



TEXAS LOTTERY COMMISSION

REQUEST FOR PROPOSALS FOR

LOTTERY OPERATIONS AND SERVICES

#362-10-0001

RESPONSES TO PROPOSERS' QUESTIONS

and

AMENDMENTS TO THE RFP

FEBRUARY 26, 2010

**REQUEST FOR PROPOSALS
FOR
LOTTERY OPERATIONS AND SERVICES
RESPONSES TO PROPOSERS' QUESTIONS**

Note to All Prospective Proposers:

The following responses include questions raised and answers provided during the pre-proposal conferences held on January 20, 2010, and February 2, 2010, and questions submitted in writing by the required deadline for the first round of written questions. In its answers to the following questions, the Texas Lottery has attempted to provide both accurate and thorough responses. Some of these answers may clarify or modify the RFP, and every Prospective Proposer is on notice of each answer's content. Answers that modify the RFP are so noted. Answers apply only to the facts as presented in each specific question.

Some questions raise issues the Texas Lottery believes are more appropriately addressed during the contract negotiation stage of this solicitation process and, in these instances, the Texas Lottery has declined to respond.

The Texas Lottery reviewed all questions submitted by the deadline, but declines to respond to some questions when the Texas Lottery believes providing the information would impair competition or otherwise harm the interests of the Texas Lottery. For example, the Texas Lottery may deny a proposer's request for specific and proprietary information about a program or strategy devised by the current Lottery Operator when the Texas Lottery believes such information represents only one possible solution to a problem and the sharing of such information would discourage innovation and lessen competition.

Some questions may state a proposition with which the Texas Lottery disagrees. The failure of the Texas Lottery to contradict the statement or otherwise respond to the question does not indicate agreement with the statement.

In some cases, the Texas Lottery is providing responses to questions which reflect current business operations. The Texas Lottery is looking for innovative thinking and solutions. Unless otherwise specified in the RFP, Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

Proposers should review all sections of the RFP along with this document to ensure a complete understanding of the requirements. Any exceptions to the RFP should be noted in the Proposal, as required under Section 2.12 of the RFP.

**PRE-PROPOSAL CONFERENCE QUESTIONS AND RESPONSES –
JANUARY 20, 2010**

- A. Would the Lottery consider changing the importance of pricing to a more acceptable level of 30 to 40 percent, which has been seen in previous Lottery RFPs?

Response: Cost was given a specific weight not in order to favor any particular vendor or class of vendors, but instead to properly and accurately communicate the importance to the Texas Lottery of a secure, reliable and robust solution. The Texas Lottery is not willing to trade its commitment to security and reliability in exchange for a bargain-basement price. At the same time, the Lottery is open to the possibility that numerous vendors are capable of providing a system that meets the Texas Lottery standards for security and reliability as long as the vendor makes a sufficient commitment to that goal. The RFP as drafted asked vendors to make that commitment and gives them the freedom to assign the necessary resources to fulfill that commitment.

- B. How was the weighting of the pricing scheme arrived upon? Was this something that the Lottery itself decided upon or was this something that the Lottery working alongside the Gartner Group came up with?

Response: In the development and review of the RFP (including the scoring matrix), the Texas Lottery senior management team had the assistance of in-house attorneys, outside counsel, the Attorney General's Office, and the Comptroller of Public Accounts, in addition to Gartner. The senior management team made all of the final decisions regarding what type of scoring methodology would be used and the weight given to the technical and cost components of the RFP.

- C. In Section 7.12, the Player Activated Sales Terminal, it talks about allowing for a debit card, who would be responsible for paying that fee for the debit card transaction? Would that be the player, the systems provider, or the Lottery?

Response: In an effort to position the agency for the future, the Texas Lottery is requesting services in this RFP that are not currently offered today. Among those services are debit card transactions. With regard to the fees and how they may be handled, that is something that the Texas Lottery would look to work with the Successful Proposer to evaluate and determine the best course of action and be positioned with regard to those technologies for the future.

**PRE-PROPOSAL CONFERENCE QUESTIONS AND RESPONSES –
FEBRUARY 2, 2010**

- D. Is it only one person from my firm that needs to go to the mandatory HSP workshop?

Response: Proposers can have as many attendees as they would like. The Texas Lottery encourages the person who will be completing the HSP, as well as anyone who might be involved in putting the proposal together, attend the mandatory HSP workshop.

- E. Does the main point of contact need to attend?

Response: That is encouraged.

- F. Section 8.7 regarding marketing materials, there is a reference to instant ticket dispensers. Please provide the specifications for those displays as well as estimated quantities.

Response: Information regarding estimated quantities of instant ticket dispensers at Texas Lottery retail locations was provided to pre-proposal attendees who signed non-disclosure statements on February 2, 2010, via e-mail.

Specifications for instant ticket dispensers can be obtained from Schafer Systems, Inc.

- G. Do you anticipate growth; and if so, what in direction wide?

Response: The Texas Lottery optimistically anticipates growth. One of the things emphasized both in the RFP and day-to-day operations is recruitment activities and expansion into new retail trade styles and environments, as well as existing trade styles.

- H. Do you have a sector of retailers that you feel you have not penetrated to a level that you should go to? In which direction do you think the growth will go?

Response: The area that the Texas Lottery would most like to see expansion, and this is an industry challenge, is into big box retail. Primarily in Texas now, our footprint is in convenience stores, grocery stores, liquor stores. It is a pretty narrow slice of the entire retail environment that exists today. The Texas Lottery believes there is a place for lottery in big box retail and we are looking to actively pursue those types of opportunities. Part of the challenge of that is working with those retail establishments to ensure that they understand that we make sense in their business environment.

- I. Table No. 65, bullet point No. 5, would the Lottery consider turning that specified option into an invited option? As a specified option, the proposer must offer an automated in-counter ticket dispenser.

Response: Please see the response for question #84.

WRITTEN QUESTIONS RECEIVED BY FEBRUARY 9, 2010 @ 4:00 P.M.

1. Is there a Program Manager for this project and if so could you provide contact information?

Response: If you are asking for a point of contact for the RFP, please refer to Section 2.1. The Lottery will assign points of contact to the Successful Proposer after Contract Award.

2. How much money has the Texas Lottery Commission allotted for this program?

Response: Please refer to Section 1.2 and Attachment K of the RFP. The estimated value of the initial term of the Contract is \$728,869,347.

3. We respectfully request that the Texas Lottery Commission please provide a listing of all Texas Online Retailers as soon as possible to all vendors interested in responding to the RFP.

While we are preparing our questions for submission per the RFP schedule, we believe the information regarding the current retailer base is a cornerstone to assembling a comprehensive and well developed plan and proposal. The geographic disbursement of retailers impacts nearly every aspect of logistic planning including facilities, telecommunications, terminal installations, and field and sales support organizations to name a few....

The RFP has done an exceptional job providing information in many key aspects of the Texas Lottery Commission's business in order to facilitate comprehensive and responsive vendor proposals. However, this area of pertinent detail is missing....

We respectfully request that the Texas Lottery Commission provide a listing of all Texas Lottery Retailers in an electronic file format such as Excel - including retailer name, location address, city, and zip code, location phone number, SIC or business type, and whether the retailer sells all lottery products or just a subset of them.

Response: Information was provided to pre-proposal attendees who signed non-disclosure statements on February 2, via e-mail.

4. Section 1.9 ; Proposals Subject to Texas Public Information Act, and 2.8.4, page numbers 5, 11-12. Could the Lottery please confirm that, besides marking "Confidential" on each page or by each paragraph containing such information, a Proposer may set forth its "specific and detailed reasons for each item marked 'Confidential,'" in a separate table to accompany its proposal, as its response to

Section 1.9? Also, could the Lottery please confirm that it will not disclose any Confidential information provided in a Proposer's response to Section 1.9, unless directed to do so by the Attorney General or a court of competent jurisdiction?

Response: Proposers may include a separate table in response to Section 1.9, in addition to marking 'Confidential' on each page or by each paragraph containing such information. Please refer to Section 1.9 regarding requests for confidential information ("... The Texas Lottery will notify a Proposer if all or part of its Proposal is requested under the Act. Failure of a Proposer to respond to such notification may result in the release of all or part of the Proposal as public information. It is the Proposer's obligation to submit briefing to the Attorney General setting forth the basis upon which the requested information should remain confidential....").

5. Section 2.10, Protest/Litigation Bond, Page 13. Would the Lottery be willing to accept a Letter of Credit as an alternative form of security for the Litigation Bond?

Response: The Texas Lottery will accept an Irrevocable Letter of Credit that complies with all the requirements in Section 2.10 of the RFP.

6. Section 3.9.4, Performance Specifications and 3.60.63, Failure to Cooperate Fully and in Good Faith in the Conversion to any New System, Page 21. RFP Section 3.9.4 states that the TLC "will withhold ten percent (10%) of all weekly payments due the last year of any Contract resulting from this RFP," and "may withhold an additional fifteen percent (15%) of weekly payments during the last year of any Contract resulting from this RFP, if the Successful Proposer fails to fully and completely perform its duties during any transition to another vendor."

We would like to respectfully note that these terms contrast with the current Contract, which provides only for a discretionary TLC withhold limited to five percent (5%) of weekly payments. Any withhold will reduce the value to the Contractor of compensation earned during the period of withholding, in addition to causing an added financial burden to the Successful Proposer, as expenses and spending increase dramatically during a conversion. As such, a Hold Back would inevitably cause each Proposer to account for such a reduction in its Price Proposal.

Response: The Texas Lottery disagrees with the stated proposition and believes the Hold Back is reasonable and necessary to avoid interruption/degradation in services during the transition between vendors.

Also, Section 3.60.63 calls for liquidated damages in the amount of \$500,000 per week (pro rata per day) in the event the Successful Proposer fails to cooperate fully and in good faith during a conversion to a new system. The same section sets forth certain specific duties that the Successful Proposer must complete as part of its good faith duty to cooperate. Due to the fact that the Lottery has a remedy available under Section 3.60.63, and the sanction set forth in Section 3.60.63 is intended to compensate the Lottery for any damages it suffers as a result of the Successful Proposer's failures, would the Lottery please consider deleting the Hold Back requirement set forth in Section 3.9.4, as it serves to compensate the Lottery twice for the same failure by the Successful Proposer?

Using the same rationale, in the event the Lottery is unwilling to delete the Hold Back provision, would the Lottery please consider deleting the sanction for failure to cooperate during a conversion, as set forth in Section 3.60.63? In the event the Lottery is unwilling to delete either the Hold Back or the sanctions set forth in Section 3.60.63, would the Lottery then consider amending Section 3.9.4 so that the Lottery shall only Hold Back 10% in the event the Successful Proposer fails to complete any of the duties set forth in Section 3.60.63 or other such conversion duties as mutually agreed to by the Parties?

In addition, would the Lottery consider revising RFP Section 3.94 by adding a term obligating the Lottery to pay interest to the Contractor at the State of Texas' legal rate on any amount withheld for the period of withholding?

The Lottery states that the Hold Back amount will be paid as soon as reasonably possible following successful completion of duties under the Contract, but no sooner than thirty (30) days thereafter. "Services will not be considered complete until transition to another vendor is successful". Successful conversion to a new vendor may never be complete, or may be significantly delayed, due to factors that are outside of the Successful Proposer's control. The Lottery has contemplated a scenario under which the new vendor's failures render conversion impractical or impossible by retaining the right to extend for up to two years (an "emergency extension") during the 90-day state of readiness period. We respectfully assert that withholding compensation from the Successful Proposer when a failure to convert to a new system is the result of a third party act is a penalty against the wrong party. Therefore, should the Lottery retain its right to Hold Back 10% during the last year of the Contract, would the Lottery please amend the RFP so that the Hold Back funds will be immediately returned to the Successful Vendor upon completion of its conversion duties, as set forth in Section 3.60.63, regardless of whether or not a conversion to a new system is complete?

In the alternative, would the Lottery please amend the RFP so that the Hold Back funds will be returned to the Successful Proposer immediately upon the Lottery notifying the Successful Proposer that it must resume its role as operator of the system pursuant to an emergency extension, as contemplated by Section 3.15.4?

The Lottery states that, at its sole discretion, it may withhold an additional 15% of weekly payments during the last year of any Contract if the Successful Proposer fails to "fully and completely perform its duties during any transition to another vendor." Once the Lottery has determined that a "successful transition" to another vendor has been completed, the Lottery will return the Hold Back to the Successful Proposer.

Will the Lottery please confirm that it will not withhold an additional 15% of weekly payments when the cause(s) of any failure by the Successful Proposer to perform its duties during any transition to another vendor is the result of third party acts or other circumstances that are outside of the Successful Proposer's control?

Response: The Texas Lottery declines to modify or amend the RFP. The Hold Back only applies to the incumbent at the end of the Contract and is intended to ensure cooperation during conversion, while sanctions are for failure to perform during the Contract period.

7. Section 3.9.4, Performance Specifications, Page 21. The Lottery states that it shall only return the Hold Back if it determines that the Successful Proposer has fully and completely performed "**all of its duties under a Contract**" resulting from this RFP and the Lottery determines that the successful transition to another vendor has been completed.

Since the Lottery has other remedies under this RFP to redress a Successful Proposer's failure to fully and completely perform its duties under a contract not related to a successful transition, would the Lottery please amend the fourth sentence of Section 3.9.4 to read as follows:

*"In the event that the Successful Proposer fully and completely performs all of its duties **during any transition to another vendor**, and the Texas Lottery determines that the successful transition to another vendor has been completed, then, upon such completion, the Texas Lottery shall pay the Hold Back to the Successful Proposer."*

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

8. Section 3.9.4, Performance Specifications, Page 21. For ordinary accounting purposes, a vendor must have an estimated date range for when it can close its books and recognize revenue for any fiscal period. RFP Section 3.9.4 sets the earliest, but not the latest, date when the Lottery will return any Hold Back funds to the Successful Proposer. Therefore, would the Lottery please consider amending this section of the RFP as follows:

"The Hold Back amount will be paid as soon as is reasonably possible following successful completion of duties under any Contract resulting from this RFP, but no sooner than thirty (30) Days from successful completion of duties and no later than ninety (90) days from the date of such successful completion."

Response: Please refer to Section 3.9.1 and Texas Government Code Ann. § 2251 et. seq. for payment requirements.

9. Section 3.15.4, State of Readiness, Page 24. RFP Section 3.15.4 authorizes the Lottery to require the Successful Proposer to resume its role as the operator of the Lottery Gaming System for up to two (2) additional years at any time during the ninety (90)-day state of readiness period. The resources needed to operate the Texas Lottery gaming system require a Successful Proposer to perform operational analyses well in advance of any such two-year extension in order to ensure that it allocates appropriate staffing levels and makes other necessary preparations to continue to meet the Successful Proposer's duties under the Contract over the extended period.

So as to provide the Successful Proposer with adequate notice of a two (2)-year extension pursuant to RFP Section 3.15.4, would the Lottery please consider amending this section by substituting the following sentence for the sentence that begins *"At any time during the ninety (90) Day period"*:

"Provided written notice is given to the Successful Proposer no later than sixty (60) days after the beginning of the ninety (90) Day period or such shorter period as may be mutually agreed upon by the parties, the Texas Lottery may require the Successful Proposer to resume its role as the operator of the Lottery Gaming System for up to two (2) additional years."

Could the Lottery please confirm its intention, consistent with the language of RFP Section 3.15.3 governing other extensions of the Contract term, that if the Lottery requires the Successful Proposer, under RFP Section 3.15.4, to resume its role as operator of the Lottery Gaming System for up to two (2) additional years, such extension shall be at a mutually agreed upon rate?

Response: Please see Amendment No. 5. The Successful Proposer shall be entitled to compensation during the renewal period at the then-current contract rate, but only for transactions processed by the Successful Proposer's System.

10. Section 3.17, Termination for Cause, Page 25-26. This provision allows the Lottery to terminate the Contract for cause *"upon no less than five (5) Days notice"* if, among other reasons, *"(i) The Successful Proposer fails to comply with any of the terms, conditions or provisions of the Contract, in any manner"*

whatsoever.” As written, these terms raise several concerns. First, entering into an agreement that allows the Lottery unfettered discretion for termination greatly increases the risk to a Successful Proposer. This risk may impact the Proposer’s ability to obtain certain bonding and insurance and may force the bidder to account for this risk in its Price Proposal. Additionally, the right to terminate is not conditioned on a performance failure being material, and, the notice period may fall short of a reasonable time to cure a performance failure.

Could the Lottery please confirm that the minimum notice period preceding a termination for cause for any of the reasons stated in this section will not be less than the minimum period reasonably needed to cure a “condition” as defined in the ten (10) subsections of RFP Section 3.17? Also, would the Lottery please amend this section by adding the word “material” after “any” in the quoted text of subsection (i) above?

Response: The Texas Lottery has reviewed this question and declines to answer the question and to modify or amend the RFP.

11. Section 3.20, No Liability Upon Termination, Page 27. This section states in relevant part that *"If any Contract entered into as a result of this RFP is terminated for any reason, the Texas Lottery and the State of Texas shall not be liable to the Successful Proposer for any damages, losses, financial obligations, breach of contract, or any other claims or amounts arising from or related to any such termination."*

Absent a compensation provision that appropriately recognizes the major capital investment required to design, manufacture or purchase component parts as needed, and implement the Lottery Gaming System, the Successful Proposer would be at significant economic risk, especially during the early years of the Contract, should the Lottery elect to terminate the Contract at Will, pursuant to RFP Section 3.16, as its significant capital investment will not have been recovered through sales through the Successful Proposer's terminals.

Since the Successful Proposer's Base System and Services compensation will be based on the agreed-upon *"percentage of Sales processed by the Successful Proposer's Lottery Gaming System"* pursuant to RFP Attachment H (Cost Proposal) rather than on separately established payments for deliverables, we respectfully request that the Lottery modify RFP Section 3.20 by adding a provision that would obligate the Lottery in the event of a termination to compensate the Contractor for its previously uncompensated labor, materials and equipment costs incurred in performing the Contract prior to the effective date of such termination, plus a fair and reasonable profit on such costs.

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

12. Section 3.21, Effect of Termination, item d, Page 27. As drafted, Section 3.21(d), requires the Successful Proposer to surrender all documents and materials related to the Works. Could the Lottery please confirm that the documents and materials required to be surrendered under this subsection are limited to those that were furnished by the Texas Lottery or first originated under the Contract, created exclusively for the Texas Lottery pursuant to the Contract, and are unique to and were paid for by the Texas Lottery?

Response: “Works” are defined as “[a]ny tangible or intangible items or things that have been or will be prepared, created, maintained, serviced or developed **by a Successful Proposer** (or such third parties as the Successful Proposer may be permitted to engage) at any time **following the effective date of the Contract, for or on behalf of TLC** under the Contract” (emphasis added).

Section 3.21(d) of the RFP states that “[t]his section shall apply to all materials made or compiled by the Successful Proposer, as well as to all materials furnished to the Successful Proposer by the Texas Lottery or by anyone else that pertain to the Works.”

Therefore, anything prepared, created, maintained, serviced or developed for or on behalf of the Texas Lottery by the Successful Proposer after the effective date of the Contract, and anything pertaining to the Works provided to the Successful Proposer, shall be returned to the Texas Lottery.

13. Section 3.21, Effect of Termination, items a, and e, Page 27. Sections 3.21 (a) and (e) have no time limit with reference to the rights that would be granted to the Texas Lottery in the event of termination or expiration of the Contract. Could the Texas Lottery please confirm that the rights granted under subsections 3.21 (a) and (e) are limited to the period that the Texas Lottery continues to operate the lottery or until a third party assumes responsibility for running the Lottery on behalf of the Texas Lottery, and that the Texas Lottery does not have a perpetual right to the permissions, licenses or source code provided under the Contract?

Response: Section 3.25.1 regarding ownership states that “the Works and Intellectual Property Rights in the Works are and **shall be owned exclusively by the Texas Lottery**, and not the Successful Proposer. The Successful Proposer specifically agrees that all Works shall be considered ‘works made for hire’ and that the Works shall, upon creation, be owned exclusively by the Texas Lottery. To the extent that the Works, under applicable law, may not be considered works made for hire, the Successful Proposer hereby agrees that the Contract resulting from this RFP **transfers, grants, conveys, assigns, and relinquishes exclusively to the Texas Lottery all right, title and interest in and to the Works**, and all Intellectual Property Rights in the Works, without the

necessity of any further consideration, and the Texas Lottery shall be entitled to obtain and hold in its own name all Intellectual Property Rights in and to the Works....”

Section 3.25.3 regarding ownership of prior rights states that “[a]ll property ... created, developed or owned by the Successful Proposer prior to the issuance of this RFP shall continue to be exclusively owned by the Successful Proposer, and the Texas Lottery shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible or intangible items solely for the purposes set forth in this RFP or resulting Contract, if any. All intellectual property relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those goods and/or services, that was created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such intellectual property is not considered Works as defined above, shall be, and is, licensed to the Texas Lottery on a nonexclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract” (emphasis added).

The foregoing assumes that the Texas Lottery is an ongoing entity charged with the responsibility for administering lottery goods and services in the State of Texas. If the Texas Lottery ceased to exist, and no other governmental agency took its place to administer such lottery goods or services, the licenses to Successful Proposer’s property would also cease.

14. Section 3.21, Effect of Termination, item e, Page 27. As drafted, Section 3.21.e of the RFP requires that, if the Contract is terminated for cause by the Texas Lottery, the Texas Lottery shall be entitled to receive delivery of the source code for all of the software necessary for operation of the Lottery Gaming System from the source code escrow established pursuant to the requirements contained in this Contract. It is consistently the case with other U.S. lotteries that a lottery may only access source code and proprietary materials from a third-party escrow agent in the event the Successful Proposer can no longer operate the system due to a specific set of circumstances.

In the event that the Texas Lottery does obtain access to the Successful Proposer’s source code or proprietary materials, could the Texas Lottery please confirm that it will not disclose the source code and/or proprietary materials to third parties, except for those subcontractors and third parties required to operate the Lottery Gaming System, and that, prior to any disclosure of the Successful Proposer’s source code or proprietary materials to such subcontractors and third parties, the

Texas Lottery will require subcontractors and third parties to enter into a non-disclosure and restriction on use agreement with the Successful Proposer that is deemed sufficient by the Successful Proposer?

