

**COMMONWEALTH OF VIRGINIA**  
**Virginia Lottery**  
**CONTRACT**

CONTRACT NUMBER: ..... PA0001009

TITLE: ..... **Access Control & Alarm Systems and Maintenance**

CONTRACT TERM: ..... February 26, 2022 – February 25, 2024

ISSUED BY: ..... Virginia Lottery  
600 East Main Street  
Richmond, Virginia 23219

CONTRACTOR: ..... Lundquist Associates LTD  
610 Naval Base Road, Suite 104  
Norfolk, VA 23505  
FIN 54-1877388

PURPOSE: Contractor shall provide access control & alarm systems and maintenance for the security system at all Virginia Lottery locations in accordance with this Contract and supporting documents herein.

TOTAL AMOUNT OF CONTRACT (estimated): ..... \$81,383.68

INVOICE ADDRESS: ..... Virginia Lottery  
Attention: Accounts Payable  
600 East Main Street  
Richmond, Virginia 23219

CONTRACT OFFICER: ..... Pamela S. Mackey, 804/692-7641

ACCOUNTING DATA: ..... Cost Code: 430; Account Codes: 1275

Lundquist Associates LTD

Virginia Lottery

By: DR Lundquist  
Signature

Donald R. Lundquist

Print Name

President

2/15/2022

Title

Date

By: Pamela S. Mackey, VCO  
Signature

Pamela S. Mackey  
Print Name

Sr. Contract Officer

Title

2-15-22

Date

This is a Contract between Lundquist Associates LTD ("Contractor"), and the Virginia Lottery ("Lottery"), an agency of the Commonwealth of Virginia; both sometimes hereinafter referred to as the "Parties".

The Lottery and the Contractor agree that the terms and conditions of this Contract shall be:

- I. CONTRACT TERM:** The term of this Contract shall be from February 26, 2022 through February 25, 2024 with three (3) optional one-year renewals.
- II. SCOPE OF SERVICE:** The Contractor shall provide maintenance of the Lottery's current security system comprised of access control systems and intrusion and fire alarm systems located at four (4) locations in the metropolitan Richmond area, and at six (6) Customer Service Centers ("CSC"), located throughout Virginia as listed below. The security system, consisting of access control units from Honeywell ProWatch, automatically monitors and logs movement of persons through the system by time and date using ProWatch software. Access cards are HID cards issued by the Department of General Services ("DGS"). DGS is not linked to the Lottery's server that controls the authorized entry to a specific door at a specific time. DGS issues the cards and keeps their own card records. The Lottery controls the access permissions set up for each card giving access to Lottery space. In addition, the Lottery has panic/duress buttons with associated strobe lights and remote monitoring as well as fire alarm panels and related devices.

Lottery Locations:

Lottery Headquarters ("HQ")  
600 E. Main Street  
Richmond, VA 23219  
804/692-7000

Prize Zone West ("PZW")  
1620 E. Parham Road  
Richmond, VA 23228  
804/692-7950

CBS 6, WTVR-TV  
3301 West Broad Street  
Richmond, VA 23230  
804/868-5000

Northern Virginia  
14550 Potomac Mills Rd.  
Woodbridge, VA 22192  
703/494-1501

Shenandoah Valley  
1790-26 E. Market Street  
Harrisonburg, VA 22801  
540/433-7979

Hampton Roads  
2306-2308 W. Mercury Blvd.  
Hampton, VA 23666  
757/825-7800

Central Virginia  
Longwood Village Shopping Center  
1524 S. Main Street  
Farmville, VA 23901  
434/392-7294

Roanoke Valley  
1287 Towne Square Blvd.  
Roanoke, VA 24012  
540/561-7011

Southwest Virginia  
408 E. Main Street  
Abingdon, VA 24210  
276/676-5540

Carolina Avenue Data Center  
4683 Carolina Avenue  
Richmond, VA 23222  
804/228-7788

The above locations may change during the Contract term. Contractor shall be responsible for furnishing, installing and maintaining equipment to be installed at any new location. The Lottery and Contractor shall negotiate new equipment pricing. Also, any additional security equipment purchased by the Lottery will be included for service at the time of installation or at conclusion of any applicable warranty period.

Contractor shall provide all personnel, labor, management, tools, materials, equipment, and freight necessary to provide on call repair, service support and applicable routine preventative maintenance for all components of the Lottery's access control & alarm system and maintenance. The Contractor shall be required to repair or replace hardware upon failure and correct software problems, corrupted files, or program anomalies.

A. Current System Description

1. Access Control

- a. The Lottery is currently utilizing Honeywell's ProWatch physical access control software, version 4.4.06, running on 2016 Microsoft Window servers. Servers are maintained by the Lottery's network center and service is provided for servers running up to Windows 2019. Contractor provides for the licensing and maintenance of the ProWatch software used to define, control, and monitor physical access to all Lottery locations for five (5) concurrent clients and 128 readers maximum (including labor, parts, and travel). The Software ID for the Honeywell ProWatch system will not be provided as it is confidential to the security interests of the Lottery. Renewal costs shall be calculated by number of readers and workstations.
- b. The current system requires the presentation of an encoded card to a card reader, allowing valid card holders, who are authorized for entry to a specific door at a specific time, access.

