into the
sales representatives’ trunk stock to use at other retail locations where needed.
Vending machine sales are a vital and continually growing part of VA Lottery sales. In the current fiscal year, July 1, 2018, through April 30, 2019, vending sales account for 46% of scratch ticket sales and 25% of total sales. There is a total of 1,917 vending machines at retail locations; 1,845 of them offer scratcher and draw games with the ability to purchase with cash, debit, or credits from prize redemption. The remaining 72 units are 24 bin scratch only vending machines. Grocery and convenience stores with significant fresh food and self-serve options historically generate strong sales through vending, where across-the-counter servicing is not an effective model. For the past few years, these locations and trade style types have experienced higher year-over-year growth vs. all other locations. We expect this trend to continue and believe that the vending program and these types of retailers are key locations for continuing sales growth, player base expansion and brand reinforcement.

Scratcher Sales by Activations for fiscal years 2018 and 2019 can be found in Appendix C.

At the sole discretion of the Lottery, additional price points may be added throughout the term of any subsequent Contract. Tickets are issued to retailers and billed on a consignment basis 21-days after the pack is activated.

III. STATEMENT OF NEEDS:
DEFINITION OF REQUIREMENTS AND OPTIONS:
As outlined in the Pricing section at the end of this document, Offeror shall provide pricing in three (3) categories: 1) Base Requirements, 2) VA Lottery Specified Options, and 3) Invited Options. Definitions for these categories are as follows:

A. BASE REQUIREMENTS: Requirements that shall/must be proposed by the Offeror; the Lottery may reject an Offeror’s Proposal if a base system requirement is not included.

B. VA LOTTERY SPECIFIED OPTIONS: Options that may or may not be required. Options that are identified by the words “shall” and “should” and are defined as follows:

1. Shall: represents specified options that must be proposed by the Offeror; the Lottery may reject an Offeror’s proposals if a VA Lottery specified option identified as “shall” is not offered. Additionally, the Lottery is not required to implement any proposed specified option.

2. Should: represents specified options that are of interest to the Lottery, but an Offeror’s proposal will not be rejected if a specified option identified as “should” is not offered.

C. INVITED OPTIONS: options that have not been requested as either base or specified options. The intent of this section is to invite the Offeror to submit options that would add value to the Lottery’s scratcher ticket services. These options shall be stated as value-added invited options and will be scored as part of the technical
proposal evaluation.

A. **BASE REQUIREMENTS:**

1. **Ticket Printing:** At a minimum, the ability to print the following shall be offered:
   a. Scene changes
   b. Additional black display
   c. UV or equal coating
   d. Void sample tickets
   e. Special fonts
   f. Stubs with imaging
   g. Four (4) color process
   h. Additional programming
   i. Color pulse
   j. Photographic scenes
   k. Extended latex area
   l. Bingo-style marking system
   m. Available functionality/technologies for delivery of hash files and validation files delivered via the internet
   n. QR code functionality
   o. Custom designed latex area
   p. Expanded imaging
   q. Trademark search
   r. Multi-dimensional barcode technology to include the barcode under the latex
   s. Ability to be read on VA Lottery barcode devices
   t. Additional front display color
   u. Fluorescent ink
   v. Metallic display color
   w. Dual imaging on ticket back
   x. Dual color imaging under the latex
   y. Multi-Color imaging under the latex
   z. Ticket Dupont for Lottery approval
   aa. Type 3 Algorithm used
   bb. Full color ticket pack inserts (color on one side and black and white on the opposite side)
   cc. Ticket sizes:

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Ticket Size: The VA Lottery reserves the right to utilize additional or change ticket sizes during the term of any resulting Contract.

a. Current Virginia Lottery Pack sizes:
   - Size A: $1 tickets: 200 ea.
   - Size B: $2 tickets: 100 ea.
   - Size C: $3 tickets: 100 ea.
   - Size D: $5 tickets: 40 ea.
   - Size E: $10 tickets: 40 ea.
   - Size F: $20 tickets: 20 ea.
   - Size G: $30 ticket: 20 ea.
   - Size H: $10 - $50 ticket: 10 - 20 ea.

b. Stock: Minimum Ten (10) point virgin stock which will not curl, separate, or split, or be easily split shall be used. Tickets shall have perforations as outlined in the Customer Specification document found in Appendix B. to ensure easy dispensing and vending. Stock shall be coated on a minimum of one side and shall be recyclable. Stock shall conform to EPA guidelines for recyclable stock throughout the term of any resulting contract. During any subsequent Contract the Lottery reserves the right to test and use stock of less or more than ten (10) points.

c. Play Symbols: Play symbols shall be as follows:
   1) Printed in EPA approved black or colored ink on the display printing side of the stock. Inks must be used that do not smear from perspiration, water or other normal environmental conditions
   2) Uniformly positioned and aligned on the tickets, unless otherwise specified in the approved Working Papers, to prevent potential pick out problems associated with said positioning or alignment
   3) Printed with a computer-controlled imaging printer resulting in lettering that is clean and crisp allowing for ease of reading by the consumer
   4) Sufficiently legible so as to be readily discernible to a person with normal vision under normal lighting conditions
5) No ticket shall contain more play symbols or validation codes than authorized by the Working Papers.

d. Color Bleed: Colors shall bleed to the edge of the ticket or show a border as specified in the Working Papers.

e. Pulsing: Up to eight (8) variations of tickets shall be offered for each game allowing for pulsed, color change(s) or scene change(s) as specified in the Working Papers.

f. Dual-color and multi-color imaging: Special image options shall be provided at the request of the Lottery.

g. Multiple scene games: Ability to have different scenes per ticket or run multiple scene games using wither process or spot colors shall be offered. Such games may consist of large scene overlapping several ticket or individual scenes on each ticket of a series.

h. Custom designed fonts/symbols: Ability to provide custom designed fonts/symbols for specified games shall be offered.

i. Overprint: At least a three (3) color overprint shall be printed on top of the rub-off material. The overprint shall consist of an artistic design which covers at least the same dimensions as the rub-off material. The overprint colors shall be well defined, un-blurred, and sharp in order to highlight any tampering with the ticket. Define overprinting, color limitation and any other capabilities.

j. Rub-Off or Exposing Material: The rub-off or other exposing material shall be opaque and of such quality as to maintain the security of the ticket’s symbol and validation number (if the Lottery chooses to cover the validation number). The rub-off material shall appear and feel smooth and regular to the touch, shall be completely and easily removable by scraping or rubbing with a fingernail, and shall fragment when so removed without causing dusting. The rub-off material shall not contain chemical or dermatological irritants and shall be environmentally safe, recyclable, and biodegradable. It must cover the play area and overlay into the display area. In addition, the material shall not allow the capability for symbols to be lifted from the ticket stock and replaced without detection.

k. Protective Coating: The Play Symbols under the opaque rub-off material must be produced in a manner such that the
symbols are protected when the consumer rubs off the opaque covering.

l. Display Printing: The display area of the ticket must include up to five (5) distinct colors (flat Pantene Matching System or process color). The overprint area of the ticket must include up to three (3) distinct colors. The back of the ticket must include up to two (2) distinct colors or one (1) color in the event the Lottery requires a finish coat over the ticket area.

m. Captions: All symbols and prizes shall contain captions as stated in the working papers.

n. Pick Out: Neither winning tickets nor non-winning tickets shall be recognizable from any characteristic of the ticket other than by the symbols concealed by the rub-off or other exposing material.

o. Quality: Tickets shall be printed with inks that are uniform throughout in density and color and create a clear imprint. Colors shall be as specified in the Working Papers. Any tickets with the following characteristics will be considered unacceptable by the Lottery and may result in the rejection of the entire pack of tickets or the entire print run. Within three (3) business days of the conclusion of every print run and prior to delivery of tickets, the Lottery requires a full report of the manufacturing report, including all anomalies and press changes and modifications that occurred during the manufacturing process. Unacceptable characteristics are:

1) Tears in the paper stock
2) Offsetting of inks on latex coverings from one ticket to another
3) Latex coverings that are off-register
4) Overprint designs that are off-register
5) Images or copy that is off-register
6) Play symbols that “peek out” from under the latex covering
7) Play symbols and/or captions that smear with slight moisture in normal handling
8) Play symbols that are illegible and/or unreadable
9) Tickets that are not trimmed straight
10) Display print designs that are not clearly and crisply printed
11) Rough, uneven rub-off coverings that do not readily depict attempts to compromise the tickets by “pin-pricking or “microsurgery” techniques
12) Rub-off coverings that have holes or scratches which expose portions of hidden play symbols or may tend to make the player believe that the ticket has been
tampered with, even if no portion of the play symbols have been exposed
13) Rub-off coverings that “drip” onto the display
14) Rub-off coverings that smear or fail to come off or come off with difficulty or are too easily damaged
15) Overprint designs that are not clear and printed crisply
16) Perforations between tickets that is as deep as to cause tickets to fall out of the packs while handling or to tear off too easily
17) Tickets out of order within a pack
18) A miscounted number of tickets within a pack; Lottery play symbols that are “clipped” any characteristic that the Lottery deems as potentially perceived in a negative manner by the players
19) Excessive paper dust
20) Missing varnish on play area of ticket creating an issue when scratched
21) Poorly perforated edges and unstable perforations per the Customer Specification document as found in Appendix B

i. Preliminary/Final Working Papers: Preliminary and final working papers shall be provided for each game during the term of any resulting contract. Final format for all working papers shall be approved by the Lottery. The following information shall be included, but not limited to, in all preliminary/final working papers:

a. Cover Page, including:
   1) Game name
   2) Game number
   3) Date Working Papers were executed