Further, in the event the Successful Proposer is subsequently able to perform its obligations to the Lottery, could you please confirm that the Lottery shall be obligated to return the source code and proprietary materials to the escrow agent, unless the escrow agreement is terminated and, in such case, to the Successful Proposer.

Response: Please see the response to question #13. Any disclosure of the proprietary materials referred to in this question would be to such parties necessary for operating the Lottery Gaming System. Nondisclosure agreements would likely be necessary prior to such disclosure.

The final part of this question regarding “subsequently able to perform its obligations” is ambiguous, and therefore cannot be answered.

15. Section 3.22.9, Apparent, Prize Value of Misprinted On-Line Tickets, and 3.33.1, Indemnification Provisions, Page 28. Section 3.22.9 states that the Successful Proposer warrants and agrees to pay the apparent prize value of misprinted On-Line Tickets that do not validate as winners. The same provision expressly states that altered tickets are not misprinted tickets. There are a number of unintended consequences that may result from the enforcement of such a provision. First, with regard to misprinted tickets, the Texas Lottery Commission's Lottery Game Rules, Rule 401.304, expressly states that the liability for a void ticket is limited to a refund of the sales price of a ticket or a replacement ticket. To quote from the Rule, "Liability for void tickets, if any, limited to replacement of ticket or refund of sales price." See TAC 401.304(e)(3). Per TAC 401.301(58), a “Void ticket” includes “any ticket that is . . . printed or produced in error,” while any “Invalid ticket” is one “that fails to meet all validation requirements of the commission.”

By requiring the Successful Proposer to pay the apparent prize value of a misprinted, invalid ticket, the Lottery is attempting to legally obligate the Successful Proposer to pay damages that the Lottery itself is not legally obligated to pay and, as such, may result in a legally unenforceable penalty. Moreover, by allowing a player with an invalid or void ticket to claim an apparent prize despite applicable Lottery rules disallowing such benefit, the Lottery would be changing standard industry practices and past rules and procedures. The enforcement of this requirement involving a misprinted ticket for a multi-jurisdiction game could bankrupt the Successful Proposer's business by forcing it to be responsible for a jackpot amount that exceeds its ability to pay.

Additionally, Section 3.33.1 of the RFP states that the Successful Proposer shall indemnify the Lottery against any and all claims, demands, causes of action,

liabilities, lawsuits, losses, damages, costs, expenses and attorneys' fees which may be incurred by any actual or alleged act or omission of the Successful Proposer. This broad indemnification provision would fully protect the Lottery in the event the Lottery were required to pay a judgment to a player that resulted from a dispute over a misprinted, void and invalid ticket.

The risk associated with this provision is likely to be uninsurable in the customary commercial insurance markets and would require a specialized policy that would take months to investigate and would likely be cost prohibitive. The Successful Proposer's Cost Proposal would necessarily be affected by this risk.

As to the issue of altered tickets, over the years, it has become well established that altered tickets cannot be validated by the system and therefore prizes are not paid. Given the sophistication with which some thieves approach altering tickets, in many cases, the distinction between a misprinted ticket and an altered ticket may be difficult to determine, and in some cases impossible. The Lottery's current rule that prohibits payment on an invalid ticket acts as a deterrent to prevent misguided individuals from attempting to alter tickets.

By establishing a requirement that allows for prize payments on misprinted tickets that the system cannot validate, the Lottery is lowering the standard for those persons that may attempt to alter a ticket, while at the same time offering a new incentive for thieves to alter the ticket so that it looks like a misprint, as opposed to a valid winner. In so doing, the Lottery may unwittingly be inviting a new wave of altered tickets.

Would the Lottery please confirm that a "misprinted ticket" as the term is used in this Section, is a "ticket printed or produced in error" and therefore within the definition of a Void Ticket as set forth in Texas Administrative Code, § 401.301(58)?

Based on the foregoing, we respectfully request that the Lottery eliminate Section 3.22.9.

Response: Please see Amendment No. 6.

16. Section 3.25.1, Ownership, Page 30. As drafted, Section 3.25.1 of the RFP requires that Works and Intellectual Property Rights ("IPR") in the "Works" shall be owned exclusively by the Texas Lottery. As the Texas Lottery will recognize, "Works" may be created from "whole cloth" (i.e., as a completely new idea), or created based upon some pre-existing IPR of the Texas Lottery or Successful Proposer. As the Texas Lottery will also recognize, "Works" constitute an essential core asset, regardless of whether or not they are created by the Texas Lottery or the Successful Proposer, and regardless of whether or not the Works are created internally from "whole cloth" or created based upon the Texas Lottery's or Successful Proposer's pre-existing IPR. Finally, the Texas Lottery

will also recognize that it is essential to corporate vitality and continued success for both the Texas Lottery and Successful Proposer to preserve its essential core assets.

In view of the foregoing, would the Texas Lottery please confirm that “Works,” as defined in the Glossary of Terms of the RFP and as used throughout the RFP, only includes items that first originated under the Contract (i.e., “whole cloth”), were created exclusively for the Texas Lottery pursuant to the Contract, are unique to the Texas Lottery and were paid for by the Texas Lottery?

Response: “Works” are defined as “[a]ny tangible or intangible items or things that have been or will be prepared, created, maintained, serviced or developed by a Successful Proposer (or such third parties as the Successful Proposer may be permitted to engage) at any time following the effective date of the Contract, for or on behalf of TLC under the Contract” (emphasis added). TLC believes that this definition requires no further explanation.

17. Section 3.25.3, Ownership of Prior Rights by the Successful Proposer, Page 31. As drafted, Section 3.25.3 of the RFP states that all property created by the Successful Proposer prior to issuance of the RFP shall continue to be exclusively owned by the Successful Proposer. Could the Texas Lottery please confirm that all intellectual property created after the issuance of the RFP and prior to the execution of any Contract resulting from the RFP is also included in Section 3.25.3 and shall continue to be owned exclusively by the Successful Proposer?

Response: Section 3.25.3 regarding ownership of prior rights states that “[a]ll property ... created, developed or owned by the Successful Proposer prior to the issuance of this RFP shall continue to be exclusively owned by the Successful Proposer ... All intellectual property relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those goods and/or services, that was created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such intellectual property is not considered Works as defined above, shall be, and is, licensed to the Texas Lottery on a nonexclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract” (emphasis added).

“Works” are defined as “[a]ny tangible or intangible items or things that have been or will be prepared, created, maintained, serviced or developed by a Successful Proposer (or such third parties as the Successful Proposer may be permitted to engage) at any time following the

effective date of the Contract, for or on behalf of TLC under the Contract” (emphasis added). TLC believes that this definition requires no further explanation.

Please see Amendment No. 7, Section 3.25.3 is amended to read, in relevant part, as follows:

“... All tangible or intangible items relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those tangible or intangible items, that were created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such tangible or intangible items are...”

Therefore, any tangible or intangible items, or intellectual property therein, created by the Successful Proposer after the issuance of the RFP and prior to the effective date of the Contract would not be considered “Works” (unless included as such by subsequent agreement of the parties). However, any such items that relate to the goods and services provided for in the Contract are licensed to the Texas Lottery as set forth in the RFP in order for the Texas Lottery to continue providing its lottery services.

Additionally, could the Texas Lottery please confirm the following:

- (i) Its right to use the intellectual property relating to the goods and services set forth in the RFP or resulting Contract shall be subject to the Intellectual Property Rights held by the Successful Proposer (“Successful Proposer Intellectual Property”) or applicable third parties.

Response: Section 3.25.3 (as amended) indicates that “All tangible or intangible items relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those tangible or intangible items, that were created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such tangible or intangible items are not considered Works as defined above, shall be, and are, licensed to the Texas Lottery on a nonexclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract” (emphasis added).

Therefore, the foregoing section indicates the terms by which such tangible or intangible items, which are not considered “Works” under the Contract, are licensed to the Texas Lottery.

- (ii) Any grant of a license to the Texas Lottery to make use of Successful Proposer Intellectual Property or the Intellectual Property Rights of third

parties will be granted solely for use during the term of the Contract, and any extensions thereof.

Response: Please see the response to question #17 and 17(i).

- (iii) Any grant of a license to the Texas Lottery to make use of Successful Proposer Intellectual Property or the Intellectual Property Rights of third parties will be granted solely for use in Texas.

Response: Please see the response to question #17 and 17(i).

- (iv) Any grant of license to the Texas Lottery to make use of Successful Proposer Intellectual Property or the Intellectual Property Rights of third parties shall not include the right to sublicense.

Response: Please see the response to question #17 and 17(i).

- (v) That the Texas Lottery's right to creative derivative works from Successful Proposer Intellectual Property or the Intellectual Property Rights of third parties shall be limited only to modifying and/or creating works reasonably contemplated by the Texas Lottery and Successful Proposer under the Contract.

Response: This question is vague and ambiguous, and therefore cannot be answered.

18. Section 3.25.6, Confidentiality, Page 32. Section 3.25.6 of the RFP relates to the Successful Proposer's obligation of non-disclosure and restriction on use of the Works and the Texas Lottery information. Could the Texas Lottery please confirm that the obligations and restrictions of this section do not apply to information that:

- (i) Is or becomes published or otherwise publicly available.
- (ii) Was already known to the Successful Proposer at the time of disclosure as evidenced by documents maintained in the ordinary course of business.
- (iii) Was independently developed by the Successful Proposer without reference to the Confidential Information.
- (iv) Was lawfully obtained from a third party without breach of any agreement between the third party and the Texas Lottery.

Response: With regards to Section 3.25.6, the items noted above are consistent with the requirements of the RFP.

19. Section 3.26, Pre-Existing and Third Party Rights, Page 32. As drafted, Section 3.26.1 of the RFP requires the Successful Proposer to license to the Texas Lottery any of its pre-existing rights or third party rights that are reserved, reflected or embodied in the Works. As the Texas Lottery will recognize, the Intellectual Property Rights (“IPR”) of any party remain valuable as an essential core asset to the extent that they are minimally encumbered and thus, freely licensable.

To that end, could the Texas Lottery please confirm that the term of any license to the Texas Lottery for any pre-existing IPR, or for any IPR arising under this Contract, will inure to the benefit of the Successful Proposer, be limited to the term of the Contract, and any extensions thereof, and be solely for the purpose of carrying out the Works of any Successful Proposer IPR that may arise and be licensed to the Texas Lottery during those time periods?

Response: Section 3.26.1 states that “[t]o the extent that any pre-existing rights and/or third party rights or limitations are embodied, reserved or reflected in the Works, the Successful Proposer shall **either** (a) grant to the Texas Lottery the **irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license** to (i) use, execute, reproduce, display, perform, distribute copies of, and prepare derivative works based upon such pre-existing rights and any derivative works thereof and (ii) authorize others to do any or all of the foregoing, **or** (b) where the obtaining of worldwide rights is not reasonably practical or feasible, **provide written notice** to the Texas Lottery of such pre-existing or third party rights or limitations, **request the Texas Lottery’s approval** of such pre-existing or third party rights, **obtain a limited right and license** to use such pre-existing or third party rights on such terms as may be reasonably negotiated, **and obtain the Texas Lottery’s written approval** of such pre-existing or third party rights and the limited use of same” (emphasis added).

The Texas Lottery believes that the foregoing subparagraph adequately explains the options available in the event that pre-existing rights or third party rights/limitations are included in the Works, and that no further explanation is needed.

20. Section 3.28, Intellectual Property Search, Page 33. Will the Texas Lottery please confirm that the Successful Proposer shall not be responsible to indemnify, defend or hold the Texas Lottery harmless from any claim or allegation of infringement if a Work is developed by the Texas Lottery, or if the Texas Lottery instructs the Successful Proposer to proceed with a Work despite the results of any search conducted or any recommendation against such use provided by Successful Proposer?

Response: Section 3.26.1 states, in relevant part, that “[t]he Successful Proposer shall indemnify, defend and hold the Texas Lottery harmless from and against any and all claims, demands, regulatory proceedings and/or causes of action, and all losses, damages, and costs (including attorneys’ fees and settlement costs) arising from or relating to, directly or indirectly, any claim or assertion by any third party that the Works infringe any third party rights. **The foregoing indemnity obligation shall not apply to instances in which the Texas Lottery either** (y) exceeded the scope of the limited license that was previously obtained by the Successful Proposer and agreed to by the Texas Lottery, or (z) obtained information or materials, independent of the Successful Proposer’s involvement or creation, and provided such information or materials to the Successful Proposer for inclusion in the Works, and such information or materials were included by the Successful Proposer, in an unaltered and unmodified fashion, in the Works.”

21. Section 3.33, Indemnification, Page 35-36. RFP Section 3.33.1 states that the Successful Proposer shall indemnify the Indemnified Parties from "attorney's fees." Will the Lottery please revise Section 3.33.1 to add "reasonable" before "attorney's fees?"

RFP 3.33.2 allows the Indemnified Parties, upon giving notice to the Successful Proposer, "in good faith to pay, settle or compromise, or litigate any Claim under the belief that the Claim is well-founded, whether it is or not, without the consent or approval of the Successful Proposer." However, the RFP omits a provision offering the Successful Proposer important protection against such unilateral settlements, specifically authorizing settlement "**unless** the [Successful Proposer] protests in writing and, simultaneously with such protest deposits with the Indemnified Parties collateral satisfactory to the Indemnified Parties sufficient to pay and satisfy such claim and any penalty or interest which may accrue as a result of such protest, on such claim, demand, loss, liability, cost, charge, attorney's fee, or judgments as may result". Would the Lottery please consider revising this Section by adding the above-quoted text beginning with the highlighted word "**unless?**"

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

22. Section 3.36, Performance Bond, Section 3.36.2 and Attachment F, Page 37 and 233. The bond form provided in Attachment F states that the bond can be renewed on an annual basis. Would the Lottery be willing to amend Section 3.36.2 of the RFP to state that the Performance Bond can be renewed on an annual basis?

Response: The RFP does not prohibit the renewal of performance bonds on an annual basis.

23. Section 3.36, Performance Bond, Section 3.36.2 and Attachment F, Page 37 and 233. In accordance with the current Contract, we respectfully request that the Lottery amend Section 3.36.2 of the RFP as follows:
“However, the Surety’s non-renewal of said bond shall not be considered grounds for a claim against said bond.”

Also, we respectfully request that the following language be added to the fourth paragraph of the Sample Performance Bond:

“Such notification, by itself, shall not constitute a breach or default by _____ under the Contract between _____ and the Texas Lottery referred to hereinabove.”

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

24. Section 3.36, Performance Bond, Page 37. Would the Lottery be willing to consider reducing the amount of the Performance Bond to its current level of \$20,000,000?

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

25. Section 3.36, Performance Bond, Page 37. Would the Lottery be willing to accept a Letter of Credit as an alternative form of security in lieu of a Performance Bond?

Response: No. Texas Government Code Sec. 466.102 states: “A contract for the acquisition or provision of facilities, supplies, equipment, materials, or services related to the operation of the lottery must provide for liquidated damages and a performance bond in an amount equal to the executive director’s best available estimate of the revenue that would be lost if the contractor fails to meet deadlines specified in the contract.”

26. Section 3.36, Performance Bond and Section 3.36.2, Page 37. Sureties prohibit forfeiture language from being included in the bond form or contract. The Surety requires an opportunity to “cure the default” in lieu of strict forfeiture. Therefore, we respectfully request that the Lottery delete the last sentence in Section 3.36.2, which states:

“The bond shall be forfeited to the Texas Lottery if the Successful Proposer fails to perform as required by the Contract, pay sanctions or liquidated damages, or indemnify the Texas Lottery.”

And replace it with the following:

“If the Successful Proposer defaults in the performance of its contractual obligations, or if the Lottery incurs damages due to the Successful Proposer’s breach of its duties, the Surety shall have the option to cure the default or tender funds sufficient to pay the cost of completion, up to an amount not to exceed the penal sum of the bond. With the concurrence of the Lottery, the Surety may assume the remainder of the Contract to perform or sublet.”

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

27. Section 3.37, General Liability Insurance, Page 37. Typically, insurance policies are written on a Combined Single Limit (CSL) basis in lieu of Split limits. Would the Lottery be willing to accept evidence of \$4,000,000 CSL for Bodily Injury and Property Damage per occurrence/aggregate written on a Commercial General Liability form in lieu of the Split limits indicated in the RFP? This can be evidenced by a Commercial General Liability policy followed by an Umbrella (Excess) policy.

Response: Yes, the Texas Lottery will accept a \$4,000,000 Combined Single Limit (CSL) for Bodily Injury and Property Damage per occurrence/aggregate written on a Commercial General Liability policy with an Umbrella or Excess policy, as long as the Umbrella/Excess policy follows the General Liability form. Coverage must include products/completed operations and personal/advertising injury.

28. Section 3.37, General Liability Insurance and Attachment F, Page 37. Would the Lottery be willing to accept an industry-standard bond form in lieu of the Sample Performance Bond included in Attachment F?

Response: No.

Alternatively, general liability limits are written as a policy aggregate. If, for example, the Successful Proposer carries \$10,000,000 in limits, the per-location loss limit would be \$10,000,000. However, the total of all general liability losses cannot exceed the aggregate limit of \$10,000,000, as evidenced by a Commercial General Liability policy followed by an Umbrella (Excess) policy.

Would the Lottery be willing to accept evidence of \$10,000,000 Combined Single Limit (CSL) for Bodily Injury and Property Damage per occurrence/aggregate and remove the last sentence, which states:

“Policy shall be endorsed to include the Amendment of Aggregate Limits per location”

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

29. Section 3.41, Automobile Liability, Page 38. Would the Lottery be willing to accept evidence of \$4,000,000 Combined Single Limit for Bodily Injury and Property Damage in lieu of the Split limits outlined in Section 3.41?

Response: The Texas Lottery will accept evidence of a \$4,000,000 Combined Single Limit for Bodily Injury and Property Damage in lieu of the split limits outlined.

30. Section 3.44, Disclosure of Sanctions and Liquidated Damages, and Section 4.2.5, Performance During Last Five Years, Pages 39-40. The Lottery has requested that Proposers include a complete list of all sanctions and liquidated damages (LDs) assessed against the Proposer during the last five (5) years prior to submission of the Proposal. Would the Lottery please consider limiting the requirement to provide data on LDs and sanctions to “material” LDs and sanctions, with “material” defined for this purpose to be those sanctions and LDs in excess of \$100,000 paid by a Proposer, either in cash or in goods/services or in any combination thereof to any customer of a Proposer during any twelve (12)-month period during the five (5) years preceding submission of the Proposal?

Response: Please see Amendment No. 8. The Proposer must include in its Proposal a list of all sanctions and liquidated damages assessed against the Proposer during the last five (5) years prior to submission of the Proposal for the following: (i) a single sanctionable event under any contract, regardless of dollar amount, that occurred five (5) times or more in a rolling calendar year, or (ii) any sanction or liquidated damage assessment under any contract totaling fifty thousand dollars (\$50,000) or more.

Regarding the continuing disclosure requirement stated in Section 3.44, could the Lottery please confirm that such disclosures are required within fifteen (15) days of settlement or payment of any such sanction or liquidated damages amount?

Response: The Texas Lottery clarifies “occurrence” to mean notification within fifteen (15) days of assessment, settlement or payment, whichever is first.

Regarding the same continuing disclosure requirement, would the Lottery consider limiting the required disclosures to a Proposer’s payment(s) of liquidated damages or sanctions in excess of \$100,000?

Response: Please see response above and Amendment No. 8.

Further, could the Lottery please confirm that updates regarding sanctions and liquidated damages shall be sent to Angela Zgabay-Zgarba at the Lottery headquarters?

Response: Yes. All updates regarding sanctions and liquidated damages shall be sent to Angela Zgabay-Zgarba.

This vendor's internal document retention policies do not require that it keep detailed descriptions of goods/services that have been provided in lieu of an LD assessment or in lieu of cash. In all instances, however, this vendor maintains a record of the value of all goods and services provided in lieu of a cash payment relative to an LD assessment. Could the Lottery please confirm that, in the event a record does not exist that describes the goods/services provided in lieu of a cash payment of LDs, the Lottery will accept information as to the value of the goods/services provided, rather than a description of the goods/services themselves?

Response: The Texas Lottery will accept information as to the value of the goods/services provided.

31. Section 3.58.4, Delivery of Copies of Works, Page 45. Section 3.58.4 of the RFP requires that, where Works include computer software, the Successful Proposer shall deliver to the Texas Lottery copies of source code as well as object code of such software, and entity relationship diagrams, in addition to technical documentation sufficient for an average programmer to understand, modify, compile and execute the software.

As the Successful Proposer will manage and ensure the successful implementation of all aspects of the Lottery Gaming System and any services to be provided therewith, as the Texas Lottery will not be responsible for the implementation of the Lottery Gaming System, and as the Texas Lottery will have access to such information, if needed, under the escrow provisions of Section 3.58.5, would the Texas Lottery consider amending Section 3.58.4 to exclude the requirement that the Successful Proposer deliver to the Texas Lottery copies of source code, object code, entity relationship diagrams, or any technical documentation related to any Works that the Successful Proposer may deliver to the Texas Lottery?

Alternatively, would the Texas Lottery limit Section 3.58.4 to require that the Successful Proposer only produce the source code and object code related to Works that include computer software?

Response: The Texas Lottery has reviewed this question and declines to amend the scope of delivery requested in Section 3.58.4 absent additional explanation as to why the delivery requirements should be narrowed.

32. Section 3.58.5, Source Code Escrow Agreement, Page 45. Could the Lottery please confirm that the Successful Proposer shall deliver copies of all Works to an independent escrow agent in lieu of providing such materials directly to the Lottery, as is currently provided in Section 3.58.4?

Response: The Texas Lottery does not have enough information to respond.

33. Section 3.59, Lottery Purchase Options, Page 46. Could the Texas Lottery confirm that the Successful Proposer is not required to provide to the Texas Lottery broader rights than those the Successful Proposer has received from any third party?

Response: The Texas Lottery has reviewed this question and declines to answer.

34. 3.60, Sanctions and Remedies Schedule, Page 46. We recognize that the Lottery is entitled to obtain its bargained for performance under the forthcoming Contract and that Section 2261.101(a) of the Texas Government Code requires the Lottery to incorporate into the Contract “*a remedies schedule, a graduated sanctions schedule, or both, for breach of the contract or substandard performance under the contract.*” In establishing liquidated sums of sanctions in RFP 3.60, is it the Lottery’s purpose to provide an inducement to the Contractor to perform its obligations, and to do so in a timely fashion? If not, is inducing the Contractor to perform, and to do so on time, one of the Lottery’s purposes in establishing liquidated sums of sanctions in RFP 3.60?