2. Alarm System

- a. The current system provides for silent alerts and automatic notification of unauthorized access into doors, buildings, and facilities. These are monitored via phone lines and do not have interactive services via



an app. The models or manufacturers of the alarm system are as follows: DSC PC 4020, Vista 20P, Vista 128FBPT, Vista 32FBP.

- B. Existing Equipment. A Lottery equipment list is attached for reference.

## **ACCESS CONTROL & ALARM SYSTEMS**

### **Readers at HQ and CSCs**

Farmville - Central VA	6 readers
Hampton - Hampton Roads	3 readers
Harrisonburg - Shenandoah Valley	4 readers
Abingdon - Southwest VA	3 readers
Roanoke - Roanoke Valley	2 readers
Woodbridge - Northern VA	3 readers
PZW Richmond - Prize Zone West	5 readers
Richmond - Carolina Ave. Data Ctr.	0 readers
Richmond - WTVR CBS6	2 readers
Richmond - HQ	81 readers

### **Alarm Control Panels**

Farmville - Central VA	
<u>Security Management System:</u>	
intelligent controller	1 controller
reader board	3 boards
<u>Intrusion Detection System:</u>	
security panel/intrusion panel	1 panel
Hampton - Hampton Roads	
<u>Security Management System:</u>	
intelligent controller	1 controller
reader board	2 boards
<u>Intrusion Detection System:</u>	
security panel/intrusion panel	1 panel
Harrisonburg - Shenandoah Valley	
<u>Security Management System:</u>	
intelligent controller	1 controller
reader board	3 boards
<u>Intrusion Detection System:</u>	
security panel/intrusion panel	1 panel
Abingdon - Southwest VA	
<u>Security Management System:</u>	
intelligent controller	1 controller
reader board	2 boards
<u>Intrusion Detection System:</u>	
security panel/intrusion panel	1 panel
Roanoke - Roanoke Valley	
<u>Security Management System:</u>	
intelligent controller	1 controller



	reader board	1 board
	<u>Intrusion Detection System:</u>	
	security panel/intrusion panel	1 panel
Woodbridge - Northern VA		
	<u>Security Management System:</u>	
	intelligent controller	1 controller
	reader board	2 boards
	<u>Intrusion Detection System:</u>	
	security panel/intrusion panel	1 panel
PZW Richmond - Prize Zone West		
	<u>Security Management System:</u>	
	intelligent controller	1 controller
	reader board	3 boards
	<u>Intrusion Detection System:</u>	
	security panel/intrusion panel	1 panel
Richmond - Carolina Avenue Data Center		
	Contractor shall not be responsible for security management or intrusion detection systems.	
Richmond - WTVR CBS6		
	<u>Security Management System:</u>	
	intelligent controller	1 controller
	reader board	0 board
	<u>Intrusion Detection System:</u>	
	security panel/intrusion panel	1 panel
Richmond - HQ		
	<u>Security Management System:</u>	
	intelligent controller	9 controllers
	reader board	41 boards
	<u>Intrusion Detection System:</u>	
	security panel/intrusion panel	1 panel*
	(*Contractor shall not be responsible for this panel)	

### **Panic/Duress Buttons and Blue Strobe Lights**

Farmville - Central VA	3 buttons, 0 lights
Hampton - Hampton Roads	3 buttons, 3 lights
Harrisonburg - Shenandoah Valley	3 buttons, 2 lights
Abingdon - Southwest VA	1 button, 2 lights
Roanoke - Roanoke Valley	1 button, 2 lights
Woodbridge - Northern VA	3 buttons, 3 lights
PZW Richmond - Prize Zone West	1 button, 2 lights
Richmond - Carolina Ave. Data Ctr.	Contractor not responsible
Richmond - WTVR CBS6	Contractor not responsible
Richmond - HQ	Contractor not responsible

### **Fire Monitoring (monitored by phone lines) and Red Strobe Lights**

Note: There are no records of standalone fire alarm panels that dial out using the security panels to the central station. WTVR CBS6 and Roanoke dial out to a separate account the current

Contractor does not monitor. These two (2) locations have building controlled fire alarm systems. All standalone fire alarm panels are serviced by other vendors.

