



State of New Jersey
 DEPARTMENT OF THE TREASURY
 DIVISION OF PURCHASE AND PROPERTY
 PURCHASE BUREAU
 P.O. Box 230
 TRENTON, NJ 08625-0230

RICHARD J. CODEY
Acting Governor

JOHN E. McCORMAC, CPA
State Treasurer

TO: All Potential Bidders

RE: RFP # 06-X-37983, Lottery Gaming System and Support Services

- a) **New Business Registration Requirements – This is a change from previous requirements. Failure to submit a copy of your Business Registration Certificate (or interim registration) from the Division of Revenue with the Bid Proposal may be cause for rejection of the bid proposal.**
- b) **Executive Order 134 Certification and Disclosure Submittal Requirements Revised – In order to simplify the EO 134 compliance process, effective December 22, 2004, submission of EO 134 Certification and Disclosure forms will be required to be submitted following notice of intent to award.**

Enclosed please find a complete set of bid documents for the above-referenced solicitation. The following are the key dates for the project:

Date	Time	Event
6-1-05	10:00 AM	Mandatory Pre-Bid Conference (Refer to RFP Section 1.3.3 for more information)
7-1-05	2:00 PM	Bid Submission Due Date (Refer to RFP Section 1.3.4 for more information)

All questions concerning the RFP contents and the bidding process must be directed to the assigned buyer, Mary Lou Goho, at marylou.goho@treas.state.nj.us.

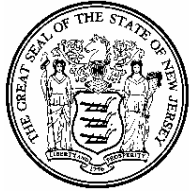
ATTENTION VENDORS
Vendor Information and Bidding Opportunities

The Purchase Bureau maintains a bidders' mailing list. You as a vendor may have basic information about your firm added to the bidder's mailing list by visiting our website at <http://www.state.nj.us/treasury/purchase/bidmaillist.htm> and submitting a bidders' mailing list application online. You may also download the application and instructions and submit the application by mail. Applications submitted online are processed more quickly than mailed applications.

A bidders' mailing list application gives you the opportunity to identify yourself as a potential bidder for the types of goods and services that your firm provides. The Purchase Bureau attempts (but does not guarantee) to provide firms on the bidders mailing list with notice of bidding opportunities related to the goods and services identified in the application.

If you are already on the Purchase Bureau's bidders' mailing list and you need to change your information, contact Bid List Management at (609) 984-5396

Note: If you are an awarded State contractor and payments are not being directed to your proper remit-to address, you must send a letter on company letterhead to the Office of Management and Budget, Vendor Control Unit, PO Box 221, Trenton, NJ 08625 or fax that letter to 609-292-4882. In the letter you must include the current incorrect remit to address and your new correct remit-to address. If you have any question about this process you may call (609) 292-8124 for more information.



**STATE OF NEW JERSEY
REQUEST FOR PROPOSAL**

BID NUMBER: 06-X-37983

**FOR: LOTTERY GAMING SYSTEM AND
SUPPORT SERVICES**

TERM CONTRACT #: T-1320
REQUESTING AGENCY: 822050

ESTIMATED AMOUNT: N/A
CONTRACT EFFECTIVE DATE: OCT 1, 2005
COOPERATIVE PURCHASING: NO
SET ASIDE: FOR SUBCONTRACTING ONLY

**DIRECT ALL QUESTIONS AND INQUIRIES
CONCERNING THIS RFP TO:**
MARY LOU GOHO, marylou.goho@treas.state.nj.us
(NO TELEPHONE OR FAX INQUIRIES ACCEPTED)

TO BE COMPLETED BY BIDDER:

Firm
Name:

Address:

**PURSUANT TO N.J.S.A. 52:34 - 12 AND N.J.A.C. 17:12 - 2.2, PROPOSALS WHICH FAIL TO CONFORM WITH THE
FOLLOWING REQUIREMENTS WILL BE AUTOMATICALLY REJECTED:**

- 1) **PROPOSALS MUST BE RECEIVED AT OR ON BEFORE THE PUBLIC OPENING TIME OF 2:00 PM EASTERN TIME ON JULY 1, 2005, AT THE FOLLOWING PLACE: DEPARTMENT OF THE TREASURY, PURCHASE BUREAU, 33 WEST STATE STREET, 9TH FLOOR, PO BOX 230, TRENTON, NEW JERSEY 08625-0230. TELEPHONE, TELEFACSIMILE OR TELEGRAPH PROPOSALS WILL NOT BE ACCEPTED.**
- 2) THE BIDDER MUST SIGN THE PROPOSAL.
- 3) THE BIDDER MUST INCLUDE ALL PRICE INFORMATION. PROPOSAL PRICES SHALL INCLUDE DELIVERY OF ALL ITEMS, F.O.B. DESTINATION OR AS OTHERWISE PROVIDED. PRICE QUOTES MUST BE FIRM THROUGH ISSUANCE OF CONTRACT.
- 4) ALL BID PRICES MUST BE TYPED OR WRITTEN IN INK.
- 5) ALL CORRECTIONS, WHITE-OUTS, ERASURES, RESTRIKING OF TYPE, OR OTHER FORMS OF ALTERATION, OR THE APPEARANCE OF ALTERATION, TO UNIT AND/OR TOTAL PRICES MUST BE INITIALED IN INK BY THE BIDDER.
- 6) THE BIDDER MUST SUBMIT WITH THE PROPOSAL BID SECURITY IN THE AMOUNT OF \$1,000,000. CHECK THE TYPE OF BID SECURITY SUPPLIED:
ANNUAL BID BOND ON FILE: _____ BID BOND ATTACHED: _____
CERTIFIED OR CASHIERS CHECK ATTACHED: _____ LETTER OF CREDIT ATTACHED: _____
- 7) THE BIDDER MUST COMPLETE AND SUBMIT, PRIOR TO THE SUBMISSION OF THE PROPOSAL, OR ACCOMPANYING THE PROPOSAL, THE ATTACHED OWNERSHIP DISCLOSURE FORM. (SEE N.J.S.A. 52:25-24.2).
- 8) THE BIDDER MUST ATTEND THE MANDATORY PRE-BID CONFERENCE AT THE FOLLOWING DATE AND TIME: **JUNE 1, 2005, 10:00 AM, 9TH FLOOR BID ROOM, 33 WEST STATE STREET, TRENTON, NJ 08625-0230.**

ADDITIONAL REQUIREMENTS

- 9) PERFORMANCE SECURITY: \$20,000,000
- 10) PAYMENT RETENTION: N/A
- 11) AN AFFIRMATIVE ACTION FORM (ATTACHED)
- 12) A MACBRIDE PRINCIPALS CERTIFICATION (ATTACHED)
- 13) REQUESTED DELIVERY: SEE DETAILS ELSEWHERE IN RFP
- 14) CERTIFICATION OR NOTIFICATION OF REGISTRATION WITH THE SECRETARY OF STATE IF A FOREIGN (NON-NJ) CORPORATION, IF NECESSARY (SEE N.J.S.A 14A:13-1 ET SEQ. AND N.J.A.C. 17:12-2.12).
- 15) FOR SET ASIDE CONTRACTS ONLY, N.J. DEPARTMENT OF COMMERCE CERTIFICATION OF REGISTRATION AS A SMALL BUSINESS (SEE N.J.A.C. 17:13-1.1 INCLUDED HEREIN).

TO BE COMPLETED BY BIDDER

- 16) DELIVERY CAN BE MADE _____ DAYS OR _____ WEEKS AFTER RECEIPT OF ORDER.
- 17) CASH DISCOUNT TERMS (SEE RFP) _____ %, _____ DAYS: NET _____ DAYS. 18) BIDDER PHONE NO: _____
- 19) BIDDER FAX NO. _____ 20) BIDDER E-MAIL ADDRESS. _____
- 21) BIDDER FEDERAL ID NO. _____ 22) YOUR BID REFERENCE NO. _____

SIGNATURE OF THE BIDDER ATTESTS THAT THE BIDDER HAS READ, UNDERSTANDS, AND AGREES TO ALL TERMS, CONDITIONS, AND SPECIFICATIONS SET FORTH IN THE REQUEST FOR PROPOSAL, INCLUDING ALL ADDENDA. FURTHERMORE, SIGNATURE BY THE BIDDER SIGNIFIES THAT THE REQUEST FOR PROPOSAL AND THE RESPONSIVE PROPOSAL CONSTITUTES A CONTRACT IMMEDIATELY UPON NOTICE OF ACCEPTANCE OF THE PROPOSAL BY THE STATE OF NEW JERSEY FOR ANY OR ALL OF THE ITEMS BID, AND FOR THE LENGTH OF TIME INDICATED IN THE REQUEST FOR PROPOSAL. FAILURE TO ACCEPT THE CONTRACT WITHIN THE TIME PERIOD INDICATED IN THE REQUEST FOR PROPOSAL, OR FAILURE TO HOLD PRICES OR TO MEET ANY OTHER TERMS AND CONDITIONS AS DEFINED IN EITHER THE REQUEST FOR PROPOSAL OR THE PROPOSAL DURING THE TERM OF THE CONTRACT, SHALL CONSTITUTE A BREACH AND MAY RESULT IN SUSPENSION OR DEBARMENT FROM FURTHER STATE BIDDING. A DEFAULTING CONTRACTOR MAY ALSO BE LIABLE, AT THE OPTION OF THE STATE, FOR THE DIFFERENCE BETWEEN THE CONTRACT PRICE AND THE PRICE BID BY AN ALTERNATE VENDOR OF THE GOODS OR SERVICES IN ADDITION TO OTHER REMEDIES AVAILABLE.

23) ORIGINAL SIGNATURE OF BIDDER	24) NAME OF FIRM
25) PRINT/TYPE NAME AND TITLE	26) DATE

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1.0 INFORMATION FOR BIDDERS

1.1 Purpose and Intent

This Request for Proposal (RFP) is issued by the Purchase Bureau, Division of Purchase and Property, Department of the Treasury (the "Division"), on behalf of the State of New Jersey, Department of the Treasury, Division of Lottery.

The purpose of this RFP is to solicit bid proposals to engage a contractor to implement a Lottery Gaming System and Support Services ("LGS"), including associated gaming products and services.

The expected products and/or services are described in RFP Section 3.0 (Scope of Work).

The intent of this RFP is to award a contract to that responsible bidder whose bid proposal, conforming to this RFP, is most advantageous to the State, price and other factors considered.

1.2 Background

On November 4, 1969, New Jersey voters voted to create a State Lottery Commission and as a result, New Jersey became the third state, after New Hampshire and New York, to authorize and create a state lottery. The lottery has been a success with the public, and the first-year revenues were \$137 million. The Lottery's phenomenal growth and popularity were reflected recently in gross sales of over \$2 billion in Fiscal Year 2004. The Lottery has taken and continues to take the industry lead in innovation with the design of new games and systems, to meet the demands of the buying public and insure honesty and integrity.

The mission of the Lottery is to raise revenue for the maximum contribution to education and institutions, benefiting the citizens of New Jersey through the sale of lottery products. The Lottery accomplishes this by providing entertaining products through a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, teamwork, and public/private partnerships.

The LGS described herein includes, but is not limited to:

- Online games;
- Instant ticket validation, instant games inventory management, and combined accounting;
- Instant ticket warehousing and distribution;
- Communications network;
- Lottery Administrative Processing System (LAPS);
- Primary and back-up computer system and facilities; and
- Repair, maintenance, and updates of equipment and software.

An existing base of approximately six thousand two hundred (6,200) online terminals together with all related computer and network hardware and software, the wide and local area networks, Lottery Administrative Processing System (LAPS), and their support services, must be replaced as a result of this RFP. All proposed system components must be delivered, installed, implemented, acceptance tested, and ready to be operational by June 20, 2006.

The State requires that on June 20, 2006, at a minimum, the number of installed, operational retailer sales terminals must be equal to the number of installed, and operational retailer sales terminals on June 19, 2006.

The new system must support the then-current gaming products offered to the public by the Lottery. Additionally, the system must incorporate additional games and promotions developed by the contractor to support the Lottery's evolving marketing plans.

The State of New Jersey may, at its discretion, require the contractor, during the term of the contract, to install, implement and operate additional traditional and non-traditional online lottery games. The details concerning such options will be determined collaboratively by the contractor and the State at that time, and will require approval by the Director of the Division of Purchase and Property.

Lottery Objectives

The Lottery has the following objectives in issuing this RFP and entering into a contract for the implementation and operation of a gaming system:

- Install an integrated gaming system that will meet the gaming product needs of the Lottery for the entire term of the Contract.
- Obtain retailer terminals, support systems, and services that (1) will be operationally sound, (2) will incorporate the highest level of integrity and security, and (3) will minimize the risk for the Lottery.
- Obtain retailer terminals that will provide high retailer and player satisfaction based on their quality and performance.
- Obtain a gaming system that will provide sufficient flexibility to meet the Lottery's evolving requirements.
- Obtain a gaming system that will support the functional needs of the Lottery's day-to-day operations and reporting requirements.
- Obtain a data communications System that supports the Lottery.
- Obtain a LAPS in support of the Lottery.
- Ensure that all proposed systems and services (exclusive of future games) will be ready and fully operational by June 20, 2006.
- Increase sales and maximize the net lottery proceeds.

Gaming System

Currently, the Lottery conducts the following games:

- Pick 3
- Pick 4
- Jersey Cash 5
- Pick 6 Lotto
- Mega Millions
- Various instant scratch games

Sales history buy game for the last two years is included as Exhibit 1.

The Lottery, through contractual agreements with the current online gaming provider, Gtech Corporation, and telephone service provider, Verizon, Inc., operates over 6,200 online retail sales locations throughout the State. These outlets sell, validate and pay winners for multiple online games and a host of instant scratch ticket games. A list of retailers by county and municipality is included in Exhibit 2.

It is the intent of the Lottery to consolidate the functions of both the online gaming vendor and the telephone service provider's responsibilities into one online gaming and communications contract. Summaries of the existing contracts, including the contractors, responsibilities, are described below.

The current online gaming system provider, Gtech Corporation ("Gtech"), operates its central site location adjacent to the Lottery Office in Lawrenceville, NJ. In addition to the central site, Gtech maintains a redundant backup site and communications connectivity in Cranbury, NJ, which is capable of taking over as a primary operational site should a disruption occur at the Lawrenceville central site. Both sites concurrently process lottery ticket bets and other transactions in real time, with multiple fail-over systems, thereby providing immediate remediation and zero data loss in the event of a system failure at either site.

Gtech is responsible for all tasks associated with the distribution and sale of online and instant lottery tickets. This includes instant ticket warehousing and the distribution of lottery materials, validation of winners, and delivery of games and other marketing materials; as well as providing all equipment, systems and software needed to insure the successful operation of the New Jersey Lottery. The Gtech contract is scheduled to expire June 20, 2006.

Back Office and EDP Auditing

Gtech currently provides the Lottery with systems and software to perform an independent daily audit of the bet transaction data through the Internal Control System (ICS). Utilizing this system, all daily transactions are reprocessed to ensure reporting and betting system accuracy. Additionally, field and lottery-centric systems are provided to facilitate the operational phase of the Lottery effort, which includes validation of winning tickets, retailer information systems and the accounting system, which coexist with Gtech's systems protocols and applications.

Communications

The current telephone service provider, Verizon Inc. ("Verizon"), supplies an ISDN network of multiple drop point-to-point connections to over 6,200 retailer sales outlet locations. This network provides monitoring and network management capability for both Verizon and Gtech. Detection of line and termination point outages are discovered very quickly and then posted for remediation of the problem. This network management system insures that communication outages and problems are resolved in the quickest time possible, thereby mitigating revenue loss. Verizon also provides SONET Ring technology between the central and remote sites so that service interruptions at various points within this ring are automatically rerouted to different communication paths. This configuration provides for automatic and quick resumption of communication service in the event of a major line failure anywhere within the SONET Ring. It is anticipated that the Lottery's communications contract will expire on the same date as the online gaming system.

Lottery Organization

For informational and background purposes, Exhibit 3 contains the current organization chart of the NJ Lottery.

1.3 Key Events

1.3.1 Questions and Inquiries

It is the policy of the Division to accept questions and inquiries from all potential bidders receiving this RFP. Written questions must be e-mailed to the Purchase Bureau buyer at the following address:

Mary Lou Goho
E-Mail: marylou.goho@treas.state.nj.us

1.3.1.1 Question Protocol

Questions must be e-mailed in writing to the attention of the assigned Purchase Bureau buyer. Questions should be directly tied to the RFP by the writer. Questions should be asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

1.3.1.2 Cut-Off Date for Questions and Inquiries

A Mandatory Pre-Bid Conference has been scheduled for this procurement; therefore, the cut-off date for submission of questions will be the date of the Mandatory Pre-Bid Conference. While all questions will be entertained at the Mandatory Pre-Bid Conference, it is strongly urged that questions be submitted in

writing prior to the Mandatory Pre-Bid Conference. It is requested that bidders having long, complex or multiple part questions submit them in writing as far in advance of the Mandatory Pre-Bid Conference as possible. This request is made so that answers can be prepared by the State by the time of the Mandatory Pre-Bid Conference.

1.3.2 *Mandatory Site Inspection* – Not applicable to this procurement.

1.3.3 *Mandatory Pre-Bid Conference*

A Mandatory Pre-Bid Conference has been scheduled for this procurement. The date, time and location are provided as follows:

Date/Time: June 1, 2005, 10:00 AM Eastern Time
Location: Department of the Treasury
Division of Purchase and Property, Purchase Bureau
Bid Opening Room, 9th Floor
33 West State Street
Trenton, NJ 08625-0230

Directions to the Pre-bid Conference can be found at the following website:
<http://www.state.nj.us/treasury/purchase/faqdirs.htm>

CAUTION: Bid proposals will be automatically rejected from any bidder that was not represented or failed to properly register at the Mandatory Pre-Bid Conference.

The purpose of the Mandatory Pre-Bid Conference is to provide a structured and formal opportunity for the State to accept questions from bidders regarding this RFP.

Any revisions to the RFP resulting from the Mandatory Pre-Bid Conference will be formalized as a written addendum to the RFP. Answers to deferred questions will also be formalized as a written addendum to this RFP. See RFP Section 1.4.1 for procedure to obtain addenda.

1.3.4 *Submission of Bid Proposal*

In order to be considered for award, the bid proposal must be received by the Purchase Bureau of the Division of Purchase and Property at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE RIGHT PLACE WILL BE REJECTED. THE DATE, TIME AND LOCATION ARE:**

Date/Time: July 1, 2005, 2:00 PM Eastern Time
Location: Bid Receiving Room – 9th Floor
Department of the Treasury
Division of Purchase and Property, Purchase Bureau
33 West State Street, P.O. Box 230
Trenton, NJ 08625-0230

Directions to the Purchase Bureau can be found on the following website:
<http://www.state.nj.us/treasury/purchase/faqdirs.htm>

1.4 Additional Information

1.4.1 *Revisions to This RFP*

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum.

ALL RFP ADDENDA WILL BE ISSUED ON THE PURCHASE BUREAU WEB SITE. TO ACCESS ADDENDA THE BIDDER MUST SELECT THE BID NUMBER ON THE PURCHASE BUREAU'S "BIDDING OPPORTUNITIES" WEB PAGE AT THE FOLLOWING ADDRESS:

<http://www.state.nj.us/treasury/purchase/bid/summary/bid.shtml>.

There are no designated dates for release of addenda; therefore interested bidders should check the Purchase Bureau "Bidding Opportunities" website on a daily basis from time of RFP issuance through bid opening.

Bidders are solely responsible to be knowledgeable of all addenda related to this procurement.

1.4.2 Addendum as a Part of this RFP

Any addenda to this RFP shall become part of this RFP and part of any contract resulting from this RFP.

1.4.3 Issuing Office

This RFP is issued by the Purchase Bureau, Division of Purchase and Property. The buyer noted in Section 1.3.1 is the sole point of contact between the bidder and the State for purposes of this RFP.

1.4.4 Bidder Responsibility

The bidder assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after bids are opened because of a bidder's failure to be knowledgeable of all the requirements of this RFP. By submitting a bid proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

1.4.5 Cost Liability

The State assumes no responsibility and bears no liability for costs incurred by bidders before the award of the contract resulting from this RFP.

1.4.6 Contents of Bid Proposal

Subsequent to bid opening, all information submitted by bidders in response to the bid solicitation is considered public information, except as may be exempted from public disclosure by the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., and the common law. A bidder may designate specific information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and shall so advise the bidder. The State will not honor attempts by bidders either to designate their entire bid proposal as proprietary and/or to claim copyright protection for their entire proposal.

All bid proposals, with the exception of information determined by the Director to be proprietary, are available for public inspection.

Interested parties can make an appointment with the Purchase Bureau to inspect bid proposals received in response to this RFP.

1.4.7 Price Alteration

Bid prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to do so may preclude an award being made to the bidder.

1.4.8 *Joint Venture*

If a joint venture is submitting a bid proposal, the agreement between the parties relating to such joint venture shall be submitted with the joint venture's bid proposal. Authorized signatories from each party comprising the joint venture must sign the bid proposal. A separate Ownership Disclosure Form, Affirmative Action Employee Information Report, MacBride Principles Certification, and business registration must be supplied for each party to a joint venture.

2.0 DEFINITIONS

The following definitions shall be part of any contract awarded or order placed as result of this RFP.

2.1 Standard Definitions

Addendum – Written clarification or revision to this RFP issued by the Purchase Bureau.

All-Inclusive Hourly Rate – An hourly rate comprised of all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses.

Amendment – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director, Division of Purchase and Property.

Bidder – An individual or business entity submitting a bid proposal in response to this RFP.

Contract – This RFP, any addendum to this RFP, and the bidder's proposal submitted in response to this RFP, as accepted by the State.

Contractor – The contractor is the bidder awarded a contract.

Director – Director, Division of Purchase and Property, Department of the Treasury. By statutory authority, the Director is the chief contracting officer for the State of New Jersey.

Division – The Division of Purchase and Property

Evaluation Committee – A committee established by the Director to review and evaluate bid proposals submitted in response to this RFP and to recommend a contract award to the Director.

Firm, Fixed Fee – An all-inclusive fee consisting of direct and indirect costs, including but not limited to direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction, and any other costs. No additional fees or costs shall be paid by the State unless there is an approved change in the scope of work.

May – Denotes that which is permissible, not mandatory.

Project – The undertaking or services that are the subject of this RFP.

Request for Proposal (RFP) – This document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the using Agencies as identified herein.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a bid proposal as materially non-responsive.

Should – Denotes that which is recommended, not mandatory.

State Contract Manager – The individual responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work as set forth in Sections 5.2, 5.2.1, 5.2.2 and 5.2.3.

Subtasks – Detailed activities that comprise the actual performance of a task.

State – State of New Jersey.

Task – A discrete unit of work to be performed.

Using Agency – The entity for which the Division has issued this RFP and will enter into a contract.

2.2 Contract-Specific Definitions

3G – Third generation wireless wide area communications systems that are characterized by high-speed data rates capable of data bursting rates (144 Kbps to 2+ Mbps) suitable for multimedia content. 3G technologies typically are packet-switched and use code division multiple access (CDMA) to communicate. 3G will support broadband and bandwidth-hungry applications such as full-motion video, videoconferencing and full Internet access. Examples include GPRS, 1XRTT, EDGE, HDR, W-CDMA.

Big Bang – A form of terminal network conversion in which the new retailer terminals are installed gradually in retail locations but do not take over sales until a complete cutover following the last sales day on the existing Contract. All new retailer terminals go into production on the same day. The old terminals can then be removed from the premises.

Bond – A bond, cashier's check, or alternative security acceptable in form and substance and issued by a company acceptable to the Lottery.

Book – A pack of instant game tickets, with individual tickets uniquely numbered by virtue of game/pack/ticket identifiers. Books contain varying numbers of tickets, depending on the game.

Business Continuity Site – A location within New Jersey where the Lottery can continue to administer games in the event that the Headquarters location cannot serve as the location for this purpose. This site contains a LAPS backup system and office space for core Lottery staff (space used otherwise by the Lottery as a District Office).

Business Week – The period beginning on Thursday 12:00 AM Eastern Time and running through the end of the day the following Wednesday 12:00 AM Eastern Time, which serves as an accounting unit.

Consumables – Playslips, ticket stock, printer paper, printer ribbons, ink supply, toner, and any other operational supplies required by retailers to operate their terminals, but does not include point of sale promotional items or instant tickets.

Conversion – The phase of the implementation project during which the existing System used by the Lottery for games sales and management is replaced. During the conversion, data and files from the existing System must be transferred, for continuity, to the new System.

Corporate Account – Lottery retailer accounts that have a minimum of \$500,000 in annual sales of New Jersey Lottery tickets and three (3) or more distinct New Jersey Lottery retail locations.

District Office – An office of the New Jersey Lottery other than Headquarters that provides services to retailers and to customers.

EFT – Electronic Funds Transfer through a bank employing the Automated Clearing House (ACH) network.

Enterprise Used to identify the networking component of the State of New Jersey's wide area network (WAN) established and maintained by the Office of Information Technology (OIT). This network is traversed by the New Jersey Lottery to facilitate external office Email, FTP and Internet access.

Facilities – The facilities required to provide and support the retail network, including data centers, warehouses, repair depots, and other such locations.

File – A related collection of records containing a consistent set of data fields that describe an entity. A file can be processed by software representing an authorized user to add, modify, or delete records, or to generate a report or display of useful information. A file can be operated on as an object itself, for example to move it from one location to another, or to delete it.

First Read Rate – A measure of reader performance, especially bar code reader performance. The measure indicates what proportion of times the reader returns a successful read of a legitimate code on the first try. The “first read” event is defined as the initial effort of an experienced user to read a code, occurring within approximately a three (3) second time window.

Headquarters – Or "Lottery Headquarters". The Lottery offices located at One Lawrence Building, 1333 Brunswick Pike, Trenton, New Jersey, 08648.

Instant Games – Games sold on pre-printed tickets containing play and validation data under a latex coating or such other coating as may be approved by the Lottery. Instant games will be administered through the terminals provided by the Contractor. Also known as rub-off or scratch games.

Intellectual Property Rights – Any rights with respect to inventions, discoveries, or improvements, including patents, patent applications and certificates of invention; trade secrets, know-how, or similar rights; the protection of works of authorship or expression, including copyrights and future copyrights; and trademarks, service marks, logos, and trade dress; and similar rights under any laws or international conventions throughout the world, including the right to apply for registrations, certificates, or renewals with respect thereto, and the rights to prosecute, enforce, enjoin use and obtain damages.

Invited Option - An item noted in this RFP as being of specific interest to the Lottery; however, the Lottery makes no commitment to any quantity or timing for acquisition. The bidder is not obligated to include an Invited Option in its bid. Should the bidder include invited options in its bid response, costs are to be included as noted in Section III of the Price Schedule. Invited options will **not** be evaluated by the State as part of the bid selection process. The State reserves the right to obtain an invited option outside the contract resulting from this RFP.

ITVM -- A freestanding self-contained vending machine that is used to dispense Instant Game tickets. An ITVM is a player operated device that accepts US currency in various denominations, allowing the player to select multi-theme type Instant Game tickets.

Key Personnel (Contractor’s Project Team) – Key personnel shall be defined as the Project Director, Project Manager (or other synonymous titles) and any other technical specialist appropriate for the specified function of the contract.

LAPS Backup Site – The location contained within New Jersey where the Lottery’s backup LAPS is located. The LAPS Backup Site is part of the Lottery’s Business Continuity Site.

Lottery – The State of New Jersey, Department of the Treasury, Division of State Lottery.

Lottery Administrative Processing System (LAPS) – Systems, computers, associated peripherals, network appliances, network connections, internal control systems (ICS), software, technical support, and services required to provide the ability for Lottery staff to administer all aspects of the Lottery’s operational, financial, security, and marketing and sales processes for all gaming functions, and fulfill the statutory requirements of the Division of State Lottery.

Lottery Enterprise WAN – A wide area network (WAN) connecting New Jersey Lottery facilities, district offices and central administrative computer systems to the Treasury Enterprise provided network, facilitating services which include, Internet Service Provider (ISP), External Mail Gateway and Internet Portal service.

Lottery LAN – A local area network (LAN) serving the offices of the New Jersey Lottery.

Lottery WAN – A wide area network (WAN) connecting computers located in various New Jersey Lottery district offices and facilities to the central New Jersey Lottery Administrative computer system. This configuration also provides direct secure connectivity to the gaming provider's central system and remote user access ability.

Near Real-Time – Pertaining to the timeliness of data or information which has been delayed by the time required for electronic communication and automatic data processing. This implies that there are no significant delays.

Net Instant Sales – Gross sales minus free tickets and adjustments for instant games, where adjustments are lost/stolen tickets and partial pack returns.

Net Online Sales – Gross sales minus cancellations, promotional free tickets and adjustments for online games, where adjustments refers to cancelled wagers..

Offered Option – Items not identified in this RFP but which may be identified by the bidder and included in its bid proposal. This is an opportunity for the bidder to present options to the Lottery of which the State may not have been aware at the time the RFP was written. The Lottery makes no commitment to any quantity or timing for acquisition. The bidder is not obligated to include an Offered Option in its bid. Should the bidder include offered options in its bid response, costs are not to be included. Offered options will *not* be evaluated by the State as part of the vendor selection process. The State reserves the right to obtain an offered option outside the contract resulting from this RFP.

OIT – Office of Information Technology. The State control agency for technology in New Jersey, which runs the State's data centers, web presence, and statewide communications. Also referred to as the "enterprise".

Online Games – Games sold through a computer network by authorized retailers. Also known as terminal games or machine games.

Play – A single set of numbers for a Lottery drawing. A ticket may contain multiple plays, depending on the game.

Play Center – A physical display used as a point of purchase display in retail locations to provide an organized, convenient means for retailers to display lottery communications (brochures, jackpot announcements, bet slips, etc.) for customers and to provide the Lottery with a uniform presence.

Privileged Terminal – A management terminal, similar to a retailer sales terminal, with the ability to create "new bet" transactions disabled. The privileged terminal is assigned to a specific Lottery designated retailer number and located within the central Lottery headquarters office. The privileged terminal has the ability to read ticket information through its scanner and update the contractor's winner's file. The privileged terminal should also be able to generate various reports upon request. The main purpose of a privileged terminal is to update the status of a claimed ticket submitted on a claim form to a "received at central office" status.

Remote Backup Site – The contractor's location containing backup systems and communications for the lottery gaming system serving New Jersey. The Remote Backup Site may be located within New Jersey but is not required to be.

Report – Information produced by the System that is viewed via display, printed, or saved to a file depending on the needs of the Lottery.

Retailer – A business or person under contract with the Lottery to sell lottery tickets.

Retailer Master File – The authority file containing the official list and data defining retailers.

Sales Day – The period of time the Lottery’s gaming systems support transactions from terminals at retailer locations, currently 5 AM to 12 midnight, seven (7) days a week, subject to future modifications.

SR – Sales Representative.

SONET – Synchronous Optical Network, a standard for connecting fiber optic transmission systems.

Specified Option – An item noted in this RFP that must be proposed by the bidder; however the Lottery does not commit to any quantity or timing for acquisition of a Specified Option. A bid proposal must be rejected if a Specified Option is not included. Specified Options will be evaluated and the cost included in the overall price of the bid. Costs for specified options apply in the same manner as costs for required items, i.e., costs may be decreased over the contract’s term, but they cannot be increased. The State reserves the right to purchase some, all, or none of the specified options.

Surrogate Activity – Instant book activity on behalf of another user or retailer. Instant book activity is related to inventory transactions, which may be performed by Lottery via management terminal access in lieu of retailer activity.

System – A collection of hardware, software, facilities, and procedural elements which provides useful services and which produces useful outputs. In this RFP, there are numerous references to systems, inclusive of references to systems that are subsystems of other referenced systems. The immediate context and adjectives or labels define which systems are being discussed. When used without other qualification, “System” refers to the comprehensive gaming system (instant ticket and online system) proposed by the bidder.

Validation – Process by which winning tickets are checked against computer files, to ensure that the ticket presented is valid, and that it has not been redeemed previously. Validations apply to both online and instant tickets.

Validation Code – A security feature of instant tickets printed under the latex (or other coating). This is also known as a VIRN (Void If Removed Number).

VPN – Virtual Private Network, a network constructed by using public wires to connect private nodes. These networks use encryption and other security mechanisms to ensure that only authorized users can access the network and that the data cannot be intercepted.

Warehouse – The primary warehouse to be provided by the contractor, used to maintain the inventory and provide order fulfillment of the Lottery’s instant tickets. The warehouse site may also provide space for the Lottery’s Business Continuity Site, which may be used as a Lottery District Office under ordinary circumstances.

3.0 SCOPE OF WORK

The contractor shall have satisfied the following minimum threshold requirements in order to be awarded the contract resulting from this RFP:

- Five (5) years of contractual experience in North America Lottery Gaming and Communications systems. The contractor must have at least 5 years of contractual experience providing a complete Lottery Gaming System and Support Services to a North American state or provincial lottery entity in which it provided lottery gaming terminals, central systems, and services in support of at least 2,000 sales outlets.
- The company (prime contractor) shall have three (3) implementations in North American as the prime contractor.
- Provided a North American state or province sales accounting and ticket validation for instant, scratch-off type tickets produced by multiple vendors. The contractor must have demonstrated through a contractually installed system the ability to merge the sales accounting, validation and payment of scratch-off type tickets into its central online accounting system.
- Contractor must have provided a North American state or province with a networked communications solution, linking all of the sales outlets to a central system, via phone lines, satellite or radio. The communications solution provided must have demonstrated protective redundancy and path diversity as part of the installed configuration.

3.1 Central Configuration

The Lottery requires a configuration for handling the immediate and long-range needs of the Lottery, as defined in the following sections.

Any deviations from the suppliers' standard hardware and software products shall not be installed in the LGS without the prior approval of the Lottery.

3.1.1 Configuration at the Primary Site

- a. *Transaction Processing/Games Administration Hosts:* All game types and game administration functions for online and instant gaming support must be supported by a protectively redundant configuration. At the primary site, the processing complex must consist of at least two (2) physically separate processing systems, networked or coupled for high availability processing and storage redundancy. There shall not be any single point of failure within the system. For example; a component failure in one primary site processing system must not cause a failure in the other system(s).
- b. *Failover:* The remaining system(s) will immediately assume the load in case of a failure in one system, without loss or corruption of any data and transactions received prior to, during, or after the time of the failure.
- c. *Operations Procedures:* Procedures for computer operations staff, especially regarding failure situations, must be straightforward. The LGS should recover from failure without operator intervention.
- d. *Secure Connections:* There must be no capacity to connect into any gaming system from a remote non-retailer terminal without Lottery approval. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms such as modems with dial-back, modems with on/off key locks, message encryption, and logging of sessions. Connections to other remote systems and terminals must be protected by firewalls,

encryption, secure shell (SSH), or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Lottery approval.

- e. *Time Synchronizing:* Multiple systems in the configuration, such as a clustering of processors, must have a time synchronization mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time standard is required.
- f. *Host Location:* The primary site computers must be located in the current space adjacent to the Lottery Headquarters located at One Lawrence Building, 1333 Brunswick Pike, Trenton, New Jersey, 08648.
- g. *Disaster Recovery:* In the event of irreparable damage at the primary site, or of an unplanned, extended abandonment of the primary site, the contractor shall provide at no additional cost those host processors, facilities, and other components necessary to resume Lottery sales under a two-site operational scenario. Such host processors, facilities, and other components shall be furnished, installed and operational within thirty (30) days after the disaster. Until a permanent primary site can be re-established, substitute facilities must meet Lottery-approved environmental and security measures.

3.1.2 Remote Backup Site Configuration

- a. *Remote Backup Hosts:* The contractor shall provide a backup site with two (2) or more systems that will take over for the primary site systems if necessary. Data transferred to and recorded at the remote site will always contain the most recent transactions, allowing a takeover effected by protective redundancy. The retailer network must have a routing independent of the primary site so that the backup site can be reached without the primary in place. Games administration functions must be available at the remote backup site, as well as being available remotely by communications from the primary site.

