



STATE OF NEW JERSEY
 DEPT OF TREASURY
 33 W STATE ST -9TH FLOOR TRENTON NJ 08625-0230
 TERM CONTRACT - ADVERTISED BID PROPOSAL

FOR: LOTTERY GAMING SYSTEMS PRODUCTION AND
 OPERATION - N.J. LOTTERY (RE-BID)

NUMBER : 96-X-22874 PAGE: 1
 BUYER : JOHN KENNEDY
 PHONE : (609) 984-9705
 T-NUMBER : T1320
 DATE ISSUED : 04/11/95
 VENDOR NO. :
 VENDOR PHONE :
 FEIN/SSN :
 REQ AGENCY : 822090
 DIV OF THE STATE LOTTERY
 AGENCY REQ NO. :
 PURCH REQ NO. : 1004519
 COMMODITY CODE : 793-43 EFFECTIVE DATE: 08/01/95
 FISCAL YEAR : 96 EXPIRATION DTE: 12/31/99
 ACCOUNT NO. :

ESTIMATED AMOUNT \$.00

**** EXTRA COPY 1 ****

BIDS WILL BE PUBLICLY OPENED AND READ
 05/19/95 2 PM

IMPORTANT: THIS PROPOSAL SHOULD BE RETURNED IN THE
 SELF ADDRESSED ENVELOPE AND MUST BE RECEIVED AT OR
 BEFORE THE OPENING TIME AND DATE STATED ABOVE. LATE
 PROPOSALS WILL NOT BE ACCEPTED. RETURN BID TO:
 DEPT OF TREASURY
 33 W STATE ST.-9TH FLOOR
 CN-230
 TRENTON NJ 08625-0230

INSTRUCTIONS TO BIDDERS FOR COMPLETING THIS PROPOSAL

1. READ THE ENTIRE BID PROPOSAL, INCLUDING ALL TERMS AND CONDITIONS AND SPECIFICATIONS.
2. ALL BID PRICES MUST BE TYPED OR WRITTEN IN INK. ANY CORRECTIONS, ERASURES OR OTHER FORMS OF ALTERATION TO UNIT AND/OR TOTAL PRICES MUST BE INITIALED BY THE BIDDER.
3. THIS BID PROPOSAL IS TO BE SIGNED BELOW. (BLOCK 20)
4. BID PRICES SHALL INCLUDE DELIVERY OF ALL ITEMS F.O.B. DESTINATION OR AS OTHERWISE PROVIDED.
5. AMOUNT OF BID SECURITY \$ 250000.00OR %.
6. AMOUNT OF PERFORMANCE BOND \$ 1000000.00OR %.
7. ADDRESS ALL INQUIRIES AND CORRESPONDENCE TO THE BUYER AT THE PHONE OR ADDRESS SHOWN ABOVE.
8. CONFERENCE: MANDATORY SITE VISIT 05/03/95
 MANDATORY PRE-BID CONFERENCE 05/04/95
9. REQUESTED DELIVERY: 30 DAYS AFTER RECEIPT OF ORDER
10. SPECIAL INSTRUCTIONS: CASH DISCOUNTS FOR PERIODS LESS THAN 21 CALENDAR DAYS WILL NOT BE CONSIDERED AS FACTORS IN THE AWARD OF CONTRACTS. SEE TERMS AND CONDITIONS ATTACHED - PARAGRAPH 5.

IMPORTANT: IF THE TOTAL VALUE OF YOUR BID IS LESS THAN \$1,000,000, YOU MUST COMPLETE A "STOCKHOLDER DISCLOSURE FORM A."

-OR-

IF THE TOTAL VALUE OF YOUR BID IS GREATER THAN \$1,000,000, YOU MUST COMPLETE A "STOCKHOLDER DISCLOSURE FORM B"

TO BE COMPLETED BY VENDOR

11. DELIVERY CAN BE MADE _____ DAYS OR _____ WEEKS AFTER RECEIPT OF ORDER.
12. CASH DISCOUNT TERMS: _____ (SEE TERMS AND CONDITIONS ATTACHED - PARAGRAPH 5)
13. PRICES QUOTED ARE FIRM THROUGH ISSUANCE OF CONTRACT UNTIL THE FOLLOWING DATE _____
14. YOUR BID REFERENCE NUMBER, IF ANY, _____ (THIS NUMBER WILL APPEAR ON YOUR CONTRACT)
15. YOUR FEDERAL I.D. NUMBER (FEIN): _____
16. IF BID BOND REQUIRED, CHECK ONE: _____ ANNUAL BID BOND ON FILE, _____ BID BOND ATTACHED, _____ CERTIFIED CHECK ATTACHED

NOTICE: TELEPHONE/TELEFACSIMILE AND/OR TELEGRAPH BIDS ARE NOT ACCEPTABLE.

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 UNLESS OTHERWISE STATED IN WRITING AND SUBMITTED WITH THE BID. FURTHERMORE, SIGNATURE BY THE BIDDER SIGNIFIES THAT THIS IS A CONTRACT IMMEDIATELY UPON NOTICE OF ACCEPTANCE OF THE BID BY THE STATE OF NEW JERSEY FOR ANY OR ALL OF THE ITEMS BID, AND FOR THE LENGTH OF TIME INDICATED IN THE BID. FAILURE TO ACCEPT A CONTRACT WITHIN THE TIME PERIOD INDICATED IN THE BID PROPOSAL OR FAILURE TO HOLD PRICES OR TO MEET ANY OTHER TERMS AND CONDITIONS AS DEFINED IN THE BID, DURING THE TERM OF THE CONTRACT, SHALL CONSTITUTE A BREACH AND MAY RESULT IN SUSPENSION OR DEBARMENT FROM FURTHER BIDDING TO THE STATE. A DEFAULTING CONTRACTOR MAY ALSO BE LIABLE, AT THE OPTION OF THE STATE, FOR THE DIFFERENCE BETWEEN THE BID PRICE AND THE PRICE FROM AN ALTERNATE SOURCE OF SUPPLY.

17. VENDOR PHONE NUMBER _____ 18. TITLE _____ 19. DATE _____

20. ORIGINAL SIGNATURE OF BIDDER _____
 (MUST BE SIGNED)

STANDARD TERMS & CONDITIONS	TERM CONTRACT - ADVERTISED BID PROPOSAL	
DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON NJ 08625-0230	NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :	PAGE 2
<p>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 contract or purchase agreement.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>1. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS</p> <p>1.1 CORPORATE AUTHORITY - All New Jersey corporations must obtain a Certificate of Incorporation from the Office of the Secretary of State prior to conducting business in the State of New Jersey.</p> <p>If a bidder is a corporation incorporated in a state other than New Jersey, the bidder must obtain a Certificate of Authority to do business from the Office of the Secretary of State prior to receipt of final contract award. Within seven (7) days of receipt of a notice of intent to award the successful bidder shall provide either certification or notification of filing with the Secretary of State. Failure to comply will result in the State's withdrawing of the notice of intent to award.</p> <p>If the bidder awarded a contract or purchase agreement is an individual not residing in this state or a partnership organized under the laws of another state, then the bidder shall execute a power of attorney designating the State Treasurer as his true and lawful attorney to receive process in any civil action which may arise out of the performance of this contract or agreement. This appointment of the State Treasurer shall be irrevocable and binding upon the bidder, his heirs, executors, administrators, successors or assigns. Within ten (10) days of receipt of this process, the Treasurer shall forward same to the bidder at the address designated herein.</p> <p>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 thereunder.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>2. LIABILITIES</p> <p>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 uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of his contract.</p> <p>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, judgements 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.</p> <p>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 of New Jersey with current certificates of insurance for all coverages and renewals thereof which must contain the proviso that the insurance provided in the certificate shall not be cancelled for any reason except after thirty days written notice to:</p>		

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DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON NJ 08625-0230	NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :	PAGE 3

STATE OF NEW JERSEY
Purchase Bureau - Bid Ref.#

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

- a. General liability policy as broad as the standard coverage forms currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall be endorsed to include:

1. BROAD FORM COMPREHENSIVE GENERAL LIABILITY
2. PRODUCTS/COMPLETED OPERATIONS
3. PREMISES/OPERATIONS

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:

\$100,000 BODILY INJURY, EACH OCCURRENCE
\$100,000 DISEASE EACH EMPLOYEE
\$500,000 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 any 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. 17:12-2.2. 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 contract or line item purchase, see N.J.A.C. 17:12-2.3. 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.

STANDARD TERMS & CONDITIONS	TERM CONTRACT - ADVERTISED BID PROPOSAL	
DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON NJ 08625-0230	NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :	PAGE 4
<p>3.5 TERMINATION OF CONTRACT</p> <p>a. Change of Circumstances</p> <p>Where circumstances and/or the needs of the State significantly change, or the contract is otherwise deemed no longer to be in the public interest, the Director may terminate a contract entered into as a result of this Request for Proposal, upon no less than 30 days notice to the contractor with an opportunity to respond.</p> <p>In the event of such termination, the contractor shall furnish to the using agency, free of charge, such reports as may be required.</p> <p>b. For cause:</p> <ol style="list-style-type: none"> 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. <p>c. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond.</p> <p>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.</p> <p>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. 17:12-4.8.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the State.</p> <p>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.</p> <ol style="list-style-type: none"> 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. <p>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.</p>		

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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. 17:12-2.6.

3.16 BID ACCEPTANCES AND REJECTIONS - The provisions of N.J.A.C. 17:12-2.4, relating to the Director's right to waive minor elements of non-compliance with bid specifications and N.J.A.C. 17:12-2.5 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 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.D.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.

STANDARD TERMS & CONDITIONS

TERM CONTRACT - ADVERTISED BID PROPOSAL

DEPT OF TREASURY
 DIV OF PURCHASE & PROPERTY
 DEPT OF TREASURY
 33 W STATE ST.-9TH FLOOR
 CN-230
 TRENTON

NJ

08625-0230

NUMBER : 96-X-22874
 OPEN DATE : 05/19/95 TIME : 2 PM
 T-NUMBER : T1320

BIDDER :

PAGE

6

F.D.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.

- 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. 17:12-2.11, 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 invited to offer cash discounts. Cash discounts for periods of less than 21 days will not be considered as factors in the award of contracts. However, all cash discounts, regardless of length of discount term, will become part of any awarded contract. For purposes of determining the State's compliance with any discount offered, the following will apply:

- a. A discount period shall commence on the day the State using agency receives a properly signed and executed State Payment Voucher for products and services that have been duly accepted by the State Using Agency in accordance with the terms, conditions and specifications of the Contract/Purchase Order, and when required, the receipt of properly executed performance security. If the invoice is received prior to delivery of the goods and services or receipt of performance security when required, the discount period begins with the acceptance of the goods or services or the state's receipt of performance security, whichever is later.
- b. The date on the check issued by the State in payment of that invoice shall be deemed the date of the State's response to that invoice.

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. 52:13D-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 judgement 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.

AFFIRMATIVE ACTION	TERM CONTRACT - ADVERTISED BID PROPOSAL	
DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON NJ 08625-0230	NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :	PAGE 7

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 OR SEX. 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 OR SEX. 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 OR SEX;

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.

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-B.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-B.2 PROULGATED 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 OR SEX, 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 OR SEX, AND CONFORM WITH THE APPLICABLE EMPLOYMENT GOALS, CONSISTANT 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 (NJAC 17:27).

*** 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 INCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

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

IMPORTANT - READ INSTRUCTIONS ON BACK OF FORM CAREFULLY BEFORE COMPLETING FORM. TYPE OR PRINT IN 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. <input style="width:50px;" type="text"/>				
10. TOTAL NUMBER OF EMPLOYEES AT THE ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT <input style="width:50px;" type="text"/>				
11. PUBLIC AGENCY AWARDED CONTRACT		CITY	STATE	ZIP CODE

OFFICIAL USE ONLY

DATE RECEIVED	COUNTY	OUT OF STATE PERCENTAGES		ASSIGNED CERTIFICATION NUMBER
MO/DAY/YR		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	DATE MO. DAY YEAR
18. ADDRESS (NO. & STREET)	(CITY)	(STATE)	(ZIP CODE)
			PHONE (AREA CODE, NO. & EXTENSION)

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 Employer 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 just 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 only one physical location. Multi-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 having 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 Phillipine 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.

SPECIAL TERMS & CONDITIONS**TERM CONTRACT - ADVERTISED BID PROPOSAL**

DEPT OF TREASURY
DIV OF PURCHASE & PROPERTY
DEPT OF TREASURY
33 W STATE ST.-9TH FLOOR
CN-230
TRENTON

NJ

08625-0230

NUMBER : 96-X-22874
OPEN DATE : 05/19/95 TIME : 2 PM
T-NUMBER : T1320

BIDDER :

PAGE

9

THE FOLLOWING CONFERENCES WILL BE HELD**CONFERENCE****LOCATION**

MANDATORY SITE VISIT
DATE: 05/03/95
TIME: 9:00AM

**BIDDERS MUST REPORT TO LOTTERY
HEADQUARTERS, BRUNSWICK AVENUE
CIRCLE, LAWRENCEVILLE, NJ
(SEE THE RFP FOR MORE DETAILS)**

MANDATORY PRE-BID CONFERENCE
DATE: 05/04/95
TIME: 10:00AM

**PURCHASE BUREAU
33 WEST STATE STREET
TRENTON, NJ
9TH FLOOR BID ROOM**

ATTACHMENTS	TERM CONTRACT - ADVERTISED BID PROPOSAL	
DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON	NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :	PAGE 10

THE REQUEST FOR PROPOSAL (RFP) FOR THIS PROCUREMENT CONSISTS OF THIS DOCUMENT (BEGINNING WITH THE COVER SHEET AND ENDING WITH THE PRICE SHEET), AND THE DOCUMENT WHICH FOLLOWS THE PRICE SHEET, WHICH IS ENTITLED "REQUEST FOR PROPOSAL FOR THE PRODUCTION AND OPERATION OF A LOTTERY GAMING SYSTEM FOR THE STATE OF NEW JERSEY, DEPARTMENT OF THE TREASURY, DIVISION OF STATE LOTTERY," AND ANY ADDENDA THERETO.

PRICE SHEET		TERM CONTRACT - ADVERTISED BID PROPOSAL			
DEPT OF TREASURY DIV OF PURCHASE & PROPERTY DEPT OF TREASURY 33 W STATE ST.-9TH FLOOR CN-230 TRENTON NJ 08625-0230		NUMBER : 96-X-22874 OPEN DATE : 05/19/95 TIME : 2 PM T-NUMBER : T1320 BIDDER :		PAGE 11	
LINE NO.	COMMODITY-SERVICE DESCRIPTION	QUANTITY	UNIT	DO NOT USE	DO NOT USE
	UNLESS SPECIFIED OTHERWISE BELOW: SHIP TO: 822090 / S001 DIV OF THE STATE LOTTERY NJ LOTTERY SHIPPING & RECEIVING ONE LAWRENCE PARK COMPLEX BRUNSWICK AVENUE CIRCLE LAWRENCEVILLE NJ 08648				
00001	COMMODITY CODE: 793-43-028773 COMMISSION TO BE PAID TO THE LOTTERY GAMING SYSTEMS CONTRACTOR. THE PURPOSE OF THIS LINE IS TO ALLOW FOR PAYMENT TO BE MADE TO THE LOTTERY GAMING SYSTEMS CONTRACTOR. PAYMENT IS TO BE MADE IN ACCORDANCE WITH THE PROVISIONS OF THIS RFP. BIDDERS MUST NOT PUT ANY PRICE OR ANY OTHER PRICING INFORMATION ON THIS PAGE! BIDDERS ARE TO SUBMIT THEIR PRICES ON THE APPROPRIATE APPENDIX, WHICH IS ATTACHED TO THE SPECIFICATIONS FOR THIS PROCUREMENT.	1	TASK	_____	_____

**REQUEST FOR PROPOSAL
FOR
THE PRODUCTION AND OPERATION
OF A LOTTERY GAMING SYSTEM**

**FOR THE
STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF STATE LOTTERY**

{Bid Identification Number: 96-X-22874}

REQUEST FOR PROPOSAL
FOR
THE PRODUCTION AND OPERATION
OF A LOTTERY GAMING SYSTEM,
NEW JERSEY DIVISION OF STATE LOTTERY

1.0 PURPOSE AND INTENT

This Request For Proposal (RFP) provides interested bidders with sufficient information and instructions necessary for submission of proposals for: 1) The implementation and operation of current on-line games; 2) An instant ticket games support system; and, 3) A Lottery administrative processing system (LAPS); all of which shall be supplied in such a manner as to continue to maintain and reinforce the credibility and good name of the New Jersey State Lottery. For the purposes of this RFP, references to "the system," or, "the on-line system" herein are to be construed as referring to the totality of the three components enumerated above.

The State of New Jersey invites interested bidders to submit proposals for implementation, operation, and maintenance of an on-line lottery system. Responses must include, but are not limited to, implementation plans necessary for operation of all current games. Those games are Pick-3, Pick-4, Jersey Cash 5, and Pick-6 Lotto. In addition, bidder proposals must include plans for an instant ticket (scratch off) support system, which includes administrative and technical support of instant ticket games as well as warehousing and distribution.

The State of New Jersey may, at its sole discretion, require the successful bidder, during the term of the Contract, to install, implement and operate additional traditional and non-traditional on-line lottery games.

This RFP contains the necessary information to provide bidders with the ability to submit viable proposals. It is the intent of the Division of Purchase and Property to select a bidder and establish a contractual agreement for these services, covering a minimum five (5) year period of time beginning on or about August 15, 1995. The bidder should note that all dates referenced herein are approximate. Actual contract dates will be determined in conjunction with the firm to whom this contract is awarded.

The State requires that on February 15, 1996, at a minimum, the number of installed, operational Agent sales terminals must be equal to the number of installed, operational Agent sales terminals on February 14, 1996. ***This requirement is mandatory for all bidders!***

IMPORTANT NOTE: Bidders are encouraged to be aware of bidding information specific to this procurement, which can be found in Section 6 of this RFP.

2.0 BACKGROUND

The State of New Jersey contracted for commercial services to implement and operate an on-line daily three (3) digit select your own number lottery game and dispense tickets for the existing weekly lottery for the New Jersey State Lottery beginning on May 22, 1975. In 1976, the State further expanded the concept of the Pick-3 system and awarded a three (3) year contract for these services beginning November 23, 1976 and terminating on November 22, 1979. Additional expansion and enhancement of lottery systems and game offerings provided the back drop for contract service solicitations in 1979 and 1983. The most recent contract was awarded for a term of five (5) years, commencing in 1984, and was initially extended for an additional five (5) year period, which ended on November 23, 1994. The State is currently operating under an additional extension agreement with the current contractor which expires on May 24, 1995.

The current services include the daily three (3) digit select-your-own-number Lottery game (Pick-3), the four (4) digit select-your-own-number Lottery game (pick-4), the select-your-own five (5) out of thirty-eight (38) lottery (Jersey Cash 5) and the select- your-own six (6) out of forty-six (46) Lottery (Pick-6 - Lotto) and automated inventory, validation and control of instant (scratch off) tickets. (Please see Appendix E for an analysis of Lottery sales activity from 7/7/93 through 3/29/95.)

3.0 SCOPE OF WORK

The State of New Jersey requires implementation of a complete system prior to February 15, 1996, with an operational complement of on-line terminals capable of dispensing and validating tickets for the current Pick-3, Pick-4, Jersey Cash 5, Pick-6 games and validating instant tickets. Specific reporting requirements, terminal requirements, communications requirements, and response times are covered in subsequent parts of this Request for Proposal.

The State will continually evaluate the system to determine the economic, operational, and technical feasibility of expanding the network and adding additional terminals and/or games to the system.

The Lottery intends to continue terminal sales and processing for the current games, and potentially to add games based on a range of number combinations and daily and weekly payouts on a pari-mutuel and/or fixed basis.

The New Jersey State Lottery draws winning numbers for the various games on a daily or weekly basis, or as frequently as the Lottery deems appropriate.

The New Jersey State Lottery currently has four classifications of Lottery Agents, located throughout the State (see Appendix F). Their designation, the weekly handle for on- line and instant sales relative to that designation, and the number of Agents in each category are (as of April 5, 1995):

Category	Weekly Volume	No. of Agents
AA	Sales Over \$14,999	714
A	Sales from \$6,900 to \$14,999	773
B	Sales from \$4,500 to \$6,899	1,282
C	Sales Under \$4,500	2,471
	Total Agents:	5,240

The system runs on a statewide basis with terminal placement at the sole discretion of the New Jersey State Lottery. There will be a concentration of terminals in more densely populated portions of the State. It is conceivable that particular Agents with an exceedingly high volume of handle will require more than one terminal installed at a given location. Sites for the location and terminal placement to be provided will be specified by the Executive Director of the New Jersey State Lottery.

The objectives of the New Jersey State Lottery for this system include:

1. Uninterrupted continuation of current Pick-3, Pick-4, Jersey Cash 5 and Pick-6 lotteries between 5:00 a.m. and 3:00 a.m. (The ability to operate up to 24 hours per day is required.)
2. Expansion of the On-Line System for continued growth and operation of these lotteries and the addition of new Agents to service these games.
3. Implementation of an Instant Ticket Game Support System.
4. Acquisition and implementation of a Lottery Administrative Processing System (LAPS).
5. Expansion of the Lottery concept to include additional traditional and non-traditional games, resulting in the generation of additional revenues to the State.
6. The future additions of lottery games built around the selection of a range of number combinations and daily and weekly payouts on a pari-mutuel basis and/or fixed basis.

This section describes the equipment, software, and services specifications for the Lottery's system. In general, except where clearly specified as optional or desirable only, the Lottery expects that as a minimum all these stipulations, performance levels, and features will be met.

3.1 ON-LINE GAMING SYSTEM

3.1.1 Central Systems for Games Support

The Contractor must provide a gaming system capable of handling the immediate and long-range needs of the Lottery, including processing performance, terminal support, software functions and controls. The gaming systems must be configured in such a way that there is timely transaction handling even under loaded conditions. In the event of hardware or software problems or failure, there is to be minimal service disruption, no loss of games processing capability, and no loss or corruption of data. The gaming system must have the flexibility to accommodate the variety of games and play combinations as described under Games and Marketing (Section 3.1.5).

3.1.1.1 Gaming Hardware at the Primary Site

- A. The primary site must have redundant computer systems avoiding a single point of failure; thus failure of a computer system will allow automatic failover to a backup at the same site. The Contractor can choose to create this configuration from conventional systems coupled in a fault-tolerant network, or from integrally fault-

tolerant equipment. The Contractor must specify the hardware configuration to be installed and the reasons for selecting this configuration.

- B. The redundancy in systems at the primary site must provide for "hot backup" support. "Hot backup" is defined as a backup system able to take over in not more than two (2) minutes in the event of a system failure while maintaining current transactions and avoiding loss or corruption of data.
- C. Procedures for computer operations staff, especially regarding failure situations, must be simple.
- D. There must be no capacity to dial into any gaming system from a remote terminal without the shift supervisor allowing access via the computer console with password security, after receiving approval of the Lottery Executive Director or designee.
- E. If dial-in access to the Gaming Systems is authorized, a call-back modem with sufficient security must be used to ensure the identity of the calling location.
- F. All dial-in activities must be logged for review by the Lottery Electronic Data Processing (EDP) Auditor.
- G. The Contractor must provide the daily transaction file, generated at the primary site, written to the LAPS system, real time, on-line, via electronic transfer.

3.1.1.2 Gaming Hardware at the Secondary Site

- A. The secondary site will normally be configured as a hot backup. With a takeover, the secondary site must continue processing with minimal service disruption at Agent terminals and no loss or corruption of data.
- B. The secondary site must be configured in such a way as to provide the same redundancy as required of the primary site. This site shall also function as the active games processing site on occasion, at the discretion of the Lottery. In this situation the primary site must be configured as the hot backup.
- C. Procedures for transferring control between sites must be simple and effective even under difficult circumstances.
- D. The secondary site need not always be attended by Contractor support staff, for example, during certain times when the games are not operating. During gaming operations, the secondary site must be attended unless transfer of control can be performed without an operator there. The secondary site is expected to be attended when it is operating as the active games processing site.

- E. At the time of failure and transfer of control from site to site, no transactions can be lost.
- F. There must be no capacity to dial into any gaming system from a remote terminal without the shift supervisor allowing access via the computer console with password security, after receiving approval of the Lottery Executive Director or her designee.
- G. If dial-in access to the Gaming Systems is authorized, a call-back modem with sufficient security must be used to ensure the identity of the calling location.
- H. All dial-in activities must be logged for review by the Lottery EDP Auditor.
- I. When the secondary site is operating as the primary site, the Contractor must provide the daily transaction file, generated at the primary site, written to the LAPS system, real time, on-line, via electronic transfer.

3.1.1.3 Testing of Gaming Systems After Production Starts

- A. The Lottery requires that the computer configuration include hardware which supports testing at any time, including during daily sales operation. To avoid security and performance issues, testing cannot occur on a system concurrently processing business transactions, nor can testing reduce the level of redundancy at the primary site, or at the backup site.

The Lottery will not accept a uniquely configured test or development system different from the systems that run the games. In fact, any system should be available at any time to be configured for production or for testing by the Lottery, with full support from the Contractor.

- B. No system development or testing by the Contractor on any system may take place without receipt of required documentation and written approval of the Lottery.
- C. In the event of an active system failure or its hot backup failing while testing is occurring, the test system must immediately be brought into hot backup status in anticipation of additional hardware or software failure.
- D. One operator's terminal, at least two Agent terminals, and two instant ticket-only Agent validator devices must be permanently installed at both Contractor sites for testing by the Lottery. (At times, the Lottery may require the installation of more Agent terminals and instant ticket-only Agent validator devices for specialized tests. These terminals will be installed at no cost or obligation for the

Lottery.)

3.1.1.4 General Quantitative Performance Criteria for Gaming Systems

- A. The system must be capable at the outset of supporting a network of over five thousand three hundred (5,300) active Agents. Growth in Agent terminals must be supportable by the system as delivered or through upgrades. Compensation for central system upgrades to support terminal network growth will be limited to the cost matrix in effect at the time of the upgrade. Performance requirements which are defined in this RFP must be maintained as the terminal network increases.
- B. The system must be capable of handling up to fifty thousand (50,000) wagers (tickets with a unique serial number) per minute; and while
- C. The system must be capable of processing up to thirty-five hundred (3,500) cash or cancel transactions per minute; and while
- D. The system must be capable of processing up to twelve hundred (1,200) instant ticket validation transactions per minute.
- E. Each single wager fixed length ticket must be produced in no more than four (4) seconds from completion of data entry ("Send" button is pressed or play slip is read) to completion of the first ticket (cut).
- F. Variable length, multi-wager (up to ten (10) panels) tickets must be produced within five (5) seconds after completion of data entry.
- G. Central system takeover and recovery (system to system at single site) must be accomplished in no more than two (2) minutes while still maintaining current sales transactions.
- H. Site-to-site takeover and resumption of services must require no more than ten (10) minutes.
- I. The system must be capable of supporting up to thirty-two (32) terminals on the same multi-drop circuit.

3.1.1.5 Games Operating Hours

Agent operated on-line terminals must be capable of dispensing tickets for all on-line games. Sales for advanced and multiple day tickets should cover seven (7) days from and including the current day. The terminals must be capable of operation between 5:00 a.m. and 3:00 a.m., seven (7) days a week, and the central host system must be capable of handling ticket sales and validations during that time frame over each day of the year even though no drawing occurs on Christmas during a calendar year.

The system must have the potential to support all game-related activities twenty-four (24) hours a day, every day of the year, at the Lottery's discretion.

The Lottery is committed to the best possible service for our Agents and customers. Therefore, during game operating hours, no batch processing (e.g., reporting, previous day-end processing) may be performed on the processing system actively supporting the on-line games.

3.1.1.6 On-Line Game Closing and Draw Times

The Lottery would like to minimize the time window between close of the games, drawings, and the ability to pay winning tickets. The Contractor's system must be capable of accomplishing this objective.

3.1.1.7 Systems for Exclusive Use of the Lottery

The Contractor must provide systems exclusively for the use of the New Jersey State Lottery. The Contractor is prohibited from using the central computer system for any function not pertaining to this RFP and the Contract resulting from it.

3.1.1.8 Support for Optionally-Proposed Systems

The Contractor must provide and support any optionally-proposed system submitted in response to the RFP resulting in this Contract, if requested to do so by the Lottery. "Optionally-proposed" is defined as any additional gaming or administrative items, services, or systems proposed by the Contractor in their proposal which resulted in this contract.

3.1.2 Terminals

The Contractor must provide terminals that meet the requirements as specified below.

3.1.2.1 Agent On-Line Terminal Hardware

The network will begin with approximately 5,300 on-line terminals (or slightly more) and gradual expansion is expected. The Contractor must ensure that the number and location of terminals operational on February 14, 1996, will be operational on February 15, 1996, the day of the big bang conversion.

A. Terminal Identification

All Agent terminals should prominently feature the Lottery logo. No manufacturer's identification will be attached.

B. Terminal Features

Agent-operated terminal features must include, but not be limited to:

1. A size and design which will facilitate Agent and customer acceptance. In meeting this requirement, the Contractor must recognize that the New Jersey Lottery is a mature lottery and the Agent terminals must be sized and configured in such a way as to ease the transition, if necessary, from one type of terminal to another;
2. Keyboard numbers and letters of a type and design that will

not fade or become unreadable; keyboard is to be a full-travel keyboard;

3. A screen of sufficient size, which will automatically display the entire transaction being processed;
4. An easily operated keyboard to facilitate the processing of sales, validations, cancellations, the printing of tickets, and the producing of reports;
5. There should be sufficient keys or indicator functions on the terminal to provide for the following functions:
 - a) Game selection (at least ten (10))
 - b) Play type (straight, box, S/B, comb, FP, BP, and at least four (4) spare keys for future play types)
 - c) Play amounts (fifty cents (\$.50), one dollar (\$1.00), two dollars (\$2.00), three dollars (\$3.00), four dollars (\$4.00), five dollars (\$5.00), and ten dollars (\$10.00))
 - d) Instant ticket validation
 - e) Cash
 - f) Cancel
 - g) Repeat key
 - h) Clear
 - i) Advance day of week (current day plus six (6) consecutive calendar days)
 - j) Multiple draws advance
 - k) Report
 - l) Reprint (last of any transaction)
 - m) Subtotal
 - n) Total
 - o) Numeric pad
 - p) Terminal function test
 - q) Quick-pick (used to request the system or terminal to select the number for a customer for all Lottery games); or all digits of multiple-board transaction)

- r) Sampler (as identified in Section 3.1.5.4 F)
 - s) Coupons and promotions
 - t) Help facilities
 - u) Training mode
 - v) Re-order key
 - w) Instant sale key
 - x) Instant games inventory and quota management;
6. Capability of issuance of tickets having uniform size or variable length as determined by the Lottery. Tear off tickets are not acceptable;
 7. Key lock or equivalent security so that unauthorized personnel cannot gain access;
 8. Ability to display only and print all Agent-directed reports, upon request (Appendix G), and the ability to print UPC bar code on ticket stock;
 9. Printer with a cartridge-style ribbon to expedite ribbon changes; other printer technologies may also be proposed;
 10. Receiving gaming software (the logic to perform gaming functions must be software driven) from the primary, or if necessary, the secondary computer site via down-line loading on the communications line. Gaming software may be either solicited by the terminal (when such resident software needs replacement) or unsolicited (when gaming software enhancements, e.g., new Lottery games, are required at all terminals);
 11. Prohibiting unauthorized use through a coded sign-on procedure. The system must permit changing of the code at the primary computer facility without a service call to the terminal. A password, user-code or similar entry, for security purposes, is not to be displayed, printed or visible in any manner whatsoever at the terminal. Other security capabilities should be described;
 12. Being inactivated or reactivated from the primary computer facility or management system, as determined by the Lottery;
 13. Reader
 - a) The reader must be able to read player completed play slips/cards. Such cards may also be completed by Agents and field service staff for administrative

purposes. Alternative methods of input may also be provided, as optionally proposed by the Contractor.

- b) Agent-operated terminals must read on-line tickets for validation and cancellation purposes.
 - c) Reader technologies other than optical mark reader (OMR), such as optical character reader (OCR), optical scanning reader (OSR), or smartcard reader may be proposed as options.
 - d) The reader and supporting software must be capable of accepting a play slip format of consumer or Agent survey form, such that completion and reading of these slips would provide consumer or Agent opinions and information would be compiled by the central systems for Lottery review and use;
14. Generating one (1) or more random numbers for any game as requested by the Agent. The ability to generate all digits of a single wager is required; all digits of a multi-board ticket;
15. The terminal must have the capability to perform a read-after-print or partial read-after-print to verify to the terminal and the central system that a ticket has actually been printed;
16. All tickets must be printed with a unique serial number in Arabic numerals and in code which is readable by the terminal. The serial number assignment method used by the Contractor must account for the fact that transactions resulting from unclaimed winners, from subscription sales, and possible other causes may reside in the system more than one (1) year;
17. Canceling a ticket within a given time limitation but only at the terminal from which such ticket was issued. Canceling of some tickets may be further restricted to reader cancellations only at the discretion of the Lottery. Cancellations must be clearly identified by the terminal to the bearer to prevent reuse;
18. Validating all tickets presented within one (1) year. Winning tickets must be validated with a hard copy report stating "pay" or "claim" and the amount of payout or claim (i.e., whether the Agent is authorized to pay on the spot or a claim form must be completed and submitted for subsequent validation).

The Lottery expects to have Agents pay instantly all winning tickets of five hundred ninety-nine dollars and ninety-nine cents (\$599.99) or less. The "claim" ticket transaction must reference the original bet transaction on the system,

but not appear on the claim ticket itself. The Lottery may find it desirable for certain Agents to cash winning tickets up to two thousand five hundred dollars (\$2,500). If this feature is implemented, the Contractor must integrate State files regarding outstanding personal liabilities for the winners, and fulfill other governmental reporting requirements for wins of six hundred dollars (\$600) or more.