b. Table of Contents

c. Color version of ticket artwork/graphics both covered and uncovered

d. Ticket back graphics, text and format

e. Ticket back description

f. Color version of oversize ticket and dispenser insert card (front and back)

g. Pack insert card graphics, text and format

h. Prize structure, including, but not limited to:
   2) Game name and number
   3) Date and version
   4) Ticket price point
   5) Production quantity
   6) Percent of prize payout
   7) Revenue generated
8) Each tier level for prizes and play action indicating how each tier is won
9) Overall odds of winning any prize in the game (consolidated odds if there is more than one way to win a prize)
10) Number of winners per pack and per pool
11) Indication of pack and pool size
12) Prize cost and percent of prize fund dedicated to each prize level
13) Guaranteed low end prize structure (GLEPS) for each pack of tickets, if desired by the Lottery
14) Total pools in game

i. Game order information, including, but not limited to:
   1) Quantity Ordered (±2%)
   2) Ticket Price
   3) Ticket Size
   4) Pool Size
   5) Pack Size
   6) Packs Per Pool
   7) Play Style Description
   8) Play Style Symbols
   9) Number of Channels
   10) Box Label Color
   11) Packs per box
   12) Ticket vending capability
   13) Front Colors
   14) Back Colors
   15) Overprint Colors
   16) Ticket stock
   17) Additional Coatings
   18) Number of Scenes
   19) Bar code specifications and layout
   20) Special Instructions
   21) Ticket front and back orientation

j. Optimum Prize Delivery
k. Special Instructions
l. Programming Parameters
m. Retailer validation codes
n. Data Processing Specifications
o. Play area layout
p. Floating Image Play Area
q. Quality Control Inspection Window
r. All actual legends, play symbols, captions, numbers, prize symbols
s. Production and delivery schedule
t. Order/price confirmation
t. Digital Images with the following specifications:

**Game View Images:** Scale the insert art to: 174 x 174 .jpg at 72 DPI, one JPG image for each game in RGB mode.

**Select View:** Scale the insert art to: SELECTED VIEW: 261 x 261 .jpg at 72 DPI, one JPG image for each game in RGB mode.

**G20 View:** Scale the insert art to: 348 x 348 .jpg at 72 DPI, one JPG image for each game in RGB mode.

**Info View:** Scale the full ticket art to INFO VIEW: MAX SIZE 550 x 550 .jpg at 72 DPI, one JPG image for each game in RGB mode.

**Mobile View:** Bottom portion of the insert art will be provided as a mobile image in 372x230 AI.

i. **Final Game Approval:** Final game design, prize structure, play style, color key, and customized paper stock shall be approved by the Lottery.

ii. **Prize Structure:** Prize structures may differ from game-to-game and may vary within a specific individual game. Therefore, GLEPS should be taken into account.

iii. **Prizes:** Guaranteed Low End Prize Structure (GLEPS): Each pack of tickets shall contain a guaranteed dollar value of low-tier prizes. The size and number of such prizes must be approved by the Lottery. Each configuration may have the same total dollar value of low-tier winners, but each may have varying numbers of winners of various denominations. At any time, the Lottery reserves the right to modify the GLEPS structure which may include but is not limited to including ranges or eliminating GLEPS on a game by game basis.

iv. **Customer Specifications Document:** Offeror shall provide a Customer Specifications Document prior to the first ticket run being printed. Suggested information to include can be found in Appendix B.

v. **Ticket Delivery:** The delivery of scratcher tickets to a Lottery designated warehouse location shall be the responsibility of the Contractor.

vi. **Ticket Pack Inserts:** Perforated ticket pack inserts that are printed in full color on one side with multiple perforations shall be provided for each ticket run. Size shall be 4” X 7.5” with an image size of 5” X 4”

vii. **Personnel:** The following positions shall be offered at a minimum by the primary vendor:
a. VA specific resource in the art department to aide in communication of artwork needs and changes
b. Dedicated resource at ticket printing plant location to include an account service representative to manage all daily account issues and an additional resource to assist with scratch strategy, sales goals, industry trends, etc.
c. Specific resource for issue escalation
d. On-site Product Support Specialist at Virginia Lottery Headquarters

viii. **Business Planning:** The following shall be offered at a minimum:

a. Monthly reports of industry trends
b. Monthly Planning Sessions onsite at the VA Lottery headquarters or other mutually agreed upon site
c. Weekly VA specific reporting
d. New game design and development
e. New gaming concept development
f. Development of new distribution channels (in lane, for example)
g. Development of retailer operating efficiency enhancements (industry trends and sales optimization best practices)
h. Marketing support systems and services

11. **Overall Security:** Tickets shall be produced in the highest possible security.

12. **Operational Security:** All operations shall be provided with the highest possible security.

13. **Plant Security:** Each plant used for the production of scratcher tickets purchased in any resulting Contract shall possess the highest possible security. Security procedures at a minimum shall include the following:

a. Prevention of unauthorized entry into ticket production and storage areas
b. Visitor logs
c. Immediate notification of any security breach regarding VA Lottery product or that poses a potential risk to the VA Lottery
d. Ability to enter the Contractor or Subcontractor facility to examine security processes in place
e. Ability to review security process prior to ticket production and periodically thereafter, no less than annually
f. System that maintains or creates Lottery product shall provide discretionary security with the following minimum standards: provides individual user accountability and authentication, protects authenticated data from unauthorized users, maintains an operating system protected from external interference or tampering, provides an audit trail of actions
taken, and protects game data, validation numbers and winning status of tickets from unauthorized previewing access.

14. **Ticket Reconstruction:** Ability to provide a ticket reconstruction within one (1) business day.

15. **Game Accounting and Testing Review:** Testing to determine if known invasive or suspected invasive means to alter or compromise tickets exists shall be completed by the Contractor. In addition, software quality control or audit system which can verify that programming specifications for a game are being or have been adhered to.

16. **Business Continuity and Disaster Recovery:** A business continuity and disaster recovery plan shall be provided. Each plan shall be reviewed and updated annually.

**B. VIRGINIA LOTTERY SPECIFIED OPTIONS:**

1. **Ticket Printing:** Offeror should provide details of available options for the following categories:
   a. Ticket size options
   b. Special ink/finishes/printing(s)
   c. Die-cut game tickets
   d. Specialty scratch-off tickets
   e. Price Point additions/deletions
   f. Recommendations for Allowance for utilization of alternate printing vendors
   g. Optional printing solutions available during high volume times
   h. Paper stock
   i. Shelf life of tickets once printed

2. **Additional Areas of Interest:** Offeror should provide details of available offerings for the topics below:
   a. Licensed Property Agreements
   b. Proprietary printing options
   c. Ticket barcoding
   d. Retailer programs to include but not limited to in-store merchandising, retailer training, and recruitment
   e. In-lane Scratch Sales
   f. Specialized Equipment
   g. Consumer research and advanced analytics of player behaviors and preferences

3. **Validation Algorithm:** Ability to create, provide and maintain a validation algorithm with the highest available security. It should be understood that if the Lottery chooses to use this algorithm that it will be maintained in escrow and owned by the Lottery.
4. Offeror should provide details of its ability to provide an interactive 24/7 dashboard that includes but is not limited to:
   - sales results by game,
   - sales by price point
   - lifetime performance of the game
   - border state sales
   - other lotteries of interest results comparisons
   - prize structure comparisons by price point
   - other criteria to be negotiated
   - Expense tracking

C. **INVITED OPTIONS:**
The intent of this section is to invite the Offeror to submit options that would add value to the Lottery's SCRATCHER TICKET services. Offeror shall provide options that have not been requested as either base or specified options.

D. **ADDITIONAL REQUIREMENTS:**

1. **Audit:**
   a. The Lottery reserves the right to audit all Contractor and Subcontractor facilities, processes, and/or procedures, as they relate to any resulting Contract, using Lottery employees or its designees.
   b. Under any resulting Contract the Contractor and all of its Subcontractors are required to maintain records and supporting evidence pertaining to the fulfillment of the Contract obligations in accordance with generally accepted accounting principles and other procedures specified by the Lottery.
   c. Records shall be made available to the Lottery and its designees during the Term of any resulting Contract and any extension thereto. Records shall be retained for three (3) years from the date of the final payment of any resulting Contract.
   d. The Lottery reserves the right to Contract with an independent firm to perform a third-party security audit of its operating environment at times during any resulting Contract. Included in the scope of this audit shall include operations, internal controls, and related activities. All audit findings shall be corrected at no expense to the Lottery within the specified timeframe provided at the time of audit.

2. **Bonds:**
   a. Litigation Bond: All Offerors shall provide litigation funding either through a bond or escrow deposit held by the VA Lottery, of $100,000. Litigation funding will transfer to the Lottery in the event that 1) The Offeror is deemed not to be a successful Offeror, and 2) The Offeror files a legal protest or takes any other action in contesting any Contract decision.
resulting from this solicitation. Escrow funds will be maintained in an escrow bank account and any proceeds earned will be transferred to the Offeror at the time such funds are released. Bond or escrow funds must be maintained until expressly released by the Lottery, or until December 31, 2020, whichever occurs first.

b. Performance and Payment Bonds: The successful Offeror shall deliver to the Purchasing Office, executed Commonwealth of Virginia Standard Performance and Labor and Material Payment Bonds, each in the sum of the Contract amount, with the Virginia Lottery as obligee. The surety shall be a surety company or companies approved by the State Corporation Commission to transact surety business in the Commonwealth of Virginia. No payment shall be due and payable to the Contractor, even if the Contract has been performed in whole or in part, until the bonds have been delivered to and approved by the Purchasing Office. Standard bond forms will be provided by the Purchasing Office prior to or at the time of award.

IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS:

A. GENERAL REQUIREMENTS:

1. RFP Response:
   a. In order to be considered for selection, Offerors must submit a complete response to this RFP. One (1) original and seven (7) copies of each proposal must be submitted to the Lottery. Each hardcopy proposal must also contain the following:

   (1) An electronic version of the complete proposal on a compact disk, and
   (2) An electronic version of the complete proposal with any proprietary information removed. Proprietary information is detailed in section 2.d. below.
   (3) Each proposal shall not exceed a total page count of four hundred (400) pages, excluding the RFP document.

   b. No other distribution of the proposal shall be made by the Offeror.
   c. Offeror is requested to respond to each section/subsection in the order in which it appears in the RFP.

2. Proposal Preparation:
   a. Proposals shall be signed by an authorized representative of the Offeror.
b. Failure to submit all information requested may result in the Evaluation Team giving a lowered evaluation score of the proposal.

c. An explanation describing how you will accomplish each requirement must be included in your proposal. The phrase "fully comply" without an explanation is unacceptable. If a requirement is not being provided, state "Not Provided." Proposals, which are substantially incomplete or lack key information, may be rejected by the Lottery.

d. Ownership of all data, materials and documentation originated and prepared for the Lottery pursuant to the RFP shall belong exclusively to the Lottery and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of §2.2-4342 of the Code of Virginia, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation to the Evaluation Team. This provides an opportunity for the Offeror to clarify or elaborate on the proposal.

4. Lottery Contact: The Procurement Officer, acting on the Lottery's behalf, is the sole point of contact (SPOC) with respect to all contractual matters relating to the procurement of the products and/or services described in this RFP.

All communications concerning this RFP including, but not limited to, submission of questions, requesting copies of amendments or answers, and submission of Proposals, must be addressed to the Procurement Officer.

Name: Amanda K. Nies-Berger, VCO, VCA
Title: Purchasing Manager
Telephone: 804.692.7645
Fax: 804.692.7603
Email: anies-berger@valottery.com
5. Offeror Contact with the Lottery: Upon RFP Publication, the restrictions on Offeror communications described in this section are instituted to protect the integrity of the procurement process.

Other than the Procurement Officer, as specified in Section V., A., 4. (Lottery Contact), Offerors and their agents must not make unsolicited contact with any Lottery personnel or Proposal Evaluation Committee member, to the Lottery or public official of the jurisdiction, regarding the RFP or the Proposals.

Offerors should not represent themselves to Lottery staff or Lottery Retailers as having the endorsement of the Lottery, or as the Lottery’s next supplier of scratcher ticket products and/or related services.

Offerors who are currently doing business with the Lottery may continue to do so; however, any communication regarding the RFP, not otherwise permitted in the RFP, is prohibited.

The Lottery will disqualify Offerors for intentionally causing a material violation or circumvention of the requirements of this section.

6. RFP Clarification Questions: It is the responsibility of each Offeror to examine the entire RFP and seek clarification in writing.

This RFP clarification procedure provides the only means by which an Offeror may request clarification of the RFP or additional information on the business, contractual, procedural, and technical requirements of the procurement.

The Lottery cannot guarantee a response to questions received less than ten (10) days prior to the proposal due date. No questions will be addressed orally.

To ensure timely and adequate consideration of proposals, Offerors are to limit all contact, whether verbal or written, pertaining to this RFP to the designated SPOC for the duration of this proposal process.

7. Submission of RFP Clarification Questions: Offerors must submit written questions relevant to the RFP to the Issuing Office via email in PDF and Microsoft Word formats. Email shall be easily identifiable with subject line heading stating “RFP 07119ANB Clarification Request.”

An RFP inquiry from an Offeror:
   a. Must be written in generic (i.e., non-proprietary) terms because all responses to inquiries will be available to Offerors
   b. Must not contain price data
   c. Must cite a specific RFP section number and title (if any)
8. **Response to RFP Clarification Questions:** An electronic copy of all written questions, together with the Lottery’s written responses, will be provided to all Offerors that have expressed an interest by submitting questions as well as posted on [www.valottery.com](http://www.valottery.com) and [www.eva.virginia.gov](http://www.eva.virginia.gov). Specific Offerors will not be identified in the Lottery’s written responses.

The Lottery may combine questions that are duplicative into one comprehensive question and provide a written response to that combined question.

The Lottery will provide all the questions and responses electronically in the following read-only format(s); PDF

All questions and answers will be formalized as amendments to the RFP. Any other modification of the requirements of the RFP, except by the issuance of amendments, will not be recognized.

All questions must be received no later than five (5) business days prior to the closing date of this Request for Proposals. No questions will be answered after this time.

9. **Addendum to RFP:** An addendum to the RFP will be issued, for example, in order to:
   a. Make changes to the requirements of the RFP
   b. Correct defects or ambiguities in the RFP
   c. Change the date, place, or time of critical milestones published in the RFP

Addendum to the RFP will be clearly identified as such. Only modifications made as written and posted amendments to the RFP by the Issuing Officer are considered valid and applicable amendments of this RFP.

The Lottery will post all addenda on [www.valottery.com](http://www.valottery.com) and [www.eva.virginia.gov](http://www.eva.virginia.gov).

A complete list of all addendums applicable to this RFP, as well as the addendums themselves, will be provided by the Lottery, upon request, prior to the deadline for Proposal Submission as specified on the cover page of this solicitation.

The Offeror is solely responsible for obtaining all relevant information.

10. **Pricing Information:** The Offeror must only include pricing information in the Price Proposal. The Offeror must not include pricing information in any portion of the Technical Proposal,
including responses to clarification questions. The Lottery will reject the Offeror’s Proposal for inclusion of pricing information anywhere other than in the Price Proposal.

The Offeror should avoid including No Charge (N/C) or statements to the same effect anywhere other than in the Price Proposal. The Lottery will reject the Offeror’s Proposal for inclusion of such statements.

11. Estimated Timeline: The Lottery will answer no questions concerning the scope of this RFP after July 17, 2019.

<table>
<thead>
<tr>
<th>RFP Due Date</th>
<th>August 2, 2019</th>
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<tbody>
<tr>
<td>1st Round of Questions due</td>
<td>July 8, 2019</td>
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<tr>
<td>Addendum</td>
<td>On or near July 12, 2019</td>
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<tr>
<td>2nd Round of Questions due</td>
<td>July 19, 2019</td>
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<tr>
<td>Addendum</td>
<td>On or near July 22, 2019</td>
</tr>
<tr>
<td>Estimated Award</td>
<td>November 2019</td>
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B. SPECIFIC PROPOSAL REQUIREMENTS:

Proposals shall be as thorough and detailed as possible so that the Lottery may properly evaluate Offeror’s capabilities to provide the required services. In addition to any other requirements imposed by Section III of this Request for Proposals, Offerors are required to submit the following items as a complete proposal:

1. Offeror shall include a cover sheet that indicates the page number(s) containing proprietary information.

2. Offeror shall provide complete details on the availability of all printing options requested in Section IV, Statement of Needs, A. Base Requirements, 1. Ticket Printing.

3. Offeror shall provide complete details of all information include in Preliminary/Final Working papers to include but not limited to information requested in Section IV, Statement of Needs, A. Base Requirements, 2. Preliminary/Final Working Papers.

4. Offeror shall provide detail of final game approval as requested in Section IV, Statement of Needs, A. Base Requirements, 3. Final Game Approval.

5. Offeror shall provide agreement that prize structures will vary from game to game and the ability to use GLEPS as requested in Section IV, Statement of Needs, A. Base Requirements, 4. Prize Structure.
6. Offeror shall provide details of how all requirements found in Section IV., Statement of Needs, A. Base Requirements, 5. Prizes.


8. Offeror shall provide complete details of the ticket delivery process as specified in Section IV., Statement of Needs, A. Base Requirements, 7. Ticket Delivery. Information shall include but is not limited to timeframe for delivery from signing of Working Papers, process followed during delivery, delivery mode, description of how pallets and cartons will be labeled, security during transfer, how omitted tickets will be identified, delivery documentation, and detail of ability to ensure label compatibility to Lottery scratcher product management system.

9. Offeror shall provide detail of availability to provide ticket pack inserts for all games printed as requested in Section IV., Statement of Needs, A. Base Requirements, 10. Ticket Pack Inserts. Detail should include but is not limited to a sample ticket pack insert.

10. Offeror shall provide a personnel plan to cover, at a minimum, the positions requested in Section IV., Statement of Needs, A. Base Requirements, 11. Personnel. Detail should include but is not limited to amount of time provided by each resource and where resource will be located.

11. Offeror shall provide detail of reports offered including but not limited to those listed in Section IV., Statement of Needs, A. Base Requirements, 12. Business Planning.

12. Offeror shall provide detail of all security measures followed during the production of Scratcher Tickets as requested in Section IV., Statement of Needs, A. Base Requirements, 13. Overall Security. Details should include but is not limited to plant security, game ticket construction security, anti-counterfeiting and validation security, redemption security, game design security, and exposure to unintentionally removing a top-prize that has been included in the End of Game Prize Structure from the game. Additionally, any potential security risks should be identified with potential resolution.

13. Offeror shall provide a detailed operation plan as requested in Section IV., Statement of Needs, A. Base Requirements, 14. Operational Security. Details should include but are not limited to risk assessment and treatment, security policy, organization of internal security, organization of external security, asset management, human resources security, physical security, equipment security, communications and operations management, access control, systems
security, technical vulnerability management, security incident management, compliance, and operations security plan evaluation and maintenance.

14. Offeror shall provide a detailed plan for all security measures to be followed at each printing plant facility available as requested in Section IV., Statement of Needs, A. Base Requirements, 15. Plant Security. Details should include but is not limited to the ability to provide all minimum requirements listed.