Response: The Texas Lottery has reviewed the question and declines to answer.

35. Section 3.60, Sanctions and Remedies Schedule, Page 46. Section 2261(b) requires that the Lottery “*design fair and feasible standards that will hold contractors accountable for breach of contract or substandard performance under a contract without diminishing the number of able providers who are willing to contract with the state.*” The RFP does not state that the sanctions described in RFP Section 3.60 meet this requirement. Is it the Lottery’s position that each of the 60 sanctions included in RFP Section 3.60 represents a “fair and feasible standard?” If so, could the Lottery please describe, for each sanction specified in RFP 3.60.6 through 3.60.65, how it determined that each is fair and feasible?

Response: The Texas Lottery has reviewed the question and declines to answer.

36. Section 3.60, Sanctions and Remedies Schedule, Page 46. RFP Section 3.61.2(a) states that *“If the Successful Proposer does not provide or perform the requirements referred to or listed in this RFP or fulfill the obligations of the Contract, damage to the Texas Lottery will result.”* RFP 3.60 contains no similar statement. In fact, based on this Proposer’s experience in operating state lotteries, it is likely that many incidents covered by the sanctions terms of RFP 3.60 will, due to immateriality or short duration or both, cause the Lottery no damages. Is it the Lottery’s position that all performance failures subject to sanctions under RFP Section 3.60 will result in damages to the Lottery? For each performance failure specified in RFP 3.60.6 through 3.60.65, could the Lottery please explain how it has determined that such failure will cause damages to the Lottery?

Response: The Texas Lottery has reviewed the question and declines to answer.

37. Section 3.60, Sanctions and Remedies Schedule, and Section 3.61, Liquidated Damages, Page 46 and 84. RFP Section 3.61.2(b) through (d) states, with respect to the four (4) categories of performance failures included in this section, that “establishing the precise measure of damages . . . may be . . . (iii) difficult to estimate;”; that “liquidated damages assessments contained herein represent a good faith effort to quantify the damages that could reasonably be anticipated at the time of execution of the Contract”; and that “the damages set forth herein are just and reasonable.” Similar statements to those in RFP 3.61.2(b) through (d) are not included in RFP 3.60.

Could the Lottery please explain why it has not included such statements in RFP Section 3.60 regarding the 64 categories of sanctions specified in that Section? Is it the Lottery’s position that the damages resulting from each of the performance failures described in RFP Section 3.60 are difficult or impossible to estimate? Could the Lottery please explain how it determined for each category of sanctions specified in RFP Sections 3.60.6 through 3.60.65 that the damages are difficult or impossible to estimate? Is it the Lottery’s position that it has estimated the amounts of damages it would incur for each of the performance failures described in RFP 3.60.6 through 3.60.65 and that each such amount is just and reasonable?

Could the Lottery please explain, for each category of performance failures described in RFP Section 3.60.5 through 3.60.65 (i), how it developed (e.g., factors and/or formulas relied on in developing) an estimate of the damages it would suffer as a result of each such incident; and (ii) how it determined, for each category of sanctions specified in RFP Sections 3.60.6 through 3.60.65, that the amount of damages indicated represents a just and reasonable forecast of such damages? Also, has the Lottery documented the bases for its reasonable forecasts

of the amounts necessary to render just compensation for each of the damage categories in RFP Section 3.60? If so, could the Lottery please supply Proposers with the record of that documentation?

Does the Lottery agree that the damages, if any, to be assessed for each of the performance failures covered in RFP Section 3.60.5 through 3.60.65 must approximate (i.e., not exceed) its actual damages incurred, as measured as of the time of the performance failure? If not, could the Lottery please explain its position/intention with regard to the potential assessment of damages exceeding its actual damages incurred for performance failures described in RFP Sections 3.60.6 through 3.60.65?

Would the Lottery be willing to agree not to assess sanctions that are disproportionate to its actual damages, as measured at the time of a breach for each of the categories of sanctions included in RFP Section 3.60? Also, would the Lottery agree to assess sanctions that are less than the liquidated sums stated in RFP Section 3.60 when factual evidence is provided to the Lottery showing that the Lottery's actual damages are less than the liquidated sums?

Response: The Texas Lottery has reviewed these questions and declines to answer the question and to modify or amend the RFP.

38. Section 3.60, Sanctions and Remedies Schedule, Page 46. It is well established, particularly with mature lotteries, that a calculation of actual damages can be achieved with relative ease. Many state lotteries in recent years have recognized that contractual terms setting fixed sanctions/LDs may often overstate the damages lotteries actually incur for performance failures and, to avoid issues and disputes involving the potential unenforceability of such terms as illegal penalties, have agreed to terms that (i) allow the Contractor to submit evidence of the lottery's actual damages resulting from any incident subject to sanctions, (ii) require the lottery to fairly consider such evidence in determining the amount of any such damages assessment, and (iii) establish each fixed sanction as a "maximum" assessable damage.

Would the Lottery agree to adding these terms in substance to the Contract to be awarded as a result of this procurement?

Response: The Texas Lottery has reviewed the question and declines to answer.

39. Section 3.60, Sanctions and Remedies Schedule, Page 46. It is obviously important for both parties to the forthcoming Contract to have a shared understanding of the intended interpretation of all Contract terms so as to avoid potential disputes. We understand that there is no distinction in the legal

requirements for determining whether or not the sanctions and liquidated damages terms specified in RFP Sections 3.60 and 3.61 are valid and enforceable.

Does the Lottery intend for the validity and enforceability of sanctions under RFP 3.60 to be subject to any different legal standard than that for liquidated damages under RFP Section 3.61? If so, will the Lottery please identify and explain each such difference? Could the Lottery please explain its intent in separately providing for sanctions in RFP Section 3.60 and liquidated damages in RFP Section 3.61 rather than combining those terms in a single Section of the RFP?

Response: The Texas Lottery has reviewed this question and declines to answer.

40. Section 3.60, Sanctions and Remedies Schedule, Page 46. Various sanctions under RFP Section 3.60 are set at the same fixed sum whether the duration of the performance failure is one day, or only part of one day; e.g., 3.60.6, 3.60.7, and 3.60.8. Would the Lottery agree to modify those sanctions that are presently the same whether the duration of the delay is one day or less than one day such that the stated amount in each instance will be the maximum assessable sum for each day of delay, with that maximum sum to be appropriately prorated for partial days of delay?

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

41. Section 3.60, Sanctions and Remedies Schedule: - 3.60.8, 3.60.11, 3.60.23, 3.60.26, 3.60.27, 3.60.28, 3.60.32, 3.60.37, 3.60.40, 3.60.42, 3.60.43, 3.60.46, 3.60.51, 3.60.58, Page 46. The referenced categories of sanctions in RFP 3.60 exceed, in some cases dramatically, those sanctions for like categories in the current Contract. Is it the Lottery's position that its anticipated damages for each of these categories will exceed the damages it anticipated for the like categories under the current Contract? If so, could the Lottery please explain how it determined for each such category that, and what, increased damages are anticipated?

Response: The Texas Lottery has reviewed this question and declines to answer.

42. Section 3.60.34, Failure to Implement Change or Release Management Without Incident, Page 64. RFP 3.60.34 states that sanctions in the amount of \$25,000 per incident may be assessed in the event the Successful Proposer fails to implement any change or release to the Lottery Gaming System without an "incident." Could the Lottery please explain what it means by the term "incident" as used in this section?

A failure to implement any change or release to the Lottery Gaming System without incident would only result in potential damages to the Lottery if such incident impacted ticket sales. Would the Lottery agree that sanctions would be assessed only if any such incident results in a loss of ticket sales? If an incident involving a change or release to the Lottery Gaming System impacts ticket sales, there is at least one other provision of RFP Section 3.60 under which the Lottery could assess sanctions; i.e., RFP 3.61.5, On-Line Game Unavailability. Accordingly, would the Lottery be willing to delete RFP Section 3.60.34 from the RFP?

Response: Please see Amendment No. 11.

43. Section 3.60.52, Retailer Satisfaction, Page 75. RFP Section 3.60.52 specifies a sanction of \$100,000 for a Successful Proposer's "failure to meet its retailer satisfaction target as required in Section 8.4.1 or as set by the Texas Lottery."

Although RFP Section 8.4.1 contains numerous performance requirements respecting the servicing of retailers, the term "retailer satisfaction target" is not defined in the RFP. Accordingly, would the Lottery please consider deleting RFP Section 3.60.52 from the RFP?

Response: See Amendment No. 13 and 26. The Texas Lottery conducts a statewide sampling of Retailer satisfaction levels regarding service and performance. The Retailer satisfaction target is based on the question "*How would you rate the overall quality of sales service and support (for example, sales tips, merchandising strategies, general customer service, etc.) that you receive from your lottery sales representative?*"

Possible responses are on a five position scale *Excellent, Good, Fair, Poor* and *Very Poor* including the alternative response *have not received sales service from representative*. The Texas Lottery conducts Retailer Research Surveys monthly to gauge Retailer satisfaction levels on a variety of measures. Retailer satisfaction levels will be communicated to the Successful Proposer on a quarterly basis.

Current Retailer satisfaction levels consistently exceed 90% across a number of performance questions for both the Texas Lottery and the Lottery Operator. It is the Texas Lottery's expectation that Retailer satisfaction targets in the future continue to meet or exceed 90%.

44. Section 3.60.63, Failure to Cooperate Fully and in Good Faith in the Conversion to any New System, Page 82. In Section 3.60.63, the Lottery provides a list of duties the Successful Proposer must complete during a conversion, including but not limited to providing access to the telecommunications network. As access to

the telecommunications network is not a typical conversion responsibility, will the Lottery please clarify its intent for requiring the Successful Proposer to grant such access?

Response: The Texas Lottery has reviewed this question and declines to answer. Please refer to Sections 3.21, 3.56 and 10.6.

45. Section 3.60.64, Failure to Provide a Detailed Conversion Plan Within 45 Days of Contract Execution, Page 83. The header of Section 3.60.64 states “Failure to Provide a Detailed Conversion within **45 Days** of Contract Execution” (emphasis added). The text within this section, however, describes a sanction to be imposed for a failure to provide a detailed Conversion Plan within **90 days** of Contract Execution. Could the Lottery please confirm that no sanctions will be imposed unless a Successful Proposer fails to provide a detailed conversion plan within **90 days** of Contract execution?

Response: Please see Amendment No. 15. The Detailed Conversion Plan is due within 45 Days of Contract execution.

46. Section 3.60.65, Failure to Deliver According to the Final Approved Detailed Conversion Plan, Page 83. RFP Section 3.60.65 states that sanctions in the amount of \$10,000 per day may be assessed for a Successful Proposer’s failure to “deliver according to the final approved Detailed Conversion Plan.” Could the Lottery please confirm that the phrase “deliver according to” as used in this section means “comply with” or “adhere to?”

Response: The Texas Lottery does not understand the question and declines to answer.

47. Section 7.4, Table 36, Detail Requirement 24, Page 129. The RFP requires that the Successful Proposer’s system provide the ability to verify zip codes and addresses in all U.S. states and jurisdictions, as well as Canada and Mexico, and that the address validate with United States Postal Services (USPS) requirements. Is it the Lottery’s intention to require validation of current registered addresses for claimants against USPS requirements for each of these countries, or for the Successful Proposer’s system to check the validity of the combination of address information entered against USPS data sources?

Response: It is expected that the Successful Proposer’s system check the validity of the combination of address information entered against the USPS data sources.

48. Section 7.6.3, Table 46, Roles and Responsibilities 2, Page 139. The Roles and Responsibilities for Sales and Marketing System General Requirements state that the Successful Proposer is responsible for developing and implementing terminal-

oriented promotions with Lottery products that utilize coupons, free tickets, entry forms, vouchers or any other terminal or ticket stock items as required. Will entry forms be limited to special drawings that require terminals to read pre-printed bar codes?

Response: No, the type of promotions that would require the terminal to read a bar code would likely involve direct mail or printable couponing offers. However, if entry form promotions are contemplated in the context that they would be generated from the terminal and require submission via another mechanism (mail, internet, etc.), these entry forms would likely require unique coding identifiers for secure drawing purposes.

49. Section 7.11, Table 61, Detail Requirement 5, Page 146. Detail Requirement 5 under System Supported Terminal Functions requires the Lottery Gaming System to handle various media, forms, objects and optical mark codes, including i) system-generated gift cards. Is it the Lottery's intention for physical gift cards to be generated and created through the Successful Proposer's terminals?

Response: No, it is not the Texas Lottery's intention for the physical gift cards to be generated and created through the Successful Proposer's terminal. It is intended that the terminal be capable of activating and/or loading value to the gift cards.

50. Section 7.11, Table 61, Detail Requirement 15, Page 148. The Lottery requires the Successful Proposer to potentially secure a license for the use of intellectual property from a competitor. We believe that the Lottery is in a much better position than the Successful Proposer to secure any license with terms in the best interest of the Lottery. For this reason, we respectfully request that the Lottery consider removing this requirement.

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

51. Section 7.11, Table 61, Detail Requirement 25, Page 149. The RFP states that the Retailer Sales Terminal must provide the ability to receive content from a centralized content management system, which is provided, maintained, and administered by the Successful Proposer. Could the Lottery please clarify whether or not it will be responsible for providing the approved content that will be sent to the sales terminal?

Response: The Texas Lottery will be responsible for approving all final content developed for distribution via the content management system to the Retailer sales terminals. However, it is the responsibility of the Proposer to coordinate the development of the packaged content which will come from a variety of sources: lottery messaging developed directly with the Texas Lottery and/or its advertising vendors, store-specific

messaging developed in coordination with Retailer chains or groups of Retailers, and added value content (news, etc.) contemplated in this section.

Through the Retailer Sales Terminal or attached video displays, the content management system shall stream content and information that includes but is not limited to: local news feeds, local sports scores, local weather, retailer specials, Texas Lottery-provided content, etc. Would the Lottery be willing to provide the parameters that will be established to determine “local” boundaries?

Response: The Texas Lottery is interested in the Proposer providing the most localized coverage that can be offered related to the Proposer’s provision of services to develop and distribute this added value content. At a minimum, the Texas Lottery would like to regionalize content based on the twenty (20) Designated Market Areas of the State, but would consider other alternatives proposed.

52. Section 7.12, Table 64, Detail Requirement 11, Page 151. In the RFP, Detail Requirement 11 of Section 7.12 states:

“The Successful Proposer must provide all thermal paper for the printing of On-Line tickets from the sales Terminals. The thermal paper must be front- and back-coated and able to withstand a temperature of up to 180 degrees Fahrenheit.”

This Proposer has worked with thermal paper suppliers and its printer manufacturer to develop non-top-coated thermal paper solutions. This non-top-coated grade meets or exceeds image quality requirements to ensure clear, crisp printed images at all times. In addition, the non-top-coated grade offers environmental resistance and archival properties that are similar to previous top-coated grades. Therefore, we respectfully request that the Lottery amend the RFP to allow thermal paper solutions that meet or exceed performance requirements (at least 180 degrees for greater than 4 hours) that may or may not be top-coated.

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP.

53. Section 7.12, Table 64, Detail Requirement 15, Page 152. The second paragraph of this requirement requires a customer “video” display, and in part (c), the capability for “broadcasting video resident on the terminal.” We respectfully request that, in the second paragraph, the term “customer oriented video display” be replaced with “customer oriented display,” and that requirement (c) be removed completely, since it speaks to video capability.

Response: See Amendment No. 19.

54. Section 7.12, Table 65, Response Requirement 3, Page 154. The RFP requires the Successful Proposer to include information on the functionality or capability of all terminal devices to interact with retailers' back-office systems. Could the Lottery please confirm whether or not the primary goal is to provide retailers automated updates to their back-office systems for all retailer transaction, accounting and inventory functions?

Response: It is the Texas Lottery's primary goal to provide Retailers automated updates to their back-office systems for all Retailer transaction, accounting and inventory functions.

55. Section 7.12, Table 65, Specified Option 6, Page 154. Regarding Specified Option 6, in-store selling methods, specifically those deployed in multi-lane retail environments, have evolved over time to become more user-friendly in that they leverage the retailer's existing infrastructure. Would the Lottery please consider replacing the word "terminal" with the word "solution" in this requirement?

Response: Please see the response for question #84.

56. Attachment H, Page 235. Under the section entitled, "Evaluation of the Cost Proposal," the Lottery states that the percentages submitted will be multiplied by a uniform annual sales figure for evaluation. Could the Lottery please confirm whether or not Specified or Invited Options will be part of the cost evaluation, and if so, also please specify how?

Response: Specified and/or Invited Options are not part of the cost evaluation.

57. Glossary of Terms, page I. The Glossary of Terms defines Backup Data Center as being "located in the State of Texas," yet RFP Section 6.6, Table 17, Item 21 (page 117) simply specifies that the Backup Data Center "be established in a separate Local Access and Transport Area (LATA) from the primary site." Based upon the requirement in RFP Section 6.6 Table 17, the Backup Data Center could be located outside of the State of Texas.

Does the Lottery require the Backup Data Center to be located in Texas, or can the Backup Data center be located in another state?

Response: Please see Amendments No. 2 and 18. The Backup Data Center must be established in a separate Local Access and Transport Area (LATA) from the primary site and must be located in the State of Texas.

58. Glossary of Terms, page III. The Glossary of Terms defines Primary Data Center as being “located in Austin, Texas,” yet RFP Section 6.6, Table 17, Item 21 (page 117) simply specifies that the “Primary Data Center must be located within the state of Texas.”

Must the Primary Data Center be located in Austin Texas, or can it be located somewhere else in Texas?

Response: Please see Amendment No. 18. The Primary Data Center must be located in Austin, Texas.

59. RFP Section 2.8.3, page 11 and RFP Section 2.15.4, page 15. Will the Lottery accept delivery of proposals and bonds via “in person delivery” by bidder personnel?

Response: Technical proposals can be hand delivered by vendor personnel. Cost proposals cannot be hand delivered.

60. RFP Section 2.8.4, pages 11 and 12. This RFP Section requires that the proposer submit “one (1) signed original and twenty (20) copies of its Technical Proposal” in three-ring binders. Will the Lottery consider reducing the number of hard copies required, and accept more electronic copies instead?

Response: Please see Amendment No. 3. With the exception of Part 5, Proposers shall provide one (1) signed original and twenty (20) copies of the Technical Proposal. For Part 5 only, Proposers shall provide one (1) signed original and two (2) copies of all required HSP documentation.

61. RFP Section 2.8.4, pages 11 and 12. This RFP Section requires that all pages of the Technical Proposal be numbered. Does this RFP requirement include pre-printed materials such as training materials, brochures, exhibits, etc.?

Response: Yes.

62. RFP Section 1.9.1, page 5; RFP Section 2.15.2, page 15; and Attachment J – Start-up Costs. Public disclosure of a Bidder’s costs could lead to irreparable harm if competitors knew the Bidder’s Costs. In addition, such costs figures are highly confidential and proprietary to the bidder.

RFP Section 1.9.1 states that “a Proposal, or specific parts thereof, may be shown by the Proposer to fall within one or more of the exceptions to the disclosure provided in the” Texas Public Information “Act, the State Lottery or other applicable law.”

Would the Lottery object to a Bidder designating its costs as “Confidential Information” under RFP Section 1.9.1?

Response: The Texas Lottery does not object; however, you must comply with Section 1.9 of the RFP and provide the sections of the TPIA which apply to the sections marked "Confidential."

63. Section 3.25.9 – Successful Proposer’s Name or Logo, page 32. Is the Successful Proposer allowed to place a small bar-coded label on the bottom or back of equipment for inventory and tracking purposes?

Response: Yes.

64. Section 3.44 - Disclosure of Sanctions and Liquidated Damages, page 39. The requirement in this RFP Section to include "a complete list of all sanctions and liquidated damages assessed against the Proposer during the last five (5) years" is broad and not the industry standard put forth in similar RFPs recently. For example, the Hoosier Lottery’s RFP for an Online Gaming System issued in March 2009 required bidders to "list incidents of liquidated damages for the past five (5) years where such resulted in an assessment by any jurisdiction of two hundred thousand dollars (\$200,000) or greater in a twelve month period."

Will the Lottery revise the RFP requirement and limit the list of Liquidated Damages to a specific financial threshold?

Response: Please refer to the response to question #30. In addition, please see Amendment No. 8

65. RFP Section 3.47 - Taxes, Fees and Assessments, page 40. Is the Texas Lottery exempt from sales tax?

Response: Yes.

Will the Texas Lottery provide a duly executed sales tax exemption certificate for goods and services purchased from the vendor awarded this contract?

Response: Yes.

66. RFP Section 3.47 - Taxes, Fees and Assessments, page 40. If tax reductions are available and there is no additional cost to the Lottery, will the Lottery assist the successful vendor in utilizing state and local jurisdiction tax abatements and/or tax credits?

Response: No.

67. RFP Section 3.57 – Equipment, page 44. This RFP Section states "The Successful Proposer hereby represents and warrants that all equipment provided shall be new, shall be free from defects in materials and workmanship, shall be

merchantable and fit for the purpose for which it is intended, and shall meet or exceed the performance standards and specifications required in this Contract. Any equipment, or component thereof, used by the Successful Proposer pursuant hereto that does not conform to the foregoing shall be repaired or replaced by the Successful Proposer without cost to the Texas Lottery in addition to other amounts the Texas Lottery may be entitled to in law or in equity, or as specified in the Contract.”

Will the Lottery provide the definition of “equipment” in reference to RFP Section 3.57? Does “equipment” include communication equipment (for example, equipment currently installed at retailer locations throughout Texas including VSAT, modems, dishes, IDUs, ODU, mounts, etc.)?

Response: The phrase "equipment provided" in Section 3.57 of the RFP applies to all goods for which the RFP establishes performance standards or specifications. Accordingly, all goods for which this RFP establishes performance standards or specifications must be offered and priced in the Proposal as new, unused equipment. This includes "communication equipment". If questions remain, Prospective Proposers may submit questions regarding whether specific categories of equipment are required to be bid as new.