When cashing a multiple game ticket prior to the expiration of the last game on the ticket a replacement ticket for the balance of the games must be printed.

When validating instant tickets, for an attempted validation when the book has not been issued, or it has not been activated, the terminal and system must respond with an explanation not to cash because the book has not been issued or activated. The system must indicate a claim form should be filed if a pack is lost or stolen;

19. The terminal must be capable of operating in a training mode, without affecting regular terminal on-line activity;
20. The terminal must be equipped with self diagnostics and indicators or lights which enable the Agent to monitor the operating status of the terminal. The functions to be monitored include, but are not limited to, the following:
 - a) That the terminal is transmitting to the central computer;
 - b) When the terminal is ready to accept a transaction;
 - c) An off-line situation or out-of-order condition;
 - d) When the terminal is running low on ticket stock and is out of ticket stock;
 - e) That the transaction should be re-entered because an error has occurred;
 - f) Power on;
 - g) Reader, printer or other component not functioning;
 - h) Local test;
 - i) Loop back communications test;
 - j) Battery low, if a battery is employed;
 - k) A program controlled audible alarm to alert Agent of input errors, communications malfunctions, and when terminal enters sign-on mode; and,
 - l) Warning for ribbon being worn out (if the printer uses a ribbon);
21. The terminal must provide a method of preserving the integrity of the transaction when an end-of-ticket-stock condition is reached;
22. Every ticket is to be identified with a unique preprinted stock number and accounted for in the ticket stock inventory control system described elsewhere in this RFP. The Lottery

reserves the right to require the Contractor to implement a procedure requiring Agents to register, via the terminal, ticket stock loaded in the terminal. The record of the loaded stock would appear on the Agent audit trail and logging records;

23. The Lottery anticipates the possibility of using various peripheral attachments (e.g., Keno monitors) as features for on-line Agent terminals. The terminals provided by the Contractor must have the capability to provide interfaces with equipment from another manufacturer both for current and future needs;
24. Each terminal must come equipped with a power cord at least eight feet (8') in length;
25. Should AC power to the terminal be interrupted, the gaming software (located in terminal memory) must not be destroyed, modified or lost for a minimum period of seventy-two (72) hours from the occurrence of such failure;
26. In the event multiple tickets are produced for wagers, the terminal must be capable of tracing and canceling any or all of the multiple tickets;
27. In the event of multiple wagers on single tickets, the terminal must clearly identify each wager on the ticket;
28. The Lottery reserves the right to add games and to insert and remove promotions. The Contractor must provide terminals with a memory size capable of supporting various traditional and non-traditional gaming options. If terminal memory must be upgraded from the originally delivered amount, the Contractor must do so, upon request from the Lottery; the Lottery may compensate for the installation but not for the additional memory itself.
29. The Lottery requests as an option that the terminal provide voice synthesis in order to generate promotional messages for the customers. The verbal outputs should be based on downloaded messages or synthesized messages based on the sales situation and a transaction event at the terminal.

3.1.2.2 Agent Terminal Attachments

- A. The Contractor must provide (a) customer visual display unit(s), for each on-line Agent location. Due to the wide diversity of space in Agent locations, the visual display unit may be terminal mounted in some locations, or mounted elsewhere (wall, pole, window, etc.) in others. All unit messages must be clearly visible from fifteen feet (15') by customers. Special features (scrolling, flashing, etc.) are welcomed and must be described fully.

All units must have the capability of being "programmed" by the Lottery operating system described in the RFP. Two planned usages include a jackpot display, incremented as the jackpot grows; and display of the total prizes paid out by the Agent where the terminal is located.

- B. The Contractor must provide a barcode reader mechanism for the purpose of instant ticket validations, instant ticket inventory control, and reading other barcoded applications as a standard feature of the Agent terminals. The barcode reader must perform at a first read rate of ninety-eight percent (98%).

The Bar Code reader symbology specifications from the current instant ticket printing contract that the State has in place for the printing of instant tickets are as follows: a) interleaved 2 of 5 without check digit format; b) Total Bar code size not to exceed 1.55 inches; and, c) Center line of bar code shall be exactly .45 inches from the edge of the ticket.

- C. For testing purposes that allows for the Big Bang cut-over, the Contractor may provide a device for testing the newly installed Agent terminals on the same telecommunication lines as the existing terminal. Both terminals will reside in the retail location until after the cut-over.

3.1.2.3 Special Validator Terminals

The validation terminal(s) desired by the Lottery is to enable the central staff of the Lottery to effectively validate claims submitted for processing. The minimum requirement is for four (4) of these privileged terminals, equipped with the barcode reader feature. If the Lottery opts to validate claims at district offices, then up to ten (10) terminals may be needed.

The terminal should be capable of a direct inquiry through a keyboard mark-reader (or other appropriate data capture mechanisms as originally proposed by the Contractor) with an on-line interactive connection to the host computer to enable the existence of a ticket sale and the validity of the current claim being processed to be determined.

3.1.2.4 Attachment of Foreign Systems or Terminals

The Lottery reserves the right to attach to the system terminals or systems other than those required by this RFP. The Contractor shall be required to supply to the Lottery, specifications on DSUs, protocols and formats of messages from or to the system to permit other vendors' terminals to carry out all functions and capabilities of the RFP.

The Contractor shall provide support to the Lottery in conducting future procurements for additional terminals, including providing facilities and support to allow other vendors to attach and test terminals during the evaluation process. The Lottery will monitor progress to ensure full Contractor cooperation.

3.1.2.5 Games/Features Requiring Additional Equipment

The Lottery reserves the right to incorporate video lottery terminals, video monitors/controllers for frequent-draw Keno, player-activated terminals, or other gaming capabilities requiring special equipment, as it deems fit, at any point in the term of this contract, or any extension thereof.

The implementation of any such Additional Games/Features shall be done in accordance with the Contractor's bid response proposal and be governed by all provisions and conditions set forth in the RFP issued for the procurement for this on-line games system.

3.1.3 Communications Network

For gaming telecommunications, the State currently contracts with Bell Atlantic Telephone Company and pays backbone and local loop communications charges. The State will continue to pay communications costs during the contract term expressed in these specifications.

The Contractor may supply alternative designs to the specified telecommunications system, but only in the event that another design will increase efficiency, reliability, or maintainability. (The current network is described in Appendix H.)

If the Contractor provides alternate network design(s), then the costs of implementation of such designs and possible re- negotiation of the Bell Atlantic contract are the Contractor's obligation.

The communications network will allow interface and compatibility between terminals, data service units, communications lines, and the central computer sites. The Contractor must specify and fully describe the network in terms of communications controllers, and lines and terminals in his proposed system.

The Contractor must provide a telecommunications network which will support the gaming system and primary-backup site communications. The Contractor must allow the Lottery's District Offices to be independently networked to the Lottery Headquarters computer systems within the existing wagering telecommunications network. The Contractor must also provide a LAPS LAN, with extensions to the district offices and dial-in for field service personnel.

3.1.3.1 Gaming Communications Network Responsibilities

The Contractor must provide a terminal configuration based on, but not limited to the current number of circuits, with an optimum number of terminals per circuit able to handle transmission and processing loads at peak time periods during any one day. The system must provide the maximum amount of availability of all terminals for the sale and validation of lottery tickets through the State.

The Lottery believes it may be advantageous to avoid the cost of local loops and interexchange carriers through the use of radio, including such possibilities as UHF and microwave. The Contractor may provide this means of communication as an alternative within the State of New Jersey, only if originally proposed by the Contractor, and if requested by the Lottery to do so.

The Contractor will resolve outages related to communications by working with his own maintenance staff, Bell Atlantic, the Lottery, and the New Jersey, Department of the Treasury, Office of Telecommunications and Information Systems (OTIS); these outages can lead to liquidated damages applied against the Contractor if they result from failure of the Contractor's own systems or negligent operations by the Contractor. (Outages due to failure in the carrier networks -- Bell Atlantic, et al and AT&T--are not under the control of the Contractor.)

3.1.3.2 Games Communications Network - Design to Minimize Disruption

Communications facilities must be designed with such monitoring, redundancy, and security features as will minimize the possibility that a disruption could impact the network and the on-line system. The network should be structured to avoid a monopoly by any one terminal at the

waiting expense of other terminals on that line, and to assure that equitable polling exists for all terminals.

- A. The host processor, front-end processor, Agent terminal, or other diagnostic equipment must be able to notify the system monitor of a transmission failure immediately upon an occurrence.
- B. All communications to and from the host systems must be encrypted. All data must be encrypted from point of transmission to point of receipt, including data transmitted between the primary and backup sites.
- C. The central system must re-transmit all transaction data until it receives confirmation from the Agent terminal that it has received and processed the data. The system must notify the, system operator in the event a confirmation is not accomplished.

An Agent terminal shall not process new transactions or send new requests to the central until the preceding transaction is processed, resolved, or the central system is shut down for end-of-day processing.

- D. An Agent terminal shall retain its last request to central and if the request was answered the terminal must:
 - be able to distinguish non-valid data and request a re-transmit from central; and,
 - have the ability to recognize when central has not responded to a transmission and, in such circumstances, have the capability to continue requesting that the system process the transaction until recovery has been completed, or a "time-out" condition exists at the terminal level.
- E. In the event of a communications disruption between the system and any terminal, the host system shall continue to attempt to service the terminal until the problem is resolved or the central system is shut down for end-of-day processing.

If at end-of-day or when communication is re-established, if the host or terminal cannot determine whether the last transaction has been completely processed, the central system must log the last transaction for reporting and resolution.

- F. If the central system finds a terminal that is not responding within a set number of re-tries, the terminal shall be logged as not responding, and the system shall make allowance for servicing of all other terminals on the network between re-tries of the terminal not responding.
- G. The communications network must be configured so that network problems can be bypassed whenever possible, and communications between a terminal and central will not be affected unless a complete or circuit specific outage occurs.

- H. Communications queues must be minimized through effective polling or demand techniques which limit contention, so that the Contractor's system will comply with Lottery mandated response time requirements.
- I. Software must be easily down-loaded to one or all terminals or a specified group of terminals on the network through the communications systems at any time that the central system is so ordered.

3.1.3.3 Gaming Network Monitoring

- A. Communications test and monitor equipment must be available and active at both host processing sites for the life of the Contract. The equipment must be able to interface and analyze protocols, introduce and measure delay in the network, view transaction data for analysis and sound audible alarms to provide warning of problems.

The communications equipment must be able to determine if failure has occurred in the equipment at the Contractor's site, within the communications network, or at the remote terminal level. Communications maintenance technicians trained in the use of test and monitor equipment measuring devices and problem isolation must be present at active system sites whenever the on-line system is operational or whenever the Lottery requests such support for test purposes.

- B. The Contractor will be responsible for developing the Agent trouble reporting procedures, and have appropriate mechanisms for working communications problems to resolution through the Lottery, State of New Jersey OTIS, Bell Atlantic, and the interexchange carriers.
- C. All communications test and monitor equipment must have magnetic recording capability, be calibrated to industry standards upon installation, and be maintained and re-certified to those standards at least every six (6) months.

All communications and test or monitoring equipment must be state-of-the-art, and the type of equipment commonly used in a business environment. The Lottery must approve this hardware and software prior to network installation.

- D. As part of communications monitoring, the Contractor must run appropriate tests as approved by the Lottery and provide the results to the Lottery.

3.1.4 Software Applications and Files

3.1.4.1 Software Security and Control Features

The hardware, software and communication systems must be designed and operated so that:

- A. All game processing transactions including sign-on, sales, rejects, cancels, cashes, validation attempts, broadcast messages, sign-off, and other play related activities, any other Agent terminal commands, error conditions, recoveries, operating system and job console entries and management system entries are recorded immediately on magnetic media so that:
 - 1. The system back-up, recovery and redundancy features described above can be met; and,
 - 2. These data are recorded on tape as they occur and are available to the Lottery prior to each draw, at the end of each day or at any other time;
- B. All records must be date/time stamped to the nearest hundredth of a second;
- C. Only completed transactions are recorded on the system;
- D. Transactions cannot be tampered with or appear more than once on system files;
- E. Sale, exchange, cancel and validation tickets cannot be duplicated on terminal equipment;
- F. Should the Lottery implement a fixed payout game, then Lottery must be alerted immediately when a specified sales level has been reached by any number; and the Lottery is able to suspend sales of any number in any fixed payout game at any time;
- G. All commands executed by the system, console messages, or problem messages are printed immediately on a numerically sequenced console log, (including but not be limited to such items as system operation, time of inquiry, access code of inquiries, reason for inquiry, etc.) a copy of which will be provided daily to the Lottery or more frequently, if requested; the console log must also be available on direct access media subject to perusal by the Lottery;
- H. The Contractor must provide an operator console terminal for the EDP Audit staff at the Lottery. The terminal must not accept any operator commands other than for display, nor would the EDP Audit staff have any system privileges; the terminal is for monitoring only;
- I. It is not possible to manipulate the system so that unauthorized transactions can be entered on the system;
- J. Adequate procedures assure software integrity wherein no action, mechanical or operational, allows duplicate or misdirected polling addresses to be established on a communication line;
- K. Access to data and programs is restricted so that they are

accessible to authorized personnel only. The list of authorized personnel will be approved by the Executive Director of the Lottery or her designee;

- L. All access to data and programs is logged and all unauthorized attempts are reported immediately to the Lottery;
- M. A winning ticket cannot be cashed more than once;
- N. Hash totals are required for executable programs on the Contractor's systems for auditing purposes. These figures must be printed at start-up and shutdown every day, and any other times at the Lottery's discretion. The Contractor and Lottery will agree upon the algorithm utilized to generate these hash totals;
- O. Every transaction must be written to at least three (3) locations before authorization to print:
 - 1. The active system logging disk;
 - 2. The hot backup system at the active site; and,
 - 3. The backup system at the secondary site.
- P. Real-time monitoring of transaction traffic and system utilization (e.g., CPU) must be provided. It is desirable that outputs be in graphical form;
- Q. The Contractor must provide a transaction simulation program to generate all possible types of transactions (terminal and system) in optional percentages for use in testing software quality and especially performance. There should be the option of simulating transactions originating from the terminals or the system itself. This program must allow manually entered on-line sales to mix with the program generated sales;
- R. Security measures which preclude use of installed hardware, software or data without written authorization from the Lottery;
- S. The Contractor must have in place a disaster recovery and contingency plan for maintaining the successful operation of the on-line lottery system without interruption of service due to a total loss of the central computer site. Such a plan must include the method of and the time frame for recovery and continuation of the games, showing how the backup site is invoked, and later, how the primary site is restored to service. (An example or outline must be submitted with the Contractor's proposal; the actual plan shall be approved by the Lottery prior to the start of sales). In addition, the Contractor must have in place a disaster recovery and contingency plan, as required in Section 3.1.8;
- T. Security measures which ensure the integrity of the preparation, storage, and distribution of winner files, unclaimed prize files, and necessary supporting documentation;

- U. Provision for secure off-site storage of critical files, software, and all back-up data, subject to approval of the Lottery. The secondary site may be utilized for off-site storage by the primary site;
- V. The Contractor shall provide a procedure for review and changes to documentation, procedures, programs, specifications, and program source and object code. The Contractor is required to work with the Lottery's EDP Audit staff as part of this procedure;
- W. For lotto-type games, 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 six (6) 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 wagers as well as advance day wagers for that draw;
- X. Security measures regarding the preparation of and distribution of blank ticket stock, winner files, tickets being redeemed, tickets redeemed by Agents and necessary supporting documents;
- Y. Internal security which precludes unauthorized persons accessing the system and the physical premises, tampering with data files, software, communications, or computer and related equipment;
- Z. Keeping detailed reports regarding the issuance of duplicate tickets, rejected tickets, etc.;
- AA. Keeping records related to all rejected validation inquiries by each terminal;
- BB. Adequate procedures and controls covering the collection, accounting, recording, and destruction of all blank ticket stock;
- CC. Security measures which will limit accessibility of approved specified Contractor and/or Lottery personnel to designated reports, data files, or other information. Such approval shall occur after contract award and prior to contract implementation;
- DD. Immediate notification to the Lottery of abnormal system characteristics and their cause, such as cashing problems, communication difficulties, computer downtime, and communication lines, etc.; and,
- EE. The Agent terminal requires the entry of a unique number upon sign-on which can be used to link winning tickets to selling terminals. In general, for this security system, Lottery Security should possess a software program or other means of decrypting a security number resident only on the winning ticket itself, not in the system. The security number on the ticket must be placed there

by the terminal, and not originate within the central system. The security number can be based on various inputs, including those of the retail Agent. Since retail Agents have proven unreliable at retaining sign-on slips, the approach should not require retention of sign-on slips.

This "dual security" technique should avoid the difficulty with Agents not saving sign-on slips, and should not create logging entries on the Contractor's system which could potentially be used to create fraudulent winning tickets.

This security number must be passed to the LAPS.

The Executive Director of the New Jersey State Lottery reserves the right to request, receive and review system narratives, source code, specifications and program listings to assure valid system performance and system integrity.

3.1.4.2 Weekly Settlement/Collections

The Contractor is responsible for reporting all sales, validations, and collections made by the licensed Agents. Particular areas of responsibility include the following:

- A. At the end of each sales week, Wednesday, close of business, the Contractor must produce a magnetic and/or cartridge settlement tape for the amounts due from or to each Agent for all games sold, both on-line and instant games. This file will be used by the Lottery to electronically draft funds from Agent bank accounts directly into a Lottery bank account.
- B. The Lottery will be responsible for collection of transactions returned for insufficient funds.
- C. Accounting - The Contractor will provide the Lottery with regular financial reports relating to sales receipts and the payment of commission or other disbursements on a weekly basis no later than one (1) day after the close of a Lottery week. The Lottery week is currently Thursday to Wednesday, and it is anticipated that this will continue under the new system.

3.1.4.3 Hardware and Software Changes

The Contractor's services shall include both hardware and software changes, including fixes to all errors and design defects; to accommodate transaction growth; new, improved versions of the software; on-line games improvements, including modifications to improve sales; and, changes to reports. These will be accomplished at no additional cost to the Lottery.

3.1.4.4 Management of Software Documentation

Before conversion, the Lottery will require the delivery of the source programs, operations manuals, service manuals and written procedures, with program source and object code tapes of all programs (software). This includes all programs executed on all equipment pertaining to this RFP and the contracted system. These materials would allow the Lottery to continue operations in the event the Contractor becomes unable to perform.

As system changes are implemented, source and object code, documentation including listing changes, reason for change, personnel instituting change, authorization for change, and date of change shall be provided to the Lottery.

Appropriate documentation and justification for changes shall also be supplied to the Lottery upon demand. Periodically, the Lottery may request a program listing and other material for the purpose of verification of the changes instituted pursuant to the request or may audit this process in any manner deemed appropriate. The Contractor shall be required to fulfill such requests within twenty-four (24) hours, and cooperate with or participate in the audit.

3.1.4.5 Additional Software Capabilities

The Contractor must provide any additional system capability(ies) included in their response proposal, if requested by the Lottery to do so. The proposal must be completely clear as to whether these capabilities are included in the base price of the proposal or are optional at additional cost. In general, the Lottery anticipates that software enhancements will be provided at no additional cost to the Lottery.

3.1.4.6 Management Systems (see the LAPS portion of the Scope of Work section of this RFP)

Management of the On-Line Gaming System and Instant Ticket Support System

- A. Management systems must be capable at a minimum of producing, or causing to be produced, the on-line and off-line management reports (including the routine reports produced by the host system printers). (See Appendix G.)
- B. Management systems functions and report types can be found in Appendix G.
- C. These are for informational purposes only and are not to be construed as strict format requirements. The Lottery will determine final formats with the Contractor.
- D. Management systems must, at a minimum, provide the following features and/or capabilities:
 - 1. The management system must have a hierarchical security scheme which allows system access to specified Lottery personnel only, and then, depending on the security level, access to certain reports and functions only. The security scheme must be able to accommodate up to forty (40) individuals of various security levels. Any entry of passwords or security codes must either not print or print over a "blacked out" area so as to remain unknown except to the assigned user;
 - 2. A menu for prompting purposes which limits an individual to those functions/reports they can perform based on security level and entered password;
 - 3. Ability to enable and/or disable any Agent terminal;
 - 4. A coding scheme must be developed for the purpose of

differentiating the various "disabling" reasons and sources. (For example, if a Agent is disabled for a collection related problem, and disabled for a disciplinary problem, this multiple level of disabling must be recorded in the Agent record and clearly displayed upon inquiry.) The coding scheme must be able to accommodate up to twenty (20) disablement conditions;

5. Ability to enter special passwords, winning number(s), Lotto pool, jackpot amount, Lotto prize amounts, bonus numbers, bonus payouts and Lotto pay authorization at Lottery's option;
6. Ability to shut off and resume all wagering on each game independently system-wide or by individual Agent;
7. Ability to shut off and resume validations on each game independently system-wide or by individual Agent;
8. Ability to send on-line messages to all Agents, any Agent, any group of Agents in a given region, circuit, county, zip code, business type, chain, or sales level, and the ability to create and send (as above) Agent messages of lengths up to five hundred twelve (512) characters;
9. Ability to define any Agent message as immediate or deferrable. Immediate messages must be taken by the Agent right away. For a deferrable message, the terminal Agent is notified to take a specified message within a certain time, but the message can be requested by the Agent when it is more suitable to customer traffic.
10. Ability to create and send messages to the customer display units associated with the Agent terminals; and,
11. Ability to down-load files from the host system to the LAPS management PC's, and from LAPS management PC's to diskettes.

3.1.5 Games and Marketing

3.1.5.1 Lottery Marketing Support

The New Jersey State Lottery has developed and adopted a goal-oriented program designed to enhance its position as a major source of revenue for the State. The plan is a multifaceted approach to the lottery business driven primarily by marketing strategies designed to increase and sustain sales growth. The key initiatives identified within the plan include improved Agent performance and the enhancement of lottery games.

The Lottery views the on-line system Contractor as playing a vital role, a partner, in the implementation of the plan. The New Jersey State Lottery is committed to this partnership and is seeking a full-service relationship with the Contractor.

The New Jersey State Lottery's marketing plan involves the development of new on-line and instant games and features over the next several years. The Contractor must be able to accommodate the Lottery's marketing effort with an adequate level of corporate marketing

support designed to assist in new concept development, test marketing programs, new game design, and on-line Agents' overall sales performance. The cost for these services must be included in the base rate for this contract.

3.1.5.2 Games

The Contractor must be capable of supporting existing games as defined below.

A. Description of the Pick-3 Game

This is a three-digit pick your own number lottery with the bettor having the option of placing a bet in multiples of fifty cents (\$.50) for a straight wager, 6-way and 3-way combination or box backup bet(s), 6-way and 3-way wheel, front bolida, back bolida and split pair. Minimum bet is a fifty cent (\$.50) unit and there are increments of fifty cent (\$.50) units to maximum of ten (10) units. It is conceivable that single bet transactions in amounts greater than fifty cents (\$.50) will be marketed by the lottery.

For example, wagers for all bet possibilities of \$1 and increments of one dollar (\$1.00) may be placed (similar to exacta and trifecta wagering at racetracks where the pari-mutuel pool is affected by the wager amount). Advanced sale and multiple day sale capability of up to seven (7) days must be provided for the Pick-3 game. Wagers are processed by keyboard entry, however, the lottery requires the option of play card or bet slip use for this game. The player should have the option of playing one (1) to ten (10) Pick-3 wagers on the bet slip. A Pick-3 day covers a sales period beginning with the drawing on a given calendar day up to 7:53 p.m. of the effective Lottery day.

Thus, the time for a Lottery day spans a twenty-four (24) hour period from approximately 8:00 p.m. to 8:00 p.m. Monday through Sunday (conditioned by terminal sales not being handled between 10:00 p.m. and 5:00 a.m. and no drawing currently occurring on Christmas Day). The drawing time can be changed by the Executive Director of the New Jersey State Lottery with thirty (30) days advance written notice to the Contractor. The following material describes the required Pick-3 system and types of betting:

Straight - A wager where the winning result is achieved only when the exact number represented by the three digits specified by the customer (in the order of specification) matches the winning three-digit pick-it number selected for that day.

6-Way Combination (Box) - A wager where the winning result is achieved when any combination of the three (3) digits specified by the customer in the selection matches the winning pick-it number selected for that day. This is equivalent to six (6) number combinations for a single bet with no repeat digits contained in the selected number. This is also known as a 6-way box.

Front Bolida - A wager where the winning result is achieved when the first two (2) digits of a three-digit number specified by the customer matches the first two (2) high order (left hand) digits of the winning pick-it number selected for that lottery day. This is equivalent to one hundred (100) number combinations for a single bet and it is also referred to as a front pair.

Back Bolida - A wager where the winning result is achieved when the last two (2) digits of a three (3) digit number specified by the customer matches the last two (2) low order (right hand) digits of the winning pick-it number selected for the day. This is also equivalent to one hundred (100) number combinations for a single bet and is also referred to as a back pair.

Straight/Six-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 6-way box bet for the same number on a single ticket. The player can win on both the straight

and box bets when the three (3) digits specified by the player match in exact order and winning pick-it number selected for that day. The player can win on the box portion when any other combination of the three (3) digits selected by the player matches the winning pick-it number selected for that day. This bet type is referred to as a backup bet. This is equivalent to one (1) straight bet and one 6-way box bet on the same ticket.

3-Way Combination (Box) - A wager where the winning result is achieved when any combination of the three (3) digits specified by the customer in the selection matches the winning pick-it number selected for that day. This is equivalent to three number combination for a single bet with one (1) repeated digit contained in the selected number. This is also known as a 3-way box.

Straight/Three-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 3-way box bet for the same number on a single ticket. The player can win on both the straight and box bets when the three (3) digits specified by the player match in exact order the winning pick-it number selected for that day. The player can win on the box portion when any other combination of the three (3) digits (with any two (2) of the three (3) digits being the same) selected by the player matches the winning pick-it number selected for that day. This bet type is referred to as a backup bet.

Pick-3 Wheel - A wager where the winning result is achieved when any combination of the three (3) digits specified by the customer in the selection matches the winning pick-it number selected for that day. This is the equivalent to either three (3) or six (6) straight wagers on a single ticket at either three (3) or six (6) times the fifty cent (\$.50) unit cost, depending on the number of identical digits.

Split Pair - A wager when the winning result is achieved when both the first digit and last digit of the three (3) digit number specified by the customer matches the first and last digit of the winning pick-it number selected for that day. This is equivalent to one hundred (100) number combinations for a single bet and is also referred to as a split pair.

The prize structure for the Pick-3 game is based on a daily pari-mutuel pool (fifty percent (50%)) with one daily cash pool resulting from the total day's wagering (discounting the advanced sales for future days). The Pick-3 day ends at 7:53 p.m. for purposes of sales; leading to the selection of a winning number (approximately 8:00 p.m.) calculation of the pari-mutuel pool prizes, and the resumption of sales and validations. This pool structure and the drawing time are subject to change upon authorization of the Executive Director of the New Jersey State Lottery. The winning Pick-3 number will be made available to the Contractor for prize calculation and subsequent notification to the Agents of the day's winning number and pool status. Thus, the system must be so structured that tickets for that day can be sold from terminals up to approximately five (5) minutes preceding the scheduled drawing time. Sales for the next day must resume immediately after the closing of that day's pool. Validation of winning tickets for the then preceding Lottery day must be available through Agents' terminals by approximately 8:15 p.m.

B. Description of the Pick-4 Game

The four (4) digit select your own number lottery game is designated "Pick-4". All lottery Agents are designated as Pick-4 sales outlets by the Executive Director of the New Jersey State Lottery. The Pick-4 game is a four (4) digit pick your own number lottery with the bettor having the option of placing a bet for a straight wager, twenty-four (24), twelve (12), six (6) or four (4) way combination (box) wagers, backup-bets, twenty-four (24), twelve (12), six (6) or four (4) way wheel wagers and front, back and middle pair wagers, with a minimum bet of a fifty cent (\$.50) unit and increments of fifty cent (\$.50) units to a maximum of ten (10) units. It is conceivable that single bet transactions in amounts greater than fifty cents (\$.50) will be marketed by the Lottery. For example, wagers for all bet possibilities of one dollar (\$1.00) and increments of one

dollar (\$1.00) may be placed (similar to exacta and trifecta wagering at racetracks where the pari-mutuel pool is affected by the wager amount). Advanced sale and multiple day sale capability of up to seven (7) days must be provided for the Pick-4 game. Wagers are processed by keyboard entry, however, the lottery requires the option of play card or bet slip use for this game. The player should have the option of playing one (1) to ten (10) Pick-4 wagers on the bet slip. A Pick-4 day covers a sales period beginning with the drawing on a given calendar day up to 7:53 p.m. of the effective Lottery day.

Thus, the time for a Lottery day spans a twenty-four (24) hour period from approximately 8:00 p.m. to 8:00 p.m. Monday through Sunday (conditioned by terminal sales not being handled between 10:00 p.m. and 5:00 a.m. and no drawing currently occurring on Christmas Day). This drawing time can be changed by the Executive Director of the New Jersey State Lottery with thirty (30) days advance written notice to the Contractor. The following material describes the required Pick-4 system and types of betting:

Straight - A wager where the winning result is achieved only when the exact number represented by the four digits specified by the customer (in the order of specification) matches the winning Pick-4 number selected for that day. Thus, a winning ticket is one in which the selected four (4) digit number matches that drawn Pick-4 number in exact sequence.

24-Way Combination (Box) - A wager where the winning result is achieved when any combination of the four (4) digits specified by the customer matches the winning Pick-4 number selected for that day. This is equivalent a twenty-four (24) number combinations for a single bet since there can be no duplication of a given digit in a 24-way box bet. This is known as a 24-way box bet.

12-Way Combination (Box) - A wager where the winning result is achieved when any combination of the four (4) digits specified by the customer matches the winning Pick-4 number selected for that day. This is equivalent to a twelve (12) number combinations for a single bet where any combination of four (4) digits, two (2) of which are the same, matches the drawn winning Pick-4 number for that day. This is known as a 12-way box bet.

6-Way Combination (Box) - A wager where the winning result is achieved when any combination of the four (4) digits specified by the customer matches the winning Pick-4 number selected for that day. This is equivalent to six (6) number combinations for a single bet where any combination of four (4) digits, of which there are two (2) identical pairs of digits, matches the drawn winning Pick-4 number for that day. This is known as a 6-way box bet.

4-Way Combination (Box) - A wager where the winning result is achieved when any combination of the four (4) digits specified by the customer matches the winning Pick-4 number selected for that day. This is equivalent to four (4) number combinations for a single bet where any combination of four (4) digits, three (3) of which are the same, matches the drawn winning Pick-4 number for that day. This is known as a 4-way box bet.

Straight/24-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 24-way box bet for the same number on a single ticket. The player can win on both the straight and box bets when the four(4) digits specified by the player match in exact order the Pick-4 winning number for that day. The player can win on the box portion when any other combination of the four (4) digits selected by the player matches the Pick-4 winning number for that day. This bet type is referred to as a 24-way backup bet.

Straight/12-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 12-way box bet for the same number on a single ticket. The player can win on both the straight and box bets when the four (12) digits specified by the player match in exact order the Pick-4

winning number for that day. The player can win on the box portion when any other combination of the four (4) digits (with any two of the four (4) digits being the same) selected by the player matches the Pick-4 winning number for that day. This bet type is referred to as a 12-way backup bet.

Straight/6-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 6-way box bet for the same number on a single ticket. The player can win on both the straight and box bets when the four (4) digits specified by the player match in exact order the Pick-4 winning number for that day. The player can win on the box portion when any other combination of the four (4) digits (with two (2) pairs of identical digits) selected by the player matches the Pick-4 winning number for that day. This bet type is referred to as a 6-way backup bet.

Straight/4-Way Box - (on one ticket): A wager whereby the player can place a straight bet and a 4-way box bet for the same number on a single ticket. The player can win on both the straight and box bets when the four (4) digits specified by the player match in exact order the Pick-4 winning number for that day. The player can win on the box portion when any other combination of the four (4) digits (with three (3) identical digits) selected by the player matches the Pick-4 winning number for that day. This bet type is referred to as a 4-way backup bet.

Pick-4 Wheel - A wager where the winning result is achieved when any combination of four (4) digits specified by the customer in the selection matches the winning Pick-4 number selected for that day. This is the equivalent of either twenty-four (24), twelve (12), six (6), or four (4) straight wagers on a single ticket at either twenty-four (24), twelve (12), six (6), or four (4) times the fifty cent (\$.50) unit cost, depending on the number of identical digits. Note: This bet type is currently not available but required to be supported by the Contractor's system.

Front Pair - A wager where the winning result is achieved when the first two (2) digits of a four (4) digit number specified by the customer matches the first two digits of the winning Pick-4 number selected for that day. This is equivalent to one hundred (100) combinations for a single bet. Note: This bet type is currently not available but required to be supported by the Contractor's system.

Middle Pair - A wager where the winning result is achieved when the middle two (2) digits of a four (4) digit number specified by the customer matches the middle two (2) digits of the winning Pick-4 number selected for that day. This is equivalent to one hundred (100) combinations for a single bet. Note: This bet type is currently not available but required to be supported by the Contractor's system.

Back Pair - A wager where the winning result is achieved when the last two (2) digits of a four (4) digit number specified by the customer matches the last two digits of the winning Pick-4 number selected for that day. This is equivalent to one hundred (100) combinations for a single bet. Note: This bet type is currently not available but required to be supported by the Contractor's system.

As with Pick-3, the Pick-4 prize pool will be equal to fifty percent (50%) of the total amount of all the bets placed for a given Pick-4 lottery drawing. The prize pool will be divided among the winners in accordance with a pari-mutuel formula. The Pick-4 day ends at 7:53 p.m. for purposes of sales; leading to the selection of a winning four (4) digit number, calculation of the pari-mutuel pool prizes and the resumption of sales and validations. The pool structure for the Pick-4 and the drawing time are subject to change upon authorization of the Executive Director, New Jersey State Lottery. The winning number will be made available to the Contractor for prize calculation and subsequent notification to the Agents of the Pick-4 winning number for that day and the pool status. Thus, the system must be so structured that tickets for that day can be sold from terminals up to approximately five (5) minutes preceding the scheduled

drawing time. Sales for the next day must resume immediately after the closing of that day's pool. Validation of winning tickets for the then preceding lottery day must be available through Agents' terminals by approximately 8:15 p.m.