The contractor shall demonstrate on a scheduled basis that the remote site systems are fully functional by operating in production from that site upon request of the Lottery.

- b. *Remote Backup Sizing:* The remote backup systems must be of the same processing capacity and architecture as the central site systems.
- c. *Remote Backup Location:* The remote backup systems and their facility shall be supplied by the contractor. No other contractor clients or applications shall be served from this facility without written approval from the Lottery.
- d. *Secure Connections:* There must be no capacity to connect into any gaming system from a remote non-retailer terminal without Lottery approval. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms such as modems with dial-back, modems with on/off key locks, message encryption, and logging of sessions. Connections to other remote systems and terminals must be protected by firewalls, encryption, secure shell (SSH), or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Lottery approval.
- e. *Disaster Recovery:* In the event of irreparable damage at the remote backup site, or of an unplanned, extended abandonment of the site, the contractor shall provide at no additional cost those host processors, facilities, and other components necessary to resume Lottery sales under a two-site operational scenario. Such host processors, facilities, and other components shall be furnished, installed and operational within thirty (30) days after the disaster. Until a permanent remote backup site can be re-established, substitute facilities must meet Lottery-approved environmental and security measures.

3.1.3 *Testing and Development Configuration*

- a. *Testing Availability:* Any of individual systems (Sections 3.1.1 and 3.1.2) must be available at any time for testing by the Lottery, with full support from the contractor. (The Lottery will work with the contractor to identify and assess any possible risks or impacts on production operations.)
- b. *Test System(s):* The contractor must provide a separate system for software user acceptance testing by the Lottery. The testing system may be located at either site but must support testing from the test room in the contractor's primary facility adjacent to Lottery Headquarters. The testing system must be identical in architecture and capacity to the production systems. The contractor must provide sufficient resources for testing the redundant capability for failover and system balancing of the hot backup system. In the event of an active production system failing while testing is occurring on this system, the test system must be able to be updated and activated for production in case of further hardware or software failure.
- c. *Testing User Terminals:* At least ten (10) retailer terminals including each logical configuration (e.g., retailer online terminal, privileged terminal) must be permanently installed in the contractor's facility adjacent to Lottery Headquarters for testing by the Lottery. (At times the Lottery may require the installation of more management and retailer terminals for specialized tests. These terminals shall be supplied within the baseline cost to the Lottery.) The testing terminals must support testing of all features and options available on the production system. The contractor must support connectivity for at least three (3) management terminals for testing. The management terminals (personal computers) shall be supplied by the contractor.
- d. *Secure Connections.* There must be no capacity to connect into any gaming system from a remote non-retailer terminal without Lottery approval. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms such as modems with dial-back, modems with on/off key locks, message encryption, and logging of sessions. Connections to other remote systems and terminals must be protected by firewalls, encryption, secure shell (SSH), or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Lottery approval.
- e. *Contractor's Development and Test System:* The contractor must not conduct software development or its own quality assurance activities on any of the production systems or on the Lottery test system identified above, but rather must employ separate development and Quality Assurance (QA) system(s).

3.1.4 *Internal Control System (ICS) Configuration*

All components for the ICS including but not limited to, hardware, operating system software, any required middleware, third-party ICS software, software development tools, and associated hardware and software licensing, maintenance and support shall be provided by the contractor. The ICS systems (primary, backup, and development/test) shall be located in the data centers of the Lottery. The ICS must receive a near-real time feed (i.e., remote logging) of gaming transactions. Dual ICS systems, to be located at the Lottery's primary and backup data centers, are required to ensure timely processing in case of failure. Maintenance of these infrastructure items must be continued by the contractor for the term of the contract. This configuration must be used solely to support the ICS system.

The ICS third-party application software requirements are provided under Section 3.4.6.

3.1.5 *Gaming Quantitative Performance Criteria*

- a. The LGS must initially support a network of approximately six thousand two hundred (6,200) online retailer terminals. The capability to expand LGS to accommodate up to ten thousand

(10,000) active retailer terminals must be available, should such an expansion opportunity be desired by the Lottery.

- b. LGS as delivered must handle at least seventy-five thousand (75,000) sales transactions per minute on a continuous basis.
- c. LGS as delivered must process at least five thousand (5,000) combined cash (validation) and cancel transactions per minute, while selling at the rate above.
- d. Single play (single panel) online tickets shall be produced in four (4) seconds or less from completion of data entry ("Send" is pressed or play slip is read) to availability of the ticket for the retailer.
- e. Sell a minimum of one hundred (100) single play Quick Pick tickets without requiring operator re-entry.
- f. Variable length, multi-play [up to ten (10) panel] online tickets shall be produced in six (6) seconds or less from completion of data entry ("Send" is pressed or play slip is read) to availability of the ticket for the retailer.
- g. All other transactions (e.g., instant ticket transactions, winning ticket validations, cancels, and brief online and instant ticket reports) shall be produced in no more than five (5) seconds from completion of data entry ("Send" is pressed) to availability of the ticket or report to the retailer.
- h. Primary site system recovery from a one-system failure must be accomplished in no more than two (2) minutes while still maintaining current transactions. This includes the capability to fully service the communications network supporting the retailer terminals.
- i. Backup site LGS recovery from a primary site failure must be accomplished within 20 minutes or less without loss of any transactions. This includes the capability to fully service the communications network supporting the retailer terminals, and supplying management terminal functions.
- j. LGS must have the as-delivered capacity in all hardware and software aspects to accommodate a minimum of two hundred (200) concurrent instant games being in any status (e.g., loaded, distributed, sold, validated, closed out), an online sales day of at least fifty million dollars (\$50,000,000) and an online jackpot over one billion dollars (\$1,000,000,000).
- k. Online Winning Tickets. LGS must have the as-delivered capacity in all hardware and software aspects to allow winning tickets to be retained online three hundred sixty-five (365) days after the winning draw date. The exact specifications will be established during implementation.
- l. Instant Winning Tickets. LGS must have the as-delivered capacity in all hardware and software aspects to allow the game, book and VIRN files to be retained online 365 days after the official end of the instant game, as announced by the Lottery, plus such additional time as needed for ended games to be reconciled by the Lottery. The exact specifications will be established during implementation.

The response time specifications noted in this section will be considered met if greater than 95% of the transactions pass the specification. Performance will be monitored by the State during acceptance testing and throughout the contract.

3.1.6 Operating Hours

The contractor must accommodate near twenty-four (24) hour-a-day operations as required by the Lottery (specified as a minimum of 23 hours of sales and validations, including instant ticket processing). Current operating hours are 5:00 a.m. through 12:00 midnight Eastern Time.

3.2 Terminals

The contractor is required to supply the Lottery with terminals as specified in this section. The initial terminal counts are set forth below and the contractor must deliver, install, and support additional terminals as ordered by the Lottery under the terms defined in the contract.

3.2.1 Retailer Online Terminal Hardware

The network will begin with approximately six thousand two hundred (6,200) full function online terminals for retailers. Within the baseline price, the contractor must also supply additional terminals for training, testing, and spares, as described in Section 3.7.

3.2.1.1 Online Terminal Identification

The terminal shall not have any manufacturer logo or other forms of identification, and there shall not be any contractor logo or identification attached. The terminal may bear a serial number or bar code for maintenance and logistics.

3.2.1.2 Retailer Online Terminal Features and Functions

Retailer operated terminal features and functions must include, but are not be limited to the following.

- a. *Size*: A compact size that will ensure retailer acceptance; if the terminal is modular, then it is important that the connecting data and power cables not be unwieldy or obtrusive.
- b. *Retailer Touch-screen*: There must be included a retailer touch-screen that will automatically display the entire transaction being processed, and will accommodate graphics as well as text.
 - (1) The screen must display retailer messages, reports, and transactions, including lists of past transactions, using such readability features as fonts, colors, and screen layouts to provide displays easily read by the user.
 - (2) There shall be sufficient screen functions to provide for the current Lottery games, and for reasonable expansion into new games and gaming options. The colors, locations, graphics, and text labels will be at the discretion of the Lottery.
 - (3) The screen must be readable from a variety of user distances and viewing angles, and under various lighting conditions.
- c. *ID Card Reader*: The terminal shall read Sales Representative (SR) and contractor customer service staff identification cards provided by the contractor using a bar code or equivalent identifier. The ID card shall cause certain capabilities to be made available to the individual via a menu of options, and shall record on the Lottery Gaming System any transactions which may be performed. Privileges for these identification cards shall be set through a management terminal.
- d. *Ticket and Report Printer*: Impact or alternative printing technologies, such as direct thermal or laser printers, may be proposed. Regardless of the printing technology used, the tickets must be highly readable and long-lived under ordinary consumer use in the New Jersey environment (e.g., ticket folding, hot and humid weather).

- (1) The printer must produce tickets and reports using a variety of fonts as approved by the Lottery. Graphics, such as the Lottery or game logo, or a promotional coupon, must be reproducible.
- (2) The printer must issue tickets having uniform size or variable length as determined by the Lottery. Tear-off tickets are not acceptable for the online retailer terminal. Each ticket issued must contain a pre-printed stock number on the back.
- (3) The printer must provide stacking for printed tickets, which will accommodate a minimum of fifty (50) tickets printing serially in a multiple ticket request (bulk buy or repeat).
- (4) Ticket stock for the printer must be able to be pre-printed front and back with text, images, and colors, in a design approved by the Lottery.
- (5) If thermal paper ticket stock is used, the paper must withstand at least 160 degrees Fahrenheit ambient temperature for greater than four (4) hours, must be top-coated, and should be back-coated.

The contractor shall inform the Lottery of newly available thermal paper stocks that exceed the properties of the paper then in use and that may represent a benefit for the Lottery. A change to improved stock may be negotiated.

- (6) The contractor must implement methods to investigate and verify damaged and altered tickets.
- e. *Software Loading:* Gaming software (the logic to perform gaming functions must be software driven) must be available via down-line loading and must be available through a local load by a service technician.
- (1) Gaming software may be either solicited by the terminal (when such resident software needs replacement) or driven by the central system (when gaming software enhancements, e.g., new Lottery games, or corrections, are required).
 - (2) Downloading must not preclude near-24 hour operation of the terminal on the network. Software must be downloadable in a modular fashion; only the modules requiring a change shall need to be downloaded. Background downloading with storage of more than one software version is required, with scheduling or prompting from central to activate the new version or return to the prior version.
- f. *Secure Sign-On:* The terminal must prohibit unauthorized use through a coded sign-on procedure. The system must permit changing of the code without a service call to the terminal. A password, for security purposes, shall not be displayed, printed or made visible in any manner whatsoever at the terminal.
- The password facility must permit multiple levels of secure access, including Lottery representative, store manager/owner, and clerk. This capability could be used to restrict privileged transaction types to authorized users; for example, store managers (but not clerks) may be able to display retailer financial reports and monitor transactions by individual clerks.
- g. *User Interface Design:* The contractor's approach to display design must ensure utility and productivity for the user. The design should minimize keystrokes and to minimize navigation through levels of nested screens. The final design shall be developed jointly with the Lottery.
- h. *Playslips and Document Scanner:* There must be a reader able to read player-completed playslips and other gaming relevant documents.

- (1) The accommodation of letter-size documents (approximately 8.5x11 inches) by the reader is an Invited Option.
 - (2) The reader must provide flexibility in terms of its capabilities to read various colors and graphics on the playslips, and the latitude it allows for markings by players. Special markers shall not be required for the playslips.
 - (3) The reader must provide flexibility in the manner documents can be inserted, for example, top or bottom first, and at various angles.
 - (4) The reader must handle a rapid feed of playslips by the retailer, allowing the retailer to quickly process a stack of playslips.
 - (5) The reader must read and process existing game playslips.
 - (6) The reader shall be jam-resistant and have a simple mechanism for immediately clearing any jam or non-readable document.
 - (7) The reader must accommodate forms whose purpose is to collect information from retailers, players, or field service or maintenance personnel. The contractor may be called upon to collect such data and furnish a data file to the Lottery for analysis.
- i. *Random Play Generator:* The terminal must have a mechanism for generating one (1) or more random play numbers (quick pick numbers) for any game as requested by the retailer or via play slip.
 - j. *Read After Print:* The terminal should have the capability to perform at least a partial read after print to verify to the terminal and the central system that ticket text has actually been printed.
 - k. *Online Ticket Reader:* The terminal must include a reader that will allow reading of online tickets, for validating or canceling a ticket under Lottery-specified terms. Online tickets must be able to be validated and canceled by manual entry also.
 - (1) First-read rate is a key factor in the success of the terminal. A first-read rate exceeding ninety-five percent (95%) is mandatory. Performance will be monitored by the State during acceptance testing and throughout the contract.
 - (2) The ticket reader must default to ticket validation mode when a play ticket is inserted.
 - (3) Branding is required on the front of the ticket for cancellations and validations. When branded, the online ticket shall be marked distinctively to indicate its "processed" status. The branding messages must be programmable, and the exact set of messages shall be developed jointly with the Lottery.
 - l. *Instant Ticket Reader:* The terminal must read bar codes, primarily for instant ticket processing.
 - (1) The terminal must validate winning instant tickets, both through bar code scanning and manual entry, and supporting other administrative functions, which employ machine-readable codes such as the interleaved two (2) of five (5) bar code and other standards such as UPC and PDF-417.
 - (2) The Lottery considers the bar code reader's first-read rate for validating a winning instant ticket as a key retailer satisfaction item. A first-read rate-in excess of ninety-five percent (95%) is mandatory. The bar code reader may not be a pen wand. Other bar code reading technologies, such as Charge Coupled Device and laser, may be proposed.

- (3) The terminal must read and process serialized, bar coded coupons. Characteristics of the coupon bar code shall be similar to that for instant tickets.
- (4) In addition to ticket and coupon bar codes, the bar code reader(s) must read different size and shape items such as bar coded instant ticket books and online ticket stock boxes. These items will not necessarily fit through a narrow slot.
- m. *Training Mode:* The terminal must operate in a training mode. Training mode transactions that generate ticket facsimiles shall be marked, "VOID – DEMO – NOT FOR SALE", or equivalent, in the body of the ticket.

Training mode at retailer locations must be controllable from the central system and create a transaction for the central system advising that the terminal has entered/exited training mode. All retailer-site training transactions shall be logged to the central system and labeled as training transactions.

- n. *Self-Diagnostics:* The terminal must be equipped with self-diagnostics and indicators that enable the retailer and service technicians to monitor the operating status of the terminal. System technicians and operators should be able to initiate terminal diagnostics and to view internal status conditions remotely.
- o. *Transaction Integrity:*
 - (1) The terminal must provide a method of preserving the integrity of the transaction when a printer ribbon fault, misprint, or end-of-ticket-stock condition occurs.
 - (2) When a jam is corrected, or when the ticket stock is replenished or a printer ribbon is replaced, the terminal must return to service when the lid is closed again without notable delay or disruption for the retailer.
- p. *Peripheral Slots/Ports:* The Lottery anticipates the possibility of using various peripheral attachments for the online retailer terminals. Flexibility to enhance the terminals in such a manner is an important characteristic. It is a requirement that in addition to interfaces for terminal features and peripherals identified in this RFP as required, that there be a minimum of four (4) additional, initially unoccupied slots/ports for other peripherals. These ports shall be physically or logically secured when they are not in authorized use.
- q. *Environmental Fitness:* The terminal must be suitable for the conditions of New Jersey retailer locations: dedicated 110V 15 amp electrical circuit; small countertop spaces; difficult environmental conditions such as heat, humidity, dust, grease, spilled liquids, and operator abuse.
- r. *Power Cord:* Each terminal must come equipped with a power cord at least ten feet (10') in length, with a three-prong grounded plug.
- s. *Memory and Storage:*
 - (1) The Lottery requires the capability to add games and to insert promotions, which may consume terminal memory. It is required that the terminal provide at least a 50% margin of available game and promotion memory for future games and promotions compared to that anticipated to be consumed at conversion time by the current New Jersey games.
 - (2) The terminal must have sufficient memory to support at least two hundred (200) concurrent instant games using up to three (3) different bar code algorithms without an upgrade of terminal resources.

- (3) Should AC power to the terminal be interrupted, the gaming software (stored in the terminal's memory) must not be destroyed, modified or lost for a minimum period of seventy-two (72) hours from the occurrence of such failure.
- t. *Casework Color*: The terminal's casework must be provided in a color selected by the Lottery among options available, using a manufacturer's standard color chart. The Lottery requires a uniform and durable color, i.e., color will not fade or change with exposure to environment (sun, humidity, heat, cold).
 - u. *Sound Generator*: The terminal must produce simple musical tones when certain transactions or functions are performed, or specified events occur. The use of sound should not delay or add time to the transaction processing time. The Lottery will define to the contractor, which functions shall trigger this feature, *such as a validation of a winning ticket, which informs the customer that the ticket presented is a winner*. The terminal must render audio messages including speech and music to support training, advertising, and messaging.
 - v. *Broadcast Messages*: Messages from the central computer must be received and displayed to the retailer. If the terminal is not powered on or communicating with the central system at the time of broadcast, the central system shall ensure that the terminal receives the message immediately upon sign on.
 - w. *Large Dollar Transaction Verification*: The terminal screen must display a message for each "large dollar" purchase and validation that provides an option to the retailer to stop or take other appropriate action before completing the transaction. The Lottery will define the default amount of a "large dollar" transaction and must approve the terminal messages. The contractor must provide a feature whereby the retailer can identify a default amount different from that selected by the Lottery.
 - x. *Previous Transaction Listing*: The screen must be able to display at least the last fifteen (15) transactions accepted by the system, upon request of the retailer, in order to compare printed tickets with registered tickets.
 - y. *Cancellations*: The terminal must support ticket cancellations for those games that permit it. Cancellations must be governed by a set of parameter-driven rules as established by the Lottery. Current parameter values are cancellation up to the time of the drawing or the end of the day; only at the purchasing retailer.
 - z. *Validation Limits*: The terminal must not cash wins in excess of that permitted by New Jersey Statutes. The current limit is "less than \$600." For larger wins the terminal must return a response as defined by the Lottery, permitting the win to be claimed.
 - aa. *Language Agility*: The contractor must be able to support foreign languages on the retailer terminals. At a minimum the terminal must support Spanish in addition to English. Since the same retailer terminal may be used by employees with different language skills, it is required that the terminal toggle between languages upon user request.
 - bb. *Terminal Case Design*: The terminal's design must partition electronic and electrical components from access by the retailer when conducting retailer tasks to operate or maintain the terminal (e.g., changing the paper or cleaning the reader window).

3.2.1.3 Retailer Online Terminal Attachments

- a. *Player Advertising Display*: The contractor must provide a player advertising display for each online retailer location. The Lottery's intent is to employ such devices to display graphics and messages, which will change daily or weekly and must be downloadable. The purpose of this display is to gain the attention of, and inform, potential players. Any such display must be clearly

readable from fifteen (15) feet by players. Units must have the capability of being “programmed” by the Lottery management terminals. Due to the wide diversity of available space in retailer locations, the player advertising display unit must do either of the following: 1) rest on the counter beside the terminal, or 2) mount or be suspended nearby the terminal. The exact location of the player advertising display unit will be decided by the Lottery in conjunction with the retailer on an individual retailer basis to optimize visibility. The cost of any special mountings will be the retailer’s obligation.

- b. *Player Transaction Display:* The contractor must provide a player transaction display for each online retailer location. The player transaction display is a discreet, individual-oriented display for the player conducting the current transaction. This display may communicate the amount of the current transaction, or notify the player that he or she has a winning ticket. In the event that the ticket is a winning ticket, an appropriate message may be displayed. When not displaying a transaction, the player display may provide an advertising or informational message. The Lottery must approve the display design and message presentation to ensure functionality and player privacy.
- c. *Keypad:* As an Invited Option, the bidder may propose a supplemental ten-key style keypad for retailer terminals that permits the retailer to enter play data by rapid typing.
- d. *Self-Service Validator:* As an Invited Option, the bidder may propose an online terminal peripheral that allows players to check their own online tickets for winners. These devices would be locatable at the play stations or far enough away from the retailer terminal to minimize activity or traffic at the retailer counter area. As an additional Invited Option, the bidder may address how the self-service validator could be upgraded or used as delivered to allow player checking of instant tickets with and without the use of a secondary barcode or keyless validation technology. The bidder must arrange for proper use of any proprietary technologies, if included in the bidder’s solution, at no additional cost to the Lottery.
- e. *Flat Panel Display:* As an Invited Option the Bidder may propose an additional display attachment for the retailer terminal that is suitable for displaying advertising and game information to players within the store. Displays are authorized for Lottery advertising only. Any additional information disseminated from the system shall be State-authorized only, e.g. "Amber Alert".

The display characteristics that the Lottery envisions include: flat panel display, minimum 15 inch diagonal, located within three (3) feet of the retailer terminal, visibility from ten (10) feet, and sound available through aux speakers or through the terminal. The terminal should be capable of storing sound, static image files, and animations of up to one (1) minute. The stored information should be downloaded over the retailer terminal network, as well as being loadable at the retailer location.

- f. *Electronic Play Slips and Reader:* As an invited option, the bidder may propose an electronic document play slip issued to a player that as a minimum contains play numbers for one or more games, selected by the player, to be intentionally retained for convenient repeated plays. As a minimum the terminal must write play data on the play slip and the terminal must be capable of reading the slip when a player submits it. Additionally, the electronic play slip may be capable of being written and read by the retailer terminal with respect to a balance for moneys to be played, or with respect to a unique ticket identifier representing the player’s purchase. The electronic play slip may contain a PIN assigned by the player upon purchase that can be verified for future use of moneys remaining on the slip if the play slip supports a balance feature. The bidder may propose a wide variety of technologies, including but not limited to smart card (built-in chip), magnetic stripe, thermal, and barcode, or combinations thereof.
- g. *In-Store Wireless Signage:* As an Invited Option, the bidder may propose an In-Store Wireless Signage feature as a terminal peripheral capable of displaying information regarding jackpot amounts, winning number information, advertisements, or Lottery authorized announcements.

The bidder should describe the device they could offer and describe in detail how this device would operate. (Table 4.4.2.6) This option should allow the signage to be easily located in high traffic areas of a location to provide optimal exposure to the passing public. The wireless capability presented should operate only at short range, nominally on the order of up to 100 feet. Radio signals must be designed so as not to interrupt or interfere with any electromechanical devices otherwise operated in the store or carried by store customers.

3.2.2 *Privileged Validation Terminals*

Two (2) privileged terminals must be installed at Lottery Headquarters. This function must be performed either by terminals similar to the retailer terminals, or by software on authorized management workstations, subject to determination by the Lottery.

3.2.3 *Multiple Terminals per Retailer*

LGS must permit, and the contractor must support, more than one terminal permanently installed at a retailer's location. LGS must be able to account for multiple terminals as part of a single retailer account. At times of large jackpots, or for promotions, LGS must accommodate the temporary installation of additional terminals at single retailer locations.

3.2.4 *Games Management Terminals*

3.2.4.1 Quantity of Management Terminals

These workstations shall be furnished by the contractor as part of Section 3.9, LAPS, with any customized software to perform game management functions provided as an application by the contractor. The contractor must also provide connectivity between the Lottery LAN and the contractor's system.

The number of stations to be connected will be determined by the Lottery. Currently approximately one hundred eighty (180) users are registered for access to LGS, with varying authorizations. The Lottery estimates that at any one time there are fewer than 20% of the listed concurrent users accessing the LGS.

3.2.4.2 Management Terminal Features and Capabilities

- a. Management terminal software must have the ability to monitor and report the results of LGS operations. The Lottery will determine the final management terminal software specifications with the contractor.
- b. Secure and Limited Use
 - (1) *Audit Trail:* All management terminal sign-on attempts, whether successful or not, must be logged and made available to the Lottery. Each log entry must contain the time, date, terminal identification, and the valid or invalid sign-on attempt. All transactions from the management terminals representing modifications to LGS central files (such as game control parameters and winning numbers entry), must be logged and those logged entries must be protected from further modification, including but not limited to deletion of log entries. LGS must provide display and reporting tools for the Lottery to verify any event recorded in the audit trail records.
 - (2) *Password Protection:* User codes and passwords (as well as security levels and report/function access availability) are required for LGS users. The Lottery's Information Security department will manage user authorization for Lottery staff through a graphical user interface provided by the contractor. Management workstations must have a

hierarchical security scheme that allows system access to specified personnel only. The security scheme must be able to accommodate a minimum of forty (40) different classes.

The system must preclude the use of trivial or generic passwords – such as single characters and common dictionary words. A default password used during initial installation, conversion, and testing must be rejected during production. Password length must be at least six characters. Passwords must be changed every six (6) months and shall not be reused within a twelve (12) month period.

Any entry of passwords or security codes must not display as clear text on the user's terminal.

- (3) *Limited Menus/Access*: The system must allow individuals to see only those functions they can perform based on security level and entered password.
- (4) *Surrogate Activity*: All instant book activity performed on behalf of another user must be logged, available for display, and reported to the Lottery for verification of the event.

c. Management Terminal Features

- (1) *Retailer Terminal Management*: Management terminals must have the ability to enable and/or disable any retailer terminal, partially or fully. Actions taken toward retailer management must be effective immediately and must create an audit trail of the changes made, the date of the change, and the user who made the change to a retailer terminal record. The audit trail must be maintained for a minimum period of twelve (12) months.
- (2) *Retailer Accounting Adjustments*: Management terminals must have the ability to make adjusting entries to retailer accounts with a complete audit trail of adjustment amount, date of adjustment, user who entered the adjustment, and a description/reason for the adjustment.
- (3) *Retailer Disablement Codes*: Management terminals must support a coding scheme for differentiating various retailer "disabling" reasons. (For example, if a retailer is disabled for a collection-related problem, for EFT sweeps, and for a disciplinary problem, this multiple-cause disabling must be recorded in the retailer record and clearly displayed upon inquiry.) The coding scheme must be able to accommodate up to twenty (20) total disablement conditions with up to five (5) concurrently. The system must report a retailer's history of disablement conditions.
- (4) *Dual Entry*: LGS must provide the ability to enter critical data such as special passwords, winning number(s), winning number checksums, prize pool, jackpot amount, prize amounts, bonus numbers, bonus payouts and pay authorizations through two (2) different management terminals whose results are verified to be the same before allowing the process to continue. All attempts, whether successful or not, must be logged.
- (5) *Game Control*: Management terminals must have the ability to shut off and resume sales and validations on each game independently.
- (6) *Retailer Message Groups*: Management terminals must have the ability to send online messages to a specific retailer, or to any group of retailers such as, but not limited to, all retailers, retailers on a given communications circuit, retailers in the same county, zip code, business type, corporate account, or sales level.
- (7) *Message Size*: Retailer informational messages up to five hundred twelve (512) characters shall be supported.

- (8) *Immediate and Deferrable Messages*: Management terminals must have the ability to define any retailer message as immediate or deferrable. Immediate messages must be taken by the retailer right away. For a deferrable message, the terminal retailer is notified to take a specified message within a certain time, but the message can be taken by the retailer when it is more suitable to player traffic.
 - (9) *Player Display Messages*: Management terminals must have the ability to create and send graphics and messages to the player display units associated with an individual retailer or a group of retailers. English and Spanish versions of messages must be available to download to the advertising displays.
 - (10) *Top of Ticket Messaging*: Management terminals must have the ability to create and send unique, by game, messages to display on top of the tickets so that, for example, a Lotto ticket could display a different message from a Pick 3 ticket.
 - (11) *Game Monitoring*. Management terminals must have the ability to observe real-time statistics on the operation of LGS by game, retailer, or group of retailers (e.g., up-to-date statistics on sales by game.)
 - (12) *Transaction Research and Reporting*: The Lottery requires the ability from authorized management terminals to request, process, and print portions of LGS' sales history and transaction history. At least two (2) days of transaction detail must be online.
 - (13) *Cancel Advance Play*: LGS shall provide the capability, only at an authorized management terminal, to cancel advanced play tickets.
- d. *Management Reports and Retention*. The contractor must provide an electronic version of all LGS management reports. These electronic reports must be viewable from the Lottery management terminals for a period of thirteen (13) weeks. Lottery management must also have the ability to view certain LGS management reports using both local and remote secure browser interfaces during the same retention period. The Lottery will determine the content of LGS management reports with the contractor. The Lottery is currently provided approximately one hundred twenty five (125) LGS management reports on a daily basis.
 - e. *Management Report Archive*. The contractor shall provide an electronic archive, to the Lottery, of all LGS management reports prior to the expiration of the retention period noted in 3.4.8.d.

3.2.5 Specialty Terminals

The Lottery is aware that certain needs might be better served by alternatives to the conventional online terminals.

- a. *Wireless Terminals*: The Lottery requires five (5) retailer terminals that are mobile and operate from a temporary location. These five retailer terminals must have full functionality. As an Invited Option, the bidder may propose additional wireless terminals.
- b. *In-Lane Terminals*: As an Invited Option, the Lottery may consider terminals designed for use in multi-lane stores such as supermarkets, with a simplified set of features compared to the conventional online terminal.
- c. *Play-at-the-Pump*: As an Invited Option, the Lottery may consider terminals, peripherals, or integrated software that permits a play-at-the-pump opportunity for sales of online tickets, with a simplified set of features compared to the conventional online terminal.

3.3 Communications Network

The telecommunications network proposed by the contractor shall be subject to final approval by the State. The contractor is responsible for seeing that the State-approved design is installed according to specifications. Following conversion, the contractor shall have responsibility for network management.

3.3.1 Network Design and Implementation

The network must cover at a minimum:

- a. *Online Retailer Network:* Primarily the network must provide end-to-end connectivity for online retail terminals to the data center(s). During the online sales period, the retailer terminals must stay connected to the gaming system. Intermediate nodes may include telephone central offices, satellite ground stations, or contractor Points of Presence (POPs), for example. In addition, since transactions must be logged at both data centers, there must be links between the primary and remote data center sites.
- b. *Games Management Network:* The network must also accommodate other connections for games administration by the contractor and by the Lottery. This includes a link to the Lottery management LAN, connections to instant ticket warehouse(s), and the Lottery district office. Other connections relevant to the network's topology and purpose may be employed.
- c. *Data Center Local Area Networks:* Within the data centers, there will be multiple LAN connections dependent upon the State-approved final configuration.
- d. *Retailer In-Store Installation:* If the communications demarcation at the retailer premises is not near the retailer's prescribed location for the lottery terminal, it is the contractor's responsibility to provide the inside wiring or other required telecommunications mechanism.

3.3.2 Network Design Features

Communications facilities must include monitoring, redundancy, and security features to reduce the possibility that a disruption could affect the network and the central processing ability of the LGS.

- a. *Fault Tolerance:* It is required that the network exhibit redundancy and diversity, with the exception of retailer local loops.
- b. *Fault notification:* The host processor, front-end processor, retailer terminal, and/or diagnostic equipment must be able to notify the network monitor or system monitor of significant transmission failures or outages as soon as possible after occurrence.
- c. *Secure External Transmissions:* All data communications external to secured facilities must be encrypted. All data must be encrypted from point of transmission to point of receipt, including any data transmitted directly from the gaming central systems to the remote backup system, to Lottery regional offices and other remote locations. Protected information includes but is not limited to plays, validations, security codes, reports, and downloaded software. Triple DES, RSA, or other commercially available encryption mechanisms are acceptable. The proposed encryption scheme is subject to review and approval by the New Jersey Lottery.
- d. *Incomplete Transaction Handling:* On incomplete transactions from the host system(s) to the terminal, the system must re-transmit until it receives confirmation from the retailer terminal that it has received and processed the data.

A retailer terminal shall not process new transactions until the preceding transaction is processed or resolved. A retailer terminal shall have the capability to continue requesting that the system process the transaction until recovery has been completed, or a "time-out" condition exists.

If at end-of-day it cannot be determined whether a transaction has been completely processed, LGS central must log that information for reporting and resolution.

- e. *Communications Outages*: In the event of a communications disruption between LGS central and any terminal, LGS central shall continue to attempt to service the terminal until the problem is resolved or LGS is shut down for end-of-day processing.
- f. *Non-Responding or Failing Terminals*: If the central system finds a terminal that is not responding within a set number of re-tries or within a reasonable time window (mutually agreed upon by the State and the contractor), the terminal shall be logged as not responding. LGS central shall make allowance for servicing of all other terminals on the network between re-tries of the terminal not responding. Failing terminals shall not preclude communication with other terminals. Non-responding/failing terminals shall be apparent to a network monitoring application.
- g. *Commercially Available Communications Protocols*: To enhance the “open systems” aspect of LGS to introducing changes and improvements, the communications protocols below the application layer must be widely used, commercially available protocols, not contractor-proprietary.
- h. *Connection to Systems and Networks Not Dedicated/Private*: Any connection made between LGS central that processes the games transactions, and any other systems or networks that are not private and/or dedicated to New Jersey gaming transaction processing (such as the Lottery administrative system and the contractor’s administrative support system and development/QA system), must be effected through devices that detect and block or filter out unnecessary and unauthorized traffic. Traffic must be supported only from authorized nodes. Software transfers must be secured. The contractor must ensure that any such connections are not vulnerable to unauthorized access, viruses, worms, denial of service attacks, spamming, address hijacking, excessive non-lottery network traffic, and similar security and usability threats.

3.3.3 Network Administration Services

The contractor shall be responsible for network monitoring and management. Under the contract the New Jersey Lottery will identify new location drops along with any moves or deletes. After the order is placed, further monitoring shall be performed by the contractor. The contractor’s network administrative services must include:

- a. *Configuration Management*: Configuration changes and asset records must be managed. This includes an inventory of Lottery network resources and their operating parameters. Change management control procedures and online storage of network component configuration files are required.
- b. *Fault management*: Fault management consists of actions toward detection, isolation, and correction of faults in the network.
- c. *Performance Management*: Performance management means monitoring network utilization and managing resources to maximize capacity and minimize contention. The system must produce reports to document availability.
- d. *Carrier Interface*: The contractor must interface with the communications carriers, the retailers, and the New Jersey Lottery to maximize uptime and provide information upon which decisions and actions can be based. The contractor shall work communications problems through to resolution with the common carriers/external suppliers.

3.3.4 Network Monitoring Tools

The contractor must provide the network products and services described below.

- a. *Network Monitoring System:* Communications testing and monitoring capability must be available at both the primary and remote backup sites. Network monitoring tools must be able to interface and analyze protocols, view transaction data for analysis, and create visual and/or audible alarms to provide warning of problems. The capability must be included to determine whether failure has occurred in the equipment at the central or remote backup site, within the wide area communications network, or at the retailer terminal level.
- b. *Network Event Recording:* Communications testing and monitoring equipment must have recording and recall/reporting capability. The standards for the types of events recorded and the period of retention will be developed jointly with the Lottery.
- c. *Communications Expertise:* Communications technicians trained in the use of testing and monitoring equipment must be present at the active (retailer terminal-serving) system site whenever LGS is operational and whenever the New Jersey Lottery requests such support for test purposes.
- d. *Hotline Monitoring of Retailer Network:* Hotline equipment must have a display of terminal status allowing the hotline operator to see if a terminal is down, if a retailer is signed on or not, and other relevant diagnostic information.
- e. *Lottery Network Monitoring:* The New Jersey Lottery itself must be able to monitor the network using a management workstation software application, or with a specialized workstation as supplied by the contractor. As well as having circuit status information available to the Lottery, the Lottery must receive reports or displays that would indicate attempts at unauthorized access to or manipulation of LGS' components through the network.

3.3.5 Advanced Communications Technologies

The bidder may (Invited Option) identify advanced telecommunications options that potentially improve the operations of the network. These options may be relative to retailer last mile connections, backbone communications, primary-to-remote site communications, and gaming network to New Jersey Lottery communications. The bidder is encouraged to propose a range of technologies that may advance the Lottery network infrastructure while continuing to provide reliable, cost effective service to Lottery retailers. Features proposed may include, but are not limited to, increased bandwidth or enhanced availability. The bidder's discussion of any proposed advanced technology must address key factors such as security, availability of the service, reliability, maintainability, open-ness and standardization, and performance.