68. Section 3.60.46 - Call Center Answer Time, page 72. This RFP Section states “The failure of the Successful Proposer to answer 95% of all calls (answered or abandoned) in forty-five (45) seconds or less during any weekly period may result in the Successful Proposer being assessed sanctions. “Weekly” is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; “rolling” weekly periods will not be utilized.” **Liquidated Damages at \$50 per call.**

Section 3.60.47 - Call Center Busy Signal Time, page 73. This RFP Section states The failure of the Successful Proposer to support 99% of all calls without a busy signal during any weekly period may result in the Successful Proposer being assessed sanctions. “Weekly” is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; “rolling” weekly periods will not be utilized. **Liquidated Damages at \$50 per call.**

3.60.48 - Call Center Abandonment Rate, page 73. This RFP Section states “The failure of the Successful Proposer to maintain a call abandonment rate less than or equal to 5% during any weekly period may result in the Successful Proposer being assessed sanctions. “Weekly” is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; “rolling” weekly periods will not be utilized.” **Liquidated Damages at \$50 per call.**

3.60.49 - Call Center Hold Time, page 74. This RFP Section states “The failure of the Successful Proposer to maintain a maximum hold time that does not exceed two (2) minutes per call may result in the Successful Proposer being assessed sanctions. “Weekly” is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; “rolling” weekly periods will not be utilized.” **Liquidated Damages at \$50 per call.**

The following questions pertain to the Call Center requirements cited above.

Due to its natural randomness, in-bound hotline call volume can fluctuate significantly from minute to minute - or in the rare case of a gaming system or network issue - hotline call volumes can peak substantially during these incidents that are covered under RFP Section 3.61.5 (On-Line Game Unavailability).

Providing hotline staffing during all operational times to mitigate potential spikes in volumes will significantly increase the cost to the Lottery in each Bidder’s pricing model *without positively impacting overall sales.*

During incidents and peak periods, the industry best practice is to provide automated Interactive Voice Response technology for automated messaging to retailers calling in letting them know that the Call Center is aware of an incident and working on resolving the issue. These calls could be considered “abandoned” because the retailer may hang up after listening to the message. Furthermore, typical Lottery hotline calls have a handle time of 120 seconds.

Will the Lottery amend this requirement to read: “Retailer calls will be answered within ninety (90) seconds or less on average; call abandoned rate shall be less than five percent (5%), excluding during documented system incidents which require an incident report as detailed in RFP Section 3.60.14 (Failure to Report Significant Incidents and Anomalies)?”

Will the Lottery provide the current hold-time by half hour?

Also, will the Lottery provide the current percentage of calls abandoned for the last six months?

Response: The Texas Lottery has reviewed this question and declines to modify or amend the RFP. The average call handle time for the last 6 months is 302 seconds. Current data on call hold time by the half hour , is not tracked. The percentage of abandoned calls for the last 6 months is 4.01%.

69. Section 3.61 – Liquidated Damages Provisions, page 84.

1. Will the Lottery confirm that the amount of liquidated damages will be reasonably and rationally related to damage actually incurred by the Lottery? Furthermore, will the Lottery confirm that Liquidated Damages will not be assessed in the event the Lottery is not damaged?
2. Will the Lottery confirm that Liquidated Damages will not be assessed by the Lottery under multiple provisions relating to a single incident?
3. Will the Lottery confirm that the Contractor shall not be liable for Liquidated Damages to the extent the incident was caused by the Lottery, its retailers, third parties, communications failures or force majeure?
4. Will the Lottery agree that if Liquidated Damages are not assessed within six months of the incident such liquidated damages are deemed waived by the Lottery?

Response: The Texas Lottery has reviewed the question and declines to answer.

70. Section 3.61.5 - On-Line Game Unavailability, page 86. This RFP section states “If any On-Line Game is unavailable for sales due to a Lottery Gaming System problem, liquidated damages may be assessed. The first two (2) minutes of down time for sales will be grace time, up to a maximum of ten (10) minutes of grace time per week. Forty percent (40%) of the previous fourteen (14) Days average per minute sales for the same affected game, for the same time of Day corresponding to the period the game is unavailable, will be multiplied by the number of minutes of down time to compute liquidated damages. If the down time is within ten (10) hours of that game’s drawing, a sixty percent (60%) factor will be used in lieu of forty percent (40%). This calculation will be made for each affected On-Line Game.”

Will the Lottery consider using a formula for estimating damages that will reflect an estimation of the anticipated actual loss to the state that are more in line with similar jurisdictions?

Will the Lottery consider revising the Liquidated Damages section to calculate Liquidated Damages for Central System unavailability based on an average of the prior 13-weeks of sales, same day and a similar jackpot amount and then, calculating the Liquidated Damages based on the percent of return to state (i.e., 30%), rather than 40% of the previous fourteen days average per minute sales for the same affected game, for the same time of day corresponding to the period the game is unavailable, minus the two minute grace period?

Response: The Texas Lottery has reviewed this question and declines to answer the question and to modify or amend the RFP.

71. Section 3.61.7 - Failure to Resolve Terminal and Related Sales Equipment Problems, page 88. This RFP Section states: “If the Successful Proposer fails to respond to Retailer calls for terminal maintenance and correct terminal problems that affect the ability to sell or validate tickets (including, but not limited to, inadequate On-Line Ticket stock, printer out of ink, terminal down time, service degradation, and communication problems), and return the equipment to service within four (4) hours of the time of the service call, liquidated damages may be assessed against the Successful Proposer equal to thirty-one percent (31%) of the average sales for the affected Terminal per Day calculated over the last ten (10) Days. Failure to resolve the problem within eight (8) hours of the time of the service call may result in the Successful Proposer being assessed liquidated damages equal to sixty two percent (62%) of the average sales for the affected Terminal per Day calculated over the last ten (10) Days.”

Will the Lottery consider a tiered service level approach based on sales or location for the terminal service level repair or replacement time schedule?

As required by this RFP Section, this could force the vendor to potentially drive-by the #1 retailer in the state to service the lowest retailer based on the response time and liquidated damage structure above. Furthermore, based on overall size of Texas covering 268,601 **square miles with at least 16,500 online terminals and peripherals it will be virtually impossible to respond to every “non-operational” terminal during the service hours above within four hours without severely impacting staffing models and pricing without positively impacting overall sales or support.**

[Response: The Texas Lottery has reviewed this question and declines to answer the question and to modify or amend the RFP.](#)

72. RFP Section 4.1 – Statement of Understanding, subsection 4.1.1, page 96. Will the “certificate executed by an authorized representative of the Proposer...” requested in this subsection, presented on company letterhead be an acceptable format in which to meet this requirement?

[Response: Yes.](#)

73. RFP Section 4.7.4 - Supplemental Information, Item 3) Business Plans, page 102. As a publicly traded corporation on a US stock exchange, disclosure of certain business plans and acquisitions that are not also publicly disclosed will expose the Bidder to violation of “Insider Trader/Information” regulations.

Will the Lottery remove RFP Section 4.7.4, item 3) Business Plans from the RFP?

[Response: Section 4.7.4 does not require disclosure of business plans that qualify as confidential under applicable law and that have been](#)

maintained as confidential. However, all publicly available information regarding the Proposer's business plans as described in Section 4.7.4(3) must be included in the response.

74. RFP Section 4.8 - Background Investigations, page 103. Is the Lottery or the Apparent Successful Proposer responsible for the costs of background investigations?

If it is the Apparent Successful Proposer, what is the typical cost of Texas Background investigations?

Response: Please see Amendments No. 4 and 17. The current estimated base cost for a background check as required in Section 3.13.1 is \$154.96. Any additional background requirements that may be deemed necessary to complete the background check, as determined by the Texas Lottery in its sole discretion, may result in additional cost which may be billed to the Successful Proposer.

The estimated cost for vendor background investigation for the Apparent Successful Proposer for this RFP may range from \$250,000 to \$500,000.

The Successful Proposer will be required to post funds with the Texas Lottery from which the Texas Lottery can draw to pay for such costs.

75. RFP Section 5.5.1 – Proposer Intends to Subcontract, page 106 and Attachment C, HSP form. Both page 106 of the RFP and Section 8 of Attachment C require bidders to indicate the “estimated percentage of the contract that will be subcontracted to each subcontractor, and specify the approximate dollar amount to be paid to each subcontractor.” By providing both the estimated percentage of the contract and the dollar amount, it will be easy to mathematically compute a bidder's price, thereby violating the RFP requirement that pricing only be contained in the Price Proposal.

Will the Lottery eliminate the requirement to provide both the estimated percentage of the contract that will be subcontracted to each subcontractor, and the approximate dollar amount to be paid to each subcontractor?

Response: The HSP requirement to include both the expected percentage of the contract and the approximate dollar amount of each subcontract is dictated by 34 Texas Administrative Code, Part 1, Chapter 20, Subchapter B, Rule §20.14. This information is not viewed by evaluators.

76. Section 5.6 Subcontracting Opportunities, page 106. In this RFP Section the Lottery specifies the “HUB participation goal for this RFP is 33%.” Can the lottery provide some explanation as to what matrix this calculation is based upon (e.g., sales, revenue, overall contract value)?

Response: The HUB goal of 33 percent corresponds to the statewide HUB goal established by the State of Texas Disparity Study for "Other Services" (services other than construction or professional services). This is the agency's overall goal for all contracts which fall into the category of "Other Services." It should be noted that the Lottery Operations and Services contract makes up a large portion of the Texas Lottery Commission's "Other Services" category. Although the Texas Lottery Commission encourages all Proposers to make a good faith effort to assist the agency in reaching its goal, the evaluation process for the HSP is not based on the percentage of work assigned to HUBs. It is evaluated strictly on a pass/fail basis. If a Proposer does not submit a compliant HSP which demonstrates that the good faith effort was performed for each identified subcontracting area, its Proposal will be disqualified and the remainder of the Proposal will not be evaluated.

77. RFP Section 6.5 - Compliance Review, page 114. What is the typical cost of an "initial risk assessment and risk analysis report?"

Response: Based on historical cost, the initial risk assessment and risk analysis report is approximately \$156,000. Annual costs for compliance monitoring is approximately \$350,000.

78. Section 6.6 - Facilities Support Services, Table 17, Items 11 and 14, page 116. Both Items require space dedicated to the Texas Lottery. We understand that the Successful Proposer will supply the furnishings. However, is the Successful Proposer also required to supply network and phone services?

Response: Yes, the Successful Proposer is required to supply network and phone services.

79. RFP Section 7.4 - Claims & Validations, Table 36, Item 3, page 128. Specifically, what requirements for security features on check stock does the Texas Lottery utilize that exceeds the security features of other lotteries?

Response: While there are a variety of security features available, the Texas Lottery Commission currently requires the following minimum security measures associated with its printed check stock:

The Texas Lottery Commission, in its sole discretion, reserves the right to modify security requirements for its check stock in keeping with industry best practices and technology advancements. The Texas Lottery may look to the Successful Proposer for assistance in identifying and implementing enhanced security measures in this area over the life of the Contract.

Approximately how many checks does the Lottery write annually?

Response: The Texas Lottery has written the following number of checks annually:

2007 – 58,057
2008 – 63,171
2009 – 60,944

Can the Lottery provide a voided sample?

Response: No voided sample will be provided.

80. RFP Section 7.4 Claims and Validation, Item 25, page 130. Will the Lottery provide the number of “super retailers” and the specific addresses of those locations?

Response: The Texas Lottery does not currently have “super retailer” locations. Proposers are being asked to demonstrate that they can provide system support for such Retailers should this concept be implemented in the future.

81. RFP Section 7.6.3 – Sales and Marketing, Table 46, Item 7, Page 139. Will the successful proposer design the layout for the web-based player registration program?

Response: Yes, as described in this section of the RFP.

Will the Lottery provide details on the type of player information the Lottery will collect and functionalities that should exist on the system?

Response: The Texas Lottery does not currently have a web-based player system or program. However, it intends to work with the Successful

Proposer to implement a system utilizing jointly identified industry best practices for such systems.

82. RFP Section 7.10 - ICS System, Table 58, Item 4, page 145. What is the annual cost paid by the Lottery for third party ICS software and support?

Response: The annual cost for ICS software and support is unknown. The Texas Lottery does not directly pay or reimburse for these services as they are included in the current contract for Lottery Operations and Services.

83. RFP Section 7.12 - Sales Terminals, Table 64, Item 4, page 151. For the 3,500 Player Activated Sales Terminals required in this RFP, what is the quantity of each size machine (e.g., 8 bins, 12 bins, 24 bins, etc.) to be provided?

Response: Information on equipment deployment, including all equipment bin counts, was provided to pre-proposal attendees who signed non-disclosure statements on February 2 via email. There are currently fewer than 3,500 Player Activated Sales Terminals deployed. However, it is anticipated that the bin requirements for future Player Activated Sales Terminal deployments will be roughly equivalent in scale to current bin allocations in the equipment profile provided. The Texas Lottery is seeking maximum flexibility with regard to the scalability of equipment to service both existing and new trade styles.

84. RFP Section 7.12 - Sales Terminals, Table 65, Specified Options Items 5 and 6, page 154. What quantity of automated in-counter dispensing units should be priced?

What size unit (i.e., number of bins) does the Lottery want provided? Please provide quantities for each size unit.

What quantity of in-lane terminals should be priced?

How many retailers will have in-lane terminals?

Response: Please see Amendment No. 20 and 27. The Texas Lottery is amending Section 7.12 and Attachment H to remove Specified Option Item 5 for the automated in-counter ticket dispensing unit. Regarding Specified Option Item 6 for the in-lane terminals, the Texas Lottery does not currently have deployments of this type. However, it is anticipated that in-lane sales solutions may present opportunities for increased points of sale at both existing and potential new trade styles over the life of the Contract. Proposers are asked to provide unit pricing in increments of 500.

85. Section 7.12 - Sales Terminals and Related Systems Sales Equipment, page 150. How does the Lottery define/specify mid-range terminals for the next contract?

Response: Mid-Range sales terminals are intended to describe smaller footprint terminals deployed in business and sales environments not conducive to a full size (standard) terminal. In Table 64, Item 3, the Texas Lottery describes the minimum functionality for all sales terminals either standard or mid-range. Also, please see the Glossary for the Retailer Sales Terminal definition.

86. Section 7.12 – Sales Terminals and Related Sales Equipment, Table 64, Item 3, page 150. Will the Lottery provide a list of electronically integrated cash dispenser types used by Texas Lottery retailers in addition to Tidel Safes?

Response: Please see Amendment No. 19. The requirement for sales terminals to support electronically integrated cash dispensers used by Retailers, including tidel safes, has been removed.

87. Section 7.12 – Sales Terminals and Related Sales Equipment, Table 64, Item 15, page 152. Will the Lottery clarify the physical differences in the characteristics of the video displays required in retail environments (i.e., where flat panel displays can and cannot be deployed)?

Will the Lottery elaborate on the differences in the content displayed on the video displays required in retail environments (i.e., where flat panel displays can and cannot be deployed) specifically concerning the capability of broadcasting video on a non-flat panel display.

Response: Please see the response to question #51.

What is the percentage of Lottery retailer locations that the Lottery estimates that a flat panel video display cannot be deployed?

Response: The Texas Lottery currently does not use flat panel video displays. Information on current retail locations including their trade style by SIC code was provided to pre-proposal attendees who signed non-disclosure statements on February 2 via email. The allocations of both video and non-video displays will be based on a variety of factors including the range of vendor proposed solutions and the attractiveness of the packaged content referenced elsewhere in the RFP and its impact on the willingness of Retailer trade styles to accept the placement of such devices.

88. RFP Section 7.13 - Call Center Support, page 157. What specific Asian languages (Japanese, Korean, Chinese, Vietnamese, etc.) are contained within the Retailer base?

What specific Middle Eastern languages are contained within the Retailer base?

Response: The Texas Lottery does not collect data on the specific native languages spoken by its Retailers. However, approximately 42% of the Retailer base is made up of Retailers that identify themselves as belonging to a minority demographic group. Among those that identify themselves in these groups, most Retailers indicate being of Hispanic or Asian (including Middle Eastern) backgrounds. Most Retailers either speak English or Spanish as a first or second language and primarily all call center support occurs in these two languages. However, the diversity of the Retailer base is highlighted to give proposers background with regard to Retailer call center support.

89. RFP Part 8 Sales & Marketing – General Question, page 163. Will the Lottery provide a list of all current retailers, including sales by game for the past two fiscal years, in an Excel spreadsheet format?

Response: The attachment to this question is being compiled and will be released when it is available.

Further, for the list of current retailers recently received, could the Lottery clarify what the “8” in the column headers of Columns U, V and W means? Are these average weekly sales for the past 8 weeks?

Also, as both Columns K and L are labeled Mid-Range Terminals, could the Lottery clarify the difference in these two columns?

Response: The number “8” in the headers of columns U, V and W relates to 8 week sales averages. The sales figures listed in these columns represent the average weekly sales for the most recent 8 weeks at the time the list was created. Columns labeled K and L both list Mid-Range Terminals at Retailer locations. The Mid-Range Terminals listed in column K are dial-up devices and those listed in column L utilize a dedicated data line.

90. RFP Section 8.2 Sales Management and Business Development, Table 78, Item 4, page 163. Will the Lottery provide a detailed organization chart of the current sales management organization and the current business development organization whose full-time responsibilities are to help the Lottery identify new selling opportunities and new marketing strategies?

Response: For the Texas Lottery, the attached organizational chart details the Lottery Operations Division staff whose responsibilities include working with the Lottery Operator vendor related to sales management and business development. Specific emphasis on these functions occurs

in the Products, Advertising and Promotions and the Retailer Services Departments of the Division.

The Texas Lottery declines to respond to this request for current Lottery Operator information for reasons expressed in the "Note to All Prospective Proposers."

91. Section 8.2 – Sales Management and Business Development, Table 78, Item 6 a), page 163. Do the current LSR and business development employee meetings in Texas take place exclusively within the city of Austin, or throughout the state in various locations? If the latter, will the Lottery identify those other locations and the job positions of the Vendor staff that regularly attend those meetings? Are these meetings face-to-face or via conference call and/or webinar?

Response: The current LSR and business development employee meetings take place throughout the state (currently in the 10 district offices operated by the Lottery Operator). These meetings occur face-to-face under the current structure.

However, the Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

92. Section 8.2 – Sales Management and Business Development, Table 78, Item 6 d), page 153. Will the Lottery describe how the existing LSR staff currently access the Lottery Gaming System in real-time?

Response: The Texas Lottery declines to answer this question. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

93. Section 8.2 – Sales Management and Business Development, Table 78, Item 6 e), page 163. Will the Lottery provide details regarding how many days the 2009 Annual Sales Meeting was held; how many Lottery and Vendor personnel were in attendance; and where specifically was this event held?

Response: The 2009 Annual Sales Meeting was held at the Austin Hilton Hotel on 5th Street on Thursday, June 18th and half a day Friday, June 19th. The actual number of attendees is not tracked, and therefore, unknown. The sales meeting was designed for all Lottery Operator sales staff and management. In addition, Lottery Operator corporate staff were present for presentations and product demonstrations. Most of the sessions were open to and attended by Texas Lottery management and

Lottery Operations staff. In addition, product demonstrations were open to all Texas Lottery staff.

However, the Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

94. Section 8.2 – Sales Management and Business Development, Table 78, Item 10, page 164. How many Key, Corporate or Chain Retailers does the Lottery currently have?

Will the Lottery provide a list of these types of accounts along with weekly sales by game?

Response: Please see Attachment Q94.

95. Section 8.2 – Sales Management and Business Development, Table 78, Item 14, page 164. Will the Lottery provide examples of what the Lottery means by the term “content” in this requirement?

Response: ‘Content’ means graphics and/or video that would be provided by a Key, Corporate or Chain account for dissemination via the Content Management System upon approval by the Texas Lottery. This Retailer account-provided material might be advertising/messaging highlighting non-lottery products or jointly developed co-branded promotions with the Texas Lottery. The distribution of this Retailer-specific content might be placed as added value associated with Retailer lottery promotions. See also Table 61, Item 25.

96. RFP Section 8.3 – Marketing, Table 80, Item 7, page 165. Will the Lottery elaborate on what the word “Markets” encompasses with respect to this RFP requirement?

Is this the design, production, distribution of POS as well as advertising, or all of the above?

Response: The Texas Lottery requires the Lottery Operator to “market” or sell-in and promote Lottery Products in the Retailer environment including the distribution and placement of POS materials. The Texas Lottery has a separate contract with advertising vendors for the design and production of advertising materials. However, the Texas Lottery expects proposers to make a substantial commitment to marketing programs and product brand development efforts. Please also review all sections of Part 8: Sales and Marketing for additional sales and marketing activities required under this RFP.

97. RFP Section 8.3 – Marketing, Table 80, Item 13 a), page 166. Will the Lottery provide examples of the annual detailed analysis of all Texas Lottery Online Games, including the three (3) year sales projections for each game for the last two fiscal years (FY08 and FY09)?

Response: This is not a requirement of the current Lottery Operator contract. The Texas Lottery is providing a 2-year sales projection. Please see Attachment Q97.

98. RFP Section 8.3 – Marketing, Item 14, page 166. Will the Lottery provide samples of the weekly sales reports that they currently receive?

Response: Please see Attachment Q98. Sample weekly sales reports that are received from the Lottery Operator are attached.

The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

99. RFP Section 8.4 – Lottery Sales Representatives, General Question, page 166. Will the Lottery provide copies of all current retailer and LSR training materials?

Response: The current Retailer Guide is posted on the Texas Lottery web site at the following link:

http://www.txlottery.org/export/sites/default/Retailers/Retailer_Guide.html

The Texas Lottery declines to respond to this request for current Lottery Operator information for reasons expressed in the "Note to All Prospective Proposers."

The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

100. RFP Section 8.4 – Lottery Sales Representatives, General Question, page 166.

Given the need to ensure adequate space for marketing and POS support materials within an LSR's vehicle, will the Lottery provide a list of the type, year and quantity of LSR vehicles currently in the fleet to support the sales and business development organizations?

What role does the LSR fleet of vehicles play in enabling LSRs to fulfill their job requirements?

Do all LSRs use vehicles?

Response: The LSR fleet of vehicles provides for the basic transportation needs of the LSRs inherent in covering a sales route in dense urban, semi-rural and rural environments. The vehicles, typically minivans, allow for adequate storage space to transport the basic tools, products, POS, terminals and general resources required to support a typical lottery sales route. Vehicle requirements will vary based on a proposer's LSR to Retailer ratio and Retailer support plans. All LSRs use vehicles.