C. Description of the Jersey Cash 5 Game

The five (5) out of thirty-eight (38) select-your-own-number game is designated "Jersey Cash 5." All Lottery Agents are designated as Jersey Cash 5 sales outlets by the Executive Director of the New Jersey State Lottery. A Jersey Cash 5 wager currently costs one dollar (\$1.00). Wagers are processed by keyboard entry, however the Lottery requires the option of play card or bet slip use for this game. The player should have the option of playing one (1) to ten (10) Jersey Cash 5 wagers on the bet slip. The winning five (5) numbers are drawn at random every Tuesday and Friday, except when Christmas falls on either day, at which time the drawing will take place one day earlier. A Jersey Cash 5 sales part-week covers a period beginning on Tuesday at 8:00 p.m. immediately following the drawing and runs continuously (except for off hours) through the next Friday at 7:53 p.m. The second part-week begins immediately following the Friday drawing (8:00 p.m.) and runs continuously (except for off hours) through the next Tuesday at 7:53 p.m. This drawing time can be changed by the Executive Director of the Division of State Lottery with thirty (30) days advance written notice to the Contractor. The Contractor's system must be capable of expansion from the current five (5) out of thirty-eight (38) format up to and including six (6), seven (7), or eight (8) out of fifty-five (55) and any combination thereof. The Contractor's system must be capable of handling a multiple bet card with a minimum of two (2) bets for one dollar (\$1.00) and must have the capability of multiple Jersey Cash 5 drawings per week. The following material describes the Jersey Cash 5 system and type of betting that is required at this time. The player must select any five (5) numbers within a range of consecutive numbers from one (01) to thirty-eight (38) inclusive. Based upon a pari-mutuel formula (50%), the prize pool allocation to holders of winning tickets is distributed as follows:

1. Bettors who select all five (5) winning digits, four (4) of the five (5) winning digits, or three (3) of the five (5) winning digits, shall be entitled to an equal share of their designated prize allocation.
2. Top tier (five (5) out of five (5)) winners are paid by the New Jersey State Lottery in the form of cash, depending on a prize value at forty percent (40%) of the prize pool.

The second prize is for matching four (4) of the five (5) numbers drawn, and the second prize payout distribution is thirty-four percent (34%) of the prize pool.

The third prize is for matching three (3) of the five (5) numbers drawn, and the third prize payout distribution is twenty-six percent (26%) of the prize pool.

There will be no roll-over feature. In the event that there is no top tier (five (5) out of five (5)) prize winner, then all the prize money will be added to the second tier prize category.

Validations of winning tickets for the then preceding Lottery day must be available through Agents' terminals by the start of the next business day (5:00 a.m.).

D. Description of the Pick-6 Game

The six (6) out of forty-six (46), select-your-own-number game is designated Pick-6. All Lottery Agents are designated as Pick-6 sales outlets by the Executive Director of the New Jersey State Lottery. A Pick-6 wager currently costs one dollar (\$1.00). Additionally, a five (5) digit bonus number is randomly selected by the system and printed on the ticket for each set of six (6) numbers selected by the bettor. The winning six (6) numbers and a winning five (5) digit bonus number are drawn at random every Thursday and Monday except when Christmas falls on a Thursday or Monday at which time the drawing will take place one (1) day earlier. A Pick-6 sales part-week covers a period beginning on Thursday at 8:00 p.m. immediately following the drawing and runs continuously (except for off hours) through the next Monday at 7:53 p.m. The second part-week begins immediately following the Monday drawing (8:00 p.m.) and runs continuously (except for off hours) through the next Thursday at 7:53 p.m. This drawing time can be changed by the Executive Director of the New Jersey State Lottery with appropriate written notice to the Contractor.

The following material describes the currently required Pick-6 system and types of betting. The purchaser must select any six (6) numbers from a range of consecutive numbers from one (01) to forty-six (46) inclusive. Based upon a pari-mutuel formula (fifty percent (50%)), the prize pool allocation to holders of winning tickets is distributed as follows:

1. Bettors who select all six (6) winning digits, five (5) of the six (6) winning digits, or four (4) of the six (6) winning digits, shall be entitled to an equal share of their designated prize allocation.
2. Tickets which match the five (5) digit bonus number, in the exact order, shall be entitled to a guaranteed prize of five hundred dollars (\$500) and entry into a future Grand Prize Drawing. A designated portion of the prize pool is used to fund the bonus number drawing.
3. Top tier (six (6) out of six (6)) winners are paid by the New Jersey State Lottery in the form of either cash or installment payments, depending upon the prize value. The distribution of Pick-6 prizes is seventy percent (70%) for the top prize, ten percent (10%) for the five of six numbers, and fifteen percent (15%) for four of six numbers, with five percent (5%) reserved for the bonus number.
4. In the event there are no winners in the six (6) out of six (6), five (5) out of six (6), or the four (4) out of six (6) categories, then all prize money for those categories will be added to prize pool for the next succeeding drawing.
5. Although not exercised in current operations, the Lottery may stipulate that when the amount of sales creates a prize pool sufficient for the New Jersey State Lottery to procure an annuity valued at ten million dollars (\$10,000,000), then any additional funds shall be set aside and added to six (6) out of six (6) prize pool for next weekly drawing held immediately after the ten million dollar (\$10,000,000) annuity prize has been won.

The Contractor's system must be capable of expansion from the current six (6) out of forty-six (46) format up to and including a six (6), seven (7) or eight (8) out fifty-five (55) and any combination thereof. In addition, the Contractor's system must be capable of handling a multiple bet card with a minimum of two (2) bets for one dollar (\$1.00) and must have the capability of multiple Pick-6 drawings per week.

The following are requirements for all the games listed above. All games must feature the machine generated or quick-pick option. The player should have the option of playing one (1) to ten (10) wagers for any/all games on each respective bet slip. In addition, the Contractor shall provide at its sole cost and expense, bet cards for all games. The Lottery will require the delivery of such cards to its Agents by the Contractor.

Validations of winning tickets for the then preceding Lottery day must be available through Agents' terminals by the start of the next business day (5:00 a.m.).

E. Description of Instant Ticket Games

The Instant Ticket, or scratch-off, is a preprinted game card. The Instant Ticket Games are designed around themes which change periodically, however, the games sell concurrently. The method of play remains basically the same regardless of theme. The player rubs off a latex-covered play area on the ticket to determine if a prize has been won. Depending on the game, a prize may be awarded for matching like prize amounts, for beating a score on the face of the ticket, or for having several matching symbols.

Instant Game Tickets are usually two inches (2.0") high by four inches (4.0") in width and are printed in packs of three hundred (300). However, ticket size and pack volume can change depending on game theme.

Instant game tickets are encoded with bar code symbology which permits on-line validation of winning tickets. The Contractor will be required to provide for the validation of all winning tickets through the on-line system.

The Contractor will be compensated based on a percentage of gross instant ticket sales, in accordance with the rate presented in Appendix A in the Contractor's bid response proposal.

3.1.5.3 Additional Game Menu at Lottery's Direction

Subsequent to Contract award and at the Lottery's direction, the Contractor must be capable of providing a broad range of additional games, including but in no way limited to:

- A. Pick-7, a pari-mutuel or fixed payout, weekly numbers game where the player could select seven (7) numbers from a select limited range of numbers. Ten (10) winning numbers are selected once a week (or more frequently) by the Lottery. Minimum wager of one dollar (\$1.00) per play.
- B. Pick-10, a keno-type fixed payout game where the player chooses ten (10) numbers from a field of one (1) to eighty (80). Twenty (20) winning numbers are selected randomly every draw by the Lottery. A minimum wager is one dollar (\$1.00) per game. There may be multiple draws each day.

The software development for these games (or those of similar description and play method) will be provided by the Contractor at no additional cost to the Lottery.

In addition, the Contractor may also be required to develop acceptable software for other new games (e.g., a sports lottery, or an on-line "instant game"), as specified by the Lottery, during the life of the Contract. The software should be delivered to the Lottery on a timely basis or within the given time or equivalent as set forth by the Lottery.

3.1.5.4 Additional Features at Contract Award (The cost of which is included in the Matrix completed by the Contractor at the time of submission of his bid response proposal.)

The Contractor must be capable of providing a broad range of features at Contract award. Specific features or enhancements to current games required to be available are as follows:

- A. Bonus Draw which will permit drawing of more than one (1) winning number (set of winning numbers) at Lottery's option;
- B. Bonus Payoff which will permit a specified increase in the payoff for specified winning wagers at the Lottery's option;
- C. The system must have the capability to vary the number of drawings per game per day or week and/or the days the drawings are conducted. For example, the Lottery could specify in the future that Jersey Cash 5 drawings happen every day of the week; or Pick-3 be drawn twice daily;
- D. Test marketing - the sale of specified games/products/features (e.g., couponing discounting) through selected Agents and/or selected geographical areas for purposes of test marketing such games/products/features;
- E. Single game discounting/couponing and multi-game simultaneous discounting/couponing for on-line game promotion purposes statewide or by geographic area for test purposes;
- F. Sampler, multi-game Quick Pick package where the system will automatically generate two (2) or more Quick Pick wagers - possibly one (1) for each game on market, either with or without a premium. No play card needed;
- G. Lotto Match-3 Bonus, a cross-merchandising feature geared to enhance the lotto prize structure by offering a free play of another lottery game for matching three (3) winning numbers, thus encouraging trial of other possible less popular lottery games specifically designated by the Lottery. The capability should also encompass the generation of a coupon entitling players to a scratch-off ticket or something tied into a major corporate promotion;
- H. Allows use of every "nth" transaction by game type as specified by the Lottery to generate a free ticket for a specific game or pay a prize as specified by the Lottery in a geographic area, or statewide, or by terminal;
- I. Cash option for top payouts in the Pick-6 Lotto game. (As opposed to the current annuity-only payouts); and,

- J. Allow for advance play for up to fifty-two (52) weeks or any part thereof for any game.

3.1.5.5 Additional Features at Lottery's Direction

The Contractor must have the capability of providing additional features at a later date to be determined by the Lottery, including but in no way limited to the following:

- A. Special randomly generated preprinted bonus number, character, word or symbol to provide additional consumer chances to win on ticket (with separate prize structure). This feature should be with or without the player's option for a special promotional purpose (e.g., game launch, early bird promotion, etc.);
- B. Two (2) day Pick-3 exacta. This is a three (3) digit pick your own number lottery with the bettor placing traditional bets of the Pick-3 (or Pick-4) game(s) on consecutive days; and,
- C. The Contractor may also be required to provide a subscription system for the Pick-6 Lotto game, if requested to do so by the Lottery.

3.1.5.6 Games Research

The New Jersey State Lottery plans to introduce many new game features and promotions over the term of this Contract. The Contractor must be able to accommodate the Lottery's marketing effort with an adequate level of support services designed to assist in new concept development, special marketing programs, new game design, and Agent overall sales performance. The cost for these services must be included in the base rate for this Contract.

Concerning research:

The Lottery will require support for research and development regarding new games, new technology, and service improvement. This support may include market research.

These activities will be subject to approval by the Executive Director, Division of State Lottery, with written approval from the Director, Division of Purchase and Property. The Contractor shall not undertake the conduct or procurement of any research project until written approval is received. The Executive Director will authorize, in writing, the Contractor to proceed, upon receipt of approval from the Director, Division of Purchase and Property.

The research efforts will include but not be limited to:

- games marketing strategy;
- player/nonplayer profiles; and,
- demographics.

Research services may be subcontracted by the Contractor, with the approval of the State. At least three (3) approved qualified research firms shall be solicited for any such procurement. The Contractor will bill the Lottery for such services procured at cost: No upcharge, commission, fee, overhead, or profit will be allowed by the State.

3.1.6 Facilities

The Contractor is responsible for the design and construction of operating facilities, whether owned or leased by the Contractor, to include primary and back-up (hot) computer processing and operating facilities, warehouse space, and terminal maintenance centers. For the purpose of this section, operating facilities include the Contractor's New Jersey-based administrative space needs/requirements.

Site designs and layout specifications for each facility must be reviewed and approved by the Lottery.

The Contractor must retrofit and occupy the existing on-line primary computer site after the current system has been removed. The current property is leased from Nexus Properties, Trenton, New Jersey, by the incumbent vendor and the Contractor will have to negotiate with the then-current property owner.

The Contractor must install the physical facility for a separate secondary site capable of taking over one hundred percent (100%) of central operations in case of a system failure at the primary location. Also the Lottery will operate the secondary site as the primary site on a regularly scheduled basis to ensure its fitness for emergencies.

3.1.6.1 Primary Site Contractor Specifications

The Contractor must utilize the space currently being used for the on-line gaming system as the primary site. The site is next door to the Lottery Headquarters. This proximity will facilitate the delivery of computer tapes, documentation, testing, and meetings. Since this site will not be available until shortly after the current contract expires, build-out of this site will occur after production commences (supported from the secondary site).

- A. The Contractor will be responsible for working with the building landlord as appropriate to construct the space. The cost of design and construction of the Contractor's space is solely the Contractor's responsibility. The final building design is subject to approval by the Lottery. The Lottery encourages a non-pretentious functional facility.
- B. The facility must include appropriate environmental controls equipment for a computer center, including A/C, power distribution and conditioning units and an uninterruptible power system (UPS). The UPS should incorporate a generator designed to provide a back-up power source to allow operations during extended power outages.
- C. The Contractor will be responsible for paying its own building rent, maintenance, and utility charges.
- D. The Contractor will be responsible for the physical security and for the design, installation and maintenance of alarm systems. The alarm systems must be connected to an off-site location for verification of alarm situations.
- E. The Contractor will provide a separate room to be used by Lottery staff for systems testing and training. The room should be approximately two hundred fifty-six square feet (256 sq./ft.) in

size. The Contractor will not be responsible for furnishing this space other than providing a telephone. The room must be equipped with communications outlets so as to accommodate up to eight (8) Agent and instant ticket validator terminals.

3.1.6.2 Secondary Site

The Contractor's secondary site, usually configured as the backup, will be separate from the primary site. It is preferred that the primary and secondary sites be distant enough apart to avoid localized threats such as environmental spills, explosion and fire, tornadoes, and flooding.

Although the secondary site will normally be the hot backup site, for initial installation and operation, it is anticipated that the secondary site will support the system until the primary site can be completed. Once the primary site goes into production, the secondary site will act as the hot backup site.

The site selected is subject to approval by the Lottery. The Lottery's review of potential backup sites, with New Jersey OTIS and Bell Atlantic indicates that the easiest place for the deployment of a backup data center may be elsewhere in the Delaware Valley LATA, serviced by Hamilton Square DACS Center. The Contractor may utilize another location outside this area, upon approval of the Lottery. The Lottery is willing to consider creative solutions to the hot backup service which will meet operational needs while minimizing costs.

One-time costs of telephone company upgrades to support the backup data center will be the Contractor's obligation.

The Contractor shall consider, as part of the secondary site selection criteria, the potential adverse impact of the proposed site's sensitivity to earthquake, flood, local communication failure, social, economic and redevelopment issues.

- A. The facility must include appropriate environmental controls equipment for a computer center, including A/C, power distribution and conditioning units and an uninterruptible power system (UPS). The UPS should incorporate a generator designed to provide a back-up power source to allow operations during extended power outages.
- B. The Contractor will be responsible for paying its own building rent, maintenance and utility charges.
- C. The Contractor will be responsible for the physical security and for the design, installation and maintenance of alarm systems. The alarm systems must be connected to an off-site location for verification of alarm situations.
- D. The Contractor will provide a separate room to be used by Lottery staff for systems testing and training. The room should be approximately two hundred fifty-six square feet (256 sq./ft.) in size. The Contractor will not be responsible for furnishing this space other than providing a telephone. The room must be equipped with communications outlets so as to accommodate up to eight (8) Agent and instant ticket validator terminals.

3.1.6.3 Maintenance Centers

The Contractor shall maintain a sufficient number of maintenance centers and depots throughout the State to fully support the terminal maintenance and repair program.

The Contractor must indicate the number and types of maintenance centers and depots proposed for different geographic areas.

3.1.6.4 Physical Security at Computer Sites and Warehouses (Alarms, Responses)

The Contractor must implement stringent security measures to prevent unauthorized entry at Contractor's site as well as meeting any applicable federal, state and local fire and safety regulations.

At a minimum, the Contractor's physical security program must:

- A. Prevent unauthorized persons from accessing the Contractor's facilities;
- B. Provide a record of all entries and exits from Contractor's facility and be available and provided to the Lottery upon demand;
- C. Include access control, surveillance system (closed circuit television system), and an intrusion detection system that will sound an alarm at a manned location on and off premises at each site;
- D. Have all windows and sky-lights, if any, wire-meshed or barred or non-operable;
- E. Have fire doors, windows and sky-lights equipped with break alarm systems for local alert in the event of opening or breach;
- F. Locking devices provided for all doors or entry points. Entry from receiving and loading platforms precluded through either locks or the presence of plant security personnel during loading;
- G. Burglar, fire and water alarm systems for protection of sensitive areas;
- H. Card access system to be installed at entrance to computer room and other secure areas. Entrance must be limited to Contractor personnel authorized by the New Jersey State Lottery; and,
- I. All Contractor facilities for the support of the New Jersey State Lottery are subject to Lottery site visits, inspections, and quality control reviews. These inspections will assess Contractor compliance with stringent security measures.

3.1.7 Contractor Local Support

3.1.7.1 Contractor Personnel

The Contractor must provide the level of staffing, in terms of numbers and qualifications, as originally specified in their response proposal, for the implementation and operation of the system.

This section describes the in-state support services to be provided by the Contractor.

A. Implementation and Installation Staff

The Contractor shall provide all management, supervisory, and key technical personnel who will be active in the implementation and installation of the on-line lottery system. Further, the Contractor must indicate what specific Contract function(s) they will perform and how long it is anticipated they will be on site.

Additional support staff need not be named but can be listed by title and quantified.

B. Ongoing Lottery Operations Staff

The Contractor shall provide all management, supervisory, and key technical personnel who are expected to be active in the ongoing operation of the on-line lottery system. Further, the Contractor must indicate what specific contract function(s) they will perform and how long it is anticipated they will be on site.

Additional support staff need not have been named in the proposal, but have been listed by title and quantified.

3.1.7.2 Training Programs

The Contractor will be responsible for developing and conducting training/retraining programs for Agent operators and designated State personnel. The Executive Director of the New Jersey State Lottery reserves the right to assign Lottery personnel to actively participate at any or all of the training sessions.

The Contractor shall provide initial/on-going training for Agent and Lottery staff in the operation of Agent terminals. Sales and merchandising training will be supplied at the same time by Lottery and/or Contractor staff.

All training should occur during normal business hours and in such a manner that will not adversely effect the operation of the office.

Training for major system changes (e.g., new games) during the Contract may also be required of the Contractor by the Lottery.

A. Group Instruction Training Locations

The Contractor shall provide initial and follow-up group instruction for new games, enhancements or other modifications as requested by the Lottery at locations convenient to Agents and shall provide training on-site at Agent locations when appropriate. Agents should not have to travel more than one hundred fifty (150) miles (round trip) for training.

B. Training Program Description

The Contractor must provide the training program for Agents and Lottery staff members proposed in their response to the RFP for the procurement resulting in this Contract. The program must include proposed materials, facilities, staff qualifications, sessions (including length and class size), and schedule.

The program should be capable of providing for the individual needs of major key account corporations.

C. Terminal Training Mode

The Contractor must propose a terminal with a training mode, and must also have security procedures that will be in effect while the terminal is in a training mode. Training mode tickets must be marked "VOID-NOT FOR SALE" or equivalent at the time they are created, and dates printed on such tickets must be beyond expiration.

D. Training Materials

The training program and materials shall include, at a minimum:

1. Training and operational manuals and videos on the correct use of Agent terminals and retail procedures as well as on the distribution and operation of the game(s). Such materials must contain, at a minimum, information and instructions on changing ticket stock, ticket printing material, placing each transaction, obtaining each report, Hotline procedures, and use of play slips, claim forms, adjustment forms and settlement forms. Manuals should be written at sixth grade reading level and feature a high level of visual illustration to achieve greater understanding.

The training manuals, at a minimum in both English and Spanish, must be produced by the Contractor, and must have the approval of the Executive Director of the New Jersey State Lottery prior to publication and distribution.

2. Training materials must be supplied by the Contractor during training sessions in sufficient quantities to adequately train those Agents in attendance.

E. Ongoing Training Conducted by the Lottery

The Contractor must provide the facilities, materials, and equipment for Agent and Lottery staff training which will be conducted by the Contractor's staff on an ongoing basis. The Contractor will train new Agents added after conversion and new staff at existing Agent sites.

3.1.7.3 Agent Supplies

A. The Contractor shall provide:

1. Play slips which can be processed by the terminal reader;
2. Secure ticket stock;
3. Terminal ribbons or required material to print tickets;
4. Prize claim forms (self-mailer type); and,
5. Agent manuals for terminal operation.

B. The Lottery must approve all proposed play slip, ticket stock, claim forms, and Agent manual designs and wording, but the Contractor will be responsible for their production, storage and distribution as well as the related costs.

C. In order to avoid dependence on one supplier, the Contractor must have more than one (1) source of paper stock and printing service(s). While printing does not have to be done within the geographic boundaries of the State of New Jersey, it is preferred that printing be done by a firm in New Jersey. The final selection of the printer requires the approval of the Executive Director of the Lottery. This covers the entire term of the Contract and any extensions thereof for all tickets issued through this system for all games and lotteries. The approval of the ticket design and the security precautions on preparing and distributing ticket stock must have the approval of the Executive Director of the New Jersey State Lottery.

D. The Contractor shall provide suitable security, inventory and control procedures regarding these services and supplies; in particular, the Contractor is responsible for keeping accurate records of ticket stock inventory and ticket stock shipments. The stock control system and procedures must be approved by the Lottery. Ticket stock inventory must be provided to the Lottery weekly on tape for auditing.

E. The Contractor must provide a weekly report of inventory of ticket stock, ribbons on hand, or any deliverables to the Agents, expected delivery schedules and appropriate inventory controls of ticket stock distribution throughout the Agent network. This report must be provided to the Lottery on magnetic tape.

F. Should the State exercise the option of procuring paper stock and ribbons, it is incumbent on the Contractor to supply written specifications for these items to the New Jersey State Lottery.

G. The Lottery's own Field Representatives must also have available a small amount of Agent consumables, if they visit an Agent and determine that the Agent is too short of stock to get by until the Contractor's delivery.

3.1.7.4 Distribution of Supplies

The Contractor will be responsible for warehousing and distribution of all supplies listed in the RFP.

The Contractor must ensure that each Agent always has an adequate supply of ticket stock, play slips, ribbons or printing material, prize claim forms, and an Agent manual for terminal operation in order to avoid an out-of-stock condition that would cause the terminal to be inoperable.

3.1.7.5 Magnetic Media, Computer Room Paper

The Contractor will supply all magnetic tapes, disk packs, and other magnetic media items, central printer computer paper, printer ribbons, etc. needed to operate the gaming system.

3.1.7.6 Field Maintenance Program

The Contractor shall provide the following: a maintenance plan, program, procedures, personnel levels and capabilities for the primary and back-up computer configurations, Agent terminals, management system, and Hotline services.

For purposes of this section, the term "Agent terminal" shall include all attachments which are provided by the Contractor.

A. Agent Terminal Maintenance Items

The Contractor will be required during any service call to routinely check mechanical security, safety, printer mechanism, electronic reader, and any other attachments provided by the Contractor.

The Contractor shall be responsible for maintaining the terminal in the highest level of appearance including, but not limited to cleaning of equipment and refurbishing of covers.

B. Response Requirements

The Contractor shall be responsible to determine that all terminals are operable and shall take positive action where hardware malfunction is indicated to ensure that the affected terminal is returned to an operational state within the required time as defined in Section 7.24.4.

The Contractor may "swap out" terminals as long as a terminal is operating at that location within the specified time period. A terminal shall be deemed inoperable if it is not capable of performing all processing functions. In all cases, the Lottery reserves the right to make the determination as to whether a terminal is operable and whether the Contractor responded within the specified time period.

C. Service Documentation

Operating and service manuals for all terminals shall be kept updated and accessible to the Lottery and must be approved by the Lottery before being implemented and distributed. Multi-lingual copies must be provided, if proposed by the Contractor, and required by the Lottery to do so.

D. Parts Supply

The Contractor shall maintain an adequate supply of parts and spare terminals to sustain the service of terminals which it has supplied and is required to maintain.

E. Trouble Tracking and Reporting System (Hotline Support)

The Contractor shall maintain and manage a data base and reporting system that fulfills the following criteria:

1. Tracking and various reporting of all Agent terminals, communication line, network, and other problems whether or not actual problem(s) were found.
2. Information for various reports is to be available in real time. The real time retrieval on the management system will not be limited to inquiries for the current day only. It is desirable to have access to the most current nine (9) months of historical data.
3. Various reports shall include, but are not limited to:
 - a) By Agent number for a given period.
 - b) By line number for a given period.
 - c) By part or component.
 - d) Others as defined by the Lottery.
4. Data shall include, but not be limited to:
 - a) Terminal serial number.
 - b) Agent number.
 - c) Component identifier.
 - d) Time and date of reported problem.
 - e) Line and drop.
 - f) Nature of problem reported.
 - g) Field service person identifier.
 - h) Dispatched - Yes or No.
 - i) Date and time of arrival at terminal location.
 - j) Problem resolution and date and time.
 - k) Elapsed time from notification to repair (down time).
5. Data is to be kept on all terminals including those in reserve or returned to a depot for maintenance.
6. The Contractor must state clearly how the Lottery or its auditors may independently verify the accuracy and validity of the data captured by this tracking/reporting system.

As an example, for calls which result in the dispatching of a field technician the final action required by the technician might be to pass a special play slip or smartcard through an electronic reader at the problem Agent site. This "transaction" could log to the tracking system as well as being trapped on the on-line system and passed on to the LAPS system. This activity could essentially "close the

ticket" on the particular problem call.

F. Hotline Services

The Contractor must ensure that Hotline Services will be staffed and managed to ensure timely, professional and accurate response to all calls. Periodic reports must be provided to the Lottery on staffing levels, busy signals, time on hold, and steps being taken to resolve sub-standard performance. The Contractor must take all steps necessary to ensure that Hotline staff turnover does not degrade the level, quality and professionalism of the Hotline service.

The Contractor must also maintain the number of lines that were originally proposed for communication with Agents, the number of lines for communication with service personnel, and the number for communication with the communications carriers.

The following Agent terminal network support must be provided by the Contractor:

1. Telephone call management equipment must be capable of handling all incoming calls on the toll free circuits. If all circuits are busy, a pre-recorded message must be played and the calls must be queued.

The call management system must provide statistical reports to the Contractor and the Lottery.

2. Toll free lines must be interfaced to a magnetic tape recorder which records all phone conversations on the Hotline circuits. The Contractor must provide the recording equipment and maintain tapes on a twenty-one (21) day cycle.
3. Hotline equipment must have a display of line and drop status allowing the Hotline operator to see if a line is operational, if a drop is polling, if a drop or line is down, and if a Agent is signed on or not signed on.

3.1.8 Implementation

The Lottery is planning on using the "Big Bang" approach for the installation of the new system. The new system will be installed according to the schedule listed below and Agents will accommodate two (2) terminals in their business establishments until the big bang conversion date.

The Lottery anticipates that the secondary site will be used to stage and test the new system, and that production operations on February 15, 1996, will proceed supported by that site only until the primary site can be fitted out and installed with the new system. When the primary site at Lottery Headquarters is prepared to operate, additional acceptance testing will occur for:

- A. Primary site systems;
- B. Telecommunications to the primary site;
- C. Primary hot backup site operation; and,
- D. Failover and recovery/re-synchronization between the sites.

When acceptance testing is complete, the Lottery will approve two (2) site operation.

For the period between February 15, 1996, and the availability of the data center at Lottery Headquarters as the primary site, the Contractor must provide hot backup capabilities and a disaster recovery plan which, at minimum, includes: The ability to restore service within seventy-two (72) hours following a disaster at the single processing site.

If the Contractor proposed (an) alternative(s) to the specified implementation approach and schedule, it (they) **must meet or exceed** all the requirements specified in the RFP resulting in this Contract.

The following are the key dates and major events which the Contractor must meet in implementing their proposed system.

<u>Date</u>	<u>Event</u>
November 5, 1995	<u>Secondary</u> site installation and management terminal installation complete with at least thirty-three percent (33%) of Agent terminals installed and tested. The LAPS client/server with ten (10) initial terminals and peripherals installed with the ICS and MGIS operational.
December 5, 1995	Second thirty-three percent (33%) of terminals installed and tested.
January 5, 1996	Final thirty-four percent (34%) of terminals installed and tested. Full LAPS configuration installed.
January 15, 1996	Final acceptance testing of the complete system.
February 15, 1996	Pick-3, Pick-4, Jersey Cash 5, Pick-6, and instant game support functions operational. <u>Big Bang Conversion Date.</u>
June 15, 1996	<u>Primary</u> site installation at Lottery Headquarters complete and available for acceptance testing.
July 8, 1996	Cut-over to operation at primary site and concurrent backup site operation.

The Contractor is required to carry out their proposed implementation plan. The plan must detail hardware production capability, software development, and installation and testing of hardware and software components.

The implementation plan must also detail the structuring of the network and the installation of the network through the combined efforts of the communications carrier, the State, and the

Contractor. The Contractor is advised that it is the intent of the State of New Jersey to bear the costs of design, implementation, and ongoing operational costs associated with the existing network only, plus the ongoing costs of communications from the primary site to the backup site.

Specifics in the implementation plan must include:

- A. Production and installation of system hardware components;
- B. Re-design and upgrade of the communications network;
- C. Design, development, installation and testing of the operating software;
- D. Methodology to be employed at all Agent sites in handling the installation of the proposed equipment and the transition from the current system, including training of Agent personnel and lottery personnel; and,
- E. Estimate of required State personnel support and Agent's personnel support during the transition.

The State requires that the Contractor provide at least biweekly reporting (written and oral) following notification of award through February 14, 1996. An appropriate reporting methodology will be developed by the Lottery in conjunction with the Contractor for subsequent periods.

The Contractor's implementation plan must clearly delineate the responsibilities of both the Contractor and the Lottery. The Lottery must approve the final implementation plan prior to its being carried out.

3.1.8.1 Commission Payment During Implementation

The Contractor shall receive no commission until sales begin, after the conversion on February 15, 1996.

3.1.8.2 Installation and Acceptance Testing

The Lottery will conduct a series of acceptance tests to fully determine the passing or failing of the Contractor's installation in accordance with the specifications of this RFP and the Contractor's proposal. Irremediable failure of the Contractor to pass these tests may result in the Contractor forfeiting the full amount of the performance bond.

The system will be tested for each and every requirement in this RFP. Until appropriate tests are deemed acceptable by the Lottery, no operational date will be approved. The Contractor's assistance in arranging tests will be necessary.

The Contractor is expected to develop written scripts for acceptance testing and keep written scripts up-to-date for any and all system acceptance tests. Test data files (e.g. instant validations) are to be maintained of sufficient volumes to facilitate acceptance testing. The Lottery reserves the right to change or to add to written scripts and test data files.

A. The Contractor must have the **secondary** site facilities, computer hardware, communications hardware, software, and at least ten (10) locally-connected test terminals installed and operational by November 5, 1995.

B. The Contractor must have the **primary** site facilities, computer hardware, communications hardware, software, and at least two (2) locally-connected test terminals installed and operational by June 15, 1996.

C. The Contractor must have the field service organization fully staffed by two (2) weeks prior to scheduled start of sales to support Agent play days for additional training and shakedown.

3.1.8.3 Review of Contractor's Implementations

After contract award, the Contractor will be asked to pay the reasonable and necessary expenses, including travel, meals, and lodging, for up to two (2) people, for two (2) round-trips per year, for the term of the Contract, by individuals designated by the Lottery, to Contractor and/or subcontractor sites for purposes of inspecting the procedures and processes being employed in the development, manufacture, and use of the system and its components.

3.2 INSTANT TICKET SYSTEM

The on-line gaming system will be required to support the scratch-off or instant games through the Agent terminal, and if directed by the Lottery, through instant-only terminals.

The Contractor's system must be able to track instant ticket book inventory through the use of status codes. Status codes will be established for lost/stolen, issued to Agent, lottery warehouse, vendor warehouse, partial or full return and others as may be deemed necessary.

Inventory management will be an integral part of the Contractor's responsibility for instant games operations, which must include warehousing and distribution of the instant games products.

At present, the New Jersey State Lottery operates twenty (20) to twenty-five (25) instant games per year. There are millions of winning tickets in these games; currently there are approximately thirty-five million (35,000,000) winners validated per year. This quantity is expected to grow. The Lottery plans to expand up to thirty (30) or more games per year.

The new system must accommodate the possibility that future Lottery instant games may have tickets that are priced differently from the current one dollar (\$1.00), two dollar (\$2.00), and five dollar (\$5.00) tickets; and that individual games may have packs which are different sizes--three hundred (300) ticket packs and five hundred (500) ticket packs, for example. The Lottery's instant ticket games may have up to forty million (40,000,000) tickets per game.

The Contractor must provide the service and specifications of a responsive system of instant ticket and Point-of-sale (POS) materials delivery to the Agent network. Components of this delivery system must include warehousing materials, receiving and processing instant ticket and POS orders, inventory control and management, distribution and delivery of materials, redistribution and processing of returned tickets and ticket destruction. The system must have a component capable of retrieving Agent settlement materials on a less frequent basis.