15. Offeror shall provide a detailed plan for a risk-based approach to ticket reconstructions as requested in Section IV., Statement of Needs, A. Base Requirements, 16. Ticket Reconstruction.

16. Offeror shall provide detail of testing process used to ensure ticket security as requested in Section IV., Statement of Needs, A. Base Requirements, 17. Game Accounting and Testing Review.

17. Offeror shall provide a detailed continuity of operations and disaster recovery plan as requested in Section IV., Statement of Needs, A. Base Requirements, 18. Business Continuity and Disaster Recovery.

18. Offeror shall provide detail of all available offerings pertaining to all specified options requested concerning Ticket Printing as requested in Section IV., Statement of Needs, B. Virginia Lottery Specified Options, 1. Ticket Printing. Details should include but are not limited to printing technology not previously requested.

19. Offeror shall provide detail of all available offerings pertaining to each topic included in specified options listed as Additional Areas of Interest as requested in Section IV., Statement of Needs, B. Virginia Lottery Specified Options, 4. Additional Areas of Interest.

20. Offeror shall provide a detailed description of the validation algorithm and all security features in relation to the algorithm as requested in Section IV., Statement of Needs, B. Specified Options, 7. Validation Algorithm.

21. Offeror shall provide detail of any and all Invited Options that would add value to the Lottery’s Scratcher Ticket services as requested in Section IV., C. Invited Options.

22. Offeror shall provide a company profile/corporate background. Information included should be but is not limited to: name and address of Offeror, type of business entity, location of major offices and production plants, subcontractors proposed for use on any resulting Contract, name of any and all law firm representing the
Offeror within the Lottery’s jurisdiction, and any substantial change of ownership if the Offeror within the past twelve (12) months.

23. Offeror shall provide detail of corporate experience, technical capability, and financial means to fulfill all obligations of any awarded Contract. Details should include, but is not limited, to experience with Lottery systems and products and services provided to other Lottery entities.

24. Offeror shall provide a brief description of each piece of major printing and finishing equipment to be used for the printing of tickets for the Lottery. Also describe any new printing equipment that is planned for use in printing tickets for U.S. Lotteries. Include with each description a brief statement as to the advantages and disadvantages of each piece of major equipment. The description should include an explanation of potential problems occurring on each press, the age of each press, the annual quantity each press produces as well as the maximum quantity each press can produce and the speed of each press. Equipment restrictions should also be stated (types of paper that can/cannot be used, number of colors available to print, etc.).

25. Offeror shall provide detail of its capabilities to design and produce games which are different from standard Scratch-Off Ticket games. Examples might include two-sided tickets, Scratch-Off/Pull-Tab combination games; games with unusual tickets, shapes or play formats; games with out-of-the-ordinary prizes, game booklets, and Scratch-Off games with a virtual component or any other characteristics which set them apart. The information provided must include: the target market(s) for which these games are developed, dispensing/display methods and reasons why they have been (would be) successful; suggested retail price; Offeror’s unique manufacturing capabilities and security features. For any games which have been marketed, expected and achieved sales results and samples must be included.

26. Offeror shall provide detail of the internal and external backup capabilities that exist for all phases of ticket production that will ensure delivery of game tickets by the date specified in the executed game Working Papers. The Offeror must provide the names of firms that are alternative sources of ticket production supplies and firms, if any, with which agreements are currently in force to provide backup equipment or services.

27. Offeror shall provide detail of the nature of the production, latex, security, validation or data processing problems to which its ticket and its method of production are susceptible. Potential problems or any actual problems that have occurred in the course of running Scratch-Off with other Lotteries should also be addressed. The Offeror shall supply a detailed description of each type of problem, the cause,
the frequency with which it has happened in the past three (3) years and the steps that have been taken to eliminate, reduce, or deal with occurrences of the problem.

28. Each Offeror shall describe its audit and quality control procedures along with methods for identifying and dealing with potential or future problems. Specifics shall include records available, for whom the games were produced and when the games were produced, along with a plan to prevent the problem from recurring.

29. Offeror shall explain the manner in which the Lottery will be able to reconstruct mutilated tickets and how the possible misuse of such a method will be prevented.

V. **EVALUATION AND AWARD CRITERIA:**

A. **EVALUATION CRITERIA:**

The Virginia Lottery seeks to Contract for the goods and/or services described herein with the responding Offeror who submits the best proposal as modified through negotiations. The written proposals, and any subsequent negotiated offers, will be evaluated and judged by the Virginia Lottery based on the following criteria:

1. Base Requirements
2. Specified and Invited Options
3. Price
4. Minority-owned, women-owned and small business participation

B. **AWARD OF CONTRACT:**

Two or more Offerors deemed to be fully qualified and best suited among those submitting proposals will be identified based on the evaluation factors stated herein. Negotiations may be conducted with the Offerors so selected. After negotiations have been conducted with each Offeror so selected, the Virginia Lottery may select the Offeror(s) who, in its opinion, has made the best proposal, and award the Contract to that Offeror(s). The Virginia Lottery may cancel this RFP or reject proposals at any time prior to the award and is not required to furnish a statement of the reasons why a proposal was not deemed to be the most advantageous. Should it be determined in writing that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror.

V. **SPECIAL TERMS AND CONDITIONS:**
A. **ADVERTISING:**
In the event a Contract is awarded for supplies, equipment, or services resulting from this solicitation, Contractor expressly agrees that any reference to any or all goods and services provided under resulting contract shall not be used in any product literature, advertising, media releases, professional journals, social media, or in any other way disclosed to the public in a general or directed manner, whether in response to a request for a reference or in relation to an interview, without the express consent of the Virginia Lottery Director. The Contractor may request permission from the Virginia Lottery Procurement Manager for approval to be used as a professional reference.

B. **AUDIT:**
The Contractor shall retain all books, records, and other documents relative to this Contract for three (3) years after final payment, or until audited by the Commonwealth of Virginia, whichever is sooner. The Lottery, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period.

C. **PROPOSAL ACCEPTANCE PERIOD:**
Any proposal in response to this solicitation shall be valid for 365 days. At the end of the 365 days the proposal may be withdrawn at the written request of the Offeror. If the proposal is not withdrawn at that time it remains in effect until an award is made or the solicitation is canceled.

D. **CANCELLATION OF CONTRACT:**
The Lottery reserves the right to cancel and terminate any resulting Contract, in part or in whole, without penalty, upon 60 days written notice to the Contractor. In the event the initial Contract period is for more than 12 months, the resulting Contract may be terminated by either party, without penalty, after the initial 12 months of the Contract period 180 days written notice to the other party. Any Contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

E. **CERTIFIED TEST REPORT:**
Each Offeror shall provide a copy of a certified test report with their proposal. The certified test report shall be from a recognized independent testing laboratory or manufacturer’s quality control laboratory showing all test results and full compliance with the appropriate specifications indicated herein. However, the Lottery reserves the right to perform any tests or inspections when and as deemed necessary to verify the certified test report.

F. **CHANGE OF OWNERSHIP/FINANCIAL CONDITION:**
If the Offeror (including the parent or holding company of the Offeror) experiences a material change in its ownership or financial condition after its Proposal has been submitted, and prior to the execution of the Contract with
the Successful Offeror, the Offeror must notify the Issuing Office in writing at the time the change occurs or is identified. The Lottery will disqualify the Proposal if the breach has had a material impact on competition or otherwise prejudices the procurement process.

G. **CONFIDENTIALITY OF PERSONALLY IDENTIFIABLE INFORMATION:**
The Contractor assures that information and data obtained as to personal facts and circumstances will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual’s and the Lottery’s written consent and only in accordance with federal law or the Code of Virginia. Contractors who utilize, access, or store personally identifiable information as part of the performance of a Contract are required to safeguard this information and immediately notify the Lottery of any breach or suspected breach in the security of such information. Contractors shall allow the Lottery to both participate in the investigation of incidents and exercise control over decisions regarding external reporting. Contractors and their employees working on this project may be required to sign a confidentiality statement.

H. **CONTINUITY OF SERVICES:**
The Contractor recognizes that the services under this Contract are vital to the Lottery and must be continued without interruption and that, upon Contract expiration, a successor, either the Lottery or another Contractor, may continue them. The Contractor agrees:

1. To exercise its best efforts and cooperation to affect an orderly and efficient transition to a successor;
2. To make all Lottery owned facilities, equipment, and data available to any successor at an appropriate time prior to the expiration of the Contract to facilitate transition to successor; and
3. That the Lottery Contracting Officer shall have final authority to resolve disputes related to the transition of the Contract from the Contractor to its successor.

The Contractor shall, upon written notice from the Contract Officer, furnish phase-in/phase-out services for up to ninety (90) days after this Contract expires and shall negotiate in good faith a plan with the successor to execute the phase-in/phase-out services. This plan shall be subject to the Contract Officer’s approval.

The Contractor shall be reimbursed for all reasonable, pre-approved phase-in/phase-out costs (i.e., costs incurred within the agreed period after Contract expiration that result from phase-in, phase-out operations) and a fee (profit) not to exceed a pro rata portion of the fee (profit) under this Contract. All phase-in/phase-out work fees must be approved by the Contract Officer in writing prior to commencement of said work.

I. **COPYRIGHT LIABILITY:**
The Contractor shall hold and save harmless the Commonwealth of Virginia
and the Virginia Lottery, the Lottery Board and its officers, retailers, and employees, from liability of any nature or kind arising out of a claim or suit for or on account of the use of any copyrighted or uncopyrighted composition, software, trademark, service mark, secure process, patented invention, article, or appliance furnished or used in the performance of any Contract resulting from the solicitation. Contractor agrees to assume the defense of any and all such suits and pay the costs and expenses incidental thereto, subject to the right of the Commonwealth of Virginia to provide additional legal counsel at the Commonwealth's own expense.

