

Connecticut Lottery Corporation (CLC)
Request for Proposal #CLC202003
Gaming System and Related Services and Products
November 16, 2020
Addendum 1
Proposer Questions and CLC Responses

VENDOR 1

1. Appendix B, 3.2.1, Page 37

Will the CLC please provide a Microsoft Excel spreadsheet of active retailers that includes address, FY20 total sales, number of retailer terminals, and number of SST's at each location?

See CLC202003-Attachment-A.csv containing the information requested.

2. Appendix B, 3.2.5, Page 41

Will the CLC please provide the technical specifications of the Advantech DS-890?

See CLC202003-Attachment-B-Advantech-DS980DS_980GL.pdf containing the information requested.

3. Appendix B, 3.1.2, Page 37

The CT Lottery mobile app in the Apple App store was developed by Scientific Games. Does Scientific Games have a separate contract outside of the central gaming system for providing the mobile app?

The CLC clarifies that it is not asking Proposers to provide a mobile app under the RFP. With that said, the CLC does not have a separate mobile app contract with Scientific Games.

4. Appendix B, 3.2.7, Page 41

Will the CLC please identify which type of port on the current lottery terminal is used to connect to the Pro-Lite jackpot sign?

The CLC uses a USB port on the terminal connected to a radio transmitter for the sign.

5. Appendix B, 3.5.3, Page 53

Would the CLC please state how many packing lines the CLC instant ticket warehouse utilizes today?

The CLC currently uses eight (8) independent workstations for packing instant tickets.

6. Appendix B, 3.2.5, Page 41

Will the CLC please provide a list of retailers that make up your 1,500 Keno locations, and the business type of those locations?

All CLC retailers are able to sell Keno. Currently, there are about seven hundred and seventy-five (775) retailers with a Keno monitor. See CLC202003-Attachment-A.csv for a current list of Keno monitor locations.

7. Appendix C, Page 69

Would the Lottery please confirm that additional Options may be offered in addition to those referenced in Appendix C.

Yes, Proposers may propose additional options. Please follow the instructions in Appendix C to the RFP on how to present Additional Options.

8. Appendix C, Page 69

If additional Options can be offered, would the Lottery please clarify if an attachment to the standardized Price Sheet found in Appendix C is acceptable for submittal of those prices?

Yes, this is acceptable as long as pricing of Additional Options is presented in the same format found in the Price Sheet.

9. Appendix C, Page 69

Would the Lottery please confirm if TBD pricing is allowed for Options other than those specified on the Standard Price Sheet found in Appendix C?

No, TBD pricing is not allowed for other options. All options listed on the Price Proposal Form – Required and Additional – must have a price. Proposers may include “Not To Exceed” pricing if they are unable to determine exact pricing. If a Proposer does not have prices for options, then these options must not be included in its Price Proposal. Proposers may still propose options, however, in its Proposal.

10. Appendix B, 3.2.2, Page 40

Would the Lottery please provide the types of SSTs and the number of bins in each unit?

Currently, CLC has one (1) type of touch screen SST which sells both draw and instant tickets with 24 bins. During the contract, the Successful Proposer is required to supply the CLC with SSTs as specified in Section 3.2.2 of Appendix B to the RFP.

11. Appendix B, 3.5, Page 52

Would the CLC please state how many unique print vendor encryption validation codes for instant games are in use at this time?

At this time, there are four (4) vendor encryption validation codes, one for each instant ticket print vendor, plus a legacy validation code from one of the print vendors. The legacy validation codes should not be in use by the time of the go live of this contract.

12. Appendix B, 3.5.2.D, Page 53

Would the Lottery please provide contextual information as to the purpose of its 'Deferred Order' type?

Would the Lottery please state approximately how many Deferred Orders were placed in 2019? Would the Lottery please also state how many were placed in 2020 to date?

The CLC does not currently have deferred ordering. The CLC requires the Successful Proposer to provide such type of ordering capability with its Gaming System. Deferred Ordering would complement the CLC's existing game ordering methods (Tel Sel, initial order, LSR orders, additional initial orders, and walk-in orders).

13. Appendix B, 3.5.4.H, Page 54

Would the Lottery please state how many warehouses for instant tickets the Lottery maintains for order processing?

The CLC has two (2) warehouses, a primary and a backup warehouse.

14. Appendix B, 3.5.6.G, Page 55

Would the Lottery please state as to whether Scratch Ticket Balancing is available to your retailers today? And if so, would the Lottery please state approximately how many of your retailers use it on a regular basis?

Yes, Scratch Ticket Balancing is available now for retailers, and approximately one-third (1/3) of the retailer base actively use it.

15. Appendix B, 3.5.8, Page 56

Would the Lottery please provide more information on the Carton Reallocation function? Who uses it and for what purpose(s)?

Carton reallocation is used by CLC warehouse staff. It is used to reassign full packs of instant tickets from the original carton number that is assigned from the instant ticket print vendor to a new carton number. Carton reallocation is used as part of inventory control.

16. Appendix A, Page 34

Would it be possible to provide sales and payout by game, by week since launch of Fast Play category? And if so, would the Lottery provide that information?

See CLC202003-Attachment-C.csv containing the information requested.

17. Tab 6: Protest/Litigation Bond, Page 15

It is a widely accepted practice to include on a Litigation bond a third condition that would need to be satisfied before the bond may be drawn upon; we ask that the CLC add the following to Tab 6:

3. A court determines that the action or any portion thereof was frivolous, or was brought in bad faith, or was not brought upon reasonable grounds.

The language of Tab 6 will remain as is.

18. Part V, Section L., Paragraph 7. Cyber/Privacy Liability, Page 26

Is the CLC willing to negotiate with the Successful Proposer the Cyber/Privacy Liability section; as policies are all written differently depending on the carrier, and there could be coverage sublimits?

Or – Will the CLC amend the Cyber/Privacy Liability section as follows:

Cyber/Privacy Liability insurance in the minimum amount of \$25,000,000 and sufficiently broad to respond to the duties and obligations as is undertaken by the Successful Proposer in the contract, including, without limitation, claims involving ~~intellectual property~~ infringement, invasion of privacy violations, data privacy and network security liability, PCI/DSS (Payment Card Industry/Data Security Standards) **up to \$9M**, Internet and electronic media liability, cyber extortion, and breach response costs **up to \$9M**, which may include, but are not limited to, regulatory fines and penalties and credit monitoring expenses. For avoidance of doubt, Cyber/Privacy Liability insurance should cover information or identity theft, liability for misuse or disclosure of Data, and liability for loss of Data due to outages, spread of viruses, attacks, and destruction.

There will be no revision to Part V, Paragraph L.7 of the RFP. The CLC acknowledges that insurance policies may vary from carrier to carrier. If the scope of a Proposer's insurance coverage must be different from the CLC's coverage requirements because of variation in carrier insurance product offerings, then the Proposer must clearly describe these coverage differences under Tab 9 of its Proposal. The Successful Proposer must still meet the CLC's stated minimum insurance policy limits in Part V, Paragraph L despite any coverage differences.