The Texas Lottery declines to respond to this request for current Lottery Operator information for reasons expressed in the "Note to All Prospective Proposers."

101. RFP Section 8.4 – Lottery Sales Representatives, Table 82, Item 27, page 168.
Will the Lottery provide a detailed list of the type and quantity of signage, supplies, and other materials currently provided by the Vendor to the Retailer?

Response: The Texas Lottery produces numerous POS pieces for the Retailer base. These pieces are distributed by the LSRs and include but are not limited to: playstation pieces, terminal toppers, pump toppers, door decals, various types of jackpot signage, specialty signage based on Retailer needs, change mats, clerk stickers, etc. Most POS items are produced for the entire Retailer base; however, due to Retailer placement restrictions, some pieces are produced in smaller quantities.

Please see Attachment Q101 for sample POS brochure for more permanent Retailer signage.

See section 8.4 for a description of supplies that are distributed by LSRs. Quantities of any particular item are dependent upon the types of terminals deployed and the sales levels at individual Retailers and across the Retailer base.

102. RFP Section 8.4 – Lottery Sales Representatives, Table 82, Item 28, page 168.
Will the Lottery provide a detailed map showing the geographic regions that every LSR is responsible for within the sales organization?

Response: The Texas Lottery does not have a map with this information.

The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

103. RFP Section 8.4 – Lottery Sales Representatives, Table 82, Item 29, page 168.
Given that Lottery must approve the incentive plan, will the Lottery provide a

copy of the comprehensive annual incentive plan for LSRs and sales and business development management that was developed in 2009?

Response: The Texas Lottery declines to answer this question. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

104. RFP Section 8.4.1 – Retailer Visit, Table 84, Item 12, page 169. Will the Lottery provide the 2009 LSR sales cycle schedule?

Response: Please see Amendment No. 21. LSRs are required in the current contract to visit each Retailer at least once during each two (2)-week sales cycle regardless of sales level or geographic region; for Retailers that use only a Mid-Range Specialty Terminal, the LSR is only required to visit such Retailers at least once during each period of two (2) consecutive sales cycles.

The Texas Lottery amends the RFP: "The Successful Proposer must submit the sales cycle schedule to the Texas Lottery on an annual basis for each State fiscal year no later than August 1."

Start Date	End Date
8/25/2008	9/7/2008
9/8/2008	9/21/2008
9/22/2008	10/5/2008
10/6/2008	10/19/2008
10/20/2008	11/2/2008
11/3/2008	11/16/2008
11/17/2008	11/30/2008
12/1/2008	12/14/2008
12/15/2008	12/28/2008
12/29/2008	1/11/2009
1/12/2009	1/25/2009
1/26/2009	2/8/2009
2/9/2009	2/22/2009
2/23/2009	3/8/2009
3/9/2009	3/22/2009
3/23/2009	4/5/2009
4/6/2009	4/19/2009
4/20/2009	5/3/2009
5/4/2009	5/17/2009
5/18/2009	5/31/2009
6/1/2009	6/14/2009
6/15/2009	6/28/2009

6/29/2009 7/12/2009
7/13/2009 7/26/2009
7/27/2009 8/9/2009
8/10/2009 8/23/2009
8/24/2009 9/6/2009

105. RFP Section 8.4.1 – Retailer Visit, Table 84, Item 14, page 169. Will the Lottery clarify how the delivery of the sell-in, advertising and other materials by the LSRs to the Retailers meant to be fulfilled?

Does this include LSR in-person delivery as well as courier and/or mail services?

Response: LSRs currently deliver sell-in, advertising and other materials to the Retailer base in-person during their required sales visits. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

106. RFP Section 8.4.1 – Retailer Visit, Table 84, Item 18, page 170. Will the Lottery provide details regarding how the Lottery currently sets Retailer satisfaction targets?

Will the Lottery provide past Retailer satisfaction targets?

Response: Please see the response to question #43.

107. RFP Section 8.5 – Retailer Contests and Retailer-based Player Promotions, General Question, page 173. Will the Lottery provide the approved player promotional plans and retailer contests for the past two fiscal years (FY08 and FY09) as well as the proposed FY10 plan, including system based promotions for both online and instant games?

Response: Please see Attachment Q107.

108. RFP Section 8.5 – Retailer Contests and Retailer-based Player Promotions, General Question, page 174. Will the Lottery describe its current player registration data system?

Response: Please see the response to question #81.

109. RFP Section 8.5 – Retailer Contests and Retailer-based Player Promotions, Table 92, Item 18, page 174. Will the Lottery provide a copy of the annual incentive program plan for Retailers developed in 2009?

Response: Please see Amendment No. 22. The Successful Proposer shall submit the annual incentive plan for Retailers, based on the State fiscal year, on or before May 31st of each year.

Please see Attachment Q107.

The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

110. RFP Section 8.5 – Retailer Contests and Retailer-based Player Promotions, Table 92, Item 20, page 174. According to this Item, the Texas Lottery currently has an RNG system for Megaplier on Mega Millions. Is the RNG required by this Item in addition to the existing RNG?

Can the Lottery clarify how “stand-alone, automated” RNG is currently used?

Can the Lottery clarify what “stand-alone, automated” RNG information is used for?

Response: The RNG is separate from and in addition to the RNG used for the Megaplier drawings.

The Texas Lottery is requiring the Successful Proposer to supply the RNG's as specified in table 92, item 20, for use during player promotions and/or Retailer incentive programs.

111. RFP Section 8.5 – Retailer Contests and Retailer-based Player Promotions, Table 93, Item 3, page 175. Will the Lottery clarify if the vendor or the Lottery pays the retailer incentives?

Response: The Texas Lottery pays the Retailer incentives. This can include packs of tickets, cash incentives or other items of value.

112. RFP Section 8.6 - Promotional Events and Retailer Promotions, General Question, page 175. Will the Lottery provide a comprehensive list of all the community and statewide fairs, festivals and events supported around the state of Texas, including the duration (number of days) of each event, the city/town/area in which the event takes place, and whether the event was a selling or non-selling event?

Will the Lottery provide a list of retailer promotions involving Active Participation Events?

Response: Please see Attachment Q112a and Q112b. A list of fiscal year 2008 and 2009 selling and non-selling events is attached. In fiscal year

2008, there were approximately 23 Customer Appreciation Days, 639 Lone Star Spins and 400 Ambassador Promotions conducted. In fiscal year 2009, there were approximately 30 Customer Appreciation Days and 739 Lone Star Spins conducted.

The Successful Proposer is required to recommend annual promotional events to increase product trials and educate new and potential players about Lottery Products. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

113. RFP Section 8.6 - Promotional Events and Retailer Promotions, General Question, page 176. Who is responsible for the purchase of the drawing box, entry forms, Lottery promotional items and POS advertising the dates and times of the drawing?

If the Successful Proposer is responsible for the payment of these items, approximately how many Retailer Store 2nd Chance Drawings took place during the past two fiscal years (FY08 and FY09)?

Response: Please see Amendment No. 23. The Successful Proposer is responsible for purchasing the drawing boxes, entry forms and POS advertising the dates and times of the drawing (see Table 94, number 34 f). The Texas Lottery is responsible for purchasing the promotional items (see Table 94, number 7).

There were approximately 545 2nd Chance Drawings conducted in fiscal year 2008 and 807 2nd Chance Drawings conducted in fiscal year 2009. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

114. RFP Section 8.6 - Promotional Events and Retailer Promotions, General Question, page 176. Who is responsible for the purchase or cost of the instant tickets, clerk stickers, and POS to promote the Ask for the Sale promotion?

If the Successful Proposer is responsible for the payment of these items, approximately how many Ask for the Sale promotions took place during the past two fiscal years (FY08 and FY09)?

Response: The Successful Proposer is responsible for purchasing the clerk stickers and POS to promote the Ask for the Sale promotion (see Table 94, number 34 f). The Texas Lottery provides the instant tickets needed for the Ask for the Sale promotion.

There were approximately 1,902 Ask for the Sale promotions conducted in fiscal year 2008 and 2,073 Ask for the Sale promotions conducted in fiscal year 2009. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

Please see Amendment No. 23.

115. RFP Section 8.6 - Promotion Events and Retailer Promotions, Table 94, Item 26, page 178. Will the Lottery provide the current number of dedicated promotions staff, not including the promotions manager/coordinator?

Response: The Texas Lottery dedicates five full-time staff members to the oversight, operations and management of promotional events and Retailer promotions. The current Lottery Operator contract calls for a promotions coordinator and two assistants to develop and manage operations of the statewide Lottery promotions. The field level and on-site management and administration of promotions are currently performed by LSR personnel as a part of their overall responsibilities. In this RFP, the Texas Lottery is seeking dedicated promotions program staff who will also participate directly in the field level and on-site management of promotional events and Retailer promotions to ensure the highest level of quality and consistency in the conduct of these events. (See Table 95, number 3).

116. RFP Section 8.6 - Promotion Events and Retailer Promotions, Table 94, Item 28, page 178. Does the requirement for the provision of event safety and security include the hiring of an actual police officer and/or security guard?

Response: The Successful Proposer will be responsible for event safety and security. The Successful Proposer will work with Lottery Promotions and Lottery Risk Management staff to identify appropriate safety and security requirements for each event. This may include police/security officers at some events.

117. RFP Section 8.6 - Promotion Events and Retailer Promotions, Table 94, Item 29, page 178. Who is responsible for the purchase of Lottery-branded uniforms for all Successful Proposer and Retailer event staff?

Response: The Successful Proposer is responsible for the purchase of Texas Lottery-branded uniforms for event Lottery Operator Vendor staff and Retailer staff as noted under the referenced section of the RFP.

118. RFP Section 8.6 – Promotion Events and Retailer Promotions, Table 94, Item 34 d), page 179. Will the Lottery provide the complete detailed specifications of all the current Promotional Trailers?

Response: The Texas Lottery does not have detailed specifications for the promotional trailers as they are provided by the current Lottery Operator. Please see the response to question no. 119.

119. RFP Section 8.6 – Promotion Events and Retailer Promotions, Table 94, Item 34 d) Promotional Trailers, page 179. Will the Lottery provide the name and contact details of the equipment manufacturers of the current Promotional Trailers?

Response: The large trailers were designed by CAD Industries, LLC in Franksville, WI. The small trailers are similar to a Magnum concession trailer.

120. RFP Section 8.6 – Promotion Events and Retailer Promotions, Table 94, Item 34 f), General Supplies and Equipment, page 179. Will the Lottery provide a detailed list of all Lottery-approved items currently used to conduct promotional events or Retailer promotion?

Response: In addition to the items listed in Section 8.6, Table 94, Item 34 f), other items that are currently being used at Texas Lottery promotions are feather flags with poles, play stations, lights for canopy, message boards, vertitubes, megaphones, cow bells, signage, stickers, curb signs, sandbags, zip ties, bungee cords, Texas Lottery flags with poles, table cloths and cleaning supplies. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

121. RFP Section 8.6 – Promotion Events and Retailer Promotions, Table 95, Item 3, page 180.

Will the Lottery consider amending this requirement, and not require the inclusion of detailed resumes of all the promotions team within the bid response?

Response: Please see Amendment No. 24. Proposers can provide detailed job descriptions in lieu of resumes for planned promotion team members.

122. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 4 a), page 181. In order for non-incumbent bidders to properly plan, it will be useful to the Lottery to provide the specifications and/or supplier of the current in-store playstation(s) configurations (e.g. stand-alone, table-top, etc.)?

Are playstations required to be ADA-compliant?

Will all the current playstations be refreshed at the outset of the new contract, or as needed through regular wear and tear use?

Response: The Texas Lottery currently deploys only stand-alone style playstation units. See Attachment Q122 provided in response to question #101. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values. The Texas Lottery particularly is interested in an optimum mix of playstation options that could be selected for best fit and placement within various Retailer environments. All playstations provided must be new and must be ADA compliant. See Section 8.7, table 97 for requirements related to replacement due to wear and tear use.

123. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 4 c), page 181. Will the Lottery provide the specifications and/or supplier of the current in-store neon lottery sign with attached LED/Starlite Signs?

Response: Please see Attachment Q123. The supplier for the current in-store signs is Everbrite, Inc.

124. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 4 c), page 181. Will the Lottery describe the specifications and quantity of any wired and/or wireless jackpot information sign that the Lottery currently has deployed at Retail locations?

Response: Please see the response to Question #123.

125. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 4 c), page 181. This RFP Section states that “current deployment of marketing materials and related equipment can be found in Appendix 1, TLC Current State Operations.” To the best of our knowledge, this Appendix was not issued with the RFP.

Will the Lottery provide a pdf of – or a link to – Appendix 1, TLC Current State Operations?

Response: TLC Current State Operations is Attachment K. Instant Ticket dispenser data by retail location was provided to pre-proposal attendees who signed non-disclosure statements on February 2 via e-mail. Please see Attachment Q125 for sign and playstation data by retail location.

126. RFP Section 8.7 - Marketing Materials and Related Equipment, Table 97, Item 5, page 181. How often are instant ticket dispensers currently replaced?

How often are play stations currently replaced?

How often are Texas Lottery signs currently replaced?

Response: All equipment referenced in this question is replaced based on the standards outlined in this RFP. Please see section 8.7, table 97 for requirements related to replacement due to wear and tear use.

127. RFP Section 8.7 - Marketing Materials and Related Equipment, Table 97, Item 5, page 181. Since the Lottery already has instant ticket dispensers situated at the retailer, can the Lottery clarify how many total dispenser facings are needed at conversion, and then how many dispenser facings are needed each contract year?

Response: Please see the spreadsheet entitled "Retailer Equipment Detail" (previously provided) which includes dispenser counts related to the current retail profile. Future dispenser facing requirements will be determined based on Retailer base expansion. All instant ticket dispensers provided must be new. See section 8.7, table 97 for requirements related to replacement due to wear and tear use. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

128. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 7, page 181. Who is responsible financially for the purchase of Lottery-approved signage for the Successful Proposer's fleet vehicles that are used in Texas?

Response: The Successful Proposer would be financially responsible for this requirement of the Contract.

129. RFP Section 8.7 – Marketing Materials and Related Equipment, Table 97, Item 7, page 181. Given that the Successful Proposer only "may be required" to provide and install Lottery-approved signage on its fleet vehicles, is it a correct assumption that no such arrangement exists with the Lottery's current Vendor?

Response: The current Lottery Operator does provide signage for a portion of its fleet of vehicles.

130. RFP Section 8.8 – Research and Lottery Product Development – General Question, page 182. Will the Lottery provide copies of all research plans and project deliverables for the past two fiscal years (FY08 and FY09)?

Response: The Texas Lottery conducts on-going and specific market research studies through its market research vendor. Project deliverables produced during FY '08 and FY '09 include the following: Monthly Tracking Studies, Quarterly Tracking Reports, October 2007 Segmentation Study, October 2008 Segmentation Study, 2008 \$2

Licensed Property Ticket Research, 2008 Opti-Mix \$2 and \$5 Scratch-Off Ticket Testing, and 2009 Texas Opti-Mix \$1 and \$2 Ticket Testing. Due to the voluminous nature of these reports, they will be provided upon request only. Please contact Angela Zgabay-Zgarba to request copies of the reports.

131. RFP Section 8.8 – Research and Lottery Product Development, Table 100, Item 12, page 183. Will the Lottery provide examples of the any direct mail campaigns conducted for the past two fiscal years (FY08 and FY09)?

Response: Please see Attachment Q131.

132. RFP Section 8.8 – Research and Lottery Product Development, Table 100, Item 13, page 183. Will the Lottery provide a list of its current research and advertising vendors and the approximate amount spent with each for the past two calendar or fiscal years?

Response: The current Lottery Operator is not involved in these Contracts.

The Texas Lottery's Advertising Services Contract is a combined General and Minority Market Advertising Services contract between the Texas Lottery Commission, TracyLocke Partnership, LP and LatinWorks Marketing, L.P. TracyLocke Partnership, LP is responsible for the general market advertising services and LatinWorks Marketing, L.P. is responsible for the minority market advertising services. The advertising services expenditures for fiscal year 2008 were \$30,719,000 and \$29,481,600 in fiscal year 2009.

Expenditures by fiscal year for each Texas Lottery advertising and research vendor are noted below:

Advertising:	FY 2008	FY 2009
Tracy Locke	30,643,596	29,418,355
Research:	FY 2008	FY 2009
Ipsos-Reid	613,380	528,500
The University of Texas	108,462	0
University of Houston	50,000	50,000
UT Center for Social Work	12,000	12,000
Tracy Locke	0	43,288

133. RFP Section 9.3 - Instant Ticket Delivery, Table 105, Item 7, page 187.
Currently, what percentage of deliveries is made on weekends?

Response: Currently, deliveries are only made on weekends under special circumstances. The Texas Lottery is looking for innovative thinking and solutions. Proposers may offer solutions that vary from the current practice that they believe will further the Texas Lottery's vision, mission and core values.

134. Attachment B, Financial Commitment and Responsibility, Page 209. Will the Lottery please confirm if Attachment B must be submitted with a Proposer's Technical and/or Cost proposal(s)?

Response: Attachment B must be submitted with the Technical Proposal.

135. Attachment H, Cost Proposal, Evaluation of Cost Proposal, page 235. Are "Specified Options" included in the calculation of a Bidder Cost proposal amount for the evaluation?

Response: Please see the response to Question 56.

136. Attachment K, Section 2.1.5, Marketing Research, Promotions and Lottery Sales Representatives, page 246. Will the Lottery define the acronym VFD in Table 139?

Will the Lottery define "Programmable Sign" in Table 139?

Response: VFD – Vacuum Fluorescent Display-- this is a small display panel attached to the back of the Retailer Sales Terminal that faces the customer and provides visual confirmation on the status of a ticket prize validation.

Programmable Sign – scrolling LED display that attaches to neon lottery signs and is currently updated via wireless communication. Please reference table 97, item 4. c).

AMENDMENTS TO RFP

The following have been adopted by Amendment to the RFP, as permitted by Section 2.17 of the RFP.

Amendment No. 2

Glossary

Backup Data Center	The back-up computer facility established in a separate LATA from the primary site located in the State of Texas, which is maintained and operated by the Successful Proposer.
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Amendment No. 3

2.8.4 **With the exception of Part 5**, the Proposer shall submit one (1) signed original and twenty (20) copies of its Technical Proposal. **For Part 5 only, the Proposer shall submit one (1) original and two (2) copies of all HSP required documentation.** All Technical Proposals submitted must be bound in a three-ring binder, organized and arranged to correspond directly with the numbered sections of this RFP, and all pages must be numbered. For Parts 1 and 2 only, Proposers may provide a blanket acknowledgment and acceptance in lieu of a section-by-section response. For Parts 3 and 4, Proposers shall provide a section-by-section response to the RFP. For Part 5, Proposers shall follow the instructions for completing and submitting a HSP. For Parts 6 through 10, Proposers shall provide a section-by-section response for each Response Requirement Table. If a Proposer is claiming any part(s) of its Proposal is confidential, the Proposer must provide a detailed response to Section 1.9. A Proposer may not amend a commitment to comply with a specific section of this RFP by a later reference back to that section.

Amendment No. 4

3.13.3 Upon notification by the Texas Lottery to the Successful Proposer that the Texas Lottery objects to an employee based on a background investigation, the Successful Proposer shall prevent that employee from working on the Texas Lottery account and shall deny that employee access to the Texas Lottery systems. **The Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons at the expense of the Successful Proposer.**

Amendment No. 5

3.15.4 The Successful Proposer must maintain the Proposer's System in a state of readiness for a period of ninety (90) Days after the termination of the Successful Proposer's role as the operator of the Lottery Gaming System, if a different

vendor has been chosen to replace the Successful Proposer as Lottery Operator. At any time during this ninety (90) Day period, the Texas Lottery may require the Successful Proposer to resume its role as the operator of the Lottery Gaming System for up to two (2) additional years. Exercising this right (i.e., the 90-day extension) shall not be construed as conferring any right or expectation for the Successful Proposer to continue operating under the Contract after the expiration of any such ninety (90) Day period. The Successful Proposer shall be entitled to compensation **during the renewal period at the then-current contract rate**, but only for transactions processed by the Successful Proposer's System.

Amendment No. 6

3.22.9 The Successful Proposer warrants that it will pay and agrees to pay any amount paid by the Texas Lottery and any costs incurred by the Texas Lottery as the result of and/or in connection with a misprinted On-Line Ticket. Altered tickets are not misprinted tickets. If an On-Line Ticket appears to be a winner in all respects (e.g., numbers shown on the ticket match the numbers selected in the drawing, no evidence of tampering/alteration, etc.), but the host computer record does not match the data printed on the physical ticket, the Successful Proposer warrants that it will pay and agrees to pay any amount paid by the Texas Lottery and any costs incurred by the Texas Lottery as a result of and/or in connection with the misprinted ticket.

Amendment No. 7

3.25.3 *Ownership of Prior Rights by the Successful Proposer.* All property and tangible or intangible items, including the Intellectual Property Rights therein, that were created, developed or owned by the Successful Proposer prior to the issuance of this RFP shall continue to be exclusively owned by the Successful Proposer, and the Texas Lottery shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible or intangible items solely for the purposes set forth in this RFP or resulting Contract, if any. **All tangible and intangible items relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those tangible or intangible items, that were created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such tangible or intangible items are** ~~All intellectual property relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those goods and/or services, that was created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such intellectual property is not considered "works" as defined above, shall be, and are, licensed to the Texas Lottery on a non-exclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to~~

provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract.

Amendment No. 8

3.44 DISCLOSURE OF SANCTIONS AND LIQUIDATED DAMAGES

The Proposer must include in its Proposal a complete list of all sanctions and liquidated damages assessed against the Proposer during the last five (5) years prior to submission of the Proposal **for the following: (i) a single sanctionable event under any contract that occurred five (5) times or more in a rolling calendar year or (ii) any sanction or liquidated damage under any contract totaling fifty thousand dollars (\$50,000) or more.** The Proposer must also include in its Proposal a complete account of all goods or services provided in consideration of contractual sanctions or liquidated damages that would have been assessed, including the jurisdiction, the reason for the penalty or liquidated damages and the goods or services provided in lieu of the assessment. This is a continuing disclosure requirement, any sanctions or liquidated damages assessed after submission of the Proposal must be disclosed in writing within fifteen (15) Days of its occurrence. The Texas Lottery reserves the right to request an updated report of all sanctions and/or liquidated damages assessed against the Successful Proposer during the term of any Contract resulting from this RFP.