Farmville - Central VA	2 lights
Hampton - Hampton Roads	11 lights (7 lights + 4 lights w/horn)
Harrisonburg - Shenandoah Valley	2 lights
Abingdon - Southwest VA	2 lights
Roanoke - Roanoke Valley	2 lights
Woodbridge - Northern VA	5 lights
PZW Richmond - Prize Zone West	0 lights
Richmond - Carolina Ave. Data Ctr.	Contractor not responsible
Richmond - WTVR CBS6	Contractor not responsible
Richmond - HQ	Contractor not responsible

#### **Motion Detectors**

Farmville - Central VA	7 detectors
Hampton - Hampton Roads	4 detectors
Harrisonburg - Shenandoah Valley	5 detectors
Abingdon - Southwest VA	5 detectors
Roanoke - Roanoke Valley	4 detectors
Woodbridge - Northern VA	7 detectors
PZW Richmond - Prize Zone West	7 detectors
Richmond - Carolina Ave. Data Ctr.	0 detectors
Richmond - WTVR CBS6	1 detector
Richmond - HQ	0 detectors

#### **Glass Breakage Alarms and White Strobe Lights**

Farmville - Central VA	0 lights
Hampton - Hampton Roads	4 lights
Harrisonburg - Shenandoah Valley	0 lights
Abingdon - Southwest VA	0 lights
Roanoke - Roanoke Valley	8 lights
Woodbridge - Northern VA	4 lights
PZW Richmond - Prize Zone West	0 lights
Richmond - Carolina Ave. Data Ctr.	Contractor not responsible
Richmond - WTVR CBS6	Contractor not responsible
Richmond - HQ	Contractor not responsible

#### **Heat Detectors**

Farmville - Central VA	7 detectors
Hampton - Hampton Roads	0 detectors
Harrisonburg - Shenandoah Valley	4 detectors
Abingdon - Southwest VA	11 detectors
Roanoke - Roanoke Valley	0 detectors
Woodbridge - Northern VA	0 detectors
PZW Richmond - Prize Zone West	Contractor not responsible
Richmond - Carolina Ave. Data Ctr.	Contractor not responsible

C. **LOT I. ACCESS CONTROL & ALARM SYSTEMS AND  
MAINTENANCE**

1. Requirements

- a. Contractor shall be responsible for responding, troubleshooting, and managing the Lottery's access control and alarm systems at all locations.
- b. Contractor shall have the ability to set up, install, configure, maintain, manage, and update current and new access readers and alarm components to the Lottery's system.
- c. Contractor shall have the ability to perform any remote software upgrades, firmware upgrades and security patches on the Honeywell's ProWatch physical access control software at all locations.
- d. Contractor shall coordinate with Lottery personnel prior to performing any remote software upgrades, firmware upgrades and security patches on Honeywell's ProWatch physical access control software at all locations.
- e. Contractor shall have the ability to provide reports on a monthly and quarterly basis. These reports shall include information relating to the overall performance of the access control & alarm systems. In the event of a system issue, report shall outline course of events, steps taken to troubleshoot, and steps taken to resolve the issue. These reports could be requested to be provided via email, hard copy, or presentation format.
- f. During the Contract term, the Lottery shall welcome suggestions from the Contractor for improving performance, picture quality and reporting currently utilized.

2. Manage/Replace Requirements

- a. Contractor has provided proof of certification or specialized training to sell and service/maintain Pro-Watch software systems. Contractor shall maintain certifications or specialized training refreshers for each technician for the entire term of the Contract and subsequent renewal options exercised at the sole discretion of the Lottery.
- b. Contractor shall be responsible for becoming familiar with the types of existing Lottery IT equipment and connections.



- c. Contractors are encouraged to subcontract with other contractors with the understanding that they, as the Contractor signing the Contract, shall serve as prime contractor and shall be solely responsible for all work performed.
- d. The Contractor shall contact the designated Lottery representative to confirm a date and time for maintenance visits, which shall be the least disruptive to day-to-day operations and the integrity of existing building security.
- e. If needed for any CSC relocations or upgrades to equipment, Contractor shall obtain and pay for all necessary permits, permit application fees, licenses or any fees required. The Contractor shall comply with all laws, ordinances, regulations and building code requirements applicable to the work. With the Lottery's CSCs being in several different cities/counties, the Contractor is presumed to be familiar with all state and local laws, ordinances, code rules and regulations that may in any way affect the work. Ignorance on the part of the Contractor shall in no way relieve them of responsibility.
- f. The Pro-Watch software currently in use defines, controls, and continuously monitors physical access to all Lottery locations for a maximum of five (5) concurrent clients and 128 readers. This security software package shall continue to be accessed through a Pro-Watch application on a desktop computer.
- g. Continuous monitoring of physical access shall occur on a seven (7) day per week, 24 hour per day basis, including state holidays and shall consist of notifying police and a Lottery designee if an alarm is activated at any of the Contractor monitored Lottery locations. Alarm activation should include, but not be limited to, silent alerts, attempted access to locked doors, windows or dock lift doors, fire alarm activation, glass breakage, and motion and heat detectors located inside the building.
- h. Any newly installed card readers shall be installed at heights to be in compliance with the American with Disabilities Act ("ADA") requirements. Any additional readers or changes to reader locations shall be coordinated and approved by a Lottery designee.
- i. The Lottery will determine fail-safe (doors automatically unlock) or fail-secure (doors automatically lock) for any newly installed card readers. The card readers on the doors at HQ are not installed on emergency circuits. In the event of a

power loss, the doors are fail-safe (doors automatically unlock). Card readers on the doors at the CSC locations need to be fail-secure (doors automatically lock) in the event of a power loss.