19. Part V, Section L., Paragraph 8. Crime (Fidelity), Page 27

We respectfully request that the following changes be made to the Crime section:

1. Delete SIR as in the current insurance marketplace it is challenging for companies to maintain such a low SIR.
2. Clarify that the property needs to be in the care, custody and control of the Subcontractor
3. Some policies have blanket joint payee wording in the policy form itself and would not be specifically "endorsed" onto the policy
8. Crime (Fidelity) insurance with a minimum single loss limit of \$5,000,000 per loss, ~~and a single loss retention not to exceed \$10,000, endorsed~~ to include "Third-Party or Client Fidelity Coverage." This insurance shall cover any loss to the CLC due to dishonest acts of the Successful Proposer's officers, employees, agents, or Subcontractors including, but not limited to, larceny, theft, forgery, misappropriation, wrongful abstraction, willful misapplication, or any other fraudulent or dishonest acts resulting in financial loss or damage, whether Successful Proposer's officers, employees, agents, or employees of any of Successful Proposer's Subcontractors acted

alone or in collusion with others. Such insurance at a minimum must cover property of the CLC **for loss while in the care, custody or control of the Subcontractor.**

Coverage shall not require arrest or conviction. Crime (Fidelity) Insurance must also provide coverage for social engineering losses including, but not limited to, losses involving phishing, spear-phishing, business email compromise, and vendor/supplier impersonation perpetrated by any means (e.g., email, text, telephone, fax). The policy must **consider be endorsed to name** the Connecticut Lottery Corporation, its directors, officers, employees, agents, and the State of Connecticut as "Loss Payees."

There will be no revision to Part V, Section L.8 of the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

20. Part V, Section L. Insurance, Page 28

In the first paragraph on page 28, it states the CLC has the sole discretion to require additional or increases to the insurance coverages. Today's insurance market is unpredictable and there are changes in capacity and coverages. Therefore any changes should be discussed and agreed to with the Successful Proposer. Therefore we respectfully request that the section be amended as follows:

"The CLC reserves the right, at any time, to **require request** the Successful Proposer to obtain additional types of insurance or increase the limits of its existing insurance as the CLC, **in its sole discretion, with the agreement of the Successful Proposer** deems necessary.

There will be no revision to Part V, Paragraph L of the RFP. The CLC will consider concerns during the negotiation phase, after the preliminary notice of contract award is issued.

21. Part V, Section N. Performance Security, Page 28

Surety Companies desire the opportunity to cure the default in lieu of strict forfeiture.

We respectfully request the CLC in the second paragraph in Section N to replace the words "will have the right to call the Performance Security" to "make a claim against the Performance Security?"

There will be no revision to Part V, Paragraph N of the RFP.

22. Appendix B, 3.2.1 D, Page 39

Would the Lottery please provide a sample or an image and the dimensions of the Adjustment and other forms to be read? Is the intent to scan the entire document or capture handwritten information contained in specific fields?

The form is handwritten and mailed to the CLC. See CLC202003-Attachment-D containing the information requested.

23. Appendix B, 3.2.5, Page 41

Would the CLC please provide an approximate quantity installed for each of the KENO monitor sizes listed in first paragraph of this requirement?

Currently, the CLC uses 43" monitors and there are eight hundred and forty-eight (848) installed.

24. Appendix B, 3.2.5, Page 41

Is it the expectation of the CLC, that the successful bidder will be responsible for service and maintenance activities of the CLC- owned servers and monitors? If so, is the CLC or the successful vendor responsible for the cost associated with provisioning, spare parts, repairs, and replacement?

Yes, the Successful Proposer is responsible for servicing and maintaining all monitors and accompanying media servers at lottery retailer locations, including monitors and servers owned by the CLC.

Pursuant to Appendix B, Section 3.2.5 of the RFP, the Successful Proposer is responsible for providing new and servicing existing CLC-owned monitors and media servers at one thousand five hundred (1,500) retail locations. All costs associated with the installation, repair, and replacement of this equipment will be borne by the Successful Proposer, up to one thousand five hundred (1,500) monitors and servers.

25. Appendix B, 3.2.6, Page 41

Is it the intent of the CLC to have at least one Self-Service validator installed at each retail location? If not, please advise on desired quantity.

Yes, it is the CLC's intent to have at least one (1) Self-Service Validator for each terminal, with the ability to support more than just validator for each terminal.

26. Appendix B, 3.26, Page 41

Is it the expectation of the CLC, that the successful bidder will be responsible for service and maintenance activities of the CLC- owned Jackpot Signs? If so, is the CLC or the successful vendor responsible for the cost associated with provisioning, spare parts, repairs, and replacement?

As clarification, Proposers are not required to provide jackpot signs under the RFP, but are welcome to offer them as an option in their Proposals. If the Successful Proposer does not include jackpot signs in its Proposal, then the Successful Proposer will be responsible for maintaining and servicing them (including their parts), with reimbursement by the CLC. If the Successful Proposer includes jackpot signs in its Proposal, then the Successful Proposer can replace end-of-life CLC jackpot signs with its own signs.

27. Appendix B, 3.9.3, Page 67

Will the CLC please provide the count of Field Service Technicians operating under the current gaming vendor contract?

Proposers are responsible for providing an adequate number of field technicians to ensure service in compliance with contract Services Levels.

28. Appendix B, 3.9.3, Page 68

Will the CLC please provide the field service hours provided by the current gaming vendor?

Current field service hours are 6AM to 11PM (ET).

29. Appendix E – B.16, Page 106

Relative to each grace period identified in this section, will the CLC take into account retailer closed hours when assessing liquidated damages?

For example, if a retailer in a Class 2 category, reports a non-operational terminal at 8PM but closes at 9PM, will the successful vendor have 60 minutes upon retailer opening to repair/replace the equipment?

System hours and retailer hours are used in the calculation, in this example this is correct, sixty (60) minutes upon the retailer reopening.

30. Appendix E – B.16, Page 106

Will the CLC please provide an example of their definition of a less critical failure?

Examples include, but are not limited to, ticket checker not working, barcode reader not working, and advertising display not working.

31. Appendix A, Page 34

Would the Lottery please provide its retailer instant settlement terms?

Instant Ticket settlement rules are located in Appendix B, Section 3.5.9 of the RFP.

32. Appendix A, Page 34

Would the Lottery please provide weekly Draw Game sales by game from Calendar 2018 to date?

See CLC202003-Attachment-E.csv containing the information requested.

33. Appendix A, Page 34

Would the Lottery please provide Instant game schedules for FY20 through FY21 including information such as individual game prize payout percentage and ticket quantities?

Information about CLC instant game prize payouts and ticket quantities for all active games is publicly available on the CLC's website at <https://ctlottery.org/ScratchGames>.

34. Appendix A, Page 34

Would the Lottery please provide any marketing research results summaries pertaining to Draw and Instant games from the previous three years?

No, the CLC is not prepared to disclose this information to Proposers at this stage of the procurement process. CLC market research relevant to the engagement will be shared with the Successful Proposer as a matter of our regular course of business.

35. Part II, Definitions, “Data”, Page 6

The definition of “Data” in Part II of the RFP includes information or “content” “created” by the Successful Proposer or CLC in connection with the Gaming System. The terms “content” and “created” mean inventive or original development which is addressed in the intellectual property provisions. “Generated” better and sufficiently describes the information that is an output of the system and the intent of this provision.

Would the CLC revise the definition of Data to remove the word “created” and also clarify that “Data” refers to information regarding the CLC’s generation of revenue, e.g. sales, distribution, and game performance, and does not include the Gaming System or information related to deliverables provided by Successful Proposer?

There will be no revision to the definition of “Data” in the RFP. The CLC will consider concerns during the negotiation phase, after the preliminary notice of contract award is issued.

36. Part III Submission Requirements Tab 5 (2), Page 10

In the event that a Proposer does not have standalone audited financial statements, please confirm our understanding that the Proposer may submit the required audited financial statements of its Parent which incorporates the Proposer’s operations on a consolidated based, and which Parent will agree to guarantee the Proposer’s performance if such Proposer is awarded the contact as set forth in this section.

Yes, the Proposer may submit the required audited financial statements of its parent.

37. Part V Section G. #1. B and C, Page 22

Would the CLC please agree to add reasonable materiality thresholds for a failure to perform in these sections to clarify that the CLC may not terminate for cause in the event of an immaterial failure to perform that has no material adverse impact on the CLC?