Amendment No. 9

3.58.2 The cite reference to 3.58.4 in the last line of this section is incorrect. The correct cite is **Section 3.58.5.**

Amendment No. 10

3.66 IMMIGRATION

The Successful Proposer represents and warrants that it shall comply with the requirements of the Immigration Reform and Control Act of 1986, the Immigration Act of 1990 and the Illegal Immigrant Reform and Immigrant Responsibility Act of 1996 regarding employment of any individual who will perform labor or services under any Contract entered into as a result of this RFP. ; ~~Electronic and Information Resources Accessibility Standards, As Required by 1 TAC Chapter 213 (Applicable to State Agency and Institutions of Higher Education Purchases Only).~~

3.67 Electronic and Information Resources Accessibility Standards, As Required by 1 TAC Chapter 213 (Applicable to State Agency and Institutions of Higher Education Purchases Only).

3.67.1 Effective September 1, 2006 state agencies and institutions of higher education shall procure products which comply with the State of Texas Accessibility

requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation.

- 3.67.2 The Successful Proposer shall provide DIR with the URL to its Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under Section 508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration “Buy Accessible Wizard” (<http://www.buyaccessible.gov>). Proposers not listed with the “Buy Accessible Wizard” or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format. Additional information regarding the “Buy Accessible Wizard” or obtaining a copy of the VPAT is located at <http://www.section508.gov/>.

The remaining sections in Part 3 have been re-numbered accordingly. Please see the section numbers with title below. There were no changes to the sections, other than the numbers.

3.68 FALSE STATEMENTS; BREACH OF REPRESENTATIONS

3.69 LIMITATION ON AUTHORITY; NO OTHER OBLIGATIONS

3.70 PROPOSER ASSIGNMENT

3.71 CODE OF CONDUCT

3.72 CONTACT WITH TEXAS LOTTERY COMMISSION

3.73 INCIDENTS AND ANOMALIES

3.74 ATTACHMENT OF THIRD PARTY SYSTEMS, TERMINALS OR PRODUCTS

3.75 RECORDS RETENTION

Amendment No. 11

3.60.34 Failure to Implement Change or Release Management ~~Without Incident~~ as Required under Section 7.7

Section	Description	Amount	
7.7 – Change and Release Management	If the Successful Proposer fails to implement any change or release to the Lottery Gaming System as required under Section 7.7 , without an incident , the Successful Proposer may be assessed sanctions.	\$25,000 per incident	
Trigger Examples		Measure	Performance Target
Incident caused by Change or Release not implemented in accordance with Section 7.7		Incidents	100% of Changes and Releases implemented as required in Section 7.7 without Incident
Formula		Maximum Sanction	Exceptions
Total Sanction = Change or Release Not Implemented as Required with Incident * Sanction Per Incident		None	Texas Lottery Written Approval
Measure Interval	Reporting Period	Measurement Basis	
Per Incident	None	Incidents attributable to a Change or Release Implementation	

Amendment No. 12

3.60.45 Failure to Resolve a Lottery Non-Sales and/or Validation Equipment Problem within the Specified Timeframe

Section	Description	Amount	
7.12.2 – Installation, Relocation and Removal 8.6 8.7 – Marketing Material and Related Equipment	The failure of the Successful Proposer to resolve all Lottery non-sales and/or validation equipment problems and return the equipment to service within three (3) Days of notification may result in the Successful Proposer being assessed sanctions.	\$100 per Day or part of a Day until equipment is returned to service	
Trigger Examples		Measure	Performance Target
Retailer Hotline, Automated Alert from Incident Management System		Response Time	100% Response and Resolution to Retailer Service Calls On Time
Formula		Maximum Sanction	Exceptions
Number of Days Past Due = Date/Time of Return to Service - 3 Days (72 hours) Total Sanction = Number of Days Past Due x Sanction Per Day		None	Texas Lottery Written Approval
Measure Interval	Reporting Period	Measurement Basis	
Per Incident	Monthly	Incident Reporting, Retailer Hotline	

Amendment No. 13

3.60.52 Retailer Satisfaction

Section	Description	Amount
8.4.1 – Retailer Visit	If the Successful Proposer fails to meet its annual retailer satisfaction target as required in Section 8.4.1 and or as set by the Texas Lottery, the Successful Proposer may be assessed sanctions.	\$100,000 If Lower Than Target
Trigger Examples	Measure	Performance Target
Retailer Complaints, Exception Reports Retailer Research Survey Results	Customer Satisfaction	100% Meets, or exceeds annual Retailer Satisfaction Target of 90%
Formula	Maximum Sanction	Exceptions
Customer Satisfaction = Avg. Rating of Customer Surveys in a Quarter The Number of Retailers Responding “Good” or “Excellent” to the Retailer Satisfaction Question Divided by the Total Number of Retailers Surveyed If Target Customer Satisfaction Customer Satisfaction > < 90% θ then Total Sanction = \$100,000	None	Texas Lottery Written Approval
Measure Interval	Reporting Period	Measurement Basis
Quarterly Annually	Quarterly Annually	Retailer Satisfaction Surveys

Amendment No. 14

3.60.62 Failure to Timely Provide Accurate Annual Instant Ticket Inventory Report			
Section	Description	Amount	
9.7 Warehouse and Logistics Distribution General Requirements	The failure of the Successful Proposer to timely file, within two (2) Working Days of the Texas Lottery's August 31st fiscal year end, an accurate annual instant ticket inventory report, including the status of all inventory by game and by pack, may result in the Successful Proposer being assessed sanctions for each Day that the report is not timely filed or accurate.	\$1,000 per Day or part of a Day	
Trigger Examples		Measure	Performance Target
Annual Inventory Reports Not Received, Inaccuracies Detected in Annual Inventory Report		Accuracy, Elapsed Time	100% Accurate & On Time Instant Ticket Inventory Report
Formula		Maximum Sanction	Exceptions
<p>Timeliness Days Past Due = Date Accurate Reports Filed - August 31st - 2 Working Days</p> <p>Total Sanction = Days Past Due x Daily Sanction</p> <p>Accuracy Total Sanction = Date Accurate Reports Filed - Date of Notification of Inaccuracies x Daily Sanction</p>		None	None
Measure Interval	Reporting Period	Measurement Basis	
Per Incident	Annually	Annual Inventory Report received by Texas Lottery and time stamped (physical) or Receive Date and Time (Texas Lottery Email)	

Amendment No. 15

3.83.64 Failure to Provide a Detailed Conversion Plan within 45 Days of Contract Execution

Section	Description	Amount
10.1 – Conversion Plan	The failure of the Successful Proposer to provide a detailed Conversion Plan within 90 45 days of Contract execution may result in the Successful Proposer being assessed sanctions for each Day that the detailed conversion plan is not provided.	\$1,000 per Day or part of a Day
Trigger Examples	Measure	Performance Target
Missed Deliverables	Elapsed Time	On-time submission of detailed Conversion Plan
Formula	Maximum Sanction	Exceptions
Number of Days Overdue = Task Completion Day Total Sanction = Number of Days Overdue x Sanction per Day	None	None
Measure Interval	Reporting Period	Measurement Basis
Per Day	none	Receipt of Detailed Conversion Plan

Amendment No. 16

- 4.7.2(2) The cite references to item 1.1 in this section are incorrect, the correct cite is **4.7.2(1)**.
- 4.7.2(3) The cite reference to item 4.7.1(2) in the third line of this section is incorrect, the correct cite is **4.7.2(1)**.

Amendment No. 17

4.8.1 The Texas Lottery Commission may initiate investigations into the backgrounds of any (a) Apparent Successful Proposer; (b) any of the Apparent Successful Proposer’s officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code Ann. § 466.155, (collectively, Apparent Successful Proposer Principals); (c) any of Apparent Successful Proposer’s employees; (d) any of Apparent Successful Proposer’s subcontractors, or subcontractors’ officers, directors, investors, owners, partners, principals or employees (collectively, Subcontractor Personnel); or (e) any other associates of the Apparent Successful Proposer it deems appropriate. The Texas Lottery Commission may also request background information for a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Apparent Successful Proposer, any Apparent Successful Proposer Principals, or Apparent Successful Proposer employees

described above. Such background investigations may include fingerprint identification by the Texas Department of Public Safety, the Federal Bureau of Investigation, and any other law enforcement agency. The Texas Lottery may reject a Proposal and/or terminate any Contract resulting from this RFP based solely upon the results of these background investigations. **The Apparent Successful Proposer shall pay all costs incurred by the Texas Lottery Commission in conducting the initial vendor background investigation. To facilitate the payment of these costs, the Successful Proposer shall post funds with the Texas Lottery from which the Texas Lottery can draw to pay for such costs and shall replenish those funds, as requested by the Texas Lottery should the Texas Lottery determine that additional funds are required.**

Amendment No. 18

Table 17. Facilities Support Services Requirements

Detail Requirements
Data Center
21. The Successful Proposer’s Primary Data Center must be located within Austin, Texas the State of Texas . The Backup Data Center must be established in a separate Local Access and Transport Area (LATA) from the primary site and located in the State of Texas .

Amendment No. 19

Table 64. Sales Terminals and Related System Sales Equipment Requirements

Detail Requirements
Hardware
3. The Successful Proposer must provide <u>standard and mid-range Retailer Sales Terminals</u> that incorporate the latest technology and meet Texas Lottery requirements. All Retailer Sales Terminals must print and validate On-Line Tickets, validate Instant Tickets, perform Instant Ticket pack management, and accounting and reporting functions, and meet all other requirements as identified in this RFP and the Contract. Retailer Sales Terminals must support existing electronically integrated cash dispensers used by Texas Lottery Retailers. For example, some Retailers utilize Tidel Safes for this purpose.
Functionality
15. All Retailer Sales Terminals must provide a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted on the terminal to include: a) Sales transaction data; b) Validation data to include winning, non-winning and prize amount data, if applicable; and c) Displays must also be capable of broadcasting video resident on the terminal, downloaded from the Content Management System, between terminal transactions. In retailer environments, where video displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented video display must provide: a) Sales transaction data; and b) Validation data to include winning, non-winning and prize amount data, if applicable. e) Displays must also be capable of broadcasting video resident on the terminal, downloaded from the Content Management System, between terminal transactions.

Amendment No. 20

Table 65. Sales Terminals and Related System Sales Equipment Response Requirements

Specified and Invited Options
5. As a Specified Option, the Proposer must offer an automated in-counter ticket dispensing unit. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the unit. If the Texas Lottery exercises this option, the Proposer must install and maintain the units.

Amendment No. 21

Table 84. Retailer Visit Requirements

Detail Requirements
12. The Successful Proposer must visit each Retailer at least once during each two (2) week sales cycle regardless of sales level or geographic region. As the Retailer network increases, the Successful Proposer shall be required to increase the staffing requirements to maintain the visitation and support responsibility requirements. The Successful Proposer must submit the sales cycle schedule to the Texas Lottery on an annual basis for each State fiscal year no later than August 1 each year.

Amendment No. 22

Table 92. Retailer Contests and Retailer-based Player Promotions Requirements

Detail Requirements
18. On or before May 31 st each year, the Successful Proposer must provide an annual incentive program plan, based on the State fiscal year , for Retailers for approval by the Texas Lottery. Proposed changes to this plan must be submitted to the Texas Lottery for prior approval.

Amendment No. 23

Table 94. Promotional Events and Retailer Promotions Requirements

Roles and Responsibilities	Successful Proposer	TLC
Retailer Promotions		
19. Approves promotional items and proposed promotions and determines and provides the number of promotional tickets to be used for each promotion		X
20. Procures and coordinates the deployment (statewide) of all equipment and materials needed to support each promotion	X	

Amendment No. 24

Table 95. Promotional Events Response Requirements

Response Requirements
3. The Proposer must identify the entire promotions program team whose full-time responsibility will be to develop and run the statewide promotions plan. Proposers must provide detailed resumes job descriptions for all the promotions team members outlining their experience conducting promotional activities . The Proposer must describe its use of full-time dedicated team members working on the program and must also identify any other staff who will assist with the promotions plan, describing how the team will be coordinated and trained to maximize the benefits of the program.

Amendment No. 25

Table 122. Conversion Plan Requirements

Roles and Responsibilities	Successful Proposer	TLC
10. Provide support and assistance during transition to replacement provider or conversion to new Lottery Gaming System	X	

Amendment No. 26

Table 84. Retailer Visit Requirements

Detail Requirements
18. LSRs must meet Retailer satisfaction targets as set by the Texas Lottery. Annual Retailer satisfaction levels, as measured by the Texas Lottery through a statewide sampling of Retailers regarding LSR service and performance, shall be equal to or greater than 90% . The Successful Proposer shall provide corrective action plans to the Texas Lottery to address missed Retailer satisfaction targets.

Amendment No. 27

Texas Lottery-Specified Options

Proposers are **required** to submit specifications and pricing for the following Specified Options. The unit cost is a one-time fee that is for the use of the equipment or services for the remainder of the Contract.

- a. ~~In-counter Ticket Dispensing Unit (Section 7.12). The Proposer must offer an automated in-counter ticket dispensing unit. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the unit. If the Texas Lottery exercises this option, the Successful Proposer must install and maintain the units.~~

Price Per Unit: _____

- b. **In-lane Terminals** (Section 7.12). The Proposer must offer an in-lane terminal designed for use in multi-lane stores such as supermarkets. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the terminal. If the Texas Lottery exercises this option, the Successful Proposer must install and maintain the terminals.

Price Per Unit: _____

Price for up to 500 Units: _____

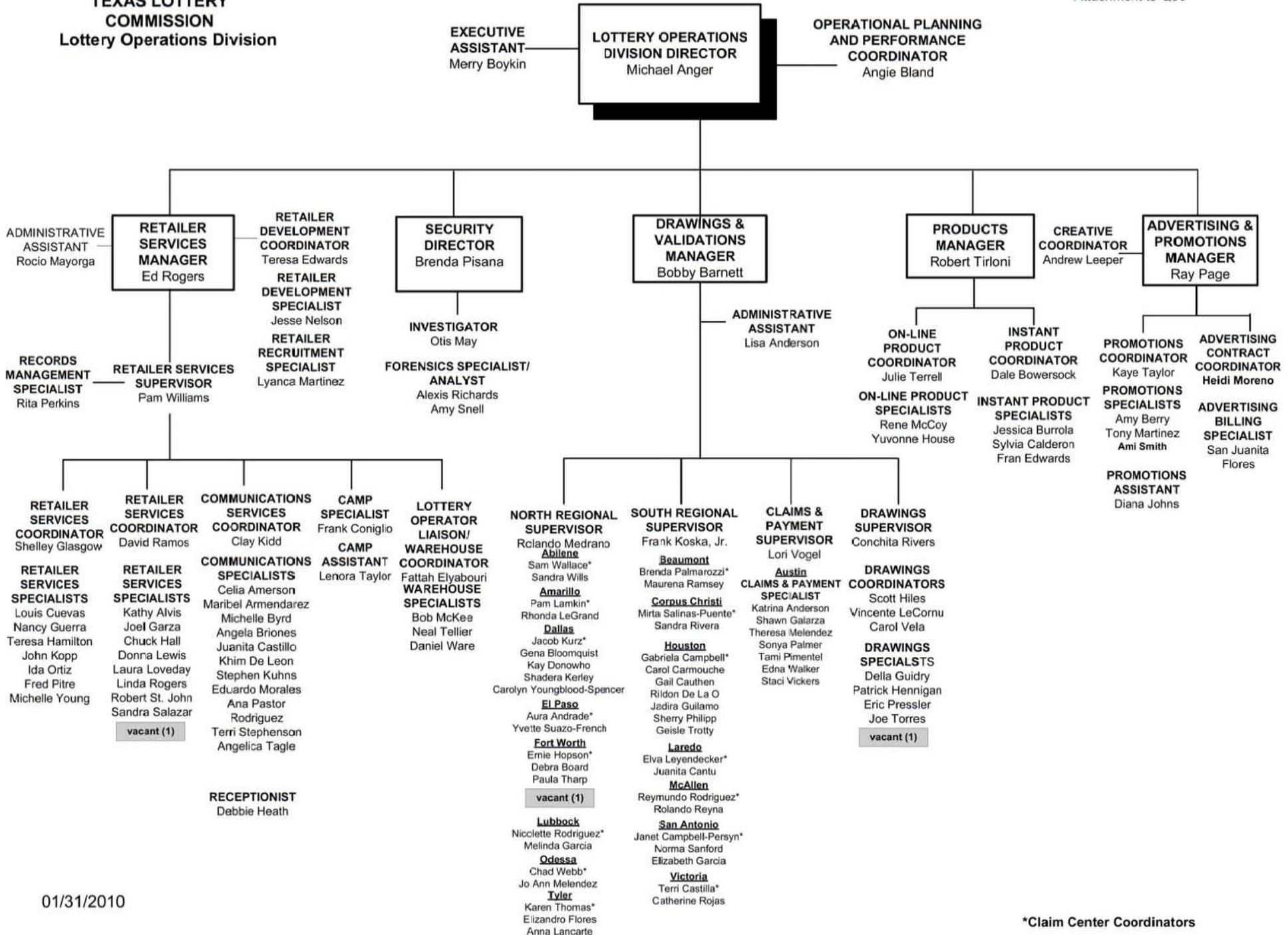
Price for 501-1000 Units: _____

Price for 1001-1500 Units: _____

Price for 1501-2000 Units: _____

Greater than 2001 Units: _____

TEXAS LOTTERY COMMISSION
Lottery Operations Division



01/31/2010

*Claim Center Coordinators

2-Year Sales Estimate					
Texas - 2010/2011					
	Fiscal year 2010			Fiscal year 2011	
	wkly avg	# of wks	total sales	wkly avg	total sales
INSTANT	53,488,225	52	2,781,387,725	54,378,290	2,827,671,105
LOTTO	3,845,250	52	199,953,021	3,733,720	194,153,446
PICK3	5,443,550	52	283,064,609	5,647,074	293,647,872
CASH5	1,282,715	52	66,701,204	1,213,462	63,100,048
TX2STEP	894,497	52	46,513,860	846,204	44,002,606
MEGA	4,329,308	52	225,124,033	4,073,113	211,801,900
DAILY4	984,598	52	51,199,071	1,021,410	53,113,310
POWERBALL	3,645,833	30	109,375,000	3,706,501	192,738,074
TOTAL			3,763,318,522	74,619,776	3,880,228,362
Weekly Avg.			72,371,510		74,619,776

Texas Lottery Commission
EXAMPLE - Daily Sales Report

Wednesday, 2/17/2010								
Name	Game	Price	Total Amount	Name	Game	Price	Total Amount	
\$500,000,000 BLOCKBU	1114	20	669000	SUPER SET FOR LIFE	1024	20	5020	
\$50,000 PAYOUT	1215	5	549325	SUPER BLACK JACK	1200	1	4178	
\$1,000,000 GOLD RUSH	1068	20	538500	WHAT'S YOUR NUMBER?	1157	1	3560	
GOLD BAR BONANZA	1211	10	485810	MERRY MONEY	1190	5	2605	
MATCH & WIN	1199	3	362604		7/11/2021	1141	1	1900
PRECIOUS PEARL 7'S	1204	7	286167	Cadillac Escalade C	1194	5	1295	
\$50,000 CASH	1212	5	283810	FIESTA	1171	2	938	
SET FOR LIFE	1057	10	281080	CASH FRENZY	1162	5	470	
MONTHLY BONUS	1164	5	277290	PURE GOLD	1158	5	105	
BONUS CASHWORD	1155	3	252816	MONOPOLY	1177	1	-42	
CASINO ROYALE	1168	5	240050	LUCKY SLOTS	1133	1	-92	
BONUS BREAK THE BANK	1196	5	232955	LUCKY 13	1203	2	-106	
BREAK THE BANK	1047	2	229858	9'S IN A LINE	1156	1	-110	
BONUS WORD CROSSWO	1263	3	216648	250000 BINGO	1022	10	-180	
BIG MONEY BINGO	1069	5	186535	LOTERIA TEXAS	1152	3	-588	
WEEKLY GRAND	1153	2	172718	\$75,000 CASINO	1051	7	-889	
\$140,000,000 EXTREME	1101	50	170000	MERRY MILLIONAIRE	1193	20	-4420	
LOTERIA TEXAS	1259	3	167007					
THE MONEY GAME	1213	1	148504					
\$50,000 CASH WINFALL	1184	5	141450					
TRIPLER	1208	3	138699					
DALLAS COWBOYS	1261	5	135300					
CASH BINGO	1198	2	122750					
FUTBOL	1195	2	120094					
FIND THE 9'S	1264	1	115242					
FIVE STAR CASH	1182	5	114510					
SPICY 7'S	1207	1	94318					
SUPER DEUCES	1209	2	91208					
8 SECONDS LUCKY	1170	2	90750					
SPARKLING 7'S	1191	7	90615					
\$250,000 Bingo	1090	10	89590					
WILD 10'S	1260	10	88660					
TREASURE	1159	2	82194					
CRAZY CASH	1169	1	81515					
JINGLE JUMBO BUCKS	1192	10	75760					
LUCKY SLOTS	1210	1	74040					
POT O'GOLD TRIPLER	1216	1	68700					
VETERANS CASH	1218	2	66856					
SUPER WILD 8'S	1172	5	65350					
DOUBLE DOUBLER	1206	1	51879					
VETERANS WINNINGS	1265	2	49500					
WINTER WINNINGS	1189	5	45875					
BEST OF 7'S	1083	7	32879					
STOCKING STUFFER	1188	3	28248					
LUCKY RIDER	1185	5	28060					
BONUS BREAK THE BANK	1005	5	26355					
TRIPLE IT	1202	3	25446					
HOUSTON TEXANS	1262	5	23370					
MONTHLY BONUS	1062	5	20325					
MONEY TREE	1183	2	13790					
CASH BINGO	1102	2	12568					
SUMMER SPECTACULAR	1166	10	11500					
TAKE 5	1178	5	11045					
SNOW DOUGH	1187	2	10948					
HAPPY HOLIDAYS!	1186	1	10808					
DIAMONDS & GOLD	1179	2	10206					
BIG PAYOUT	1201	10	6760					
CASH BOUNTY	1205	1	6440					