1. Disqualification for Business Incapability: The Offeror must have financial and business stability and the wherewithal to perform and support the Lottery.

If, at any time prior to the signing of a Contract, the Lottery reasonably determines that the Offeror does not possess adequate financial ability or requisite stability to carry out the obligations of the Contract, the Lottery reserves the right to disqualify that Offeror from further consideration.

J. IDENTIFICATION AND DELIVERY OF PROPOSAL:

**IF PROPOSAL IS MAILED:** Offeror must mail proposal to the Virginia Lottery, Attention: 22nd Floor Purchasing Office, 600 East Main Street, Richmond, Virginia 23219. The proposal must be enclosed in an envelope or package and identified as follows:

- Name of Offeror
- Due Date and Time
- Offeror's complete address
- RFP No.
- RFP Title

If a proposal is not identified as outlined above the Offeror takes the risk that the proposal may be inadvertently opened, and the information compromised, which may cause the proposal to be disqualified. No other correspondence or other proposals should be placed in the envelope.

**IF PROPOSAL IS HAND DELIVERED (INCLUDING COURIER):** Proposal must be delivered to 600 East Main Street, Richmond, Virginia 23219. Due to increased building security, an Offeror must only deliver a proposal to the Security Guard Station located on the Main Street entrance of the Lottery Headquarters, Main Street Centre Building (address above). However, the Security Guard is not responsible for identifying the date and time a proposal is received; only a Virginia Lottery employee can make that determination. The Security Guard will contact an appropriate Lottery employee for proposal receipt; this process could take 30 minutes or more. Late proposals will not be accepted.

Note: The Lottery does not conduct public openings.
2. Incurred Costs Associated with the Proposal:
Neither the Lottery nor the jurisdiction will be liable for any of the Offeror's costs associated with any activity related to this RFP, other than as may be explicitly set out in this RFP.

K. **INDEMNIFICATION**: 
Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia/Virginia Lottery, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Lottery or to failure of the Lottery to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.

L. **INDEPENDENT PRICE DETERMINATION**: 
By submission of a Proposal, the Offeror must certify – and in the case of a joint Proposal, each party thereto must certify as to its own organization – that, in connection with the Proposal:

3. The prices in the Proposal have been arrived at independently, without consultation, communication, or Contract for the purpose of restricting competition as to any matter relating to such prices with any other Offeror or with any competitor.

4. Unless otherwise required by jurisdictional law, prior to Contract award, the prices which have been quoted in the Proposal have not been knowingly disclosed by the Offeror and will not knowingly be disclosed by the Offeror directly or indirectly to any other Offeror, any competitor, or to any person not representing the Offeror.

5. No attempt has been made or will be made by the Offeror to induce any other person or entity to submit or not submit a Proposal for the purpose of restricting competition.

The Lottery will disqualify the Proposal if failure to notify has had a material impact on competition or otherwise prejudices the procurement process.

M. **INTELLECTUAL PROPERTY INFRINGEMENT**: 
The Contractor will take all possible measures to avoid any patent, copyright, trademark, and/or other intellectual property infringements during any phase of developing, designing, or operating any Contract Materials.

The Contractor will ensure that no violations or infringement of copyrights, patents, trademarks, trade secrets and/or other intellectual property infringements are committed by its own employees, officers, agents or
affiliates, by any Subcontractor, any of the Subcontractor’s employees, officers, agents or affiliates, or generally any person acting under the control or acting by toleration of the Contractor.

The Contractor will ensure that all Contract Materials not owned by the Contractor, and all Intellectual Property Rights therein, are only used with the express consent of the author or owner and that the Contractor abides by all conditions imposed by the author or owner, including without limitation attribution and respect of rights known as "moral rights" in the work.

N. INTELLECTUAL PROPERTY INDEMNIFICATION:
The Contractor agrees to indemnify and save harmless and to defend all legal or equitable actions brought against the Lottery, its jurisdiction, any agency, officer, and/or employee of the Lottery or its jurisdiction, from and against all claims, expenses and losses, including attorney’s fees, which may result from or arise in connection with the Contractor’s or the Lottery’s use of any Intellectual Property Rights, including without limitation any claims of infringement. The Lottery agrees to give the Contractor prompt notice of all such claims, expenses and losses.

If the Lottery notifies the Contractor in writing of a third-party claim that any Contract Materials infringe upon the Intellectual Property Rights of any third party, the Contractor will defend such claim at its expense and will pay any costs or damages, including attorney’s fees, that may be finally awarded against the Lottery. If any Contract Materials are, or in the Lottery’s opinion are likely to be, held to be infringing, the Contractor must at its expense and option either: (a) procure the right for the Lottery to continue using such Contract Materials, (b) replace them with a non-infringing equivalent, or (c) modify them to make them non-infringing.

If the actions in clauses (a), (b), and (c) are not commercially practicable, the Contract Materials may be returned, and the Lottery will be refunded the fees paid for such deliverable, as well as any applicable Liquidated Damages. The Contractor will make every reasonable effort to explore options (a), (b), and (c) prior to returning the fees paid, paying the applicable damages, and receiving the Contract Materials from the Lottery. All obligations set forth in this section shall continue after the termination of the Contract.

O. LIMITATION OF LIABILITY:
To the maximum extent permitted by applicable law, the Contractor will not be liable under this Contract for an indirect, incidental, special or consequential damage, or damages from loss of profits, revenue, data or use of the supplies, equipment and/or services delivered under this Contract. This limitation of liability will not apply, however, to liability arising from: (a) personal injury or death; (b) defect or deficiency caused by willful misconduct or negligence on the part of the Contractor; or (c) circumstances where the Contract expressly provides a right to damages, indemnification or reimbursement.
P. **LIQUIDATED DAMAGES:**
It is the intent of the VA Lottery to include liquid damages in any resulting contract but will be negotiated prior to award. Areas of assessment may be prize structure, proposed artwork, working papers, non-conforming tickets, validation files, inventory data, system downtime, software changes, security, violations, delay in the start of a game, and shortage of tickets. Final liquidated damages will be negotiated during contract negotiation but prior to award.

Q. **LOTTERY APPROVAL OF STAFFING/SUBCONTRACTORS:**
The Lottery may disapprove any employee or Subcontractor of the Contractor who is assigned to the Lottery Contract, either at Contract inception or at any time during the term of the Contract.

Neither the Contractor nor the Lottery shall engage or allow the engagement of unfit or unqualified persons or persons not skilled in the tasks assigned to them with respect to the Contract and the parties shall at all times employ sufficient personnel for carrying out work to full completion in the manner and time prescribed by the Contract. The Contractor shall be responsible to the Lottery for the acts and omissions of the Contractor's employees or Subcontractors.

Any person employed by the Contractor shall, at the written and reasonable request of the Lottery, be removed forthwith by the Contractor from work relating to the Contract. The Contractor's Subcontractors are in this respect considered Contractor employees.

R. **LOTTERY’S USE OF, THIRD-PARTY AND CONTRACTOR INTELLECTUAL PROPERTY RIGHTS:**
To the extent that the Contractor utilizes or relies upon the Intellectual Property Rights of a third party in fulfilling its obligations under the Contract, the Contractor must secure a non-exclusive, royalty-free license from such third party that will allow the Contractor and the Lottery to use, reproduce and distribute such Intellectual Property Rights on a perpetual basis with respect to Lottery business activities, at no additional cost.

With respect to all Intellectual Property Rights the ownership of which is retained by the Contractor, the Contractor must agree to grant a non-exclusive, royalty-free license to the Lottery at no additional cost to use, reproduce and distribute such Intellectual Property Rights on a perpetual basis with respect to Lottery business activities.

S. **PERFORMANCE AND PAYMENT BONDS:**
The successful Offeror shall deliver to the purchasing office executed Commonwealth of Virginia Standard Performance and Labor and Material Payment Bonds, each in the sum of the Contract amount, with the Commonwealth of Virginia as obligee. The surety shall be a surety company
or companies approved by the State Corporation Commission to transact business in the Commonwealth of Virginia. No payment shall be due and payable to the Contractor, even if the Contract has been performed in whole or in part, until the bonds have been delivered to and approved by the purchasing office. Standard bond forms will be provided by the purchasing office prior to or at the time of award.

T. **PERFORMANCE, CONTRACTOR:**

Contractors providing goods and services to the Lottery are required to perform in accordance with the terms and conditions of their contract. When contractual requirements are not met the following actions may be taken (at the Lottery’s option):

1. **Contractor Complaint Form:** If a Contractor fails to perform in accordance with the terms and conditions of the contract, the Lottery will prepare a Contractor Complaint Form and forward to the Purchasing Office. This form will be sent to the Contractor for a corrective action plan.

2. **Default:** If the Contractor is non-responsive to the complaint form or does not satisfy the corrective action plan submitted in the complaint form or provides an unsatisfactory corrective plan as determined by the Lottery, the Contractor may, at the Lottery’s discretion, be placed in default and notified via Contractor Complaint Form.

3. **Ineligible for Award:** Once placed in default, the Contractor will be ineligible to do business with the Lottery for purchases exceeding $5,000 for a period of three years.

4. **Re-procurement of Goods and Services:** In addition to a Contractor’s ineligibility for award of programs over $5,000, the Lottery may procure the goods and/or services from other sources and hold the Contractor responsible for the price difference of the original contract amount and the amount of the new contract. The Lottery will follow competitive principles as outline herein for the re-procurement.

The vendor will remain in default until the re-procurement costs have been paid to the Lottery. The vendor is still subject to the three-year ineligibility based on the default regardless as to when the reprocurement cost is paid.