There will be no revision to Part V, Paragraph G of the RFP. The CLC will consider concerns during the negotiation phase, after the preliminary notice of contract award is issued.

38. Part V, Section K., Paragraphs 1 and 2, Pages 24-25

Would the CLC please agree to strike words “hold harmless” from the indemnification provisions in Part V, Section K., Paragraphs 1. and 2., or please specify how this term is not synonymous with indemnification?

There will be no revision to Part V, Paragraph K of the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

39. Part V, Section K., Paragraph 1, Page 25

Part V, Section K, Paragraph 1 of the RFP requires the Successful Proposer to indemnify and hold harmless the CLC as well as defend Actions. The paragraph also requires the Successful Proposer to pay and reimburse the CLC for all associated Losses on demand.

In order for Successful Proposer to reasonably defend Actions the CLC should be required to promptly notify Successful Proposer of any Action and give the Successful Proposer a reasonable opportunity to defend it. These conditions are necessary to permit the Successful Proposer to reasonably mitigate any Losses and also effectively defend the Action. The Successful Proposer should not be required on demand to pay CLC for any Losses, but instead the requirement to pay or reimburse CLC should apply only after the above-referenced conditions are satisfied.

Would the CLC please revise Part V, Section K, Paragraph 1 as follows:

Delete “on demand” from the first sentence;

Add the following paragraph to follow existing paragraph in Paragraph 1:

The CLC shall promptly notify the Successful Proposer of the existence of any Action to which Successful Proposer’s defense and indemnification obligations under this Section would apply in order to give Successful Proposer a reasonable opportunity to defend the Action and mitigate damages.

There will be no revision to Part V, Paragraph K of the RFP. The CLC will consider concerns during the negotiation phase, after the preliminary notice of contract award is issued.

40. Part V, Section K. Paragraph 2.a. , Page 25

Part V, Section K., Paragraph 2.a. of the RFP requires the Successful Proposer to indemnify and hold harmless the CLC as well as defend Infringement Claims. The paragraph also requires the Successful Proposer to pay and reimburse the CLC for all associated Losses on demand.

In order for Successful Proposer to reasonably defend an Infringement Claim, CLC should be required to promptly notify Successful Proposer of any Infringement Claim and give the Successful Proposer a reasonable opportunity to defend it. These conditions are necessary to permit the Successful Proposer to reasonably mitigate any Losses and also effectively defend the Infringement Claim. The Successful Proposer should not be required on demand to pay CLC for any Losses, but instead the requirement to pay or reimburse CLC should apply only after the above-referenced conditions are satisfied, and after the Successful Proposer accepts a tender of indemnification.

Would the CLC please revise Part V, Section K., Paragraph 2.a. as follows by making the revisions underlined below:

2.a. The Successful Proposer will indemnify, hold harmless, and, upon the CLC’s request but at Successful Proposer’s sole cost and expense, defend the Indemnified Parties from and against all Infringement Claims and, in each case, will strike “on demand” pay and reimburse the CLC for all associated Losses. The Successful Proposer shall have no liability or obligation with respect to any Infringement Claim or Loss to the extent it arises out of or results from the CLC’s unauthorized use of the System or third-party Intellectual Property.

[Add:] The CLC shall promptly notify the Successful Proposer of the existence of any Indemnification Claim to which Successful Proposer’s defense and indemnification obligations under this Section would apply in order to give Successful Proposer a reasonable opportunity to defend the Infringement Claim.

There will be no revision to Part V, Paragraph K of the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

41. Part V, Section K. Paragraph 2.b. , Page 25

Part V, Section K., Paragraph 2.b. of the RFP, states that if the CLC’s access or use of the System is endangered or disrupted by an Infringement Claim, or in the CLC’s opinion is likely to become the subject of an Infringement Claim, then the CLC shall have the sole option to require the Successful Proposer to procure rights for CLC to continue to use the deliverable or modify the deliverable to make it non-infringing. This obligation may have significant costs to Successful Proposer and is typically available in indemnification provisions when use of the deliverable is actually enjoined.

Would the CLC please amend this section to limit the obligation to instances of when the use of the System is enjoined as set forth below?

2.b. If the CLC’s permitted access to or use of the System (or any aspect of it) is [Delete: endangered or disrupted] [Add: enjoined] by reason of an Infringement Claim, or, in the CLC’s reasonable opinion, likely to become subject to an Infringement Claim, then in addition to the Successful Proposer’s Infringement Claim indemnification obligations and any rights and remedies the CLC may have, the Successful Proposer will, at the CLC’s sole option but at the Successful Proposer’s sole cost and expense (i) procure the right for the CLC to continue to access and use the deliverable under the terms of the contract or under substantially similar terms or (ii) modify or replace the aspects of the deliverable that infringe or allegedly infringe to make them non-infringing; provided that the replacement or modified deliverable is substantially equivalent in functionality and security as the originally provided deliverable.

There will be no revision to Part V, Paragraph K of the RFP.

42. Part V, Section K. Paragraph 2.b., Page 25

Part V, Section K., Paragraph 2.b. of the RFP states that if the CLC determines that neither the option of obtaining rights to use the deliverable at issue or to modify it appropriately are reasonably possible, then the Successful Proposer agrees to pay Liquidated Damages.

Since the Successful Proposer is already obligated to defend any Infringement Claim and pay all Losses, the additional payment of Liquidated Damages would provide the CLC with enrichment not commensurate with its damages. Would the CLC please amend paragraph 2(b) to make clear that any indemnification obligation payment required by Successful Proposer will be offset by any amounts of Liquidated Damages it is required to pay under this subparagraph?

There will be no revision to Part V, Paragraph K.2.b of the RFP.

43. Part V, Section K. Paragraph 4., Page 25

Part V, Paragraph K(4) states that Successful Proposer's indemnification obligations are immediate upon the CLC's written notice or tender of any Action or Loss. Successful Proposer should have the right to determine whether the claim is appropriate under the indemnification obligations and accept or reject the tender accordingly. If not appropriate, then Successful Proposer should not be required to provide immediate reimbursement.

Would the CLC please revise Section K., Paragraph 4. as follows:

4. The indemnification provisions under this RFP (whether found under this Indemnification paragraph or in any other paragraph of this RFP) are intended to be as broad and inclusive as possible to give the Indemnified Parties the maximum rights and protections allowed by law. The Successful Proposer's indemnification obligations, including its obligation to compensate and reimburse the CLC, shall be effective [~~Delete: immediate~~] upon the Successful Proposer's acceptance of the CLC's written notice and tender of any Action or Loss to the Successful Proposer.

There will be no revision to this paragraph in the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

44. Part V, Section K., Paragraphs 1, 2, and 5, Page 24-25

Part V, Section K., Paragraphs 1 and 2 provides that the Successful Proposer will defend the CLC "upon CLC's request" and Paragraph 5 sets forth the procedure and cost allocation for the Successful Proposer's defense obligations (including presumably any Infringement Claims) "If the CLC requests the Successful Proposer to defend any Action."

Since it is reasonable for the defending party to control its defense at its own expense in order to adequately protect its and the CLC's interests, would the CLC consider revising these sections to provide that the Successful Proposer may assume defense of all (i) Actions which the parties agree the Successful Proposer is uniquely positioned to defend and (ii) Infringement Claims which Actions and Infringement Claims are subject to a claim for indemnification, clarifying that the CLC has the right to defend any such Actions and any Infringement Claims only in the case where (i) the Successful Proposer has not engaged counsel to defend an Action or Infringement Claim within a reasonable time after receiving notice of the claim or (ii) the CLC reasonably concludes that there may be defenses available to it, which are different from or additional to those available to the Successful Proposer?