ONLINE DAILY SALES

Lotto Texas	1,494,514.00
Mega Millions	147,259.00
Mega Millions - Megaplier	29,806.00
Cash Five	201,572.00
Texas Two Step	42,569.00
Pick 3	886,936.00
Daily4	189,503.50
Powerball	498,041.00

**Texas Lottery Commission
EXAMPLE - Davinci Report**

Attachment to Q98b

Game	\$	Tix Run	Name	Start	Pre-Close	Close	wks	% Sold	Confirmed	Active	Ware	Return	02/13/10	02/06/10	01/30/10	01/23/10
Core																
1264	1	20,647,200	FIND THE 9'S	11/23/09			12	37.96%	19,309	8,746	55,474	2	\$818,328	\$870,473	\$763,758	\$782,540
1047	2	50,479,375	BREAK THE BANK	3/30/09			46	63.83%	20,861	9,195	113,742	9	\$1,700,694	\$1,800,380	\$1,535,304	\$1,580,610
1153	2	33,373,500	WEEKLY GRAND	5/18/09			39	63.26%	20,244	10,369	54,416	6	\$1,122,536	\$1,240,420	\$1,138,714	\$1,159,862
1198	2	29,751,000	CASH BINGO	1/18/10			4	2.17%	17,843	8,618	205,291	7	\$716,896	\$441,862	\$125,004	\$7,750
1155	3	30,366,375	BONUS CASHWORD	7/6/09			32	64.29%	16,434	5,909	64,263	4	\$1,798,695	\$1,986,588	\$1,752,921	\$1,696,980
1263	3	14,949,375	BONUS CASHWORD	10/5/09			19	68.46%	16,776	6,217	13,321	8	\$1,596,924	\$1,822,944	\$1,567,677	\$1,548,378
1069	5	15,205,950	BIG MONEY BINGO	4/20/09			43	56.00%	12,630	6,182	68,964	4	\$1,258,400	\$1,404,850	\$1,167,135	\$1,089,295
1164	5	15,445,500	MONTHLY BONUS	1/18/10			4	5.21%	13,762	6,522	173,570		\$1,904,855	\$1,635,745	\$462,375	\$17,625
1196	5	15,442,725	BONUS BREAK THE BANK	12/7/09			10	11.43%	14,298	6,372	160,443	2	\$1,565,040	\$1,704,345	\$1,337,025	\$1,193,845
1057	10	12,355,300	SET FOR LIFE	3/16/09			48	60.08%	18,632	6,985	71,116	31	\$1,920,180	\$2,100,660	\$1,872,530	\$1,781,460
Out of Ware																
1206	1	11,364,000	DOUBLE DOUBLER	11/23/09			12	80.13%	8,615	4,896		82	\$491,709	\$626,461	\$602,594	\$680,774
1207	1	12,352,800	SPICY 7'S	12/14/09			9	72.52%	12,924	7,936	9	28	\$831,281	\$945,346	\$833,239	\$899,211
1208	3	6,174,750	TRIPLER	12/14/09			9	66.49%	9,709	5,257	448	5	\$1,127,652	\$1,433,967	\$1,299,870	\$1,314,231
1182	5	4,196,400	FIVE STAR CASH	12/7/09			10	82.58%	5,125	3,617		47	\$1,001,390	\$1,389,975	\$1,354,200	\$1,506,340
Base																
1169	1	10,371,450	CRAZY CASH	1/11/10			5	31.83%	15,554	9,881	20,403	3	\$637,801	\$723,098	\$747,682	\$793,316
1210	1	11,363,400	LUCKY SLOTS	1/4/10			6	32.07%	15,707	8,971	25,380	1	\$572,546	\$638,757	\$610,640	\$734,919
1213	1	9,381,900	THE MONEY GAME	1/25/10			3	36.91%	17,952	10,202	9,141	1	\$1,211,564	\$1,512,404	\$738,648	\$0
1159	2	8,142,375	TREASURE	12/7/09			10	59.35%	10,866	5,830	8,582	4	\$737,072	\$838,710	\$808,722	\$908,706
1195	2	8,033,125	FUTBOL	1/18/10			4	24.45%	22,162	9,735	15,538	2	\$929,034	\$1,186,262	\$1,102,472	\$710,622
1209	2	8,274,875	SUPER DEUCES	12/21/09			8	51.23%	13,552	6,895	10,540	1	\$825,062	\$954,452	\$858,582	\$981,322
1265	2	8,137,325	VETERANS WINNINGS	1/25/10			3	1.97%	12,277	3,911	47,249	1	\$219,994	\$94,274	\$6,000	\$0
1199	3	6,171,125	MATCH & WIN	2/7/10			1	7.75%	12,533	8,153	22,864		\$1,435,500	\$0	\$0	\$0
1168	5	6,173,475	CASINO ROYALE	12/21/09			8	65.71%	16,028	6,378	4,303	2	\$2,049,670	\$2,501,780	\$2,260,485	\$2,293,145
1212	5	7,282,950	\$50,000 CASH	1/11/10			5	35.95%	21,111	7,360	32,074	4	\$2,256,905	\$2,912,665	\$2,823,715	\$3,153,285
1215	5	7,284,750	\$50000 PAYOUT	2/7/10			1	7.26%	22,664	8,518	56,092		\$2,643,025	\$0	\$0	\$0
1204	7	5,181,075	PRECIOUS PEARL 7'S	1/25/10			3	19.39%	13,061	7,083	34,382	1	\$2,219,812	\$2,947,217	\$1,864,926	\$0
1211	10	5,186,700	GOLD BAR BONANZA	1/4/10			6	41.78%	20,130	7,060	31,334	6	\$3,290,370	\$3,731,200	\$3,524,320	\$3,737,270
1068	20	3,057,775	\$1000000 GOLD RUSH	2/1/10			2	13.54%	17,181	6,897	79,605	5	\$4,311,700	\$3,966,880	\$0	\$0
Mature																
1218	2	8,153,750	VETERANS CASH	11/9/09			14	78.82%	7,775	4,639	42	91	\$493,134	\$583,144	\$580,720	\$648,556
1188	3	5,996,375	STOCKING STUFFER	10/19/09			17	85.52%	2,259	1,309		2104	\$260,250	\$304,764	\$309,810	\$374,832
1202	3	6,169,000	TRIPLE IT	9/14/09			22	77.35%	1,979	1,059	7,684	53	\$180,750	\$203,535	\$196,164	\$201,375
1259	3	10,378,875	LOTERIA	9/21/09			21	58.28%	11,410	5,146	16,925	2	\$1,292,307	\$1,389,930	\$1,172,340	\$1,165,011
1172	5	7,284,000	SUPER WILD 8'S	9/28/09			20	72.11%	4,248	2,614	18,649	632	\$445,030	\$583,715	\$537,420	\$587,110
1184	5	6,172,875	\$50000 CASH WINFALL	11/9/09			14	80.10%	8,800	3,780	2,496	31	\$1,061,815	\$1,322,745	\$1,216,130	\$1,308,455
1185	5	5,181,750	LUCKY 7 RIDER	9/14/09			22	64.15%	3,551	1,839	15,772	2550	\$241,505	\$243,085	\$238,840	\$286,125
1189	5	7,285,350	WINTER WINNINGS	10/19/09			17	87.72%	3,956	2,190		3117	\$461,485	\$637,515	\$648,980	\$795,680
1261	5	12,355,950	DALLAS COWBOYS	8/17/09			26	78.84%	11,690	6,180	15,212	17	\$986,360	\$1,182,545	\$1,066,980	\$1,160,640
1083	7	5,188,575	BEST OF 7'S	7/20/09			30	84.48%	2,471	1,546	6,074	27	\$298,025	\$290,773	\$313,474	\$352,611
1191	7	4,196,175	SPARKLING 7'S	11/2/09			15	76.52%	5,821	3,473	54	1798	\$698,152	\$956,151	\$955,073	\$1,101,667
1090	10	3,189,450	\$250000 BINGO	6/29/09			33	58.60%	6,022	2,916	16,791	8	\$674,860	\$748,040	\$600,760	\$573,090

2/26/2010

**Texas Lottery Commission
EXAMPLE - Davinci Report**

Attachment to Q98b

Game	\$	Tix Run	Name	Start	Pre-Close	Close	wks	% Sold	Confirmed	Active	Ware	Return	02/13/10	02/06/10	01/30/10	01/23/10
1260	10	5,188,250	WILD 10'S	7/13/09			31	83.62%	3,505	1,823	11,029	6	\$634,470	\$741,130	\$630,930	\$587,000
1114	20	34,606,800	\$500,000,000 BLOCKBUSTER	5/18/09			39	36.56%	30,360	8,538	835,814	5	\$4,411,160	\$5,148,840	\$5,158,000	\$5,000,300
1101	50	3,707,320	\$140 M EXTREME PAYOUT	3/30/09			46	45.15%	7,122	3,293	90,220	10	\$1,408,050	\$1,457,000	\$1,339,850	\$1,230,300
			Sold Out - Closing													
1141	1	9,201,450	7-11-21	9/21/09	4/7/2010		21	98.12%	251	163		374	\$24,450	\$33,813	\$36,076	\$50,660
1156	1	20,758,500	9'S IN A LINE	5/18/09		3/3/2010	39	98.56%	44	22		1307	\$8,856	\$12,139	\$16,991	\$33,702
1157	1	11,362,500	WHAT'S YOUR NUMBER	8/10/09	4/7/2010		27	96.99%	483	401		686	\$48,683	\$61,899	\$65,872	\$90,128
1186	1	12,352,650	HAPPY HOLIDAYS	10/26/09	4/28/2010		16	94.60%	1,600	929		1020	\$215,604	\$418,044	\$349,941	\$344,334
1200	1	10,739,550	SUPER BLACKJACK	9/7/09	4/7/2010		23	96.52%	614	542		515	\$58,827	\$81,026	\$89,788	\$119,086
1205	1	10,311,000	CASH BOUNTY	10/5/09	4/28/2010		19	95.91%	1,431	807		84	\$81,238	\$108,830	\$109,610	\$157,461
1102	2	30,341,625	CASH BINGO	3/23/09		3/6/2010	48	73.10%	1,212	612	41,860	5751	\$190,410	\$426,582	\$822,106	\$1,040,002
1171	2	7,286,750	FIESTA	7/13/09		3/3/2010	31	82.43%	42	72	7,095	2223	\$9,002	\$17,332	\$27,422	\$52,972
1179	2	8,211,250	DIAMONDS AND GOLD	8/3/09	4/7/2010		28	78.92%	632	584	11,293	595	\$67,710	\$103,302	\$92,542	\$98,972
1183	2	8,273,375	MONEY TREE	8/31/09	4/7/2010		24	80.96%	795	813	9,615	378	\$116,314	\$155,352	\$160,300	\$169,122
1187	2	8,275,375	SNOW DOUGH	10/12/09	4/28/2010		18	94.08%	1,225	742		1166	\$130,578	\$182,740	\$183,720	\$213,738
1203	2	5,048,625	LUCKY 13	9/28/09		3/3/2010	20	95.53%	18	11		1298	-\$536	\$858	\$4,586	\$13,638
1005	5	15,290,400	BONUS BREAK THE BANK	12/8/08		3/19/2010	63	97.05%	1,360	778		664	\$265,455	\$423,430	\$445,975	\$522,805
1062	5	15,236,025	MONTHLY BONUS	1/26/09		3/6/2010	55	84.58%	1,498	599	7,075	5763	\$232,725	\$499,100	\$908,295	\$1,185,040
1158	5	7,287,150	PURE GOLD	7/6/09		3/3/2010	32	78.84%	23	17	19,110	953	\$4,305	\$16,115	\$30,350	\$57,265
1162	5	6,135,600	CASH FRENZY	6/8/09		3/3/2010	36	86.28%	33	33	8,602	1853	\$7,175	\$19,015	\$29,220	\$49,930
1178	5	6,173,850	TAKE 5	7/27/09	4/7/2010		29	87.98%	388	416	7,745	705	\$109,125	\$171,510	\$155,410	\$175,645
1190	5	5,179,500	MERRY MONEY	11/23/09		2/19/2010	12	82.30%	106	56	16	5416	\$59,285	\$119,705	\$164,320	\$329,960
1194	5	6,120,825	CADILLAC ESCLADE	6/22/09		2/27/2010	34	88.62%	46	22	4,117	3869	\$2,600	\$4,430	\$5,165	\$30,965
1262	5	5,146,875	HOUSTON TEXANS	8/17/09		3/21/2010	26	90.03%	1,786	1,278		1110	\$215,220	\$277,455	\$249,590	\$299,080
1166	10	4,198,250	SUMMER SPECTACULAR	6/15/09	4/7/2010		35	78.48%	370	379	15,978	779	\$106,270	\$123,100	\$139,470	\$147,430
1192	10	4,198,700	JINGLE JUMBO BUCKS	10/26/09			16	87.87%	3,579	2,206		2253	\$679,620	\$942,290	\$1,061,750	\$1,287,750
1201	10	4,195,150	BIG PAYOUT	9/7/09		2/21/2010	23	88.93%	110	68	644	3980	\$47,080	\$123,760	\$213,650	\$420,590
1024	20	7,393,900	SUPER SET FOR LIFE	3/31/08		3/3/2010	98	94.82%	92	116	7,606	5089	\$53,000	\$112,060	\$201,280	\$328,780

2/26/2010

Texas Lottery Commission
EXAMPLE - Sales District Comparison

District	Online Sales	Instant Sales	Total Sales
Abilene 2009	\$13,530,963.00	\$81,328,246.00	\$94,859,209.00
Abilene 2010	\$15,297,786.00	\$74,565,481.00	\$89,863,267.00
% Change	13.06%	-8.32%	-5.27%
Austin 2009	\$37,986,881.00	\$146,870,096.00	\$184,856,977.00
Austin 2010	\$41,664,831.50	\$151,697,961.00	\$193,362,792.50
% Change	9.68%	3.29%	4.60%
El Paso 2009	\$10,254,934.00	\$26,324,197.00	\$36,579,131.00
El Paso 2010	\$11,245,076.00	\$26,337,323.00	\$37,582,399.00
% Change	9.66%	0.05%	2.74%
Houston 2009	\$124,836,787.00	\$307,466,953.00	\$432,303,740.00
Houston 2010	\$142,768,975.00	\$311,719,503.00	\$454,488,478.00
% Change	14.36%	1.38%	5.13%
Irving 2009	\$100,671,373.50	\$277,151,509.00	\$377,822,882.50
Irving 2010	\$113,441,813.50	\$279,098,388.00	\$392,540,201.50
% Change	12.69%	0.70%	3.90%
Lubbock 2009	\$8,731,554.00	\$49,800,614.00	\$58,532,168.00
Lubbock 2010	\$9,692,318.50	\$49,044,315.00	\$58,736,633.50
% Change	11.00%	-1.52%	0.35%
McAllen 2009	\$14,419,995.50	\$53,611,654.00	\$68,031,649.50
McAllen 2010	\$15,698,320.00	\$54,597,241.00	\$70,295,561.00
% Change	8.86%	1.84%	3.33%
San Antonio 2009	\$39,947,966.00	\$139,450,961.00	\$179,398,927.00
San Antonio 2010	\$44,009,983.50	\$145,767,969.00	\$189,777,952.50
% Change	10.17%	4.53%	5.79%
Tyler 2009	\$24,013,130.00	\$102,379,678.00	\$126,392,808.00
Tyler 2010	\$25,382,663.00	\$96,638,926.00	\$122,021,589.00
% Change	5.70%	-5.61%	-3.46%
Victoria 2009	\$18,458,432.50	\$85,012,317.00	\$103,470,749.50
Victoria 2010	\$20,425,994.00	\$83,685,027.00	\$104,111,021.00
% Change	10.66%	-1.56%	0.62%
State 2009	\$392,852,016.50	\$1,269,396,225.00	\$1,662,248,241.50
State 2010	\$439,627,761.00	\$1,273,152,134.00	\$1,712,779,895.00
% Change	11.91%	0.30%	3.04%

Data for week-ending 2-13-2010. Comparison of the first 24 weeks of TLC FY 2009 and the first 24 weeks of TLC FY 2010.

SIGNAGE & POINT OF SALE

Catalog



OUTDOOR SIGNAGE



1 COROPLAST SIGNS

- 32 in. x 48 in.
- Kit includes zip ties and hanging hardware
- Generic sign shown. Other versions available: "Have You Played Today", Scratch-offs, Cash Five, Lotto Texas, Texas Two Step and Mega Millions.



2 CURB SIGN

- 24 in. x 36 in.
- Metal
- Spring-hinged for wind resistance.
- 2-sided



3 CURB SIGN COVER

- 27 1/4 in. x 35 1/2 in.
- 2-sided with grommets
- Doubles as banner
- Available messages: "Have You Played Today," "Play Here" and "Winner Sold Here."



4 HANGING BRACKET SIGN

- 18 in. x 24 in.
- Aluminum with brackets for hanging
- 2-sided





5 PUMP TOPPER FRAME

- Metal
- Three sizes available:
 - 20 in. x 12 in.
 - 23 1/2 in. x 12 1/2 in.
 - 16 in. x 13 in.
- Adheres with double-sided tape (included)

6 PUMP TOPPER INSERT

- 20 in. x 12 in.
- Styrene
- Various messages



7 WALL SIGN

- 36 in. x 48 in.
- Metal
- Weight - 6 lbs.
- Four pre-drilled holes for hanging
- Masonry anchors included



INDOOR SIGNAGE



1 BROCHURE HOLDER

- 10 in. x 8 in. x 4 in.
- 4-tiered
- Acrylic

2 DIRECTIONAL ARROW

- 10 in. x 20 in.
- 2-sided
- Hole at top for hanging



3 JACKPOT WINDOW SIGN

- 12 in. x 18 in.
- Spiral number pad insert
- Suction cups for mounting and chains for hanging
- Acrylic



4 JACKPOT AWARENESS SIGNAGE

Jackpot Terminal Sign

- 7 1/4 in. x 6 1/2 in.
- Mounts to terminal or register
- Spiral number pad insert

Jackpot Alert Stickers

- 3 in. peel-off backing
- Writeable surface





5 MESSAGE BOARD

- 20 in. x 30 in.
- Dry-erase surface
- One dry-erase pen included
- Blue metal frame



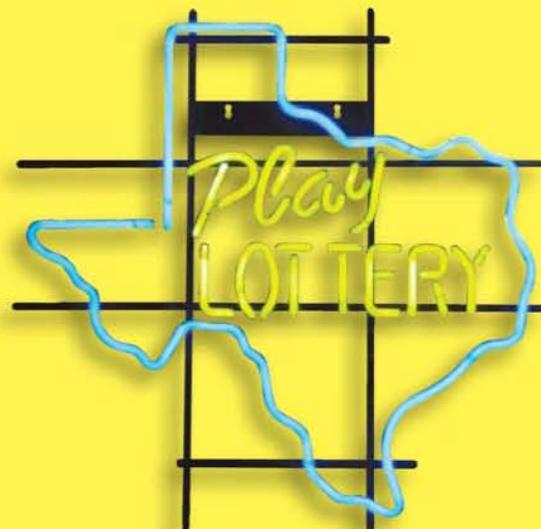
6 MINI BILLBOARD WALL HOLDER

- 8 1/2 in. x 11 in.
- Acrylic
- 4 1/4 in. fold over at bottom and 2 1/4 in. fold over at top with side load
- Includes double-sided tape



7 MINI BILLBOARD T-STAND

- 8 1/2 in. x 13 1/2 in. with a 2 1/2 in. base
- Acrylic
- Freestanding display with top load



8 NEON SIGN

- 23 in. x 23 1/2 in. x 4 3/4 in.
- "Play Lottery" halo painted Yellow-Gold
- State outline halo painted Horizon Blue
- Requires 120V, 60Hz AC electrical outlet





9 STARLITE/STARLET

- Adjustable arm attaches to terminal
- Movable display
- Jackpot and Amber Alert messages

10 "VFD" - VACUUM FLUORESCENT DISPLAY

- Displays validated ticket status and prize amount

11 TERMINAL BACK PLATE

- Plexi frame and cover
- Clip-on mount
- Changeable insert



12 WINNING NUMBER RESULTS HOLDER

- 5 1/2 in. diameter x 9 1/2 in. tall
- Acrylic
- 4-sided with dual slots for playslips and game results
- Available Spring 2009



13 PLAYSTATION

- 70 in. x 24 in. x 15 in.
- Writing surface 45 in. high
- Storage space below





14 TICKET DISPENSERS

- 6 in. x 9 1/4 in. x 7 1/8 in.
- Modular units for secure stacking
- Each ticket dispenser has a lock and 2 keys

15 "WE PAY" SIGN

- 10 in. x 12 in.
- Styrene
- Two holes for hanging
- Two-sided Spanish/English



16 CLERK STICKER

- 3 in. round
- Peel-off backing
- Various messages



IN-STORE PROMOTIONS

We provide retailers with four standard in-store promotions to help keep selling Texas Lottery games fun for you, your customers and employees.

Visit the Retailers page on our Web site www.txlottery.org for additional information or contact your Lottery Sales Rep to design a player promotion for your store.



SECOND-CHANCE DRAWINGS

Players with a non-winning ticket get a second chance with the Texas Lottery when they participate in a retailer's second-chance drawing.



CUSTOMER APPRECIATION DAY

Add extra entertainment to your Grand Opening or Anniversary Sale when you sell tickets and spin the wheel at the promotional trailer.



LONE STAR SPIN

Every player is a winner when they purchase tickets for a chance to spin the wheel.



ASK FOR THE SALE

Train your employees to ALWAYS ask for the sale!