3.3.6 Network Costs

- a. *Carrier Costs:* Network carrier costs shall be paid by the contractor and reimbursed by the New Jersey Lottery. As a Specified Option, the bidder must show the communication charge as a fixed weekly price per terminal.
- b. *Equipment and Service Costs:* This category includes the contractor's financial obligation to provide any necessary inside wiring at retailer locations.
- c. *Tablet Connectivity (3G Service):* 3G carrier costs, supporting communication to the tablet computers identified in Section 3.9.3.1, shall be paid by the contractor and reimbursed by the New Jersey Lottery. As a Specified Option, the bidder must show the communication charge as a fixed weekly price per tablet.

3.4 Software Controls and Data Management

3.4.1 Gaming Software Security and Control Features and Functions

In addition to selling tickets, LGS must provide particular features and functions to meet requirements for secure and efficient operation.

- a. *Logging:* All game processing activities are to be recorded immediately on electronic media on multiple hosts. Such game processing activities at a minimum include: sales, cancels, cashes, validation attempts and other play-related transactions, any other retailer terminal commands, error conditions, operating system entries, job console entries, and management terminal entries.

Requirements include, but are not limited to:

- (1) LGS back-up, recovery and redundancy features must be supported, using log files for recovery, if necessary.
 - (2) The gaming system – including outages and recovery events – can be audited and checked for appropriate usage and freedom from error. There must be a strict relationship between tickets printed, tickets registered in the log files, and ticket transactions carried forward to the ICS.
 - (3) Authorized Lottery personnel may research transactions and operations when required. The log shall include detailed records of sales, validations, canceled online tickets, rejected validation inquiries, terminal outages, system events (e.g., takeovers by the backup system), etc. Reports on transaction log entries must allow standard queries and sorts.
 - (4) The transaction logging process includes periodic checkpoints including significant totals (counts and amounts) for all games.
 - (5) The Lottery requires a near real-time feed of the transactions to its Internal Control System (ICS). The near-real time feed shall include periodic checkpoints to ensure that the ICS file is complete at that time. In addition, the contractor must be able to provide audit files to the Lottery within five (5) minutes following the close of sales for any game, and prior to the drawing for that game. A final audit file for the day must be available to the Lottery within five (5) minutes after the close of LGS each day.
 - (6) The contractor shall provide the Lottery with any software necessary to interpret or decrypt any proprietary or unique ICS (audit) file formats, resulting in ASCII text.
- b. *Validations:* LGS must validate, by means of a reader and by manual entry, all winning tickets presented within a validation period as determined by the Lottery. Currently the schedule is three hundred sixty-five (365) days after the drawing for online games, and three hundred sixty-five (365) days after the official close of the game for instant games.
 - (1) Winning tickets must be validated with a display and/or report stating “pay” and the amount of payout, or “claim” should it be determined by the Lottery that claim instructions be provided. The validation ticket transaction as logged on LGS must be referenced to the original sell transaction.
 - (2) Retailers are to pay winning tickets valued less than the statutorily established limit, currently six hundred dollars (\$600). An online ticket must incorporate one (1) or more plays under a single unique serial number; multiple winners on the same ticket must still observe the under six hundred dollar (\$600) rule.

- (3) When cashing a multiple draw ticket prior to the last draw on the ticket, a continuation ticket for the balance of the plays must be printed. The continuation ticket must have a distinct serial number from the original ticket but LGS must relate the two.
 - (4) For online games, the system must allow winning tickets to be retained online three hundred sixty-five (365) days after the winning draw date. The exact specifications will be established during implementation.
 - (5) LGS must provide the Lottery with a daily validation file for both online and instant games. From the information provided, the Lottery will generate winners' checks and IRS filings as necessary for winning players.
- c. *Unique Transaction Number:* The serial number assignment method used by the contractor must account for the fact that transactions resulting from unclaimed winners and possible other causes may reside online in the system for a minimum of two (2) years. The ticket serial numbers should be unique over the term of the contract.
 - d. *Transactions Protected:* LGS must ensure that transactions cannot be tampered with, including but not limited to the log files and validation files. The Lottery reserves the right to review any and/or all LGS narratives, source program listings and operational procedures to ensure valid System integrity.
 - e. *Tickets Not Duplicated:* Tickets must not be able to be duplicated on terminal equipment.
 - f. *Liability Levels:* The Lottery shall be alerted immediately when sales of a number in a fixed payout game reach a warning level, and then reach a specified liability level. LGS, through a management terminal, must provide a payoff figure and a payoff liability, whenever requested by the Lottery. LGS shall automatically suspend sales of any number when the liability limit is reached, although the Lottery shall have the ability to override the suspension.
 - g. *Operator Console Records:* All operator commands executed by LGS and any system warnings or problem messages shall be placed on a non-volatile medium (for example, on a numerically sequenced console log or a write-once CD). This log must be provided on magnetic media or as an electronically-transmitted file to the Lottery, which the Lottery may at its option process and review for auditing purposes.
 - h. *Retailer Spoofing:* LGS must ensure integrity wherein no action, either operational or by tampering, can permit duplicate or unauthorized terminal addresses to be established. In all cases, authorized terminal identification must be ensured.
 - i. *One-Time Cashing:* A winning ticket must not be able to be cashed more than once.
 - j. *Software Checksums:* Checksums are required for executable programs on the gaming systems and terminals for Auditing purposes. LGS must maintain control of terminal software distribution such that terminals are not able, inadvertently, to run inappropriate versions of the software.
 - k. *Transaction Storage Redundancy:* LGS must be designed such that every transaction of the terminals is received in at least three (3) systems over two (2) locations before authorization to print a ticket, including the gaming system handling the transaction, a local system for recovering from a failure of the system processing the transaction, and the remote system. The Lottery shall be made aware if this condition is not fulfilled during production operations and shall have the discretion whether to continue sales.

- l. *Game Monitoring:* Real-time monitoring of gaming transaction traffic and system utilization must be provided. The Lottery shall receive immediate notification of abnormal system operations and their causes, such as validation problems, communication difficulties, and computer downtime.
- m. *Transaction Simulation:* A transaction simulator program is required to generate all types of transactions (terminal and system) in optional percentages for use in testing software quality and performance. This program must allow manually entered online sales to mix with the program-generated sales.
- n. *Secure On-Site and Off-Site Storage:* The contractor must provide for secure on-site and off-site storage of critical files, software, and back-up data, subject to approval of the Lottery. Archived backups must be retained for a minimum of four (4) years. Media stored in archives must be exercised periodically to ensure their physical integrity.
- o. *Valid Backups:* The contractor must use operational practices through report balancing and reconciliation to ensure that current files and archived backup copies are valid. This is particularly important for validation files and future plays files where recovery by reprocessing large volumes of aged transactions may be impractical.
- p. *Configuration Management:* The contractor shall provide a procedure for changes to documentation, procedures, specifications, and program source and object code. Strict performance according to principles of configuration management is required:
 - (1) System components shall have version or release numbers, or model and serial numbers.
 - (2) Components shall be traceable, identifying the history, use, and location of a component.
 - (3) LGS must provide reports showing when and by whom a change was made and must avoid multiple update conflicts.
 - (4) LGS shall have the ability to produce a configuration status report or listing.
 - (5) The configuration management practices and controls shall ensure that only approved changes can be made.
- q. *Dynamic Pools:* For matrix games such as lotto, the contractor must maintain dynamic pools for the current draw, and dollar summaries for all plays for all future draws on sale. The contractor must also maintain dynamic pools for the current draw and future draws for the numbers-type games. The total dollars played by game by play type must be maintained for all future draws. The current day's pools must include all current day's sales as well as advance day sales for that draw.
- r. *Ticket Stock Tracking System:* Ticket stock shall be delivered in cartons having a bill of lading that identifies the rolls contained inside. Each roll must have a unique bar code allowing the ticket stock to be received and activated at the retailer terminal. Rolls of ticket stock must be received and activated at the retailer terminal. The ticket stock tracking system shall permit returns, re-issues, and destruction of stock, as appropriate, by authorized users. Ticket stock activity reports shall track erroneous online ticket stock activity. The ticket stock tracking information shall be delivered from the ticket stock printer directly to Lottery Security, using a method of secure electronic delivery as prescribed by the Lottery. The contractor must provide any hardware and software necessary to store, maintain, inquire of, or interpret this information. There must be a backup for this capability installed by the contractor at the remote backup data center.
- s. *Dual Security:* Using encryption, the retailer terminal must generate a unique number, aside from the system-logged transaction serial number, that can be used to link winning tickets to selling terminals. The approach must avoid retailers having to save sign-on slips. This "dual security" approach must not pass any unencrypted transactions through any system under the direct control or access of the contractor. Further, the dual security validation system must be under

the physical and operational control of Lottery Security. The contractor must provide any hardware and software necessary for the system to decrypt dual security numbers. There must be a backup for this capability installed by the contractor at the Lottery's backup site.

3.4.2 *Online Games Drawing Controls*

- a. *Automatic Close:* At a specified time before the drawing, LGS shall automatically provide notification and manage the closure of terminals for a game without operator intervention.
- b. *Transactions at Close.* LGS must maintain control of transactions underway at close time so that all transactions before the game close transaction apply to the forthcoming drawing and all transactions after the game close transaction apply to the subsequent drawing.
- c. *Drawing Information:* At game cut-off for any game, LGS must display on the contractor's and the Lottery's management terminals the following information for the game:
 - Time of day
 - Net game pool (sales minus cancels)
 - Hash total of plays (including cancels)
- d. *Dual Entry:* Dual entry of drawn winning numbers, prize and jackpot amounts must be supported. All attempts, successful or not, must be logged.
- e. *Suspend Sales after Last Drawing:* LGS must provide the option to suspend sales of a game for the remainder of the sales day, after the last drawing of the day.
- f. Payout validations must be available within 10 minutes after official drawing results. The time window between the close of a game and that game's drawing shall not exceed the current time windows, which is 3 minutes for all games.

3.4.3 *Support of Instant Ticket Transactions at Retailers*

LGS shall support instant games through the retailer terminal.

The retailer terminals must maintain a table or data structure for all active instant games. The proposed LGS must expand the table or data structure to support a minimum of two hundred (200) games, without an upgrade of terminal resources.

Support shall include but not be limited to the features and transactions noted below, which generally fall into the classes of: Ordering, Order Confirmation, Validation, Settlement, Inventory, and Reports.

- a. *Bar Codes:* Many of the transactions depend on bar coded numbers for unique identification of instant tickets. LGS must accommodate reading at least three (3) different bar code algorithms. If the contractor has influence on the design of the instant ticket identifier and/or bar code encoding scheme, the identifier design and the algorithm must be secure against compromising the integrity of the game.
- b. *Security Grid:* Operations on books and tickets will depend on a rules-based security grid that defines acceptable status changes. The grid's rules shall be developed jointly with the Lottery.
- c. *Sales Representative Transactions:* LGS must support retailer inventory management transactions and messages for Sales Representatives. For each retailer where an SR conducts book management transactions, LGS must produce an electronic report of all activity.

- d. *Book Delivery and Returns:* Books delivered to retailers must be registered in the system. Books may be returned by the retailer via the Sales Representative, for use elsewhere, or for return to inventory in the warehouse. LGS must support receipt of bulk shipments with one bar code read.
- e. *Book Activation:* LGS must allow a transaction to activate a book of tickets for sales and validation.
- f. *Instant Ticket Validation:* Instant game validation transactions at the retailer terminal shall inquire against a validation database, maintained by the contractor's system. LGS must respond with a pay/no-pay/claim, etc., transaction sent back to the retailer. This transaction must verify whether the ticket is a winner and specify the amount to be paid. During this process, LGS must confirm that the ticket is from a book or partial book in "payable" status. Tickets sold by one retailer must be able to be validated by any other retailer ("cross-validation").
 - (1) Accountability must apply to ranges of tickets within a book if necessary, in the case of stolen books or partially settled books.
 - (2) As an Invited Option, the bidder may describe a mechanism for "keyless" validation, requiring no more than a bar code read, for specified prize levels. Any proposed solution should address security issues relative to keyless validation. The Lottery does not now employ keyless validation but may consider it. The bidder must arrange for proper use of any proprietary technologies, if included in the bidder's solution, at no additional cost to the Lottery.
- g. *Settlement:* The terminal must support settlement of books that have been distributed to, and sold by, the retailers. Books must be able to be manually settled, and LGS must also support automatic settlement based on Lottery-established parameters such as the time since the book was activated or the percentage validated. Currently the parameters are ninety percent (90%) validation of low tier winners (prizes <\$20) or sixty (60) days from pack activation or a third (3rd) pack activated from the same game renders the pack sold. LGS must accommodate settlement of a partial book.
- h. *Book Activity Card:* It is required that transactions involving books, such as receipt, activation, and settlement not require a separate book activity card shipped with the book, but rather can be effected through a ticket barcode from (and identifying) the book.
- i. *Retailer Status and Reporting:* The retailer must be able to obtain, through the terminal, an appropriate collection of reports summarizing instant ticket status and transaction activity. These include, but are not limited to, (the retailer's own) inventory information by book status, summary of validations, instant ticket billing statements and news messages. LGS must provide the retailer and the Lottery with combined business reports incorporating both instant and online products.
- j. *Real-Time Accounting for Instant Tickets:* As an Invited Option, the bidder may propose technologies and/or methods that would result in accounting for instant ticket sales as they happen.

3.4.4 *Instant Ticket Accounting and Management System*

The contractor shall supply, operate, and maintain the Instant Ticket Accounting and Management System. The instant ticket accounting and management software component of the system must include at a minimum the functionality identified below, and the services described below must be performed by the contractor.

- a. Retailer book inventory and status;
- b. Global inventory and book status;
- c. Real-time processing of orders from the telemarketing system;

- d. Monitor availability of game inventory and accept orders through the last available book;
- e. Maintenance of game ticket validation records, ensuring one-time-only payment of winners;
- f. Monitor individual book status for initiating book settlement;
- g. Provide weekly settlement information to retailers and the Lottery, by group, by game, by region;
- h. Load instant ticket books to inventory, transfer books, and return books to inventory.
- i. Accept and process the loading of game, validation, and book files from CD format as well as a password-secured electronic file transfer (FTP) from the instant ticket vendor.
- j. Maintain and report the history of a book.
- k. Process and account for multiple book sizes of the same game.
- l. Integrated business reports incorporating both instant and online game information.
- m. Any other activity or process that would be required for a smoothly functioning instant ticket accounting and management function.

3.4.4.1 Game Definition

The proposed LGS must have the ability to accommodate a game definition identifier for all new instant ticket games, accommodating the validation files of such games, and incorporating them into processing and reporting by other LGS applications.

3.4.4.2 Inventory Management

The proposed LGS must allow for stocks of instant tickets to be received at the warehouse, entered into inventory, and then shipped to retailers. Returns and ticket destruction must be managed by the contractor. LGS must include at a minimum the functionality described below, and the services described below must be performed by the contractor.

- a. Secure receiving, off-loading, and inventory verification of tickets delivered from the Lottery's ticket manufacturer. Providing to the Lottery receiving reports and other documentation as may be necessary.
- b. Maintaining and reporting book inventory, book history, and sales data;
- c. Monitoring and reporting book status at the warehouse, in-transit, and at the retailer level;
- d. Accepting orders through the last available book;
- e. Transferring or returning ticket stock to inventory;
- f. Service activities such as return books of tickets, process stolen ticket reports, track lost or delayed shipments, and serve as the initial point of contact concerning damaged, misprinted, or mis-packaged books of tickets.
- g. Secure destruction of tickets remaining in the warehouse after the close of a game. No tickets shall be destroyed until the Lottery has accounted for and reconciled the disposition of all inventory for that game.
- h. Provide a service for the return of authorized unopened full packs of tickets to Lottery Headquarters on an at least quarterly game ending batch schedule. The service, as part of the instant baseline cost, must provide for retailers to return and ship unopened full packs of tickets within a 30 day announced period.
- i. Any other service, feature, or activity required for an efficient inventory management function.

3.4.4.3 Instant Ticket Ordering: Telemarketing System

The contractor must provide a telemarketing system to support instant ticket management. Telemarketing services shall be supplied by the contractor on the Lottery's behalf. LGS central systems must interface with the retailer management application and the instant ticket management application to ensure adequate and desired inventories at retailer locations. Features and capabilities of LGS must include at a minimum:

- a. Handling calls to every retailer at least every two weeks.
- b. Scheduling retailer contacts by call frequency, time of day, and telemarketer.
- c. Monitoring and managing instant ticket inventory at the retailer level, including monitoring of orders shipped but not confirmed, books of tickets confirmed but not activated, and low or high stock levels.
- d. Generating ticket orders for the warehouse to fulfill.
- e. Any other service, feature, or activity required for a complete telemarketing system.

3.4.4.4 Instant Ticket Order Fulfillment: Distribution System

The contractor must provide an LGS with packaging and distribution services including at a minimum the features described below. The contractor shall staff the warehouse, operate the system, and arrange for delivery of the tickets.

- a. Packaging of ticket orders for distribution (up to generation of pick lists) on the same day an order is placed.
- b. Preparation of bulk orders for new games.
- c. Packaging, shipment, and delivery of tickets during any business day.
- d. Delivery to retailers of packaged ticket orders by the end of the next scheduled delivery day after release for delivery.
- e. Inventory management controls designed to monitor the quality of the about-to-be shipped instant ticket product to the extent that visual inspection and observation would reveal defects (e.g., poor print alignment, scratches in latex, mis-packaged books, missing books, improper ticket quantities in books).
- f. Secure receiving, reconciling, and accounting for tickets returned after shipment out of the warehouse, including the ability to re-stock and re-ship returned tickets where appropriate.
- g. Receiving, shipping, and other activity reports as the Lottery determines necessary to monitor and oversee the storage, packaging, and distribution of instant tickets.
- h. Segregated distribution for targeted or customized distribution to specific defined groups of retailers.
- i. Any other service, feature, or activity required for an efficient and secure instant ticket order fulfillment distribution system.

The design of the distribution and delivery system must allow for an alternative delivery system to be readily integrated. The contractor must provide a back-up distribution and delivery system should the primary system fail for any reason.

If the contractor employs a third party for distribution, the contractor is still responsible to ensure delivery through an alternative mechanism if the third party fails to provide services.

3.4.4.5 Instant Ticket Accounting

- a. Monitor individual book status at the retailer level for the purpose of initiating book settlement;
- b. Provide weekly settlement information to retailers and the Lottery conforming to the weekly accounting cycle; and,
- c. Provide retailer account record-keeping, including retailer instant ticket inventory and inventory value.

3.4.4.6 Instant Ticket Vending Machine (ITVM)

The contractor shall provide 500 freestanding ITVMs during the term of the contract either directly or through a subcontractor to both new and currently licensed retailers.

The Lottery anticipates placing ITVMs over the life of the contract resulting from this RFP. The contractor must provide a type and style of vending machine that will dispense current scratch-off lottery tickets with varying designs. Any equipment provided must be new and unused, and of current manufacture approved by the Lottery. Each ITVM machine must be placed into retailer locations as directed by the Lottery and must clearly be identified as a New Jersey Lottery Instant ticket vending machine by use of Lottery logos. In addition, warnings must be clearly posted to all machines concerning age eligibility to play. The contractor must provide 500 of these machines, adhering to the specifications listed within RFP Sections 3.4.4.6 through 3.4.4.9.

3.4.4.7 Instant Ticket Vending Machine (ITVM) Specifications

- a. Capability of handling a minimum of 24 separate scratch-off games
- b. Capability of dispensing tickets that are 4 inches in width and from two and one-quarter (2.25) to seven and one-half (7.5) inches in length.
- c. Overall machine outside dimensions should be no deeper than twenty-four (24) inches and no wider than forty-four (44) inches. Dispenser height for the highest operator interface button, cash feed or change return, must comply with the Americans With Disabilities Act (ADA), making it wheelchair accessible.
- d. Adjustments to the price, type of tickets and ticket display must be easily adjustable by the retailer.
- e. The machine must have an automatic disablement feature to prevent insertion of currency when insufficient tickets are available for sale.
- f. The ITVM bins must be adjustable to allow handling of differently priced and sized tickets.
- g. Currency handling must be capable of accepting new and older design currency in denominations of \$1, \$5, \$10 and \$20 U.S. bills, and \$1 coins.
- h. The ITVM must display the amount of available credit easily viewable by the consumer. Information displayed must comply with ADA, making it wheelchair viewable.
- i. The ITVM must be designed to be tamper-proof, and should provide and alert to operator management, any type unauthorized machine access.
- j. ITVMs must track inventory and sales and be capable of generating reports on daily and weekly total sales, and current ticket inventories by game.

- k. System memory should be able to retain information for 72 hours, in the event of a power failure.
- l. ITVMs should include an LED message/advertising type display located near the top of the machine to promote sales and provide winner or jackpot information.

3.4.4.8 ITVM Placement

At the start of the contract and throughout the term of the contract, the contractor shall install ITVMs in a timely manner. The contractor should propose a schedule and a detailed timeframe for the placement of (500) initial machines after locations are provided by the Lottery. [Two hundred (200) of these initial installations will be replacements of the ITVM machines currently installed.] Ongoing installations, moves or removal of ITVMs during the term of the contract must be accomplished within (6) weeks of the Lottery's request for the service.

3.4.4.9 ITVM Maintenance

The contractor shall be responsible for the maintenance of all ITVMs. A malfunctioning or non-operating ITVM must be repaired or replaced within 72 hours of the time the contractor is notified of the problem.

3.4.4.10 Alternate ITVM Proposals

If the bidder would like to suggest alternate machine design, specifications or ITVM units that have multiple or alternate functionality, i.e. networked connectivity, combination scratch-off/machine ticket dispensing ability etc., the bidder must specify the deviations from the listed specifications as detailed in Section 3.4.4.7, and additionally indicate the enhanced functionality or benefit derived from the consideration of the proposed solution.

3.4.4.11 Additional ITVM Units

As an addition to the required 500 ITVM units requested in Section 3.4.4.6, which shall be provided as part of the baseline cost proposal by the bidder, the State is requesting that the bidder describe as an Invited Option, the ability to provide additional ITVMs of the same or alternative specifications, designs, or functions. The Lottery may add additional ITVMs during the term of the contract in an effort to maximize sales.

3.4.4.12 Full Service, Player-Operated Vending Machines

The bidder may describe as an Invited Option the ability to provide full service, player-operated vending machines. These machines must have the capability of dispensing instant tickets as described in Section 3.4.4.6 in addition to having the capability of dispensing the full complement of machine game tickets.

3.4.5 Retailer Accounting

- a. *Prospective Retailer Licensing Process:* The Lottery requires the contractor's system to provide a software application to capture retailer applicant licensing information. This part of LGS must allow Lottery management terminal tracking of prospective applicants and must allow for various Lottery entities to approve or deny the application. Upon the necessary approvals the applicant shall be automatically added to the contractor's retailer master file, as a licensed retailer. At the start of the contract resulting from this RFP, Lottery's then-current Retailer Master File will be provided to the contractor by the Lottery.
- b. *Retailer Account Setup:* The contractor shall maintain the authoritative version of the Retailer Master File. The Lottery LAPS database shall obtain updates from this contractor Retailer Master File on a near real-time basis.

- c. *Retailer Account Management:* Retailer EFT transactions and IRS filings shall be handled by the Lottery, based on files transmitted from the contractor on a regularly scheduled basis. The contractor must support combined instant and online product accounting.
- d. *Retailer Accounting Period:* The normal accounting cycle for computing monies owed by retailers and processing EFT files is currently Thursday through Wednesday. This accounting period is also referred to as an accounting week or business week. However, the contractor's system must provide flexibility to allow for daily or other periods in the event a business need arises for this. The Lottery reserves the right to change the accounting period during the term of the contract. The contractor shall process the EFT files and IRS 1099 files upon the State's request.
- e. *Accounting by Retailer Location:* Some New Jersey retailers have multiple retailer terminals in one location, and these must be accounted for under a single retailer account. Another accounting obligation is to continue the ability to identify and report sales for a location even if it has undergone a change of ownership.

3.4.6 *Internal Control System Application*

The Internal Control System (ICS) will check the LGS independently by re-processing transactions, allowing auditing of the daily transactions, winner selection/verification, prize payout calculations, sales summaries, and various inquiry and reconciliation activities.

- a. *ICS Reports:* Reports generated by the ICS must be organized and formatted like the related reports of the gaming system for efficient review and balancing.
- b. *ICS Suppliers:* The ICS application must be supplied by an independent, third-party software subcontractor subject to State approval. The State reserves the right to obtain documentation from the contractor verifying the ICS subcontractor's independence from the contractor's company and/or any of its affiliates.

Credentials of the ICS subcontractor must indicate that they are experienced and qualified in providing this type of software.

The ICS software subcontractor shall maintain the ICS for the term of the contract.

- c. *ICS Operations by the Lottery:* The contractor and the selected subcontractor shall provide operating instructions and training to the Lottery. The Lottery will conduct all daily operations in support of the ICS systems.
- d. *Dual ICS Expenses:* Costs for all hardware and software elements of the ICS systems, including maintenance, and including continuing support from the ICS subcontractor, must be included in the base price for the term of the contract.

3.4.7 *Data Management and Reporting*

- a. *Database Access:* The Lottery requires access to New Jersey gaming information collected by the contractor, including retailer data, sales records, terminal maintenance data, and daily transactions, for scheduled and ad hoc reporting. Queries and reports must be supported from the Lottery's management terminals with local area network or VPN access.

The Lottery's access to data on the active gaming systems will be read-only. The bidder may propose use of a separate copy of the data from that on the active gaming systems, since the Lottery requires there be no negative impact on production operations or gaming response time while obtaining useful reports on retailers and sales.

- b. *History:* The online database must contain summarized sales history for the term of the contract. Recent detailed transaction history must be online, and older transaction detail must also be available, at least from archives. Historical sales [minimum of two (2) years] and inventory information, as well as current active sales and inventory information must be joined together in reports available to the Lottery.
- c. *Sales Reporting Tool Set:* The contractor must provide software tools for accessing, reporting, and downloading gaming information.
- d. *Lottery access to data:* The Lottery requires various forms of data be provided to feed Lottery administrative and gaming support systems. For some systems, a data file must be supplied in a specified format and frequency. Additionally the contractor must provide appropriate middleware and processes to supply a near real-time data feed.

3.4.8 Management and Administrative Reports

LGS must produce a wide assortment of timely management and administrative reports for use by the contractor and the Lottery. The Lottery reserves the right to adjust its reporting requirements and schedules during the contract.

Reporting requirements are as follows:

- a. *Integrated Instant and Online Information:* It is mandatory that LGS integrate seamlessly online game and instant game information. No data conversion and merge efforts shall be required for the reports that Lottery reviews or generates.
- b. *Corporate Reporting:* Corporate reports display sales and inventory data at an authorized corporate headquarters terminal, reporting on that site, another site within the corporate account, or all sites within the corporate account. Corporate accounts must receive special treatment for receiving data and accounting for their retailers, by electronic transmission and hardcopy reports.
- c. *District Office Online Reporting:* Lottery District Office management workstations require a menu that permits them to obtain reports relevant to the retailers in their district (e.g., retailer sales and retailer instant ticket inventories).
- d. *Management Report Retention:* The contractor must provide an electronic version of all LGS management reports. These electronic reports must be viewable from the Lottery management terminals for a period of thirteen (13) weeks. Additionally, Lottery management must also have the ability to view certain LGS management reports from a remote locations using a VPN or other secure type browser interface during the same retention period. The Lottery will determine the content of LGS management reports with the contractor.
- e. *Management Report Archive:* The contractor shall provide the Lottery with an electronic archive of all LGS management reports prior to the expiration of the retention period noted in 3.4.8.d.

3.4.9 Online Subscription System

As an Invited Option, the bidder may propose a Subscription System. Any proposed solution must provide for federal and State statutory limitations, such as limitations on player age, credit card purchasing, and out-of-state play.

Below is a brief list of specifications that any proposed Subscription System must be able to meet, although these may not be the final schedules and features used for production.

- a. *Entries:* New subscriptions and updates would be processed by completion of a form by a range of methods, to be determined.

- b. *Subscription Length:* Subscriptions may be less than, but can extend up to twelve (12) months.
- c. *Merging Subscription Plays:* Subscriber plays would be merged with the ordinary game pools for determination of winners and payouts.
- d. *Winner Payments:* Winners would be paid automatically through the subscription management system. Within limits determined by the Lottery, low-tier winners may extend the length of the subscription, while higher winners may be paid by EFT.
- e. *Renewal Notices:* The system would generate renewal notices automatically for subscriptions that are nearing the lapse date, to begin with the next drawing after the original subscription expires.
- f. *Subscription Account Management by the Lottery:* The Lottery will provide for all mailings and player services to subscribers.

As a further Invited Option, the bidder may propose to provide all subscriber services, such as mailings, e-mail, telephone communications, and account database management.

3.4.10 Online and Instant Player Registration System

As an Invited Option, the Lottery may establish a player loyalty program that involves registering players for various informational, promotional, and data gathering purposes. Players may register and interact with the registration system through a range of options.

- a. *Player Database:* Player information would be stored in a database that permits ad hoc inquiry and reporting activities in addition to routine, scheduled reporting.
- b. *Player Account Management by the Lottery:* The Lottery will provide for all mailings and services to registered players.

As a further Invited Option, the bidder may propose to provide all player registration services, such as mail, e-mail, and telephone communications, and account database management.

3.4.11 Mobile Terminal Software for Sales Representatives (SR) and Sales Management

Sales representatives and sales management staff from the Lottery necessarily interact with retailers to enhance both retailer relationships and effectiveness of the retailers at selling Lottery products (RFP Section 3.7.3). In support of this mission the RFP requires information technology devices for the sales staff (Section 3.9.3.1) and communication carrier connectivity (Section 3.3.6.c). These laptop/tablet devices with remote connectivity capabilities must contain software that permits sales staff to access retailer information, especially for those retailers assigned to a particular sales staff member. The types of retailer information accessible should include at minimum contact information, location, licensing information, retailer equipment, account status, sales, and other relevant facts for the basic management of the retailer account.

In addition, as an Invited Option, the bidder may offer more comprehensive remote access account management functions and features. This solution may include VPN type access thru an Internet portal setup so as to provide specialized route management or customer relationship management applications.

3.5 Games and Marketing

The contractor must apply its best efforts to support the Lottery in retailer placement and network planning, game design, and marketing, assisting the Lottery to achieve its financial objectives.

3.5.1 Corporate Marketing Support

The Lottery will require new games and features over the term of the contract. The contractor must accommodate the Lottery's marketing plans and efforts with corporate marketing support that includes, but is not limited to:

- a. *Marketing Strategy Meetings:* Quarterly strategy meetings shall be held with the Lottery for (i) formulating the portfolio of games, games changes, and promotions to be introduced in the coming twelve (12) months, and (ii) monitoring and analyzing progress.
- b. *"State of the Industry" Presentation:* The contractor shall provide an annual review of the industry, identifying new games, new gaming media, relevant technologies, sales trends, and public policy developments. The contractor shall also identify its own new developments, capabilities, and directions relevant to supporting the Lottery.
- c. *Market Surveys, Market Research, Focus Groups:* As an Invited Option, the bidder may choose to offer services provided by staff or by subcontracting to a private market research firm. These services may include various forms of market studies, such as testing potential games with focus groups, market research for propensity to play and player demographics, and market surveys to determine attitudes towards Lottery products, policies, and image. Market surveys may be able to take advantage of retailer terminals as reader devices for collecting data and forwarding it for analysis.

3.5.2 Player Analysis and Retailer Placement

The Lottery requires that a geo-demographic study be provided annually by the contractor to allow analysis of sales, game and player markets, and suitable locations for placing retailers. The databases of this product must be updated annually. The contractor is required to incorporate training for the Lottery in the analysis of the geo-demographic reports.

3.5.3 Sales Analysis System

As an Invited Option, the bidder may propose a Sales Analysis System. The Sales Analysis System would facilitate Lottery decision-making regarding, for example, effective marketing and advertising, and game and promotion offerings. A Sales Analysis System would need to incorporate historical information now maintained by the Lottery. The Lottery's information consists of weekly sales by retailer by game for the most recent two (2) years. *Additionally, a Sales Analysis System could incorporate the tools to support recommendations regarding marketing direction through use of market research or survey results.*

3.5.4 Games Menu

The contractor must support the current set of Lottery game offerings and provide flexibility for growth into new games, game features, and play types.

- a. *Current Games and Play Types.* The contractor must include all games currently being offered by the New Jersey Lottery, at the time the new Lottery Gaming System is to take over. For descriptions of the current games and instant ticket samples please refer to the following New Jersey Lottery web site link: <http://www.njlottery.net>. Play types include Advanced Play and Multidraw.

- b. *Additional Games and Play Types.* The Lottery reserves the right to add games, game features, or play types for start-up, or at any time later in the contract. For example, a play type in which the player selects a set of numbers that are played only on the cycle chosen, such as lotto draws on Saturdays (but not Wednesdays).
- c. *Association-Based Games.* The contractor and the LGS must support the Mega Millions game and any other games from multi-jurisdiction associations with which the Lottery may become affiliated.

3.5.5 Online Promotional Features and Prizes

The contractor must provide a broad range of promotional features.

3.5.5.1 Promotions

- a. *Free Play:* Free play when several plays are purchased or other conditions specified by the Lottery.
- b. *Cross Promotion:* Promotions between products that allow for discounts (e.g., buy “x” amount of Game A and get “y” amount of Game B free). Both online and instant products may be cross-promoted in combinations, namely online to online, online to instant, etc.
- c. *Multiple Drawings per Day:* Multiple drawings for the same game within one day, including day/night feature with the same play for the day and night drawings of a game.
- d. *Bonus Draw:* Drawing of more than one (1) winning number (set of winning numbers) at the Lottery’s option.
- e. *Bonus Payoff:* A specified increase in the payoff for specified winning plays at the Lottery’s option.
- f. *Drawing Events:* Varying the number of drawings per game per week and/or the days the drawings are conducted.
- g. *“Regional” Marketing:* Sale of specified games/products/features (e.g., couponing, discounting) through selected retailers, retailer groups, and/or selected geographical areas.
- h. *Sampler Ticket:* A multi-game quick pick where LGS automatically generates more plays – possibly one for each game on the market – either with or without a premium.
- i. *Variable Commission Rates:* For certain online and instant products, commission rates may be set differently from the default value. For certain retailers or retailer subsets, commission rates may temporarily or permanently be set differently from the default.

3.5.5.2 Prizes

LGS must support prizes that are cash; merchandise; cash/merchandise; and annuity (weekly, monthly, annually).

3.5.6 Instant Games

The proposed LGS must handle all instant ticket transactions, as required by the Lottery, through the retailer terminals.

- a. *Game Volumes:* LGS must accommodate large game volumes. As an example from current practice, the Lottery typically introduces two new games every two weeks providing for up to fifty

(50) instant games simultaneously for sale at one time, ranging from approximately one million (1,000,000) to twenty million (20,000,000) tickets per game. Approximately fifty-two (52) new games are introduced annually. In addition, four (4) to six (6) core games remain on sale through out the year as base games with inventory replenished and distributed based on demand.

- b. *Validating Winners:* Winning instant tickets must be validated up to three hundred sixty-five (365) days following the announced official close of the game.
- c. *Game Identifiers:* LGS must accommodate up to a four (4) digit game number. The current ticket numbering configuration is as follows:
 - (1) A three (3) digit game identifier
 - (2) A six (6) digit book number
 - (3) A three (3) digit ticket number.

The format is GGG-BBBBBB-TTT.