- j. CSC card readers shall allow for deactivation of the alarm system and reactivation upon departure. Lottery Security remotely controls the card readers for the purpose of opening and/or securing areas.
- k. Any electrical deficiencies related to the Lottery's security system in any of the locations shall be the responsibility of the Contractor to upgrade. The Lottery is not aware of any electrical deficiencies in any of the locations, but if deficiencies exist, the Contractor shall be responsible for upgrading them.
- l. Contractor shall make repairs/restoration to finishes and building elements if damaged by requested system upgrade/installation.
- m. Lottery shall have the capability to run reports in reference to location access history.

### 3. Testing and Inspection

- a. If new equipment is installed during the Contract term, Contractor shall demonstrate new equipment at each location in the presence of a Lottery contact. All necessary programming must be operational to consider the system complete and functioning.
- b. After demonstration, the system shall be subject to a 15-day testing period by the Lottery. Contractor equipment which is found to not meet specifications or other requirements may be rejected and require replacement by the Contractor. Unless otherwise notified or mutually agreed, acceptance shall become effective at the end of the 15-day testing period.
- c. If Contractor equipment is rejected and requires replacement because it is found to not meet specifications or other requirements, a new 15-day testing period may or may not be initiated. The Lottery and the Contractor shall come to an agreement regarding whether a new testing period is necessary depending on the severity of the replacement. The decision shall be documented in writing and added to the resulting Contract file.

### 4. Training

- a. Contractor shall be responsible for all training of Lottery personnel in the proper operation of newly

- installed equipment at each location, if necessary.
- b. All training shall be at no cost to the Lottery and include all related materials and documentation.
- c. The Lottery is flexible regarding how training shall be conducted by the Contractor (e.g., face-to-face, webinar, etc.).

5. Warranty

- a. One (1) year warranty on parts and labor is required, in addition to providing an unconditional warranty covering parts and labor needed to repair any defective equipment.
- b. Contractor warranty shall commence on the date of final acceptance of each newly installed card reader location, etc.
- c. Contractor shall resolve issues pertaining to warrantied parts, service, and support directly with the manufacturer. The Lottery will not be referred to a third-party vendor.

6. Annual Inventory List

- a. Contractor shall provide an annual inventory list to the Contract Administrator. The inventory list shall include additional items installed by the Contractor after provision of the previous list. Documentation shall include equipment status, such as if under warranty or under maintenance Contract. Deleted items shall be removed from the inventory list, in addition to, being removed from the maintenance Contract. Frequent equipment installations may require repeated inventory list submissions.

7. Preventative Maintenance, Repairs and Excessive Downtime

- a. Preventative Maintenance
  - 1) Contractor shall inspect equipment located at all Lottery locations a minimum of three (3) times per year. Inspections shall include cleaning and testing of the equipment for the panic/duress buttons & strobe lights in addition to any other strobe lights present (e.g., fire, glass, etc.). All testing of these capabilities shall be coordinated with Lottery Security and local authorities, if necessary.
  - 2) Parts shall be replaced, without additional charge, that have been broken or worn as a



result of normal use and which are necessary for machine servicing and maintenance adjustments. Active components (electrically powered or driven), and non-electric door hardware shall be individually identified and covered under this Contract.

- 3) All batteries shall be replaced every two (2) years at no additional cost to the Lottery unless discovered as deficient at time of inspection.
- 4) A written report of the results of each preventative maintenance visit shall be provided to the Lottery designee.
- 5) Contractor shall provide all patches, fixes, revisions, updates, upgrades, and minor releases to both the software and its supporting documentation for the entire term of the Contract and subsequent renewal options exercised at the sole discretion of the Lottery.

b. Repairs (Service Calls)

- 1) Contractor shall respond to service calls as required by the Lottery on a seven (7) days per week, 24 hours per day basis, including state holidays. For Richmond locations, on-site response time for standard service calls (equipment and software) shall be within four (4) hours following initial notification. For CSC locations, on-site response time for standard service calls (equipment and software) shall be within 24 hours following initial notification.
- 2) Service shall be performed by a trained staff.
- 3) Contractor shall provide a flat hourly rate for labor. This rate shall be all inclusive of travel, per diem, mileage, overtime, incidentals, parts delivery, environmental fees, fuel, or other miscellaneous surcharges.
- 4) The cost of repair parts or other additional costs shall be approved in writing by the Lottery prior to repairs being made.
- 5) The Lottery shall be billed per maintenance /service call.
- 6) No additional charges shall be incurred by the Lottery in the event a service call is placed, but it is determined that no problem existed with the equipment.
- 7) Repairs required due to accident, misuse, abuse, neglect, theft, acts of God, lightening, vandalism, electrical power failure, fire, water, or other

casualty, and repairs made necessary by service performed by personnel other than those of the Contractor are not included in the annual maintenance price but shall be billed at the time and materials rate indicated in the Pricing Schedule.

- 8) Contractor shall only respond to service call requests from the Lottery Contract Administrator and/or designated Lottery personnel at the CSCs.
- 9) No modifications to the equipment except those specified and submitted in writing by the Technical Service Department after receiving written approval from the Lottery Contract Administrator shall be initiated.