All components, hardware, software, and operations of the instant ticket system will be compensated at a percent of gross instant ticket sales rate, as per Appendix A.

Components/capabilities of this system shall include, but not be limited to, the following:

3.2.1 Hardware

3.2.1.1 Instant Ticket-Only Validator Terminals

The Lottery currently has only on-line retail Agents. However the Lottery desires, in the future, to employ Agents who sell instant games only. For these Agents, the Contractor would provide instant ticket-only validation terminals. It is envisioned that these would be equipped with a simple keypad and display, a barcode reader, and a small printer. Communications to the central systems may be dial-up, but more likely would be dedicated.

The Contractor must install one thousand (1,000) instant ticket-only validator terminals in the first year of the Contract, if requested to do so by the Lottery. Services associated with these terminals must include installation, maintenance (on the same schedule as the one used for Agent operated terminals), and replacement.

3.2.1.2 Instant Ticket Vending Machines

The Contractor must install two hundred (200) instant ticket vending machines in the first year of the Contract, or on a schedule specified by the Lottery. Services associated with these machines must include installation and maintenance. Compensation for these machines is provided for in the "percent of gross instant ticket sales" rate bid for instant tickets.

The Lottery is instituting instant ticket vending machines (ITVM's) on a small scale to determine consumer acceptance and sales success of this retail medium. The Contractor must be aware that the Lottery intends to run numerous instant ticket games simultaneously. The ability for the vending machine to communicate with the host system is a desirable feature for reporting purposes. The Contractor will not be responsible for loading the machines with tickets and removing money, although the Contractor's service representatives must be able to assist the retailer in these functions, if required. The location of the ITVM's will be at the sole discretion of the Lottery.

3.2.2 Software Applications

3.2.2.1 Inventory Management

The Contractor's system must include inventory reporting and tracking such that the location of instant ticket packs--at the warehouse, in transit, or received by an Agent--must be known at all times. Packs received by an Agent are not to be activated for sale simply upon receipt, but only when the Agent is preparing to sell tickets from the pack. Inventory management will exercise quotas for retailers based on pack quantities and sales rates. Inventory management must accommodate transfers of packs from Agent to Agent, without requiring a return to the warehouse.

3.2.2.2 Allocation

The Contractor must provide an estimated allocation system for determining the initial distribution and re-ordering of instant tickets. This system should incorporate Agents' past credit and sales history.

For start-up, the Lottery will provide Agent quotas. The bidder should describe any alternative methods of determining Agents' ticket needs.

The Lottery reserves the right to deny the delivery of tickets to Agents who are delinquent or are considered to be bad credit risks.

The Contractor must provide controls to ensure that Agents do not obtain tickets beyond the limits imposed by the Lottery.

3.2.2.3 Ticket and Point-of-Sale Order Processing

The Contractor is required to provide at its cost and expense a toll-free 800 number with supporting staff for the processing of instant ticket and point-of-sale orders from Agents. This system must either reside on the Contractor's on-line wagering system or exist as a separate system with a direct link to the on-line wagering system. The system must also be accessible to the Lottery via the link between the Contractor's system and the Lottery's LAPS network.

3.2.2.4 Book or Pack Activation

The Contractor's system must allow a book activation transaction to activate a pack or book of instant tickets for validation purposes.

Entry of this transaction through the Agent terminal must be automatic through the play-slip reader, or automatic through the instant ticket barcode reader attached to or within the Agent terminal.

Packs are not to be activated until they are ready for sale. This could be accomplished by reading the first ticket sold of any new pack, or through a special activation card, or by other equally effective means.

3.2.2.5 Book or Pack Settlement

The Contractor's system must be able to accept instant ticket settlement transactions from the Lottery on a weekly basis. This data will be provided on computer tape.

The Contractor's system must also be able to accept instant ticket settlement transactions via a management system. It is understood that the processing of a "sales transaction" by an Agent will automatically update settlement information on the system.

The system must also be able to identify when an Agent has completed selling tickets in a book of instant tickets and has begun selling from another one or more book(s). The Contractor can accomplish this by identifying the sale of a winning ticket from another book in the same game. The system must be able to automatically mark the previously opened book as sold. The

Contractor will include this information in the Agent's weekly settlement billing report on a separate line. Agent commission (currently five percent (5%)) is discounted in the purchase price so the settlement amount provided will be net.

The system must accommodate the return of one partial pack of instant tickets per Agent at the end of each game.

3.2.2.6 Instant Ticket Winner Validation

Instant ticket validations through the on-line Agent terminals will be one hundred percent (100%) real time to the validation database, not batched or algorithmically approved at the terminal. All transmissions of validations will first be verified by the terminal (checkdigits) for data entry or barcode read accuracy before being transmitted to the central system for validation.

The transaction will verify that the ticket is a winner and specify the amount to be paid. The Contractor's system must maintain this instant validation information and credit the Agent for this payment on its settlement report. This must appear on a separate line on any settlement/cash information/billing reports that the Contractor's system generates. Instant books that are lost/stolen will cause all claims to be answered with the message "FILE CLAIM FORM". If an instant book has not been issued the message should be "BOOK NOT ISSUED, DO NOT PAY."

3.2.2.7 Validation Period

Instant ticket winner validations are required for a period of one (1) year after the last sale day for each related instant ticket game.

3.2.2.8 Data Exchange With the Lottery

The Contractor must have the capability to accept from the Lottery a magnetic tape which will contain appropriate data on all winning tickets. The Lottery will require certain hard copy reports and magnetic tape media to include but not be limited to the following: daily transactions, cashing activity and outstanding liabilities.

3.2.2.9 Invoice Reporting

All sales, validation, and partial pack return transactions must be included on each Agent's weekly Settlement Invoice. Both Instant and On-Line net due amounts should be reported to the Lottery as one (1) total.

3.2.3 Operational Support

3.2.3.1 Warehousing

The Lottery recognizes that the warehousing requirements can be fulfilled by the Contractor in a variety of ways, including a single location in which all functions are performed, versus a distributed method in which regional facilities are utilized. The Contractor shall demonstrate that the method recommended is the most efficient and cost effective, and that the method satisfies the potential security concerns of the Lottery.

The Contractor will be required to provide for the secure storage of all instant game tickets, regular point-of-sale (POS) materials, premium items, as well as other lottery related supplies.

At a minimum, warehousing must be adequate for the storage of 200,000,000 instant tickets (approximately 12 active games) at any one time. All tickets must be segregated by game.

The Contractor must include a facility within a ten (10) mile radius of Lottery Headquarters, in New Jersey, which may be the central facility, a regional facility, or the on-line terminal maintenance/warehouse facility. This proposed facility must store both instant ticket games, point-of-sale materials, and other Lottery-related supplies.

Each facility must include secured office space for Lottery personnel with access to telephones for at least three Lottery representatives.

The Contractor must provide an access control system at all warehousing facilities.

The Contractor must provide closed circuit television systems at all warehousing facilities both indoors and outdoors.

The Contractor must provide intrusion detection and monitoring systems at all warehousing facilities.

The Contractor must provide fire detection and water flow systems for all warehousing facilities.

The Contractor must provide environmental systems in the warehouse that will ensure the safety of all products.

The Contractor must provide a protective battery lighting system for central warehouse and/or regional facilities.

Physical security must be provided during operating business hours. Indicate whether physical security will be provided at other hours and number of tours assigned each week.

The Contractor must provide shipping dock security.

3.2.3.2 Physical Inventory Control and Management

The bidder must propose a "Bar Code" inventory control and management system that will provide for the status of instant ticket inventory by book, box or skid during the term of its life cycle. The Contractor must use the same method to control and manage POS materials.

The Lottery requires that a "Bar Code" inventory control system be incorporated so that every movement of a book, box or skid is tracked by the bar code method. Delivery and recovery of instant ticket products shall also use bar coded methods for recording and producing receipts for Agents.

The Contractor must provide the Lottery with on-line access to their inventory control system via the LAPS network so that the Lottery can ascertain the status of all lottery products and promotional materials at any given time.

The Contractor must provide a procedure for notifying the Lottery of any inventory conditions that will result in the inability to process Agent orders for a particular game or promotional material.

The Contractor must report any and all inventory discrepancies on a daily basis. Discrepancies include but are not limited to shipment from suppliers, deliveries to Agents, defective packs, lost or stolen items, etc.

The Contractor must provide the Lottery with a weekly report indicating the projected dates on which the current supply of tickets for any current game will be exhausted.

3.2.3.3 Ticket Order Processing

The Contractor must provide staff to receive and process instant ticket orders from Agents during regular business hours. The Contractor will provide at its cost and expense a toll-free 800 number for this service.

The Lottery intends to use its own in-house telemarketing staff to stimulate sales of Lottery products. Telemarketers will support the efforts of the Lottery's Field Representatives and serve as another point of contact with the network of Agents. The Contractor's system to receive and process ticket orders from Agents should take this into account as it is anticipated that orders may be received by the telemarketing staff.

3.2.3.4 Ticket Order Packaging

The Lottery requires instant tickets be packed and sealed for delivery to Agents. The Contractor must provide adequate staffing, and hours of operation, in order to meet delivery requirements.

The Contractor is required to fulfill any ticket orders regardless of quantity or weight.

The Contractor will be required to include additional materials, at the Lottery's request, in packages containing tickets to be delivered to Agents.

A. The supplies packing function includes the following:

1. Lottery administrative forms and materials:
 - Agent settlement envelopes/form
 - Agent redeemed ticket envelopes
 - Agent canceled ticket envelopes
 - partial pack envelope
2. Lottery point of sale materials:
 - game brochures
 - game posters
 - promotional posters
 - public relations posters
3. Other Lottery materials, including, but not limited to:
 - Agent newsletter
 - Lottery/Agent correspondence

On a regular schedule to be approved by the Lottery, the Contractor shall distribute a sufficient quantity of supplies to each Agent.

3.2.3.5 Instant Ticket Distribution

The Contractor will be required to insure that instant tickets are delivered at game start to all lottery Agents within two (2) business days from the start of the game.

The Contractor will be required to insure next day delivery for any reorders of instant tickets received by 3:00 p.m. of each business day during the sales period of the game.

The Contractor must be accountable and responsible for consignment of tickets and delivery to Agents. The Contractor must provide a procedure which will document the receipt of tickets by Lottery Agents.

Failure to meet these minimum requirements will result in the assessment of liquidated damages. (Refer to Section 7.0, subsection 7.24, Liquidated Damages.)

Technology to account for tickets (bar coding) must be compatible with the inventory control system.

The distribution system must accommodate the delivery of point-of-sale materials or other items, at no additional cost to the Lottery.

3.2.3.6 Returned Tickets from Lottery Agents

Instant Lottery tickets can be returned for a variety of reasons including but not limited to, undeliverable, defective packs, and Agent closing and changes of ownership. Undeliverable tickets can be returned for redistribution. Defective packs and Agent closings and changes of ownership packs are returned to Lottery for processing.

The Contractor must provide for a process that will recover unsold or undeliverable tickets from Agents during the sales period of a game. This may or may not be a function of the regular delivery system.

3.2.3.7 End of Game Settlement Returns

The Lottery requires its Agents to return full and/or partial packs of tickets with settlement forms at the end of each game. The Contractor must provide a system for recovering end of game settlements. This may or may not be a function of the regular ticket and point-of-sale delivery system. End of game settlements must be delivered directly to Lottery operations.

Agent settlement materials will include paid winning tickets, canceled tickets, etc., and end of game full or partial pack settlements.

The Contractor must schedule settlement return pickups during the regular business hours of Agents. There may be emergency situations that require a pick-up from the entire network within two (2) days. The Contractor must be able to provide a procedure to accommodate this.

3.2.3.8 Ticket destruction

The Contractor will be required to provide for the shredding of unsold or returned tickets in a secure method, preferably within a warehousing facility.

The Contractor will also be required to shred or otherwise dispose of similar materials, such as tickets mailed into a second chance drawing.

3.2.4 Communications

The Instant Ticket Validator Machines and the Instant Ticket Vending Machines must communicate to the Contractor's system via the proposed on-line communications network. All communications must be encrypted.

3.3 LOTTERY ADMINISTRATION PROCESSING SYSTEM (LAPS)

3.3.1 Purpose and Intent

3.3.1.1 General Narrative of Requirements and Options.

A. Requirements

The Contractor must provide a Lottery Administrative Processing System (LAPS) which will consist of the hardware and software necessary to support document management, internal and external E-mail for approximately one hundred seventy (170) Lottery employees, SNA connectivity, dial-in access, and the conversion or replacement of the existing WANG 8460 software applications and data. This LAPS Local Area Network (LAN) must have a full suite of tools for application design and database management, and provide ample capacity for future growth.

The Contractor must provide an Internal Control System (ICS), and a Market Geo-demographic Information System (MGIS). WANG file conversions to support these software applications and ad-hoc reporting must also be provided.

The Contractor must initially, in conjunction with the on-line contract, install all hardware and the software necessary to support office automation, E-mail, and the MGIS, and ICS. The Contractor will be responsible for initial installation, training, implementation, and ongoing support of all hardware and software products, and will serve as a single point of contact. The Lottery will then operate the LAPS.

B. Option

The Lottery may choose to employ the Contractor or their subcontractor(s) to accomplish the conversion of existing Wang system software to the LAPS.

3.3.1.2 Lottery Data Center Overview and Status

The Lottery Data Center now provides data processing, office automation, data entry, data base management, and communication links to support the management of the Lottery. A WANG VS 8460 with 16 GB of disk storage, a local network including 130+ Wang PC-terminals and 15 laser printers support the staff at the Lottery central site. An SNA link provides connectivity to the Garden State Network for access to a variety of statewide systems and E-mail. The State standard is "Softswitch."

The WANG platform supports over 900 WANG HLI COBOL programs which process Agent administrative information, claim tracking, audit processing financial and account receivable information, etc. Approximately 60% of these programs support batch processing, standard

reports, and ad hoc reports. Office automation support is provided through WANG WPPLUS and WANG Office.

All check printing is processed on the State IBM mainframe.

The current WANG computer equipment at the Lottery administrative offices is reaching its maximum capacity, is obsolete and can no longer meet the needs of the Lottery.

Current Lottery building diagram and hardware listing appears in Appendix I.

3.3.2 Requirements

3.3.2.1 Hardware Requirements

A. LAPS will consist of an Ethernet local area network at Lottery administrative offices, utilizing the client/server architecture with end-user workstations and one or more host/server systems, all to be provided by the Contractor. The server(s) must provide an "open", non-proprietary, processing environment for application services. An "open" environment implies a high degree of expandability and interoperability with commercially available products. This system must be capable of handling the immediate and long-range needs of the Lottery in storing, updating and exchanging information.

The server(s) must provide for future expandability without any changes in operating systems or available features and tools. Each server must be capable of 100%, or more, expandability in CPU processor power, main memory, and disk storage without disrupting ongoing operations or swapping out the main platforms. The proposal must discuss these future upgrade paths.

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.

The proposal must provide configuration block diagrams or schematics, down to the component level, of the proposed LAPS, including specific model numbers/release numbers. It must provide specific detail on all equipment and clearly define its integration with equipment to be retained.

B. The LAPS must continue to support the existing 6250 BPI tape interface and the existing WANG 8460 as a node on the LAPS local area network.

C. The Contractor must provide server(s) which will support the following minimum hardware configuration at initial installation.

1. Data Storage

- Forty (40) gigabytes of net data storage (excluding operating system and application software) with RAID for fault tolerance.

2. System Printers

- Two (2) 40 or more ppm laser printers.
- Ten (10) 8 ppm laser printers.
- Five (5) 15 ppm laser printers.

3. Desk Top Publishing

- Two (2) Desk Top Publishing PCs 100 MHz Pentium Processor
16MB RAM, 256KB Cache
1GB 10ms IDE Hard Drive
PCI Local Bus Graphics with 2MB
Multi Media, Quad-Speed CD-ROM Drive
3.5" Diskette Drive
17" Super Video Graphics Array
(SVGA)Color Monitor
Microsoft (MS) Windows 3.1, or MS
WIN95 if available
Fax/Modem
Internal Tape Backup
- Two (2) color Desk Top Publishing printers.
Full Featured 600dpi
PCL 5 and 26 scalable typefaces
4MB Memory
- One (1) digital color flatbed scanner

4. Management PCs

- Eighteen (18) 586/100 Class or Higher PCs.
100MHz Pentium Processor
16MB RAM, 256KB Cache
1GB 10ms IDE Hard Drive
Multi Media, Quad-Speed CD-ROM Drive
PCI Local Bus Graphics with 2MB
Fax/Modem
3.5" Diskette Drive & 5.25" disk
drive
15" SVGA Color Monitor
MS Windows 3.1 or WIN95 if available

5. Administrative PCs

- Ninety Four (94) 586/60 Class or higher PCs
 - 60MHz Pentium Processor
 - 8MB RAM, 256KB Cache
 - 780 MB 10ms IDE Hard Drive
 - Multi Media, Quad-Speed CD-ROM Drive
 - PCI Local Bus Graphics with 2MB
 - Quad-Speed CD-ROM Drive
 - 3.5" Diskette Drive
 - 15" SVGA Color Monitor
 - MS Windows 3.1 or MS WIN95 if available

6. Field Support

The following Notebooks will not be directly connected to the LAPS LAN, but will have dial-up access.

- Fifty Seven (57) 486 DX 60 Notebook portables
 - 4 MB RAM, 256KB Cache
 - 730MB 10ms IDE Hard Drive
 - 1MB Video RAM
 - 3.5" Diskette Drive
 - 9" Dual Scan Color Monitor
 - NiMH Battery and AC Pack
 - Instant On
 - Removable Hard Drive
 - MS Windows 3.1 or MS WIN95 if available
 - Internal modem
 - Carrying case
- Eight (8) Notebook Docking Stations with:
 - Connection to Lottery LAN
 - Full Size 101 Key Keyboard
 - 15" SVGA Color Monitor.

7. Eight (8) barcode reading devices with connectivity to either PC's or notebooks.

8. MGIS Hardware

- PCs and Printers necessary to support the proposed MGIS system.

D. The number of concurrent users eventually accessing the host/server supported applications is projected at one hundred (100). The total number of user names is estimated at one hundred

seventy two (172): one hundred fifteen (115) at Lottery administrative offices and fifty-seven (57) in the field and district offices.

3.3.2.2 Software Requirements

The Contractor will be required to provide a full suite of software to support the LAN, Office Automation, relational Data base management, security and virus protection, monitoring and administrative functions, and application software and development tools. It is mandatory that the Contractor provide the most current version of all software.

A. System Software

- LAN/Server Software
 - Novell Netware
 - Relational DBMS
 - LightspeedVS
 - Virus protection software
 - Groupwise for E-mail/Calendaring
 - Network Management and Monitoring Tools
 - Security Software

- PC Resident Software
 - Microsoft Office including: MSWORD, MSEXcel, MSPower Point
 - Virus protection software
 - Lotus (25 Users)
 - Relational DBMS Development Tools (10 concurrent Users)

- Desk Top Publishing
 - Aldus Pagemaker (Most Current) (2 users)

- AD HOC Reporting

B. Conversion Software

The Contractor must provide software which will convert:

PACE to the Contractor installed relational DBMS

WANG WPPLUS to MSWORD

C. Application Software

1. Internal Control System (ICS)

The Lottery will employ an internal control system running on the Lottery's administrative system. This system will be used to independently confirm the sales figures, payouts, and other transactions as summarized by the gaming system's own reports. The Contractor is obligated to provide an ICS which will run on the LAPS. The Lottery will prefer alternatives to reprocessing of all daily transactions as a solution for the ICS.

The Lottery will fully acceptance test the software, then maintain the software after delivery without further access by the Contractor. Since the Lottery will maintain this software, it is required that the software source code and documentation be turned over and become the property of the Lottery at the conclusion of the acceptance testing.

2. Geo-Demographic Sales Reporting and Forecasting System

The Contractor must provide a Market Geo-demographic Information System (MGIS) for sales reporting and forecasting to assist in marketing, promotion and expansion decisions. This system must be available to a variety of users and must be fully integrated with the LAPS Local Area Network.

The MGIS software must be capable of supporting all of, but not limited to the following:

- a. Mapping capability - using DIME or Tigar or comparable files, capable of mapping to at least street level by each major city in the state and by county in the rural areas;
- b. Geo-coding - the ability to use floating decimal or comparable architecture to enable plotting of Agent locations;
- c. Propensity to play - capability of producing the propensity to play of each Lottery type game by the categories listed: (1) ADI, (2) county, (3) zip, and (4) city;
- d. Site identification - ability to break down areas by business type and number of daytime employees;
- e. The Contractor must ensure that appropriate in-state sales data are incorporated on a timely basis into the geo-demographic system for analysis specific to New Jersey;
- f. System Support - Files and system software must be maintained by the Contractor and updated at least annually with the latest demographic information from an accredited information gathering network; and
- g. The Contractor must provide any additional system capability(ies) included in their response proposal, if requested by the Lottery to do so.

The Contractor must provide sufficient system training to designated Lottery staff members at Lottery central and regional offices, as determined by the Lottery to assure maximum usage and benefit of the System. The Contractor must provide on-going on site support for the MGIS for the life of the contract. Additional interpretation of system output and support by the Contractor's corporate lottery games marketing specialists is required.

3.3.2.3 Data and Document Conversion

Requirements:

A. The Contractor must convert the existing WANG WPPLUS documents to MSWORD. This conversion must be completed prior to implementation and turnover of the Office Automation Software on the LAPS.

B. The Contractor must provide on-line and instant game transaction data in the formats currently required by the existing WANG applications. This data must be available at the start of the contract, and must continue to be transmitted until all required data processing functions are resident on the LAPS.

Option:

The Contractor may be required to assist the Lottery in the conversion of existing WANG applications as well as historical data into the new RDBMS for use with the new application software and for Ad Hoc reporting purposes. If this is deemed desirable by the Lottery, the Contractor must present a written statement of the work recommended, a cost based on hourly rates for additional work as submitted with the proposal in response to this RFP, and a schedule for completion. The Contractor must not proceed with additional work without obtaining written approval from the State.

3.3.2.4 LAPS Communication Needs Requirements

A. A LAPS network will be needed in the Lottery administrative offices, with remote extensions to district offices and dial-in for field service staff. The Contractor will provide the network and wiring to integrate with new category 5 data lines in the Lottery administration offices as well as the server(s) and the end-user workstations and printers.

The required network must be specified and fully described in terms of communications, lines, and equipment. The diagrams and/or schematics which are required as part of the proposal must clearly exhibit, demonstrate and describe the integration and connectivity of the full LAPS configuration including the District Offices. In particular, the communication needs for LAPS include:

1. One node for SNA connectivity to the Office of Telecommunications and Information Systems (OTIS) IBM mainframe, to support thirty-two (32) users for IBM 3270 emulation, and one printer.

2. Data encryption software must be proposed for all electronic data exchanges and transmission,
3. One node for dial-out communications for Electronic Funds Transfers;
4. Dial-in communications (currently the dial-out and dial-in capabilities function as shared resource); dial in will be primarily for use by field staff to accommodate up to fifty (50) laptop computers. A minimum of twenty (20) concurrent users can be anticipated.
5. Direct line for connectivity between the Contractor and the Lottery administrative offices for high speed data transfer, and real time access by Lottery management to the Contractor's management information system.
6. Groupwise for internal as well as external E-mail connectivity to other State agencies:
7. Connectivity to the current two District Offices:
 - District Office #1 Clifton
 - District Office #2 Newark, with the potential to increase to 5 district offices.

Each district office will have two (2) PCs and one (1) printer.

8. The WANG 8460 must exist, as a node on the network accessible from all network connected hardware.

B. The Contractor must provide Network Monitoring and System Administration software, and a centralized/synchronized User Directory. The proposal must identify the packages which will be installed as part of the LAPS.

3.3.2.5 Site Preparation

Any improvements necessary for supporting LAPS in the current technical environment will be the responsibility of the Contractor.

The Lottery currently utilizes special air conditioning, UPS, wiring and flooring for the existing computer environment.

3.3.2.6 LAPS Operational Requirements

A. The Contractor must clearly describe and document the procedures LAPS operators will follow under normal operations, and in the event of a system failure.

B. A LAPS batch processing capability must be provided on the host server that can be centrally managed, does not require special programming, and can control the time of execution of specific batch jobs. An automated job scheduling feature must be provided, and identified in the proposal.

C. A facility for centralized backup of all servers and PC's with enough tape capacity for un-attended operations must be provided.

D. A facility for centralized software upgrades with version control management for all LAPS clients.

E. The Contractor must have the capability to receive and send via magnetic tape and/or direct data transmission. The Lottery will require certain hard copy reports and magnetic tape media to include, but not be limited to, the following: daily transactions, cashing activity, and outstanding liabilities. In excess of 15 different file formats must be exchanged.

F. The Contractor is responsible for reporting all sales, validations and collections made by the licensed Agents. At the end of each sales week, Wednesday, close of business, the Contractor must produce a direct data transmission for the amounts due from or to each Agent for all games sold, both on-line and instant games. This will be used by the Lottery to electronically draft funds from Agent bank accounts directly into a Lottery Bank account.

G. The Contractor must provide a 6250 BPI tape interface capability.

H. The Contractor must transmit (real time) daily transactions from the on-line system to the LAPS.

3.3.2.7 LAPS Ongoing Maintenance and System Support

A. LAPS Ongoing Maintenance

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

The Contractor must provide ongoing maintenance as specified in their response proposal to the RFP, which must stipulate an on-site response time that is within two (2) hours of the notification of the problem.

B. LAPS System Support

1. The Contractor will provide all training as specified in the response proposal to the RFP, which resulted in this Contract.

2. The Contractor must provide initial training in how to use all operations and procedural manuals.

3. The Contractor must propose a help desk function which can be implemented by the Lottery LAPS support staff.

4. The Contractor must provide all system documentation for all products that are supplied to the Lottery. This documentation must include sample system documentation for all proposed products; hardware and software including OS documentation. This should include:

- User (non-technical) Manuals
- Technical/Systems Documentation
- Operations and Systems Administration Manuals
- "Help" On-Line Text -Data Element Dictionary
- RDBMS Specifications -Software Application specific documentation; system flowcharts, narratives, etc.

C. On-Site Support

1. The Contractor will be required to provide one (1) year of on-site system administrative and operations support for the LAPS technical LAN environment. This support will commence following implementation and acceptance of the initial LAPS installation.

2. The Contractor will be required to provide on-site software and RDBMS application support for all custom and commercially available LAPS system software, from start of contract until final implementation and acceptance of all application software.

3. The Contractor will be required to provide on-site support for the MGIS for the life of the contract.

4. The Contractor must provide, when requested to do so by the Lottery, the resumes of the staff assigned to provide all on-site support. Any changes to these staffing assignments must be approved by the Lottery.

3.3.2.8 LAPS Training

A. The Contractor must provide initial training for Lottery staff system administrator(s) and system operator(s) in the technical support of the LAPS LAN. This training must include, at a minimum:

- Local and wide area network
- System monitoring tools
- Operating systems
- Wiring and communications (Local and Wide Area)
- Scheduling and routine job execution
- Printer maintenance and spooling
- Audit and Control procedures

- Data exchange (Tape transfers and electronic submissions)
- Routine backup and recovery procedures
- Disaster recovery procedures
- Standard systems procedures such as;
 - adding and deleting users,
 - setting up printers,
 - monitoring system performance,
 - monitoring disk usage,
 - giving and changing security and access levels for users, etc.
- Procedures to follow in the event of system failure

B. The Contractor must provide detailed training for the Lottery Office Automation support staff. This training must include, at a minimum:

- Office Automation software
 - MSWORD,
 - Excel,
 - PowerPoint.
 (This training must be fully inclusive and must prepare the OA support staff to provide training and help-desk support to the Lottery end user.)
- Office Automation document management;
 - Routine backup and restore procedures, and Archiving.
- Groupwise / E-Mail

C. The Contractor must provide training for application software development and maintenance staff. This training must include, at a minimum:

- A complete review of each module and screen essential to the operation of application programs; whether custom developed or commercially developed.
- Comprehensive training necessary for ongoing maintenance and enhancement of all custom developed software, including:
 - RDBMS administration, design and tuning
 - Software development language
 - Software development tools
 - Data Conversion software

D. The Contractor must provide basic training for all Lottery employees, as specified in the response proposal to the RFP. This plan must include, at a minimum:

Office Automation, MS Word, Excel,
Groupwise - E-Mail

E. The Contractor must provide the detailed and fully comprehensive training, covering the initial implementation phase of LAPS; including administration/operations support, Office Automation administration, software maintenance for ICS, and end user training for OA, MGIS and ICS, as specified in the response proposal to the RFP, which resulted in this Contract. This 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 plan. The plan must list the recommended courses for each staff position, identified in the Contractor's proposal in response to section A (above). The plan must provide locations, course duration, and dates. Training must be scheduled so that all training is completed prior to the date of the initial installation.

3.3.2.9 LAPS Implementation

Implementation Plan

A. The Contractor must implement the implementation plan specified in the response proposal and must include:

- Production and installation of system hardware components.
- Re-design and upgrade of the communications network
- Installation and testing of the operating software
- Training of End-Users, LAPS Operations Staff
- Schedule of Events including;
manpower required, critical paths,
timeframes for completion of tasks,
and acceptable testing steps and criteria.

B. 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.

C. The implementation plan must also specify skill level and qualifications of any Lottery staff involved in each task.

D. The Contractor will be responsible for the initial installation; integration and testing of the new hardware, OS software and peripherals in the existing environment.

E. The implementation plan for LAPS must detail the taskwork for supporting the Lottery with office automation software, ICS, & MGIS.

F. The Contractor must provide resumes, qualifications and organizational charts indicating the key technical personnel who are expected to be active in the installation, implementation and the ongoing support of the LAPS.

3.3.2.10 LAPS System Recovery

A. Routine System Recovery

1. The Contractor must implement, if necessary, the recovery plan specified in their response to the RFP which resulted in this Contract, which describes the procedures to be followed to:

- Recognize system failures
- Avoid data corruption and loss
- Perform routine daily backup procedures
- Perform restoration procedures

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

B. Disaster Recovery

The Contractor must describe the disaster recovery and contingency plan for maintaining successful operations of the LAPS. This plan must include the method of and timeframe for invoking backups and restoring service. The plan must also address storage of system and program documentation, text and data files, and source and production programs. It must also identify the location of an alternative computer site to be used in the event of a disaster to execute only mandated processes of Electronic Fund Transfers, claims processing, and winners file processing and storage.)

3.3.2.11 LAPS Security and Audit/Controls

A. System Security

1. There must be no capacity to dial into the LAPS without Lottery approval. Access to computer resources and information must be restricted to authorized user.

2. System access and security procedures must be defined in the proposal. This must address the Lottery need for:

- Restrictions to specific applications and levels of data within those applications,
- Sign-on procedures, logging and integrity checks,
- An automated security system for authorizing and monitoring system access.
- Data encryption for all electronic exchange
- Dial-up/Dial-back for field office communication

B. System Audit/Controls

The Contractor should propose any automated data audit and control features which would streamline the internal operations of the LAPS batch and on-line processing to ensure data

integrity. The Lottery seeks to reduce manual intervention and cross checking of control totals with the utilization of an automated control System or process.

3.3.2.12 Acceptance Testing/Approvals Turnover

Initial LAPS Installation:

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; full integration and functionality of multiple concurrent sessions permitting access to the State IBM mainframe, WANG software applications, Contractor Management System, LAPS software applications and office automation suite; and, MGIS and ICS.

The Contractor must prepare an acceptance test script and plan for Lottery approval prior to execution of the acceptance test sessions.

3.3.2.13 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 project. It is mandatory that the proposed Manager have experience managing a project of comparable size and scope.

The Contractor Project Manager will be required to meet on a biweekly basis with the Lottery Project Coordinator. These meetings will be held for the purpose of reviewing the progress of the project and clarifying issues. The 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,
- list of questions and issues.

4.0 PROPOSAL PREPARATION AND SUBMISSION INSTRUCTIONS

4.1 GENERAL

The bid response proposal is the State's primary vehicle for obtaining essential information on which contract award decisions are based.

Bidders are cautioned that their failure to submit the information as required may result in a determination that the bidder's proposal is non-responsive to RFP requirements. Any qualifying statements by the bidder which effect change(s) to this RFP's Purchase Bureau Standard Terms and Conditions, Special Terms and Conditions, Specifications or other RFP requirements may be regarded as non-responsive.

Consequently, the bidder's eligibility for contract award may be jeopardized. Therefore, bidders are encouraged not to take exception to the State's Terms, Conditions or Specifications. In the

event that a bidder wishes to take exception to any of the State's Terms, Conditions or Specifications, such exceptions should be detailed in a cover letter to the bid response proposal and must cross reference the applicable RFP page and section reference number.

All instructions contained in the RFP should be met in order to qualify for consideration for award. Proposals which do not meet or comply with all instructions may be considered non-responsive.

The information required to be submitted in response to this RFP has been determined by the Lottery and the Purchase Bureau to be essential for use by the State in the bid evaluation and contract award process. The Director will use this information as a basis for his/her determination on contract award(s).

Bidders are encouraged to submit proposals which include both traditional and non-traditional on-line lottery games, which, if accepted and implemented by the State, would be a successful source of revenue. Bidders should include research and market evaluations employed to determine the basis for their recommendations.

4.2 PROPOSAL DELIVERY AND IDENTIFICATION

It is the responsibility of the bidder to clearly and properly identify and label his bid response proposal to aid the Purchase Bureau in properly handling the bid. The exterior of the bid submission package should be clearly labeled with the solicitation number, correct final bid opening date and buyer name and solicitation name/description. Anticipate potential delivery delays by allowing adequate time for hand, postal, courier, or other delivery service.