There will be no revision to Part V, Paragraphs K.1, K.2, or K.5 of the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

45. Part V, Section M, Vendor Error Liability, Page 28

This section ties the Successful Proposer's liability for any legal, financial, and other obligations of any other kind arising as a result of (or which the CLC alleges are the result of) errors and faults by the Successful Proposer's staff, Subcontractors, and the Gaming System (e.g., issuance

of defective or non-conforming lottery tickets due to any printer malfunction, communication error, or hardware or software failure).”

However the standard of liability is not alleged causation but actual causation, we understand that the CLC will consider input from the Successful Proposer prior to formally asserting any such allegation and prior to the parties resorting to formal dispute resolution, is this understanding correct?

The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

46. Part V, Section O, Page 29

Would the CLC please provide the record of all Liquidated Damages assessed under its current gaming system contract within the last five years?

No, this information is not relevant for providing a responsive Proposal.

47. Appendix E, Section B. Numbers 9 and 10, Page 104

The CLC has legitimate interest in addressing “Winners on Its Face” tickets however, payments to players based on misprinted tickets which do not validate on the system in conflict with Game Rules, can encourage fraud and bad actors, and set an example and pattern and practice which is in conflict with the Game Rules. Will the CLC confirm our understanding that consistent with the Game Rules, it will not pay a player for the winning amount shown on a “Winner on Its Face” if the ticket in question is not validated on the Gaming System?

No, the CLC will not confirm nor agree to this request. “Winner on Its Face” tickets are the result of some error of the Successful Proposer or its Gaming System regardless of whether they are validated as winning tickets by the System.

48. Part V, Section O, Page 29

We understand that the language of the third paragraph of Section 1 of this Paragraph O is subject to Part 7 of Paragraph O, which provides that “The Successful Proposer shall not be required to pay Liquidated Damages for issues due solely to reasons or delays that the CLC caused or which the CLC specifically and previously approved in writing.” Would the CLC please confirm this understanding?

Yes, the CLC confirms this understanding. The determination as to whether to assess Liquidated Damages will be made by the CLC on a case by case basis. The Successful Proposer will be free to present any mitigating circumstances to the CLC for its review.

49. Part V, Section O, Page 29

In the event that the CLC does not incur any actual damages, please confirm our understanding that the CLC will not assess liquidated damages, is this correct?

No, the CLC will not confirm nor agree to this request. The CLC will be damaged in the event any condition in Appendix E occurs. All situations in which Liquidated Damages may be assessed contemplate some amount of damage to the CLC, including loss of good will.

50. Part V, Section O, Page 29

In the event that actual damages are materially lower than asserted liquidated damages, and where the application of the liquidated damages would otherwise result in a recovery to the CLC that is greatly disproportionate to the amount of damages incurred or would be reasonably presumed to occur, would the CLC agree to consider evidence produced by the Successful Proposer of actual damages and in its discretion, reduce the liquidated damages amount accordingly?

The determination as to whether to assess liquidated damages will be made by the CLC on a case by case basis. The Successful Proposer will be free to present any mitigating circumstances to the CLC for its review.

51. Part V, Section O, Page 29

Please confirm our understanding that the Successful Proposer shall not be liable for any liquidated damages to the extent that the incident causing the assessment of liquidated damages was not caused by the Successful Proposer but was caused by the CLC, or any other third parties not under the control or direction of Successful Proposer, or, where such incident arises from force majeure events constituting unforeseeable causes beyond the control and without the fault or negligence of the Successful Proposer, including but not restricted to, acts of God, acts of the public enemy, acts of the State in either its sovereign or contractual capacity, acts of another Successful Proposer in the performance of a contract with the State, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of Successful Proposers or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Successful Proposer or the Successful Proposers or its suppliers.

The determination as to whether to assess liquidated damages will be made by the CLC on a case by case basis. The Successful Proposer will be free to present any mitigating circumstances to the CLC for its review.

52. Part V, Section O, Page 29

Prior to the notice of intent to apply Liquidated Damages, will the CLC please provide the Successful Proposer with a reasonable opportunity to discuss the assessment of any liquidated damages that the Successful Proposer objects to?

Yes, the Successful Proposer will be free to present any mitigating circumstances to the CLC for its review.

53. Part V, Section O, Page 29

Will the CLC please consider negotiating or including a reasonable force majeure clause in the contract?

Yes, the CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

54. Part V, Section O, Page 29

Would the CLC please confirm that it will not assess liquidated damages in multiple categories for the same incident if to do so would amount to an unenforceable penalty under Connecticut law?

No, the CLC will not confirm nor agree to this request. Multiple Liquidated Damage provisions can apply to a single incident. After approximately 25 years of operational experience with vendor gaming systems, the CLC believes the amounts set for the various categories for which Liquidated Damages are allowed are reasonably related to anticipated damage occasioned by a breach. The Liquidated Damages provisions are appropriate to hold the Successful Proposer accountable for complying with the terms of the RFP, the contract, and Service Level expectations to ensure that the Successful Proposer's Gaming System is reliable.

55. Part V, Section O, 6, Page 31

Will CLC please confirm that prior to assessing Liquidated Damages under the Performance Bond it will first provide the Successful Proposer the opportunity to pay the outstanding balance as set forth in paragraph 6?

Yes, the CLC confirms that the Successful Proposer will have the opportunity to pay Liquidated Damages as specified in Part V, Paragraph O.6 of the RFP.

56. Part V, Section P, Paragraph 1., Page 31

The System is the "comprehensive technology solution and infrastructure", not the games or back-office features that are typically customized by lottery customers. The language of this section presumes there is a license grant to CLC to modify the System, which there is not because it is not intended for the CLC to modify the technical solution or infrastructure provided by Successful Proposer.

Would the CLC agree to revise Section P, Paragraph 1 to clarify that CLC's rights to develop and own Intellectual Property in developments is limited to enhancements to games provided by the Successful Proposer in line with reasonable intellectual property protection and the scope of the contract as follows:?

1. CLC Intellectual Property. All current Intellectual Property of the CLC, any future Intellectual Property developed solely by the CLC in association with the System (including but not limited to games, products, and enhancements) provided by Successful Proposer pursuant to the Contract, all Data contained in, Processed by, or produced by the System, and all Data collected, used, processed, stored, or generated by the Successful Proposer in connection with the System or its contracted activities (e.g., statistical/analytical data and reports derived by the Successful Proposer from the System) is and will remain the sole and exclusive property of the CLC including upon the expiration or a termination of the contract. Future use by the Successful Proposer of CLC Intellectual Property may be permitted upon prior written permission from the CLC.

There will be no revision to Part V, Paragraph P.1 of the RFP. The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

57. Part V, Section P., Paragraph 2., Page 31

Part V, Section P Paragraph 2. requires the Successful Proposer or Subcontractor to grant the CLC a license to use the Successful Proposer's or Subcontractor's Intellectual Property in connection with the System. Would the CLC please confirm that any license granted pursuant to this section is limited for the term of the Contract and for use solely in connection with the System?

The CLC confirms that the license granted in Part V, Paragraph P.2 will be for the period that the CLC requires the use of the Successful Proposer's or Subcontractor's Intellectual Property in connection with the System until the System is replaced.

58. Part V., Section P., Paragraph 4, Pages 31-32

Part V., Section P., Paragraph 4 of the RFP requires the Successful Proposer to provide a list of all known third-party Intellectual Property it is licensed to use and intends to use in connection with the System, as well as any anticipated third-party Intellectual Property it intends to obtain a license to use in connection with the System.

The System is a complicated technical solution that will include many different third-party components and to list all third-party Intellectual Property or anticipate what third party Intellectual Property will be used is a very burdensome process. Would the CLC please revise Part V, Section P., Paragraph 4 to replace the last sentence of the paragraph with the following?