8. Excessive Downtime

- a. Equipment and/or software furnished during the Contract term shall be capable of continuous operation. Should the equipment or software become inoperable for a period of more than 24 hours, the Contractor agrees to pro-rate maintenance charges to account for each full day of inoperability. The period of inoperability shall commence upon initial notification. In the event equipment and/or software furnished during the Contract remains inoperable for more than three (3) consecutive calendar days, the Contractor shall promptly replace the equipment or software at no charge upon request of the Lottery. Such replacement shall be with new, unused product(s) of comparable quality, and must be installed and operational within two (2) days following the request for replacement. Should equipment and/or software furnished prior to the Contract term be replaced, the Lottery shall be invoiced for the cost of the parts.

9. Disaster Recovery Plan

- a. In the event of short-term power loss at the CSC's, CBS6 or HQ, security monitoring shall be accomplished according to the respective system. As far as operational functionality, both the access control system and security system have battery backups to ensure normal operation of both systems for a few hours.
- b. Access Control:

- 1) Battery backup is rated at 7 amp/hrs., but the actual length of battery life shall depend on how many doors are assigned to each panel and how much traffic goes through the doors. Hardware devices such as door strikes (locking devices) and Request to Exit ("RTE") motion detectors have a separate power supply than the control panels, ensuring the maximum system "on line" time as possible.
  - 2) After the batteries can no longer sustain the system, at the CSCs, all the doors are rated fail secure. They shall remain locked and can be unlocked with a key as applicable. If the hardware device power supply batteries run low before the panel batteries do, the card readers shall appear to be functioning properly, but the doors shall not unlock. At HQ, some of the doors are fail safe. They shall be come unlocked when the batteries run low.
  - 3) Communications between HQ and the other locations shall remain intact if the network continues to function. In the event the network fails, each panel shall send all the events that occurred during the disconnect period to the server at HQ.
- c. Security: Battery backup is rated at 7 amp/hrs. The security systems are programmed to send notification to the monitoring station when power is lost, and it is operating on batteries. Battery life shall depend on how many security devices are installed, and how much traffic there is in the area. Even when not armed, the system sensors shall function. When batteries run low, the security system shall be non-functional and cannot communicate with the monitoring station.
  - d. The intrusion alarms and fire alarms also have battery backup which provides alarm monitoring in the two (2) – six (6) hour range. The intrusion system shall display and report power loss as well as low battery alarms.

#### D. Access to Lottery Resources

The following controls shall be adhered to when remotely accessing the Lottery network or working onsite:



### Common Rules for Lottery Network Access

1. Contractor shall not use personal devices to connect to Lottery resources. Only Lottery-owned devices or devices owned by the Contractor's company shall be utilized.
2. As appropriate for the type of device, Contractor-owned devices shall contain active firewall, and antivirus updated with the latest signatures before connecting to the Lottery's network.
3. The Contractor-owned device shall contain the latest operating system version with the following exceptions:
  - a. If the Contractor's IT department has not completed testing of the latest version, an earlier version may be used.
  - b. The Contractor shall not use a device unpatched for more than 90 days to connect to the Lottery's network (assuming a patch was issued within the last 90 days).
  - c. If the device's Operating System company (e.g. Microsoft, Apple) has issued a critical patch, the Contractor shall install that patch within two (2) weeks unless the OS company retracts the patch.
4. Lottery IT resource access shall be structured in such a way that Contractors can only access the specific system(s) for which they are responsible.
5. Contractor shall utilize only Lottery ITSC approved methods for remote access (e.g. RSA/VPN).

### Installing Updates and Fixes

1. The Contractor shall receive approval from the Contract Administrator prior to installing updates or fixes to the system.
2. Prior to granting approval, the Contract Administrator shall open a Heat to log the issue and contact the Network Center to obtain the current OS and database patch levels. The Contract Administrator shall provide this information to the Contractor as part of the approval process. Alternatively, the Contract Administrator may arrange for Network Center staff to directly contact the Contractor to discuss the system configuration.
3. Lottery human intervention is required for Contractor remote access. This may take the form of the Lottery maintaining

possession of the RSA SecurID token or other measures deemed appropriate by the ITSC or Information Technology Services department. At present, RSA SecurID tokens are utilized, and the Contractor will contact Lottery Data Center Operations to receive the token code for remote access once approval has been granted by the Contract Administrator.

4. Actions taken shall be logged using a system journal, log file, or other means such as a "jump box".

### **III. SPECIAL TERMS AND CONDITIONS:**

#### **A. ADVERTISING:**

When a Contract is awarded for supplies, equipment, or services, no indication of such sales or services to the Lottery shall be used in product literature or advertising without the Lottery Executive Director's prior written approval. The Contractor shall not state in any of its advertising or product literature that the Lottery has purchased or uses its products or services.

#### **B. AUDIT:**

The Contractor shall retain all books, records, and other documents relative to this Contract for five (5) 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. 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 upon 60 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.

#### **D. 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 effect 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.

E. **DISCOUNTS, PROMPT PAYMENT:**

Discounts for prompt payment will be shown on the Contract and taken if invoices are processed and payment made within the stipulated time frame. If discounts are not offered, payment shall be made 30 days after receipt of an accurate invoice by the Lottery's Accounts Payable Department.