Each ticket contains a twenty (20) digit barcode printed utilizing interleaved 2 of 5 symbology. These twenty (20) digits are comprised of:

- (1) The three (3) digit game identifier, the six (6) digit book number, the three (3) digit ticket number, the eight (8) digit validation number – the first eight (8) digits of the validation number. The barcode format is GGGBBBBBBTTT VVVVVVVV.
 - (2) Validation Number: The twelve (12) digit validation number printed on each ticket is unique to every ticket in the games and appears under the latex. The number consists of and eight (8) digit serial number, two (2) digit check code, and two (2) digit prize code. The last four (4) digits are manually keyed in by the retailer. The format is XXXXXXXX-XXXX.
- d. *Ticket Identifier.* LGS must be able to accommodate a twenty-two (22) character ticket identifier. The prospective format of a four (4) digit game number, a twelve (12) digit encrypted number including the book number and validation number, a three (3) digit ticket number within the book, and a three (3) digit check-digit.
 - e. *Prize Payouts:* LGS must support prize structures for low, mid, and high tier levels, with numerous subdivisions. Currently the Lottery can support up to fifty (50) prize levels, of up to approximately one million dollars (\$1,000,000) as a top prize, however LGS must not be limited to those levels. High tier prize levels will require the ability to determine if a prize payout involves the file claim process. LGS must support prizes that are cash; merchandise; cash/merchandise; and annuity (weekly, monthly, annually).
 - f. *Flexibility in Instant Products:* LGS must accommodate new instant ticket products that may be of different sizes and shapes, bar code qualities, book quantities, prize structures, and price points, from those described as current products. In particular LGS must be able to incorporate break-open tickets, if the Lottery commits to offering them as a product.

3.5.7 External Coupons

The Lottery will employ coupons produced by third party sources for sales promotions for both instant and online games. For example, a coupon may permit the bearer to obtain a free ticket from the retailer. The coupons shall have bar code reading specifications readable by the terminal. The contractor's application software must permit the use of coupon promotions. As part of this capability, the system must read coupons with a trackable and accountable bar code/serial number (i.e. using a validation file). The system must support single campaigns of greater than 5 million coupons.

3.5.8 *System-Generated Coupons*

LGS central and the online terminals must generate a coupon used as part of a cross promotion. The system shall produce summary reports of such transactions. The reports shall define the outstanding liabilities and claimed amounts, as appropriate.

3.5.9 *Play Centers*

As an Invited Option, the bidder can propose a play center and consumables for each retailer location. The final design shall be subject to approval by the Lottery. Responsibilities include purchase/ manufacture, delivery, installation, service, and replacement (of worn-out or damaged units as needed or directed by the Lottery). At a minimum, the play center must meet current design features including: be free-standing, provide a work space for the player for filling out playslips, an enclosed storage area underneath for additional player supplies (playslips, pencils, etc.), ample space and capability to mount point-of-sale material (including a large area on the back of the play station for good visibility when viewed from an aisle or a glass window), slots/holders for playslips and brochures, and pencil holders. Play centers must be of a design that allows for retailers to move them and be Americans with Disabilities Act ("ADA") compliant.

The bidder should also propose an alternative design that can be used at a small number (estimated at fewer than 200) of retailer locations that cannot accommodate the standard play center design due to space limitations.

3.5.10 *Additional Gaming and Non-Gaming Capabilities*

Although the Lottery does not currently offer non-traditional games, the LGS must have the ability through hardware and software upgrades, as needed, to support additional games not currently offered. As an Invited Option the bidder may propose the KENO game and Video Lottery Terminals (VLTs). Additional non-traditional capabilities offered by the bidder may be described and/or may appear as Offered Options, e.g., Internet interface, cell phone interface, subject to laws and restrictions.

Similarly, the Lottery does not conduct non-lottery transactions through its retailer terminals, network, or host systems. If the LGS proposed can support non-lottery functions, then the bidder may describe the support available. Specific capabilities offered by the bidder may appear as Offered Options.

3.6 Facilities

The contractor must support a central computer site, a separate remote site for gaming system backup, and a facility including warehouse space, LAPS backup system space, and district office space.

3.6.1 *Primary (Central) Site Specifications*

The Lottery will make space available in the office next door to the Lottery. The contractor shall lease the 15,500 square feet of space and the proposal shall contain a specification as to how the space will be used.

3.6.1.1 *Interim Facilities and Operations*

The space and infrastructure provided for the contractor is now occupied by the incumbent contractor's operations and will remain so at least until after the nominal start-up date. This may require an interim facilities plan for the contractor, and if so, such a plan must be included in the proposal.

For example, the contractor may propose to run primarily from the remote site and backup from a temporary location until the primary site space becomes available.

The contractor must be in operation within 90 days from the primary site after the space has been made available.

The contractor may provide alternative interim plans for operating a data center, including the use of temporary space outside the Lottery building. Any such plans must not at any time abridge the Lottery's requirements for having two operating data centers on the network, for having the requisite redundancy in each data center, for having testing facilities, for providing secure operations, and within ninety (90) days having the contractor co-located by the Lottery's Headquarters.

3.6.2 *Primary Site Training, Testing, and Lottery Operations Room*

The contractor shall provide a separate room, at least 570 square feet, at the primary site to be used by the contractor and the Lottery staff for system testing and training. The contractor must furnish and install test gaming terminals in the Lottery's testing room that are connected by communications to the testing system. The communications must be routed in a similar manner to retailer terminals, namely, outside the Lottery's building.

3.6.3 *Statewide Training Facilities*

The contractor shall provide retailer training in facilities around the State in support of the conversion and implementation of new games. These may be temporary, such as hotel meeting rooms, or permanent. A minimum of four (4) retailer training sites shall be placed throughout the state so that no retailer has to drive more than fifty (50) miles to attend a training class.

3.6.4 *Remote Backup Site*

The contractor must provide a remote site where gaming transactions are logged and processed. The retailer network and the Lottery's management terminals must connect to this facility.

3.6.4.1 *Environment and Security at Remote Site*

The contractor's facility must include appropriate safety, security, and environmental controls equipment for a computer facility, as described below. All construction and furnishings must comply with fire, safety, building, and ADA codes. Any actions required to maintain compliance with such codes shall be the contractor's obligation.

- a. *Emergency exit doors* must be provided and must be equipped with alarms.
- b. *Locking devices* must be installed on all doors or other entry points.
- c. *An electronic access system* shall be installed at entrances to the computer room(s), media library and other secure areas. This system shall be remotely connected to the Lottery's access system and will be monitored from the Lottery's Security Operations Center. The access list shall be authorized by the Lottery.
- d. *The computer room(s)* must be protected by an automatic fire extinguishing system based on FM-200 or another Lottery approved method. The system shall be installed and maintained as specified by applicable National Fire Protection Association (NFPA) standards. When triggered, the automatic fire extinguishing system shall be equipped with alarms that sound locally and at the Lottery's Security Operations Center.
- e. *Construction* shall support fire safety as noted in NFPA standards. Computer room(s) with mission critical equipment must be separated from the other areas by non-combustible materials having at least a one-hour fire resistance rating, and in addition:

- (1) Walls must be extended from structural floor to structural floor (or roof) above.

- (2) Fire doors must be provided on all entrances into the computer room with a fire resistance rating at least equal to the wall in which the door is located.
 - (3) All penetrations through the computer room floor, wall or ceiling must be tightly sealed with material equivalent to existing floor, wall or ceiling construction to prevent passage of heat, smoke and water.
 - (4) Fire and smoke dampers must be provided in ducts that pass through the computer room walls, floor or ceiling.
- f. *An air conditioning system* with humidity control must be provided for the computer room(s). This system must be of sufficient capacity to maintain a stable environment within original computer equipment manufacturer specifications. An air conditioning failure detection mechanism must be provided. The air conditioning system(s) must be interlocked to shut down upon activation of the fire extinguishing system or the automatic system must compensate for loss of extinguishing agent through operation of the air conditioning systems.
- g. *Power-conditioning equipment* shall be provided by the contractor for the computer room(s) and shall provide an uninterruptible power system with both battery backup and electrical generator. Should a utility power failure occur, the UPS must provide at least one hundred fifty percent (150%) of the capacity needed to sustain all hardware, environmental equipment, communications equipment, fire protection equipment, alarm systems and necessary lighting to indefinitely conduct full capacity business. During the contract, the generator must be exercised for extended periods on a Lottery-approved schedule, and the generator must be maintained according to its manufacturer's recommendations.

3.6.5 *Warehousing Requirements*

The contractor shall provide secure warehousing facilities throughout the State or as needed to facilitate the storage and distribution of all instant ticket game inventory and supplies to Lottery retailers. At a minimum, security must include a complete 24-hour security system, CCTV's, intrusion detection, fire detection and suppression, access control. Security features of the warehousing facilities must be approved by the Lottery. The contractor shall further maintain adequate supplies at each retailer location to prevent out of stock conditions from occurring. The contractor shall provide monthly inventory reporting by warehouse location and in a summary format to the Lottery.

The warehouse must be equipped with a loading dock and be capable of accepting bulk deliveries of Instant Tickets and supplies. The contractor shall be responsible for receiving shipments at the warehouse.

The contractor shall indicate the number and general geographic area of warehouse facilities to be maintained throughout the State. The primary warehouse shall be located no closer than 10 miles from the Lottery central offices and in a separate power grid.

3.6.6 *Service Centers and Depots*

The contractor shall provide and operate maintenance centers and depots to fully support the terminal maintenance and repair program.

3.6.7 *New Jersey Disaster Recovery Plan*

The contractor must provide twice yearly updates to a disaster recovery and contingency plan for the New Jersey computer center sites. The initial plan must be delivered by the contract start-up date. Such plan shall take into account disasters caused by weather, water, fire, environmental spills and accidents, malicious destruction, acts of terrorism, and contingencies such as strikes and epidemics. The plan must ensure continuation of LGS and games. Provision shall also be made for the safe, secure off-site storage of all scheduled backup data and programs. Should implementation of any portion of the disaster

recovery and contingency plan become necessary, all costs associated with the plan shall be borne by the contractor.

3.6.8 Infrastructure Protection Plan

The contractor must also produce a disaster plan for the additional contractor infrastructure necessary to support the New Jersey Lottery. For example, the contractor's support facilities are critical for the term of the contract. The infrastructure protection plan shall be due at contract start-up.

3.6.9 Lottery District Office and LAPS Backup Co-Located at Business Continuity Site

The contractor must provide a remote site that will provide office space and WAN connectivity for 20 lottery employees, 15 connections to be hard-wired, 5 to be connected through the use of an encrypted secure 802.11g or faster wireless access point (Computing devices for these connections are requested as part of Section 3.9.3.1). Normally functioning as a remote lottery district office, this remote site must also serve the purpose of being a backup for the Lottery LAPS (RFP Section 3.9), and a business continuity site in case of a central office disaster. During normal operation this lottery district office will connect to the Lottery central LAN for authentication, database access, Internet, WAN e-mail, the contractor's network and other network functionalities. In case of a disaster or Lottery central LAN unavailability, the Lottery PC's and laptops at this site must connect to the disaster recovery system and servers to perform mission critical applications (Exhibit 4). The Business Continuity Site may be located at the contractor primary Warehouse facility.

This LAPS disaster recovery system need not mirror the installed systems and servers in the Lottery central office but must minimally include a domain logon server, a mail exchange server and a SQL database server. Although it will be the Lottery's responsibility to initially create mission critical needed databases and client software, the bidder's solution should include their strategies to maintain high availability and means of keeping SQL databases current (i.e. clustering, standby server synchronization, nightly database file ftp etc). Further, the contractor shall insure the LAPS disaster recovery system has access to the contractor's network to allow Lottery the ability to do management terminal functions.

The LAPS disaster recovery system must be designed to receive and store online files or batched FTP electronic files daily from the Lottery central office. The systems configuration and design must ensure that mission critical database applications can run autonomously from the disaster recovery site. It is anticipated that the winning bidder will need at some future date to allow the state Office of Information Technology (OIT) to install a router at this location to allow the Lottery Internet access, SMTP email and access to state resources.

Design and build-out of the Lottery's remote space is the contractor's obligation, subject to Lottery approval. These services include interior finishing, carpeting, plumbing, lighting, and electrical service.

- a. *Lottery Services:* The Lottery will supply its own office furnishings and will supply its own telephone system (separate from the LAN wiring). Building maintenance, utilities, grounds care, pest control, parking, and janitorial services shall be provided by the contractor.
- b. *Lottery Space and Layout:* The Lottery will require one thousand five hundred (1,500) contiguous square feet of raised floor computer room space and twelve hundred (1,200) square feet for offices. The office layout shall include modular office spaces for staff, conference room, and a secure storage room. Restrooms and a break room may be shared with the contractor.
- c. *Entry/Exit:* The Lottery's area must be separate from the contractor's, with separate interior access. An external entrance may be shared so long as the Lottery's access cards will work.
- d. *Security Access System:* The Lottery's offices will be protected by the same security system as the Lottery's main offices, which will be provided by the State, and will be remotely monitored.

The contractor must provide a telecommunications circuit for carrying video monitor traffic to Security Operations in the Headquarters building.

- e. *Security of Lottery Area:* To ensure physical security of the Lottery's area, where walls are adjacent to a non-Lottery space, they must extend from structural floor to the structural ceiling (or roof) above.
- f. *Power for Lottery Configuration:* The Lottery's equipment shall be supported by power conditioning equipment, HVAC, and the same UPS implemented for the contractor's facilities. Current kVA and cooling required by the Lottery configuration are based on the equipment currently in use at the Lottery's backup data center: Refer to LAPS in RFP Section 3.9. The Lottery may consolidate or add computing platforms during the term of the contract, but the basic electrical and environmental needs for the backup data center must be met through housing the above platforms. The contractor shall pay for all utilities.

3.7 Staffing, Services and Security

The contractor is required to provide the Lottery with a variety of staff and support services as described below.

3.7.1 Operations

The contractor shall provide operations services for LGS and the network, including but not limited to the operation of two data centers, the instant ticket warehouse, telemarketing, and terminal maintenance. These duties shall include system start-up and shutdown tasks, monitoring, and various operational procedures to enable the correct operation of the system. Recovery from system failures will be the responsibility of the operations staff. Operations shall produce reports and files documenting the transactions processed. The contractor must provide at least one staff member proficient in LGS' reporting tools for reports requested by the Lottery.

3.7.2 Terminal Provisioning: Moves, Adds, Changes

The contractor is responsible for providing terminals and communications at new retailer locations, and for moving terminals as needed to continue the retailer's support. The Lottery shall advise the contractor in writing when a retailer requires provisioning, and this advisory starts the provisioning clock. A terminal shall be considered to have completed provisioning and be ready when it has been installed at the designated location; is in good running and working order; is connected by communications services to the central computer facility; is issuing tickets, conducting validations, and producing reports; performing all other terminal functions as specified in this RFP; and the retailer has received training which is deemed satisfactory by the Lottery. Provisioning activities must be conducted on a timely schedule.

Besides installing a new retailer ("add"), it may be necessary to serve an existing retailer from a new physical location ("move"), or to relocate the retailer's terminal within the premises ("inside move"). Moving a retailer to a new physical location shall be considered to have the same urgency as provisioning a new retailer. An inside move may involve a change to the inside wiring (e.g., from the demarcation to the terminal). Occasionally retailers have to be de-installed. The Lottery's past experience in this regard is about 400 new retailers per year.

The Lottery has determined that the following provisioning schedule is a minimum:

Add a new retailer	Fewer than thirty (30) business days
Move a retailer	Fewer than thirty (30) business days
Inside move	Fewer than ten (10) business days
Decommission a retailer	Fewer than ten (10) business days

The contractor will be held to the proposed provisioning schedule.

3.7.3 Support of the Lottery's Partnership with Retailers

The Lottery's goal is to achieve a high level of retailer support in order to maximize lottery ticket sales.

- a. *Support of Sales Representatives:* The Lottery currently employs its own retailer services staff of approximately fifty to sixty (50 – 60) SRs who develop a strong retailer partnership and are responsible for prospecting new retailer locations; recommending new retailer locations; responding to retailer concerns, questions or problems relating to the Lottery program, its games, policies, and procedures; notifying retailers of new game features, modifications to current games, addition of new games, changes in Lottery policy, and delivery of retailer point-of-sale marketing materials.

The bidder must propose a mechanism to interface and cooperate with the Lottery regarding its SR services and regarding retailer concerns or problems with contractor-provided services such as terminal functions, terminal repair, retailer training, and quality and timely delivery of consumables.

- b. *Contractor-Provided Sales Staff:* The bidder is invited to propose (Invited Option) the inclusion of SR services to be provided by the contractor staff.

3.7.4 Retailer Training Programs, Initial and Ongoing

The contractor shall provide training for up to two (2) representatives of each retailer in the operation of retailer terminals, including the facilities, materials, equipment and personnel for this large-scale training effort.

- a. *Retailer Group Instruction:* To support the conversion, the contractor shall provide initial hands-on group instruction. The contractor shall continue to supply training to new retailers or to existing retailers for a new product for the term of the contract.
- b. *Training Program Contents:* The retailer training program must cover both online and instant products. The program must address not only the technical aspects of operating the terminal and account management, but also approaches for interacting successfully with players. Contents of the training program must be approved by the Lottery.
- c. *Training Security:* The contractor must implement mechanisms for security of ticket stock and training tickets produced during terminal training sessions, and implement security of the terminals themselves from tampering or theft.
- d. *Training Materials and User Documentation:*
 - (1) Handouts and/or manuals on the correct use of retailer terminals and retail procedures are required. Such must contain, at a minimum, information and instructions on changing ticket stock, how to conduct each type of transaction, obtaining and using the reports, hotline procedures, use of playslips, claims, and retailer adjustments. Due to the multilingual diversity existing in the complement of New Jersey Lottery retailers, manuals written in English, shall be written at a sixth grade reading level and feature a high number of visuals to achieve greater understanding.
 - (2) Manuals and user documentation must be available in English and Spanish, as a minimum.
 - (3) User Documentation Updates. The contractor shall update the training materials and any user and player documentation provided to retailers with each game or procedural change. The format must be approved by the Lottery. Copies shall be supplied to the

Lottery and to the retailers a minimum of two (2) weeks prior to the start date of any new game or game change.

- (4) Terminal-Based Documentation and Training. The contractor should provide supplementary video or graphical training and documentation directly through the retailer terminal.

3.7.5 *Lottery Staff Training*

The contractor must provide training for Lottery staff (approximately 180 persons), at the Lottery offices, or appropriate venues as approved by the Lottery. Approximately 180 Lottery staff will require training in concepts of the system, retailer training, management terminals, administrative reports, ICS, LAPS, contractor-supplied services, system security features and controls, and any other relevant aspects of the proposed system and services.

3.7.6 *Retailer Consumables Supply*

The contractor must provide a Consumables Management System that insures uninterrupted supplies for the retailers.

- a. *Consumables:* The contractor shall produce or obtain, provide, and deliver to retailers:
 - (1) Playslips that can be processed by the terminal reader;
 - (2) Secure ticket stock;
 - (3) Terminal ribbons, cartridges, toner, ink, or other required materials to print tickets; and,
 - (4) Retailer manuals and/or reference cards for terminal operation, updated upon Lottery request.
- b. *Consumables Designs:* The contractor shall provide drafts of all consumable designs and wording for the Lottery's review and approval, and shall be responsible for their production, storage, and delivery.
- c. *Testing and Training Ticket Stock:* The contractor must ensure that in addition to production ticket stock, there is stock of the same paper quality suitable for testing in retailer terminals used at training facilities, and for use by the Lottery in testing, training, and promotions. Testing and training ticket stock must be plain and conspicuously distinct from live ticket stock.
- d. *Multiple Suppliers:* In order to avoid dependence on one (1) supplier, the contractor must have more than one (1) source of consumables, paper stock, and printing service(s).

3.7.7 *Retailer Equipment Maintenance Program*

The term "retailer terminal" shall include all attachments provided or serviced by the contractor. The contractor is obligated to obtain replacement parts and services that are approved, recommended, or recognized by the original equipment supplier as effective.

- a. *Retailer Terminal Maintenance:* The contractor will be required during any service call to check the mechanical security, safety, and general operation of the basic terminal and any other attachments provided or serviced by the contractor.
- b. *Terminal Preventive Maintenance Schedule:* The contractor and Lottery shall agree on a preventive maintenance (PM) schedule that will be mutually agreeable. In no case shall there be attempts to render preventive maintenance services during retailers' peak transaction periods.
- c. *Terminal Parts Supply:* The contractor shall maintain an adequate supply of parts to sustain the service of terminals that it has supplied and is required to maintain.

- d. *Terminal Repair and Maintenance Reporting:* At service events a log will be updated noting the maintenance activities. The log information shall be entered to a database accessible to the Lottery. Reports shall be available to the Lottery that indicate when services have occurred, and on an exception basis, when services have NOT occurred as scheduled.
- e. *Terminal Service Technician Language Agility:* The contractor must provide technicians among the service technician staff that can converse with retailers in Spanish as well as in English.

3.7.8 *Other Host and Network Equipment Maintenance*

The contractor must provide maintenance on all equipment provided under the contract resulting from this RFP, including but not limited to host computers, LANs, and telecommunications equipment for the central sites, the LAPS, and the ICS platforms. The contractor is obligated to obtain replacement parts and maintenance services that are approved, recommended, or recognized by the original equipment supplier as effective.

3.7.9 *Trouble Tracking, Dispatch, and Reporting System (Hotline Support)*

The contractor shall staff a hotline function for retailer trouble calls, and shall maintain and manage a database and reporting system that fulfills the following criteria:

- a. *Tracking:* Tracking and reporting of retailer terminal, communications line, network, and other problems is required for all reported problems. This reporting shall include those problems where no actual problem was found. Data must be kept on all terminals including those in reserve or returned to a depot for maintenance. The system must record the criticality of events and provide reports accordingly.
- b. *Maintenance Information:* Information must be available online and shall not be limited to inquiries for the current day only. The contractor is required to maintain at least twelve (12) months of historical data.
- c. *Call System:* Telephone call management equipment must handle all incoming calls on toll-free circuits. (The costs of toll-free circuits must be covered in the baseline price.) The voice response capability must permit retailers to select contractor or Lottery Services from a phone keypad menu, or voice recognition system and forward the call to the correct entity. If all circuits are busy, a prerecorded message must be played and the call must be queued. If the call is queued, the system must provide call status information to the caller at intervals on the duration of the estimated hold time. The system must also provide an interface to, or delivery of a service ticket from, the Lottery's retailer call management system, so that calls received can either be transferred to the contractor's management system or electronically logged to the contractor management system for action. The contractor's call management system statistical information must be available to the Lottery for review online via a dedicated terminal or secure web-enabled browser. Additionally, the system must have the ability to produce an ASCII formatted electronic file, which may be required to interface to Lottery systems for normal and ad hoc informational reporting.

3.7.10 *Technical Support Services*

Timely and committed fulfillment of Lottery requests for system support and improvement is a requirement.

- a. *Quality Assurance and Acceptance Testing:* The contractor must provide a local quality assurance function and support for the Lottery's internal acceptance testing.

- b. *Shared Records for System Changes:* In fulfillment of joint responsibilities between the contractor and the Lottery to make system changes in a timely and correct manner, the contractor must provide shared access to change requests and change tracking for the New Jersey project.

3.7.11 *Operations Security Plan*

The Lottery expects its system and operations to be of the highest integrity. This requires both the Lottery and its contractor to maintain a confidential, high-level security system. For example, staff must be organized, assigned, and operate under procedures and with system controls that mitigate the risk of such threats as insider fraud.

The contractor shall submit a detailed security plan to the Lottery for approval no later than forty-five (45) days prior to commencement of operations. Each year this plan must be reviewed and updated by the contractor, and approved by the Lottery. As a minimum, the security plan must include the following sections:

- a. Business Impact Analysis
- b. Risk, Threat, and Vulnerability Analysis
- c. Security Strategy
- d. Personnel Security Practices
- e. Physical Security
- f. Data Security
- g. Telecommunications Operational and Physical Security
- h. Telecommunications Access Security
- i. Protection of Software and Other Copyrighted Materials
- j. Plan Evaluation
- k. Security Awareness/Training
- l. Plan Maintenance

The plan must address incident response procedures (e.g., in case of an electronic intrusion); periodic audits to ensure compliance with the security plan; and periodic meetings on security (such as network security).

The security plan must follow a format approved by the Lottery and be available both in hardcopy and PDF format.

3.7.12 *Electronic Media, Computer Room Paper, Supplies*

The contractor shall supply all magnetic tapes, cartridges, disk packs, diskettes, and other media items, printer paper, and supplies needed to operate the gaming system, testing terminals and system, and the ICS.

3.8 Implementation

3.8.1 *Conversion Strategy*

The Lottery is anticipating the use of a “Big Bang” conversion of both the retailer terminals and central computer systems for the start of production. At a minimum, these Lottery goals must be addressed by the contractor’s conversion strategy:

- a. Minimizing conversion difficulties.
- b. Maintaining good retailer relations and addressing retailer issues (such as inconvenient training opportunities and demand for counter space).
- c. Minimal disruption to selling and validating tickets during the conversion.

3.8.2 *Formal Implementation Plan*

The contractor must update and maintain the detailed implementation plan and time chart (Gantt, PERT, or similar), submitted initially in the bid response, identifying the major milestones including but not limited to the business requirements definition, construction, equipment delivery, software programming, installation, testing, training, and file conversion. The plan must make clear which items are on the critical path for timely implementation, and must include dependencies and resource loading. The Lottery will approve the final implementation plan of the contractor.

Responsibilities of the contractor's implementation team, of the Lottery's implementation team, and of any of the Lottery's other vendor providers (e.g., instant ticket supplier), must be identified. Retailer roles and responsibilities during conversion must be addressed. The LAPS implementation plan is further detailed in Section 3.9.9 of this RFP.

3.8.3 *Interim Facilities and Processes*

If the conversion involves interim configurations, facilities, staffing, or business procedures, the contractor shall be responsible for these items. Costs associated with interim facilities are strictly the contractor's responsibility.

3.8.4 *Installation and Acceptance Testing*

The Lottery will conduct a series of acceptance tests, which the contractor is obliged to support. (LAPS acceptance testing is described in Section 3.9.12.)

- a. *Schedule for Acceptance Testing:* To support acceptance testing, the contractor must have the facilities, computer hardware, communications hardware, software, and at least ten (10) test terminals located conveniently for the Lottery's testing, installed and operational one hundred and twenty (120) days prior to the scheduled conversion of the first terminal. At that time the remote site must also be ready for testing. The ICS must be functioning in order to confirm the integrity of the system.
- b. *Ticket Stock Testing:* The contractor shall arrange for a sample of the proposed paper ticket stock to be shipped to a Lottery-approved independent testing laboratory for quality testing. The ticket testing shall ensure that the ticket stock is manufactured in accordance with all RFP requirements. The laboratory will provide a written analysis report summarizing the findings and offer a conclusion as to whether the ticket stock should be used, not be used, or be tested further before a conclusion could be reached. Test results must be submitted to the Lottery by the contractor prior to the implementation of the ticket stock. The Lottery will request such testing from time to time throughout the life of the contract. Ticket testing shall be at the contractor's expense.
- c. *Randomizer Testing:* The randomizer mechanism(s) in the system must be submitted to a Lottery-approved independent testing laboratory for quality testing. The laboratory will provide a written analysis report summarizing the findings and offer a conclusion as to whether the randomizing approach(es) should be used, not be used, or be tested further before a conclusion could be reached. Test results must be submitted to the Lottery by the contractor prior to production. The Lottery will request such testing from time to time throughout the contract. Randomizer testing shall be at the contractor's expense.
- d. *Network Testing:* 120 days prior to conversion of any new terminals to production, the contractor must submit a comprehensive network configuration plan. The plan must show the networking method (telephone line, satellite, radio etc.) for connecting each retailer location to the central LGS. Also at 120 days, concurrent with the schedule for general acceptance testing (paragraph 3.8.4.a above) the ten laboratory test terminals must be installed to reflect all forms of communication media to be used in the network. As the retailer network is rolled out, the contractor must demonstrate continuity to each retailer location from both data center locations.

Continuity must also be shown for any redundancy or diversity provisions for single or clustered retailers, as well as main trunk landlines, satellite or radio bridges or facilities that are incorporated. Acceptance testing of the network may be conducted during times when there are historically low sales volumes or during times when there are no sales allowed, if this testing could have any effect on the performance of the existing network. Acceptance testing should address providing reassurance to the Lottery that the proposed communications network configuration and its installed components, when completely installed, including those components providing redundancy, backup and diversity, will satisfactorily provide the necessary support for network bandwidth and transaction latency to achieve the requirements of Section 3.1.5, "Gaming Quantitative Performance Criteria".

3.8.5 Project Reporting and Monitoring

The contractor must provide a dedicated on-site technical project manager for the implementation. The contractor must also provide a project team, process, and tools that facilitate Lottery oversight of the implementation. Regular reporting, walkthroughs, and project status meetings are required. Shared access to project files is required.

The contractor shall provide licensed copies of any project management software, and/or suitable access to project records, to enable Lottery staff to monitor project management tasks, schedules, and issues.

3.8.6 Validation after Conversion

The contractor must accommodate validation of winning online tickets that have been sold prior to the conversion, either by reading the bar code or by accepting manual entry of the "old" winning ticket's serial number. The contractor must also convert the instant ticket validation files to permit validation by bar code read (and manual entry). The goal, both during conversion and after, is to minimize confusion and effort for the players and retailers.

3.9 Lottery Administrative Processing System (LAPS)

3.9.1 Narrative of Requirements

The contractor must provide a Lottery Administrative Processing System (LAPS), which will consist of the hardware, software, technical support and assistance to facilitate back-office functions for the administration of the lottery office and provide connectivity to the system for application, retailer management, and database inquiries. The LAPS system must include hardware, software and support for up to 180 Lottery staff members located both centrally and remotely at district offices. The LAPS system must incorporate all of the required hardware, software and support for a Local Area Network (LAN) at the Lottery headquarters and provide connectivity to the LGS central system, the Lottery district office in Clifton New Jersey and to the designated business continuity site outlined in RFP Section 3.6.9.

The LAPS system shall be provided with ample growth beyond the initial capacity sizing at startup. The LAPS system must be fault tolerant, redundant, and provide for disaster recovery and business continuity backup capability at the business continuity site (RFP Section 3.6.9).

The contractor must initially install all hardware and the software necessary to support office automation, e-mail, and database management. The contractor shall provide a single point of contact that will be responsible for the following: initial installation, training, operational procedures, implementation, and ongoing support of all hardware and software products.

Most software licensing for the LAPS system should be purchased to provide concurrent use for up to 180 Lottery employees. Version upgrades, patches, fixes and security enhancements, and support must be maintained and provided by the contractor throughout the duration of the initial and all extension contract terms. Software licensing purchase, based on 180 concurrent users, must provide the ability to install the licensed software on an unlimited number of additional servers, as they are needed.

NOTE: The State is identifying its installed base of software (Exhibit 5) because Lottery presently considers the products as part of the New Jersey Department of the Treasury's strategic platform. The State has invested significant financial, human, and technical resources in these various software products. As a result, the State seeks to preserve and capitalize upon its investment. The introduction of competing products would complicate the State's technical architecture which would, in turn, delay and potentially hinder the design, development and implementation of automation initiatives. Finally, the introduction of different platforms would necessitate the addition of technical staff at a time when full-time equivalents (FTEs) cannot be easily justified.

The State wishes to sustain and build critical technical skills supporting its current environment. From a business perspective, capitalizing on the installed base, available human resources, and existing technical interoperability will obtain the maximum return on investment. The State is applying a rationale utilized throughout the private sector for this business and technical decision.

Proposals with alternate platforms from the Lottery's currently installed operating system and other software must include in the Technical Proposal, the required additional training, conversion and overall effort to make this change, and must additionally state the proposed benefit that will accrue to the State from utilization of the alternative platforms.

3.9.2 Lottery IMS (Information Management Services) Overview

The Lottery IMS unit has the day-to-day responsibility for office automation, database management systems, ad hoc reporting, helpdesk support, telephone support, Internet design and support, networked communications, and general technology support to all users at Lottery central headquarters and the Clifton district office. The Lottery IMS staff consists of a manager and seven staff members. They utilize various products running in a Microsoft Windows 2000 environment to provide the necessary IMS support for the Lottery office.

Exhibits 5 and 6 contains the basic system hardware/software configurations of the servers, workstations, laptops and other office automation equipment currently installed at the Lottery headquarters and Clifton district office.

Under the contract resulting from this RFP, the system must support the Lottery's IMS unit in its roles as identified here.

3.9.3 Hardware and Software Requirements

3.9.3.1 Hardware Requirements

The LAPS system shall consist of an Ethernet Local Area Network (LAN) at the Lottery Headquarters in Lawrenceville, with end-user workstations and host/server systems, all (with the exception of the central office LAN wiring and switches), to be provided and maintained by the contractor. The system must be capable of handling the immediate and long-range needs of the Lottery in storing, updating and exchanging information. Workstations, laptops, tablets or PDAs must be delivered with an operating system that is fully compatible with the installed host/server(s). The contractor must also provide a wireless LAN office access capability for workstation and laptop connectivity at Lottery central and District Offices through encrypted secure wireless access points. Further, the contractor must propose a remote access solution utilizing VPN or similar security methods to provide field and office staff remote connectivity.

Each server must be capable of 100%, or more, expandability in CPU processor power, main memory, and disk storage without disrupting ongoing operations. All servers shall be rack mounted, have redundant power supplies, have hot-pluggable hard drives, have an internal DVD drive and select servers should also have a floppy drive.

The server(s) storage must provide either fault tolerant redundancy in hardware components, or be part of a Storage Area Network (SAN) to provide storage scalability, individual component redundancy, and fault tolerance.

The use of "off-the-shelf", commercially and generally available hardware is mandatory. All hardware and equipment must be new, unused, and of the most current design and manufacture. Equipment must be compliant with current electronic technology manufacturing standards and be of current manufacture by the contractor or its suppliers. All hardware models installed must represent the then-current equivalent or better equipment in case a proposed device is phased out or replaced. At the conclusion of the five (5) year term contract, all LAPS hardware and software shall become the property of the State of New Jersey. For reference, the current LAPS hardware configuration is included as Exhibit 6.

Servers:

Qty. Type

1	Primary Domain Controller
1	Backup Domain Controller (File and Print Server)
1	Mail Server
1	Front-End Mail Server
1	Production Database Server
1	Test Database Server
1	PDA Server

Workstations:

The requested quantities of Power, Desktop and Laptop microcomputers consider future Lottery growth. As such, not all the requested hardware is required at startup. A certain number of the units may be requested further into the contract as the need arises. The Lottery requires 80% of these units at contract startup.

45 Power microcomputers with a minimum configuration as follows:

- 3.0 GHz
- 1 GB RAM
- 160 GB Disk Storage, RAID 0
- 10/100 network interface card (NIC)
- 1.44 MB Diskette Drive
- 16x DVD+ RW/R Drive
- 20" Flat Screen LCD Monitor
- Windows 2003 or newer
- Modem (on 5 workstations)
- Speakers
- 802.11g or better wireless Network Interface Card (NIC) on 20 workstations
- Surge protected power strips or stations

125 Desktop microcomputers with a minimum configuration as follows:

- 2.0 GHz
- 768 MB RAM
- 10/100 network interface card (NIC)
- 40 GB Disk Storage
- 1.44 MB Diskette Drive
- DVD / CD Drive
- 17" Flat LCD Monitor
- Windows 2003 or newer
- Modem (on 5 workstations)

- Speakers
- Surge protected power strips or stations

75 Laptop / Tablet microcomputers with a minimum configuration as follows:

- 2.0 GHz WXGA Display
- 512 MB RAM
- 10/100 network interface card (NIC)
- 40 GB Disk Storage
- 1.44 MB Diskette Drive internal or interchangeable
- 16x DVD+ R RW/R Drive
- 15" Flat LCD Monitor
- 802.11g or better internal wireless NIC
- Extra Battery
- Nylon or vinyl case
- Windows 2003 or Pocket PC
- Surge protected power strips or stations

Printers:

Qty.	Type	Specifications
6	Color Laser	7-15 PPM, 1200 X 1200 DPI or better, networked
20	Black/White Laser	45 PPM, 1200 X 1200 DPI or better, networked
1	Color Professional Ink Jet	2880 X 1440 DPI or better, networked
1	Color Large format Ink Jet	600 X 600 DPI or better, prints 24" wide or more, networked

Network Hardware:

Routers: Routers minimally must connect to the contractor's online gaming environment, to the Lottery Clifton District Office and to the business continuity site (RFP Section 3.6.9).