“Successful Proposer agrees to secure prior written agreements with all third parties that are owners of Intellectual Property used in connection with System, that at a minimum provide the same rights, licenses, representations, warranties, indemnifications, and other protections to CLC that Successful Proposer provides under this Agreement. In the event that Successful Proposer fails to comply with this obligation, Successful Proposer shall be responsible for securing all necessary written agreements, at Successful Proposer's sole expense, so that CLC may use the System as set forth in the Contract.”

The CLC will amend Part V, Paragraph P.4. The CLC will only require Proposers to list in their Proposals the names of companies from which they license or intend to license Intellectual Property for use with their respective gaming systems.

59. Part V, Section Q, Page 32

Given that it will not always be possible to escrow third party human readable code, will the CLC please consider reasonable changes to the requirements of this section if and to the extent a third party will not agree to escrow such code?

The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

60. Part V Section Q, Page 32

Would the CLC please clarify that if the Deposit Materials are released to the CLC upon the occurrence of a release event identified in the Software Escrow Agreement, that the CLC may use the Deposit Materials for the Licensed Purpose subject to the terms and conditions which shall be specified in the Software Escrow Agreement and that the term of the license will be limited to the period until the Successful Proposer corrects the triggering-release event or until the CLC, using reasonable efforts, is able to find a replacement provider; and that the rights granted should not include the ability to copy, modify, enhance or create derivative works?

The CLC will consider concerns and requested clarifications during the negotiation phase, after the preliminary notice of contract award is issued.

61. Part V Section Q, Page 32

Would the CLC please specify the current release conditions in its Software Escrow Agreement with its current gaming system provider?

See CLC202003-Attachment-F.pdf identifying the release conditions of escrowed items under the CLC's current Escrow Agreement with its current gaming system vendor.

62. Part V., Section Q. , Page 32

Please confirm the identity of the existing escrow agent under the existing escrow agreement in place with the current provider.

Connecticut Department of Consumer Protection (DCP)

63. Part V., Section Q. , Page 32

Would the CLC agree to limit the obligation to provides Updates to an annual obligation unless otherwise agreed by the parties?

The DCP requires escrow after installation of every release.

64. Appendix E A. , Page 99

This section provides that "No Liquidated Damages pursuant to this Paragraph shall be payable by the Successful Proposer if the delay in installation, implementation, and startup is caused solely by the CLC's delay in performing, or failure to perform, its obligations under the contract" is our understanding correct that no Liquidated Damages would apply under Appendix E to the extent that the delay or failure to perform by the Successful Contractor is caused solely by the CLC's delay in performing, or failure to perform, its obligations under the contract?

Yes, the CLC confirms this understanding. The determination as to whether to assess Liquidated Damages will be made by the CLC on a case by case basis. The Successful Proposer will be free to present any mitigating circumstances to the CLC for its review.

65. Appendix E A.1., Page 99

It is not clear whether and how both subsections a and b apply. Are the total liquidated damages applicable \$10,000 for each additional round of UAT that results from such errors, or deviations from CLC specifications?

Paragraph A.1.b of Appendix E to the RFP addresses Liquidated Damages that may be assessed by the CLC for delays due to the Successful Proposer's failure to meet the CLC's software specifications. Paragraph A.1.a addresses Liquidated Damages that may be assessed by the CLC for delays due to any other error of the Successful Proposer.

66. Appendix E A.2. , Page 99

Would the CLC please add the words "beyond the date set forth in the Completion Plan" to the end of the language in this section as set forth below?

Damages: In the event that the Successful Proposer does not comply with these requirements, Liquidated Damages may be imposed up to \$10,000 for each day of delay beyond the date set forth in the Completion Plan.

Paragraph A.2 of Appendix E to the RFP will remain as is. Concerns with this Paragraph will be addressed during the negotiation phase, after the preliminary notice of contract award is issued or during approval of Conversion Plan.

67. Appendix E, Page 99

Would the CLC provide a copy of its contract for the provision of its existing gaming system with Scientific Games, its current gaming system provider? It is understood certain portions of such contract may be redacted to the extent any such provisions are not subject to public disclosure under law.

No, this information is not relevant. The CLC will not respond to any questions relating to its current gaming system vendor as part of the RFP clarification aspect of this procurement.

68. Appendix E, Page 99

Would the CLC please provide a copy of its contract with Scientific Games, its primary printer of Scratch Tickets? It is understood certain portions of such contract may be redacted to the extent any such provisions are not subject to public disclosure under law.

No, this information is not relevant. The CLC will not respond to any questions relating to its current instant ticket vendor as part of the RFP clarification aspect of this procurement.

69. Part I, Section B. , Page 2

To ensure full understanding of the answers to Proposer's questions provided by the CLC on November 16, would the Lottery please add a follow-up round of Questions and Answers?

No new round of questions will be allowed; however, the CLC will allow for clarifications to the CLC's response to an original question submitted by a Proposer.

70. Part III Submission Requirements, Tab 5, Page 15

Would the CLC accept electronic copies of the Proposer's audited financial statements, submitted on a flash drive and provided in a sealed envelope behind Tab 5?

Yes, electronic copies of audited financial statements are acceptable.

71. Part III Submission Requirements, Part A, Page 10

In consideration of the current COVID-19 public health challenges involved in printing and assembling hard copy binders for submission, would the CLC please consider accepting full electronic versions of the Proposal?

No, but upon further consideration, the CLC will amend Part III, Paragraph A.1 as follows:

As an accommodation to Proposers given current health conditions, Proposers may stagger the submission of their Proposals according to the following instructions:

Proposal Package #1

The CLC must receive the following number of originals and copies of Proposals on or before December 30, 2020, 2:00 PM Eastern Time:

- One (1) original full printed Proposal, with the Price Proposal provided in a separate sealed envelope clearly marked "Price Proposal" (See, Part III, Paragraph C, Tab 10 instructions). Proposers may submit their financial statements electronically on a USB flash drive and provide it in a sealed envelope behind Tab 5.
- One (1) printed copy of Proposal, excluding Price Proposal, financial statements, and Litigation Bond.
- Six (6) USB flash drives each containing a full electronic, "searchable" PDF version of Proposal, without Price Proposal, financial statements, and Litigation Bond.

Proposal Package #2

The CLC must receive the following number of copies of Proposals by the dates below:

- The CLC must receive at least one (1) printed Proposal copy by no later than each of the following dates (2:00 PM Eastern Time): January 11, 2021, January 21, 2021, and January 29, 2021 for a total of three (3) printed copies. These printed copies should not include the Price Proposal, financial statements, or Litigation Bond
- Two (2) additional printed copies of Price Proposal in separate sealed envelopes clearly marked "Price Proposal" by no later than January 29, 2021, 2:00 PM Eastern Time.

The CLC encourages Proposers to submit Proposal Package #2 copies earlier than the dates identified.

Alternatively, Proposers can submit Proposal Packages #1 and #2 at the same time for the CLC's receipt by December 30, 2020, 2:00 PM Eastern Time.

See Part III, Paragraph B for instructions on submitting a second electronic version of Proposals redacted to exclude Proposer Confidential Information.

The Purchasing Officer must receive Proposals, including Proposal copies, on or before their respective Submission Dates. Proposals received after their Submission Dates (regardless of postmark date and/or mailing receipt) do NOT satisfy this requirement. The CLC will not accept

submissions by email or fax. Proposers are solely responsible for ensuring timely delivery. The CLC will reject, and may return, Proposals received after their respective Submission Dates or that are sent by email or fax. The CLC will NOT accept late Proposals (unless clearly and directly due to Covid-19 delivery delay).

The following pages of the original Proposal must be signed in ink by an authorized representative of Proposer: (i) the Introduction Letter, (ii) the Price Proposal, and (iii) all forms included with this RFP containing a signature line. If a Proposer’s authorized representative is unable to hand sign these pages in ink due to company personnel and office restrictions or other reasons associated with current health conditions, then they may electronically sign them. A Proposal bearing electronic signatures must be accompanied by a separate written statement signed by the Proposer’s authorized representative explaining the reason for the variance with the CLC’s ink signature requirement and affirming that their electronic signature is valid and the legally binding equivalent to their handwritten ink signature.