4.3 PROPOSAL CONTENTS

Each bidder is expected to provide the Lottery with information, evidence and demonstrations which will make possible the selection of the bidder to be awarded the Contract in accordance with N.J.S.A. 52:34-12(f), which states that an "award shall be made with reasonable promptness by written notice to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the State, price and other factors considered." Bidders are given wide latitude in the degree of detail they offer or the extent to which they reveal plans, designs, systems, processes and procedures. At a minimum, proposals must be fully responsive to the specific requirements stated in this RFP, however, the bidder must not merely re-state the language of the RFP in their response, as this does not provide the State with the information it desires in order to properly evaluate the capabilities and approach of the firm. Doing so may cause such a bid to be determined as being non-responsive to RFP requirements.

All proposed hardware and software features must be included in the final delivered system unless specifically excluded by the Lottery. Each proposal must identify any requirement of this RFP which the bidder cannot satisfy.

The bidder must be completely clear about which capabilities and services are integral to the bidder's offering, which are optional at no additional cost, and which are optional at additional cost.

4.4 PROPOSAL FORM

In order to be considered for selection, bidders are requested to submit a complete response to all specifications contained in this RFP. The proposal must be submitted in two parts and each part mailed or hand delivered under separate cover. Proposals will be publicly opened and read by the

Issuing Office at the Division of Purchase and Property in Trenton on the date specified on the cover sheet of this RFP, or as changed by subsequent addendum.

The first proposal volume is to include the descriptive and technical matter, excluding price or cost submissions, and be appropriately labeled on the exterior of the enclosure. One (1) original and twenty-four (24) copies of this part are to be delivered to the Issuing Office. In addition to the paper copies a three and one-half inch (3.5") diskette containing the technical proposal text, in ASCII format, is also required.

The contents of the technical (non-price) volume must follow this outline:

1. Transmittal letter, including a signature by a person authorized to commit the bidder;
2. RFP Cover Sheet;
3. Completed Stockholder Disclosure Form;
4. Affidavit of non-collusion;
5. Bid Deposit; and,
6. All other materials required by the RFP.

Proposal Preparation Notes:

- 1) The bidder's response to technical items identified in Section 4.5, must be in the same order as Section 3, incorporating and addressing each and every Scope of Work (Section 3) item. (Sections 3 and 4 are parallel in structure to facilitate this effort.) Bidders shall entitle this portion of their proposal "Technical Proposal."
- 2) The requirements for the bidder's response to the Organization Support portions of the RFP are delineated in Section 4.6. Bidders shall entitle this portion of their response proposal "Organizational Support and Experience."

The second proposal volume is to include the cost information and be so identified on the exterior of the enclosure. The price proposal must be signed in ink by an individual authorized to legally bind the bidder. One original (1) and twenty-four (24) copies of the second part are to be delivered.

The contents of the pricing volume should follow this outline:

1. Transmittal letter.
2. Pricing for the proposed base system as specified in Section 4.7.3.

4.5 TECHNICAL PROPOSAL

This section shall describe the bidder's approach and plans for accomplishing the work outlined in the scope of work section. Those plans and approaches should be described in sufficient detail to permit the State to evaluate them fairly and with a minimum of possible misinterpretation. Furthermore, the bidder should demonstrate and describe the effort, skills and understanding of

the project necessary to satisfactorily complete the project. Bidders will not be allowed to supplement, change, or alter their technical or cost proposals subsequent to bid opening.

This section of the proposal shall contain information that demonstrates the bidder's responsiveness to all system requirements in the Scope of Work (Section 3) and should give particular attention to the following specific proposal preparation information pertaining to the subsections listed.

4.5.1 On-Line Gaming System

4.5.1.1 Central Systems for Gaming Support

The bidder must respond to this section by addressing each and every portion of subsection of 3.1.1 of the RFP, entitled, "Central Systems for Gaming Support." This must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

Configuration block diagrams, down to the component level of the proposed system, must be submitted with the proposal. Deviations from standard hardware and software products must be documented. In addition, the bidder's proposal must incorporate the following:

1. The bidder must describe, in detail, the nature of the bidder's computer configuration, noting whether the system is fault-tolerant or integrally fault-tolerant, documenting the reasons for configuring the system the way it is proposed.
2. Describe in general the procedures operators use, both under normal operations and in the event of failure.
3. Describe the process of transferring control between sites.
4. Describe re-synchronization between systems.
5. Document the rationale and calculations used to determine equipment requirements and to satisfy the network requirements based on response time and projected transactions per second load. The bidder should also indicate the theoretical maximum level of performance in his proposed system and what type and level of expansion exists or can be added, as well as the impact of the expansion on continuing operations. The proposal should detail the anticipated response times in relation to transactions per second (throughput); as throughput increases, response time may increase. The State reserves the right to request a benchmark of the proposed system indicating ability to satisfy processing loads.
6. Describe system limitations (if any) for conducting game drawings, entry of winning numbers into the system, and identification of winning transactions following the close of game sales. The Lottery would like to minimize the time window between close of the games, drawings, and the ability to pay winning tickets. Both numbers type games and lotto

games should be addressed.

7. Provide the following certifications regarding all proposed:

- a. The bidder must certify that all proposed processing hardware, networking equipment, Agent terminals, diagnostic equipment, etc., are new and unused.
- b. The bidder must also certify that all equipment proposed is modern and of most current design and manufacture.

8. Provide proof of testing and certification of all equipment proposed:

- a. The bidder must submit proof that the proposed equipment been inspected and approved by a reputable testing laboratory, such as Underwriter's Laboratories.
- b. The bidder must also certify that all proposed equipment is in compliance with all applicable FCC rules and regulations.

4.5.1.2 Terminals

The bidder must respond to this section by addressing each and every portion of subsection 3.1.2 of the RFP, entitled, "Terminals." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

Bidders must provide complete documentation on the terminals proposed, including pictorial exhibits and the technical specifications for the terminal equipment including, but not limited to, the functional capabilities and physical and environmental characteristics for each proposed terminal.

The bidder must provide mean transactions between failure statistics for the Agent terminals to be used in this proposal.

In addition, the bidder's proposal must take into account the following:

1. Bidders should describe how the terminal is appropriate for the environmental conditions of New Jersey Agent locations. The description should include electrical circuit requirements, counter top space, temperature and humidity ranges, and other environmental characteristics.
2. The bidder shall describe any additional terminal features which are available and are included in the base commission rate.
3. The bidder shall describe any additional terminal features which are available and are not included in the base commission rate.
4. The bidder shall also provide the following information pertaining to games/features requiring additional equipment:

This RFP does not specifically commit the Lottery to incorporate video lottery terminals, frequent-draw Keno, player-activated terminals, or other retailer special equipment.

Some of these gaming products, however, may be decided upon and approved for installation during the extended timeframe covered by the contract. Thus, without any definite commitment as to delivery, schedule, or quantity, the Lottery wishes information on the bidder's wherewithal to support these gaming opportunities.

5. The bidder is encouraged to describe any terminal features which accomplish branding of successfully validated tickets.

4.5.1.3 Communications

The bidder must respond to this section by addressing each and every portion of subsection 3.1.3 of the RFP, entitled, "Communications." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

The bidder must specify and fully describe the network in terms of communications controllers, and lines and terminals in his proposed system. Functional specifications, including pictorial exhibits, should accompany the proposal.

The proposal must also include the estimated time to completely download software by terminal, circuit, and network.

4.5.1.4 Software Applications and Files

The bidder must respond to this section by addressing each and every portion of subsection 3.1.4 of the RFP, entitled, "Software Applications and Files." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

This portion of the bidder's proposal must also address the following points pertaining to software applications and files:

1. In the proposal, a disaster recovery and contingency plan must be outlined for maintaining the successful operation of the on-line lottery system without interruption of service due to a total loss of the central computer site. Such a plan must include the method of and the timeframe for recovery and continuation of the games. (The actual plan shall be approved by the Lottery prior to the start of sales.)
2. Additional Software Capabilities

If the bidder has additional software features or capabilities which may relate to the Lottery's objectives,

these should be described. The bidder must clearly distinguish which if any options described will be listed at additional cost in the price proposal.

4.5.1.5 Games and Marketing

The bidder must respond to this section by addressing each and every portion of subsection 3.1.5 of the RFP, entitled, "Games and Marketing." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

1. Regarding marketing, the bidder should describe its capability, capacity, and plans to support this requirement, specifically addressing the following:
 - a. The bidder is encouraged to describe, in detail, a program that suits the New Jersey State Lottery's gaming market;
 - b. The bidder's program must provide a rationale for the strategy recommended including a discussion of any suggestions or initiatives; and,
 - c. The bidder should present and discuss sales growth opportunities. A complete presentation of sales growth from existing games should be included. In addition, the bidder is encouraged to propose other traditional and non-traditional on-line games currently available which would be successful if offered in New Jersey.

4.5.1.6 Facilities

The bidder must respond to this section by addressing each and every portion of subsection 3.1.6 of the RFP, entitled, "Facilities." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

The bidder must also provide the information requested below pertaining to this section:

A preliminary site and building plan for each proposed location must accompany the response to this RFP. The final designs are subject to approval by the Lottery. The Lottery encourages non-pretentious functional facilities.

4.5.1.7 Contractor Local Support

The bidder must respond to this section by addressing each and every portion of subsection 3.1.7 of the RFP, entitled, "Contractor Local Support." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

1. LAPS Training Plan - the bidder must submit a detailed training plan that describes all training necessary to ensure proper implementation and operation of the system. The bidder must state the duration of each course, and the

maximum enrollment. In addition the bidder must submit samples of the proposed training plan including examples from prior implementation efforts. Included within the proposed training plan must be the type of training offered, e.g., operation training for computer operators, user training, management training, etc. Bidders must provide a recommended training plan for the: (1) System Administrator(s); (2) System Operator(s); and, (3) End-User Operations positions showing numbers/employees, time frames, locations and syllabus of courses. Additionally, the bidder must recommend the number of system administrator and computer operations staff required to support LAPS.

2. Terminal Training Mode:

Each bidder must describe the capability for the terminal to operate in a training mode, and must specify the security procedures that will be in effect while the terminal is in a training mode. Training mode tickets must be marked "VOID - NOT FOR SALE" or equivalent at the time they are created, and dates printed on such tickets must be beyond expiration.

3. For the proposal, the bidder should include samples of similar such user documentation on terminal training that the bidder has produced.
4. The bidder shall describe the maintenance plan, program, procedures, personnel levels and capabilities for the primary and back-up computer configurations, Agent terminals, and Hotline services.
5. For purposes of this section, the term "Agent terminal" shall include all attachments which are provided by the bidder.
6. The bidder must state clearly how the Lottery or its auditors may independently verify the accuracy and validity of the data captured by the maintenance tracking/reporting system.

As an example, for calls which result in the dispatching of a field technician the final action required by the technician might be to pass a special play slip or smartcard through an electronic reader at the problem Agent site. This "transaction" could log to the tracking system as well as being trapped on the on-line system and passed on to the LAPS system. This activity could essentially "close the ticket" on the particular problem call.

7. The availability of multi-lingual copies of all training manuals should also be addressed in the proposal.

8. Hotline Services and Maintenance Support

The bidder must describe how Hotline Services will be staffed and managed to ensure timely, professional and accurate response to all calls. Reports must be provided to the Lottery on staffing levels, busy signals, time on hold, and steps being taken to resolve sub-standard performance. The bidder must specify the steps that will be taken to ensure that Hotline staff turnover does not degrade the level, quality and professionalism of the Hotline service.

The bidder must also specify the number of lines that will be provided for communication with Agents, the number of lines for communication with service personnel, and the number for communication with the communications carriers.

4.5.1.8 Implementation

The bidder must respond to this section by addressing each and every portion of subsection 3.1.8 of the RFP, entitled, "Implementation." The response must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

1. Bidders are required to include in their proposal the specifics of their approach or implementation plan to achieve and satisfy the intent of these specifications and the milestones/major events shown. The plan should detail hardware production capability, software development, and installation and testing of hardware and software components.

The bidder's proposal may present (an) alternative(s) to the specified implementation approach and schedule. In all cases, the alternative implementation plan(s) **must meet or exceed** all the requirements specified in the RFP. From a proposal evaluation standpoint, (an) approach(es) which exceed the schedule requirements for primary site installation will **not** be accorded extra consideration.

2. The implementation plan should detail the installation of the network through the combined efforts of the appropriate communications bidder, the State, and the selected bidder. It is the intent of the State of New Jersey to bear the costs of both the design and implementation of the network with the common carrier as well as the ongoing operational costs associated with that network.
3. For the proposal, the bidder must provide a detailed implementation plan and time chart (GANTT, PERT, or similar) identifying the major milestones to be accomplished for the construction, equipment, delivery, installation and implementation of the proposed system.

4.5.2 Instant Ticket System

The bidder must respond to this section by addressing each and every portion of subsection of 3.2 of the RFP, entitled, "Instant Ticket System." This must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

4.5.2.1 Allocation (ref. 3.2.2.2)

The Contractor must describe a process of automatically determining re-order levels for Agents.

4.5.2.2 Ticket Order Processing (ref. 3.2.2.3)

The bidder must indicate how the ticket and point-of-sale ordering system will be available to Agents and Lottery personnel through the LAPS.

The bidder must indicate how the order processing system is tied into the inventory control system for instant tickets and point-of-sale material.

The bidder must explain the controls that will be in place to prevent an Agent from ordering more tickets than he should receive and explain the process for electronically determining the quota level of an Agent.

Indicate the amount of training that would be provided to staff within the operation, both at start-up and on an ongoing basis.

4.5.2.3 Warehousing (ref. 3.2.3.1)

The Contractor must indicate whether a central warehousing facility will be provided or whether regional distribution centers will be utilized. The Contractor must identify by address or region the location of each proposed facility.

Indicate whether subcontractors, Agents, or the public will have access to any facilities that include warehousing.

Regular point-of-sale (POS) and premium items, supplies, and other items that are intended for delivery to Agents will be stored in New Jersey Lottery space at the warehouse(s). The proposal must describe the procedures and controls which will ensure that access to these items is restricted and inventory is checked periodically. The bidder must describe the system of inventory status and reorder points for low stock conditions.

The bidder must describe procedures that will be utilized to control the distribution of point-of-sale materials.

The bidder must describe procedures for the control of premium items, supplies, and other items that are intended for delivery to Agents or consumers.

The bidder must describe access procedures that will be utilized for the area designated for Lottery-owned materials.

The bidder must describe procedures that will be utilized to prevent theft of materials being stored on behalf of the Lottery.

Describe procedures that will prevent the theft of second chance tickets, coupons or other materials submitted to second-chance drawings.

The bidder must describe the access control system that will be used at warehousing facilities.

The bidder must describe closed circuit television systems that will be required at warehousing facilities both indoors and outdoors.

The bidder must describe the intrusion detection and monitoring systems that will be required at warehousing facilities.

The bidder must describe fire detection and water flow systems proposed for any warehousing facility.

The bidder must describe the shipping dock security system that will be implemented.

The bidder must describe planned physical barriers, if any, to protect facilities.

Indicate the level of staffing that will be required to support the activities at any regional distribution centers.

4.5.2.4 Inventory Control and Management (ref. 3.2.3.2)

The bidder must describe the methodology of the "bar code" inventory control and management system that will be utilized in the management of instant ticket and POS inventory.

4.5.2.5 Ticket Order Processing (ref. 3.2.3.3)

The bidder must include a detailed plan for processing instant ticket and/or point-of-sale orders based on the required ordering methods.

Provide a plan for processing ticket orders on days that are State Holidays and Agents are open for business.

4.5.2.6 Ticket Order Packaging (ref. 3.2.3.4)

The bidder must indicate whether the packaging operation will process ticket orders immediately, or whether orders will be batched for overnight processing.

The bidder must provide a detailed plan for the packaging of tickets for delivery to Agents, consistent with the order processing and delivery methodology.

Indicate the hours of operation for the packaging operation and planned number of staff.

The bidder must describe the procedure that will be used in the packaging of tickets for delivery to Agents, including the packaging materials that will be used.

4.5.2.7 Instant Ticket Distribution

The bidder must provide a detailed plan for the delivery of instant tickets to all Lottery Agents.

The bidder must provide a plan for processing orders on Agent-designated holidays and vacations when retailers might not be available to receive packages.

The bidder must include a justification of the method recommended.

The plan must describe security features built in to ensure integrity.

Procedures for the documentation of lost or stolen tickets must be included, as well as procedures for notifying the Lottery.

If regional distribution centers are utilized, describe procedures that will allow the transfer of tickets between different centers.

Identify any subcontractors that will be utilized in the delivery of tickets to Agents

4.5.2.8 Returned Tickets from Lottery Agents (ref. 3.2.3.6)

Describe the procedures that will be utilized for the processing of ticket orders returned as undeliverable.

Describe the process that will be used to document and store full packs of tickets returned from Retailers.

The Contractor must describe a procedure for the redistribution of returned tickets.

Include procedures for the storage of undistributed tickets from games that are no longer active and the segregation of tickets from each specific game at the warehouse.

The bidder must indicate procedures that will be utilized to prevent the theft of returned and/or undistributed tickets being held whether in transit or in storage.

4.5.2.9 End of Game Settlement Returns (ref. 3.2.3.7)

Describe the procedures that will be utilized for recovering and controlling end of game settlements for return to the Lottery or any other Agent-returned materials.

Identify any subcontractors utilized in the pick-up of settlement returns.

4.5.2.10 Ticket Destruction (ref. 3.2.3.8)

Describe procedures that will insure that the destruction of tickets and other materials will be performed only with written authorization from the Lottery. During destruction of materials of a secured nature, the presence of a Lottery staff person and certified auditor will be required.

The bidder must describe procedures for the disposal of shredded tickets and/or other materials.

The bidder must discuss potential environmental concerns regarding ticket disposal and offer possible solutions to those concerns, including a cost/benefit analysis.

4.5.3 Lottery Administrative Processing System (LAPS)

The bidder must respond to this section by addressing each and every portion of subsection of 3.3 of the RFP, entitled, "LAPS." This must ensure fulfillment of the Scope of Work. In doing so, the bidder must ensure that all items cited below are incorporated in its response.

4.5.3.1 The Contractor must provide as part of the proposal, a service level agreement which includes a two (2) hour response time from notification of the problem to the appearance on site of repair staff.

4.5.3.2 The Contractor must describe the maintenance Management Procedures which will be utilized to log, track and monitor system failures, application software defects, routine maintenance and upgrades, and Contractor response.

4.5.3.3. The Contractor must submit, as part of the proposal, a recommendation for the number of system administrators, computer operators, office automation support staff, software applications developers and data administrators, and other Lottery staff, which will be required to support the proposed LAPS system. All proposed training must be based upon these staffing levels.

4.5.3.4 The Contractor must submit as part of the proposal sample system documentation for all proposed products; hardware and software including OS documentation. This should include;

- User (non-technical) Manuals
- Technical/Systems Documentation
- Operations and Systems Administration Manuals
- "Help" On-Line Text -Data Element Dictionary
- RDBMS Specifications -Software Application specific documentation; system flowcharts, narratives, etc.

4.5.3.5 The Contractor must provide a detailed training plan for the LAPS End User. This plan must include, at a minimum:

Office Automation, MSWORD, EXCEL
Groupwise - E-Mail

4.5.3.6 The Contractor must provide in the proposal a detailed and fully comprehensive training plan and schedule covering the initial implementation phase of LAPS; including administration/operations support, Office Automation administration, software maintenance for ICS, and end user training for OA, MGIS and ICS. This 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 plan. The plan must list the recommended courses for each staff position, identified in the Contractor's proposal. The plan must provide locations, course duration, and dates. Training must be scheduled so that all training is completed prior to the date of the initial installation.

4.5.3.7 The Contractor must provide an implementation plan which includes:

- Production and installation of system hardware components.
- Re-design and upgrade of the communications network
- Installation and testing of the operating software
- Training of End-Users, LAPS Operations Staff
- Schedule of Events including;
manpower required, critical paths,
timeframes for completion of tasks,
and acceptable testing steps and criteria.

A. 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.

B. The implementation plan must also specify skill level and qualifications of any Lottery staff involved in each task.

C. The Contractor will be responsible for the initial installation; integration and testing of the new hardware, OS software and peripherals in the existing environment.

D. The implementation plan for LAPS must detail the taskwork for supporting the Lottery with office automation software, ICS, and MGIS.

E. The Contractor must provide resumes, qualifications and organizational charts indicating the key technical personnel who are expected to be active in the installation, implementation and the ongoing support of the LAPS.

4.5.3.8 The Contractor must provide a recovery plan which describes the procedures to be followed to:

- Recognize system failures
- Avoid data corruption and loss
- Perform routine daily backup procedures
- Perform restoration procedures

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

4.5.3.10 Disaster Recovery

The Contractor must describe the disaster recovery and contingency plan for maintaining successful operations of the LAPS. This plan must include the method of and timeframe for invoking backups and restoring service. The plan must also address storage of system and program documentation, text and data files, and source and production programs. It must also identify the location of an alternative computer site to be used in the event of a disaster to execute only mandated processes of Electronic Fund Transfers, claims processing, and winners file processing and storage.)

4.5.4 Potential Problems

This section of the bidder's proposal will set forth a summary of problems that the bidder anticipates during the course of completing the project. For each problem identified, the bidder will provide the bidder's proposed solution to that problem.

4.6 ORGANIZATIONAL SUPPORT AND EXPERIENCE

This section shall contain all pertinent information relating to the bidder's organization, personnel, and experience. This section shall contain the following information:

4.6.1 Bidder Personnel

The bidder must provide information, as specified below, which documents its organizational structure and the staffing with which Lottery operations will be implemented and run. This section describes the in-state support services to be provided by the bidder.

4.6.1.1 Implementation and Installation Staff

The bidder shall provide an organization chart showing names of all management, supervisory, and key technical personnel who will be active in the implementation and installation of the on-line lottery system. Further, the bidder must indicate what specific Contract function(s) they will perform and how long it is anticipated they will be on site.

Additional support staff need not be named but can be listed by title and quantified.

4.6.1.2 Ongoing Lottery Operations Staff

The bidder shall provide an organization chart showing names of all management, supervisory, and key technical personnel who are expected to be active in the ongoing operation of the on-line lottery system. Further, the bidder must indicate what specific contract function(s) they will perform and how long it is anticipated they will be on site.

Additional support staff need not be named in the proposal, but can be listed by title and quantified.

4.6.1.3 Resumes and Qualifications

The purpose of this section is to provide information on the bidder's ability to perform the work it is proposing. The bidder shall provide resumes of all management, supervisory and key technical personnel planned to be involved in the installation, implementation, and operation of the on-line lottery system, and shall provide for each such person:

- A. Full name, social security number, date of birth, and current address;
- B. Seven (7) year employment history;
- C. A specific description of lottery experience that person has in connection with on-line lottery gaming systems;
- D. Specific indication of what role the individual will have in this project; and
- E. Any additional helpful information to indicate the individual's ability to aid the bidder in successfully performing the work involved in this RFP.

The resumes should present the required personnel in sufficient detail as to provide the Lottery with a convincing indication that the personnel involved can perform the work specified in this RFP.

Additional support staff need not be named but a pro forma resume must be included for their position.

4.6.2 Bidder Corporate Capability

The bidder is required to demonstrate corporate experience, technical capability, and financial means to support the Contract resulting from this procurement.

4.6.2.1 Corporate Experience

The bidder must provide the following information:

1. Location of major offices, plants and other facilities that directly relate to the bidder's performance under the terms of this RFP;
2. Name, address, and function of any and all subcontractors, associated companies, or consultants to be involved in any phase

of this project;

3. Name, address and telephone number of bidder's representative to contact regarding all contractual matters concerning this proposal;
4. Name, address and telephone number of bidder's representative to contact regarding all technical matters concerning this proposal;
5. Name, address and telephone number of bidder's representative to contact regarding possible site visit schedule and other arrangements; and,
6. The bidder's Federal Employer Identification Number.

4.6.2.2 Gaming Systems Experience

The bidder shall describe, in detail, the current and historical experience the bidder has in operating on-line gaming systems; that is, descriptions and references for gaming industry engagements of comparable complexity and sensitivity which have been conducted by the bidder over the past five (5) years.

The description of experience shall be detailed and cover all gaming contracts which the bidder and any subcontractors have had and all experiences similar to those required in this RFP, which qualify the bidder to meet the requirements of the Contract resulting from this procurement.

Included shall be the names, titles, addresses and telephone numbers of individuals and organizations which may be contacted to verify qualifying experience.

Each experience statement shall include the following details:

1. Name of lottery or gaming enterprise(s) and size of contract (annual sales, population of lottery/gaming jurisdiction and number of terminals operating within the jurisdiction);
2. Number of terminals ordered and delivered to the customer;
3. The term of the contract including effective dates;
4. Reason for contract termination/expiration, if the contract is no longer in effect; and,
5. Types of services directly provided by the bidder under the contract and whether the bidder was a prime contractor or subcontractor.

4.6.2.3 Capability to Provide Terminals

1. The bidder shall describe its capability, capacity, and plans for producing (through current inventory, manufacturing, purchasing, or modification) the terminals proposed to meet the requirements of the RFP.

2. The bidder shall describe secondary sources and backup plans for providing terminals if the primary source is not able to meet the needs for whatever reason.

4.6.2.4 Software Development and Support Capabilities

1. The bidder shall describe its capability, capacity and plans for developing software proposed to meet the requirements of the RFP.
2. The bidder shall describe secondary sources and backup plans for developing software if the primary source is not able to meet the needs, for whatever reason.
3. The bidder shall describe its capability, capacity and plans for maintaining and modifying software once it becomes operational and for the development and support of future software needs.

4.6.2.5 Research and Development Program

The bidder shall describe its capability, capacity and plans for maintaining a research and development effort in the areas of game design, new concept development and operation, terminal design and operation, and hardware design and operation or configuration.

4.6.2.6 Financial Viability

In order to determine the bidder's financial ability to perform the requirements of this RFP, the Lottery requires the following financial information:

1. Audited financial statements for the bidder for the last three (3) years (most recent and two prior fiscal years). If the bidder is a subsidiary of another corporation, the financial statements of the bidder, as well as the consolidated financial statements of the parent company, shall be submitted. If the bidder is a parent corporation, parent-only financial statements, if available, and statements for the operating division that will perform these services shall be submitted. These statements shall be prepared in accordance with generally accepted accounting principles and must have been audited by a certified public accountant licensed to do business in the state in which the bidder's principal place of business is located.

If audited parent-only or bidder/subsidiary statements are not available, the Lottery will accept unaudited statements provided the bidder's chief financial officer certifies that the statements are current, accurate and complete;

2. Any reports to the Securities and Exchange Commission (SEC):
 - A. 10K reports for the last three (3) fiscal years (most recent and two (2) prior fiscal years).
 - B. 10Q's for the current fiscal year and 8K reports for the current fiscal year;

3. Any quarterly reports to shareholders for the current fiscal year;
4. If the bidder is a subsidiary and will rely on the financial resources of the parent to perform under the Contract resulting from this procurement, the parent company must certify, in writing, the availability of its resources to the bidder;
5. The bidder must provide a letter of commitment from a creditor, if borrowing will provide any or all of the capital necessary for the bidder to perform any work for any contract resulting from this RFP; and,
6. Any additional information deemed necessary by the State to determine the financial integrity and responsibility of the bidder.

4.6.3 Pending Litigation

Each bidder shall include with its bid, information concerning any civil judgments obtained against the bidder, or any individual associated with the bidder or any subcontractor of the bidder, pertaining to antitrust or security regulation laws of the United States, of this state or of any other state, jurisdiction, province or country. Each bidder shall include with its bid, information concerning arrests, and any criminal judgments entered against the bidder, or any individual associated with the bidder or any subcontractor, or financial backer of the bidder, under the Laws of the United States, of this state or any other state, jurisdiction, province or country.

Each bidder shall disclose any current prosecution or pending charges in any jurisdiction concerning the bidder, or any individual associated with the bidder, any subcontractor or financial backer of the bidder. The bidder shall also include in his bid any information concerning any judgments, pending civil or criminal litigation, investigations or other legal proceedings which may bear upon the bidder's ability to perform the contract. This is a continuing disclosure requirement; any litigation or investigation commencing after submission of a proposal must be disclosed by the bidder in a written statement to the Lottery.

These conditions shall also apply to the term of the contract.

4.6.4 Information on Subcontractors (if applicable)

The bidder will comply with requirements of Purchase Bureau Standard Terms and Conditions Section 3.11 concerning subcontracting. In addition, the bidder will supply the following detailed information concerning any subcontractors proposed as part of the part of the project team or to be used during the completion on the project:

4.6.4.1 Name and address of subcontractor(s).

4.6.4.2 Detailed description of services to be provided by the subcontractor.

4.6.4.3 Detailed resumes for subcontractor personnel assigned to the project that demonstrate the individual(s) knowledge, ability and experience as it relates to the project to be completed.

4.6.4.4 Documented experience of the subcontractor in successfully performing work on projects of a similar size and scope to that required by this RFP.

4.6.4.5 A description of the subcontractor organization including an organization table.

4.7 COST PROPOSAL - VOLUME 2

This section describes the manner in which the bidders will submit pricing for the Lottery's consideration.

4.7.1 Separately Sealed Price Proposal

The bidder is required to provide pricing in a separately sealed proposal. The price proposal must include a submittal letter signed by an individual authorized to obligate the company to the bid as stated.

4.7.2 Duration of the Price Proposal

The price proposal must be valid for one (1) year from the proposal submission date.

4.7.3 Form of the Price Submission

The bidder must submit pricing in the following format. For the five (5) year price quotation, the bidder must:

- A. Complete price line in Appendix A entitled "Percentage of on-line sales compensation: 'X' = _____%" by inserting the percentage of weekly gross dollar sales of Pick-3, Pick-4, Jersey Cash 5, Pick-6, and other on-line games run through the bidder's system to be charged to the State for the operation of the entire system at the various terminal levels indicated. This covers the costs for five (5) years of servicing this system.

Inclusions in Base Price. Included in the base pricing quoted as a result of this section will be all functions, features, services, and solutions specified in the RFP, except as specified under separately priced options, below. In particular, the bidder is reminded to include adequate compensation for computer site development; hardware and software; system maintenance; expenses of independent audits; expenses of personnel background investigations; and, Agent supplies expenses.

- B. Complete price line in Appendix A entitled "Percentage of gross instant ticket sales compensation: 'Y' = _____%" for compensation regarding the distribution system for New Jersey State Lottery tickets not sold through the bidder's on-line system, and for the warehousing and distribution of all other Agent supplies and materials as called for in the RFP. The price should be given as a percent of gross instant ticket sales.
- C. Complete price line in Appendix A entitled "Weekly charge for LAPS system: 'Z' = \$ _____. The value of "Z" must reflect

a five (5) year lease/purchase of the LAPS, which is being submitted as a weekly charge.

- D. Complete the chart shown as Appendix B. Appendix B represents a decomposition of the compensation percentage into rates for major on-line system elements and services, reflected as smaller percentages of sales which add up to the percentage shown on the first line (roman numeral "I") on Appendix A.
- E. On Appendix C, provide a purchase option price for the 5300 terminal on-line system for each of the five (5) years of the contract.
- F. On Appendix D, indicate the cost of the hardware, software, training, and maintenance listed thereon, plus any additional items proposed by the Contractor, which together constitute the LAPS. Prices should be shown for a purchase option for each of the five (5) years of the Contract.
- G. On Appendix D, provide the hourly rates, by the labor categories identified, for LAPS system data conversion and new system development.

4.7.4 Pricing of Options

The bidder is encouraged to propose options regarding innovative functions, features, services, and solutions. However, options which are separately priced should be clearly noted in the technical proposal.

Options are items which the bidder is not obligated to propose, but may choose to in response to Lottery-described desirable system features, or as unsolicited offerings, e.g.:

Other Options	Additional Pricing
* Item A	\$\$\$
* Item B	N/C
* Item C	N/C

5.0 PROPOSAL EVALUATION

This section describes the evaluation process which will be used to determine which Proposal provides the maximum benefits to the Lottery.

5.1 EVALUATION COMMITTEE

The Lottery intends to conduct a comprehensive, fair, and impartial evaluation of Proposals received in response to this RFP. In making this determination, the Lottery will be represented by an Evaluation Committee (the "Committee"). The Committee will evaluate each proposal that is properly submitted and then make recommendations.

5.2 OBJECTIVES

The objectives of this evaluation process are to:

- Acquire superior on-line and administrative support systems;

- Secure a fair, workable Contract;
- Obtain the best combination of functions, features, services, solutions, and cost;
- Ensure a high level of quality Agent support services;
- Secure a fiscally sound Contractor with a demonstrated record of providing effective systems;
- Provide for the timely implementation of changes, modifications, and additions deemed necessary by the Lottery;
- Ensure computer system capacity for the processing of peak-load transaction volumes with the maximum number of terminals;
- Ensure terminal capability and quality;
- Ensure reasonable implementation plans for installation, system testing, and Lottery acceptance testing;
- Ensure that the system and processing are highly secure;
- Provide an innovative, modern system for Lottery gaming that will carry the Lottery forward into future years through flexibility to adapt to ever changing needs; and,
- Ensure that the aims, purposes, and requirements of the Lottery will be met.

These objectives are implicit within the evaluation items and are not to be construed as separate criteria.

5.3 EVALUATION STEPS

The evaluation process will comprise all of the following:

1. Review of Proposals to assess compliance with:
 - A. Proposal Technical Submission;
 - B. Terms and Conditions;
 - C. Mandatory Requirements; and,
 - D. Cost;
2. Detailed evaluation of proposed functions, features, services, and solutions;
3. Site visits and demonstrations;

4. Scoring of proposals;
5. Evaluation of price proposals;
6. Committee report and recommendation; and
7. Issue of notice of intent to award a Contract.

5.4 SUBMISSION REQUIREMENTS, TERMS, MANDATORY REQUIREMENTS

Proposals are required to meet all submission requirements as stated in Section 4; to signify compliance with all terms and conditions in the RFP; and, to meet all technical mandatory items identified in Section 3. Proposals which fail to do so may be rejected.

5.5 SITE VISITS AS PART OF THE EVALUATION PROCESS

Prior to completion of the evaluation process each bidder may be required to demonstrate its proposed system and explain how its components would be applied to the specifications described in this RFP.