Switch(es) and Wiring: No switches are needed for the LAN at the Lottery Central Office. No wiring is anticipated for the LAN at the Lottery Central Office. Wiring and switches will be needed at the business continuity site, which the contractor must provide.

Wireless Access Point (WAP): One or more WAPs shall be provided by the contractor for wireless network access to the LAN at the Lottery Central Office. WAPs and wireless connectivity shall also be provided for the Lottery's District Office in Clifton and the Lottery office that will be located in the contractor's business continuity site. Any installed WAP must incorporate state-of-art security designs, utilizing tools such as VPN, access authentication, signal range limitation and encryption to prevent any unauthorized access to Lottery or Gaming Systems.

Other:

Backup Tape Drives: The contractor's backup solution for LAPS should include the hardware and software configuration for a high-speed nightly backup of the LAPS data. The Lottery will continue to provide off-site storage of backup media.

Scanning/Imaging: The contractor must provide three (3) high-speed 600 - 1200 DPI, duplex ADF (Automatic Document Feeder), networked document scanners, and ten (10) hand-held bar code scanners with secure wireless connectivity (for Instant Pack inventory).

Docking Station: Docking stations for 20 of the laptops; stations must be equipped with a keyboard, mouse and flat screen LCD.

Desktop Publishing: The contractor must provide two (2) high-performance microcomputers capable of complex computer graphics including advanced digital video production. These microcomputers should have graphic cards capable of handling intense graphics, gaming and multi-media applications.

3.9.3.2 Software Requirements

The contractor must provide a full suite of software to support the LAN; office automation, relational database management, security and virus/spyware/SPAM filtering protection, monitoring and administrative functions, and application software and development tools. The software currently in use by the Lottery is listed in Exhibit 5. The contractor must provide and maintain the most current version of all software and provide a means for the IMS staff to query software license numbers and versions.

As an Invited Option, the bidder may propose to provide the Lottery with the general office productivity software, as identified in Exhibit 5.

3.9.4 LAPS Communication Needs Requirements

The contractor is responsible for Lottery central office WAN connectivity to the Lottery District Office in Clifton, the contractor's network, the Lottery's business continuity site and remote staff access. Further, the contractor is responsible for networking needs at the Lottery LAPS business continuity site as outlined in RFP Section 3.6.9. The contractor shall provide the network routers, configuration and circuits and will be responsible for maintenance and upkeep of this part of the WAN. The contractor must provide network monitoring software, and redundant equipment in case of hardware failures. The Lottery uses a State-provided router, which connects the NJ Lottery data network to the State of New Jersey network (enterprise). The Lottery users' Internet access, WAN e-mail and any access to applications hosted by Treasury will pass through this enterprise router. Although the contractor is not responsible for this part of the WAN, its network design must consider the configuration of this router to the enterprise, to insure secure and efficient co-existence. A network schematic is listed as Exhibit 7, showing the current overall topography of the network which includes Lottery central, the Clifton District Office, the Gaming contractor and the Department of the Treasury.

The Lottery Central LAN, the district office in Clifton, and the district office located at the business continuity site specified in RFP Section 3.6.9 must possess secure LAN wireless capabilities.

3.9.5 LAPS Site Preparation

Any infrastructure improvements, except wiring in the central Lawrenceville Lottery Office, necessary for supporting LAPS in the current technical environment shall be the responsibility of the contractor.

The Lottery currently utilizes for LAPS special HVAC, a backup generator, UPS backup, wiring and raised flooring for the existing Lottery central LAN computer environment. The Lottery will continue to provide adequate UPS, HVAC and generator backup for all installed systems and components in the central Lottery office. An equivalent capability must be provided by the contractor, at the business continuity site (3.6.9).

3.9.6 LAPS Contractor Interfaces

The contractor shall provide an electronic method of file and information transfer from its LGS central system to the Lottery LAPS. A description of the required files can be found in Exhibit 8.

3.9.7 *LAPS Ongoing Maintenance and System Support*

The contractor will be required to provide one (1) full-time equivalent (FTE) for on-site support for high level system administration and network support for the LAPS technical environment. This support shall commence with the installation and acceptance of the initial LAPS system and will continue throughout the contract. The contractor must provide problem acknowledgement within one (1) business day and status thereafter of the proposed resolution to identified problems.

The contractor shall be responsible for all hardware and software license and maintenance agreements, and will provide a single point of contact for all routine system upgrades, repairs and maintenance; and for all system failures.

The contractor must provide all system documentation for products supplied to the Lottery. This includes:

- End User non-technical Manuals (on CD)
- Technical/Systems Documentation (on CD)
- Operations and Systems Administration Manuals (on CD)

3.9.8 *LAPS Training*

The contractor must provide detailed and fully comprehensive training, covering administration/operations support, networking and office automation administration. The training plan must ensure proper operations and usage of all facets of the system. Any combination of in-house and external classes can be part of the training plan. The plan must list the recommended courses (in-state) for IMS staff as well as end users. The plan must provide locations, course duration, and dates. External classes should be industry-certified when possible and must include training for three (3) persons for each software product, including:

- Local and wide area networking
- System management and administration
- Database administration
- Design and development tools
- Office automation tools
- Electronic mail product
- All software proposed by the bidder.

3.9.9 *LAPS Implementation Plan*

The contractor must provide an implementation plan that will cover at a minimum:

- Installation of system hardware components.
- Re-design and installation of the Lottery central and remote LAN/WAN communications
- Installation and testing of the operating software
- Training
- Schedule of Events including;
 - manpower required (resource loading),
 - dependencies
 - critical paths,
 - timeframes for completion of tasks,
 - and test acceptance plan.

The implementation plan must specify the activities to be performed in each task and include the number of the contractor's staff assigned to the project and the amount of time and scope of effort that the contractor anticipates these people to be available.

The implementation plan must also specify work effort of any Lottery staff involved in each task.

3.9.10 LAPS System Recovery

The contractor must specify a LAPS recovery plan in their response to this RFP, which will describe the procedures to be followed in order to:

- Recognize and alert in the event of system failures
- Avoid data corruption and loss
- Perform routine daily backup procedures
- Perform restoration procedures

Recovery procedures training for the Lottery administrative and operations staff that will be supporting the LAPS must be included as part of the training plan submitted with the proposal.

3.9.11 Disaster Recovery

The contractor must provide disaster recovery for the LAPS systems required by this contract as specified in Section 3.6.9.

The contractor must provide disaster recovery procedures and a contingency plan to maintain the operation of LAPS. This plan must include the method for Lottery to authorize and switch control of the database and files running at the central office to the remote site referenced in Section 3.6.9 of this RFP.

Descriptions of Lottery mission-critical applications can be found in Exhibit 4.

3.9.12 Acceptance Testing

The contractor must insure that the hardware configuration and software is provided, installed, configured, tested and run in a parallel mode prior to start of the contract.

The contractor must provide and support a comprehensive acceptance test of the entire LAPS environment. This test, and demonstration to Lottery, must include, at a minimum, the LAPS LAN/WAN operating environment; all office automation features including calendaring and e-mail, application functionality and back-up system viability.

The contractor must prepare an acceptance test script and plan for Lottery approval prior to execution of the acceptance test sessions. The Lottery will conduct or oversee the acceptance test.

3.9.13 Contractor LAPS Project Management

The contractor must designate a Project Manager to assume total project responsibility and serve as the primary point of contact for the LAPS configuration, installation, migration and testing phases. It is mandatory that the proposed Project Manager have experience managing a project of comparable size and scope.

The contractor Project Manager shall meet on a biweekly basis with the State Contract Manager. These meetings will be held for the purpose of reviewing the progress of the project and clarifying issues. The contractor Project Manager must provide standard management and status reports including:

- List of tasks and deliverables with target completion dates,
- Accounting of staff resources and time,
- Problems encountered and proposed solutions.

3.10 Audit Requirements

The contractor must meet specific auditing obligations:

- a. The contractor shall have a complete corporate financial audit conducted annually, at its own expense. The audit must follow generally accepted auditing standards (GAAS). A copy of the contractor's certified financial statements shall be provided within one quarter after the close of the contractor's fiscal year.
- b. The contractor shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K reports (or the appropriate non-U.S. equivalent) as they are issued, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended.
- c. A third-party review of the contractor's New Jersey operations must also be conducted annually. This audit shall be a Statement on Auditing Standards (SAS) 70 Audit or the then-current equivalent, and shall be paid for by the contractor. For this review, the contractor shall suggest, for the Lottery's approval, the firm(s) to perform the work. All financial aspects shall be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants. Annual audits shall occur and be reported to the Lottery within one quarter after the close of the State's fiscal year (July 1st through June 30th). The first audit shall cover a partial year ending with the State's fiscal year.

3.11 Winning Ticket Liability

The contractor shall be liable for all winning tickets issued by the contractor's system and presented for redemption, which are not identified as valid, winning, saleable tickets on the internal control system files furnished to the Lottery by the contractor.

3.12 Security Violation Reporting

The contractor shall immediately report any security procedural violation, violation of law (e.g., theft), or disappearance of any playslips, instant tickets, online ticket stock, validation files, or other equipment, software or material used or to be used in the performance of this contract. The report shall be delivered personally or by telephone within one (1) hour of the discovery of the incident, followed by a letter addressed to the State Contract Manager.

3.12.1 Security Information Updates

The contractor shall report any change in, addition to, or deletion from, the information disclosed to the Lottery. The report shall be in the form of a letter addressed to the Lottery and shall be delivered to the State Contract Manager within thirty (30) days of the effective date of the change, addition, or deletion.

3.13 Performance Standards

The following table defines the State's performance standards for the contract and the liquidated damages that may be triggered should the State's standards not be met.

Standard	Liquidated Damage
System Installation The contractor shall complete all installation preparations as required, complete system testing to the Lottery's satisfaction, pass Lottery acceptance testing, comply with all other contractual requirements in effect during the implementation period, and achieve readiness for production operations.	<ol style="list-style-type: none">a. Readiness for Start of Lottery Acceptance Testing. Up to one thousand dollars (\$1,000) per day, beginning one hundred twenty (120) days prior to the Contract-agreed production start-up date.b. Successful Completion of Lottery Acceptance Testing. Up to ten thousand dollars (\$10,000) per day beginning thirty (30) days prior to the

Standard	Liquidated Damage
	<p>contract-agreed production start-up date, when such delay is caused by unresolved errors and issues encountered in acceptance testing.</p> <p>c. Production Operations. Up to one million dollars (\$1,000,000) per day beginning with the Contract-agreed production start-up date.</p> <p>d. Missing Deliverables. Up to five hundred dollars (\$500) per day for each and every failure to provide a deliverable, meet a requirement, or resolve an acceptance test problem pursuant to the agreed-upon project schedule until such is provided or performed.</p>
<p><i>Terminal Provisioning: Moves, Adds, Changes</i> The contractor shall install and move terminals in accordance with the provisioning schedules that are agreed to by the contractor and the Lottery.</p>	<p>In the event that the contractor fails to install a new terminal, move a retailer terminal to new premises, or conduct an inside move for a retailer on the agreed-upon schedule, or remove a decommissioned terminal and associated components, the Lottery may impose liquidated damages of up to six hundred dollars (\$600) per day per terminal, or prorated fraction thereof, until provisioning is complete.</p>
<p><i>Central Computer Downtime</i> The central computer shall be defined as “down” if saleable tickets cannot be issued, tickets cannot be canceled (under the allowed conditions), or winning tickets cannot be validated during the operational sales period each day. The total time during which the central computer is down during the day shall be the sum of all time during such operational sales period when the central computer is “down.”</p>	<p>In the event that the central computer has been down, the Lottery may impose liquidated damages as a result of the total time during each daily operational sale period that the central computer system is down, except for the first three (3) minutes, according to the following schedule:</p> <p>a. Liquidated damages in an amount up to six thousand dollars (\$6,000) may be assessed for each one (1) minute of system downtime, or fraction thereof, which occurs during the twelve (12) hour period between eleven 11:00 a.m. and 11:00 p.m.</p> <p>b. Liquidated damages in an amount up to two thousand five hundred dollars (\$2,500) may be assessed for each minute of system downtime, or fraction thereof, which occurs at any time other than the time period specified in the prior paragraph.</p> <p>In the event that two (2) downtime incidents in excess of three (3) minutes each have already occurred in a business week, the grace period of three (3) minutes shall be rescinded, and liquidated damages shall begin immediately with any subsequent outage in that week.</p>
<p><i>Central System Degraded Performance</i> The central system shall evidence “degraded performance” no more than three (3) minutes during the operational sales period on any day. The central computer system shall be considered as having degraded performance when:</p> <p>a. Retailer terminals on average exceed the response time requirements, or the System is incapable of meeting the throughput specifications provided in this</p>	<p>In the event that the central system has “degraded performance” that collectively exceeds three (3) minutes per day, the Lottery may impose liquidated damages as a result of the total time during each daily operational sale period that the central system is “degraded”, except for the first three (3) minutes, according to the following schedule:</p> <p>a. Liquidated damages in an amount up to one thousand two hundred dollars (\$1,200) may be assessed for each one (1) minute period, or fraction thereof, of “degraded performance”</p>

Standard	Liquidated Damage
<p>RFP;</p> <p>b. System can process transactions from less than 95% of the installed and operational terminals;</p> <p>c. System can process transactions from all terminals, but not for all gaming products and retailer-related activities;</p> <p>d. Transactions are not logged to at least two (2) local systems, one (1) remote system, and the Lottery's ICS transaction logger upon the issuance of a ticket; or</p> <p>e. Critical functions of System management and administration cannot be conducted by the management terminals.</p>	<p>during the twelve (12) hour period between eleven 11:00 a.m. and 11:00 p.m.</p> <p>b. Liquidated damages in an amount up to four thousand-two hundred dollars (\$4,200) may be assessed for each one (1) minute period, or fraction thereof, of "degraded performance" during the twelve (12) hour period between eleven 11:00 a.m. and 11:00 p.m. on day(s) when New Jersey Lotto and Mega Millions drawings are held.</p> <p>c. Liquidated damages in an amount up to five hundred dollars (\$500) may be assessed for each one (1) minute period, or fraction thereof, of "degraded performance" during any day's sales period, which occurs at any time other than the period specified in the two (2) prior paragraphs. In the event that two (2) degraded performance incidents in excess of three (3) minutes each have occurred in a business week, the grace period of three (3) minutes shall be rescinded, and liquidated damages shall begin immediately with a subsequent degraded performance incident in that week.</p>
<p><i>Timely and Accurate Reports</i> The contractor shall produce and deliver timely, sufficient and accurate management reports within the specified time frames, as categorized and approved in writing by the Lottery. The time schedule shall also determine a cure period for the delivery of late, incomplete, or incorrect reports. Reports will be categorized into two groups, Group A and Group B, according to time criticality and schedules and the liquidated damages will reflect that.</p>	<p>For each late, insufficient, or inaccurate report in Group A, once the approved cure period has passed, the Lottery may impose liquidated damages up to one thousand dollars (\$1,000) per day, or pro-rated fraction thereof, per report, until the report is provided, made sufficient or corrected.</p> <p>For each late, insufficient, or inaccurate report in Group B, once the approved cure period has passed, the Lottery may impose liquidated damages up to one hundred dollars (\$100) per day, or pro-rated fraction thereof, per report, until the report is provided, made sufficient or corrected.</p>
<p><i>Timely and Accurate Files</i> The contractor shall produce and deliver timely, sufficient and accurate files within the specified time frames, as categorized and approved in writing by the Lottery. The time schedule shall also determine a cure period for the delivery of late, incomplete, or incorrect files. Files will be categorized into groups, after the contract is awarded and upon mutual agreement of the State and the contractor, according to time criticality, and schedules and liquidated damages will reflect that.</p>	<p>For each late, insufficient, or inaccurate file in Group A, once the approved cure period has passed, the Lottery may impose liquidated damages up to one thousand dollars (\$1,000) per minute, or pro-rated fraction thereof, per file, until the file is provided, made sufficient or corrected. Group A will consist of files needed to conduct a drawing, and without which a drawing will be delayed.</p> <p>For each late, insufficient, or inaccurate file in Group B, once the approved cure period has passed, the Lottery may impose liquidated damages up to five thousand dollars (\$5,000) per hour, or pro-rated fraction thereof, per report, until the file is provided, made sufficient or corrected. Group B will consist of time-sensitive files, such as (but not limited to) those needed for the Electronic Funds Transfer (EFT) process.</p> <p>For each late, insufficient, or inaccurate file in Group C (all other or remaining files not captured in Groups A or B), once the approved cure period has passed,</p>

Standard	Liquidated Damage
	the Lottery may impose liquidated damages up to one hundred dollars (\$100) per hour, or pro-rated fraction thereof, per report, until the file is provided, made sufficient or corrected.
<p><i>Terminal Repair</i> The contractor shall ensure that “non-operational” terminals are repaired or replaced and operational within ninety (90) minutes of notification of a non-operational condition. (Repairs are required only during gaming operating hours.) A retailer terminal is considered non-operational if tickets cannot be sold or canceled (under allowable conditions) or validations cannot be performed.</p> <p>For less critical failures that do not render the terminal non-operational as defined above (e.g., the terminal’s advertising display is out of service), the contractor has twenty-four (24) hours to complete a repair from the time of notice by the retailer.</p> <p>The determination whether a terminal is non-operational due to a telecommunications carrier failure or to a failure of the contractor’s products or services will be made by the Lottery.</p>	<p>If there has been maintenance delay beyond the allowable ninety (90) minutes for non-operational terminals, the Lottery may impose liquidated damages up to one hundred twenty dollars (\$120) per terminal per hour or pro-rated fraction thereof, excluding gaming system non-operating hours.</p> <p>For terminals with other, less critical failures, the Lottery may impose liquidated damages up to one hundred dollars (\$100) per day or pro-rated fraction thereof, until a repair has been completed.</p> <p>For chronic failures applying to individual retailers, in which the retailer terminal has failed and required a dispatch three (3) times in anyone (1) month, the Lottery may impose a charge up to five hundred dollars (\$500).</p>
<p><i>Terminal Preventive Maintenance</i> The contractor and the Lottery shall agree on a preventive maintenance cycle for retailer terminals. Such attention tendered to retailer terminals helps ensure that failures are minimized and do not become “chronic.” The contractor failure to maintain the preventive maintenance schedule shall be subject to liquidated damages.</p>	<p>If for a retailer terminal there has been a delay in scheduled preventive maintenance for ten (10) business days beyond the agreed-upon maintenance cycle, then the Lottery may impose liquidated damages up to one hundred dollars (\$100) per day until the condition is rectified.</p>
<p><i>Failure to Modify Existing Online Games or to Install Additional Games</i> The contractor shall modify existing games or install additional games and their supporting controls within ninety (90) days from delivery of an approved set of game specifications, unless an extension is authorized in writing by the Lottery. In addition, the contractor change must complete an acceptance test and receive the Lottery’s written approval, within the period specified.</p>	<p>The Lottery may impose liquidated damages up to one hundred fifty thousand dollars (\$150,000) per day that the modified or additional game is not installed. The contractor is not obligated to pay liquidated damages if the Lottery opts to release the change later than the agreed-upon schedule.</p>
<p><i>Failure to Produce an Administrative Software Change</i> The contractor shall modify or add software to produce reports, screen displays, inquiries, and other administrative applications within sixty (60) days from delivery of an approved set of change specifications, unless an extension is authorized in writing by the Lottery. The contractor change must</p>	<p>The Lottery may impose liquidated damages up to one thousand dollars (\$1,000) per day that the modified or additional software is not installed.</p>

Standard	Liquidated Damage
complete an acceptance test and receive the Lottery's written approval, within the period specified.	
<p><i>Failure to Support an Instant Ticket Game</i> The system must handle instant ticket transactions and produce reports for all games ordered by the Lottery from its instant ticket supplier(s).</p>	The Lottery may impose liquidated damages of up to ten thousand dollars (\$10,000) per day for any instant games for which the contractor does not provide timely and/or correct instant ticket transaction handling and reporting.
<p><i>Failure to Distribute and Deliver an Instant Ticket Game</i> The instant ticket distribution system must provide for the packaging of ticket orders on the same day an order is received and delivery to retailers of packaged ticket orders by the end of the next scheduled delivery day.</p>	The Lottery may impose liquidated damages of up to \$90 for each occurrence of a failure to process ticket orders received and deliver packaged ticket orders within two (2) days of the next scheduled delivery day after release for delivery. The \$90 liquidated damages may be imposed each day thereafter for each day the ticket order is late.
<p><i>Unauthorized Software/Hardware Modifications</i> The contractor shall not modify any software or hardware without the prior written consent of the Lottery.</p>	If the contractor modifies any software or hardware without the prior written approval of the Lottery, the Lottery may issue a written order that the change or modification be removed and the system restored to its previous operating state at the contractor's expense. "Modification" does not include replacement of a system component with an essentially similar component in the event of necessary maintenance. Further, the Lottery may impose liquidated damages up to twenty-five thousand dollars (\$25,000) per violation in addition to any other damages that may occur as a result of such unauthorized modification.
<p><i>Unauthorized Access</i> The contractor shall preclude personnel not authorized by the Lottery from accessing the New Jersey gaming system computer facilities, the computerized systems, and any gaming system data or software.</p>	If the contractor fails to preclude access by unauthorized personnel, the Lottery may impose liquidated damages up to twenty-five thousand dollars (\$25,000) for each person and for each incident, which permits access by an unauthorized person.
<p><i>Supply Shortage</i> The contractor shall furnish retailer supplies including, but not limited to, online ticket stock, playslips, ribbons, paper stock, and any essential supplies and consumables for all games (not including instant tickets, break-open tickets, nor point-of-sale advertising materials).</p>	In the event that retailers become unable to sell or validate tickets due to the contractor's failure to provide adequate supplies, the Lottery may impose liquidated damages, on a daily basis, up to one million dollars (\$1,000,000) multiplied by the percentage of the retailer network disadvantaged by the contractor's failure to provide supplies.
<p><i>Failure to Report Incidents</i> It will be the responsibility of the contractor to immediately report all significant incidents related to the operation of the gaming system. The immediate reporting shall be delivered personally or by telephone within one (1) hour of the discovery of the incident, followed by a letter addressed to the State Contract Manager within twenty-four (24) hours of the incident. All written reports and notifications may be sent by courier or faxed directly to the State Contract Manager. At a minimum, each</p>	In the event that the contractor fails to report incidents as required by this RFP, the Lottery may impose liquidated damages up to one thousand dollars (\$1,000) per day (pertaining to written notification) or per hour (pertaining to oral notification), or prorated fraction thereof, until an incident is correctly reported.

Standard	Liquidated Damage
<p>of the following types of events shall require a written report:</p> <ul style="list-style-type: none"> a. System takeovers; b. Major communications failures; c. Significant operator errors; d. Out of balance conditions; e. Emergency software or hardware changes; g. Security violations; h. Distribution of unauthorized information via the Lottery network; or i. Any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of the Lottery. 	
<p><i>Failure to Comply</i> The contractor is required to comply with all commitments of the contract. If the contractor should fail to provide products, services, data, or documents as obligated thereby, the Lottery may invoke liquidated damages where not otherwise addressed in this section on liquidated damages.</p>	<p>In the event that the contractor fails to provide an obligated product, service, data, or document, the Lottery may impose liquidated damages up to five hundred dollars (\$500) per day or per incident (at the Lottery's discretion) until the condition is rectified.</p>
<p><i>Communications Network Outage</i> The communication network provided by the contractor shall be subject to liquidated damages for outages or severe degradation (rendering retailers unable to conduct ordinary business) when the difficulty is the result of certain contractor failures, as enumerated below:</p> <ul style="list-style-type: none"> a. Failure of contractor staff to correctly carry out their established duties in supporting or administering the network. b. Failure of a protectively redundant network element to engage when needed as a result of the contractor failing to prepare or maintain the element in a state of readiness. <p>This liquidated damage does not apply for single failure scenarios that affect communications to less than 20% of the retailer network (e.g., not to a single retailer or a "master leg" of several retailers).</p>	<p>In the event that the network in whole or in part experiences an outage or severe degradation that extends beyond eight (8) hours, then liquidated damages may be assessed at the rate of ten dollars (\$10) per hour, or portion thereof, per terminal affected.</p>
<p><i>ITVM Repair</i> The contractor shall insure that a non-operational ITVM is repaired or replaced within 72 hours of notification of a non-operational condition. An ITVM is considered non-operational if it does not perform any of its designed required functions of issuing tickets, accepting currency, dispensing selected tickets correctly, refunding or not accepting money on out-of -ticket conditions, advertising display not functioning, or any</p>	<p>If there has been maintenance delay beyond the allowable 72 hours for non-operational ITVMs, the Lottery may impose liquidated damages up to (\$100) per terminal per hour or pro-rated fraction thereof, until a repair, or replacement has been completed. For chronic failures applying to individual retailers, in which the retailers ITVM has failed and required a dispatch three (3) times in any one (1) month, the Lottery may impose an additional charge of up to five hundred dollars (\$500).</p>

Standard	Liquidated Damage
network connectivity failure.	

3.13.1 *Liquidated Damages for Non-Compliance with Performance Standards*

The performance standards and remedies listed above do not preclude the use of any other remedy provided by the contract or applicable law; however, the State agrees to invoke the liquidated damages as its first avenue in seeking to resolve performance deficiencies. The State's decision not to invoke the liquidated damages in any instance of performance deficiency shall not be deemed to be a waiver of the State's right to invoke the liquidated damages in any other instance.

Liquidated damages may continue to accrue until the State, in its sole discretion, ascertains the contractor has fully complied with the performance standards and that such compliance will continue. Upon determining the contractor has fully complied and will continue to comply with performance standards, the State shall promptly discontinue charging liquidated damages to the contractor.

3.14 Production-Ready Acceptance Test

The Lottery will conduct a series of acceptance tests to determine if the contractor's installation meets all of the required specifications of the contract, and working papers developed jointly by the contractor and the Lottery. The contractor's assistance in arranging these tests is obligatory.

The Lottery will not consider system components ready for Lottery acceptance testing while still under development by the contractor, or still subject to quality assurance verification by the contractor.

Acceptance testing must include parallel testing, during which transaction log data from past business days is re-processed by the new system to show that all transactions have been handled properly, and that reports are correct and balance as appropriate.

All defects discovered during acceptance testing must be corrected in a timely manner by the contractor, for re-testing. If the software is shown to contain such number of defects as to render the system un-testable in a practical sense and their remedy is untimely, the Lottery reserves the right to halt acceptance testing until the system is corrected and testable in a practical sense once again. Acceptance testing halts may lead to delays in system delivery and subsequent liquidated damages for the contractor.

The Lottery, at its sole discretion, will determine whether performance against the acceptance tests is adequate, and whether conversion can proceed to production as scheduled. Passing an acceptance test does not relieve the contractor from the obligation to continue to meet all required specifications of the contract. Failure to pass these acceptance tests may result in the contractor having to make corrections, delay conversion, pay liquidated damages, or pay up to the full amount of the Performance Bond.

3.15 Equipment and Software Corrections and Upgrades

The contractor's services shall include:

- a. Fixes to all software and hardware errors and design defects; and improved versions of the hardware and software to sustain performance or correct performance problems, to otherwise meet or continue to meet contract obligations.
- b. Maintaining hardware and software elements with "supported releases" from the contractor and suppliers. At the time the contractor is notified by a supplier that a release is scheduled to have support dropped, it is the contractor's obligation to acquire and install an appropriate upgrade (with the Lottery's prior approval).

- c. Equipment and software changes necessary simply to support increased volumes of transactions from the then-current retailer complement, which must be included in the base price for the system.
- d. All software changes for scheduled administrative reports, ad hoc reports, screen displays, processing options, and other features required for Lottery to manage the system, meet reporting obligations, and respond to new business needs or rules.
- e. All software for game enhancements, game options, promotions, and new games.

All changes and/or variations from the designs and specifications of the contract or signed-off working papers must be approved in writing by the Lottery prior to installation or implementation.

3.16 Management of Software and Documentation

Before the system is placed in production, delivery to the Lottery or to a Lottery-approved escrow agent is required of a complete set of the contractor's software source programs, program object code, operations manuals, service manuals, written procedures, and any such other materials necessary for the Lottery to operate LGS. The software source and object programs, and documentation, can be delivered on mutually agreeable media. Installation packages for third party software products licensed by the contractor must be included. These materials will allow the Lottery to (i) continue operations in the event the contractor becomes unable to perform, and (ii) confirm that only authorized software and procedures are employed with the system. In this regard, access by the Lottery to the escrow (if escrowed) shall be at the Lottery's discretion for auditing its contents, or for preparation to assume operations of the system.

As system changes are implemented, both the change and change documentation shall be provided to the Lottery (or escrow) to continue the Lottery's protection. Changes to the Lottery's (escrow's) copy of these materials must be completed within one (1) week of installation in production operations.

3.17 Exclusive Use of the Transaction Processing Systems

Use of the contractor's hardware and software configuration that processes ticket transactions for the New Jersey Lottery must be exclusive to the Lottery. Transactions from other sources shall not be commingled with the gaming transactions of the New Jersey Lottery.

3.18 Attachment of Third-Party Systems, Terminals or Products

The Lottery reserves the right to attach to the LGS, or otherwise install, terminals, terminal peripherals, games, software, products, or systems other than those required by the contract resulting from this RFP.

The contractor is required to supply to the Lottery interface specifications to permit other products to carry out all functions and capabilities desired by the Lottery. The contractor shall provide support to the Lottery in conducting future procurements for such products including providing facilities and support to allow other bidders to attach or install and test products during the evaluation process. The Lottery will monitor progress to ensure full cooperation.

3.19 Ticket Purchase and Prize Payment Restrictions

Restrictions apply to the purchase of tickets and payment of prizes regarding individuals related to the contractor or the contractor's subcontractor(s). No officer, employee, or immediate supervisor of such employee, or relative living in the same household as these individuals shall purchase a New Jersey Lottery ticket or be paid a prize in any New Jersey Lottery game if (i) they conduct duties directly pursuant to the contract; or (ii) they have access to information made confidential by the Lottery. The contractor shall ensure that this requirement is made known to each affected individual and shall provide to the Lottery a list of affected officers and employees.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 General

The bidder must follow instructions contained in this RFP and in the bid cover sheet in preparing and submitting its bid proposal. The bidder is advised to thoroughly read and follow all instructions. The information required in response to this RFP has been determined to be essential in the bid evaluation and contract award process. Any qualifying statements made by the bidder to the RFP's requirements could result in a determination that the bidder's proposal is materially non-responsive. The State reserves the right to request that a bidder withdraw non-technical exceptions to the State's Terms and Conditions. The State shall not exercise this right with respect to any technically non-conforming proposal. Each bidder is given wide latitude in the degree of detail it elects to offer or the extent to which plans, designs, systems, processes and procedures are revealed. Each bidder is cautioned, however, that insufficient detail may result in a determination that the bid proposal is materially non-responsive or, in the alternative, may result in a low technical score being given to the bid proposal.

4.2 Proposal Delivery and Identification

In order to be considered, a bid proposal must arrive at the Purchase Bureau in accordance with the instructions on the RFP cover sheet. Bidders submitting proposals are cautioned to allow adequate delivery time to ensure timely delivery of proposals. State regulation mandates that late bid proposals are ineligible for consideration. **THE EXTERIOR OF ALL BID RESPONSE PACKAGES MUST BE LABELED WITH THE BID IDENTIFICATION NUMBER, FINAL BID OPENING DATE AND THE BUYER'S NAME. All of this information is set forth at the top of the RFP cover sheet ([page 3 of the RFP](#)).**

4.3 Number of Bid Proposal Copies

The bidder must submit twelve (12) full, complete, and exact copies of the original proposal and two (2) full, complete, and exact ELECTRONIC copies of the original proposal on compact disk (CD). The copies of the proposal on CD must in PDF file format to be viewable by State evaluators using Adobe Acrobat Reader software. Bidders failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 Proposal Content

The bid proposal should be submitted in one volume and that volume divided into three (3) sections as follows:

- Section 1 - Forms (Section 4.4.1)
- Section 2 - Technical Proposal (Section 4.4.2)
- Section 3 - Organizational Support and Experience (Section 4.4.3)

The following table describes the format of the bid proposal that should be prepared with tabs (separators), and the content of the material located behind each tab.

VOLUME	TAB	CONTENTS	RFP SECTION REFERENCE	COMMENTS
I	1	Forms	Cover sheet	Completed and signed cover sheet (Page 3 of this RFP)
			4.4.1.1	Ownership Disclosure Form (Attachment 1)

VOLUME	TAB	CONTENTS	RFP SECTION REFERENCE	COMMENTS
			4.4.1.2	MacBride Principles Certification (Attachment 2)
			4.4.1.3	Affirmative Action Employee Information Report or New Jersey Affirmative Action Certificate (Attachment 3)
			4.4.1.4 and 1.1 of the Standard Terms & Conditions	Business Registration from Division of Revenue
			4.4.1.6	Notice of Intent to Subcontract Form and Subcontractor Utilization Plan (Attachment 4)
			4.4.1.7	Bid Bond
			5.29	Litigation Bond
	2	Technical Proposal	4.4.2.1	Management Overview
			4.4.2.2	Potential Problems
			4.4.2.3	Detailed Technical Response
			4.4.2.4	Requirements Matrix
	3	Organizational Support and Experience Proposal	4.4.3.1	Location
			4.4.3.2	Organization Chart (Contract Specific)
			4.4.3.3	Resumes
			4.4.3.4	Backup Staff
			4.4.3.5	Organization Chart (Entire Firm)
			4.4.3.6	Experience of Bidder on Contracts of Similar Size and Scope
			4.4.3.7	Corporate Depth
			4.4.3.8	Financial Capability of the Bidder
			4.4.3.9	Subcontractor(s)
4.4.3.10			Disclosure of Investigations/Actions Involving Bidder	

The Cost Proposal (per RFP Section 4.4.4) must be separately packaged and sealed.

VOLUME	TAB	CONTENTS	RFP SECTION REFERENCE	COMMENTS
II	1	Cost Proposal	4.4.4	Price Schedules (Attachment 5)
	2	Assumptions	n/a	List all assumptions upon which the bidder predicated its solution and bid

The bidder's response shall contain no web site references or URLs. Because web material is dynamic and potentially changing at any given time, a bid response shall not refer to a web site's potentially changing content.

4.4.1 Section 1 – Forms

4.4.1.1 Ownership Disclosure Form

In the event the bidder is a corporation or partnership, the bidder must complete the attached Ownership Disclosure Form. A completed Ownership Disclosure Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of the contract.

The Ownership Disclosure Form is attached as [Attachment 1](#) to this RFP.

4.4.1.2 MacBride Principles Certification

The bidder must complete the attached MacBride Principles Certification evidencing compliance with the MacBride Principles. Failure to do so may result in the award of the contract to another vendor.

The MacBride Principles Certification Form is attached as [Attachment 2](#) to this RFP

4.4.1.3 Affirmative Action

The bidder must complete the attached Affirmative Action Employee Information Report, or, in the alternative, supply either a New Jersey Affirmative Action Certificate or evidence that the bidder is operating under a federally approved or sanctioned affirmative action program. The requirement is a precondition to entering into a valid and binding contract.

The Affirmative Action Forms are attached as [Attachment 3](#) to this RFP.

4.4.1.4 Business Registration Certificate from the Division of Revenue

FAILURE TO SUBMIT A COPY OF THE BIDDER'S BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) FROM THE DIVISION OF REVENUE WITH THE BID PROPOSAL MAY BE CAUSE FOR REJECTION OF THE BID PROPOSAL.

The bidder may go to www.nj.gov/njbgs to register with the Division of Revenue or to obtain a copy of an existing Business Registration Certificate.

Refer to Appendix 1, Section 1.1 of the Standard Terms and Conditions and Section 5.3 of this RFP for additional information concerning this requirement.