5. **Number of Complaints:**
   a) **For Term Contracts:** if the Contractor has received three or more complaints within the initial contract period as documented by Contractor Complaint Forms, the Contractor may, at the Lottery’s discretion, be ineligible to submit a bid/proposal if the goods/services are re-solicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints
occurred.

b) For a Renewal Period: if the Contractor has received three or more complaints within a renewal period as documented by Contractor Complaint Forms, the Contractor may, at the Lottery’s discretion, be ineligible to submit a bid/proposal if the goods/services are resolicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.

c) For Spot Purchases: if the Contractor has received three or more complaints within a period of one year as documented by Contractor Complaint Forms, the Contractor may, at the Lottery’s discretion, be ineligible to do business with the Lottery for purchases exceeding $5,000 for a period of one year after the issuance of the third Contractor Complaint Form. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.

U. **PRIME CONTRACTOR RESPONSIBILITIES:**
The Contractor shall be responsible for completely supervising and directing the work under this Contract and all subcontractors that he may utilize, using his best skill and attention. Subcontractors who perform work under this Contract shall be responsible to the prime Contractor. The Contractor agrees that he is as fully responsible for the acts and omissions of his subcontractors and of persons employed by them as he is for the acts and omissions of his own employees.

V. **RENEGOTIATION OF CONTRACT:**
The Lottery reserves the right, at any time during the Contract term or any renewals of the term, to renegotiate with the Contractor a reduction in the compensation paid to the Contractor that is less than the compensation initially agreed to by the Contractor and the Lottery at the time of Contract execution. The Lottery may initiate such negotiations whenever the Lottery determines that it is in the Lottery’s best fiscal interests to do so. Notwithstanding any other provision of this Contract to the contrary, the Lottery may terminate this Contract immediately and without penalty if the Lottery is unable to renegotiate the compensation with the Contractor to an amount which the Lottery determines to be appropriate.

W. **RENEWAL OF CONTRACT:**
This Contract may be renewed by the Lottery for up to five years unless otherwise agreed upon by both parties under the terms and conditions of the original Contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Lottery's intention to renew shall be given approximately 180 days prior to the
expiration date of each Contract period.

X. SECURITY CLEARANCE – CAPITOL POLICE:
All Contractor personnel, entering the Lottery Occupied space, are required to obtain security clearance prior to their arrival at the work site. For information on the clearance process, call the Lottery Security Department at (804) 692-7226. Failure to obtain the necessary security clearance will result in access to the building being denied.

Y. SMALL, women- and minority-owned (SWAM-owned) business subcontracting and evidence of compliance:
It is the goal of the Lottery that 43% of purchases are made from SWAM-owned businesses. This includes discretionary spending in prime contracts and subcontracts. Unless the Offeror is registered as a DMBE-certified small business and where it is practicable for any portion of the awarded Contract to be subcontracted to other suppliers, the Contractor is encouraged to offer such subcontracting opportunities to DMBE-certified SWAM-owned businesses. No Offeror or subcontractor shall be considered a SWAM-owned Business unless certified as such by the Department of Minority Business Enterprise (DMBE) by the due date for receipt of proposals. If SWAM-owned business subcontractors are used, the prime Contractor agrees to report the use of SWAM-owned business subcontractors by providing the purchasing office, at a minimum, the following information on a monthly basis or as directed by the Lottery: name of SWAM-owned business with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.

| Will there be any subcontracting to SWAM Business for the performance of this contract? | ☐ Yes ☐ No |
| If so, please provide the SWAM Business Name and DMBE certification Number: |

Z. SUBCONTRACTS:
No portion of the work shall be subcontracted without prior written consent of the Lottery. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Lottery the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the Contract.

AA. CONFIDENTIALITY (Lottery):
The Lottery agrees that neither it nor its employees, representatives, or agents shall knowingly divulge any proprietary information with respect to the operation of the software, the technology embodied therein, or any other trade secret or proprietary information related thereto, except as specifically
authorized by the Contractor in writing or as required by the Freedom of Information Act or similar law. It shall be the Contractor’s responsibility to fully comply with § 2.2-4342F of the Code of Virginia. All trade secrets or proprietary information must be identified in writing or other tangible form and conspicuously labeled as “proprietary” either prior to or at the time of submission to the Lottery.

BB. CONFIDENTIALITY (Contractor):
The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual’s and the Lottery’s written consent. Any information to be disclosed, except to the Lottery, must be in summary, statistical, or other form which does not identify particular individuals. Contractors and their employees working on this project will be required to sign the Confidentiality statement in this solicitation.

CC. LATEST SOFTWARE VERSION:
Any software product(s) provided under the Contract shall be the latest version available to the general public as of the due date of this solicitation.

DD. LIMITATION OF USE:
The Lottery’s right to use computer software developed entirely at private expense may be limited by the Contractor as stipulated in this Contract. Notwithstanding any provision to the contrary however, the Lottery shall have at a minimum: unlimited use of the software on the equipment for which it is purchased; use of the software on a secondary system for backup purposes should the primary system become unavailable, malfunction, or is otherwise rendered inoperable; use of the software at another Lottery site should the system be entirely transferred to that location; the right to make a backup copy for safekeeping; the right to modify or combine the software with other programs or materials at the Lottery’s risk; and the right to reproduce any and all documentation provided such reproduction is for the sole use of the Lottery. These rights are perpetual and irrevocable; in the event of any actual or alleged breach by the Lottery, the Contractor’s sole remedy shall be to pursue a monetary claim in accordance with § 2.2-4363 of the Code of Virginia.

EE. OWNERSHIP OF INTELLECTUAL PROPERTY:
All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance of this Contract shall become the sole property of the Lottery. On request, the Contractor shall promptly provide an acknowledgment or assignment in a tangible form satisfactory to the Lottery to evidence the Lottery sole ownership of specifically identified intellectual property created or developed in the performance of the Contract.

FF. SOURCE CODE:
In the event the Contractor ceases to maintain experienced staff and the
resources needed to provide required software maintenance, the Lottery shall be entitled to have, use, and duplicate for its own use, a copy of the source code and associated documentation for the software products covered by the Contract. Until such time as a complete copy of such material is provided, the Lottery shall have exclusive right to possess all physical embodiments of such Contractor owned materials. The rights of the Lottery in this respect shall survive for a period of twenty (20) years after the expiration or termination of the Contract. All lease and royalty fees necessary to support this right are included in the initial license fee as contained in the pricing schedule.

VI. GENERAL TERMS AND CONDITIONS:

A. ANTI-DISCRIMINATION:

By submitting their proposal, Offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians with Disabilities Act, the Americans with Disabilities Act. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the Contract on the basis of the recipient’s religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that Contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the Virginia Lottery.

In every Contract over $10,000 the provisions in 1. and 2. below apply:

During the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

2. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

3. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the
purpose of meeting these requirements.

The Contractor will include the provisions of 1. above in every subcontract or purchase order over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

B. **ADDENDA:**
Any changes or supplemental instructions to this Request for Proposals shall be in the form of written addenda. Each Offeror is responsible for determining that all addenda issued have been received and shall acknowledge receipt of all addenda in the space provided within the Pricing Schedule or by returning a copy of each signed addendum. Failure to do so may result in rejection of the proposal. All addenda so issued shall become part of the IFB and any resulting Contract documents.

C. **ANNOUNCEMENT OF AWARD:**
Upon the award or the announcement of the decision to award a Contract over $50,000, as a result of this solicitation, Lottery will publicly post such notice on the DGS/DPS eVA website (www.eva.virginia.gov).

D. **ANTITRUST:**
By entering into a Contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said Contract.

E. **APPLICABLE LAWS AND COURTS:**
This solicitation and any resulting Contract shall be governed in all respects by the laws of the Commonwealth of Virginia, and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Contractor shall comply with all applicable federal, state and local laws, rules and regulations including Virginia Lottery Law § 58.1-4000 et seq. and the Virginia Lottery Purchasing Manual.

F. **ASSIGNMENT OF CONTRACT:**
A Contract shall not be assignable by the Contractor in whole or in part without the written consent of the Lottery.

G. **AVAILABILITY OF FUNDS:**
It is understood and agreed between the parties herein that the Lottery shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

H. **PROPOSAL PRICE CURRENCY:**
Unless stated otherwise in the solicitation, Offerors shall state proposal prices in US dollars.
I. **CHANGES TO THE CONTRACT:**

Changes can be made to the Contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the Contract. An increase or decrease in the price of the Contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the Contract.

2. The Lottery may order changes within the general scope of the Contract at any time by written notice to the Contractor. Changes within the scope of the Contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Lottery a credit for any savings. Said compensation shall be determined by one of the following methods:

   By mutual agreement between the parties in writing; or

   By agreeing upon a unit price or using a unit price set forth in the Contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Lottery’s right to audit the Contractor's records and/or to determine the correct number of units independently; or

   By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the Contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Lottery with all vouchers and records of expenses incurred and savings realized. The Lottery shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Lottery within thirty (30) days from the date of receipt of the written order from the Lottery. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the Contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this Contract or, if there is none, in accordance with the disputes provisions of the Lottery's Purchasing Manual. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this Contract shall excuse the Contractor from promptly complying with the changes ordered by the Lottery or with the performance of the Contract generally.

J. **CLARIFICATION OF TERMS:**

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact the buyer...
whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

K. **DEBARMENT STATUS:**
By submitting their proposal, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

L. **DEFAULT:**
In case of failure to deliver goods or services in accordance with the Contract terms and conditions, the Lottery, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Lottery may have.

M. **DRUG-FREE WORKPLACE:**
During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor’s employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor’s workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific Contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Contract.