The CLC may reject Proposals that do not bear signatures. The Proposer’s authorized representative must also initial any errors, alterations, or corrections on the original. With the exception of Tab 5 and Tab 6 documents (See, Part III, Paragraph C), original Proposals and requested copies must be identical and complete (copies of the Proposal can have photocopied signatures and initials). If there is a conflict among the Proposals delivered to the CLC, the original shall prevail.

72. General Question

The table below illustrates Scientific Games estimated revenue with the CLC from FY 2009 through FY 2019. Row “C” calculates revenue derived from non-KENO games Row “F” calculates revenue derived from KENO Row “G” reflects total calculated Scientific Games revenue. Row “H” reflects amounts reported in CLC annual reports as Gaming systems or On-Line systems expenses. Amounts in row “H” exceed amounts in row “G” in every year and the variance is displayed in row “I”. With respect to row “I”, would the CLC please identify (for each year) the vendor and respective vendor payments that comprise the variance amounts? Would the CLC also identify the product and / or service that the vendor provided in order to receive these payments?

The additional amounts are primarily for additional equipment purchases above the amount provided under contract and for fees for the SSTs.

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
A Total CLC Lottery Sales (excluding KENO) ¹	\$991	\$997	\$1,017	\$1,082	\$1,123	\$1,112	\$1,144	\$1,218	\$1,144	\$1,181	\$1,231
B Scientific Games Revenue Rate ¹	0.844%	0.844%	0.844%	0.844%	0.844%	0.844%	0.844%	0.840%	0.840%	0.840%	0.840%
C Scientific Games Base Revenue [C] = (A x B)	\$8.4	\$8.4	\$8.6	\$9.1	\$9.5	\$9.4	\$9.7	\$10.2	\$9.6	\$9.9	\$10.3
D Total CLC KENO Sales ²								\$12.4	\$72.2	\$86.4	\$102.9
E Scientific Games Revenue Rate ¹								1.570%	1.570%	1.570%	1.570%
F Scientific Games KENO Revenue [F] = (D x E)								\$0.2	\$1.1	\$1.4	\$1.6
G Total Scientific Games Revenue [G] = [C + F]	\$8.4	\$8.4	\$8.6	\$9.1	\$9.5	\$9.4	\$9.7	\$10.4	\$10.7	\$11.3	\$12.0
H CLC Gaming Systems / On-Line Systems Expense ²	9.1	8.8	9.3	9.9	10.0	10.3	10.5	11.5	12.5	13.7	13.5
I Variance I = [H - G]	\$0.7	\$0.4	\$0.7	\$0.7	\$0.5	\$1.0	\$0.8	\$1.0	\$1.8	\$2.4	\$1.6

¹ LaFleur's Almanacs
² CLC annual reports

VENDOR 2

1. Part I, Introduction, Section A, Background Information, page 2

Would the Lottery please provide the exact fee(s) as a percentage of game(s) sales paid to the incumbent under the existing contract?

No. Over the 13 or so years of the CLC's existing gaming system contract, various modifications have been made to the extent that its pricing is neither comparable to that of currently available systems nor relevant for Proposers to provide responsive Proposals.

2. Part I, Introduction, page 1

RFP states that "The anticipated initial duration of any resultant contract from this RFP will cover an implementation period plus ten (10) years of Gaming System operations". Would the Lottery please clarify if there will be any compensation for the successful bidder during the implementation period?

No Gaming System fees shall be invoiced by the Successful Proposer or paid by the CLC until after the Go-Live Date.

3. Part I, Introduction, Section C, Proposer Questions, page 3

Would the Lottery please consider the Introduction of a second round of Q&A to ensure that any final questions arising from the first round will be addressed on the second?

No new round of questions will be allowed; however, the CLC will allow for clarifications to the CLC's response to an original question submitted by a Proposer.

4. Tab 3: Proposer's Business Structure and Operations, Section 9, Connecticut Small Business & Diverse Supplier Participation, page 14

What is the Lottery's expectation regarding small business and minority participation? How will the Lottery evaluate the small business and minority participation in the Bidders proposals?

The RFP explains the importance of small and other diverse businesses to the CLC. Small and diverse business participation, however, is not a specific area of Proposal evaluation. The CLC will evaluate Proposals based on the totality of their responses and not on any particular element.

5. Tab 3: Proposer's Business Structure and Operations, Section 9, Connecticut Small Business & Diverse Supplier Participation, page 14

Please provide the current vendor's minority participation program, its goals, names of all minority vendors, the goods and services each provides, the annual dollar amount paid to each, or percentage of the contract revenue that each receives? Could the Lottery also provide details on the methodology used to measure the current vendor's compliance concerning minority participation?

Current vendors voluntarily submit compliance information. We are asking that Proposers describe their efforts towards participation with diverse businesses and that Proposers articulate their commitment to making good faith efforts in recruiting and encouraging the use of diverse suppliers.

6. Tab 5: Proposer's Financial Statements

Given that some bidders' financial statements for the last three years can be over 1200 pages, would the Lottery please consider allowing the electronic submission of the financial statements only on USB/DVD/CD?

Yes, electronic copies of financial statements are acceptable.

7. Part IV. Evaluation & Notice of Award, Section B, Presentations, page 18

Given the current State of the pandemic, would the Lottery please clarify if it intends to request an in-person or remote presentation? Since a remote presentation limits the bidders' ability to demonstrate their solutions' hardware physical aspects (e.g., terminals), could the Lottery elaborate further on how it plans to evaluate such a demonstration?

The CLC only expects remote presentations at the present time. Presentations are an opportunity for Proposers to enhance the CLC's understanding of their respective overall Gaming Systems (e.g., hardware, software, features, and functionalities), not evaluate the demonstration abilities of Proposers.

8. Part IV. Evaluation & Notice of Award, page 18

Could the Lottery please clarify how it plans to evaluate and score any invited options and other offered options that a Bidder includes in the base price system proposal?

The CLC will not separately evaluate Required and Additional Options. Rather, the CLC will evaluate Required and Additional Options as part of a Proposer's overall Proposal. Required Options are mandatory; Additional Options may be offered to the CLC at a Proposer's discretion.

9. Part IV. Evaluation & Notice of Award, page 18

Could the Lottery please clarify how it plans to evaluate and score the required and additional options that a Bidder includes in the base price system proposal?

See response to Vendor 2, Question 8.

10. Section 3.1.2, Gaming System Configuration at the Primary Data Center (PDC), page 37

Could the Lottery please clarify if a Mobile Ticket Checking application is required to be proposed by the bidders as part of the Base Price System?

A mobile ticket checking application is not required to be offered by Proposers with their respective Gaming Systems. A Gaming System, however, must have the capability of checking

tickets scanned through a mobile application.

11. Section 3.2.1, Terminals, page 37

Could the Lottery please provide the retailer number growth per year for the last five years?
Could the Lottery please provide the number of retailers with more than one terminal installed on their premises?

See CLC202003-Attachment-G.csv for count of active retailers by month from January 2015 to current.

12. Section 3.2.1, Terminals, page 39

Could the Lottery please provide samples of all the approved adjustments forms and quantities required to be provided by the successful bidder on an annual basis?

See CLC202003-Attachment-D.pdf containing the information requested. The average number of adjustments over the last three (3) years has been seven hundred and fifty (750) per year.

13. Section 3.2.1, Terminals, page 39

Could the Lottery please clarify if a branding mechanism is used in the existing terminals for cancellations purposes?

No branding mechanism is used.