F. **INDEMNIFICATION:**

Contractor agrees to indemnify and hold harmless the Commonwealth, the Lottery, their officers, directors, agents and employees (collectively, "Commonwealth's Indemnified Parties") from and against any and all losses, damages, claims, demands, proceedings, suits and actions, including any related liabilities, obligations, losses, damages, assessments, fines, penalties (whether criminal or civil), judgments, settlements, expenses (including attorneys' and accountants' fees and disbursements) and costs (each, a "Claim" and collectively, "Claims"), incurred by, borne by or asserted against any of Commonwealth's Indemnified Parties to the extent such Claims in any way relate to, arise out of or result from: (i) any intentional or willful conduct or negligence of any employee, agent, or subcontractor of the Contractor, (ii) any act or omission of any employee, agent, or subcontractor of the Contractor, (iii) breach of any representation, warranty or covenant of the Contractor contained herein, (iv) any defect in the Contractor-provided products or services, or (v) any actual or alleged infringement or misappropriation of any third party's



intellectual property rights by any of the Contractor-provided products or services. Selection and approval of counsel and approval of any settlement shall be accomplished in accordance with all applicable laws, rules and regulations. For state agencies, the applicable laws include §§ 2.2-510 and 2.2-514 of the *Code of Virginia*. In all cases involving the Commonwealth or state agencies, the selection and approval of counsel and approval of any settlement shall be satisfactory to the Commonwealth.

In the event that a Claim is commenced against any of Commonwealth's Indemnified Parties alleging that use of the Contractor-provided products or services, including any components thereof, or that the Contractor's performance or delivery of any product or service under this Contract infringes any third party's intellectual property rights and the Contractor is of the opinion that the allegations in such Claim in whole or in part are not covered by this indemnification provision, Contractor shall immediately notify the Lottery in writing, via certified mail, specifying to what extent the Contractor believes it is obligated to defend and indemnify under the terms and conditions of this Contract. The Contractor shall in such event protect the interests of the Commonwealth's Indemnified Parties and secure a continuance to permit the Lottery to appear and defend their interests in cooperation with the Contractor as is appropriate, including any jurisdictional defenses the Lottery may have.

In the event of a Claim pursuant to any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Contractor-provided Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or Contractor's performance, and in addition to all other obligations of the Contractor in this Section, the Contractor shall at its expense, either (a) procure for all Authorized Users the right to continue use of such infringing Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or any component thereof; or (b) replace or modify such infringing Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or any component thereof, with non-infringing Deliverables, Products, Software, Services, Solution or Solution Component(s), Application and Licensed Services, as applicable, satisfactory to the Lottery. And in addition, the Contractor shall provide any the Lottery with a comparable temporary replacement products and/or services or reimburse the Lottery for the reasonable costs incurred by the Lottery in obtaining an alternative product or service, in the event the Lottery cannot use the affected Deliverable, Product, Software, Services, Solution or Solution Component(s), Application and

Licensed Services, as applicable, or any component thereof. If the Contractor cannot accomplish any of the foregoing within a reasonable time and at commercially reasonable rates, then the Contractor shall accept the return of the infringing Deliverables, Products, Software, Services, Solution, Solution Component, Application and Licensed Services, as applicable, or any component thereof, along with any other components rendered unusable by the Lottery as a result of the infringing component, and refund the price paid to the Contractor for such components.

G. **INSPECTION OF JOB SITE:**

Contractor has inspected the job sites and is aware of the conditions under which the work must be accomplished.

H. **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.

I. **MAINTENANCE:**

Upon expiration of the specified warranty period, the Contractor shall provide one (1) additional one-year period of on-site maintenance (including labor, parts, and travel) at the prices set forth in the pricing schedule. Maintenance shall not include external electrical work, providing supplies, and adding or removing accessories not provided for in the Contract. Maintenance shall also not include repairs of damage resulting from: acts of God, transportation between state locations, negligence by state personnel, or other causes not related to ordinary use in the production environment in which installed.

J. **NEW EQUIPMENT:**

Unless otherwise expressly stated, any equipment furnished under the Contract shall be new, unused equipment.

K. **NOTICE OF MATERIAL LEGAL DISPUTE:**

Contractor shall notify the Lottery of its involvement in any legal dispute that is or may become material to this Contract. Contractor shall provide the Lottery with pertinent, non-privileged details upon request.



L. **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 \$10,000 for a period of three (3) years.
4. **Re-procurement of Goods and Services:**  
In addition to a Contractor's ineligibility for award of programs over \$10,000, 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 (3) year ineligibility based on the default regardless as to when the re-procurement cost is paid.

5. **Number of Complaints:**
  - a) For Term Contracts: if the Contractor has received three (3) 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 (3) 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 re-solicited 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 (3) or more complaints within a period of one (1) 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 \$10,000 for a period of one (1) year after the issuance of the third Contractor Complaint Form. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.