N. **ETHICS IN PUBLIC CONTRACTING:**
By submitting their proposal, Offerors certify that their proposal are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.
O. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:**
By entering into a written Contract with the Lottery, the Contractor certifies that they so not, and shall not during the performance of the Contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

P. **INFORMATION SECURITY REVIEW:**
Should the Contractor’s obligations involve creating, collecting, or storing Lottery information which is deemed sensitive by the Virginia State Lottery Department, said Contractor shall participate in an annual information security review conducted by the Virginia Lottery Information Security Administrator to ensure that information protection policies and practices of the Contractor are sufficient for the Lottery information being created, collected and/or stored.

Q. **INSURANCE:**
By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the Contract, it will have the following insurance coverage at the time the Contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers’ compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any subcontractors will maintain this insurance coverage during the entire term of the Contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

**Minimum Insurance Coverages and Limits Required for Most Contracts:**

1. **Workers’ Compensation** - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers’ compensation requirements under the *Code of Virginia* during the course of the Contract shall be in noncompliance with the Contract.

2. **Employer's Liability** - $100,000.

3. **Commercial General Liability** - $1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.

4. **Automobile Liability** - $1,000,000 per occurrence. (Only used if motor vehicle is to be used in the Contract.)
R. **NONDISCRIMINATION OF CONTRACTOR:**
A Offeror or Contractor shall not be discriminated against in the solicitation or award of this Contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the Offeror employs ex-offenders unless the Lottery, department or institution has made a written determination that employing ex-offenders on the specific Contract is not in its best interest. If the award of this Contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this Contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

S. **PAYMENT:**

1. To Prime Contractor:
   a) Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/Contract. All invoices shall show the Lottery Contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
   b) Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
   c) All goods or services provided under this Contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the Contract price, regardless of which public agency is being billed.
   d) The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
   e) Unreasonable Charges. Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of
reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Lottery shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within 30 days of notification. The provisions of this section do not relieve the Lottery of its prompt payment obligations with respect to those charges which are not in dispute.

2. To Subcontractors:
   a) A Contractor awarded a Contract under this solicitation is hereby obligated:
      i. To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Lottery for the proportionate share of the payment received for work performed by the subcontractor(s) under the Contract; or
      ii. To notify the Lottery and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
   b) The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the Contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Lottery, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary Contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Lottery.

3. The Lottery encourages contractors and subcontractors to accept electronic and credit card payments.

T. **PERSONNEL SECURITY CLEARANCES:**
Section 58.1-4008 of the Code of Virginia (Virginia Lottery Law) requires that all Board members, officers and employees of any vendor of lottery online or instant ticket goods or services working directly on a Contract with the Virginia Lottery for such goods or services shall be subject to a criminal background search to be conducted by the chief security officer of the
Virginia Lottery. Additionally, Lottery Regulation 5-20-410 extends this to include any parent or Subsidiary Corporation of the vendor, and any shareholder of 5% or more of the vendor, its parent or Subsidiary Corporation.

No person who has been convicted of a felony, bookmaking or other form of illegal gambling, or of a crime involving moral turpitude, shall be employed on Contracts with vendors described in this section.

No Board member, officer, or employee of a vendor to the Virginia Lottery of online or instant ticket goods or services working directly on a Contract for such goods or services, or any person residing in the same household of such Board member, officer or employee, shall purchase a lottery ticket or share, or receive a prize paid on a ticket purchased by or transferred to such person.

U. **PRECEDENCE OF TERMS:**
The following General Terms and Conditions, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

V. **QUALIFICATION OF OFFEROR:**
The Lottery may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Lottery all such information and data for this purpose as may be requested. The Lottery reserves the right to inspect Offeror’s physical facilities prior to award to satisfy questions regarding the Offeror’s capabilities. The Lottery further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Lottery that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

W. **TAXES:**
Sales to the Commonwealth of Virginia are normally exempt from State sales tax. State sales and use tax certificates of exemption, Form ST-12, will be issued upon request. Deliveries against this Contract shall usually be free of Federal excise and transportation taxes. The Commonwealth’s excise tax exemption registration number is 54-73-0076K.

X. **TESTING AND INSPECTION:**
The Lottery reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
Y. **TRANSPORTATION AND PACKAGING:**
By submitting their proposal, all Offerors certify and warrant that the price offered for FOB destination includes only the actual freight rate costs at the lowest and best rate and is based upon the actual weight of the goods to be shipped. Except as otherwise specified herein, standard commercial packaging, packing and shipping containers shall be used. All shipping containers shall be legibly marked or labeled on the outside with purchase order number, commodity description, and quantity.

Z. **USE OF BRAND NAMES:**
Unless otherwise provided in this solicitation, the name of a certain brand, make or manufacturer does not restrict Offerors to the specific brand, make or manufacturer named, but conveys the general style, type, character, and quality of the article desired. Any article which the public body, in its sole discretion, determines to be the equivalent of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, shall be accepted. The Offeror is responsible to clearly and specifically identify the product being offered and to provide sufficient descriptive literature, catalog cuts and technical detail to enable the Lottery to determine if the product offered meets the requirements of the solicitation. This is required even if offering the exact brand, make or manufacturer specified. Failure to furnish adequate data for evaluation purposes may result in a lower score of Offeror’s proposal. Unless the Offeror clearly indicates in its proposal that the product offered is an equivalent product, such proposal will be considered to offer the brand name product referenced in the solicitation.

VII. **METHOD OF PAYMENT AND INVOICING:**
Specify when payment will be made, e.g., upon delivery, monthly, quarterly, completion of project, etc. In addition, specify when and where invoices are to be submitted, e.g., by the 10th of the month following the month services were rendered, upon shipment, completion of project, etc.

Invoices shall be rendered directly to:
Virginia Lottery
Attention: Accounts Payable
600 East Main Street
Richmond, VA 23219

Invoice must contain the following information:
- Virginia Lottery’s contract number;
- description of the goods and services;
- date goods and services were provided;
- invoice total;
- Contractor’s Federal Identification Number or Federal Employer’s Number.
If this information is not contained in the invoice, the invoice may be returned to the Contractor.

VIII. **DISCOUNT FOR PROMPT PAYMENT:**
Discount for prompt payment at: _____%/Net ____ days (see Discount for Prompt Payment requirement herein). This Discount will not be calculated in determining low bid amount(s).

IX. **PRICING:**
The Offeror agrees to furnish the goods/services as specified herein, and in compliance with the terms and conditions of this Request for Proposal at the following price(s):

Offeror shall provide pricing in a separate envelope from the technical proposal. Pricing shall be submitted based on the categories provided below and shall list all associated services within category and associated price of each service. Should an option not have an associated charge, Offeror shall indicate NC for “no charge”.

Offerors shall provide pricing in the following manner. Offers may also present pricing in a different format using different criteria, which may include benchmarks for obsolescence rates, premium incentives, or other factors. The options below are intended to be examples and not considered all inclusive.

Required: Percentage of scratch ticket sales, defined as net tickets activated for sale at licensed retailer locations.

Option A (example): Any discount or premium incentives that may be offered either by the Contractor or the Lottery for attainment of criteria. For example, a bonus payable to the contractor for achieving a benchmark sales increase, a credit/discount to the Lottery for use of some level of premium services. Offerors are invited to propose creative options that provide mutual revenue benefit for both parties, all while providing products and services in keeping with the Lottery's overall mission and statutory purpose. Offerors may elect to provide these pricing options in conjunction with the required pricing method (as an add-on option), or as a fully separate pricing option. Optional pricing structures are not required and are not limited in the number the offeror may propose.

X. **ADDENDA:**
Offeror hereby acknowledges receipt of and incorporation of all requirements of any addenda issued for this Request for Proposals:

Addendum No. ______________ Dated ______________
Addendum No. ______________ Dated ______________
Addendum No. ______________ Dated ______________
XI. **SIGNATURE AND OFFEROR PROFILE SHEET:**

All proposals must be signed below in order to be considered.

All prices shall be F.O.B. to the delivery address(s) as specified herein. Freight, delivery costs, and incidental charges shall be included in the proposal price(s).

In compliance with this Request for Proposal #07119ANB and subject to all conditions thereof, the undersigned offers and agrees to furnish any or all items and/or services proposal herein.

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</tbody>
</table>

<table>
<thead>
<tr>
<th>Offeror Profile: Offeror shall indicate whether they are certified with the Virginia Department of Minority Business Enterprises as a (check all that apply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Small Business ☐ Minority-Owned Business ☐ Woman-Owned Business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certification Number:</th>
<th>Expiration Date:</th>
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Definitions and information on how to become certified may be obtained at www.dmbe.virginia.gov

<table>
<thead>
<tr>
<th>Contact person regarding this Proposal</th>
</tr>
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<tbody>
<tr>
<td>Check here to use above contact ☐ or provide name below:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<table>
<thead>
<tr>
<th>Email</th>
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<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phone</th>
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</table>
XII. **OFFERORS CHECKLIST:**
The intent of the checklist is to assist the Offeror in providing a responsive proposal. It may not include all the requirements necessary to submit a responsive proposal. It is the responsibility of the Offeror to read the entire solicitation.