4.4.1.5 Executive Order 134

Refer to Section 5.28 of this RFP for more details concerning this requirement.

4.4.1.6 Set-Aside Contracts

This is a contract with set-aside subcontracting goals for Small Businesses. **All bidders** must include in their bid proposal a completed and signed **Notice of Intent to Subcontract** form (Attachment 7). Bidders intending to utilize subcontractors **must** also include a completed and signed **Subcontractor Utilization Plan form** (Attachment 7). Failure to submit the required forms shall result in a determination that the bid is materially non-responsive. Bidders seeking eligible small businesses should contact the New Jersey Commerce and Economic Growth Commission at (609) 292-2146.

4.4.1.7 Bid Bond

This section supplements [Section 3.3a of the Standard Terms and Conditions](#). The amount of the bid bond is noted on the RFP cover sheet ([page 3 of this RFP](#)). The bid bond must be submitted with the bidder's proposal. In the event the bidder has an annual bid bond on file with the Purchase Bureau, the bidder should so note in the appropriate box on the RFP cover sheet.

4.4.2 Section 2 – Technical Proposal

In this section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work Section, i.e., Section 3.0. The bidder must set forth its understanding of the requirements of this RFP and its ability to successfully complete the contract. This section of the bid proposal must contain at least the following information:

4.4.2.1 Management Overview

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative should convince the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should convince the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Prior to the detailed technical response in Part 3 of the bid response, the bidder must provide the following summary level responses to the State's Scope of Work (RFP Section 3):

- a. *Overview.* Describe LGS in one or two paragraphs and include a summary of key points.
- b. *Flexibility of the System.* The bidder should provide a discussion, supported by the responses elsewhere for Part 3, making clear how LGS is flexible and can grow, and can be tailored to the business needs and rules of the New Jersey Lottery. Flexibility and adaptability are critical as the gaming environment can be expected to evolve over the course of the contract.
- c. *Certified Equipment.* The bidder should submit evidence that the proposed equipment has been inspected for safety and approved by a reputable testing laboratory, and that all proposed equipment is in compliance with FCC regulations suitable for devices of the types proposed. Alternatively, if the devices proposed are new models, and not yet inspected and/or certified, the bidder must commit to providing a document showing certification as of the contract signing.
- d. *New Equipment.* The bidder must propose only new and unused transaction processing computers, networking equipment, retailer terminals, diagnostic equipment, LAPS equipment, etc.

4.4.2.2 Potential Problems

The bidder should set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder should provide its proposed solution.

4.4.2.3 Detailed Technical Response

The bid response must include a response to the State's Scope of Work (Section 3) and all of its subsections, specifically each mandatory requirement, i.e., "must" or "shall" statement. All of the mandatory requirements from Section 3 are contained in Exhibit 9.

In addition to responding to the mandatory requirements, the bid response must also include in its bid response the items identified below.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to convince the State that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's bid proposal will lead to successful contract completion.

Configuration block diagrams, down to the component level of the proposed system, must be submitted with the bid proposal. Each hardware and software item must be identified by manufacturer, product name, and model number, as applicable. For software, version number, release date, and maintenance level numbers must be provided.

Section Reference	Bid Response Requirement
3.1	Any deviations from the suppliers' standard hardware and software products must be disclosed and an explanation provided.
3.1.1(c)	The bid proposal must discuss a typical failure scenario and describe the procedures that operators would use for corrections.
3.1.4	As part of its bid proposal, the bidder must itemize the hardware and software included in the ICS configuration, and provide a configuration diagram.
3.2.1.2(a)	The bidder shall list the dimensions and weight of the proposed terminal.
3.2.1.2(c)	The bidder should describe such capability of the system to record specific activities or information supplied by the SR and whether such information is retrievable by a report or query from the retailer terminal or management terminal.
3.2.1.2(d)(6)	Security features of the bidder's ticket stock shall be described in the proposal. The bidder must include one (1) roll of sample ticket stock and 100 printed sample tickets with its proposal.
3.2.1.2(g)	The bid proposal shall describe the bidder's approach to display design to ensure utility and productivity for the user. Examples should be provided in the proposal to depict selling a ticket and conducting a promotion.
3.2.1.2(h)(4)	The bidder shall describe the speed and manner for which the reader is capable of processing playslips.
3.2.1.2(i)	The bid proposal should describe the algorithms and/or mechanisms employed in the System to ensure that the random number generator produces random outcomes.
3.2.1.2(n)	The bidder must submit a listing of all such indicators and operator messages available.
3.2.1.2(o)(1)	The bid proposal shall describe how this condition is handled.
3.2.1.2(p)	The bidder must describe the terminal's capability to provide interfaces both for current and future needs.
3.2.1.2(q)	The bidder shall describe how the terminal is suitable for the conditions of New Jersey retailer location.
3.2.1.2(s)	If terminal memory can be upgraded from the proposed amount, the bidder must describe this capability.
3.2.1.2(t)	The bidder must identify whether the color is a coating painted on or otherwise applied to the surface, or molded throughout the casework. The bidder should also identify the capability to provide custom colors for the casework.
3.2.1.3(a)	The bidder must propose a player advertising display for each online retailer location. The bidder can describe in its proposal any mounting alternatives or mounting hardware options.
3.2.1.3(f)	The bidder should describe any ability it currently has to facilitate electronic play slips/gift cards or any other functionality that could be achieved through the use of electronic play slips. The bidder should also list locations in North America, if any, where such devices provided by the bidder or the bidder's supplier, are currently being used.

Section Reference	Bid Response Requirement
3.2.1.3(g)	The bidder should address how the device would be powered and configured to receive data transferred from the store's gaming terminal. The bidder should also list locations in North America, if any, where devices provided by the bidder or the bidder's supplier, are currently being used.
3.2.4.2(3)	The bid proposal should describe any further measures LGS provides to ensure that a user is valid and authorized.
3.2.4.2(c)(6)	The proposal shall describe how the System allows retailer groups to be designated for message distribution.
3.3	The bidder must propose a design for a telecommunications network to serve the New Jersey Lottery.
3.3.1	The bidder must provide a design for the New Jersey Lottery network. All bidder-provided configuration items (that is, those not within a carrier "cloud") must be identified by manufacturer and model number. The bidder is provided wide latitude as to the topology and technologies proposed for the network.
3.3.2	The proposal must contain an analysis of the proposed configuration with regard to single points of failure and bottlenecks. (For example, these could include single Telco central offices, trunk circuits, or satellite ground stations.)
3.3.2(h)	The bidder must describe how it will ensure that any such connections are not vulnerable to unauthorized access, viruses, worms, denial of service attacks, spamming, address hijacking, excessive non-lottery network traffic, and similar security and usability threats.
3.3.3(d)	The proposal must describe the process for working communications problems through to resolution with the common carriers/external suppliers, including escalation procedures.
3.3.6(b)	Costs arising for ancillary equipment and services must be incorporated directly into the bidder's baseline pricing, including but not limited to costs for the contractor's network administration services, bidder telephone system and the hotline/dispatch lines and services.
3.4.1(d)	The proposal shall address the bidder's methods and procedures that prevent tampering with the system.
3.4.2(f)	The bidder shall identify its proposed time window for closing games, conducting game drawings, entry of winning numbers, and readiness to pay winning tickets. All game types must be addressed in the bid response.
3.4.4.4	The bidder must describe its proposed back-up distribution and delivery system should the primary system fail for any reason. This description of the back-up system must address alternative methods of delivery to retailers and how it will be integrated into existing systems.
3.4.4.6	The bidder must propose a type and style of vending machine, which will dispense current scratch-off lottery tickets with varying designs. The bidder should include with its proposal photos and specification information on the type vending machines it proposes to provide. The bidder must provide 500 of these machines, adhering to the specifications listed within 3.4.4.6 and 3.4.4.7, as part of the baseline cost in Attachment 5, Section 1, item #2.
3.4.6	A description of the subcontractor's ICS product shall be included in the bid proposal. The proposal shall also contain a description of the Service Level parameters the ICS subcontractor proposes to work under, including hotline hours, time from dispatch to be on-site in New Jersey, and time from notification to repair software defects. References for the ICS subcontractor must also be provided in the bid response.
3.5.1(c)	The bidder should list locations in North America, if any, where such services provided by the bidder, or the bidder's supplier, are currently being rendered.
3.5.5.1	If the proposed LGS has been used to implement other types of online and

Section Reference	Bid Response Requirement
	instant promotions, the bidder should describe the capabilities.
3.5.4(b)	The bid proposal should address the depth of the games library and ability to expand traditional games and play options.
3.6	The bidder may propose additional service facilities as needed.
3.6.7	The proposal must contain an outline for, or sample of, such a disaster recovery plan for the computer center sites.
3.6.8	The proposal must contain an outline for, or sample of, such a protection plan for the infrastructure.
3.7.2	The proposal must in this section define the bidder's commitment to a terminal provisioning schedule in these terms.
3.7.4	<p>The bidder shall describe the proposed training program. The program description must include materials, facilities, staff qualifications, sessions (including length and class size), and schedule. The program description shall address the bidder's capability of providing for the specific needs of top corporate accounts.</p> <p>The bidder must describe the mechanisms for security of ticket stock and training tickets produced during terminal training sessions, and the security of the terminals themselves from tampering or theft.</p> <p>The bidder must include samples of similar such user (retailer) documentation the bidder has produced and distributed</p>
3.7.5	<p>The bidder shall describe in the proposal what training will be provided to Lottery staff (approximately 180) regarding concepts of the Lottery Gaming System, retailer training, the management terminals, administrative reports, ICS, LAPS, contractor-supplied services, system security features and controls, and any other relevant aspects of the proposed package of systems and services.</p> <p>The bidder must include samples of similar user documentation the bidder has produced and distributed.</p>
3.7.6	The bidder must describe its Consumables Management System.
3.7.7	<p>The bidder shall describe the maintenance plan for the retailer terminals and associated equipment.</p> <p>The proposal must identify the spare levels planned, and the approach to "swapping out terminals" versus the use of field replaceable Units.</p>
3.7.8	The bidder's proposal shall describe how non-terminal components in the configuration will be maintained, including but not limited to host computers, LANs, and telecommunications equipment for the central sites, the LAPS, and the ICS platforms.
3.7.9	The bidder must describe the protocol for escalation of a trouble situation to its own specialists, to any carriers, and to the Lottery.
3.7.10	The bidder's proposal must identify how systems and software engineering support services for system management, system error correction, changes to the Lottery's business rules and requirements, and game changes will be delivered to New Jersey.
3.7.11	For the proposal, the bidder must supply an outline for, or a past example of, such a security plan.
3.8.1	<p>The bidder is at liberty to propose alternative conversion strategies that would support the Lottery's implementation goals best, in the bidder's opinion. The bidder shall describe the pros and cons of the approach proposed. At a minimum, these Lottery goals must be addressed in the description:</p> <ol style="list-style-type: none"> a. Minimizing conversion difficulties. b. Maintaining good retailer relations and addressing retailer issues (such as inconvenient training opportunities and demand for counter space). c. Minimal disruption to selling and validating tickets during the

Section Reference	Bid Response Requirement
3.8.2	<p>conversion.</p> <p>The bidder shall identify its last five implementations and the strategies used.</p> <p>The bidder must provide a detailed implementation plan and time chart (Gantt, PERT, or similar) identifying the major milestones including but not limited to the business requirements definition, construction, equipment delivery, software programming, installation, testing, training, and file conversion. The plan must make clear which items are on the critical path for timely implementation, including dependencies and resource loading.</p> <p>The bidder must include as part of its proposal a mobilization and implementation plan, beginning with the date of notification of contract award and extending for a period of nine (9) months. Such mobilization and implementation plan should include the following elements:</p> <ol style="list-style-type: none"> a. A detailed timetable for the mobilization and implementation period of nine (9) months utilizing a contract effective date of October 1, 2005. This timetable should be designed to demonstrate how the bidder will have the contract up and operational within the period of 9 months from the date of notification of award. b. The bidder's plan for the deployment and use of management, supervisory or other key personnel during the mobilization and implementation period. The plan should show all management, supervisory and key personnel that will be assigned to manage, supervise and monitor the bidder's mobilization and implementation of the contract within the period of nine (9) months. <p>NOTE: The bidder should clearly identify management, supervisory or other key staff that will be assigned only during the mobilization and implementation period.</p> <ol style="list-style-type: none"> c. The bidder's plan for recruitment of staff required to provide all services required by the RFP on the contract start date at the end of the mobilization and implementation period covering October 1, 2005, through June 30, 2005. d. The bidder's plan for the purchase and distribution of equipment, inventory, supplies, materials, etc. that will be required to fully implement the contract on the required start date. e. The bidder's plan for the use of subcontractor(s), if any, on this contract. Emphasis should be on how any subcontractor identified will be involved in the mobilization and implementation plan.
3.8.3	<p>If the conversion involves interim configurations, facilities, staffing, or business procedures, the bidder's proposal must explicitly describe them and place their development and use within the schedule.</p>
3.8.5	<p>The bidder must propose a dedicated on-site technical project manager for the implementation. The bidder must propose a project team structure, process, and tools that facilitate Lottery oversight of the implementation.</p> <p>The bidder must describe its specific plan to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan must include the bidder's approach to communicate with the State Contract Manager including, but not limited to, status meetings and status reports.</p>

Section Reference	Bid Response Requirement
3.9.1	Proposals with alternate platforms from the Lottery's currently installed operating system and other software, must include in the Technical Proposal, the required additional training, conversion and overall effort to make this change, and must additionally state the proposed benefit that will accrue to the State from utilization of the alternative platforms.
3.9.3.1	<p>The bid proposal must provide configuration block diagrams or schematics, down to the component level, of the proposed LAPS, including when possible specific model/release numbers.</p> <p>The bidder must consider that the information in this section is only a baseline and that it should be revised however necessary to reflect the bidder's vision of how best to meet the information processing needs of the Lottery and insure that the Lottery receives efficiency of design and state-of-art equipment. The bidder's response must consider that the items proposed for the LAPS portion of the RFP could become outdated in terms of models offered, processor speeds, memory and software by the time of contract start date and therefore whenever possible LAPS equipment and software should be acquired near the start of the contract and not at time of award.</p> <p>The bidder should address the ongoing issue of equipment obsolescence that will occur during the life of the contract and should propose hardware replacement and/or upgrade frequency strategies.</p> <p>The bidder must commit that all proposed transaction processing computers, networking equipment, retailer terminals, diagnostic equipment, etc. are new and unused. Equipment proposed must be compliant with current electronic technology manufacturing standards and be of current manufacture by the bidder or his suppliers.</p> <p>Since the bidder's backup solutions for LAPS may vary, the bidder should propose a backup solution which includes the hardware and software configuration for a high-speed nightly backup of the LAPS data.</p>
3.9.4	The required WAN must be specified and fully described in terms of design, communication lines, and equipment. The diagrams and/or schematics that are required as part of the proposal must clearly exhibit, demonstrate, and describe the integration and connectivity of the full LAPS configuration.
3.9.9	The implementation plan must specify the activities to be performed in each task and include the number of the bidder's staff assigned to the project and the amount of time and scope of effort that the bidder anticipates these people to be available.
3.9.11	The bidder must describe the disaster recovery procedures and contingency plan for maintaining successful operations of the LAPS.

Each Invited Option must be explicitly labeled as such, as must each Offered Option.

4.4.2.4 Requirements Matrix

Included as Exhibit 9 is a Requirements Matrix summarizing all of the mandatory requirements from RFP Section 3.0, "Scope of Work". This matrix must be completed by the bidder and included in its bid response.

4.4.3 Section 3 – Organizational Support and Experience

The bidder must include information described below relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the bidder's qualifications, and capabilities to perform the services required by this RFP. The bidder shall also provide the name and location of major offices, plants and other facilities that relate to its performance under the contract resulting from this RFP.

4.4.3.1 Location

The bidder shall include the location of the bidder's office that will be responsible for managing the contract. The bidder should include the telephone number and name of the individual to contact.

4.4.3.2 Organization Chart (Contract Specific)

The bidder must include a contract organization chart, with names showing management, supervisory and other key personnel (including subcontractor management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual. The bidder shall indicate whether the proposal project team has worked together and on which projects.

4.4.3.3 Resumes

Detailed resumes shall be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes shall be structured to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes shall include the following:

- Clearly identify the individual's previous experience in completing similar contracts.
- Beginning and ending dates should be given for each similar contract.
- A description of the contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the bidder should include the name and address of each reference together with a person to contact for a reference check and a telephone number.

Project Team Organization and Staffing Response. The bidder must specify the minimum qualifications/expertise of the key staff that would be assigned to conduct this contract. This narrative description may be in any format that the bidder chooses, but should not exceed two (2) pages in length. Descriptions should be provided for the following roles:

- Conversion / Migration / Testing Manager;
- LAPS Project Manager
- Site Manager;
- System Configuration design team
- Application development staff members;
- Communications design and implementation staff members;
- Conversion / Migration personnel;
- Quality Assurance staff;
- Trainers

To demonstrate the depth of experience provided by bidder staff, the bidder shall provide two (2) different Conversion / Migration Project Manager resumes and at least one (1) resume for the other key roles. Where the bidder intends to use subcontractors, the bidder must provide a signed statement by the contracted firm/individual or the bidder affirming that there is intent to contract for this engagement and

that the contracted firm/individual has previously contracted with the bidder to perform these or like services, as applicable.

For the Conversion / Migration / Testing Manager, the description shall, at a minimum, address the following areas:

- Number of years experience as a dedicated Project Manager;
- Types and number of similar projects in management role;
- Project lifecycle experience in management role (i.e., design, development, implementation, etc.);
- Utilization of structured project management methodology techniques;
- Educational background;
- Project management certification held (e.g., PMI).

4.4.3.4 Backup Staff

The bidder should include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory and/or key personnel if awarded the contract, the bidder should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the contract term.

4.4.3.5 Organization Chart (Entire Firm)

The bidder shall include an organization chart showing the bidder's entire organizational structure. This chart must show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

4.4.3.6 Experience of Bidder on Contracts of Similar Size and Scope

- a. *Bidder History and Viability Response.* The bidder must provide information on its internal organization. If the bidder's solution involves subcontractors, the response must indicate the following information for the prime bidder and its anticipated subcontractors. This information must include:
 - (1) Name of the firm(s) submitting the proposal;
 - (2) Mailing address;
 - (3) Contact person and title;
 - (4) Contact telephone number(s) and fax number(s);
 - (5) Brief history and background about the bidder's company;
 - (6) Services and products offered by the bidder's company;
 - (7) Number of employees;
 - (8) Office locations;
 - (9) General information about the bidder's organization; and
 - (10) Identification of whether the firm is the prime bidder or subcontractor on this project.
 - (11) A description of any affiliation or connection between the bidder and subcontractor(s).
- b. *Bidder Experience and References Response.* The bidder must provide references for each of the three (3) requirements listed in RFP Section 3.0. Projects for which references are provided should be similar in size and complexity to the proposed NJ Lottery Gaming and Communications System. Project references may be duplicated if one single client or project meets multiple requirements. If the bidder satisfies this requirement through a subcontractor, such subcontractors must be listed.

4.4.3.7 Corporate Depth

The bid response must include information for the areas presented below.

- a. *Capability to Provide Terminals.* Capacity to provide the gaming terminals is critical to the project.
 - (1) *Manufacturing Plans:* The bidder shall describe its resources, capability, capacity, and plans for producing (through current inventory, manufacturing, purchasing, or modification) the terminals proposed to meet the requirements of the RFP. The availability of additional plants and secondary sources must be addressed.
 - (2) *Manufacturing Quality:* The bid proposal must address manufacturing quality practices, and in particular whether the bidder is certified under the ISO 9000 series or other recognized quality practices standards.
- b. *Software Development and Support Capabilities.* Capacity to provide the software and systems support is critical to the project.
 - (1) *Software Development Plans:* The bidder shall describe its staff skill levels, headcounts, and locations pertinent to developing and maintaining software for the New Jersey Contract.
 - (2) *Software Quality:* The bidder's proposal must address software engineering quality practices, and in particular, whether the bidder is certified under the ISO 9000 series, SEI CMM, or other recognized quality practices standards.
- c. *Research and Development Program.* The success of the Lottery depends on the availability of new products, gaming features, and services, and the contractor must support the Lottery in this mission. The bidder shall describe its resources, capability, capacity and plans for maintaining a research and development effort in such areas as gaming concept design/development, retailer terminal design, telecommunications, data mining, and central systems infrastructure.

4.4.3.8 Financial Capability of the Bidder

The bidder shall provide proof of its financial capacity and capabilities to undertake and successfully complete the contract. To satisfy this requirement, the bidder shall submit a certified financial statement, including applicable notes, reflecting the bidder's assets, liabilities, net worth, revenues, expenses, profit or loss, and cash flow for the two (2) most recent calendar years or the bidder's two (2) most recent fiscal years; or, if a certified financial statement is not available, then either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statement. In addition, the bidder must submit a bank reference.

4.4.3.9 Subcontractor(s)

- a. All bidders must complete the Notice of Intent to Subcontract Form whether or not they intend to utilize subcontractors in connection with the work set forth in this RFP. If the bidder intends to utilize subcontractor(s), then the Subcontractor Utilization Plan must also be submitted with the bid.

N.J.A.C. 17:13-4 and Executive Order 71 mandate that if the bidder proposes to utilize a subcontractor, the bidder must make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce and Economic Growth Commission registered small businesses, with a minimum of five (5) percent awarded to each of the three categories set forth below, and the balance of ten (10) percent spread across the three annual gross revenue

categories: Category I – \$1 to \$500,000; Category II - \$500,001 to \$5,000,000; Category III - \$5,000,001 to \$12,000,000.

- b. Should the bidder choose to use subcontractors and fail to meet the Small Business Subcontracting targets set forth above, the bidder must submit documentation demonstrating its good faith effort to meet the targets with its bid proposal or within seven (7) business days upon request.
- c. Should the bidder propose to utilize a subcontractor(s) to fulfill any of its obligations, the bidder shall be responsible for the subcontractor's(s'): (1) performance; (2) compliance with all of the terms and conditions of the contract; and (3) compliance with the requirements of all applicable laws.
- d. The bidder must provide a detailed description of services to be provided by each subcontractor, referencing the applicable Section or Subsection of this RFP.
- e. The bidder should provide detailed resumes for each subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is designated to perform.
- f. The bidder should provide documented experience to demonstrate that each subcontractor has successfully performed work on contracts of a similar size and scope to the work that the subcontractor is designated to perform in the bidder's proposal.

4.4.3.10 Disclosure of Investigations/Actions Involving Bidder

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The bidder shall use the chart in Attachment 1A, Disclosure of Investigations and Actions Involving Bidder, located after the Attachment 1, Ownership Disclosure Form.

4.4.4 Section 4 – Cost Proposal

The price schedule is attached to this RFP as [Attachment 5](#).

Failure to submit all requested pricing information may result in the bidder's proposal being considered materially non-responsive. Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of bid proposals received and the contract award process.

The bidder is required to provide pricing in a separately sealed envelope, binder, etc. The bidder must provide twelve (12) full, complete, and exact copies of the original cost proposal and two (2) full, complete, and exact ELECTRONIC copies of the original cost proposal on CD. The copies of the cost proposal on CD must in PDF file format to be viewable by State evaluators using Adobe Acrobat Reader software. Bidders failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its cost proposal.

The bidder must use the State-supplied price sheet (Attachment 5) and must submit pricing in the following format:

- a. Attachment 5 – Section I – Bid Item #1. Pricing as a percentage of net online sales given in the format "X.dddd" where "X" represents the whole number value and "d" represents decimal digits. Note that only online sales will be counted relative to this fee. Example: 2.0000 percent – would be \$20,000 compensation per one million dollars of online sales.

- b. Attachment 5 – Section I – Bid Item #2. Pricing as a percentage of Instant Game sales given in the format “X.dddd” where “X” represents the whole number value and “d” represents decimal digits. Note that only Instant Game sales will be counted relative to this fee. Example: 2.0000 percent – would be \$20,000 compensation per one million dollars of Instant Game sales.
- c. Attachment 5 – Section II – Bid Items 3, 4 and 5. Pricing for Specified Options. Pricing must be submitted as a weekly charge in whole dollars per unit requested. The state will compute the weekly price for each bid item based on the weekly charge per unit multiplied by the units requested (Amount Column).

5.0 SPECIAL TERMS AND CONDITIONS

5.1 Precedence of Contractual Terms and Conditions

The contract shall consist of this RFP, addenda to this RFP, the vendor's bid proposal, and the Division's Notice of Acceptance.

Unless specifically noted within this RFP, the Special Terms and Conditions, take precedence over the Standard Terms and Conditions, attached as [Appendix 1](#)

In the event of a conflict between the provisions of this RFP, including the Standard Terms and Conditions and the Special Terms and Conditions, and any addendum to the RFP, the addendum shall govern.

In the event of a conflict between the provisions of this RFP, including any addendum to this RFP, and the bidder's proposal, the RFP and/or the addendum shall govern.

5.2 State Contract Manager

The State Contract Manager is the State employee responsible for the overall management and administration of the contract.

The State Contract Manager for this project will be identified at the time of execution of contract. At that time, the Contractor will be provided with the State Contract Manager name, department, division, agency, address, telephone number, fax phone number, and email address.

5.2.1 State Contract Manager Responsibilities

For an agency contract where only one State office uses the contract, the State Contract Manager will be responsible for engaging the contractor, assuring that Purchase Orders are issued to the contractor, directing the contractor to perform the work of the contract, approving the deliverables and approving payment vouchers. The State Contract Manager is the person that the contractor will contact after the contract is executed for answers to any questions and concerns about any aspect of the contract. The State Contract Manager is responsible for coordinating the use and resolving minor disputes between the contractor and any component part of the State Contract Manager's agency.

If the contract has multiple users, then the State Contract Manager shall be the central coordinator of the use of the contract for all Using Agencies, while other State employees engage and pay the contractor. All persons and agencies that use the contract must notify and coordinate the use of the contract with the State Contract Manager.

5.2.2 Other Duties of the State Contract Manager

The State Contract Manager shall have the following additional duties:

- a. If the State Contract Manager determines that the Contractor has failed to perform the work of the contract and is unable to resolve that failure to perform directly with the contractor, the State Contract Manager shall file a formal complaint with the Contract Compliance Unit in the Division of Purchase and Property and request that office to assist in the resolution the contract performance problem with the contractor.
- b. The State Contract Manager is responsible for arranging for contract extensions and preparing any re-procurement of the contract with the Purchase Bureau.

- c. The State Contract Manager is responsible for obtaining permission from the Director to reduce the scope of work, amend the contract or add work or special projects to the contract after contract award.
- d. The State Contract Manager is responsible for completion of the Project Performance Assessment Form for submission to the CCAU Unit of the Division, with a copy to the Associate Director of OMB; and
- e. The State Contract Manager is responsible for submitting the Contractor final deliverables to the Associate Director of OMB.
- f. The State Contract Manager is also responsible to formally report, to the Division of Purchase and Property's Assistant Director, CCAU, using the PB-36 Formal Complaint form, all instances when deliverables, i.e. commodities and/or services, are not in accordance with the contract specifications or scope of work. Variances from contract pricing shall be reported in this same manner to ensure that State and other using agencies receive the goods and/or services at the pricing established at the time of contract award or amendment(s) to the contract.

5.2.3 *Coordination with the State Contract Manager*

Any contract user that is unable to resolve disputes with a contractor shall refer those disputes to the State Contract Manager for resolution. Any questions related to performance of the work of the contract by contract users shall be directed to the State Contract Manager. The contractor may contact the State Contract Manager if the contractor can not resolve a dispute with contract users.

5.3 **Performance Bond**

This section supplements [Section 3.3b of the Standard Terms and Conditions](#). A performance bond is required. The amount of the performance bond is noted on the RFP cover sheet. The contractor must provide the performance bond within thirty (30) days of the effective date of the contract award. The performance bond must remain in full force and effect for the term of the contract and any extension thereof. Within thirty (30) days of the anniversary of the contract effective date, the contractor shall provide proof to the Director that the performance bond in the required amount is in effect. Failure to provide such proof may result in the suspension of payment to the contractor until such time the contractor complies with this requirement.

In the event that the contract price is increased by amendment to the contract, the contractor may be required to provide, within thirty (30) days of the effective date of the amendment, performance bond coverage for the increase in contract price. The required increase in the performance bond amount is calculated by applying the established bond percentage set forth on RFP cover sheet to the increase in contract price. Failure to provide such proof to the Director of this required coverage may result in the suspension of payment to the contractor until such time the contractor complies with this requirement.

5.4 **Business Registration**

The following shall supplement the Standard Terms and Conditions pertaining to Business Registration set forth in, [Appendix 1, Section 1.1](#).

"Affiliate" means any entity that (1) directly, indirectly, or constructively controls another entity, (2) is directly, indirectly, or constructively controlled by another entity, or (3) is subject to the control of a common entity. An entity controls another entity if it owns, directly or individually, more than 50% of the ownership in that entity.

"Business organization" means an individual, partnership, association, joint stock company, trust, corporation, or other legal business entity or successor thereof;

“Business registration” means a business registration certificate issued by the Department of the Treasury or such other form or verification that a contractor or subcontractor is registered with the Department of Treasury;

“Contractor” means a business organization that seeks to enter, or has entered into, a contract to provide goods or services with a contracting agency;

“Contracting agency” means the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, or any independent State authority, commission, instrumentality or agency, or any State college or university, any county college, or any local unit; with respect to this Contract, the contracting agency shall mean the Division;

“Subcontractor” means any business organization that is not a contractor that knowingly provides goods or performs services for a contractor or another subcontractor in the fulfillment of a contract.

A bidder shall submit a copy of its business registration at the time of submission of its bid proposal in response to this RFP.

A subcontractor shall provide a copy of its business registration to any contractor who shall forward it to the contracting agency. No contract with a subcontractor shall be entered into by any contractor unless the subcontractor first provides proof of valid business registrations.

The contractor shall provide written notice to all subcontractors that they are required to submit a copy of their business registration to the contractor. The contractor shall maintain a list of the names of any subcontractors and their current addresses, updated as necessary during the course of the contract performance. The contractor shall submit to the contracting agency a copy of the list of subcontractors, updated as necessary during the course of performance of the contract. The contractor shall submit a complete and accurate list of the subcontractors to the contracting agency before a request for final payment is made to the using agency.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the “Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State.

This paragraph shall apply to all contracts awarded on and after September 1, 2004

5.5 Contract Term and Extension Option

The term of the contract shall be for a period of five (5) years. The anticipated “Contract Effective Date” is provided on the cover sheet of this RFP ([page 3 of this RFP](#)). If delays in the bid process result in an adjustment of the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract.

The contract may be extended for additional periods of up to one (1) year, for a total of five (5) years of contract extension, by mutual written consent of the contractor and the Director at the same terms, conditions and pricing. The length of each extension shall be determined when the extension request is processed.

Should the contract be extended, the contractor shall be paid at the rates in effect in the last year of the contract.

5.6 Contract Transition

In the event services end by either contract expiration or termination, it shall be incumbent upon the contractor to continue services, if requested by the Director, until new services can be completely operational.

It is contemplated that approximately twelve (12) to eighteen (18) months prior to the expiration of the contract resulting from this RFP the State will award a new contract for replacement of the system. The State reserves the right to utilize the last one hundred eighty (180) days of the contract or renewal or extension thereof for conversion to the replacement gaming system.

The contractor shall cooperate fully and in good faith in the conversion, which may or may not involve other vendors. Cooperation may include, but not be limited to; sharing of liability files, instant ticket book inventory files, retailer authority files, and cross-validation of winning tickets. Unless the contractor makes a compelling case for intellectual property protection, cooperation shall include providing information to allow the online ticket bar code to be read by a third-party system for validation.

The contractor further shall remove all equipment and materials relating solely to its gaming system from each retailer location, from Lottery property, and the leased location adjacent to the Lottery headquarters at One Lawrence Building, 1333 Brunswick Pike, Trenton, New Jersey, 08648, after final conversion of that location to the new gaming system. This is to be accomplished within a reasonable period as set by the Lottery. Equipment and materials not removed by the contractor shall be considered abandoned and shall be disposed of at the Lottery's discretion. Any costs associated with this action by the Lottery shall be borne by the contractor.

The contractor acknowledges its responsibility to cooperate fully with the replacement contractor and the State to ensure a smooth and timely transition to the replacement contractor. Such transitional period shall not extend more than ninety (90) days beyond the expiration date of the contract, or any extension thereof. The contractor will be reimbursed for services during the transitional period at the rate in effect when the transitional period clause is invoked by the State, if the contractor is still processing ticket transactions.

5.7 Availability of Funds

The State's obligation to pay the contractor is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless funds are made available each fiscal year to the Using Agency by the Legislature.

5.8 Contract Amendment

Any changes or modifications to the terms of the contract shall only be valid when they have been reduced to writing and executed by the contractor and the Director.

5.9 Contractor Responsibilities

The contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the contractor. The contractor shall have sole responsibility for all payments due any subcontractor.

The contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work.

The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the contractor's performance of this contract.

5.10 Substitution of Staff

If it becomes necessary for the contractor to substitute any management, supervisory or key personnel, the contractor will identify the substitute personnel and the work to be performed.

The contractor must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitution(s) have qualifications and experience equal to or better than the individual(s) originally proposed or currently assigned.

The contractor shall forward a request to substitute staff to the State Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the contractor has received written approval to proceed from the State Contract Manager.

5.11 Substitution or Addition of Subcontractor(s)

This subsection serves to supplement but not to supersede [Section 3.11](#) of the Standard Terms and Conditions of this RFP.

If it becomes necessary for the contractor to substitute a subcontractor, add a subcontractor or substitute its own staff for a subcontractor, the contractor will identify the proposed new subcontractor or staff member(s) and the work to be performed. The contractor must provide detailed justification documenting the necessity for the substitution or addition.

The contractor must provide detailed resumes of its proposed replacement staff or of the proposed subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is to undertake.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add a subcontractor or to substitute its own staff for a subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval.

No substituted or additional subcontractors are authorized to begin work until the contractor has received written approval from the Director.

5.12 Ownership of Material

All data, technical information, materials gathered, originated, developed, prepared, used or obtained solely in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days notice by the State. With respect to software computer programs and/or source codes developed solely for the State, the work shall be considered "work for hire", i.e., the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this agreement, contractor or subcontractor hereby assigns to the State all right, title and

interest in and to any such material, and the State shall have the right to obtain and hold in its own name any copyrights, registrations and any other proprietary rights that may be available.

Should the bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the bid proposal. Otherwise, the language in the first paragraph of this section prevails. If the bidder identifies such intellectual property ("Background IP") in its bid proposal, then the Background IP owned by the bidder on the date of the contract, as well as any modifications or adaptations thereto, remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the contract during the term of the contract and any extensions thereof.

The contractor will retain ownership of the retailer terminals, gaming computer systems, network systems, system documentation, software, and other materials originally supplied by the contractor.

5.13 Right of Use

If for any reason, other than a breach of the contract by the Lottery, the contractor should lose its capability or refuse to service the Lottery as provided by contract, the Lottery shall acquire a using interest in all hardware, source code, object program instructions, and the documentation for those programs as owned by the contractor, necessary to provide continuing services to the Lottery. This includes and is not limited to the central facility, the backup facility, the communications network, all terminals, Lottery related equipment, procedures, and production gaming scripts. Such interest shall be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering, and improving the operational characteristics of the programs and systems being used under the contract. Such interest shall be limited in time for the duration of the contract and in scope to those items being used by the Lottery and on the Lottery's behalf under the contract. All items, including modifications or alterations thereof, shall be kept in confidence, except to the extent that they are public records under New Jersey law, and shall be returned to the contractor when their purposes have been fulfilled.

5.14 Data Confidentiality

All financial, statistical, personnel and/or technical data supplied by the State to the contractor are confidential. The contractor is required to use reasonable care to protect the confidentiality of such data. Any use, sale or offering of this data in any form by the contractor, or any individual or entity in the contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

5.15 News Releases

The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

5.16 Advertising

The contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

5.17 Licenses and Permits

The contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The contractor shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted

subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the bidder in its bid proposal.