It is expected that these visits and demonstrations will occur in the bidder's manufacturing or development facilities; at an existing lottery; or, some other appropriate venue as suggested by the bidder and approved by the Lottery. The State will be responsible for its own costs incurred for any site visits conducted as part of the evaluation process.

5.6 SCORING

Each of the evaluation criteria shown below will be graded by the Evaluation Committee based on best professional judgment, considering all proposal text, clarifications, site visits and demonstrations.

The scoring system will be based on weights assigned for each of the evaluation criteria:

EVALUATION CRITERIA

- 1) Central systems
- 2) Terminals
- 3) Communications network
- 4) Software applications and files
- 5) Games and marketing
- 6) Facilities
- 7) Bidder local support
- 8) Implementation
- 9) Instant Ticket Distribution System
- 10) LAPS
- 11) Bidder corporate capability

The distribution of weights assigned to each of these criteria will be made available at the bid opening.

Although the criteria will be scored using different weights, the bidder is cautioned that:

- a) every criterion reflects mandatory items which must be met

regardless of the criterion's weight; and

- b) a poor response to a lesser weighted criterion still can have a significant negative impact on the bidder's final technical score.

The weighted scoring system will provide numerical scores which represent the Committee's assessments of the relative technical merits of the proposals. The scores will be used to develop a preference ranking based on technical factors.

5.7 SCORING OF OPTIONS

The bidder is encouraged to propose optional functions, features, services, and solutions. However, only products, functions, services, solutions and features included in the base system, for which no additional cost is being charged, will be scored.

5.8 PRICE EVALUATION

Based on each bidder's percent of sales pricing percentages, and LAPS system cost, as discussed in the Cost Proposal Section of this RFP, the Committee will rank the bids received based on the total estimated contract cost for the term of the Contract.

5.9 SCORING AND PRICING COMBINED

The State will separately list the proposals in order of total technical score and total estimated contract cost. The Committee will then make a recommendation in accordance with N.J.S.A. 52:34-12(f), which states that an "award shall be made with reasonable promptness by written notice to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the State, price and other factors considered."

5.10 RECOMMENDATION AND CONTRACT AWARD

Upon completion of the evaluation and scoring, the Evaluation Committee shall document its findings and rationale leading to the determination of a recommended vendor. A copy of this report will be forwarded to the Executive Director of the New Jersey State Lottery and then to the New Jersey State Lottery Commission. The New Jersey State Lottery Commission will then forward its recommendation to the Director of the Division of Purchase and Property, Department of the Treasury, who shall make the final determination for contract award.

6.0 INFORMATION FOR BIDDERS

6.1 GENERAL

6.1.1 Section References

All RFP section cross references within the Special Terms and Conditions, Specifications, attachment text, or price sheets are cross references within the RFP and not to similarly numbered sections within the separately attached Purchase Bureau Standard Terms and Conditions, unless specifically noted.

6.1.2 Precedence of Purchase Bureau Standard Terms and Conditions

Unless specifically noted, the Purchase Bureau Standard Terms and Conditions found near the beginning of this Request For Proposal (RFP) take precedence over any similar terms and conditions located in the Special Terms and Conditions or Specifications sections of this RFP. Unless specifically noted, Special Terms and Conditions will serve to supplement, but not to supersede, the Purchase Bureau Standard Terms and Conditions.

6.2 ISSUING OFFICE

This request for proposal is issued by the New Jersey Department of the Treasury, Division of Purchase and Property, Purchase Bureau on behalf of the New Jersey Division of State Lottery. The Issuing Office is the sole point of contact between bidders and the State for purposes of this RFP.

6.3 RESTRICTIONS ON COMMUNICATIONS WITH LOTTERY STAFF

There shall be no contact relative to this procurement authorized between Lottery personnel including commissioners, officers and employees, and prospective on-line bidders, including any person or persons acting in the capacity of consultant, lobbyist, Agent or advisor to any such bidder. Any bidder causing or attempting to cause a violation or circumvention of this requirement may be disqualified from further consideration.

6.4 QUESTIONS AND INQUIRIES

It is the policy of the New Jersey Division of Purchase and Property to accept questions and inquiries from all potential bidders who have received this RFP. A Lottery site tour and pre-bid conference are scheduled for this procurement.

Bidders are encouraged to submit questions in advance of the pre-bid conference so that answers may be prepared by the time of the conference. Written questions submitted at pre-bid conference must be directed to the Purchase Bureau representative/buyer.

The cutoff for questions will be at the close of the mandatory pre-bid conference.

Bidders are cautioned that all questions and inquiries regarding this RFP must be directed to the Purchase Bureau buyer listed on the cover sheet of this RFP. Written questions should specifically reference the RFP page number and section number to which the question relates.

Bidders must not contact the New Jersey State Lottery directly concerning this RFP.

Bidders may contact Bell Atlantic solely for the purpose of discussing technical issues specifically relating to the communication protocol itself. Discussions may not be used to clarify any information in the RFP that does not have to do with matters clearly within the purview Bell Atlantic. The State will make Bell Atlantic representatives aware of the parameters of their contact with interested parties concerning this procurement. Representatives for the communications carrier will be available for questions at the pre-bid conference. Any and all questions pertaining to the communications network must be submitted prior to or at the pre-bid conference.

Questions must be mailed to the attention of the assigned buyer at the following address:

State of New Jersey
Purchase Bureau

CN 230
Trenton, New Jersey 08625-0230
Attention: John J. Kennedy

Copies of all questions submitted to the Purchase Bureau should also be directed to the following address:

Ms. Virginia Haines
Executive Director
New Jersey Division of State Lottery
CN 041
Trenton, NJ 08625-0041

6.5 REVISIONS TO THIS RFP

In the event it becomes necessary to revise, modify, clarify or otherwise alter the RFP for this procurement, revisions will be made in the form of addenda to this RFP and will be made and distributed as follows:

6.5.1 Since a pre-bid conference is scheduled for this procurement, any addenda issued prior to the pre-bid conference will be distributed to all bidders that received the initial RFP and any addenda issued at the time of or after the pre-bid conference will be distributed only to those bidders represented and properly registered at the pre-bid conference;

6.5.2 All addenda to the original RFP become part of this RFP and shall become part of the final contract resulting from this RFP.

6.6 SITE VISITS BY THE BIDDER AS PART OF THE PROCUREMENT PROCESS

Mandatory site visits to Lottery-related (and potentially Lottery-related) facilities are scheduled for this procurement. The date, time and location is noted on the last page of the Special Terms and Conditions of this RFP and under item number 8 on the cover sheet of this RFP.

Special Note Regarding Site Visits: Bidders are required to visit all sites specified below. The State will provide transportation to these sites starting at the Lottery Headquarters at the time specified and continuing to the sites in the order as listed. Bidders are expected to use the transportation provided by the State, unless given express permission NOT to do so by the State.

Bidders are required to be at the Lottery Headquarters at 9:00 a.m. on the date specified, at which time the sites will be visited in the following order:

Bell Atlantic
Hamilton Data Center
1300 Whitehorse - Hamilton Square Road
Mercerville, NJ

Lottery Headquarters
1 Lawrence Park Complex
Brunswick Avenue Circle
Trenton, NJ

Bidders are cautioned to note that attendance at the site visits and pre-bid conference is mandatory! Failure to attend will disqualify your firm from submitting a valid bid response

proposal to this RFP. Bids will be automatically rejected from any firm that was not represented or failed to properly register at the mandatory site visits and pre-bid conference.

It shall be the responsibility of the bidder to visit the sites and make an in-depth tour and inspection of each one. The successful bidder shall be required to assume sole responsibility for the complete effort as required in this RFP. No special consideration shall be given after bids are opened because of the bidder's failure to be knowledgeable of all conditions existing at the sites. By submitting a proposal, the bidder covenants and agrees that he has satisfied himself, from his own investigation, of the conditions to be met, and that he fully understands his obligation and that he will not make any claim for, or have right to cancellation or relief without penalty of the contract because of any misunderstanding or lack of information.

Caution: Failure to attend the mandatory site visits will disqualify your firm from submitting a valid bid response proposal to this RFP. Bids will be automatically rejected from any firm that was not represented or properly registered at the mandatory site visits.

6.7 MANDATORY PRE-BID CONFERENCE

A mandatory pre-bid conference has also been scheduled for this procurement. The date, time and location is noted on the last page of the Special Terms and Conditions section of this RFP and is also noted under item number 8 on the cover sheet of this RFP.

The purpose of the pre-bid conference is to provide a structured and formal opportunity for the State to accept questions from bidders on the RFP document as well as to clarify the contents of the RFP. Any revisions to the RFP as a result of the site visits and pre-bid conference, or answers to deferred questions, will be made in the form of written addenda to the original RFP. The State may also distribute additional back-ground information or material at the site visits and/or pre-bid conference.

Caution: Failure to attend the mandatory pre-bid conference will disqualify your firm from submitting a valid bid response proposal to this RFP. Bids will be automatically rejected from any firm that was not represented or properly registered at the mandatory pre-bid conference.

6.8 PROPOSAL FORM

In order to be considered for selection, bidders are requested to submit a complete response to all specifications contained in this Request for Proposal as per the directions in Section 4 of the RFP.

6.9 ECONOMY OF PREPARATION

Proposals should be prepared simply and economically, and provide a straightforward, concise description of the bidder's approach and the capability to satisfy the requirements of this Request for Proposal. Emphasis should be on completeness and clarity of content, however, the bidder must not merely re-state the language of the RFP in their response, as this does not provide the State with the information it desires in order to properly evaluate the capabilities and approach of the firm. Doing so may cause such a bid to be determined as being non-responsive to RFP requirements. It is requested that each copy of the (technical) proposal be bound in at most two volumes, not including appendices.

6.10 BIDDER COMMITMENT

All proposals must be signed by a person authorized to commit the bidder. Each proposal shall constitute a binding commitment to enter into a contract according to the terms and conditions of this RFP and shall clearly state all applicable conditions to the bidder's commitment.

6.11 AFFIDAVIT OF NON-COLLUSION

Each Proposal shall contain a certification substantially of the following form:

"Bidder warrants that this Proposal is made in good faith without collusion with any person or persons making or invited to make offers under the same Request for Proposals."

6.12 BID DEPOSIT

Each proposal shall be accompanied by either a certified or cashiers check in the amount of two hundred fifty thousand dollars (\$250,000) payable to the State Treasurer, State of New Jersey, or the bidder may have an individual bid bond reflecting a total amount of two hundred fifty thousand dollars (\$250,000) or have an annual bid bond on file for the fiscal year ending June 30, 1994 sufficient to cover the bid deposit of two hundred fifty thousand dollars (\$250,000), as evidence of good faith and to the effect that if the proposal of the bidder is accepted, the bidder will enter into a contract with the State. Individual bid bonds are acceptable and Section 3.3 of the Purchase Bureau Standard Terms and Conditions contains additional details in this area.

Failure to comply with submission of the bid bond will result in rejection of the proposal.

6.13 PRICE ALTERATION

Bid prices must be typed or written in ink or they will be subject to the automatic rejection provisions of the Administrative Code (N.J.A.C. 17:12-2.5). Any price change (including "white-outs") must be initialed or that item will be disqualified, which could result in the rejection of the entire bid. This policy is meant to protect both the State and the bidder.

6.14 ACCEPTANCE PERIOD AND CONTRACT EFFECTIVE DATE

This is a term contract and the anticipated contract effective date appears on the cover sheet to this RFP. In the event that delays in the bid process result in a postponement of the effective date, the bidder agrees to accept a contract for the full contract period as long as the bidder's prices quoted are still valid in accordance with item #13 on the face of the cover sheet to this RFP.

Proposals must remain valid for one (1) year. Proposals containing a term of less than one (1) year may be rejected by the State as being non-responsive to this RFP. Bidders shall be strictly held to the terms in their proposals.

6.15 RESPONSE DATE

In order to be considered for review and subsequent selection, proposals must arrive at the Issuing Office on or before the date and time specified on the cover sheet of this RFP, or as designated in a subsequent addendum. Bidders mailing proposals should allow for mail delivery time to ensure receipt of their proposals by the Issuing Office prior to the time specified for the opening of proposals. Any proposals received beyond the specified date and time will be rejected by the State.

6.16 ACCEPTANCE OF PROPOSAL CONTENT

In addition to the provisions of Sections 3.15 and 3.16 of the Standard Terms and Conditions, the bidder should also be aware that the contents of the proposal of the successful bidder will become part of any contract awarded as a result of this procurement process. All conditions in this RFP

and addenda or supplements thereto are considered part of the specifications and part of the conditions under which proposals will be submitted, and will become part of the resulting contract for these services as well.

6.17 REJECTION/SELECTION OF PROPOSALS AND CONTRACT AWARD

The Director, Division of Purchase and Property, Department of the Treasury, reserves the right to reject any or all bids or proposals resulting from this solicitation, or to award in whole or in part particular contracts covering the services, if deemed to be in the best interest of the State to do so. The Director of the Division of Purchase and Property shall have authority to award a contract in accordance with N.J.S.A. 52:34-12(f), which states that an "award shall be made with reasonable promptness by written notice to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the State, price and other factors considered."

6.18 NONMATERIAL AND MATERIAL DEVIATIONS

The following information is in addition to, and in no way modifies the provisions of Sections 3.15 and 3.16 of the Standard Terms and Conditions Section of this RFP: Failure to furnish all required information or to follow the proposal format specified in this RFP may disqualify a proposal. However, the Director of Division of Purchase and Property may waive any nonmaterial deviation in a proposal. The Director's waiver of a nonmaterial deviation shall in no way modify the RFP requirements or excuse the proposing bidder from full compliance with the contract requirements if the proposing bidder is awarded the Contract resulting from this procurement.

6.19 CHARACTER OF THE FIRM

In order to qualify for the award of this contract, a bidder must demonstrate to the satisfaction of the Director of the Division of Purchase and Property that the bidder has the good moral character generally required of those engaged to perform public contracts for the State of New Jersey and the good moral character necessary to perform the particular requirements of this contract. In determining whether a bidder has the required good moral character, consideration will be given to all relevant factors including, but not limited to: (a) the financial stability, character and integrity of the corporate or business entity; (b) the character and integrity of all officers, directors, shareholders, as well as any individual with a voice in the management and direction of the corporate or business entity; (c) the character and integrity of any financial investors or financial backers; (d) the character and integrity of the individuals that the bidder proposes to employ on the project; and, (e) the character and integrity of any corporate or business entity proposed as a subcontractor for any portion of the work.

6.20 AWARD DATE

It is the State's intent to evaluate proposals and make notification to the bidders regarding intent to award the contract resulting from this procurement on or about August 15, 1995.

6.21 COST LIABILITY

The New Jersey State Lottery assumes no responsibility and no liability for any costs incurred by bidders prior to the issuance of any agreement or contract. The liability of the State and the Division of Purchase and Property will be limited to the terms and conditions of the contract resulting from the procurement process.

6.22 CONTENTS OF BID PROPOSAL

The entire contents of every bid response proposal that is publicly opened and read becomes a public record notwithstanding any disclaimer by the bidder in the bid response proposal document.

All bid response proposals, being public records, are available for public review and inspection. Persons who wish to review bid response proposals must make an appointment with the Purchase Bureau. Inspection is subject to the rules of the Purchase Bureau.

6.23 BACKGROUND INVESTIGATIONS

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees or any other associates of the bidders it deems appropriate during or before the contract period ensuing from this procurement. Such background investigations may include the completion of a Criminal History Record Information (CHRI) form and/or financial information waiver of the individuals concerned. The State may reject a proposal or employment of a person based upon the results of these background checks. The fee for processing CHRI is to be paid by the Bidder/Contractor.

6.24 ALTERNATE PROPOSALS

The bidder's proposal must constitute a single response to the system specified in this RFP. The bidder is permitted to submit variations in the proposal through the use of options, which may or may not have an additional cost. Separate, alternate proposals are not permitted.

6.25 ORAL PRESENTATION/CLARIFICATION OF PROPOSALS

Bidders who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the State and/or submit written responses to questions from the State regarding their proposal. The purpose of the State's 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 his/her proposal. Original submissions cannot be supplemented, changed or corrected in any way. No comments regarding other bidders or proposals are permitted, and bidders may not attend presentations by their competitors.

Bidders must clearly understand that it is the State's sole option to determine which bidders, if any, will be invited to make oral presentations and/or supply written clarification. Bidders shall not construe the list of firms invited, if any, to imply acceptance or rejection of any bid(s). The Division of Purchase and Property, Purchase Bureau, will schedule the time and location of any such presentations, and will be the sole point of contact for any request for written clarification.

6.26 INSPECTIONS BY THE STATE FOLLOWING SUBMISSION OF BIDS

The State, through its authorized representatives, reserves the right to inspect the production premises of the selected Contractor and subcontractors at any time prior to and after Contract award. In addition, the State reserves the right to visit and inspect any operating entity (lottery or otherwise) premises supported, managed or maintained by any bidder on this procurement, prior to or following contract award. Inspection visitations may include corporate headquarters as well and any subcontractor facilities.

The State will assume all necessary expenses for its personnel or representatives related to any inspection of bidder facilities prior to contract award.

6.27 EQUIPMENT AND SOFTWARE ACCEPTABILITY

All hardware and terminals must be new and the bidder's state-of-the-art equipment. The bidder must establish to the satisfaction of the State that the equipment and software proposed by that firm is demonstrable and will be commercially available for operation in the time frame required to implement a working system for Pick-3, Pick-4, Jersey Cash 5, Pick-6, and instant ticket processing by February 15, 1996. Prototypes are not acceptable. The system(s) proposed must not be in alpha, beta, or any other phase of pre-release testing.

The State may request specific demonstrations of hardware and software terminal capabilities of the system proposed, and demonstrations of other items pertinent to the successful operation of this system prior to the awarding of a contract. The State may also require a benchmark of the proposed system to verify the system's ability to meet the performance requirements as part of the proposal evaluation process.

6.28 DEMONSTRABILITY OF PROPOSED SYSTEM

The Lottery requires that all equipment, software, and systems proposed by the bidder be capable of a demonstration which indicates the bidder's ability to meet the Lottery's requirements for the system. While functions and features demonstrated need not be identical to those of this RFP, the major (de facto) common lottery gaming functions and operations are expected.

Bidders proposing systems in which one or more currently operating major component(s) will be modified or enhanced from that the bidder may have fielded shall describe in detail the extent to which each component will be modified or enhanced. In this context, major components are considered to be central computer system hardware, operating system and application software, Agent terminals and front-end processors.

6.29 DISQUALIFICATION FOR FINANCIAL INABILITY

If, at any time prior to the signing of a written agreement, the State reasonably determines that a bidder does not possess adequate financial ability to carry out the obligations of the RFP, that bidder may be disqualified from further consideration.

6.30 PROPOSAL CONTENTS

Each bidder is expected to provide the State with information, evidence and demonstrations which will make possible the selection of the bidder to be awarded the Contract in accordance with N.J.S.A. 52:34-12(f), which states that an "award shall be made with reasonable promptness by written notice to that responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the State, price and other factors considered." Bidders are given wide latitude in the degree of detail they offer or the extent to which they reveal plans, designs, systems, processes and procedures, however, bidders are cautioned that insufficient descriptions could result in a finding that their proposal is non-responsive or result in a low technical score being given to the bid. At a minimum, proposals must be fully responsive to the specific requirements stated in this RFP. All proposed hardware and software features must be included in the final delivered system unless specifically excluded by the Lottery. Each proposal must identify any requirement of this RFP the bidder cannot satisfy.

6.31 MATERIAL ADVERSE CHANGE

If a bidder who has submitted a proposal in response to this RFP experiences a material adverse change in its condition, financial or otherwise, prior to the award of a contract pursuant to this RFP, or if a successful bidder experiences a material adverse change in its condition, financial or otherwise, during the term of a contract with the State, the vendor must notify the Director of Purchase and Property and the Executive Director of the New Jersey State Lottery in writing at the time such change occurs or is identified. Failure to notify these officers of the State of such a change shall entitle the Director of Purchase and Property to reject a bidder's proposal or terminate the contract resulting from this RFP.

7.0 SPECIAL CONTRACTUAL TERMS AND CONDITIONS

7.1 GOVERNING LAW

The proposal process, the award procedure, and any contract resulting from this RFP shall be governed by and construed in accordance with the laws of the State of New Jersey. Any and all litigation arising under this RFP or any contract resulting thereunder shall be instituted in the Superior Court of the State of New Jersey; and, by submitting a proposal, the Contractor is deemed to waive access to any other court which may have concurrent jurisdiction within or without New Jersey.

7.2 CONTRACT ELEMENTS

The Contract executed by the Division of Purchase and Property between the Lottery and the Contractor shall include as integral parts thereof:

- This RFP;
- Amendments to this RFP; and
- The Contractor's Bid Response Proposal.

In the event of a conflict in language between any of the documents, the provisions and requirements set forth in the Contract or referenced in the RFP and its amendments shall govern over the provisions and requirements set forth in the Contractor's response proposal. In the event that an issue is addressed in the proposal that is not addressed in the RFP nor the Contract, no conflict in language shall be deemed to occur.

Any alterations, variations, changes, modifications or waivers of or to provisions of the Contract between the State and the Contractor shall only be valid when they have been reduced to writing and duly executed and approved by each of the parties thereto.

7.3 TERM OF CONTRACT

The contract period considered in this procurement extends from execution through a minimum five (5) year performance period from 12:00 am on February 15, 1996 through February 14, 2001. It is the Contractor's responsibility to have a fully operational system installed by February 15, 1996.

7.4 CONTRACT EXTENSION OPTION

It is understood and agreed by all parties that the Director, Division of Purchase and Property may at his/her option extend any contract entered into as a result of this procurement. The Director, Division of Purchase and Property will reserve the right to extend the Contract, at his/her sole option, for up to five (5) years or any portion of five (5) years at the contract rate or rates in effect or as modified during the term of the contract, provided that any such option to extend is exercised by the Director, Division of Purchase and Property at least ninety (90) days prior to the end of the initial Contract period, or any extension thereof, or at a time mutually agreed upon by both parties.

The Director, Division of Purchase and Property will further reserve the right to reactivate or further extend the initial contract, or any extension thereof, on five (5) days notice for ninety day periods if a different vendor is chosen for a subsequent contract. To meet this requirement, the Contractor for this Contract must maintain the system in a state of readiness for any such period of ninety (90) days after the completion of the initial Contract period or any extension thereof.

Exercising this right shall not be construed as obligating the Director, Division of Purchase and Property to repeat the procurement process for any subsequent contract or conferring any right or expectation for the Contractor to continue operating the system after expiration of any such ninety (90) day period.

In cases of an extended term, a new performance bond must be submitted by the Contractor on a pro rata basis of the original performance bond to cover the period of the extension. The Contractor must indicate his acceptance of the extension of the Contract in writing within sixty (60) days after receipt of the notice to extend.

7.5 CONTRACT CONTINUITY/TRANSITIONAL PERIOD

If the Contractor fails to accept and agree to the State's notice of any extension, or should the State choose not to offer an extension for any additional period beyond the term of the original Contract, then the Contractor must agree to operate the then current system and provide all services under the same terms and conditions of the then in-force Contract on a month-to-month basis until a successor vendor is chosen and the successor contract is implemented to the satisfaction of the State.

7.6 PRIME CONTRACTOR RESPONSIBILITIES

The Contractor will be required to assume sole responsibility for development, delivery, installation, maintenance, support, and operation of all phases of the equipment, software, and services offered in the Contractor's proposal whether or not he is the manufacturer or producer of them. The State considers the Contractor to be the sole point of contact with regard to contractual matters. Specific responsibilities of the Contractor are defined in this set of specifications. The State or its appointed designee reserves the right to visually inspect sites pertinent to the operation of the game(s) and review existing security measures.

7.7 SUBCONTRACTING

If any part of the work relative to these specifications and the proposal submitted by the Contractor is to be subcontracted, the Contractor will provide a description and organization chart of the subcontractor and the contractual arrangements between the prime Contractor and any subcontractors to the Director, Division of Purchase and Property and the Executive Director of the New Jersey State Lottery. The State must approve in advance, in writing, all such contractual arrangements and these items will be considered in the evaluation process. The State

or its appointed designee reserves the right to visually inspect subcontracting sites pertinent to the development and operation of the game(s) and review existing security measures.

7.8 SUBCONTRACT APPROVAL

Should the Contractor utilize subcontractors to fulfill any of its obligations under the Contract, the Contractor shall be responsible for the subcontractors': (i) performance; (ii) compliance with the terms and conditions of the Contract; and, (iii) compliance with the requirements of any and all applicable laws. All subcontracts shall be subject to the prior written approval of the State and all of the other terms and conditions contained in the sample contract clauses.

7.9 ASSIGNMENT

The provisions of this section are in addition to, and in no way supersede the provisions of Section 2.2 of the Purchase Bureau Standard Terms and Conditions of this RFP.

The Contractor is prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of this agreement/contract or its rights, title, or interest therein, or its power to execute such agreement or contract to any other person, company, or corporation without the prior consent and approval by the State in writing.

7.10 FORM OF COMPENSATION

Payment to the Contractor for all costs associated with the development, implementation, and operation of the system will be made on a fee basis to be calculated from the cost matrix (Appendix A) proposed by the Contractor in response to the RFP resulting in this Contract, or as amended.

7.11 PRICE CHANGE

All prices for the Contractor's proposed system shall be firm and not subject to increase during the term of any contract resulting from the Request for Proposal. In the event there should be any reduction in the cost of any of the services, such services will be invoiced based on the lower prices. Further, the resulting contract will contain a provision that if a similar system and services are provided to any lottery jurisdiction at a rate lower than the awarded rate in the State of New Jersey, the Contractor will guarantee that this lower rate will be substituted for the cost of operation in the New Jersey contract. It is recognized that this rate adjustment would be based on the applicable portions of any comparable system and comparable services in the other State.

7.12 LOTTERY APPROVAL OF STAFFING

The Contractor shall not employ or permit the employment of unfit or unqualified persons or persons not skilled in the tasks assigned to them and the Contractor shall at all times employ sufficient labor for prosecuting work to full completion in the manner and time prescribed by the Contract. The Contractor shall be responsible to the Lottery for the acts and omissions of the Contractor's employees and the Contractor shall enforce strict discipline among the Contractor's employees performing the services under the Contract. Any person employed by the Contractor shall, at the written request of the Executive Director, Division of State Lottery, or his/her designee, be removed forthwith by the Contractor from work relating to the Contract. If the person is not removed or if replacement personnel are deemed unsuitable for proper completion of the work, the State may immediately terminate the Contract.

The Lottery reserves the right to review and approve all employees relative to the Contract. The Lottery reserves the right to request the removal of any employee of the Contractor if the Lottery finds that any such employee is not performing in the Lottery's best interest.

7.13 BACKGROUND INVESTIGATIONS

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees or any other associates of the Contractor it deems appropriate during or before the contract period ensuing from this procurement. Such background investigations may include the completion of a Criminal History Record Information (CHRI) form and/or financial information waiver of the individuals concerned. The State may reject a proposal or employment of a person based upon the results of these background checks. The fee for processing CHRI is to be paid by the Bidder/Contractor.

7.14 DELIVERY

The Contractor is to deliver and install all equipment and software leading to an operational gaming and support environment within the time specified in the RFP resulting in this Contract. The operational (sales) date for a system servicing the Pick-3, Pick-4, Jersey Cash 5, Pick-6 games, instant ticket processing, and basic administrative functions is February 15, 1996.

If the Contractor cannot install the necessary equipment and have the system operating by February 15, 1996, the Contractor shall be liable and shall reimburse the State and the New Jersey State Lottery as fixed and agreed liquidated damages for each calendar day's delay beginning on February 15, 1996. If circumstances beyond the control of the Contractor result in a late delivery, it is the responsibility and obligation of the Contractor to make these details known immediately to the Director, Division of Purchase and Property and the Executive Director, New Jersey State Lottery. If, in the event the system is operating but the required number of Agent terminals are not installed and fully operational by February 15, 1996, the Contractor will pay to the State fixed and agreed upon liquidated damages. In all cases, the determination as to whether or not a terminal is in an operational state will be made by the New Jersey State Lottery.

The central site computer systems, necessary software and applications programs, and necessary central site facilities should be installed and operational in order to provide adequate time for systems acceptance tests as specified in other areas of the RFP resulting in this Contract, to enable the detection of any defects in the system and their subsequent correction.

7.15 ACCOUNTING RECORDS

The Contractor is required to maintain books and records and other evidence pertaining to the operation of each lottery game supported by his system in accordance with generally accepted accounting principles. All records, as indicated above, will be available to the State or State designees at all reasonable times during the contract period and for five (5) full years following the Contract expiration date and/or final payment offers resulting from this Contract whichever is later. The Contractor must allow the State or its authorized agents complete access to all financial records for audit and management review.

7.16 AUDIT REQUIREMENTS

Under the Contract, the Contractor must meet specific auditing obligations:

- A. The Contractor will be required to have a complete financial audit conducted annually. A copy of the Contractor's certified financial statements must be provided to the

Lottery annually.

- B. In addition, a complete internal control audit of the Contractor's New Jersey operations shall also be conducted annually by the legislative auditor or an independent certified public accounting firm. This audit shall be conducted pursuant to Statement on Auditing Standards No. 44, as issued by the American Institute of Certified Public Accountants. The Lottery reserves the right to specify the type of report and the control objectives to be examined. The Lottery also reserves the right to approve the accounting firm chosen to perform the internal control audit, and, reserves the right to designate the annual period to be covered by the report and the date by which the report is due.
- C. The Lottery reserves the right to require the first internal control audit to be conducted within 90 days of installing the system.
- D. Both the aforementioned types of audits shall be conducted at the expense of the Contractor.
- E. The Lottery's certified public accounting firm or the legislative auditor will be given the right to review the work papers of these audits, if considered necessary by the Lottery.
- F. The Lottery and its independent certified public accountants or legislative auditor shall be given a copy of all reports including any management letters issued as a result of the specified audits.

7.17 RIGHT TO ADDITIONALLY AUDIT CONTRACTOR'S NEW JERSEY OPERATIONS

The Lottery reserves the right to audit Contractor records and operations as they relate to New Jersey. Said audits may be conducted by the Lottery's own auditors or an independent firm specified by the Lottery.

7.18 PENDING LITIGATION

The Contractor shall have included with its bid, information concerning any civil judgments obtained against the Contractor, or any individual associated with the Contractor or any subcontractor, pertaining to antitrust or security regulation laws of the United States, of this state or of any other state, jurisdiction, province or country. The Contractor shall have included with its bid, information concerning arrests, and any criminal judgments entered against the Contractor, or any individual associated with the Contractor or any subcontractor, or financial backer of the Contractor, under the Laws of the United States, of this state or any other state, jurisdiction, province or country.

The Contractor shall have disclosed any current prosecution, indictment, or pending charges in any jurisdiction concerning the Contractor, or any individual associated with the Contractor, any subcontractor or financial backer of the Contractor. The Contractor shall have also included in

his bid any information concerning any judgments, pending civil or criminal litigation, investigations or other legal proceedings which may bear upon the Contractor's ability to perform the Contract. This is a continuing disclosure requirement; any litigation or investigation commencing after the submission of the Contractor's response proposal must also be disclosed by the Contractor in a written statement to the Lottery. These conditions shall apply to the entire term of the Contract, including any and all extensions thereof.

7.19 MINORITY/FEMALE-OWNED BUSINESS

It is the policy of the State of New Jersey pursuant to N.J.S.A. 52:32-17, et seq., Executive Order #84, and N.J.A.C. 17:13-1.1, et seq., that each and every agency, department and instrumentality of the State that is authorized to award procurement and construction contracts establish a Set-Aside Program in accordance with the goals established in N.J.S.A. 52:32-21 to award at least seven percent (7%) of their contracts to minority businesses and at least three percent (3%) of their contracts to female businesses. These goals may be attained by requiring that a portion of prime contracts be subcontracted to eligible businesses. Consequently, subcontracting goals for minority and female businesses shall apply to this Contract.

The Division of Purchase & Property requires that the Contractor make a good faith effort to award seven percent (7%) of the gross sum bid to eligible businesses meeting the definition of minority business in accordance with N.J.S.A. 52:32-19 et seq. and modified by Executive Order #84 and three percent (3%) of the gross sum bid to eligible businesses meeting the definition of female business in accordance with N.J.S.A. 52:32-19 et seq. and modified by Executive Order #84.

The Contractor is to submit their plan for fulfilling this requirement in accordance with the Notice to Bidders and on the form appended to this RFP at Appendix J.

For purposes of this RFP, and resulting Contract, "Female business" means a business which has its principal place of business in the State, is independently owned and operated and at least fifty-one percent (51%) of which is owned and controlled by women; and,

"Minority business" means a business which has its principal place of business in the State, is independently owned and operated and at least fifty-one percent (51%) of which is owned and controlled by persons who are African Americans, Latinos or Asian Americans, defined as follows:

African American: A person having origins in any of the black racial groups of Africa.

Latino: A person of Mexican, Puerto Rican, Cuban, Central or South American, Caribbean Island or other Spanish culture or origin, regardless of race.

Asian American: A person having origins in any of the original people of the Far East, southeast Asia, and Indian subcontinent, Hawaii or the Pacific Islands.

Any bid response not containing a completed Minority/Female Business Subcontractor Utilization Plan shall be deemed to be non-conforming and thus rejected.

7.20 OWNERSHIP OF MATERIAL

Ownership of all data, material, proposals, manuals, training sessions, and documentation (including work papers) originated and prepared for the State pursuant to this Contract shall belong exclusively to the State.

7.21 DATA CONFIDENTIALITY SUBSEQUENT TO CONTRACT AWARD

All data contained in the source documents supplied by the State of New Jersey are to be considered confidential and shall be solely for the use of the Issuing Office and the New Jersey State Lottery. The Contractor will be required to use reasonable care to protect the confidentiality of the data. Any use, sale or offering of this data in any form by the Contractor, his/her employees or assignees will be considered in violation of this Contract and will cause any such infraction to be reported to the State Attorney General for possible prosecution. Penalties for violations of such guarantees will include, but are not limited to, cancellation of the Contract and/or legal action with no damages paid by the State.