Official Texas Lottery Web Site
www.txlottery.org

Texas Lottery Customer Service 1-800-375-6886

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Texas Lottery Commission
Retailer Contests and Retailer-based Player Promotions

Promo #	Start Date	End Date	Product - Buy	Product Free	Type of Promo	Miscellaneous Info
#068	10/1/2007	10/21/2007	Daily 4		Player	Buy \$4 D4 get free D4 with Sum It Up (statewide)
#069	11/18/2007	12/1/2007	Pick 3		Player	Buy \$3 P3 w/SIU get free P3 (statewide)
#070	12/16/2007	12/29/2007	Daily 4	Voucher for lottery mug	Clerk	Nth Voucher - Every 5th D4 tkt of \$4 or more
#071	2/10/2008	2/23/2008	Daily 4		Player	Buy \$4 D4 get free D4 w/Sum It Up (statewide)
#090	8/1/2008	8/29/2008	Cash Five		Player	Buy \$5 CF get free CF (statewide - Fridays only)
#105	3/1/2009	3/14/2009	Cash Five	Voucher for lottery mug	Clerk	Nth Voucher - Every 10th CF tkt of \$5 or more
#114	6/7/2009	6/27/2009	Mega Millions	Voucher for Duffle Bag	Clerk	Nth Voucher - Every 5th MM tkt of \$10 or more
#120	7/12/2009	8/1/2009	Mega Millions		Player	Buy \$10 MM get 2 free MM QPs (statewide)
#135	11/8/2009	12/5/2009	Pick 3		Player	Buy \$5 P3 get free CF QP (statewide)
#137	2/7/2010	2/20/2010	Pick 3	Voucher for lottery tool kit	Clerk	Nth Voucher - Every 5th Pick 3 tkt of \$5 or more
#138	2/21/2010	3/13/2010	Pick 3		Player	Buy \$5 P3 Get Free P3 w/Sum It Up free (statewide)
	Spring 2010		Powerball	In development	In development	In development
Retailer Bonus Specials:						
	3/20/2007	5/4/2007	Mega Millions		Retailer	Special retailer bonus on 2nd tier MM tickets \$2,000
	8/14/2007	9/14/2007	Mega Millions		Retailer	Special retailer bonus on 2nd tier MM tickets \$2,000 / \$4,000 if Megapplied
	8/18/2008	8/31/2008	Cash Five		Retailer	Special retailer bonus: 5x the normal 1% bonus for selling a winning Cash Five top prize ticket
	7/3/2009	7/31/2009	Mega Millions		Retailer	Special retailer bonus on 2nd tier MM tickets \$2,000 / \$4,000 if Megapplied
Instants:						
	Start Date	End Date	Incentive/Contest			
	11/25/2007	12/29/2007	Sell 7 packs of \$1 Million Holiday Winnings, Holiday Lucky Times 10 or Cool 7s and Receive a Free Pack of Break the Bank			
	2/10/2008	3/22/2008	Sell 7 Packs of \$130 Million Spectacular or \$130 Million Payout Bonanza and Receive a Free Pack of Monthly Bonus			
	3/30/2008	5/10/2008	Sell 8 Packs of Set for Life and Receive a Free Pack of Weekly Grand			
	11/23/2008	12/27/2008	Sell 7 Packs of \$50 Million Club, 7 Packs of Jingle Jumbo Bucks or 9 Packs of Holiday Treasures and receive a Free Pack of Break the Bank			
	1/25/2009	3/7/2009	Sell 7 Packs of Super Set for Life and Receive 1 Free Pack of Weekly Grand			
	7/12/2009	8/22/2009	Sell 7 Packs of \$500,000,000 Blockbuster and Receive 1 Free Pack of Weekly Grand			
	12/6/2009	1/2/2010	Sell 8 Packs of Set for Life or 10 Packs of Monthly Bonus and Receive a Free Pack of Weekly Grand			
	Summer 2010		In development -- will be related to Jumbo Bucks Suite			

**Texas Lottery Commission
FY08 Promotional Events**

Attachment to Q112a

Event	City	Dates of Participation	# of Days	Type of Promotion
Brownwood Reunion	Brownwood	9/15/2007	1	Selling Event
Jazz by the Boulevard	Fort Worth	9/21 - 9/22	2	Selling Event
Tri-State Fair	Amarillo	9/22 - 9/24	3	Selling Event
Falls Fest	Wichita Falls	9/28 - 9/29	2	Selling Event
State Fair of Texas	Dallas	9/29/2007	24	Selling Event
Fort Bend County Fair	Rosenberg	10/6 - 10/7	2	Selling Event
PalmFest	McAllen	10/6/2007	1	Selling Event
Rockport Seafair	Rockport	10/6/2007	1	Selling Event
Floydada Punkin Days	Floydada	10/13/2007	1	Selling Event
Floresville Peanut Festival	Floresville	10/13/2007	1	Selling Event
Yorktown Western Days	Yorktown	10/20/2007	1	Selling Event
Mardi Gras Upriver	Tyler	2/1-2/2	2	Selling Event
Texas vs Nation Game	El Paso	2/2/08	1	Selling Event
Border Fest	Hidalgo	3/1 - 3/2	2	Selling Event
Pharr HUB Phestival	Pharr	3/29/08	1	Selling Event
Poteet Strawberry Festival	Poteet	4/11-4/13	3	Selling Event
Bluebonnet Festival	Burnet	4/12-4/13	2	Selling Event
Galveston County Fair & Rodeo	Santa Fe	4/18-4/19	2	Selling Event
RioFest	Harlingen	4/19/08	1	Selling Event
Fiestas Fantasias	San Antonio	4/18-4/19	2	Selling Event
Buccaneer Days BBQ & Rodeo	Corpus Christi	4/26/08	1	Selling Event
Fiesta West Texas	Odessa	5/2-5/3	2	Selling Event
30th Annual Old Pecan Street Spring Fest	Austin	5/3-5/4	2	Selling Event
May Fest	Mineola	5/10/08	1	Selling Event
35th Annual Pasadena Strawberry Festival	Pasadena	5/17 - 5/18	2	Selling Event
El Paso Balloon Festival	El Paso	5/24/08	1	Selling Event
AlleyFest	Longview	6/6-6/7	2	Selling Event
Aransas Pass Shimporee	Aransas Pass	6/7/08	1	Selling Event
Chisholm Trail Roundup & Rodeo	Lockhart	6/13-6/14	2	Selling Event
Tomato Fest	Jacksonville	6/14/08	1	Selling Event
El Paso Downtown Street Festival	El Paso	6/27-6/28	2	Selling Event
Elgin Western Days Festival	Elgin	6/28/08	1	Selling Event
Chevy's Freedom Over Texas	Houston	7/4/08	1	Selling Event
4 th of July Celebration	San Antonio	7/4/08	1	Selling Event
Celebration of Freedom	Crowley	7/12/08	1	Selling Event
Hockley County Early Settlers Day	Levelland	7/12/08	1	Selling Event
Polk Street Block Party	Amarillo	6/16/08	1	Selling Event
Visions' The Woman's Expo	Dallas	8/23-8/24	2	Selling Event
Marfa Lights Festival	Marfa	8/29-8/30	2	Selling Event
World Barrel Racing	Waco	11/10/07	1	Non-Selling Event
Fort Worth CHL	Fort Worth	12/7/07	1	Non-Selling Event
Amarillo Gorillas CHL	Amarillo	1/5/08	1	Non-Selling Event
Austin Ice Bats CHL	Austin	1/12/08	1	Non-Selling Event
CorpusChristi Ice Rayz CHL	Corpus Christi	1/25/08	1	Non-Selling Event
Tuff Hedeman Bullriding Championship	El Paso	2/9/08	1	Non-Selling Event
Odessa Jacklopes CHL	Odessa	2/22/08	1	Non-Selling Event
Rio Grande Valley Killer Bees CHL	Hidalgo	2/23/2008	1	Non-Selling Event
Laredo Bucks CHL	Laredo	2/29/08	1	Non-Selling Event
Lester Meier Open Pro Rodeo Series	Refugio	3/14/2009	1	Non-Selling Event
Lester Meier Open Pro Rodeo Series	Stonewall	6/6/2009	1	Non-Selling Event
Lester Meier Open Pro Rodeo Series	Johnson City	8/15/2009	1	Non-Selling Event
Marshall Rodeo	Marshall	3/15/08	1	Non-Selling Event
Houston Aeros Hockey	Houston	3/21/2008	1	Non-Selling Event
San Antonio Missions Baseball	San Antonio	5/9/2008	1	Non-Selling Event
Round Rock Express Baseball	Round Rock	5/16/08	1	Non-Selling Event
Midland Rockhounds Baseball	Midland	5/17/08	1	Non-Selling Event
Corpus Christ Hooks Baseball	Corpus Christi	5/23/08	1	Non-Selling Event
Austin Wranglers	Austin	5/24/08	1	Non-Selling Event
Laredo Broncos Baseball (United League)	Laredo	5/30/2008	1	Non-Selling Event
Rio Grande Valley White Wings Baseball (United League)	Harlingen	5/31/2008	1	Non-Selling Event
Houston Comets Basketball	Houston	6/26/2008	1	Non-Selling Event
Amarillo Dillas Baseball (United League)	Amarillo	7/26/2008	1	Non-Selling Event
San Angelo Colts Baseball (United League)	San Angelo	8/1/2008	1	Non-Selling Event
Edinburg Coyotes Baseball (United League)	Edinburg	8/9/2008	1	Non-Selling Event
			107	

**Texas Lottery Commission
FY09 Promotional Events**

Attachment to Q112b

Event	City	Dates of Participation	# of Days	Type of Promotion
Rhymes & Vines	Stephenville	9/19-9/20	2	Selling Event
Falls Fest	Wichita Falls	9/26-9/27	2	Selling Event
LJT Fest 2009	Stephenville	4/24-4/25	2	Selling Event
Fiesta West Texas Expo	Odessa	5/1-5/2	2	Selling Event
Bluebonnet Festival	Burnet	4/10-4/11	2	Selling Event
Old Pecan Street Festival- 27th Annual	Austin	5/2-5/3	2	Selling Event
Chisholm Trail Roundup	Lockhart	6/12-6/13	2	Selling Event
BatFest	Austin	8/22/09	1	Selling Event
La Feria De La Familia	El Paso	9/13/08	1	Selling Event
Terlingua International Chili Cook-off	Study Bute	10/30-11/1	3	Selling Event
El Paso Downtown Street Festival	El Paso	7/3-7/4	2	Selling Event
Texas Crawfish & Music Festival 2009	Spring	4/18-4/19	2	Selling Event
Galveston County Fair & Rodeo	Santa Fe	4/24-4/25	2	Selling Event
Pasadena Strawberry Festival- 36th Annual	Pasadena	5/17-5/18	2	Selling Event
Chevy's Freedom Over Texas	Houston	7/4/09	1	Selling Event
Jazz by the Boulevard	Fort Worth	9/19-9/20	2	Selling Event
Statc Fair of Texas	Dallas	10/26-10/17	24	Selling Event
NASCAR	Ft. Worth	10/24 - 10/25	2	Selling Event
NASCAR	Ft. Worth	4/3 - 4/5	3	Selling Event
NASCAR	Ft. Worth	6/4 - 6/5	2	Selling Event
Texas Hunter's & Sportsman's Expo	McAllen	7/17/09	2	Selling Event
Tri-State Fair	Amarillo	9/19-9/20	2	Selling Event
Cinco De Mayo	Lubbock	5/2/08	1	Selling Event
Hockley County Early Settlers Day	Levelland	7/11/09	1	Selling Event
PalmFest	McAllen	10/4-10/5	2	Selling Event
BorderFest	Hidalgo	3/7-3/8	2	Selling Event
Polk Street Block Party	Amarillo	6/30/09	1	Selling Event
Fiesta Patrias	San Antonio	9/7/08	1	Selling Event
Floresville Peanut Festival	Floresville	10/9-10/10	2	Selling Event
Poteet Strawberry Festival	Poteet	4/3-4/5	3	Selling Event
Fiesta Fantasias (replacmenet- Oyster Bake)	San Antonio	4/17-4/18	2	Selling Event
Mardi Gras Upriver	Jefferson	2/21/09	1	Selling Event
Alley Fest	Longview	6/5-6/6	2	Selling Event
Tomato Fest	Jacksonville	6/13/09	1	Selling Event
Rockport Seafair	Rockport	10/10-10/11	2	Selling Event
Yorktown Western Days	Yorktown	10/18/08	1	Selling Event
Buccaneer Days BBQ & Rodeo	Corpus Christi	4/25/08	1	Selling Event
Aransas Pass Shrimporee	Aransas Pass	6/13/09	1	Selling Event
Midland Rockhounds Baseball	Midland	5/23/09	1	Non-Selling Event
World Barrel Racing	Waco	11/8/08	1	Non-Selling Event
Round Rock Express Baseball	Round Rock	5/22/09	1	Non-Selling Event
Round Rock Express Baseball	Round Rock	8/7/09	1	Non-Selling Event
Houston Aeros Hockey	Houston	2/27/09	1	Non-Selling Event
Rio Grande Valley Killer Bees -CHL	Harlingen	1/17/09	1	Non-Selling Event
Laredo Bucks - CHL	Laredo	2/28/09	1	Non-Selling Event
San Antonio Missions Baseball	San Antonio	4/30/09	1	Non-Selling Event
Llano Open Pro Rodeo - Lester Meier	Llano	6/6/09	1	Non-Selling Event
Johnson City Open Pro Rodeo-Lester Meier	Johson City	8/15/09	1	Non-Selling Event
San Antonio Silver Stars Basketball	San Antonio	8/21/09	1	Non-Selling Event
Corpus Christi IceRays -CHL	Corpus Christi	12/11/08	1	Non-Selling Event
Refugio Open Pro Rodeo - Lester Meier	Refugio	3/14/09	1	Non-Selling Event
Corpus Christi Hooks Baseball	Corpus Christi	5/15/09	1	Non-Selling Event
			103	

ATTACHMENT

NEON SIGN SPECIFICATIONS

- Size: Overall size of sign is 23.07”H x23.60”W x4.75”D
- Glass: “Play” is 8mm White Halo painted yellow gold.
“Lottery” is 8mm White Halo painted yellow gold.
“State Outline” unit is 10mm Horizon Blue.
All glass is annealed.
- Electrodes: Three sets of 13mm 2-1/4”.
- Frame: Welded 18-1/2” of .125” x .375” metal frame wire with a black powder coated finish.
There are (8) 2.75” 90 degree turns with window bumpers.
There are 16 riveted tube supports.
There is one 16-gauge wall bracket and 2 backward projecting legs for hanging and setting purposes. The bracket and legs are powder coated.
- Construction: Built to UL specifications and must carry the UL label for sign construction.
- Transformer: Built to UL 2161 specifications. Must weigh less than 2 pounds and feature secondary ground fault interruption, over voltage interruption, immediate shutdown on error, anti-bubbling and anti-mercury migration circuitry and have short/open circuit protection.
- Packaging: Cartons are to be 200# test corrugated with foam inserts to ensure safe shipping. The packaging is to be ISTA tested. The date of production is to appear on each unit. Other customer required identification would be specified.
- Shipping: Guarantee safe delivery to first destination.
- Quality: A Quality Control person is required at the production facility and a quality program must be in place. Cosmetics are an important factor; consequently, utmost care must be taken in the manufacture of the individual parts so that they do not display unsightly blemishes. Supplier must guarantee proper manufacturing and assembly, color match, proper copy and strict adherence to any and all of the specifications and requirements.

PROGRAMMABLE SIGNS AND WIRELESS SERVICE SPECIFICATIONS

Specifications for Everbright LED (Part No. 10362113)

- a. 80 x 7 High Brightness Amber LED message display
- b. One line of 13 characters
- c. 2.1" character size
- d. Memory capacity - 32K Ram Standard
- e. Operating Temperature - 0 to 50 degrees C
- f. Includes 120 VAC In-line power adapter

Information Redacted
§552.101/466.022/552.139

- g.
- h. Anodized aluminum enclosure
- i. Special mounting brackets to mount to bottom of Texas Lottery Neon sign

Specifications to Supply Wireless Data Services and Wireless Reception Devices for Electronic Message Centers

- a. Data services shall be delivered via satellite to a wireless device attached to the electronic message center
- b.
- c. Data services shall be provided 24 hours per day, seven days a week
- d.
- e.
- f. Data services supplier shall warranty wireless services for the entire duration of the data services contract

YOUR CHANCE TO Attachment to Q131 CASH IN WITH GREAT ODDS!



Buy **\$5** or more worth of *Cash Five*® and receive a **\$1 Instant Cash Five Scratch-Off** ticket for **FREE!**

Top Prize Roll-Down

If there is not a ticket that matches all five numbers drawn to win the 1st prize, the money will **roll down** to the 2nd prize!

Overall Odds 1 in 8

Cash Five gives you the best overall odds of any Texas Lottery® on-line game. With such great odds, today could be your lucky day! Choose 5 numbers from 37 or ask for a Quick Pick.

Nightly Drawings

Cash Five drawings are held Monday through Saturday at 10:12 p.m. Check your numbers at www.txlottery.org.

The overall odds of winning any prize in the Instant Cash Five scratch-off game are 1 in 2.63, including break-even and free ticket prizes. Scratch-off game closing procedures will begin when all top prizes have been claimed. A scratch-off game may continue to be sold even after all top prizes have been claimed. For information about claiming prizes or prizes already claimed, see www.txlottery.org or call 1-800-375-6886. To have your address removed from future Texas Lottery® mailings, please call 1-800-375-LOTTO or email: customer.service@lottery.state.tx.us. © 2008 Texas Lottery Commission. All rights reserved. PLAY RESPONSIBLY.

Cash Five® Prize Chart IF TOP PRIZE WINNER

	Match	Estimated Prize	Odds of Winning
1st prize	5 of 5	Top Prize	1:435,897
2nd prize	4 of 5	\$123 [^] *	1:2,724
3rd prize	3 of 5	\$11 [^] *	1:88
4th prize	2 of 5	\$2 Guaranteed	1:9

TOP PRIZE ROLL-DOWN ... NO TOP PRIZE WINNER

	Match	Estimated Prize	Odds of Winning
1st prize	5 of 5	--	1:435,897
2nd prize	4 of 5	\$395 [^] *	1:2,724
3rd prize	3 of 5	\$11 [^] *	1:88
4th prize	2 of 5	\$2 Guaranteed	1:9

[^] Prizes may be higher or lower than these published prize amounts.

* Pari-mutuel prize - total prize allocation divided equally among multiple winners.

Overall odds are 1 in 8. Prize pool equals 50 percent of sales. All prizes will be paid in a single payment.

FREE!

\$1 Instant Cash Five Scratch-Off*
with a \$5 *Cash Five* purchase.

Redeem this coupon at any Texas Lottery® retailer.

Coupon good through August 30, 2008. Not redeemable at Texas Lottery claim centers or at Texas Lottery self-service terminals.

Overall odds of winning a prize in *Cash Five* are 1 in 8. Players must be 18 years of age or older to purchase a Texas Lottery ticket.

Only one (1) FREE scratch-off game ticket per coupon.

*If the \$1 Instant Cash Five ticket (game #1075) is unavailable, a different \$1 scratch-off ticket may be substituted.

*See inside for details

Attachment to Q131

**CASH IN ON
THE FUN
WITH THIS
FREE OFFER
FROM THE
TEXAS LOTTERY!**



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**TEXAS
LOTTERY**



WIN UP TO \$1 MILLION!*

(Paid out \$1,000 per week for 20 years!)

* Total prize amount before taxes is \$1,040,000.



The very first *Weekly Grand* scratch-off ticket was introduced on May 3, 1995.



Since 1995, there have been 20 *Weekly Grand* games printed.



Through January 2008, there have been 82 *Weekly Grand* top prizes claimed.

Game closing procedures will begin when all top prizes have been claimed. A scratch-off game may continue to be sold even after all top prizes have been claimed. For information about claiming prizes or prizes already claimed, see www.txlottery.org or call 1-800-375-6886. To have your address removed from future Texas Lottery mailings, please call 1-800-375-LOTTO or email: customer.service@lottery.state.tx.us. © 2008 Texas Lottery Commission. PLAY RESPONSIBLY.

The Texas Lottery also offers other games with exciting top prizes. Try playing *Monthly Bonus*, *Set for Life*, or the new \$20 game *Super Set for Life*, which offers a top prize of \$7.5 million paid out over 15 years!



FREE* \$2 SCRATCH-OFF!

(*with the purchase of 5 WEEKLY GRAND tickets.)

Redeem this coupon at any Texas Lottery® retailer.

Coupon good through **July 5, 2008**. Not redeemable at Texas Lottery Claim Centers or at Texas Lottery self-service terminals. Overall odds of winning any prize in *Weekly Grand* #1027 are 1 in 3.91 (including break-even prizes). Overall odds of winning a top prize are 1 in 8,400,000. Must be 18 or older to buy a Texas Lottery ticket.



Attachment to Q131

It's like WINNING
OVER and OVER
and OVER AGAIN!



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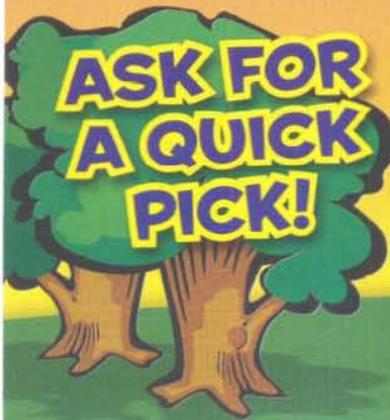
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TEXAS
LOTTERY®



MEGA FUN SUMMER OFFER!

Purchase **\$5** or more worth of **MEGA MILLIONS**® and get a **\$2 SCRATCH-OFF TICKET** for **FREE!**



Play Megaplier* for only \$1 more per playboard and you could increase your non-grand/jackpot prize winnings by 2, 3, or 4 times. (Since 2005, 23 Texas players have become millionaires by playing Megaplier!)



DRAWINGS ARE TUESDAYS AND FRIDAYS.

JACKPOTS START AT \$12 MILLION!

PLAY MEGAPLIER AND YOU COULD WIN \$1 MILLION WITHOUT EVEN HITTING THE JACKPOT!

To have your address removed from future Texas Lottery® mailings, please call 1-800-371.OTTO or email: customer.service@lottery.state.tx.us. © 2009 Texas Lottery Commission. All rights reserved. PLAY RESPONSIBLY.

FREE \$2 SCRATCH-OFF

with a **\$5 MEGA MILLIONS**® purchase
Redeem this coupon at any Texas Lottery retailer.

Coupon good through SEPTEMBER 1, 2009. Not redeemable at Texas Lottery claim centers or at Texas Lottery self-service terminals. Overall odds of winning any prize in Mega Millions are 1 in 40. Players must be 18 years of age or older to purchase a Texas Lottery ticket. Only one (1) FREE scratch-off game ticket per coupon. Notice: A scratch-off game may continue to be sold even when all top prizes have been claimed. For more information, call 1-800-371.OTTO. PLAY RESPONSIBLY.



Attachment to Q131

SUMMER OFFER!

MEGA FUN



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