5.18 Claims and Remedies

5.18.1 Claims

All claims asserted against the State by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

5.18.2 Remedies

Nothing in the contract shall be construed to be a waiver by the State of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

5.18.3 Remedies for Non-Performance

In the event the contractor fails to comply with any material contract requirement, the Director may take steps to terminate the contract in accordance with the State Administrative Code. In this event, the Director may authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor's price either being deducted from any monies due the defaulting contractor or being an obligation owed the State by the defaulting contractor.

5.19 Late Delivery

The contractor must immediately advise the State Contract Manager of any circumstance or event that could result in late completion of any task or subtask called for to be completed on a date certain. Notification must also be provided to the Director at the address below:

The State of New Jersey
Director, Division of Purchase and Property
Purchase Bureau
33 West State Street
P.O. Box 230
Trenton, New Jersey 08625-0230

5.20 Retainage – Not applicable to this procurement.

5.21 State's Option to Reduce Scope of Work

The State has the option, in its sole discretion, to reduce the scope of work for any task or subtask called for under this contract. In such an event, the Director shall provide advance written notice to the contractor.

Upon receipt of such written notice, the contractor will submit, within five (5) working days to the Director and the State Contract Manager, an itemization of the work effort already completed by task or subtask. The contractor shall be compensated for such work effort according to the applicable portions of its cost proposal.

5.22 Suspension of Work

The State Contract Manager may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be

deemed added to the contractor's approved schedule of performance. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.23 Change in Law

Whenever an unforeseen change in applicable law or regulation affects the services that are the subject of this contract, the contractor shall advise the State Contract Manager and the Director in writing and include in such written transmittal any estimated increase or decrease in the cost of its performance of the services as a result of such change in law or regulation. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.24 Contract Price Increase (Prevailing Wage)

If the Prevailing Wage Act (N.J.S.A. 34:11-56 et seq.) is applicable to the contract, the contractor may apply to the Director, on the anniversary of the effective date of the contract, for a contract price increase. The contract price increase will be available only for an increase in the prevailing wages of trades and occupations covered under this contract during the prior year. The contractor must substantiate with documentation the need for the increase and submit it to the Director for review and determination of the amount, if any, of the requested increase, which shall be available for the upcoming contract year. No retroactive increases will be approved by the Director.

5.25 Additional Work and/or Special Projects

The contractor shall not begin performing any additional work or special projects outside the Scope of Work under the contract resulting from this RFP without first obtaining written approval from both the State Contract Manager and the Director.

In the event of additional work and/or special projects, the contractor must present a written proposal to perform the additional work to the State Contract Manager. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the contractor in its proposal.

The contractor's written proposal must provide a detailed description of the work to be performed broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, capital expenditures, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written cost proposal must be based upon the hourly rates, unit costs or other cost elements submitted by the contractor in the contractor's original bid proposal submitted in response to this RFP, if applicable. Whenever possible, the cost proposal should be a firm, fixed cost to perform the required work. The firm fixed price should specifically reference and be tied directly to costs submitted by the contractor in its original bid proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the contractor's written proposal, the State Contract Manager shall forward same to the Director for the Director's written approval. Complete documentation from the Using Agency, confirming the need for the additional work, must be submitted. Documentation forwarded by the State Contract Manager to the Director must all include all other required State approvals, such as those that may be required from the State of New Jersey's Office of Management and Budget (OMB) and Office of Information and Technology (OIT).

No additional work and/or special project may commence without the Director's written approval. In the event the contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the contractor's sole risk. The State shall be under no obligation to pay for work performed without the Director's written approval.

5.26 Form of Compensation and Payment

This Section supplements [Section 4.5 of the RFP'S Standard Terms and Conditions](#). The contractor must submit official State invoice forms to the Using Agency with supporting documentation evidencing that work for which payment is sought has been satisfactorily completed. Invoices must reference the tasks or subtasks detailed in the Scope of Work section of the RFP and must be in strict accordance with the firm, fixed prices submitted for each task or subtask on the RFP pricing sheets. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. All invoices must be approved by the State Contract Manager before payment will be authorized.

The contractor shall be entitled to compensation beginning from the time that the retailer network is fully converted to the contractor's system and is placed in production. Contractor compensation shall end at the time every retailer terminal has been replaced under any subsequent contract.

The contractor shall be compensated as follows:

- Net machine game sales multiplied by the percentage fee bid on the price schedule (bid item 1).
- Net instant game sales multiplied by the fixed fee percentage bid on the price schedule (bid item 2).
- Fixed fee per week per each retailer location for communication network multiplied by number of retailer locations installed (bid item 3).
- Fixed fee per week per each tablet / laptop for G3 connectivity service multiplied by number of tablets / laptops connected. (bid item 4)
- Fixed fee per week for Lottery Administrative Processing System (LAPS) (bid item 5).
- Fee for any invited and/or offered options that have been properly authorized for purchase under the contract. Fee for invited and/or offered options shall be determined subsequent to contract award.

Invoices shall be submitted on a periodic schedule, but no more frequently than weekly.

Invoices must also be submitted for any special projects, additional work or other items properly authorized and satisfactorily completed under the contract. Invoices shall be submitted according to the payment schedule agreed upon when the work was authorized and approved. Payment can only be made for work when it has received all required written approvals and has been satisfactorily completed.

5.27 Contract Activity Report – Not applicable to this procurement.

5.28 Requirements of Executive Order 134

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, Executive Order 134 was signed on September 22, 2004 ("EO 134"). Pursuant to the requirements of EO 134, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

5.28.1 Definitions

For the purpose of this section, the following shall be defined as follows:

- a. Contribution – means a contribution reportable as a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act." P.L. 1973, c. 83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq. Currently, contributions in excess of \$400 during a reporting period are deemed "reportable" under these laws. As of January 1, 2005, that threshold will be reduced to contributions in excess of \$300.

- b. Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. It also includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under 26 U.S.C.A. 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person’s spouse or child, residing in the same household.

5.28.2 Breach of Terms of Executive Order 134 Deemed Breach of Contract

It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a contribution in violation of this Order, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of EO 134; (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of EO 134; or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of EO 134.

5.28.3 Certification and Disclosure Requirements

- a. The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor, or to any State or county political party committee during certain specified time periods.
- b. Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by Executive Order 134 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134>, shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Buyer, the Certification and Disclosure(s) within five (5) business days of the State’s request. Failure to submit the required forms will preclude award of a contract under this RFP, as well as future contract opportunities.
- c. Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134> , shall be provided to the intended awardee with the Notice of Intent to Award.

5.28.4 State Treasurer Review

The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

5.29 Litigation Bond

The bidder must submit with the proposal a litigation bond in the amount of two million dollars (\$2,000,000).

A claim upon the bond may be made by the Lottery under the following conditions: the bidder sues the Lottery, the State of New Jersey, or any of their officers and employees, other contractors, or retailers with regard to any matter relating to the award of a contract pursuant to this RFP, and the bidder is not the prevailing party in such suit.

The purpose of the bond is to permit the Lottery or other defendants to recover damages, including reasonable attorneys' fees, expenses and court costs resulting from such litigation. The litigation bond shall remain in effect for a period of four (4) years from the date of submission of the proposal. Following signing of a contract with the successful bidder, the litigation bond of any bidder may be released upon acceptance by the Lottery of a Covenant Not To Sue.

5.30 Background Investigations of Contractor and Subcontractor(s)

Subsequent to contract award, the New Jersey Lottery intends to conduct background investigations for employees of the contractor and subcontractor(s) who will work on-site adjacent to the Lottery headquarters in Lawrenceville, New Jersey. The purpose of the background investigations is to determine the integrity, background, and character of the key employees. The contractor shall be responsible for the cost of the background checks (current cost \$18 per background check). At the sole discretion of the State, the State reserves the right to disqualify an individual from working on this contract. In the event an individual is disqualified, the contractor shall be required to replace the disqualified individual with a person of equal or better qualifications.

5.31 Non-Collusion

By submitting a signed bid proposal, the bidder certifies that it has not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise taken any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit a bid; that this bid has been independently arrived at without collusion with any other bidder, competitor or potential competitor; that this bid has not been knowingly disclosed prior to the opening of bids to any other vendor or competitor; and that the above statement is accurate under penalty of perjury.

5.32 Requirements of Executive Order 129

Under Executive Order 129 issued on September 9, 2004 ("E.O. 129"), the State shall not award a contract to a vendor that submits a bid proposal to perform services, or have its subcontractor(s) perform services, outside the United States, unless one of the following conditions is met:

- a. The bidder or its subcontractor provide a unique service, and no comparable, domestically-provided service can adequately duplicate the unique features of the service provided by the vendor or and/or its subcontractor; or

- b. A significant and substantial economic cost factor exists such that a failure to use the bidder's and/or the subcontractor'[s] services would result in economic hardship to the State; or
- c. The Treasurer determines that a failure to use the bidder's and/or its subcontractor's services would be inconsistent with the public interest.

5.32.1 Source Disclosure Requirements

Pursuant to E.O. 129, all vendors seeking a contract with the State of New Jersey must disclose:

- a. The location by country where services under the contract will be performed; and
- b. The location by country where any subcontracted services will be performed.

Accordingly, the bidder must submit the Source Disclosure Certification form (included), filled out with the sourcing information required for itself and any proposed subcontractor, identified in the Intent to Subcontract Form.

FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE BIDDER.

5.32.2. Breach of Contract of Executive Order 129

A SHIFT TO OUTSOURCED SERVICES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF THE CONTRACT.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of the services outside of the United States, the contractor shall be deemed in breach of the contract, which contract shall be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and conditions, unless the Director shall have first determined in writing that extraordinary circumstances require a shift of services or that a failure to shift the services would result in economic hardship to the State.

5.33 Lottery Code of Ethics

The contractor must abide by the New Jersey State Lottery Code of Ethics for vendors and contractors (Attachment 8).

6.0 PROPOSAL EVALUATION/CONTRACT AWARD

6.1 Proposal Evaluation Committee

Bid proposals may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Purchase Bureau. Representatives from other governmental agencies may also serve on the Evaluation Committee. On occasion, the Evaluation Committee may choose to make use of the expertise of outside consultant in an advisory role.

6.2 Oral Presentation and/or Clarification of Bid Proposal

After the submission of bid proposals, unless requested by the State, contact with the State is limited to status inquiries only and such inquiries are only to be directed to the buyer. Any further contact or information about the proposal to the buyer or any other State official connected with the solicitation will be considered an impermissible supplementation of the bidder's bid proposal.

A bidder may be required to give an oral presentation to the Evaluation Committee concerning its bid proposal. The Evaluation Committee may also require a bidder to submit written responses to questions regarding its bid proposal.

The purpose of such communication with a bidder, either through an oral presentation or a letter of clarification, is to provide an opportunity for the bidder to clarify or elaborate on its bid proposal. Original bid proposals submitted, however, cannot be supplemented, changed, or corrected in any way. No comments regarding other bid proposals are permitted. Bidders may not attend presentations made by their competitors.

It is within the Evaluation Committee's discretion whether to require a bidder to give an oral presentation or require a bidder to submit written responses to questions regarding its bid proposal. Action by the Evaluation Committee in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Purchase Bureau buyer will be the sole point of contact regarding any request for an oral presentation or clarification.

6.3 Product(s) Demonstration

The State requires that all proposed equipment and software be demonstrable, indicating the bidder's capability to meet the requirements specified in this RFP. In particular, the Lottery requires that the Bidder's System perform a simulation demonstrating concurrently the sale of 75,000 tickets per minute and 5,000 ticket validations per minute. Failure to propose demonstrable products may result in rejection of the bidder's proposal. "All proposed equipment and software" for a lottery administrative system (i.e., LAPS), as noted above, is an exception to this demonstrability requirement. The bidder need not be ready to demonstrate all LAPS features.

6.4 Evaluation Criteria

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate bid proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:

- a. The bidder's general approach and plans in meeting the requirements of this RFP.
- b. The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP.
- c. The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP.

- d. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP.
- e. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart.

For price evaluation purposes, bidders will be ranked according to the total bid price in [Attachment 5](#).

6.5 Negotiation and Best and Final Offer (BAFO)

Following the opening of bid proposals, the State reserves the right, pursuant to N.J.S.A. 52:34-12(f), to negotiate the terms of a proposed contract award with any bidder. In addition, the State reserves the right to seek a Best and Final Offer (BAFO) from one or more bidders.

In response to the State's request to negotiate, bidders must continue to satisfy all mandatory RFP requirements but may improve upon their original technical proposal in any revised technical proposal. However, any revised technical proposal that does not continue to satisfy all mandatory requirements will be rejected as non-responsive and the original technical proposal will be used for any further evaluation purposes.

In response to the State's request for a BAFO, bidders may submit a revised price proposal that is equal to or lower in price than their original submission, but must continue to satisfy all mandatory requirements. Any revised price proposal that is higher in price than the original will be rejected as non-responsive and the original bid will be used for any further evaluation purposes.

After receipt of the results of the negotiation or the BAFO(s), the Evaluation Committee will complete its evaluation and recommend to the Director for award that responsible bidder whose bid proposal, confirming to this RFP, is most advantageous to the State, price and other factors considered.

All contacts, records of initial evaluations, any correspondence with bidders related to any request for negotiation or BAFO, any revised technical and/or price proposals, the Evaluation Committee Report and the Award Recommendation, will remain confidential until a Notice of Intent to Award a contract is issued.

6.6 Contract Award

The contract shall be awarded with reasonable promptness by written notice to that responsible bidder whose bid proposal, conforming to the RFP, will be most advantageous to the State, price and other factors considered. Any or all bids may be rejected when the State Treasurer or the Director of the Division of Purchase and Property determines that it is in the public interest so to do.

7.0 ATTACHMENTS, APPENDICES AND EXHIBITS

Attachment 1 – Ownership Disclosure Form
Attachment 2 – MacBride Principles Form
Attachment 3 – Affirmative Action Supplement
Attachment 4 – Subcontractor Set Aside Forms
Attachment 5 – Price Schedules
Attachment 6 – Reciprocity Form
Attachment 7 – Executive Order 129
Attachment 8 – Lottery Code of Ethics
Attachment 9 – List of Invited Options / Notice of Offered Options

Appendix 1 – NJ State Standard Terms and Conditions
Appendix 2 – Set-Off For State Tax Notice

Exhibit 1 – 2-Year Sales History by Product
Exhibit 2 – Retailers by County and Municipality
Exhibit 3 – Lottery Organization Chart
Exhibit 4 – Lottery Mission Critical Applications
Exhibit 5 – LAPS Software with Usage Counts
Exhibit 6 – Current LAPS Hardware Configuration
Exhibit 7 – Network Diagram
Exhibit 8 – LAPS File Descriptions
Exhibit 9 – Requirements Matrix

Attachment 1 – Ownership Disclosure Form

OWNERSHIP DISCLOSURE FORM

STATE OF NEW JERSEY
 NEW JERSEY DEPARTMENT OF THE TREASURY
 DIVISION OF PURCHASE & PROPERTY
 33 W. STATE ST., 9TH FLOOR
 PO BOX 230
 TRENTON, NEW JERSEY 08625-0230

BID NUMBER: 06-X-37983

BIDDER:

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, offices held and any ownership interest of all officers of the firm named above. If additional space is necessary, provide on an attached sheet.

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>DATE OF BIRTH</u>	<u>OFFICE HELD</u>	<u>OWNERSHIP INTEREST</u> (Shares Owned or % of Partnership)

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, and ownership interest of all individuals not listed above, and any partnerships, corporations and any other owner having a 10% or greater interest in the firm named above. If a listed owner is a corporation or partnership, provide below the same information for the holders of 10% or more interest in that corporation or partnership. If additional space is necessary, provide that information on an attached sheet. **If there are no owners with 10% or more interest in your firm, enter "None" below.** Complete the certification at the bottom of this form. If this form has previously been submitted to the Purchase Bureau in connection with another bid, indicate changes, if any, where appropriate, and complete the certification below.

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>DATE OF BIRTH</u>	<u>OFFICE HELD</u>	<u>OWNERSHIP INTEREST</u> (Shares Owned or % of Partnership)

COMPLETE ALL QUESTIONS BELOW

	YES	NO
1. Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? <i>(If yes, complete and attach a separate disclosure form reflecting previous ownership interests.)</i>		
2. Has any person or entity listed in this form or its attachments ever been arrested, charged, indicted or convicted in a criminal or disorderly persons matter by the State of New Jersey, any other State or the U.S. Government? <i>(If yes, attach a detailed explanation for each instance.)</i>		
3. Has any person or entity listed in this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any agency of government from bidding or contracting to provide services, labor, material, or supplies? <i>(If yes, attach a detailed explanation for each instance.)</i>		
4. Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? <i>(If yes, attach a detailed explanation for each instance.)</i>		
5. Has any Federal, State or Local license, permit or other similar authorization, necessary to perform the work applied for herein and held or applied for by any person or entity listed in this form, been suspended or revoked, or been the subject or any pending proceedings specifically seeking or litigating the issue of suspension or revocation? <i>(If yes, attach a detailed explanation for each instance.)</i>		

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that **I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers or information contained herein.** I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option, may declare any contract(s) resulting from this certification void and unenforceable.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge, I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Company Name: _____ (Signature)

Address: _____ PRINT OR TYPE: _____ (Name)

_____ PRINT OR TYPE _____ (Title)

FEIN/SSN#: _____ Date: _____

NOTICE TO ALL BIDDERS
REQUIREMENT TO PROVIDE A CERTIFICATION
IN COMPLIANCE WITH MACBRIDE PRINCIPLES
AND NORTHERN IRELAND ACT OF 1989

Pursuant to Public Law 1995, c. 134, a responsible bidder selected, after public bidding, by the Director of the Division of Purchase and Property, pursuant to N.J.S.A. 52:34-12, or the Director of the Division of Building and Construction, pursuant to N.J.S.A. 52:32-2, must complete the certification below by checking one of the two representations listed and signing where indicated. If a bidder who would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Directors may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another bidder who has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Directors find contractors to be in violation of the principles which are the subject of this law, they shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I certify, pursuant to N.J.S.A. 52:34-12.2 that the entity for which I am authorized to bid:

has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein through the operation of offices, plants, factories, or similar facilities, either directly or indirectly, through intermediaries, subsidiaries or affiliated companies over which it maintains effective control; or

will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.8 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature of Bidder
Name (Type or Print)
Title Name (Type or Print)
Name of Company Name (Type or Print)
Date

Attachment 3 – Affirmative Action Supplement

AFFIRMATIVE ACTION DEPT OF THE TREASURY DIVISION OF PURCHASE & PROPERTY STATE OF NEW JERSEY 33 WEST STATE STREET, 9TH FLOOR PO BOX 230 TRENTON, NEW JERSEY 08625-0230	TERM CONTRACT - ADVERTISED BID PROPOSAL NAME OF BIDDER: <div style="background-color: yellow; height: 20px; width: 100%;"></div>
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SUPPLEMENT TO BID SPECIFICATIONS

DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:

1. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. THE CONTRACTOR WILL TAKE AFFIRMATIVE ACTION TO ENSURE THAT SUCH APPLICANTS ARE RECRUITED AND EMPLOYED, AND THAT EMPLOYEES ARE TREATED DURING EMPLOYMENT, WITHOUT REGARD TO THEIR AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. SUCH ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING: EMPLOYMENT, UPGRADING, DEMOTION, OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES TO BE PROVIDED BY THE PUBLIC AGENCY COMPLIANCE OFFICER SETTING FORTH PROVISIONS OF THIS NONDISCRIMINATION CLAUSE;
2. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE WILL, IN ALL SOLICITATIONS OR ADVERTISEMENTS ,FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR, STATE THAT ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION.
3. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL SEND TO EACH LABOR UNION OR REPRESENTATIVE OR WORKERS WITH WHICH IT HAS A COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT OR UNDERSTANDING, A NOTICE, TO BE PROVIDED BY THE AGENCY CONTRACTING OFFICER ADVISING THE LABOR UNION OR WORKERS' REPRESENTATIVE OF THE CONTRACTOR'S COMMITMENTS UNDER THIS ACT AND SHALL POST COPIES OF THE NOTICE IN CONSPICUOUS PLACES AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT.
4. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, AGREES TO COMPLY WITH THE REGULATIONS PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME AND THE AMERICANS WITH DISABILITIES ACT.
5. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO ATTEMPT IN GOOD FAITH TO EMPLOY MINORITY AND FEMALE WORKERS CONSISTENT WITH THE APPLICABLE COUNTY EMPLOYMENT GOALS PRESCRIBED BY N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME OR IN ACCORDANCE WITH A BINDING DETERMINATION OF THE APPLICABLE COUNTY EMPLOYMENT GOALS DETERMINED BY THE AFFIRMATIVE ACTION OFFICE PURSUANT TO N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME.
6. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO INFORM IN WRITING APPROPRIATE RECRUITMENT AGENCIES IN THE AREA, INCLUDING EMPLOYMENT AGENCIES, PLACEMENT BUREAUS, COLLEGES, UNIVERSITIES, LABOR UNIONS, THAT IT DOES NOT DISCRIMINATE ON THE BASIS OF AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND THAT IT WILL DISCONTINUE THE USE OF ANY RECRUITMENT AGENCY WHICH ENGAGES IN DIRECT OR INDIRECT DISCRIMINATORY PRACTICES.
7. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVISE ANY OF ITS TESTING PROCEDURES, IF NECESSARY, TO ASSURE THAT ALL PERSONNEL TESTING CONFORMS WITH THE PRINCIPLES OF JOB-RELATED TESTING, AS ESTABLISHED BY THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY AND AS ESTABLISHED BY APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.
8. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVIEW ALL PROCEDURES RELATING TO TRANSFER, UPGRADING, DOWNGRADING AND LAYOFF TO ENSURE THAT ALL SUCH ACTIONS ARE TAKEN WITHOUT REGARD TO AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND CONFORM WITH THE APPLICABLE EMPLOYMENT GOALS, CONSISTENT WITH THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY, AND APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.

THE CONTRACTOR AND ITS SUBCONTRACTORS SHALL FURNISH SUCH REPORTS OR OTHER DOCUMENTS TO THE AFFIRMATIVE ACTION OFFICE AS MAY BE REQUESTED BY THE OFFICE FROM TIME TO TIME IN ORDER TO CARRY OUT THE PURPOSES OF THESE REGULATIONS, AND PUBLIC AGENCIES SHALL FURNISH SUCH INFORMATION AS MAY BE REQUESTED BY THE AFFIRMATIVE ACTION OFFICE FOR CONDUCTING A COMPLIANCE INVESTIGATION PURSUANT TO SUBCHAPTER 10 OF THE ADMINISTRATIVE CODE (NJAC17:27).

*** NO FIRM MAY BE ISSUED A PURCHASE ORDER OR CONTRACT WITH THE STATE UNLESS THEY COMPLY WITH THE AFFIRMATIVE ACTION REGULATIONS**

PLEASE CHECK APPROPRIATE BOX (ONE ONLY)

- I HAVE A CURRENT NEW JERSEY AFFIRMATIVE ACTION CERTIFICATE, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE A VALID FEDERAL AFFIRMATIVE ACTION PLAN APPROVAL LETTER, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE COMPLETED THE ENCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

INSTRUCTIONS FOR COMPLETING THE AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT (FORM AA302)

IMPORTANT: READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM. PRINT OR TYPE ALL INFORMATION. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

Item 1 - Enter the Federal Identification Number assigned to the Contractor or vendor by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for, but not yet issued, write the words "applied for",
or
If your business is such that you have not, or will not receive a Federal Employee Identification Number, enter the Social Security Number assigned to the single owner or to a partner, in case of partnership.

Item 2 - Check the box appropriate to your TYPE OF BUSINESS. If you are engaged in more than one type of business, check the predominant one. If you are a manufacturer deriving more than 50% of your receipts from your own retail outlets, check "Retail".

Item 3 - Enter the total "number" of employees in the entire company, including part-time employees. This number shall include all facilities in the entire firm or corporation.

Item 4 - Enter the name by which the company is identified. If there is more than one company name, enter the predominant one.

Item 5 - Enter the physical location of the company, include City, County, State and Zip Code.

Item 6 - Enter the name of any parent or affiliated company including City, State and Zip Code. If there is none, so indicate by entering "None" or N/A.

Item 7 - Check the appropriate box for the total number of employees in the entire company. "Entire Company" shall include all facilities in the entire firm or corporation, including part-time employees, not use those employees at the facility being awarded the contract.

Item 8 - Check the box appropriate to your type of company establishment. Single-establishment Employer shall include an employer whose business is conducted at more than one location.

Item 9 - If multi-establishment was entered in Item 8, enter the number of establishments within the State of New Jersey.

Item 10 - Enter the total number of employees at the establishment being awarded the contract.

Item 11 - Enter the name of the Public Agency awarding the contract. Include City, State and Zip Code.

Item 12 - Enter the appropriate figures on all lines and in all columns. THIS SHALL ONLY INCLUDE EMPLOYMENT DATA FROM THE FACILITY THAT IS BEING AWARDED THE CONTRACT. DO NOT list the same employee in more than one job category.

Racial/Ethnic Groups will be so defined:

Black: Not of Hispanic origin. Persons have origin in any of the Black racial groups of Africa.

Hispanic: Persons of Mexican, Puerto Rican, Cuban or Central or South American or other Spanish culture or origin, regardless of race.

American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.

Asian or Pacific Islander: Persons having origin in any of the peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands. This area includes for example, China, Japan, the Philippine Islands and Somoa.

Item 13 - Check the appropriate box, if the race or ethnic group information was not obtained by 1 or 2, specify by what other means this was done in 3.

Item 14 - Enter the dates of the payroll period used to prepare the employment data presented in Item 12.

Item 15 - If this is the first time an Employee Information Report has been submitted for this company, check block "Yes".

Item 16 - If the answer to Item 15 is "No", enter the date when the last Employee Information Report was submitted by this company.

Item 17 - Print or type the name of the person completing this form. Include the signature, title and date.

Item 18 - Enter the physical location where the form is being completed. Include City, State, Zip Code and Phone Number.

**State of New Jersey
AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT**

IMPORTANT: READ INSTRUCTIONS ON PRIOR PAGE CAREFULLY BEFORE COMPLETING FORM. TYPE OR PRINT SHARP BALL POINT PEN. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

SECTION A – COMPANY IDENTIFICATION

1. FID. NO. OR SOCIAL SECURITY	2. TYPE OF BUSINESS <input type="checkbox"/> 1. MFG. <input type="checkbox"/> 2. SERVICE <input type="checkbox"/> 3. WHOLESALE <input type="checkbox"/> 4. RETAIL <input type="checkbox"/> 5. OTHER	3. TOTAL NO. OF EMPLOYEES IN THE ENTIRE COMPANY
4. COMPANY NAME		
5. STREET	CITY	COUNTY STATE ZIP CODE
6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE)		CITY STATE ZIP CODE
7. DOES THE ENTIRE COMPANY HAVE A TOTAL OF AT LEAST 50 EMPLOYEES? <input type="checkbox"/> YES <input type="checkbox"/> NO		
8. CHECK ONE: IS THE COMPANY: <input type="checkbox"/> SINGLE-ESTABLISHMENT EMPLOYER <input type="checkbox"/> MULTI-ESTABLISHMENT EMPLOYER		
9. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN N.J.: []		
10. TOTAL NUMBER OF EMPLOYEES AT THE ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT: []		
11. PUBLIC AGENCY AWARDED CONTRACT:		CITY STATE ZIP CODE

OFFICIAL USE ONLY

DATE RECEIVED	OUT OF STATE PERCENTAGES	ASSIGNED CERTIFICATION NUMBER
MO/DAY/YR	COUNTY MINORITY FEMALE	

SECTION B – EMPLOYMENT DATA

12. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority categories, in columns 1, 2, & 3.

JOB CATEGORIES	ALL EMPLOYEES			MINORITY GROUP EMPLOYEES (PERMANENT)								
	Col. 1 TOTAL (Cols. 2&3)	Col. 2 MALE	Col. 3 FEMALE	MALE				FEMALE				
				BLACK	HISPANIC	AMERICAN INDIAN	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	ASIAN	
Officials and Managers												
Professionals												
Technicians												
Sales Workers												
Office and Clerical												
Craftworkers (Skilled)												
Operatives (Semi-skilled)												
Laborers (Unskilled)												
Service Workers												
TOTAL												
Total employment from Previous Report (if any)												

The data below shall NOT be included in the request for the categories above.

Temporary and Part-time Employees												
13. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED? <input type="checkbox"/> 1. VISUAL SURVEY <input type="checkbox"/> 2. EMPLOYMENT RECORD <input type="checkbox"/> 3. OTHER (SPECIFY)							15. IS THIS THE FIRST EMPLOYEE INFORMATION REPORT (AA.302) SUBMITTED? <input type="checkbox"/> 1. YES <input type="checkbox"/> 2. NO			16. IF NO, DATE OF LAST REPORT SUBMITTED MO. DAY YEAR		
14. DATES OF PAYROLL PERIOD USED												

SECTION C – SIGNATURE AND IDENTIFICATION

17. NAME OF PERSON COMPLETING FORM (PRINT OR TYPE)(?CONTRACTOR EEO OFFICER)	SIGNATURE	TITLE	MO. DAY YEAR
18. ADDRESS (NO. & STREET)	(CITY)	(STATE)	(ZIP CODE) PHONE (AREA CODE, NO. & EXTENSION)

FORM AA302

NOTICE TO ALL BIDDERS

NOTICE OF INTENT TO SUBCONTRACT FORM

SUBCONTRACTOR UTILIZATION PLAN FORM

PROCEDURES FOR SMALL BUSINESS

PARTICIPATION AS SUBCONTRACTORS

If the bidder intends to utilize any subcontractors during the course of the contract(s) to be awarded as a result of this Request for Proposal (RFP), the bidder will include small business subcontracting targets pursuant to NJAC 17:13-4 and Executive Order 71. Each bidder is required to make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce and Economic Growth Commission-registered (Commerce) small businesses, with a minimum of five (5) percent awarded to each of the three categories set forth below, and the balance of ten (10) percent spread across the three categories. **All bidders must complete the *Notice of Intent to Subcontract form*.** Failure to include a completed and signed *Notice of Intent to Subcontract* form will be sufficient cause to reject a bidder’s proposal as non-responsive.

Pursuant to Section 3.11 of the Standard Terms and Conditions, **any bidder intending to subcontract must also complete the *Subcontractor Utilization Plan (Plan)*.** Bidders are instructed to list **all** proposed subcontractors on the *Plan*. A bidder intending to subcontract must include a completed and signed *Plan* or be subject to rejection of its proposal as non-responsive.

DEFINITIONS:

“Small business” means a business that

- is independently owned and operated
- is incorporated or registered in and has its principal place of business located in the State of New Jersey.
- Has 100 or fewer full-time employees
- Has gross revenues falling in one of the following three categories:
 1. 0 to \$500,000 (Category I);
 2. \$500,001 to \$5,000,000 (Category II);
 3. \$5,000,001 to \$12,000,000 (Category III).

“Commerce-registered” means a small business that meets the requirements and definitions of “small business” and has applied for and been approved by Commerce as a small business.

PROCEDURE:

If a bidder intends to subcontract, the following actions should be taken to achieve the set-aside subcontracting goal requirements:

1. Attempt to locate eligible small businesses in Categories I, II and III appropriate to the RFP;
2. Request a listing of small businesses by Category from Commerce;
3. Record efforts to locate eligible businesses, including the names of businesses contacted and the means and results of such contacts;
4. Provide all potential subcontractors with detailed information regarding the specifications;
5. Attempt, whenever possible, to negotiate prices with potential subcontractors submitting higher than acceptable price quotes;
6. Obtain, in writing, the consent of any proposed subcontractor to use its name in response to the RFP; and,
7. Maintain adequate records documenting efforts to achieve the set-aside subcontracting goals.

Proposals should also contain the following items with the *Plan*, as applicable:

1. A copy of Commerce's proof of registration as a small business for any business proposed as a subcontractor; and,
2. Documentation of the bidder's good faith effort to meet the targets of the set-aside subcontracting requirement in sufficient detail to permit the Evaluation Committee to effectively assess the bidder's efforts to comply if the bidder has failed to attain the statutory goals.

If awarded the contract, the bidder shall notify each subcontractor listed in the *Plan*, in writing.

Note that a bidder's failure to satisfy the small business subcontracting targets or provide sufficient documentation of its good faith efforts to meet the targets may preclude award of a contract to the bidder.

Bidders seeking eligible small businesses should contact:

New Jersey Commerce and Economic Growth Commission
Office of Small Business
20 West State Street
PO Box 820
Trenton, New Jersey 08625-0820

Telephone: (609) 292-2146

Each bidder awarded a contract for a procurement which contains the set-aside subcontracting goal requirement shall fully cooperate in any studies or surveys which may be conducted by the State to determine the extent of the bidder's compliance with NJAC 17:13-1.1 et seq., and this *Notice to All Bidders*.

REQUIRED SUBMISSION

**STATE OF NEW JERSEY
DIVISION OF PURCHASE AND PROPERTY (DPP)**

NOTICE OF INTENT TO SUBCONTRACT FORM

THIS **NOTICE OF INTENT TO SUBCONTRACT** FORM MUST BE COMPLETED AND INCLUDED AS PART OF EACH BIDDER'S PROPOSAL. FAILURE TO SUBMIT THIS FORM WILL BE CAUSE FOR REJECTION OF THE BID AS NON-RESPONSIVE.

DPP Solicitation Number: 06-X-37983	DPP Solicitation Title: LOTTERY GAMING SYSTEM AND SUPPORT SERVICES
Bidder's Name and Address:	

INSTRUCTIONS: PLEASE CHECK ONE OF THE BELOW LISTED BOXES:

If awarded this contract, I will engage subcontractors to provide certain goods and/or services.
ALL BIDDERS THAT INTEND TO ENGAGE SUBCONTRACTORS MUST ALSO SUBMIT A COMPLETED AND CERTIFIED **SUBCONTRACTOR UTILIZATION PLAN** WITH THEIR BID PROPOSALS.

If awarded this contract, I do not intend to engage subcontractors to provide any goods and/or services.

ALL BIDDERS THAT DO NOT INTEND TO ENGAGE SUBCONTRACTORS MUST ATTEST TO THE FOLLOWING CERTIFICATION:

I hereby certify that if the award is granted to my firm and if I determine at any time during the course of the contract to engage subcontractors to provide certain goods and/or services, pursuant to Section 3.11 of the Standard Terms and Conditions, I will submit the **Subcontractor Utilization Plan (Plan)** for approval to the Division of Purchase and Property in advance of any such engagement of subcontractors. Additionally, I certify that in engaging subcontractors, I will make a good faith effort to achieve the subcontracting set-aside goals established for this contract, and I will attach to the **Plan** documentation of such efforts in accordance with NJAC 17:13-4 and the **Notice to All Bidders**.

PRINCIPAL OF FIRM:

[Yellow box for signature]

(Signature)

[Yellow box for title]

(Title)

[Yellow box for date]

(Date)

REQUIRED SUBMISSION IF BIDDER INTENDS TO SUBCONTRACT

STATE OF NEW JERSEY • DIVISION OF PURCHASE AND PROPERTY (DPP) SUBCONTRACTOR UTILIZATION PLAN (REFERENCED IN RFP STANDARD TERMS AND CONDITIONS)	DPP Solicitation No.: 06-X-37983
NOTE: If utilizing subcontractors, failure to submit this properly completed form will be sufficient cause for rejection of the bid as non-responsive.	DPP Solicitation Title:
Bidder's Name and Address:	LOTTERY GAMING SYSTEM AND SUPPORT SERVICES
	• Bidder's Telephone No.:
	• Bidder's Contact Person:

INSTRUCTIONS: List all businesses to be used as subcontractors. This form may be duplicated for extended lists.