7.22 RESPONSIBILITY OF THE CONTRACTOR

The Contractor is responsible for the professional quality, technical accuracy and timely completion and delivery of all deliverables and other services furnished by the Contractor under this 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 under the agreement or of any cause for action arising out of the performance of this Contract. The Contractor's obligations under this clause are in addition to the Contractor's other expressed or implied assurance under this Contract or state law and in no way will diminish any other rights that the State may have against the Contractor for faulty materials, equipment or work.

7.23 INDEMNIFICATION

The provisions of this section are in addition to, and in no way supersede the provisions of Section 2.2 of the Standard Terms and Conditions of this RFP.

The Contractor shall indemnify and hold harmless the Lottery and its officers, employees, and Agents from and against any and all claims, liabilities, losses, damages, costs, or expenses, including reasonable attorneys' fees, which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of:

1. The Contractor, or
2. A subcontractor, or
3. Any person directly or indirectly employed by the Contractor or a subcontractor.

Several provisions of the Contract resulting from this RFP shall require the Contractor to indemnify the Lottery, and whenever such indemnity is referred to, the Contractor's liability shall extend to and include all reasonable costs, expenses and attorneys' fees incurred or sustained by the Lottery in making any investigation in prosecuting or defending any and all lawsuits or causes of action instituted or asserted by any individual, organization or entity arising out of or in connection with the services and equipment provided under the Contract, in obtaining or seeking to obtain a release therefrom and in enforcing any of the provisions contained in the Contract. The Lottery, upon giving notice to the Contractor, shall have the right in good faith to pay, settle or compromise, or litigate any claim, demand, loss, liability, cost, charge, suit, order, judgment or adjudication resulting from such lawsuit or cause of action under the belief that the lawsuit or cause of action is well founded, whether it is or not, without the consent or approval of the Contractor unless the Contractor protests in writing and, simultaneously with such protest

deposits with the Lottery collateral satisfactory to it and sufficient to pay and satisfy any penalty or interest which may accrue as a result of such protest, on such claim, demand, loss, liability, cost, charge, attorneys' fee, or judgments as may result.

To the extent that the Contractor makes any payments to or on behalf of the Lottery under the Contract, they shall be fully subrogated to all rights and claims of the Lottery in connection therewith. In any event, the Lottery shall promptly notify the Contractor of the occurrence or service of any lawsuit or cause of action arising out of the Contract.

7.24 LIQUIDATED DAMAGES

It is agreed by the State Lottery and the Contractor that:

- A. If the Contractor does not fulfill the obligations of the Contract, damage to the Lottery will result.
- B. Establishing the precise value of such damage would be costly, difficult, and time consuming.
- C. The liquidated damage amounts specified herein are good faith efforts to quantify the damages that could be reasonably anticipated at the time of the making of the Contract.
- D. The State may, therefore, assess liquidated damages against the Contractor under the conditions and in the amounts specified herein.
- E. The State may, at its discretion, withhold liquidated damages from the payments to the Contractor. All assessments of liquidated damages shall be within the discretion of the State and shall be in addition to, and not in lieu of, the right of the State to terminate the contract or to pursue other appropriate remedies.
- F. The State shall notify the Contractor in writing of the assessment of liquidated damages for any default specified herein. Such damages shall be paid within thirty (30) days of the Contractor's receipt of the assessment notice by deducting the liquidated damages from the compensation otherwise due the Contractor by the State. If payment is not made within such thirty (30) day period, the State may collect such damages by making a claim against the performance bond or by any other lawful method.
- G. As determined appropriate by the State, following are the conditions under which the Contractor may obtain relief from the continued assessment of liquidated damages which have been imposed:
 - 1. Except as waived by the State, no liquidated damages imposed on the Contractor shall be terminated or suspended until the Contractor issues a written notice

of correction to the State certifying the correction of conditions(s) for which liquidated damages were imposed, and all the Contractor corrections have been subjected to system testing or other verification at the discretion of the State;

2. The Contractor shall provide the necessary system time for the acceptance testing which the State deems necessary;
3. The necessary level of documentation to verify corrections is that determined to be acceptable to the State;
4. A Contractor notice of correction will not be given effect until the correction is verified either by a system test or a report verifying the correction;
5. The Contractor's use of resources to correct defects must not be allowed to cause other system problems; and,
6. The Contractor shall certify that each defect so identified is corrected and provide the time to system test the correction; and,

H. Nothing in this section shall be construed as relieving the Contractor from performing all contract requirements whether listed herein or not, nor is the State's right to enforce or to seek other remedies from failure to perform any other Contract duty hereby diminished.

Failure of the Contractor to meet the conditions specified may result in the assessment of the damages identified.

7.24.1 Late Conversion

If the Contractor does not have the Agent terminal network, along with a completely operational system, accepted by the Lottery thirty (30) days prior to the start-up, the Lottery may advise the incumbent vendor to continue operations as of February 15, 1996, and until the situation can be resolved. As of the operational date of February 15, 1996, the Lottery may assess liquidated damages under this Contract in the amount of one hundred thousand dollars (\$100,000) for each day of delay.

Further, if the primary site is not available and accepted by June 15, 1996, so as to effect primary and separate hot backup site operations, the Lottery may assess liquidated damages under this Contract in the amount of ten thousand dollars (\$10,000) for each day of delay.

7.24.2 System Down Time

The host(s) or main computer system(s) must have an operational reliability of at least ninety-nine and nine tenths percent, or above (99.9+%) as a long range average for operation. The computer system daily reliability calculation will allow five (5) minutes unpenalized downtime in scheduled operational time. If the system is down and no terminals can process any bets or validate winners

for more than five (5) minutes of wall clock time during the day, the system is considered down. This wall clock downtime is accumulated during the course of each lottery day.

After the amount of downtime exceeds five (5) minutes during scheduled operational time, the amount of payment due to the Contractor as a result of the fee structure will be reduced by liquidated damages at the following rates:

Three thousand dollars (\$3,000) per minute or fraction thereof between 4:00 p.m. and the termination of sales for that lottery day;

Twelve hundred dollars (\$1200) per minute or fraction thereof during any other time period the system is to be operational.

The State will be responsible for determining through reporting programs the question of downtime or operational time. Maximum daily damages under this area will be one million eight hundred thousand dollars (\$1,800,000) per occurrence.

If any game(s) is (are) inoperative, then the above formula shall be pro-rated based on the past month's active sales for the given day. In addition, the Contractor will be liable for additional liquidated damages of three hundred fifty dollars (\$350) per hour per game when the system is operational but the cashing of winning tickets cannot be performed.

7.24.3 Untimely Terminal Maintenance

Terminal maintenance coverage must be provided for the hours of business operation for the gaming system. Currently, the games are up from 5 a.m. to 10 p.m., however, the Lottery will require the Contractor to provide coverage for any and all extended hours the games may be available to the public.

The Contractor shall ensure that all terminals, including Instant Ticket Vending Machines (ITVM's) are repaired or replaced and operational within the "maximum repair time." "Maximum repair time" shall be measured from the time the Contractor receives a service call until the repair shall be considered completed. Completion is signified when the terminal is signed on to the system by the technician who completed the repair.

For the purposes of this provision, "maximum repair time" shall be defined as follows (including all on-line and instant sales):

AA	Agents	(Sales Over \$14,999 Weekly)	1 hour
A	Agents	(Sales of \$6,900 to \$14,999)	2 hours
B	Agents	(Sales of \$4,500 to \$6,899)	3 hours
C	Agents	(Sales Under \$4,500)	4 hours

If terminal maintenance is not completed within the "maximum repair time," liquidated damages may be assessed at the rate of fifty dollars (\$50) per hour or fraction thereof that the terminal remains unrepaired beyond the "maximum repair time."

7.24.4 Deficient Terminal Field Service or Hotline Performance

Hotline services must be provided for the hours of business operation for the gaming system. Currently, the games are up from 5 a.m. to 10 p.m., however, the Lottery will require the

Contractor to provide hotline services for any and all extended hours the games may be available to the public.

The Contractor shall employ sufficient resources to meet the performance standards for terminal field service, toll-free Hotlines and Hotline operators necessary to meet the following minimum performance standards, measured on a monthly basis:

- A. The number of calls handled by the telephone management system (sequencer) plus the number of calls receiving a busy signal shall not exceed 30% of the number of all calls made to the Hotline; and,
- B. The number of calls placed on hold for more than two (2) minutes by the sequencer shall not exceed ten percent (10%) of the total number of calls placed on hold by the sequencer.

Within fifteen (15) calendar days after notification from the Lottery that a performance standard specified is not being met, the Contractor shall employ such additional resources as are necessary to meet the performance standard.

If the Contractor does not bring deficient performance up to the standards specified within fifteen (15) calendar days of notification, the State may impose liquidated damages in the amount of five hundred dollars (\$500) per day until performance is in compliance.

7.24.5 Late Delivery of Instant Tickets

The Contractor must comply with the time limits identified in the RFP for the delivery of instant tickets. Failure to do so may result in the assessment of liquidated damages equal to the compensation value of instant ticket packs that are delivered late, as calculated by the applicable compensation rate in the Contractor's response to Appendix A.

7.24.6 Failure to Provide Enhancements

During the term of the Contract, the Lottery and the Contractor may agree in writing to a schedule for developing, testing, and implementing or installing a modification or enhancement of an existing game or report or an addition of a new game or report.

Once the Lottery's request for a change has been issued to the Contractor, the Contractor has fifteen (15) working days to respond with a written proposal for delivery of the change.

The Executive Director of the New Jersey State Lottery can make the binding determination of a delivery date for modifications and enhancements.

If the Contractor fails to meet any date specified in such a schedule, the State may assess liquidated damages of ten thousand dollars (\$10,000) per day for each day of delay regarding the modification, enhancement, or addition of a game and one thousand dollars (\$1,000) per day for each day of delay regarding the modification, enhancement, or addition of a report.

7.24.7 Untimely or Inaccurate Reports or Tapes

The Contractor shall provide reliable and accurate operational reports and tapes at the times specified by the Lottery. For each late or inaccurate report or tape, liquidated damages may be assessed at the rate of one thousand dollars (\$1,000) per occurrence that the report or tape is late

or for each occurrence where a notice of deficiency is issued that a report or tape remains inaccurate.

7.24.8 Unauthorized Modifications

The Contractor shall not modify any software or hardware of which the system is comprised without the prior written consent of the Lottery.

If an unauthorized modification occurs, the State may assess initial liquidated damages of one hundred thousand dollars (\$100,000) and additional liquidated damages of fifteen thousand dollars (\$15,000) per day for each day between the issuance of a removal order and the actual removal of the unauthorized modification and restoration of the system to its previous operating state.

7.24.9 Unauthorized Access

The Contractor shall prevent persons not authorized by the Lottery from accessing the Contractor's facility or the system.

If the Contractor fails to prevent unauthorized access, the State may impose liquidated damages of ten thousand dollars (\$10,000) for each incident of unauthorized access by an unauthorized person.

7.25 BONDS AND INSURANCE

All required bonds and insurance must be issued by companies or financial institutions which are A+ financially rated and duly licensed, admitted, and authorized to do business in the State of New Jersey. The Lottery shall be named as the Obligee in each required bond and as an Additional Insured in each required insurance contract. Required coverages must remain in effect throughout the initial term of the Contract and any and all renewal terms, and the Contractor must submit copies of each required insurance contract, and any renewals thereof, to the State.

7.25.1 Performance Bond

The Contractor will be required to submit a performance bond in the total amount of ten million dollars (\$10,000,000). All bonds must be executed by a company authorized to do business in the State of New Jersey and said bonds and bonding arrangements must meet the approval of the Director, Division of Purchase and Property. The performance bond shall be maintained in full force and effect for the entire period of the contract and any extensions thereof, and the cost of the performance bond will be paid for by the Contractor.

The Contractor will not be required to have submitted its performance bond with the proposal submitted as part of the procurement resulting in this contract. However, the performance bond must be submitted prior to the beginning of the provision of services under this contract. Failure of the Contractor to submit a performance bond in the time required by the State will cause the State to reject the Contractor's proposal and consider the next proposal which was submitted which best meets the State's needs.

The performance bond is renewable annually.

7.25.2 Insurance

The Contractor hereby assumes all risk of and responsibility for, and agrees to indemnify and save harmless the State of New Jersey and the New Jersey State Lottery, from and against any and all

claims, demands, suits, actions, recoveries, judgments, and costs and expenses in connection therewith, made, brought or obtained on account of the loss of life, property, injury, or damage to the person or property of any person or persons whomsoever, whether such person or persons be the State, its Agents or employees, any contractor, or subcontractors employed by the State, their Agents, employees, or assigns, or any third party in any way connected with the parties hereto, which loss of life or property, or injury or damage to persons or property, shall be due to or arise out of, result from, or be in any way connected with this Contract or any work done thereunder.

In addition, the Contractor shall provide to the State the following types of insurance and these coverages shall remain in full force and effect throughout the life of the Contract including any extension period and shall be with such insurers who are satisfactory to the State of New Jersey and the New Jersey State Lottery.

1. Comprehensive General Liability Insurance with limits of not less than two million dollars (\$2,000,000) for any one person and four million dollars (\$4,000,000) for any occurrence for personal injury and four million dollars (\$4,000,000) for any one occurrence of property damage. The policy should include coverage for Contractual liability. The Contractor will warrant that the policy limits are unimpaired.
2. Errors and Omissions Insurance with limits of not less than twenty five million dollars (\$25,000,000) to be in full force and effect at all times which will indemnify the Contractor and the State of New Jersey for direct loss which may be incurred due to human error, computer error, machine error, or communications line problems, regardless of fault or negligence. The Contractor will warrant that the policy limits are unimpaired.
3. Automobile Liability Insurance with bodily injury liability coverage with a limit of not less than two million dollars (\$2,000,000) for each person and four million dollars (\$4,000,000) for each accident, and property damage liability with a limit of not less than two million dollars (\$2,000,000) for each accident, if automotive equipment is used in the operation of the system and in the provision of services under the resulting Contract.
4. The Contractor will maintain All Risk Property Insurance on his facilities. This insurance will contain a provision for Contingent Business Interruption coverage for the benefit of the State of New Jersey, Division of State Lottery, to cover loss of income derived from gross sales because of interruption in the operation of the games and the system or any part thereof due to a covered loss. The limit for Contingent Business Interruption Coverage shall be ten million dollars (\$10,000,000).
5. A Fidelity Bond in the amount of five million dollars (\$5,000,000) per loss to the State due to any fraudulent or dishonest act on the part of any officer, agent, subcontractor, or employee of the prime Contractor.

Each such policy shall contain a provision covering a cancellation requirement which indicates cancellation can only occur after sixty (60) days written notice to the State of New Jersey and the New Jersey State Lottery. The Contractor will furnish to the State such evidence of insurance as the State may require at the time of contract award and for all periods during the term of the Contract.

7.26 PRODUCTION ACCEPTANCE TEST FOLLOWING AWARD

The Lottery will conduct a series of acceptance tests to fully determine the passing or failing of the Contractor's installation in accordance with the specifications of this RFP and the Contractor's proposal. Irremediable failure of the Contractor to pass these tests may result in the Contractor forfeiting the full amount of the performance bond.

The system will be tested for each and every requirement in this RFP. Until appropriate tests are deemed acceptable by the Lottery, no operational date will be approved. The Contractor's assistance in arranging tests will be necessary.

The Contractor is expected to develop written scripts for acceptance testing and keep written scripts up-to-date for any and all system acceptance tests. Test data files (e.g., instant ticket validations) are to be maintained of sufficient volumes to facilitate acceptance testing. The Lottery reserves the right to change or to add to written scripts and test data files. Please see Appendix K for further information regarding acceptance testing.

7.27 AVAILABILITY OF FUNDS

Any contract executed as a result of this procurement is contingent on the availability of funds for each fiscal year and/or the continuation of the existing and proposed games by the State.

7.28 PROJECT MANAGEMENT - GENERAL

All Contractor activities to be performed under all parts of the Contract will be accomplished in consultation with, under the direction of, and with the approval of the State's project manager. The State's project manager will be responsible for the approval of all deliverables for each element of the tasks and or sub-tasks in the scope of work.

7.29 SUBSTITUTION OF PERSONNEL OR SUBCONTRACTOR

If, during the term of the Contract, the Contractor or subcontractor cannot provide the management and supervisory personnel as proposed and requests a substitution, that substitution must be an approved equal or better. The Contractor or Subcontractor will provide detailed resume qualifications and justification which will be forwarded to the State project manager for written approval prior to any personnel substitution. It is acknowledged by the Contractor that every reasonable attempt shall be made to assign the personnel listed in the Contractor's bid response proposal. A revised table of organization must accompany the notification of personnel substitution.

7.29.1 No Contractor, project or management personnel shall be permanently assigned until they have been interviewed and approved by the State's project manager. Personnel assigned temporarily during the start-up period must be identified and their function(s) defined. (Refer to the RFP Section regarding Criminal History Record Information forms.)

7.29.2 In the event that any management personnel are found to be unacceptable by the State's project manager, or are replaced or transferred by the Contractor for any reason, the individual(s) assigned as replacement(s) shall equal or exceed in qualifications and experience the individual(s) proposed by the Contractor in their original bid response proposal.

7.29.3 In the event that the Prime Contractor desires to substitute a subcontractor, the Prime Contractor will identify the organization, officers and the contractual agreement to be made which will be forwarded to the State's project manager and the Director, Division of Purchase and Property for approval prior to the commencement of any work by the recommended substitute subcontractor.

7.30 NON-EXCLUSIVE RIGHTS

Nothing in the RFP or any Contract resulting from this RFP shall be construed as precluding the Lottery from purchasing other on-line game services or equipment or employing other persons or

entities to provide other on-line game services or equipment for use in another system or for use as an integral part of the system described in this RFP. The Contractor must cooperate with other implementations undertaken by the Lottery.

7.31 OWNERSHIP OF MATERIAL

Ownership of all data, material and operating reports originated and prepared for the Lottery pursuant to any contract resulting from this RFP shall belong exclusively to the Lottery. If, for any reason, other than a breach of agreement by the State, the Contractor or successor Contractor should lose its ability to service the Contract with the State of New Jersey, the State shall retain the right to use the facilities, such program instructions and documentation for those items owned by the Contractor and which are necessary to provide contractual services. Said right shall be limited to the right of the State to possess and make use of such solely for the use or benefit of the State in maintaining, altering and improving the operational characteristics of the programs and systems being used by the State under the Contract. All programs, documentation, instructions, facilities, hardware, and the like, including modifications or alterations thereof, shall be kept in confidence and shall be returned together with all copies to the Contractor when their use has been completed.

7.32 TICKET PURCHASE AND PRIZE PAYMENT RESTRICTIONS

In the final Contract, the Lottery shall reserve the right to establish restrictions relative to participation in the New Jersey State Lottery by and payment of prizes to persons affiliated with the Contractor or its subcontractors (and their family members).

7.33 SECURITY PROGRAM UNDER THE CONTRACT

Prior to operations under the Contract, the Contractor shall establish a physical and software security program for the entire system, subject to the prior written approval of the Lottery.

The program shall include measures for the Lottery to ensure security for the Lottery administrative system following turnover to the Lottery.

The Lottery reserves the right to require at any time such further and additional security measures as deemed necessary or appropriate to ensure the integrity of the system or the game(s).

The Contractor shall, at a minimum, adhere to the following security elements:

- A. Submitting initially upon the awarding of the Contract, a list of the names, addresses, dates of birth, social security numbers, and/or fingerprint/CHRI (Criminal History Record Information) forms bearing the employee's signed authorization to allow law enforcement agencies to release to the Lottery any criminal history that pertains to such employee, of all officers and employees of the Contractor and any subcontractors involved in the implementation, installation and operation of the Lottery system. The Lottery may extend this requirement to include investors, owners and associates of the Contractor(s) as it deems appropriate. Further, as changes are processed throughout the initial term and any and all renewal terms of the Contract for the aforementioned types of personnel, any change in this requested data and authorization shall be reported to the Lottery within one (1) month. These

criminal history checks are to be conducted through an existing agreement between the Lottery and the New Jersey State Police, and are to be at the expense of the State. Specific procedures for accomplishing this will be delivered to the Contractor.

- B. In the event that an individual, partnership, corporation, associate group of investors, or other legal entity obtains an ownership interest in the Contractor in the amount of five percent (5%) or more, the Lottery must be notified in writing. A background investigation may be required for these new owners and the State may, at its option, terminate the Contract after providing thirty (30) days written notice to the Contractor.
- C. The Lottery reserves the right, at any time and without prior notice, to inspect and otherwise evaluate all phases of performance specified in the Contract and the premises in which such work is performed.
- D. Notification of Arrests: The Contractor is required to notify the Executive Director of the Lottery of any arrests of key personnel in the Contractor's employment, or similarly in the employment of subcontractors. This notification must occur within five (5) days of the arrest.

7.34 TAXES, FEES AND ASSESSMENTS

The Contractor will be responsible for payment of all taxes from the funds received under the Contract resulting from this RFP and any and all such taxes shall be identified under the Contractor's federal tax identification number. The Contractor shall pay all federal, state and local taxes of any kind, including without limitation income, franchise, ad valorem personal property, sales, use, lease, consumption, distribution and storage taxes, for the system and services relating thereto provided by the Contractor, whether or not such taxes are in effect as of the date the Contract resulting from this RFP is signed or scheduled to go into effect, or become effective during the initial term and any and all renewal terms, if any.

7.35 NEWS RELEASES

News releases pertaining to these specifications and the Contractor's proposal for the services to be rendered under this project will not be made by the Contractor without the prior written approval of the Executive Director, New Jersey State Lottery. Potential bidders are cautioned that any public discussion of the contents of a proposal prior to bid opening may jeopardize the procurement process. Guidelines governing the announcement of pertinent information relating to the operations of the Lottery may be found in the New Jersey Administrative Code. Specifically, N.J.A.C. 17:20, Subchapter(s) 7.8, Disclosure and 8.1 (h) Lottery Vendors' Code of Ethics represents the conditions for disclosure. The Contractor will not be permitted to issue news releases pertaining to: games, winners, or other pertinent information, without the written consent of the Executive Director of the New Jersey State Lottery for the life of the Contract or any extension thereof.

7.36 ADVERTISING

The Contractor agrees not to use the Lottery's name, logos, images, nor any data or results arising from this procurement process or Contract as a part of any commercial advertising without prior written approval by the Lottery.

7.37 CODE OF ETHICS FOR BIDDERS AND CONTRACTORS

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 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 seq. which, at N.J.S.A. 52:13D-17 provides as follows:

No State officer or employee or special State officer or employee, subsequent to the termination of his office or employment in any State agency, shall represent, appear for, negotiate on behalf of, or provide information not generally available to members of the public or services to, or agree to represent, appear for, negotiate on behalf of, or provide information not generally available to members of the public or services to, whether by himself or through any partnership, firm or corporation in which he has an interest or through any partner, officer or employee thereof, any person or party other than the State in connection with any cause, proceeding, application or other matter with respect to which such State officer or employee or special State officer or employee shall have made any investigation, rendered any ruling, given an opinion, or been otherwise substantially and directly involved at any time during the course of his office or employment. Any person who willfully violates the provisions of this section is a disorderly person, and shall be subject to a fine not to exceed five hundred dollars (\$500.00.) or imprisonment not to exceed six (6) months, or both.

In addition, Subchapter 8 of the Administrative Code, 17:20-8.1, The Lottery Vendor Code of Ethics, is hereby established as the Code of Ethics for Bidders and Contractors. (See Appendix L.)

7.38 LOCATION AND USE

It is necessary that all phases of terminal installation and gaming system installation, including the Lottery administrative system, be located within the geographic boundaries of the State of New Jersey subject to the prior approval of the Executive Director of the New Jersey State Lottery.

This system is for the exclusive use of the New Jersey State Lottery. No other use or provision of services from this system can be made.

7.39 FORCE MAJEURE

A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled, negatively affecting both the Contractor's primary and backup systems. As herein used, Force Majeure means acts of God, acts of war, epidemics or other disasters or events, fire, explosion, action of the elements, acts of Federal or State agencies and government, rationing, or any other cause which is beyond the control of and without the fault or negligence of the party affected and which, by the exercise of reasonable diligence, said party is unable to prevent.

Neither the Contractor nor the Lottery shall be liable to the other for any delay in or failure of performance under the Contract resulting from this RFP due to a Force Majeure occurrence. Any such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of such causes of such delay or failure shall extend the period for performance to such extent as determined by the Director of the Division of Purchase and Property to be necessary to enable complete performance by the Contractor if reasonable diligence is exercised after the cause of delay or failure has been removed.

7.40 SYSTEM EXPANSION

The State reserves the right to require system enhancements necessary to expand the number and type of games. Operational costs of the expansion and payments on a fee basis to the Contractor will be based upon the cost matrix (Appendix A) proposed by the Contractor in response to the RFP resulting in this Contract, or as existing at the time the expansion is structured.

The State reserves the right to approve the payments of any unforeseen, extraordinary, non-recurring costs, if any, associated with the system enhancement.

7.41 TERMINAL NETWORK EXPANSION RATE

The current configuration consists of approximately five thousand three hundred (5,300) on-line terminals; approximately this or a slightly larger number are to be delivered by the Contractor for the conversion. The Contractor will be responsible for ensuring the operability of the same terminal count as of February 14, 1996 for February 15, 1996. Subsequent expansion may include the addition of between fifty (50) and one-hundred (100) terminals per month allowing ninety (90) days from date of notification for installation of these terminals.

7.42 PURCHASE OPTIONS

The State reserves the right to purchase portions of, or the entire, on-line and/or LAPS systems (hardware, software, and terminals) at annual anniversaries of February 15, 1996. This purchase would include all operational software and an outright ownership of that software. The Contractor is to have indicated the purchase price at each anniversary date of the Contract. (Refer to Appendix C and Appendix D.)

In exercising any purchase option, the State shall give the Contractor ninety (90) days prior written notice thereof. The State shall make payment in full to the Contractor at the time of exercise of such option.

In the event that prior to the time of exercise of such purchase option, additional items of hardware or software are desired, the Contractor and the State will negotiate a reasonable price

for the purchase of these new items as part of the purchase option. The Contractor will provide certified costs for any and all new or additional hardware or software item desired by the Lottery.

In connection with the purchase option, the Contractor will warrant to the State:

- A. That the system purchased is the system then currently operated by the Contractor and is free from any liens and encumbrances;
- B. That the system purchased is free of defects in materials or workmanship as of the time of purchase and: (a) as to hardware for a period of one (1) year (provided that the system is properly maintained) thereafter; and, (b) as to software, for a period of three (3) years thereafter. In the event of any breach of or claim under this warranty, the sole obligation of the Contractor is to repair any such defect or replace any such defective part (at the option of the Contractor) at its own cost and expense; and,
- C. The operational training program will be of such a nature as to reasonably meet the objective of the State to operate the entire system by use of its own employees, Agents or duly authorized representatives.

7.43 TERMINATION OF CONTRACT

The following provisions supplement, and in no way supersede, the provisions set forth in Section 3.5 of the Standard Terms and Conditions of this RFP:

The Director, Division of Purchase and Property reserves the right to terminate any contract, in whole or in part, entered into as a result of this RFP, provided notice has been given by the Director, Division of Purchase and Property to the Contractor without prejudice to any rights and cause of action the Director, Division of Purchase and Property may have against the Contractor, upon the following conditions:

- A. A receiver, conservator, liquidator, or trustee of the Contractor, or of any of its property is appointed by order or decree of any court or agency or supervisory authority having jurisdiction; or an order for relief is entered against the Contractor, under the Federal Bankruptcy Code; or the Contractor is adjudicated bankrupt or insolvent; or any material portion of the property of the Contractor is sequestered by court order and such order remains in effect for more than thirty (30) days after such party obtains knowledge thereof; or a petition is filed against the Contractor under any state, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation, or receivership law of any jurisdiction, whether now or hereafter in effect, and such petition is not dismissed within sixty (60) days; or,
- B. The Contractor is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any

jurisdiction, whether now or hereafter in effect, or consents to the filing of any case or petition against it under any such law; or,

- C. The Contractor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee, or liquidator of the Contractor or of all or any part of its property; or judgment for the payment of money in excess of fifty thousand dollars (\$50,000) (which is not covered by insurance) is rendered by any court or governmental body against the Contractor, and the Contractor does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within thirty (30) days from the date of entry thereof, and within said thirty (30) day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under generally accepted accounting principles; or a writ or warrant of attachment or any similar process shall be issued by any court against all or any material portion of the property of the Contractor, and such writ or warrant of attachment or any similar process is not released or bonded within thirty (30) days after its entry; or,
- D. A court of competent jurisdiction finds that the Contractor has failed to adhere to any laws, ordinances, rules, regulations or orders of any public authority having jurisdiction; or,
- E. The Contractor fails to communicate with the Lottery as required by the Contract; or,
- F. The Contractor breaches its duty of confidentiality contained in the Contract; or,
- G. The State makes a written determination that the Contractor has failed to substantially perform under the Contract, which determination shall specify the events resulting in the State's determination that the Contractor has failed to substantially perform under this Contract; or,
- H. Any of the material representations or warranties made by the Contractor in the Contract, their bid response proposal or in oral presentations, if any, are found to be false by the State; or,
- I. The Contractor fails to comply with any of the terms, conditions or provisions of the Contract, in any manner whatsoever; or,

- J. The State determines that the Contractor's continued operation of the system could place the integrity of the Lottery in jeopardy; or,
- K. The Contractor modifies the system, or the hardware or software of which it is comprised, without the prior written consent of the State.

The Director, Division of Purchase and Property reserves the right, for any reason whatsoever, to terminate the Contract, in whole or in part, by ninety (90) days advance written notice to the Contractor.

The Director, Division of Purchase and Property also reserves the right to terminate any contract entered into as a result of this RFP based on mutually agreed terms.

It is possible that termination could be required by Executive Order of the Governor or on the basis of the legislature enacting or repealing any statutes which would not enable the State under its laws to satisfy the terms of the Contract or to make payments therewith. In the event the termination or suspension is required by an Executive Order which is subsequently withdrawn, and the Contractor was not at fault, the Contract can be extended for a period of time equal to the period of interruption at the same terms and conditions.

7.44 END OF CONTRACT CONVERSION

It is contemplated that the Lottery, approximately one (1) year prior to the expiration of the Contract term resulting from this RFP, or any extension thereof, will award a new Contract for replacement of the system. The parties understand and agree that the Lottery may utilize the last one hundred eighty (180) days of any Contract term resulting from this RFP, or extension thereof, for conversion (transfer) of Agent terminals to the replacement system.

The Lottery shall be solely responsible for scheduling conversions (transfers) of Agent terminals, and the Contractor shall cooperate fully and in good faith in said conversion (transfer). Cooperation may include, but not be limited to, sharing of liability files and cross-validation of winning tickets.

The Contractor further shall remove all equipment and materials relating solely to the Contractor's system from each Agent location within seven (7) calendar days after receipt of notification from the State to remove said items. The Contractor shall cooperate in the conversion (transfer) process providing terminal hardware and software specifications (e.g., line protocol, message format, etc.) as required.

Please see Appendix M for further information regarding the end of contract transition plan.

7.45 FACILITY USE AT CONTRACT CONVERSION

In the event of Contract expiration, termination, or exercise of the purchase option, the Contractor agrees to cooperate with the State and any successor Contractor regarding the utilization of the primary (central) computer site located adjacent to the State Lottery Headquarters currently in Lawrenceville, New Jersey. Similar cooperation is required for use of the secondary (backup) site facility. The Contractor's cooperation will ensure a smooth transition from the one contract era to the next.

7.46 HARDWARE AND SOFTWARE CHANGES

The Contractor's services shall include both hardware and software changes, including fixes to all errors and design defects; new, improved versions of the software; on-line games improvements, including modifications and new games to improve sales; and, changes to reports. These will be accomplished at no additional cost to the Lottery, except where extraordinary, non-recurring costs are involved, which will be subject to negotiation, if not otherwise quoted in the Contractor's proposal submitted in response to the RFP issued for the procurement resulting in this Contract.

8.0 DEFINITIONS

Agent: A person licensed to sell Lottery tickets under license from the Lottery.

Bidder: Any firm or person who submits a proposal in response to this RFP.

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

Contract: The written agreement resulting from this procurement, which shall incorporate, among other things, this RFP and the successful bidder's proposal.

Contractor: The bidder to whom the Director of Purchase and Property awards the contract resulting from this procurement.

Facilities: The computer site, hardware, software, terminals, etc., required to provide and support on-line games, instant ticket validations, inventory, etc.

Instant Games: Games not sold exclusively through the computer network, but which are validated through the network.

Key Personnel: Officers, directors, and any individuals having a say over management or operational policy of the company. In addition, any staff assigned to the primary and backup sites during conversion and ongoing operations.

On-Line Games: Games sold and validated through the computer network to be provided by the Contractor pursuant to this RFP.

Optional Item: A system feature or capability for which the New Jersey State Lottery makes no schedule or quantity commitments, but which may, at the Lottery's discretion, be included in or added to the system. The availability of optional items may be solicited by the Lottery, or the bidder may offer optional items on his own. Optional items may have additional cost quoted or may not.

Net Sales: Gross sales from the on-line games less cancellations and adjustments.

Proposal: All materials submitted by a bidder in response to this RFP.