14. Section 3.2.5, Keno Monitors and Media Servers, page 41

Could the Lottery please provide the number of retailers like Bar, Tavern, Social Environments and others that sell Keno? Do these locations have other vending machines installed, and do they also sell instant tickets at the counter?

All CLC retailers sell Keno. See CLC202003-Attachment-A.csv for a listing of all retailers, including their trade style and Keno monitor assignment.

15. Section 3.2.5, Keno Monitors and Media Servers, page 41

Could the Lottery please provide the exact number of Keno monitors per size category currently installed? Please provide the number of Keno monitors currently installed in each retailer. What is the content currently displayed in those monitors other than Keno? Where are the Keno monitors placed in the shops and the distance range from the retailer terminal?

Currently, the CLC has one (1) size Keno monitor at all Keno monitor locations, with approximately eight hundred and forty-eight (848) installed. What is currently displayed on the Keno monitor between draws are various lottery advertisements. See CLC202003-Attachment-H.jpg, CLC202003-Attachment-I.jpg, CLC202003-Attachment-J.jpg, and CLC202003-Attachment-K.jpg for examples. The Keno monitor is mounted on a wall in the most opportune space for players to view the Keno draws, CLC works the owner/manager of each location in the

placement of the Keno monitor. The typical distance between the Keno monitor and the terminal is within a few hundred feet.

16. Section 3.2.5, Keno Monitors and Media Servers, page 41

Could the Lottery please provide the exact number of Samsung HG43NJ470MF monitors owned by the Lottery and installed at the Retailers? Who will be responsible for the maintenance and spare parts for these devices?

Currently the CLC uses 43" monitors and there are eight hundred and forty-eight (848) installed.

The Successful Proposer is responsible for servicing and maintaining all monitors and accompanying media servers at lottery retailer locations, including monitors and servers owned by the CLC. See response to Vendor 1, Question 24.

17. Section 3.2.5, Keno Monitors and Media Servers, page 41

Could the Lottery please provide the exact number of the Advantech DS-890 media servers owned by the Lottery and installed in the retailers? How many TV/monitors each Advantech device drives? And if more than one, are the monitors displaying the same content or not?

Currently, there are eight hundred and fifty (850) media servers used by the CLC, fifty (50) of which are owned by CLC. The Advantech server can support more than one (1) monitor; however, the display content is the same for all monitors connected to a single Advantech server.

18. Section 3.2.5, Keno Monitors and Media Servers, page 41

Could the Lottery please provide the exact technical specifications (e.g., CPU type, communications ports and others) of the Advantech DS-890 device owned by the Lottery?

See [CLC202003-Attachment-B-Advantech-DS980DS_980GL.pdf](#) containing the information requested.

19. Section 3.2.5, Keno Monitors and Media Servers, page 41

How many years have the Advantech devices and Samsung monitors been used so far? Who will be responsible for the maintenance and spare parts of these devices? Would the Lottery accept the replacement of the Advantech devices with bidder proposed devices?

Since 2016 with the go live of Keno. The Successful Proposer will be responsible for the maintenance of the devices. The CLC would accept the entire replacement of the Advantech devices.

20. Section 3.2.6, In-store signs, page 41

Could the Lottery please clarify if the term "in-store signs" refers to jackpot signs or digital signs?

It refers to both, as an option for any type of digital advertisements signs; however, the proposed Gaming System must work with pre-existing CLC jackpot signs.

21. Section 3.2.6, In-store signs, page 41

As the Lottery owns the Pro-Lite Jackpot signs, could the Lottery please clarify who will be responsible for the maintenance and spare parts of these devices?

Maintenance, service, and spare parts are handled by the Successful Proposer, with reimbursement by the CLC. See response to Vendor 1, Question 26.

22. Section 3.2.8, Other Equipment, page 42

Could the Lottery please provide the number of the standalone "play stations" currently installed in the retailers?

CLC has three hundred and fifty-nine (359) play stations installed at retail.

23. Section 3.3, Communications, page 42

RFP states that "It is a requirement that multiple terminal locations not use the same cellular provider or type of communication for all of the terminals at that retail location."

Could the Lottery please clarify if this refers to terminals located within one retailer using different providers? If yes, does this apply to all the terminals, including the full service vending machines?

Any retail location with more than one (1) terminal must have two (2) different communication providers. This would apply to a location with one (1) terminal and one (1) SST, as well as two (2) terminals. Additional terminals beyond two (2) can share communications.

24. Section 3.3, Communications, page 42

Could the Lottery please clarify what primary communication technology is currently installed in the retailers? If retailer backup communications are currently employed, could the Lottery please indicate the number of retailers with backup communication solutions?

Cellular using Verizon, Sprint and AT&T as the carriers; however, if cellular is not available in an area, then DSL is used. Currently, there are about one hundred (100) retailers using DSL. The CLC does not use a "backup" communication except for retailers with more than one (1) terminal installed at that location, then a different carrier must be used. See CLC202003-Attachment-A.csv for retailers with more than one (1) terminal.

25. Section 3.4.13, Additional Option - In-Lane Lottery Solution, page 58

Would the Lottery please provide a list of the large chain accounts and the number of retailers per chain? Is there any market study conducted by the Lottery on game growth's potentiality from an in-lane solution implementation? Could the Lottery please explain why it is required to

have the tickets printed on retailer receipt and not terminal ticket stock?

See CLC202003-Attachment-A.csv for the number of retailers for each chain account.

No, the CLC does not possess the in-lane market research requested. Proposers should rely on their own expertise and market studies on the feasibility of in-lane sales at retail.

One option currently available in the lottery industry allows the processing of in-lane sales through retailer existing POS systems, which do not use terminal ticket stock. Proposers are welcome to offer such capability as an Additional Option if they so choose.

26. Section 3.7.4, CLC UAT System, page 61

Would the Lottery please provide a diagram of the CLC's headquarters with the UAT room's space dimensions? Could the Lottery please provide the number of UAT terminals per terminal type required to be installed in the UAT room?

No, the CLC will not provide a diagram of its facility due to the sensitive nature of this information. The current UAT room is supplied by the vendor. The CLC will work with the Successful Proposer on the setup of the UAT room at the CLC's headquarters if that is the agreed upon option.

The number of terminals should be determined by the different types of terminals utilized in the field, as well as different communication, and retailer types. For reference, the current UAT room is setup with twelve (12) terminals.

27. Section 3.7.4, CLC UAT System, page 61

In Section 3.7.4 the RFP states "Proposers must include a plan for the setup of a full UAT system at the CLC's headquarters in Rocky Hill." Would the Lottery please clarify if it expects the UAT system (Hardware & Software) to be hosted at the Lotteries facilities (UAT room) or the Lottery expects to access the UAT system from terminals installed in the UAT room?

The UAT terminals will be installed at a CLC-controlled building, all of the other equipment (back off system servers, communication servers, etc.) will be hosted at the Successful Proposer's data center and accessed through its provided network communications.

28. Section 3.9.4, Retailer Call Center, page 68

Could the Lottery please provide the average daily number of service calls and average response time last year?

The average number of dispatched technician service calls per day is forty-five (45). Response times vary and this information is managed by CLC's current System vendor.

29. Appendix C, Price Proposal Form & Instructions, page 69

Would the Lottery accept TBD pricing for offered options not included in the Base price?

No. All options listed on the Price Proposal Form – Required and Additional – must have a price. Proposers may include “Not To Exceed” pricing if they are unable to determine exact pricing. If a Proposer does not have prices for options, then these options must not be included in its Price Proposal. Proposers may still propose options, however, in its Proposal.

30. General Question

Could the Lottery please elaborate on its strategy and time plan to introduce internet and mobile sales for the lottery games? If such sales channels are approved, does the Lottery plans to implement these under the new contract that will result from the current RFP process?

iLottery sales are not authorized in Connecticut at this time. If iLottery is approved in the future, then the CLC will issue an RFP for these services.