M. **PREVENTIVE MAINTENANCE:**

The Contractor shall provide necessary preventive maintenance, required testing and inspection, calibration and/or other work necessary to maintain the equipment in complete operational condition during the warranty period. A written report of the results of each preventative maintenance visit shall be provided to the Lottery upon visit completion.

N. **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.

O. **PRODUCT AVAILABILITY/SUBSTITUTION:**

Substitution of a product and/or software, brand or manufacturer after the award of Contract is expressly prohibited unless approved in writing by the Contract Officer. The Lottery may, at its discretion, require the Contractor to provide a substitute item of equivalent or better quality subject to the approval of the Contract Officer, for a price no greater than the Contract price, if the product for which the Contract was awarded becomes unavailable to the Contractor.

P. **QUANTITIES:**

Current quantities of readers, alarm control panels, etc. may change during the term of the Contract. The Lottery may wish to

have the Contractor install additional equipment or remove equipment.

**Q. 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.

**R. RENEWAL OF CONTRACT:**

This Contract may be renewed by the Lottery for three (3) successive one-year periods under the terms and conditions of the original Contract except as stated in 1. and 2. below. Price increases/decreases may be negotiated only at the time of renewal. Written notice of the Lottery's intention to renew shall be given approximately 90 days prior to the expiration date of each Contract period.

1. If the Lottery elects to exercise the option to renew the Contract for an additional one-year period, the Contract price(s) for the additional one year shall not exceed the Contract price(s) of the original Contract increased/decreased by more than the percentage increase/decrease of the "Other Services" category, Series ID CWUR0000SAS367 of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.
2. If during any subsequent renewal periods, the Lottery elects to exercise the option to renew the Contract, the Contract price(s) for the subsequent renewal period shall not exceed the Contract price(s) of the previous renewal period increased/decreased by more than the percentage increase/decrease of the "Other Services" category, Series ID CWUR0000SAS367 of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest 12 months for which statistics are available.

**S. SECURITY CLEARANCE – VIRGINIA LOTTERY:**

All Contractor personnel, entering Main Street Centre, are required to obtain security clearance prior to their arrival at the work site.



For information on the clearance process, call Lottery Security at 804-692-7226. Failure to obtain the necessary security clearance will result in access to the building being denied.

The Lottery strongly encourages the Contractor to seek security clearance from Lottery Security in a timely manner once a Contract has been extended. It may take five (5) – ten (10) days to receive security clearance for all the workers prior to their arrival.

T. **SECURITY LICENSE:**

In accordance with § 9.1-139 of the *Code of Virginia* (1950), the Offeror shall be licensed by the Department of Criminal Justice Services for solicitations which include the following work: installation, service, maintenance, or design of security equipment; security officer service; and/or private investigator service. Licenses must be obtained prior to submitting a proposal. The Offeror shall place their license number in the space provided below:

**Private Security Services Business License Number: 11-2019**

For assistance, Offerors may contact the Department of Criminal Justice Services at 804-786-0460.

U. **SMALL, WOMEN- AND MINORITY-OWNED (SWaM-OWNED) BUSINESS SUBCONTRACTING AND EVIDENCE OF COMPLIANCE:**

There will be no subcontracting to SWaM businesses for the performance of this Contract.

V. **SOFTWARE UPGRADES:**

The Lottery shall be entitled to all upgraded versions of the software/firmware covered in the Contract that becomes available from the Contractor and provide all patches, fixes, revisions, updates, and minor releases to the software.

W. **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.

X. **WARRANTY:**

All materials and new equipment shall be fully guaranteed against defects in material and workmanship for a period of one (1) year



following date of delivery. Should any defect be noted by the Lottery, the Purchasing Office will notify the Contractor of such defect or non-conformance. Notification will state either (1) that the Contractor shall replace or correct, or (2) the Lottery does not require replacement or correction, but an equitable adjustment to the Contract price will be negotiated. If the Contractor is required to correct or replace, it shall be at no cost to the Lottery and shall be subject to all provisions of this clause to the same extent as materials initially delivered. If the Contractor fails or refuses to replace or correct the deficiency, the Lottery may have the materials corrected or replaced with similar items and charge the Contractor the costs occasioned thereby or obtain an equitable adjustment in the Contract price.

Y. **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*.

Z. **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 may be required to sign a Confidentiality statement.

AA. **EXCESSIVE DOWNTIME:**

Equipment or software furnished under the Contract shall be capable of continuous operation. Should the equipment or software become inoperable for a period of more than 24 hours, the Contractor agrees to pro-rate maintenance charges to account for each full day of inoperability. The period of inoperability shall commence upon initial notification. In the event the equipment or software remains inoperable for more than three (3) consecutive calendar days, the Contractor shall promptly replace the equipment or software at no charge upon request of the Lottery. Such replacement shall be with new, unused product(s) of comparable quality, and must be installed and operational within two (2) days following the request for replacement.

**BB. QUALIFIED REPAIR PERSONNEL:**

All warranty or maintenance services to be performed on the items specified in this Contract as well as any associated hardware or software shall be performed by qualified technicians properly authorized by the manufacturer to perform such services. The Lottery reserves the right to require proof of certification at any time during the term of the Contract.