<table>
<thead>
<tr>
<th></th>
<th>Offeror has clear understanding of goods/services requested</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Offeror understands and agrees to all Special and General Terms &amp; Conditions</td>
</tr>
<tr>
<td></td>
<td>Any tables/boxes within the Special Terms and Conditions must be completed by the Offeror (Offeror must write in these tables/boxes).</td>
</tr>
<tr>
<td></td>
<td>Offeror understands when proposal is due</td>
</tr>
<tr>
<td></td>
<td>Offeror understands where to mail or deliver proposal</td>
</tr>
<tr>
<td></td>
<td>Offeror understands that once a proposal is opened it is a binding document</td>
</tr>
<tr>
<td></td>
<td>Offeror signed and provided all information requested on RFP Signature Page</td>
</tr>
<tr>
<td></td>
<td>Offeror understands that contact with the Contract Specialist is encouraged if any questions arise prior to submitting a proposal</td>
</tr>
</tbody>
</table>
Appendix A

Client Standards shall include at a minimum the following headings:

• Standard printing specifications
• Packaging Specifications
• Validation Information
• Packaging Specifications
• Contact Information
• Deliverables
• Data Processing Instructions
• Retailer Samples
• Delivery Tolerance
• Test Pools
• Production Starting Pool
• Pack-Ticket Number
• Optimum Prize Delivery
• Game Programming Specification
### Appendix C

#### Fiscal Year Scratch Ticket Activations Report (not official financial results)

<table>
<thead>
<tr>
<th></th>
<th>$1</th>
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<th>$5</th>
<th>$10</th>
<th>$20</th>
<th>$30</th>
<th>Totals</th>
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<tr>
<td>Jun</td>
<td>$5,277,803</td>
<td>$8,799,148</td>
<td>$4,135,839</td>
<td>$27,004,560</td>
<td>$18,821,140</td>
<td>$13,347,580</td>
<td>$9,603,880</td>
<td>$86,969,960</td>
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<tr>
<td>Aug</td>
<td>$5,705,509</td>
<td>$8,754,776</td>
<td>$6,485,874</td>
<td>$28,350,520</td>
<td>$20,423,380</td>
<td>$13,848,280</td>
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<tr>
<td>Sep</td>
<td>$6,059,211</td>
<td>$8,739,706</td>
<td>$6,622,849</td>
<td>$28,143,405</td>
<td>$19,830,010</td>
<td>$17,760,200</td>
<td>$9,801,970</td>
<td>$91,941,808</td>
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<tr>
<td>Oct</td>
<td>$5,984,303</td>
<td>$8,514,466</td>
<td>$4,984,080</td>
<td>$24,744,135</td>
<td>$21,003,200</td>
<td>$12,017,740</td>
<td>$9,911,240</td>
<td>$88,146,264</td>
</tr>
<tr>
<td>Nov</td>
<td>$5,910,887</td>
<td>$8,593,482</td>
<td>$4,148,425</td>
<td>$26,663,620</td>
<td>$24,232,500</td>
<td>$13,457,040</td>
<td>$14,456,970</td>
<td>$79,673,034</td>
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<tr>
<td>Jan</td>
<td>$5,347,420</td>
<td>$7,387,278</td>
<td>$5,373,165</td>
<td>$26,366,700</td>
<td>$31,027,440</td>
<td>$12,398,580</td>
<td>$13,194,660</td>
<td>$89,995,243</td>
</tr>
<tr>
<td>Feb</td>
<td>$6,323,610</td>
<td>$8,091,830</td>
<td>$3,863,217</td>
<td>$26,042,010</td>
<td>$18,107,000</td>
<td>$20,883,220</td>
<td>$14,085,780</td>
<td>$98,407,757</td>
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<tr>
<td>Apr</td>
<td>$6,070,017</td>
<td>$9,559,858</td>
<td>$2,816,874</td>
<td>$30,222,265</td>
<td>$21,630,250</td>
<td>$18,441,600</td>
<td>$12,642,750</td>
<td>$101,383,614</td>
</tr>
<tr>
<td>May</td>
<td>$5,994,033</td>
<td>$9,970,682</td>
<td>$4,002,673</td>
<td>$20,231,540</td>
<td>$22,558,150</td>
<td>$17,957,660</td>
<td>$13,199,400</td>
<td>$103,291,838</td>
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<tr>
<td>Total</td>
<td>$66,182,801</td>
<td>$98,718,660</td>
<td>$52,194,399</td>
<td>$314,071,205</td>
<td>$228,973,800</td>
<td>$179,858,760</td>
<td>$146,436,480</td>
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**FY2018**

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<th>$10</th>
<th>$20</th>
<th>$30</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun</td>
<td>$4,454,123</td>
<td>$8,716,504</td>
<td>$4,982,220</td>
<td>$25,626,865</td>
<td>$21,392,170</td>
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<tr>
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<td>$5,264,126</td>
<td>$8,944,268</td>
<td>$3,784,248</td>
<td>$29,539,735</td>
<td>$19,315,320</td>
<td>$20,209,760</td>
<td>$19,753,590</td>
<td>$105,788,057</td>
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<tr>
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<td>$4,887,725</td>
<td>$8,783,640</td>
<td>$3,313,223</td>
<td>$27,610,765</td>
<td>$20,746,250</td>
<td>$16,284,840</td>
<td>$14,377,270</td>
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<td>Oct</td>
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<td>$8,273,538</td>
<td>$4,851,918</td>
<td>$31,054,255</td>
<td>$18,516,110</td>
<td>$14,682,420</td>
<td>$14,216,280</td>
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<td>$6,965,300</td>
<td>$5,375,059</td>
<td>$28,660,110</td>
<td>$21,192,020</td>
<td>$13,373,720</td>
<td>$13,537,920</td>
<td>$100,988,696</td>
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<tr>
<td>Dec</td>
<td>$7,723,422</td>
<td>$9,852,734</td>
<td>$5,932,505</td>
<td>$33,422,640</td>
<td>$19,970,050</td>
<td>$21,217,180</td>
<td>$14,804,950</td>
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<tr>
<td>Jan</td>
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<td>$8,616,336</td>
<td>$4,910,055</td>
<td>$28,589,985</td>
<td>$17,606,400</td>
<td>$18,816,420</td>
<td>$15,553,030</td>
<td>$89,955,702</td>
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<tr>
<td>Feb</td>
<td>$4,999,408</td>
<td>$7,598,638</td>
<td>$4,014,462</td>
<td>$28,624,283</td>
<td>$19,531,440</td>
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<td>$17,114,700</td>
<td>$97,497,573</td>
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<tr>
<td>Mar</td>
<td>$5,195,606</td>
<td>$8,775,506</td>
<td>$4,700,073</td>
<td>$35,664,905</td>
<td>$22,166,740</td>
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<td>$19,782,510</td>
<td>$117,591,080</td>
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<tr>
<td>Apr</td>
<td>$3,063,804</td>
<td>$8,468,110</td>
<td>$5,905,390</td>
<td>$27,679,823</td>
<td>$22,124,440</td>
<td>$17,390,540</td>
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**FY2019**
## Scratch Sales by Price Point

**FY 2019 Scratch Sales by Price Point**

<table>
<thead>
<tr>
<th>PRICE POINT</th>
<th>SALES</th>
<th>% SALES</th>
<th>PRIZES</th>
<th>% PRIZES</th>
<th>PAYOUT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>56,379,492</td>
<td>5.15%</td>
<td>34,532,441</td>
<td>4.46%</td>
<td>61.25%</td>
</tr>
<tr>
<td>$2</td>
<td>89,791,854</td>
<td>8.21%</td>
<td>57,679,062</td>
<td>7.45%</td>
<td>64.24%</td>
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<tr>
<td>$3</td>
<td>50,851,803</td>
<td>4.65%</td>
<td>33,318,693</td>
<td>4.30%</td>
<td>65.52%</td>
</tr>
<tr>
<td>$5</td>
<td>321,667,020</td>
<td>29.40%</td>
<td>218,798,271</td>
<td>28.24%</td>
<td>68.02%</td>
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<tr>
<td>$10</td>
<td>214,218,790</td>
<td>19.58%</td>
<td>154,342,938</td>
<td>19.92%</td>
<td>72.05%</td>
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<tr>
<td>$20</td>
<td>197,490,320</td>
<td>18.05%</td>
<td>148,448,985</td>
<td>19.16%</td>
<td>75.17%</td>
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<tr>
<td>$30</td>
<td>163,615,230</td>
<td>14.96%</td>
<td>127,569,712</td>
<td>16.67%</td>
<td>77.97%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,094,014,509</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>774,690,101</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>70.81%</strong></td>
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</tbody>
</table>

**FY 2018 Scratch Sales by Price Point**

<table>
<thead>
<tr>
<th>PRICE POINT</th>
<th>SALES</th>
<th>% SALES</th>
<th>PRIZES</th>
<th>% PRIZES</th>
<th>PAYOUT %</th>
</tr>
</thead>
<tbody>
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<td>43,447,014</td>
<td>5.21%</td>
<td>61.22%</td>
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<tr>
<td>$2</td>
<td>107,896,928</td>
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<td>69,305,082</td>
<td>8.31%</td>
<td>64.23%</td>
</tr>
<tr>
<td>$3</td>
<td>58,541,235</td>
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<td>38,080,616</td>
<td>4.56%</td>
<td>65.05%</td>
</tr>
<tr>
<td>$5</td>
<td>341,186,030</td>
<td>28.80%</td>
<td>231,581,448</td>
<td>27.76%</td>
<td>67.88%</td>
</tr>
<tr>
<td>$10</td>
<td>250,618,920</td>
<td>21.15%</td>
<td>180,534,918</td>
<td>21.64%</td>
<td>72.04%</td>
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<tr>
<td>$20</td>
<td>196,130,720</td>
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<td>147,037,804</td>
<td>17.62%</td>
<td>74.97%</td>
</tr>
<tr>
<td>$30</td>
<td>159,416,640</td>
<td>13.46%</td>
<td>124,341,464</td>
<td>14.90%</td>
<td>78.00%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,184,759,440</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>834,328,346</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>70.42%</strong></td>
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