31. General Question

Could the Lottery please elaborate on its strategy and time plan to introduce sports wagering if such games are approved? Does the Lottery plan to implement and offer sports betting under the new contract that will result from the current RFP process or issue another RFP?

Sports betting is not authorized in Connecticut at this time. If sports betting is approved in the future, then the CLC will issue an RFP for these services.

VENDOR 3

1. Section A, Submission Requirements, #1 Delivery of Submissions, Page 10

The RFP states: “One (1) original full printed Proposal, with the Price Proposal provided in a separate sealed envelope clearly marked “Price Proposal” (See, Part III, Paragraph C, Tab 10 instructions).

Six (6) printed copies of Proposal, excluding Price Proposal, financial statements, and Litigation Bond.

Six (6) USB flash drives each containing a full electronic, “searchable” PDF version of Proposal, without Price Proposal, financial statements, and Litigation Bond.

Two (2) additional printed copies of Price Proposal in separate sealed envelopes clearly marked “Price Proposal.”

Question: Given the current state of the pandemic and with cases continuing to rise again all over the U.S., for the safety and well-being of employees and their families, our company is strictly enforcing limited access to our facility. Only a limited number of critical personnel are allowed to enter the building due to strict social distancing rules and regulations, in order to protect essential personnel. Therefore, will the Lottery remove all requirements to provide hardcopies by the specified due date and amend requirements to allow for electronic submissions on USBs only? Production of hard copies requires people to work in relatively close

quarters with one another, making it difficult at best during these times.

See response to Vendor 1, Question 71.

2. Section A, Submission Requirements, #1 Delivery of Submissions, Page 10

The RFP states: “The following pages of the original Proposal must be signed in ink by an authorized representative of Proposer: (i) the Introduction Letter, (ii) the Price Proposal, and (iii) all forms included with this RFP containing a signature line. The CLC may reject Proposals that do not bear original signatures.”

Question: Given the current COVID-19 pandemic and company personnel and office restrictions, would the Lottery allow the vendors to use our authorized representatives’ electronic signatures in lieu of original signatures?

See response to Vendor 1, Question 71.

3. Section A, Submission Requirements, #1 Delivery of Submissions, Page 10

The RFP states: “One (1) original full printed Proposal, with the Price Proposal provided in a separate sealed envelope clearly marked “Price Proposal” (See, Part III, Paragraph C, Tab 10 instructions).

Six (6) printed copies of Proposal, excluding Price Proposal, financial statements, and Litigation Bond.

Six (6) USB flash drives each containing a full electronic, “searchable” PDF version of Proposal, without Price Proposal, financial statements, and Litigation Bond.

Two (2) additional printed copies of Price Proposal in separate sealed envelopes clearly marked “Price Proposal.”

Question: Given the current state of the pandemic and with cases continuing to rise again all over the U.S., for the safety and well-being of employees and their families, our company is strictly enforcing limited access to our facility. Only a limited number of critical personnel are allowed to enter the building due to strict social distancing rules and regulations, in order to protect essential personnel. Therefore, will the Connecticut Lottery remove all requirements to provide hardcopies by the specified due date and amend requirements to allow for electronic submissions on USBs only? Production of hard copies requires people to work in relatively close quarters with one another, making it difficult at best during these times.

See response to Vendor 1, Question 71.

4. Section C, Content Requirements, Tab 5, Proposer’s Financial Statements, Page 15

The RFP states: “that each proposer must provide audited financial statements for the last three (3) completed fiscal years.”

Question: Due to the volume and size of these documents, would the Lottery accept these statements electronically on USB in lieu of printed copies?

Yes, electronic copies of financial statements are acceptable.

5. Section N, Performance Security, Page 28

The RFP states: “If the balance of the Performance Security falls below sixty-five (65%) of the full value during any year of the contract, then the Successful Proposer shall re-establish full original balance within thirty (30) Calendar Days.”

Question: Would the bond only fall below sixty-five (65%) percent in the event the surety pays out a demand?

This is correct.

The RFP states: “If the balance of the Performance Security falls below sixty-five (65%) of the full value during any year of the contract, then the Successful Proposer shall re-establish full original balance within thirty (30) Calendar Days.”

Question: For re-establishing the Performance Security back to 100%, can the Proposer utilize another instrument such as a second bond, letter of credit or cash?

The CLC is open to discussing Performance Security requirements during the negotiation phase, after the preliminary notice of contract award is issued.

6. Appendix B, Section 3.6.8, Data Migration and Management, Page 59

The RFP states: “The Proposer must diagram and describe the data migration method which will be used in converting from the current gaming system to the new one. This method must describe how the Proposer plans to ensure that all current gaming system data is converted correctly and error free. Proposer must include their recommendation for how many years of historical data will be migrated into their system, and how many years will remain available in another database for historical comparisons and analysis.”

Question: Regarding Requirement 3.6.8 of the RFP, can the Lottery please share how many years of historical data you would like the successful vendor to migrate into the system? How many years does the Lottery want the successful vendor to make that data available in another database? Years for claims data? Years for retailer application data?

In general, the number of years to save Data for conversion is a minimum of five (5) years, with the possibility of a longer/shorter retention period for some data. The specific details will be addressed during the software development phase. This Data must be accessible by the CLC through the Proposer’s reporting system, but it is up to the Proposer to determine where this Data resides within their Gaming System.

7. Section 3.8.5, Retailer Terminal Security, Page 65

The RFP states: “The System must include reporting and auto game shut off based on retailer game limits to help the CLC monitor for and detect fraud. The solution should include alert capability to notify CLC Security or other authorized individuals that suspicious or abnormal activity has occurred. The solution should include areas such as:

A. excessive transactions such as sales, cancels, validations, and log-in attempts. The thresholds must have the ability to be set by individual retailer to accommodate retailers with different sales volumes.

B. excessive failures entering instant ticket validation or PIN numbers

C. excessive failures entering Terminal ticket validation number

D. attempted cashing of stolen tickets or flagged tickets

E. unusual console log entries

F. unusual transaction journal entries

G. systemic events such as no sales for a game scheduled to be operational

H. unusual instant game pack activations

I. unusual ticket validation activity (inquiries or cashes)

J. retailer or player behavior regarding abnormal winner claim frequency or activity”

Question: Would the Lottery please provide more information on item E and item F set forth in this requirement, for example, can the Lottery please provide additional details on the desired functionality for these items?

These are examples of possible reporting options that will ensure general security of the Gaming System in helping to detect any type of fraud.

8. General Question regarding Liquidated Damages in Appendix E:

As your RFP makes clear, your objective is to get the best value for the state; maximizing revenues with a strategic partnership and technology and services solutions that will enable and sustain long term expansion and revenue growth.

Many would agree that the most successful Lottery must be a true partnership between Lottery and vendor, one that fosters open, frank discussions that promote solutions to problems. Certainly, a commercial partner who is investing in new innovations, expansion, and service levels to earn a percentage of revenue has an obvious and compelling reason to maximize retailer uptime and performance.

With this background in mind, we would like to respectfully point out that the liquidated damages provisions in this RFP substantially exceed the range of liquidated damages required by other state lotteries. This would have a potentially detrimental effect on the Lottery and the vendor and appear to be unprecedented in the context of other Connecticut agencies and commercial contractors.

Question: Would the Lottery consider allowing the successful bidder to present their business facts, operational and service impacts and other information in the contract negotiations relating to liquidated damages, as well as considering alternative approaches to ensure the highest level of services and performance?

There will be no revision to the Liquidated Damages in Appendix E of the RFP. The Successful Proposer may choose to engage the CLC on this topic during the negotiation phase, after the preliminary notice of contract award is issued.