**CC. RELOCATION OF EQUIPMENT:**

Should it become necessary to move equipment covered by the Contract to another location, the Lottery reserves the right to do so at its own expense. If Contractor supervision is required, the Lottery will provide prior written notice of the move at least 30 days in advance, in which case the Contractor shall provide the required services and be reasonably compensated by the Lottery. Both the compensation to be paid and any adjustment to the maintenance terms resulting from the move shall be as mutually agreed between the parties. Regular maintenance charges shall be suspended on the day the equipment is dismantled and resume once the equipment is again certified ready for operational use.

**DD. REPAIR PARTS:**

In the event that the performance of maintenance services under the Contract results in a need to replace defective parts, such items may only be replaced by new parts. In no instance shall the Contractor be permitted to replace defective items with refurbished, remanufactured, or surplus items without prior written authorization of the Lottery.

**EE. SERVICE REPORTS:**

Upon completion of any maintenance call, the Contractor shall provide the Lottery with a signed service report that includes, at a minimum: date of repair, a general statement as to the problem, action taken, any materials or parts furnished or used, and the number of hours required to complete the repairs.

**IV. GENERAL TERMS AND CONDITIONS:**

**A. ANTI-DISCRIMINATION:**

Contractors 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. **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.

C. **APPLICABLE LAWS AND COURTS:**

This 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.

D. **ASSIGNMENT OF CONTRACT:**

A Contract shall not be assignable by the Contractor in whole or in part without the written consent of the Lottery.

E. **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.

F. **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 dispute's 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.

G. **DEBARMENT STATUS:**

Contractor certifies 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 Contract, nor are they an agent of any person or entity that is currently so debarred.

H. **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.

I. **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.

J. **ETHICS IN PUBLIC CONTRACTING:**

Contractor certifies that this Contract is 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 this Contract, 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.

K. **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.

L. **INSURANCE:**

Contractor certifies 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 (3) 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.)

M. **NONDISCRIMINATION OF CONTRACTOR:**

A Contractor shall not be discriminated against in the 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.

N. **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 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 (1) 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.

O. **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.

P. **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, 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 Contract, the Special Terms and Conditions shall apply.

Q. **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.

**R. 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.

**V. METHOD OF PAYMENT AND INVOICING:**

Maintenance/service calls shall be billed per occurrence. Invoices for any newly installed equipment shall list materials by line item and labor unit costs by location. Payment will be made as invoices are submitted upon completion, testing period and acceptance of each location's install.

Invoices shall be rendered directly to:

Virginia Lottery

**Attention: Accounts Payable**

600 East Main Street

Richmond, VA 23219

or preferably, email invoices to [VLAP@valottery.com](mailto:VLAP@valottery.com).

Invoice must contain the following information:

- 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.

**VI. DISCOUNT FOR PROMPT PAYMENT:**

Discount for prompt payment at: 1%/Net 15 days

**VII. COMPENSATION:**

The Lottery and the Contractor agree to the following provisions for compensation:

**LOT I. ACCESS CONTROL & ALARM SYSTEMS AND MAINTENANCE**

**Licensing, Maintenance, and Monitoring of Physical Access Control Software**

Five (5) concurrent clients and 128 readers maximum (including labor, parts, and travel)

Licensing, Maintenance,  
And Monitoring **\$5,100.00/12 mo. period**  
**(Maintenance \$1,700.00 + Monitoring \$3,400.00)**

Software Assurance  
(upgrades that become  
available) **\$6,800.00/12 mo. period**

License cost beyond  
5 concurrent clients **\$345.00/client**

**Monthly Preventative Maintenance and Repairs at Richmond Offices and Customer Service Centers.** This is to cover currently installed equipment.

Farmville - Central VA	\$216.70/mo.
Hampton - Hampton Roads	\$171.06/mo.
Harrisonburg - Shenandoah Valley	\$249.53/mo.
Abingdon - Southwest VA	\$218.07/mo.
Roanoke - Roanoke Valley	\$218.54/mo.
Woodbridge - Northern VA	\$270.16/mo.
PZW Richmond - Prize Zone West	\$174.48/mo.
Richmond - Carolina Ave. Data Ctr.	\$N/A
Richmond - WTVR CBS6	\$147.09/mo.
Richmond - HQ	\$733.69/mo.

\$2,399.32 Monthly Grand Total  
\$2,399.32/mo. x 12 mo. = **\$28,791.84/yr.**

**Time and Materials**

Labor rate \$115.00/hr.

Replacement part costs  
- discount applied 5%

$\$5,100.00 + \$6,800.00 + \$28,791.84 = \$40,691.84$

$\$40,691.84 \times 2 \text{ years} = \$81,383.68$

**Estimated Contract Value for Two (2) Years - \$81,383.68**

**VIII. INTEGRATION OF CONTRACT:** This Contract is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding and replacing any and all prior agreements, communications, and understandings, both written and oral, regarding such subject matter. No alteration, amendment or modification of this Contractor shall be effective unless it is reduced to writing, signed by the parties and attached hereto.