SUBCONTRACTOR'S NAME ADDRESS, ZIP CODE TELEPHONE NUMBER AND VENDOR ID NUMBER	REGISTERED WITH NJ COMMERCE AND ECONOMIC GROWTH COMMISSION *			TYPE(S) OF GOODS OR SERVICES TO BE PROVIDED	ESTIMATED VALUE OF SUBCONTRACT(S)
	SMALL BUSINESS CATEGORY				
	I	II	III		

* For those Bidders listing Small Business Subcontractors: Attach copies of NJ Commerce & Economic Growth Commission registration for each subcontractor listed. If bidder has not achieved established subcontracting set-aside goals, also attach documentation of good faith effort to do so in the relevant category in accordance with NJAC17:13-4 and the Notice to All Bidders.

I hereby certify that this Subcontractor Utilization Plan (Plan) is being submitted in good faith. I certify that each subcontractor has been notified that it has been listed on this Plan and that each subcontractor has consented, in writing, to its name being submitted for this contract. Additionally, I certify that I shall notify each subcontractor listed on the Plan, in writing, if the award is granted to my firm, and I shall make all documentation available to the Division of Purchase and Property upon request.

I further certify that all information contained in this Plan is true and correct and I acknowledge that the State will rely on the truth of the information in awarding the contract.

(Signature)	(Title)	(Date)

Attachment 5 – Price Schedules

Refer to RFP Section 3.0 (Scope of Work) for requirements for each section of the price schedule. Also refer to RFP Section 2.2 (Definitions) and RFP Section 5.25 (Form of Compensation and Payment).

The Price Schedule is divided into three (3) sections: Section I - Base System, Section II - Specified Options, and Section III - Invited Options. All bid items in Sections I and II must have a bid price. In the event the bidder does not submit all pricing in Sections I and II, the bidder’s proposal may be found non-responsive. Invited Options and Offered Options, if presented in the bidder’s proposal, may be priced at this time.

SECTION I – BASE SYSTEM PRICING (Based on 6,200 retailer locations)

The bidder must bid a percentage (carried to four (4) decimal places) for Bid Items 1 and 2.				
Bid Item #	Description	Percentage Fee* (Carried to 4 Decimal Places)	Estimated Sales Per Week (A)	Estimated Total Price Per Week (B)
1	Five-Year Base Period – Price Quoted as a Percentage of actual Machine Game Sales (RFP Sections 3.1 and 3.2)	%	\$26,000,000	\$
2	Five-Year Base Period – Price Quoted as a Percentage of actual Instant Game Sales (RFP Sections 3.1 and 3.2)	%	\$20,000,000	\$

* Percentage Fee is a firm, fixed fee, per the definition contained in Section 2.1.

(A) “Estimated Sales Per Week” is for evaluation purposes only. This sales figure is an estimate only and is no guarantee of actual sales under the contract. The contractor shall be paid the percentage bid multiplied by actual net sales for Machine Games and Instant Games, respectively.

(B) “Estimated Total Price Per Week” = “Percentage Fee” multiplied by “Estimated Sales Per Week”

SECTION II – SPECIFIED OPTIONS

Bid Item #	Description	Fixed Fee Per Week (C)	Amount	Total Price Per Week (D)
COMMUNICATIONS NETWORK				
3	Communications Network – Weekly Fixed Fee Per Retailer Location which includes Carrier Costs and Equipment and Service costs (RFP Sections 3.3.6.a, 3.3.6.b)	\$	6,200 Retailer Locations	\$
4	Tablet / Laptop Connectivity, 3G Service, Weekly Fixed Fee Per Tablet / Laptop, Unlimited Data (RFP Section 3.3.6.c)	\$	75 Tablets / Laptops	\$

(C) “Fixed Fee Per Week” = Price Per Week Per Each Retailer Location for Bid Item 3 and Price Per Week Per Each Tablet / Laptop for Bid Item 4.

(D) "Total Price Per Week" = "Fixed Fee Per Week" multiplied by "Amount"

LAPS SYSTEM

Bid Item #	Description	Firm, Fixed Fee Per Week (E)	Amount	Total Price Per Week (F)
5	Lottery Administrative Processing System (RFP Section 3.9)	\$	1	\$

(E) "Firm, Fixed Fee Per Week" = Price Per Week for Total LAPS System (Bid Item 5). At the conclusion of the five (5) year term contract, all LAPS hardware and software shall become the property of the State of New Jersey.

(F) "Total Price Per Week" = "Firm, Fixed Fee Per Week" multiplied by "Amount".

The State will correct any math errors in the computation of "Total Price Per Week".

Based on the total price per week bid for each bid item, the State will determine the total price for the five (5) year term of the contract. ***The estimated price for the five (5) year term contract will be used by the State for bid cost ranking purposes.***

SECTION III – PRICING FOR INVITED OPTIONS

The bidder is **not** required to provide pricing for Invited Options. The bidder may opt to price one or more line items. The price for invited options will **not** be evaluated as part of the bidder's cost proposal. Pricing in this schedule will be used as a reference should the State decide to purchase one or more invited options.

Line Item	Description	Estimated Timeframe	Estimated Amount	Pricing Method (1)	Price
1	PLAYSLIPS AND DOCUMENT SCANNER (Section 3.2.1.2.h (1)). Accommodation of letter size documents (Approx. 8.5 X 11 inches).	Start of Contract	Included on all terminals	A	\$
2	KEYPAD (Section 3.2.1.3.c). Key style keypad for retailer terminals that permit retailer to enter play data.	Start of Contract	1 – 2,000	A	\$
3	SELF-SERVICE VALIDATOR (Section 3.2.1.3.d). A mechanism for players to check their own on-line tickets for winners.	Start of Contract	1 – 6,000	A	\$
4	SELF-SERVICE TERMINAL INSTANT TICKET FEATURE (Section 3.2.1.3.d). A feature permitting self-service terminals for player checking of instant ticket winners.	Start of Contract	1 – 6,000	A	\$
5	ELECTRONIC PLAY SLIPS AND READER (Section 3.2.1.3.f)	Start of Contract	Included on all terminals	A	\$
6	IN-STORE WIRELESS SIGNAGE (Section 3.2.1.3.g)	1 – 3 Years of Contract Start	1,000 – 2,000	A	\$
7	MARKET SURVEYS, MARKET RESEARCH & FOCUS GROUPS (Section 3.5.1.c)	Year 2 of Contract	Twice Annually	B	\$
8	WIRELESS TERMINALS (Section 3.2.5.a) Additional Wireless Terminals.	1 – 5 Years of Start	1 – 10	A	\$
9	IN-LANE TERMINALS (Section 3.2.5.b). Terminals for store lanes.	1 – 3 Years of Contract Start	500	A	\$

Line Item	Description	Estimated Timeframe	Estimated Amount	Pricing Method (1)	Price
10	PLAY AT THE PUMP (Section 3.2.5.c). Terminals that support simplified play of on-line games out of doors at the fueling lane of a service station.	1 – 3 Years of Contract Start	100	A	\$
11	ADVANCED COMMUNICATIONS (Section 3.3.5). Advanced communications options,	Start of Contract	One Time Setup	C	\$
12	KEYLESS VALIDATION (Section 3.4.3.f). Validating instant tickets with no keystrokes required by the retailer or player.	Start of Contract	One Time Setup	C	\$
13	REAL TIME ACCOUNTING FOR INSTANT TICKETS (Section 3.4.3.j). This is the technology and/or methods that permit retailers to account for instant tickets as they are being sold.	Start of Contract	One Time Setup	C	\$
14	ADDITIONAL INSTANT TICKET VENDING MACHINES (ITVM) (Section 3.4.4.11).	1 – 3 Years of Contract Start	500	A	\$
15	FULL SERVICE PLAYER OPERATED VENDING MACHINES (Section 3.4.4.12).	1 – 3 Years of Contract Start	500	A	\$
16	SUBSCRIPTION SYSTEM (Section 3.4.9). This is a system for enrolling New Jersey Lottery players for future drawings.	1 Year After Start	One Time Setup	C	\$
17	SUBSCRIBER SERVICES (Section 3.4.9). Additional Services in association with subscription system, such as mailings, e-mail, telephone communications and account database management.	1 Year After Start	One Time Setup	C	\$
18	PLAYER REGISTRATION SYSTEM (Section 3.4.10). This is a system for registering players for various informational, promotional and data gathering purposes.	1 – 3 Years After Start	One Time Setup	C	\$
19	PLAYER REGISTRATION SERVICES (Section 3.4.10). Additional Services in association with player registration system, such as mailings, e-mail, telephone communications and account database management.	1 – 3 Years After Start	One Time Setup	C	\$
20	MOBILE TERMINAL SOFTWARE FOR SALES REPRESENTATIVES (SR's) AND SALES MANAGEMENT (Section 3.4.11). Software solution for SR's and Sales Management staff such that these employees can access current sales, retailer and related gaming information as they work with retailers on their routes.	Start of Contract	One Time Setup	C	\$
21	SALES ANALYSIS SYSTEM (Section 3.5.3).	1 – 3 Years After Start	One Time Setup	C	\$
22	PLAY CENTERS (Section 3.5.9).	1 – 3 Years After Start	2,000 – 4,000	A	\$
23	KENO (Section 3.5.10)	Unknown	(2)	D	
24	VIDEO LOTTERY CENTRAL SYSTEM (Section 3.5.10)	Unknown	(2)	D	
25	SALES REPRESENTATIVE PROGRAM (Section 3.7.3 (b)). This is a program to encompass the services now provided by 50 – 60 Sales Representatives.	1 – 3 Years After Start	40 – 60 Full Time Employees	A	\$
26	GENERAL OFFICE PRODUCTIVITY SOFTWARE (Section 3.9.3.2)	Start of Contract	One Time Setup	C	\$

(1) Pricing Method

A = Weekly Fixed Fee Per Unit or Service Provided
B = One Time Cost for Service of Device Each Time Delivered
C = One Time Startup Cost for Service or Device
D = Not to be Priced at this Time.

(2) Keno and Video Lottery (Line Items 23 and 24, respectively)

The bidder should **not** submit pricing for Keno or Video Lottery Central System at this time since the State has not defined the variables that will affect the costs of providing these games. Should the State implement these games, the pricing will be negotiated. The bidder is asked to provide a narrative, without pricing, explaining what equipment and services the bidder will be able to provide.

OFFERED OPTIONS

The bidder may attach sheets for any bidder-offered optional items. The bidder must clearly identify the items offered and the terms under which they are offered. The bidder is not required to submit any Offered Options.

RECIPROCITY FORM
(Optional Submission)

IMPORTANT NOTICE TO ALL BIDDERS

Effective October 7, 1991 in accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17:12-2.13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose State or locality maintains a preference practice for their bidders.

For States having preference laws, regulations, or practices, New Jersey will use the annual surveys compiled by the Council of State Governments, National Association of State Purchasing Officials, or the National Institute of Governmental Purchasing to invoke reciprocal actions. The State may obtain additional information anytime it deems appropriate to supplement the above survey information.

Any bidder may submit information related to preference practices enacted for a local entity outside the State of New Jersey. This information may be submitted in writing as part of the bid response proposal, and should be in the form of resolutions passed by an appropriate governing body, regulations, a Notice to Bidders, laws, etc. It is the responsibility of the bidder to provide the documentation with the bid proposal or submit it to the Director, Division of Purchase and Property within five (5) working days of the public bid opening. Written evidence for a specific procurement that is not provided to the Director within five working days of the public bid opening will not be considered in the evaluation of that procurement, but will be retained and considered in the evaluation of subsequent procurements.

Any bidder having evidence of out-of-State local entities invoking preference practices should complete the form below, with a copy of appropriate documentation. The form and documentation may be submitted with your bid response proposal.

Name of Locality having preference practices:

City /Town/Authority	
County	
State	

Documentation Attached:

- Resolution
- Notice to Bidder

- Regulations/Laws
- Other _____

Name of Firm Submitting this information

Attachment 7 –Executive Order 129

**EXECUTIVE ORDER 129 CERTIFICATION
SOURCE DISCLOSURE CERTIFICATION FORM**

Vendor: _____ Solicitation Number: **06-X-37983**

I hereby certify and say:

I have personal knowledge of the facts set forth herein and am authorized to make this Certification on behalf of the Vendor.

The Vendor submits this Certification in response to the referenced solicitation issued by the Division of Purchase and Property, Department of the Treasury, State of New Jersey (the "Division"), in accordance with the requirements of Executive Order 129, issued by Governor James E. McGreevey on September 9, 2004 (hereinafter "E.O. No. 129").

The following is a list of every location where services will be performed by the vendor and all subcontractors.

Vendor or Subcontractor	Description of Services	Performance Location(s) by Country

Any changes to the information set forth in this Certification during the term of any contract awarded under the referenced solicitation or extension thereof will be immediately reported by the Vendor to the Director, Division of Purchase and Property (the "Director").

I understand that, after award of a contract to the Vendor, it is determined that the Vendor has shifted services declared above to be provided within the United States to sources outside the United States, prior to a written determination by the Director that extraordinary circumstances require the shift of services or that the failure to shift the services would result in economic hardship to the State of New Jersey, the Vendor shall be deemed in breach of contract, which contract will be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions.

I further understand that this Certification is submitted on behalf of the Vendor in order to induce the Division to accept a bid proposal, with knowledge that the Division is relying upon the truth of the statements contained herein.

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Vendor: _____
(Name of Organization or Entity)

By: _____ Title: _____
Print Name: _____ Date: _____

Attachment 8 – Code of Ethics

NEW JERSEY STATE LOTTERY COMMISSION CODE OF ETHICS FOR VENDORS AND CONTRACTORS

Introduction

The proper functioning and financial success of the New Jersey State Lottery are vitally dependent upon the maintenance of public trust and confidence. It is essential, therefore, that the Lottery and those persons or firms who do business with it avoid all situations where proprietary or financial interests or the opportunity for financial gain could lead to favored treatment for any organization or individual. They must also avoid circumstances and conduct which may not constitute wrongdoing or a conflict of interest but might nevertheless appear questionable to the general public, thus compromising the integrity of the Lottery.

The Lottery Commission recognizes that in this complex society there will often occur situations in which overlapping or linked ownerships make total separations of interest impossible. It is also familiar with the laws governing the executive Commission on Ethical Standards, N.J.S.A. 52:13D-12 ET SEC. which, while not strictly applicable to vendors or other contracting parties, provides guidance in this general area.

Accordingly, pursuant to authority embodied in N.J.S.A. 5:9-1, ET SEC., and for good cause, the following is hereby established as the New Jersey State Lottery Code of Ethics for Vendors and Contractors.

This code of ethics shall be made part of every request for proposals (RFP) promulgated by the Lottery following the effective date of this resolution. It shall be distributed to all present and future parties who do business with the Lottery (other than as purchasers of lottery tickets, public comment and projected enactment as an agency rule pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1, ET SEC.

Lottery Vendors Code of Ethics

1. No lottery vendor* shall employ any person or maintain any business relationship with any person who is a Lottery Commissioner, Officer or Employee. The maintenance of a business relationship shall be deemed to include but not be limited to any interest, financial or otherwise, direct or indirect, any business transaction or professional activity involving a commissioner, officer or employee. However, it shall not be a violation of this paragraph for a Lottery Commissioner, Officer or Employee to seek future outside employment or to correspond with a lottery vendor with respect thereto, provided that (a) the director is promptly informed of such activities and (b) they are not violative of state law or such other ethical standards as may apply.**
2. No lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, Officer or Employee to act in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said Lottery Commissioner, Officer or Employee.
3. No lottery vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, Officer or Employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for that lottery vendor or for any other person.
4. No lottery vendor shall offer any Lottery Commissioner, Officer or Employee any gift, favor, service or other thing of value under circumstances from which it might be reasonable inferred that such gift, service or other thing of value was given or offered for the purpose of influencing the recipient in the discharge of his official duties.
5. This code of ethics shall also apply to any licensed agent of the New Jersey State Lottery.
6. No lottery vendor shall, without the written approval of the director, disclose, directly or indirectly, any information not generally or legally available to the public concerning the affairs of the division.

7. This code is intended to augment and not replace existing administrative orders and pertinent codes of ethics. If any part of this code shall be found ineffective or inoperative, such finding shall not affect the other parts of the code.

8. This code shall take effect immediately upon adoption by the New Jersey State Lottery Commission.

* As used in this code of ethics, lottery vendor means any person, firm or corporation engaging or seeking to engage in business with the Division of State Lottery.

** Lottery Commissioners, Division Officers and Employees are covered by separate Code of Ethics.

Attachment 9 – List of invited Options and Notice of Offered Options

	Description	Mark Box (X) if Offered in the Bidders Proposal
1	PLAYSLIPS AND DOCUMENT SCANNER (Section 3.2.1.2.h (1)). Accommodation of letter size documents (Approx. 8.5 X 11 inches).	
2	KEYPAD (Section 3.2.1.3.c). Key style keypad for retailer terminals that permit retailer to enter play data.	
3	SELF-SERVICE VALIDATOR (Section 3.2.1.3.d). A mechanism for players to check their own on-line tickets for winners.	
4	SELF-SERVICE TERMINAL INSTANT TICKET FEATURE (Section 3.2.1.3.d). A feature permitting self-service terminals for player checking of instant ticket winners.	
5	ELECTRONIC PLAY SLIPS AND READER (Section 3.2.1.f)	
6	IN-STORE WIRELESS SIGNAGE (Section 3.2.1.3.g)	
7	MARKET SURVEYS, MARKET RESEARCH & FOCUS GROUPS (Section 3.5.1.c)	
8	WIRELESS TERMINALS (Section 3.2.5.a) Additional Wireless Terminals.	
9	IN-LANE TERMINALS (Section 3.2.5.b). Terminals for store lanes.	
10	PLAY AT THE PUMP (Section 3.2.5.c). Terminals that support simplified play of on-line games out of doors at the fueling lane of a service station.	
11	ADVANCED COMMUNICATIONS (Section 3.3.5). Advanced communications options,	
12	KEYLESS VALIDATION (Section 3.4.3.f). Validating instant tickets with no keystrokes required by the retailer or player.	
13	REAL TIME ACCOUNTING FOR INSTANT TICKETS (Section 3.4.3.j). This is the technology and/or methods that permit retailers to account for instant tickets as they are being sold.	
14	ADDITIONAL INSTANT TICKET VENDING MACHINES (ITVM) (Section 3.4.4.11).	
15	FULL SERVICE PLAYER OPERATED VENDING MACHINES (Section 3.4.4.12).	
16	SUBSCRIPTION SYSTEM (Section 3.4.9). This is a system for enrolling New Jersey Lottery players for future drawings.	
17	SUBSCRIBER SERVICES (Section 3.4.9). Additional Services in association with subscription system, such as mailings, e-mail, telephone communications and account database management.	
18	PLAYER REGISTRATION SYSTEM (Section 3.4.10). This is a system for registering players for various informational, promotional and data gathering purposes.	
19	PLAYER REGISTRATION SERVICES (Section 3.4.10). Additional Services in association with player registration system, such as mailings, e-mail, telephone communications and account database management.	
20	MOBILE TERMINAL SOFTWARE FOR SALES REPRESENTATIVES (SR's) AND SALES MANAGEMENT (Section 3.4.11). Software solution for SR's and Sales Management staff such that these employees can access current sales, retailer and related gaming information as they work with retailers on their routes.	
21	SALES ANALYSIS SYSTEM (Section 3.5.3).	
22	PLAY CENTERS (Section 3.5.9).	
23	KENO (Section 3.5.10)	

	Description	Mark Box (X) if Offered in the Bidders Proposal
24	<u>VIDEO LOTTERY CENTRAL SYSTEM</u> (Section 3.5.10)	
25	<u>SALES REPRESENTATIVE PROGRAM</u> (Section 3.7.4.2). This is a program to encompass the services now provided by 50 – 60 Sales Representatives.	
26	<u>GENERAL OFFICE PRODUCTIVITY SOFTWARE</u> (Section 3.9.3.2)	

OFFERED OPTIONS

The bidder shall attach sheets for any bidder offered optional items. Clearly identify the items offered and the terms under which they are offered. Bidders are not required to submit any Offered Options.

STATE OF NEW JERSEY STANDARD TERMS AND CONDITIONS

- I. Unless the bidder is specifically instructed otherwise In the Request for Proposal, the following terms and conditions will apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the Request for Proposal (RFP) and should be read in conjunction with same unless the RFP specifically indicates otherwise. If a bidder proposes changes or modifications or takes exception to any of the State's terms and conditions, the bidder must so state specifically in writing in the bid proposal. Any proposed change, modification or exception in the State's terms and conditions by a bidder will be a factor in the determination of an award of a contractor purchase agreement.
- II. All of the State's terms and conditions will become a part of any contract(s) or order(s) awarded as a result of the Request for Proposal, whether stated in part, in summary or by reference. In the event the bidder's terms and conditions conflict with the State's, the State's terms and conditions will prevail, unless the bidder is notified in writing of the State's acceptance of the bidder's terms and conditions.
- III. The statutes, laws or codes cited are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.
- IV. If awarded a contract or purchase agreement, the bidder's status shall be that of any independent principal and not as an employee of the State.

1. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS

- 1.1 BUSINESS REGISTRATION** – Effective September 1, 2004, pursuant to an amendment to N.J.S.A. 52:32-44, State and local entities (including the Division of Purchase and Property) are prohibited from entering into a contract with an entity unless the contractor has provided a copy of its business registration certificate (or interim registration) as part of its bid submission. Failure to submit a copy of the Business Registration Certificate within the bid proposal may be cause for rejection of the bid proposal.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State. This requirement shall apply to all contracts awarded on and after September 1, 2004. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG can be filed online at <http://www.state.nj.us/treasury/revenue/busregcert.htm>

- 1.2 ANTI-DISCRIMINATION** - All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A.10:5-1 et seq. and N.J.S.A.10:5-31 through 10:5-38, and all rules and regulations issued there under.
- 1.3 PREVAILING WAGE ACT** - The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.26 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on this proposal is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by this proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act.
- 1.4 AMERICANS WITH DISABILITIES ACT** - The contractor must comply with all provisions of the Americans With Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101 et seq.
- 1.5 THE WORKER AND COMMUNITY RIGHT TO KNOW ACT** - The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the Act.
- 1.6 OWNERSHIP DISCLOSURE** - Contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to or at the time of bid submission the bidder has disclosed the names and addresses of all its owners holding 10% or more of the corporation or partnership's stock or interest. Refer to N.J.S.A. 52:25-24.2.
- 1.7 COMPLIANCE - LAWS** - The contractor must comply with all local, state and federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.

- 1.8 COMPLIANCE - STATE LAWS** - It is agreed and understood that any contracts and/or orders placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.
- 1.9 COMPLIANCE - CODES** - The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor will be responsible for securing and paying all necessary permits, where applicable.

2. LIABILITIES

- 2.1 LIABILITY - COPYRIGHT** - The contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopied composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of his contract.
- 2.2 INDEMNIFICATION** - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract. This indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this agreement.
- 2.3 INSURANCE** - The contractor shall secure and maintain in force for the term of the contract liability insurance as provided herein. The Contractor shall provide the State with current certificates of insurance for all coverages and renewals thereof, naming the State as an additional insured and which must contain the proviso that the insurance provided in the certificate shall not be canceled for any reason except after thirty days written notice to:

STATE OF NEW JERSEY
Purchase Bureau – Bid Ref. #

The insurance to be provided by the contractor shall be as follows:

- a. a Commercial General Liability policy as broad as the standard coverage forms in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage.

The limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
- b. Automobile liability insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
- c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:

\$1,000,000 BODILY INJURY, EACH OCCURRENCE
\$1,000,000 DISEASE EACH EMPLOYEE
\$1,000,000 DISEASE AGGREGATE LIMIT

3. TERMS GOVERNING ALL PROPOSALS TO NEW JERSEY PURCHASE BUREAU

- 3.1 CONTRACT AMOUNT** - The estimated amount of the contract(s), when stated on the Advertised Request for Proposal form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of this Request for Proposal or any contract entered into as a result of this Request for Proposal.
- 3.2 CONTRACT PERIOD AND EXTENSION OPTION** - If, in the opinion of the Director of the Division of Purchase and Property, it is in the best interest of the State to extend an contract entered into as a result of this Request for Proposal, the contractor will be so notified of the Director's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the contract. If the contractor agrees to the extension, all terms and conditions of the original contract, including price, will be applicable.

3.3 BID AND PERFORMANCE SECURITY

- a. Bid Security - If bid security is required, such security must be submitted with the bid in the amount listed in the Request for Proposal, see N.J.A.C. 17: 12- 2.4. Acceptable forms of bid security are as follows:
 1. A properly executed individual or annual bid bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.
 2. The State will hold all bid security during the evaluation process. As soon as is practicable after the completion of the evaluation, the State will:
 - a. Issue an award notice for those offers accepted by the State;
 - b. Return all bond securities to those who have not been issued an award notice.

All bid security from contractors who have been issued an award notice shall be held until the successful execution of all required contractual documents and bonds (performance bond, insurance, etc. If the contractor fails to execute the required contractual documents and bonds within thirty (30) calendar days after receipt of award notice, the contractor may be found in default and the contract terminated by the State. In case of default, the State reserves all rights inclusive of, but not limited to, the right to purchase material and/or to complete the required work in accordance with the New Jersey Administrative Code and to recover any actual excess costs from the contractor. Collection against the bid security shall be one of the measures available toward the recovery of any excess costs.

- b. Performance Security - If performance security is required, the successful bidder shall furnish performance security in such amount on any award of a term contractor line item purchase, see N.J.A.C. 17: 12- 2.5. Acceptable forms of performance security are as follows:
 1. The contractor shall be required to furnish an irrevocable security in the amount listed in the Request for Proposal payable to the Treasurer, State of New Jersey, binding the contractor to provide faithful performance of the contract.
 2. The performance security shall be in the form of a properly executed individual or annual performance bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

The Performance Security must be submitted to the State within 30 days of the effective date of the contract award and cover the period of the contract and any extensions thereof. Failure to submit performance security may result in cancellation of contract for cause pursuant to provision 3.5b,1, and nonpayment for work performed.

3.4 VENDOR RIGHT TO PROTEST - INTENT TO AWARD - Except in cases of emergency, bidders have the right to protest the Director's proposed award of the contract as announced in the Notice of Intent to Award, see N.J.A.C. 17:12-3.3. Unless otherwise stated, a bidder's protest must be submitted to the Director within 10 working days after receipt of written notification that his bid has not been accepted or that an award of contract has been made. In the public interest, the Director may shorten this protest period, but shall provide at least 48 hours for bidders to respond to a proposed award. In cases of emergency, stated in the record, the Director may waive the appeal period. See N.J.A.C. 17: 12- 3 et seq.

3.5 TERMINATION OF CONTRACT

- a. For Convenience

Notwithstanding any provision or language in this contract to the contrary, the Director may terminate at any time, in whole or in part, any contract entered into as a result of this Request for Proposal for the convenience of the State, upon no less than 30 days written notice to the contractor.

- b. For cause:

1. Where a contractor fails to perform or comply with a contract, and/or fails to comply with the complaints procedure in N.J.A.C. 17: 12-4.2 et seq., the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.

2. Where a contractor continues to perform a contract poorly as demonstrated by formal complaints, late delivery, poor performance of service, short-shipping etc., so that the Director is repeatedly required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq. the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.

- c. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond.
- d. In the event of termination under this section, the contractor will be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

3.6 COMPLAINTS - Where a bidder has a history of performance problems as demonstrated by formal complaints and/or contract cancellations for cause pursuant to 3.5b a bidder may be bypassed for this award. See N.J.A.C. 17:12-2.8.

3.7 EXTENSION OF CONTRACT QUASI-STATE AGENCIES - It is understood and agreed that in addition to State Agencies, Quasi-State Agencies may also participate in this contract. Quasi-State Agencies are defined in N.J.S.A. 52:27B-56.1 as any agency, commission, board, authority or other such governmental entity which is established and is allocated to a State department or any bi-state governmental entity of which the State of New Jersey is a member.

3.8 EXTENSION OF CONTRACTS TO POLITICAL SUBDIVISIONS, VOLUNTEER FIRE DEPARTMENTS AND FIRST AID SQUADS, AND INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION - N.J.S.A. 52:25-16.1 permits counties, municipalities and school districts to participate in any term contract(s), that may be established as a result of this proposal.

N.J.S.A. 52:25-16.2 permits volunteer fire departments, volunteer first aid squads and rescue squads to participate in any term contract(s) that may be established as a result of this proposal.

N.J.S.A. 52:25-16.5 permits independent institutions of higher education to participate in any term contract(s) that may be established as a result of this proposal, provided that each purchase by the Independent Institution of higher education shall have a minimum cost of \$500.

In order for the State contract to be extended to counties, municipalities, school districts, volunteer fire departments, first aid squads and independent institutions of higher education the bidder must agree to the extension and so state in his bid. proposal. The extension to counties municipalities, school districts, volunteer fire departments, first aid squads and Independent Institutions of higher education must 'be under the same terms and conditions, including price, applicable to the State.

3.9 EXTENSIONS OF CONTRACTS TO COUNTY COLLEGES - N.J.S.A. 18A:64A - 25. 9 permits any college to participate in any term contract(s) that may be established as a result of this proposal.

3.10 EXTENSIONS OF CONTRACTS TO STATE COLLEGES - N.J.S.A. 18A:64- 60 permits any State College to participate in any term contract(s) that may be established as a result of this proposal.

3.11 SUBCONTRACTING OR ASSIGNMENT - The contract may not be subcontracted or assigned by the contractor, in whole or in part, without the prior written consent of the Director of the Division of Purchase and Property. Such consent, if granted, shall not relieve the contractor of any of his responsibilities under the contract.

In the event the bidder proposes to subcontract for the services to be performed under .the terms of the contract award, he shall state so in his bid and attach for approval a list of said subcontractors and an Itemization of the products and/or services to be supplied by them.

Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the State.

3.12 MERGERS, ACQUISITIONS - If, subsequent to the award of any contract resulting from this Request for Proposal, the contractor shall merge with or be acquired by another firm, the following documents must be submitted to the Director, Division of Purchase & Property.

- a. Corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices.
- b. State of New Jersey Bidders Application reflecting all updated information including ownership disclosure, pursuant to provision 1.5.

- c. Vendor Federal Employer Identification Number.

The documents must be submitted within thirty (30) days of completion of the merger or acquisition. Failure to do so may result in termination of contract pursuant to provision 3.5b.

If subsequent to the award of any contract resulting from this Request for Proposal, the contractor's partnership or corporation shall dissolve, the Director, Division of Purchase & Property must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment should be made until all parties to the dissolved partnership or corporation submit the required documents to the Director.

3.13 PERFORMANCE GUARANTEE OF BIDDER - The bidder hereby certifies that:

- a. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice.
- b. All equipment supplied to the State and operated by electrical current is UL listed where applicable.
- c. All new machines are to be guaranteed as fully operational for the period stated in the Request For Proposal from time of written acceptance by the State. The bidder will render prompt service without charge, regardless of geographic location.
- d. Sufficient quantities of parts necessary for proper service to equipment will be maintained at distribution points and service headquarters.
- e. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice.
- f. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract.
- g. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

3.14 DELIVERY GUARANTEES - Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the Request for Proposal.

The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice.

Items delivered must be strictly in accordance with the Request for Proposal.

In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the Request for Proposal, the using agency may be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor failing to meet his commitments.

3.15 DIRECTOR'S RIGHT OF FINAL BID ACCEPTANCE - The Director reserves the right to reject any or all bids, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or contracts to the vendor or vendors best meeting all specifications and conditions in accordance with N.J.S.A. 52:34-12. Tie bids will be awarded by the Director in accordance with N.J.A.C.17:12-2.1D.

3.16 BID ACCEPTANCES AND REJECTIONS - The provisions of N.J.A.C. 17:12-2.9, relating to the Director's right, to waive minor elements of non-compliance with bid specifications and N.J.A.C. 17: 12- 2.2 which defines causes for automatic bid rejection, apply to all proposals and bids.

3.17 STATE'S RIGHT TO INSPECT BIDDER'S FACILITIES - The State reserves the right to inspect the bidder's establishment before making an award, for the purposes of ascertaining whether the bidder has the necessary facilities for performing the contract.

The State may also consult with clients of the bidder during the evaluation of bids. Such consultation is intended to assist the State in making a contract award which is most advantageous to the State.

3.18 STATE'S RIGHT TO REQUEST FURTHER INFORMATION - The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the bidder's financial capabilities to perform the contract. Further, the Director reserves the right to request a bidder to explain, in detail, how the bid price was determined.

3.19 MAINTENANCE OF RECORDS - The contractor shall maintain records for products and/or services delivered against the contract for a period of three (3) years from the date of final payment. Such records shall be made available to the State upon request for purposes of conducting an audit or for ascertaining information regarding dollar volume or number of transactions.

4. TERMS RELATING TO PRICE QUOTATION

4.1 PRICE FLUCTUATION DURING CONTRACT - Unless otherwise noted by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract.

In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director of Purchase and Property must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions will result in cancellation of contract for cause, pursuant to provision 3.5b.1.

4.2 DELIVERY COSTS - Unless otherwise noted in the Request for Proposal, all prices for items in bid proposals are to be submitted F.O.B. Destination. Proposals submitted other than F.O.B. Destination may not be considered. Regardless of the method of quoting shipments, the contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State's using agency or designated purchaser.

F.O.B. Destination does not cover "spotting" but does include delivery on the receiving platform of the ordering agency at any destination in the State of New Jersey unless otherwise specified. No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at contractor's convenience when a single shipment is ordered. The weights and measures of the State's using agency receiving the shipment shall govern.

4.3 C.O.D. TERMS - C.O.D. terms are not acceptable as part of a bid proposal and will be cause for rejection of a bid.

4.4 TAX CHARGES - The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

4.5 PAYMENT TO VENDORS - Payment for goods and/or services purchased by the State will only be made against State Payment Vouchers. The State bill form in duplicate together with the original Bill of Lading, express receipt and other related papers must be sent to the consignee on the date of each delivery. Responsibility for payment rests with the using agency which will ascertain that the contractor has performed in a proper and satisfactory manner in accordance with the terms and conditions of the award. Payment will not be made until the using agency has approved payment.

For every contract the term of which spans more than one fiscal year, the State's obligation to make payment beyond the current fiscal year is contingent upon legislative appropriation and availability of funds.

The State of New Jersey now offers State contractors the opportunity to be paid through the MasterCard procurement card (p-card). A contractor's acceptance and a State Agency's use of the p-card, however, is optional. P-card transactions do not require the submission of either a contractor invoice or a State payment voucher. Purchasing transactions utilizing the p-card will usually result in payment to a contractor in three days. A Contractor should take note that there will be a transaction processing fee for each p-card transaction. To participate, a contractor must be capable of accepting MasterCard. For more information, call your bank or any merchant services company.

4.6 NEW JERSEY PROMPT PAYMENT ACT - The New Jersey Prompt Payment Act N.J.S.A. 52:32-32 et seq. requires state agencies to pay for goods and services within sixty (60) days of the agency's receipt of a properly executed State Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the state prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest will not be paid until it exceeds \$5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

- 4.7 RECIPROCITY** - In accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17: 12- 2. 13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose state or locality maintains a preference practice for their bidders.
- 5. CASH DISCOUNTS** - Bidders are encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the lowest bid.
- a. Discount periods shall be calculated starting from the next business day after the recipient has accepted the goods or services received a properly signed and executed State Payment Voucher form and, when required, a properly executed performance security, whichever is latest.
 - b. The date on the check issued by the State in payment of that Voucher shall be deemed the date of the State's response to that Voucher.
- 6. STANDARDS PROHIBITING CONFLICTS OF INTEREST** - The following prohibitions on vendor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).
- a. No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52: 13D-13g.
 - b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards.
 - c. No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52: 130-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.
 - d. No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
 - e. No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person.
 - f. The provisions cited above in paragraph 6a through 6e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph 6c.

NOTICE TO ALL BIDDERS SET-OFF FOR STATE TAX NOTICE

Please be advised that, pursuant to P.L. 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.