APPENDIX A
COST MATRICES

**APPENDIX A
COST MATRICIES**

I. On Line System Compensation - On Line Game Billing Matrix.

ON-LINE GAME BILLING MATRIX

	TERMINALS						
	UP TO 5,500	5,501 TO 6,000	6,001 TO 6,500	6,501 TO 7,000	7,001 TO 7,500	7,501 TO 8,000	OVER 8,000
WEEKLY SALES COMPENSATION RATE	X%	X% + 0.1%	X% + 0.2%	X% + 0.3%	X% + 0.4%	X% + 0.5%	X% + 0.6%

PERCENTAGE OF ON-LINE SALES COMPENSATION: "X" = _____% (SUBMIT BID RATE HERE)

EXAMPLE OF MATRIX APPLICATION:

1. WEEKLY ON- LINE SALES OF \$25,000,000.00
ACTIVE TERMINALS OF 5,300

$$\$25,000,000.00 * X\% = \underline{A}$$

A = WEEKLY VENDOR COMPENSATION FOR ON- LINE SALES

2. WEEKLY ON- LINE SALES OF \$25,000,000.00
ACTIVE TERMINALS OF 6,200

$$\$25,000,000.00 * (X\% + 0.2\%) = \underline{A}$$

A = WEEKLY VENDOR COMPENSATION FOR ON- LINE SALES

II. Instant System Compensation - (% of Gross Instant Sales)

PERCENTAGE OF GROSS INSTANT SALES COMPENSATION: "Y" = _____% (SUBMIT BID RATE HERE)

EXAMPLE OF INSTANT RATE APPLICATION:

1. WEEKLY GROSS INSTANT SALES OF \$5,000,000.00

$$\$5,000,000.00 * Y\% = \underline{B}$$

B = WEEKLY VENDOR COMPENSATION FOR THE INSTANT SYSTEM.

III. LAPS System Compensation - LAPS weekly rate should reflect a 5 year lease purchase of the LAPS system with the Lottery assuming ownership of all hardware and software at the end of the 5 year contract period.

WEEKLY CHARGE FOR LAPS SYSTEM: "Z" = \$ _____ (SUBMIT RATE HERE)

Bidder Note!! - The weekly figures of \$25,000,000 and \$5,000,000, for On-Line sales and Gross Instant sales respectively, are provided for informational purposes only. They do not represent the sales benchmarks that will be used in the proposal evaluation.

APPENDIX B
ALLOCATION OF COSTS BY MAJOR SYSTEM ELEMENT,
AS A PERCENTAGE OF GROSS SALES

APPENDIX B

SUBALLOCATION OF APPENDIX A, PERCENTAGE OF SALES "X"

<u>CATEGORY</u>	<u>PERCENT OF APPENDIX A</u>
<u>1. Central Site Equipment and Maintenance</u>	
<u>2. Terminal Equipment and Maintenance</u>	
<u>3. System Development</u>	
<u>4. Central Site Operations (Personnel, Site Rental, etc.</u>	
<u>5. Paper Stock, Prize Claim Forms, Printing, Ribbons and Bet Slips</u>	
<u>6. Distribution of Paper Stock, Claim Forms, Ribbons, Supplies, and Bet Slips</u>	
<u>7. Agent Training</u>	
<u>8. Microfiche</u>	
<u>9. Other: (List)</u>	
	<u>TOTAL 100%</u>

NOTE: The vendor should assure that all figures shown here do relate to the quotation shown in Appendix A since the State may exercise options for particular categories and reduce the price quotations in Appendix A based on the percentage shown in this appendix.

APPENDIX C

**LIST OF COSTS FOR PURCHASE OPTION OF THE ON-LINE SYSTEM,
BY MAJOR SYSTEM ELEMENT,
FOR EACH YEAR OF THE CONTRACT**

APPENDIX C
PURCHASE OPTION FOR 5,300 TERMINAL SYSTEM

<u>SYSTEM COMPONENT</u>	<u>PURCHASE COST</u>	<u>PURCHASE COST</u>	<u>PURCHASE COST</u>	<u>PURCHASE COST</u>	<u>PURCHASE COST</u>
<u>DAY 1 OUTRIGHT</u>	<u>THROUGH END OF</u>	<u>THROUGH END OF</u>	<u>THROUGH END OF</u>	<u>THROUGH END OF</u>	<u>THROUGH END OF</u>
<u>PURCHASE COST</u>	<u>1st YEAR</u>	<u>2nd YEAR</u>	<u>3rd YEAR</u>	<u>4th YEAR</u>	<u>5th YEAR</u>
System development including unlimited rights to all software and all application programs					
Hardware at central site:					
- Central Processing Units					
- Magnetic Tape Units					
- Magnetic Disk Units					
- Input/Output Units					
- Controllers (excluding communications)					
- Communications Controllers					
- Uninterruptable Power Source					
- Other					
TOTAL Hardware at Central Site					
Terminals:					
- Agent Operated (On-Line Terminals, Instant Only Terminals, Instant Ticket Vending Machines)					
Maintenance Costs:					
- Central Site					
- Terminals					
GRAND TOTAL					

APPENDIX D

**LIST OF COSTS FOR PURCHASE OPTION OF LAPS,
BY MAJOR SYSTEM ELEMENT,
FOR EACH YEAR OF THE CONTRACT**

**APPENDIX D
 LOTTERY ADMINISTRATIVE PROCESSING SYSTEM
 EQUIPMENT AND SOFTWARE COMPENSATION**

A) LAPS Hardware and Software Price Listing with annual buyout options:

Item	Planned Amount	Unit Price	Extended Price	To Be Paid By State
1) Mini/Server Ssystems including all DASD, Tape Drives, Cabling, Networks, Communications Hardware for all users.			_____	_____
2) Production Laser Printers (40 Page Page Per Minute).	2		_____	_____
3) Remote Site Laser Printers (15 Page Per Minute).	5		_____	_____
4) Office Laser Printers (8 Page Per Minute).	10		_____	_____
5) Desk Top Publishing:				
100 MHZ Pentium PC. 16MB RAM, 256 KB Cache. 1 GB 10ms IDE Hard Drive. 2 MB PCI Local Bus Graphics. Multi Media, Quad Speed CD-ROM Drive. 3.5" Diskette Drive. 17" SVGA Color Monitor. MS Windows. Fax/ Modem. Internal Tape Backup.	2		_____	_____
Color Desktop Color Printers, 4 MB Memory, Full Featured 600 DPI. PCL 5 and 26 Scalable typefaces.	2		_____	_____
Digital Color Flatbed Scanner	1		_____	_____
6) Management Systems:				
100 MHz Pentium PC. 16MB RAM, 256 KB Cache. 1 GB 10ms IDE Hard Drive. 2 MB PCI Local Bus Graphics. Multi Media, Quad Speed CD-ROM Drive. 3.5" and 5.25 " D iskette Drives. 15" SVGA Color Monitor. MS Windows. Fax/ Modem.	18		_____	_____

**APPENDIX D
 LOTTERY ADMINISTRATIVE PROCESSING SYSTEM
 EQUIPMENT AND SOFTWARE COMPENSATION**

Item	Planned Amount	Unit Price	Extended Price	To Be Paid By State
7) Administrative Systems:				
60 MHz Pentium PC. 8MB RAM, 256 KB Cache. 780 MB 10ms IDE Hard Drive. 1 MB PCI Local Bus Graphics. Multi Media, Quad Speed CD-ROM Drive. 3.5" Diskette Drive. 15" SVGA Color Monitor. MS Windows.	94			
8) Field Systems:				
60 MHz 486 DX Notebook PC. 4 MB RAM, 256 KB Cache. 780 MB Removable 10ms IDE Hard Drive. Integrated Trackball or Pointing Device. IMB Video RAM. 3.5 " Diskette Drive. 9" Dual Scan Color Monitor. NIMH Battery and AC Pack. Instant On. MS Windows.	57			
Bar Code Reading Devices	8			
Notebook Docking Stations with connection to LAN. Full size 101 Key Keyboard. 15" SVGA Color Monitor.	8			
9) MGIS Hardware				
PC's and Printers necessary to support the MGIS system.				
10) LAN/Server Software:				
Novell Netware. Relational DBMS. Lightspeed VS. Virus Protection Software. Groupwise for E-mail/Calendar. Network Management Tools. Security Software.				

**APPENDIX D
 LOTTERY ADMINISTRATIVE PROCESSING SYSTEM
 EQUIPMENT AND SOFTWARE COMPENSATION**

Item	Planned Amount	Unit Price	Extended Price	To Be Paid By State
11) PC Resident Software:				
Microsoft Office (All Users).				
Virus Protection Software.				
Lotus 123. (25 Users).				
Relational DBMS Development Tool (10 Concurrent Users).				
12) Desktop Publishing:				
Aldus Pagemaker (2 Users).				
13) Internal Control System Software.				
14) MGIS System Software				
15) 5 Year Maintenance on Installed Systems.				
16) Staff Training for Systems Administration, Operators, Programmers and End Users (clients).				
LAPS Total Cost (Day 1 Buyout)				\$ _____
End of Year 1 Buyout				\$ _____
End of Year 2 Buyout				\$ _____
End of Year 3 Buyout				\$ _____
End of Year 4 Buyout				\$ _____

B) Data conversion and New System Development Rates:

Project Manager	\$ _____	Per Hour
Systems Analyst	\$ _____	Per Hour
Programmer	\$ _____	Per Hour

APPENDIX E
SALES ACTIVITY 7/7/93 - 3/29/95

**APPENDIX E
ANALYSIS OF SALES ACTIVITY
FISCAL YEAR 1994**

<u>WEEK ENDING</u>	<u>ON LINE SALES</u>	<u>INSTANT SALES</u>
07/07/93	\$22,850,713.00	\$2,878,800.00
07/14/93	\$20,365,939.00	\$3,208,490.00
07/21/93	\$20,841,287.50	\$2,923,376.00
07/28/93	\$21,885,825.50	\$3,286,538.00
08/04/93	\$25,594,560.00	\$2,860,260.00
08/11/93	\$20,557,431.00	\$3,339,848.00
08/18/93	\$20,590,241.50	\$2,997,879.00
08/25/93	\$21,811,966.00	\$3,271,979.00
09/01/93	\$21,114,676.00	\$2,985,444.00
09/08/93	\$20,619,747.50	\$3,282,238.00
09/15/93	\$24,135,964.50	\$3,051,052.00
09/22/93	\$22,638,360.00	\$3,350,100.00
09/29/93	\$20,400,340.50	\$2,943,000.00
10/06/93	\$22,226,517.50	\$3,667,281.00
10/13/93	\$20,753,284.00	\$3,133,023.00
10/20/93	\$21,282,427.50	\$3,468,679.00
10/27/93	\$24,421,130.50	\$3,059,840.00
11/03/93	\$34,571,898.00	\$3,382,673.00
11/10/93	\$29,071,485.00	\$3,160,969.00
11/17/93	\$23,270,655.00	\$3,854,844.00
11/24/93	\$32,553,105.00	\$3,991,423.00
12/01/93	\$21,263,572.00	\$4,211,470.00
12/08/93	\$25,002,553.00	\$4,314,932.00
12/15/93	\$27,762,579.50	\$4,968,502.00
12/22/93	\$22,707,510.00	\$4,865,076.00
12/29/93	\$21,605,782.50	\$4,960,347.00
01/05/94	\$27,418,157.50	\$3,451,167.00
01/12/94	\$24,299,297.50	\$3,754,970.00
01/19/94	\$21,366,073.50	\$3,020,289.00
01/26/94	\$21,070,477.50	\$3,501,692.00
02/02/94	\$22,590,543.00	\$3,376,121.00
02/09/94	\$22,103,869.00	\$4,006,546.00
02/16/94	\$21,957,707.00	\$3,316,317.00
02/23/94	\$21,450,885.00	\$3,989,929.00
03/02/94	\$21,840,925.00	\$3,533,994.00
03/09/94	\$21,981,574.50	\$4,140,481.00
03/16/94	\$24,952,489.00	\$3,608,439.00
03/23/94	\$29,621,614.00	\$3,975,220.00
03/30/94	\$21,910,812.50	\$3,492,041.00
04/06/94	\$25,834,290.50	\$4,187,718.00
04/13/94	\$24,413,132.00	\$3,670,120.00
04/20/94	\$22,603,797.50	\$4,159,604.00
04/27/94	\$21,444,414.00	\$3,847,004.00
05/04/94	\$22,240,243.50	\$5,852,735.00
05/11/94	\$21,758,145.50	\$4,267,274.00
05/18/94	\$22,953,636.00	\$4,599,984.00
05/25/94	\$27,213,598.50	\$4,107,825.00
06/01/94	\$38,732,905.00	\$4,233,600.00
06/08/94	\$33,155,634.50	\$3,996,000.00
06/15/94	\$21,600,431.50	\$4,665,238.00
06/22/94	\$24,715,334.00	\$4,009,012.00
06/29/94	\$21,114,858.50	\$4,302,063.00
WEEKLY AVERAGE	\$23,850,854.00	\$3,740,066.00

04/12/95

**APPENDIX E
ANALYSIS OF SALES ACTIVITY
FISCAL YEAR 1995**

WEEK ENDING	ON LINE SALES	INSTANT SALES
07/06/94	\$21,309,374.50	\$3,737,905.00
07/13/94	\$24,257,603.50	\$4,145,432.00
07/20/94	\$23,435,505.00	\$3,753,341.00
07/27/94	\$22,775,324.50	\$3,982,824.00
08/03/94	\$28,576,698.00	\$3,585,991.00
08/10/94	\$36,822,108.00	\$4,136,354.00
08/17/94	\$21,724,462.50	\$3,675,472.00
08/24/94	\$22,234,931.50	\$4,124,809.00
08/31/94	\$25,161,025.00	\$3,764,679.00
09/07/94	\$22,408,876.00	\$4,348,245.00
09/14/94	\$22,689,738.00	\$3,837,364.00
09/21/94	\$22,243,747.00	\$4,505,229.00
09/28/94	\$21,958,153.00	\$4,259,701.00
10/05/94	\$22,771,939.00	\$5,066,602.00
10/12/94	\$24,636,529.00	\$4,539,799.00
10/19/94	\$22,288,743.50	\$5,219,745.00
10/26/94	\$22,059,681.50	\$4,353,340.00
11/02/94	\$21,368,922.50	\$4,971,778.00
11/09/94	\$24,364,797.00	\$4,823,528.00
11/16/94	\$26,722,832.50	\$5,126,245.00
11/23/94	\$23,938,640.50	\$5,172,236.00
11/30/94	\$22,556,738.00	\$5,339,691.00
12/07/94	\$34,486,275.50	\$5,540,552.00
12/14/94	\$27,512,014.00	\$5,908,132.00
12/21/94	\$23,379,157.50	\$5,776,956.00
12/28/94	\$20,622,253.00	\$6,608,479.00
01/04/95	\$22,504,198.50	\$5,070,965.00
01/11/95	\$24,515,161.00	\$6,464,218.00
01/18/95	\$21,770,632.50	\$7,291,632.00
01/25/95	\$21,734,191.50	\$7,135,187.00
02/01/95	\$26,089,021.50	\$6,605,652.00
02/08/95	\$24,681,229.00	\$7,026,260.00
02/15/95	\$24,106,963.00	\$5,872,738.00
02/22/95	\$22,968,095.50	\$5,644,423.00
03/01/95	\$21,881,440.50	\$5,184,797.00
03/08/95	\$23,339,396.00	\$5,836,319.00
03/15/95	\$27,172,113.50	\$5,214,505.00
03/22/95	\$24,938,769.50	\$5,576,926.00
03/29/95	\$22,566,673.50	\$4,973,816.00
04/05/95	\$28,191,456.00	\$5,713,072.00
04/12/95		
04/19/95		
04/26/95		
05/03/95		
05/10/95		
05/17/95		
05/24/95		
05/31/95		
06/07/95		
06/14/95		
06/21/95		
06/28/95		
WEEKLY AVERAGE	\$24,117,281.00	\$5,082,099.00

04/12/95

APPENDIX F
COUNTY LOCATION OF AGENTS

APPENDIX F
COUNTY LOCATION OF AGENTS

COUNTY	MUNICIPALITY	AGENT COUNT
Atlantic	Absecon City	6
Atlantic	Atlantic City City	54
Atlantic	Bargaintown	2
Atlantic	Brigantine City	4
Atlantic	Buena	1
Atlantic	Cardiff	3
Atlantic	Corbin City City	1
Atlantic	Dorothy	2
Atlantic	Egg Harbor City	4
Atlantic	Elwood	1
Atlantic	Folsom	1
Atlantic	Hammonton	14
Atlantic	Landisville	1
Atlantic	Linwood City	2
Atlantic	Longport	1
Atlantic	Margate City	5
Atlantic	Mays Landing	8
Atlantic	Minotola	1
Atlantic	Nesco	1
Atlantic	Northfield	2
Atlantic	Pleasantville	16
Atlantic	Pomona	2
Atlantic	Port Republic	1
Atlantic	Richland	1
Atlantic	Scullville	1
Atlantic	Smithville	2
Atlantic	Somers Point City	6
Atlantic	Ventnor City	8

TOTAL AGENTS IN Atlantic COUNTY: 151

Bergen	Allendale Borough	2
Bergen	Bergenfield Borough	11
Bergen	Bogota Borough	8
Bergen	Carlstadt Borough	4
Bergen	Cliffside Park Borough	15
Bergen	Closter Borough	3
Bergen	Cresskill Borough	2
Bergen	Demarest Borough	1
Bergen	Dumont Borough	9
Bergen	East Rutherford Borough	10
Bergen	Edgewater Borough	4
Bergen	Elmwood Park Borough	13
Bergen	Emerson Borough	3
Bergen	Englewood City	16
Bergen	Fair Lawn Borough	17
Bergen	Fairview Borough	11
Bergen	Fort Lee Borough	20
Bergen	Franklin Lakes Borough	2
Bergen	Garfield City	33
Bergen	Glen Rock Borough	5

Bergen	Hackensack City	29
Bergen	Harrington Park Borough	1
Bergen	Hasbrouck Heights Borough	8
Bergen	Haworth Borough	1
Bergen	Hillsdale Borough	5
Bergen	Ho Ho Kus Borough	3
Bergen	Leonia Borough	4
Bergen	Little Ferry Borough	8
Bergen	Lodi Borough	17
Bergen	Lyndhurst Township	25
Bergen	Mahwah Township	5
Bergen	Maywood Borough	4
Bergen	Midland Park Borough	3
Bergen	Montvale Borough	4
Bergen	Moonachie Borough	3
Bergen	New Milford Borough	7
Bergen	North Arlington Borough	15
Bergen	Northvale Borough	2
Bergen	Norwood Borough	4
Bergen	Oakland Borough	3
Bergen	Old Tappan Borough	1
Bergen	Oradell Borough	2
Bergen	Palisades Park Borough	12
Bergen	Paramus Borough	11
Bergen	Park Ridge Borough	3
Bergen	Ramsey Borough	7
Bergen	Ridgefield Borough	8
Bergen	Ridgefield Park Village	12
Bergen	Ridgewood Village	7
Bergen	River Edge Borough	3
Bergen	River Vale Township	2
Bergen	Rochelle Park Township	6
Bergen	Rutherford Borough	14
Bergen	Saddle River Borough	11
Bergen	So. Hackensack	2
Bergen	Teaneck Township	13
Bergen	Tenafly Borough	2
Bergen	Up Saddle River	1
Bergen	Waldwick Borough	5
Bergen	Wallington Borough	11
Bergen	Washington Township	1
Bergen	Westwood Borough	3
Bergen	Woodcliff Lake Borough	2
Bergen	Wood-Ridge Borough	7
Bergen	Wyckoff Township	6

TOTAL AGENTS IN Bergen COUNTY: 491

Burlington	Beverly City	4
Burlington	Bordentown City	11
Burlington	Bordentown Township	2
Burlington	Browns Mills	7
Burlington	Burlington City	21
Burlington	Chatsworth	1
Burlington	Cinnaminson Township	7
Burlington	Columbus	3
Burlington	Cookstown	3

Burlington	Delanco Township	2
Burlington	Delran Township	7
Burlington	Edgewater Park Township	2
Burlington	Fieldsboro	1
Burlington	Florence Township	3
Burlington	Hainesport Township	1
Burlington	Indian Mills	1
Burlington	Jobstown	1
Burlington	Lumberton Township	2
Burlington	Maple Shade Township	12
Burlington	Marlton	10
Burlington	Medford Township	9
Burlington	Moorestown Township	4
Burlington	Mount Holly Township	18
Burlington	Mount Laurel Township	9
Burlington	New Gretna	1
Burlington	Palmyra Borough	7
Burlington	Pemberton	4
Burlington	Riverside Township	7
Burlington	Riverton Borough	2
Burlington	Roebing	5
Burlington	Shamong Twsp.	1
Burlington	Southampton Township	1
Burlington	Tabernacle	2
Burlington	Vicentown	5
Burlington	Willingboro Township	11
Burlington	Wrightstown Borough	7

TOTAL AGENTS IN Burlington COUNTY: 194

COUNTY	MUNICIPALITY	AGENT COUNT
Camden	Atco	5
Camden	Audubon Borough	6
Camden	Blenheim	1
Camden	Barrington Borough	3
Camden	Bellmawr Borough	7
Camden	Berlin Borough	5
Camden	Blackwood	9
Camden	Brooklawn Borough	5
Camden	Camden City	53
Camden	Cedar Brook	1
Camden	Cherry Hill Township	21
Camden	Chesilhurst	2
Camden	Clementon Borough	6
Camden	Collingswood Borough	3
Camden	Delair	2
Camden	Erial	1
Camden	Gibbsboro Borough	2
Camden	Glendora	3
Camden	Gloucester City	11
Camden	Haddon Heights Borough	3
Camden	Haddon Township	1
Camden	Haddonfield Borough	3
Camden	Laurel Spring Borough	6
Camden	Lawnside Borough	1
Camden	Lindenwold	8
Camden	Magnolia Borough	3
Camden	Merchantville Borough	3

Camden	Mount Ephraim Borough	3
Camden	Oaklyn Borough	3
Camden	Pennsauken Township	17
Camden	Pine Hill Borough	4
Camden	Runnemedede Borough	5
Camden	Sicklerville	4
Camden	Somerdale	4
Camden	Stratford Borough	2
Camden	Voorhees Township	7
Camden	W. Collingswood	3
Camden	W. Colswd Hgts	1
Camden	West Berlin	2
Camden	Westmont	4
Camden	Winslow Township	1
Camden	Woodlynne Borough	1

TOTAL AGENTS IN Camden COUNTY: 235

Cape May	Avalon Borough	3
Cape May	Burleigh	1
Cape May	Cape May	4
Cape May	Cape May Ct House	4
Cape May	Del Haven	1
Cape May	Erma	1
Cape May	Green Creek	2
Cape May	Marmora	3
Cape May	North Cape May	4
Cape May	North Wildwood	8
Cape May	Ocean City	10
Cape May	Rio Grande	4
Cape May	Sea Isle City	4
Cape May	Seaville	1
Cape May	South Dennis	1
Cape May	South Seaville	1
Cape May	Stone Harbor	1
Cape May	Villas	3
Cape May	Wildwood	13
Cape May	Woodbine	1

TOTAL AGENTS IN Cape May COUNTY: 70

Cumberland	Bridgeton City	16
Cumberland	Carmel	1
Cumberland	Cedarville	1
Cumberland	Deerfield Township	1
Cumberland	Dorchester	1
Cumberland	Millville City	13
Cumberland	Newport	1
Cumberland	Port Norris	1
Cumberlad	Rosenhayn	2
Cumberland	Shiloh Borough	1
Cumberland	Vineland City	29

TOTAL AGENTS IN Cumberland COUNTY: 67

Essex	Belleville Town	34
Essex	Bloomfield Town	50
Essex	Caldwell Borough	6
Essex	Cedar Grove Township	6
Essex	East Orange City	53
Essex	Fairfield Township	7
Essex	Glen Ridge Borough	2
Essex	Irvington Town	69
Essex	Livingston Township	10
Essex	Maplewood Township	16
Essex	Millburn Township	3
Essex	Montclair Town	20
Essex	Newark City	245
Essex	North Caldwell Borough	1
Essex	Nutley Town	23
Essex	Orange City	31
Essex	Roseland Borough	4
Essex	Short Hills	3
Essex	South Orange Village	10
Essex	Upper Montclair	3
Essex	Verona Borough	9
Essex	West Caldwell Borough	4
Essex	West Orange Town	26

TOTAL AGENTS IN Essex COUNTY: 635

Gloucester	Clayton Borough	3
Gloucester	Deptford Township	5
Gloucester	Franklinville	3
Gloucester	Gibbstown	3
Gloucester	Glassboro Borough	5
Gloucester	Mantua Township	3
Gloucester	Mullica Hill	1
Gloucester	National Park Borough	2
Gloucester	Newfield Borough	1
Gloucester	Paulsboro Borough	5
Gloucester	Pitman Borough	2
Gloucester	Sewell	8
Gloucester	Swedesboro Borough	2
Gloucester	Turnersville	9
Gloucester	Wenonah Borough	3
Gloucester	Westville Borough	4
Gloucester	Williamstown	13
Gloucester	Woodbury City	8
Gloucester	Woodbury Heights Borough	5

TOTAL AGENTS IN Gloucester COUNTY: 87

Hudson	Bayonne City	71
Hudson	East Newark Borough	2
Hudson	Guttenberg Township	8
Hudson	Harrison Town	20
Hudson	Hoboken City	33
Hudson	Jersey City City	177
Hudson	Kearney Town	37

Hudson	North Bergen Township	34
Hudson	Secaucus Town	20
Hudson	Union City City	45
Hudson	Weehawken Township	7
Hudson	West New York Town	30

TOTAL AGENTS IN Hudson COUNTY: 484

Hunterdon	Annandale	1
Hunterdon	Bloomsbury Borough	1
Hunterdon	Califon Borough	3
Hunterdon	Clinton Township	6
Hunterdon	Flemington Borough	11
Hunterdon	Frenchtown Borough	1
Hunterdon	Glen Gardner Borough	2
Hunterdon	Hampton Borough	3
Hunterdon	High Bridge Borough	3
Hunterdon	Lambertville City	3
Hunterdon	Lebanon Borough	1
Hunterdon	Milford Borough	4
Hunterdon	Pottersville	1
Hunterdon	Readington Township	7
Hunterdon	Ringoes	2
Hunterdon	Stockton Borough	1
Hunterdon	Three Bridges	1
Hunterdon	West Portal	1
Hunterdon	White House Station	3
Hunterdon	Whitehouse	2

TOTAL AGENTS IN Hunterdon COUNTY: 53

Mercer	East Windsor Township	10
Mercer	Edinburg	1
Mercer	Ewing Township	2
Mercer	Groveville	1
Mercer	Hamilton	4
Mercer	Hamilton Square	6
Mercer	Hightstown Borough	4
Mercer	Hopewell Borough	1
Mercer	Lawrenceville	17
Mercer	Mercerville	1
Mercer	Pennington Borough	5
Mercer	Princeton	7
Mercer	Princeton Junct	2
Mercer	Robbinsville	5
Mercer	Titusville	2
Mercer	Trenton	116
Mercer	Trenton East	14
Mercer	West Windsor	1
Mercer	Windsor	1
Mercer	Yardville	6

TOTAL AGENTS IN Mercer COUNTY: 206

Middlesex	Avenel	14
Middlesex	Carteret Borough	20
Middlesex	Colonia	15
Middlesex	Cranbury Township	5
Middlesex	Dayton	3
Middlesex	Dunellen Borough	9
Middlesex	East Brunswick Township	16
Middlesex	Edison Township	57
Middlesex	Fords	10
Middlesex	Helmetta Borough	1
Middlesex	Highland Park Borough	7
Middlesex	Hopelawn	2
Middlesex	Iselin	15
Middlesex	Jamesburg Borough	7
Middlesex	Keasbey	1
Middlesex	Kendall Park	4
Middlesex	Laurence Harbor	4
Middlesex	Metuchen Borough	10
Middlesex	Middlesex Borough	13
Middlesex	Milltown Borough	9
Middlesex	Monmouth Junction	5
Middlesex	New Brunswick City	40
Middlesex	No. Brunswick Township	21
Middlesex	Old Bridge Township	23
Middlesex	Parlin	13
Middlesex	Perth Amboy City	50
Middlesex	Piscataway Township	18
Middlesex	Plainsboro Township	4
Middlesex	Port Reading	3
Middlesex	Sayreville Borough	16
Middlesex	Sewaren	2
Middlesex	South Amboy City	14
Middlesex	South Plainfield Borough	28
Middlesex	South River Borough	9
Middlesex	Spotswood Borough	11
Middlesex	West Carteret	1
Middlesex	Woodbridge Township	22

TOTAL AGENTS IN Middlesex COUNTY: 502

Monmouth	Aberdeen	3
Monmouth	Adelphia	1
Monmouth	Allenhurst Borough	1
Monmouth	Allentown Borough	2
Monmouth	Allenwood	1
Monmouth	Asbury Park City	18
Monmouth	Atlantic Highlands Borough	5
Monmouth	Avon By The Sea Borough	2
Monmouth	Belford	4
Monmouth	Belmar Borough	9
Monmouth	Bradley Beach Borough	6
Monmouth	Brielle Borough	4
Monmouth	Clarksburg	2
Monmouth	Cliffwood	2
Monmouth	Cliffwood Beach	1
Monmouth	Colts Neck Township	2
Monmouth	Creamridge	2
Monmouth	Deal Borough	1

Monmouth	East Keansburg	3
Monmouth	Eatontown Borough	7
Monmouth	Elberon	1
Monmouth	Englishtown Borough	5
Monmouth	Fair Haven Borough	1
Monmouth	Farmingdale Borough	4
Monmouth	Freehold Borough	21
Monmouth	Hazlet	14
Monmouth	Highlands Borough	5
Monmouth	Holmdel Township	4
Monmouth	Howell Township	14
Monmouth	Keansburg Borough	13
Monmouth	Keyport Borough	11
Monmouth	Leonardo	2
Monmouth	Lincroft	3
Monmouth	Little Silver Borough	3
Monmouth	Loch Arbour Village	1
Monmouth	Long Branch City	21
Monmouth	Manalapan Township	5
Monmouth	Manasquan Borough	5
Monmouth	Marlboro Township	8
Monmouth	Matawan Borough	13
Monmouth	Middletown Township	10
Monmouth	Millstone Twsp.	1
Monmouth	Monmouth Beach Borough	1
Monmouth	Morganville	3
Monmouth	Naveskink	2
Monmouth	Neptune Township	3
Monmouth	Neptune City Borough	21
Monmouth	Oakhurst	5
Monmouth	Ocean	7
Monmouth	Ocean Grove	1
Monmouth	Oceanport Borough	2
Monmouth	Perrineville	1
Monmouth	Port Monmouth	6
Monmouth	Red Bank Borough	19
Monmouth	Roosevelt Borough	1
Monmouth	Rumson Borough	1
Monmouth	Sea Bright Borough	4
Monmouth	Sea Girt Borough	2
Monmouth	Shrewsbury Borough	2
Monmouth	South Belmar	2
Monmouth	Spring Lake Borough	5
Monmouth	Tinton Falls	4
Monmouth	Union Beach Borough	3
Monmouth	Wall Township	8
Monmouth	Wanamassa	4
Monmouth	West Long Branch Borough	5
Monmouth	West Keansburg	1

TOTAL AGENTS IN Monmouth COUNTY: 353

Morris	Boonton Town	11
Morris	Budd Lake	7
Morris	Butler Borough	4
Morris	Cedar Knolls	4
Morris	Chatham Borough	5

Morris	Chester Borough	4
Morris	Denville Township	9
Morris	Dover Town	18
Morris	E. Hanover	9
Morris	Flanders	6
Morris	Florham Park Borough	3
Morris	Gillette	2
Morris	Green Village	1
Morris	Hibernia	1
Morris	Ironia	2
Morris	Kenvil	3
Morris	Kinnelon	5
Morris	Lake Hiawatha	7
Morris	Lake Hopatcong	5
Morris	Landing	4
Morris	Ledgewood	2
Morris	Lincoln Park	5
Morris	Long Valley	1
Morris	Madison	14
Morris	Mendham	3
Morris	Milton	1
Morris	Mine Hill	2
Morris	Montville	2
Morris	Morris Plains	10
Morris	Morristown	17
Morris	Mount Arlington	3
Morris	Mount Freedom	2
Morris	Mountain Lakes	1
Morris	Netcong	3
Morris	New Vernon	1
Morris	Newfoundland	2
Morris	Oak Ridge	4
Morris	Parsippany	19
Morris	Peguannock	3
Morris	pine Brook	2
Morris	Pompton Plains	5
Morris	Randolph	6
Morris	Riverdale	5
Morris	Rockaway	15
Morris	Stirling	3
Morris	Succasunna	4
Morris	Towaco	3
Morris	Wharton	6
Morris	Whippany	5
Morris	White Meadow Lake	1

TOTAL AGENTS IN Morris COUNTY: 260

Ocean	Barnegat Light Borough	5
Ocean	Bay Head Borough	1
Ocean	Bayville	9
Ocean	Beach Haven Borough	4
Ocean	Beachwood Borough	2
Ocean	Brant Beach	1
Ocean	Breton Woods	1
Ocean	Brick	41
Ocean	Brighton Beach	1

Ocean	Chadwick Beach	1
Ocean	Forked River	11
Ocean	Island Heights	1
Ocean	Jackson	15
Ocean	Lakehurst	6
Ocean	Lakewood	32
Ocean	Lanoka Harber	5
Ocean	Lavallette	5
Ocean	Manahawkin	12
Ocean	Manchester	2
Ocean	New Egypt	3
Ocean	Normandy Beach	1
Ocean	Ortley	3
Ocean	Pine Beach	1
Ocean	Point Pleasant	18
Ocean	Seaside Heights	3
Ocean	Seaside Park	3
Ocean	Ship Bottom	3
Ocean	Silverton	1
Ocean	So Toms River	1
Ocean	So Seaside Park	4
Ocean	Surf City	1
Ocean	Toms River	51
Ocean	Tuckerton	8
Ocean	Waretown	2
Ocean	West Creek	1
Ocean	Whiting	5

TOTAL AGENTS IN Ocean COUNTY: 263

Passaic	Bloomington Borough	6
Passaic	Clifton City	67
Passaic	Haledon Borough	5
Passaic	Haskell	3
Passaic	Hawthorne Borough	11
Passaic	Hewitt	4
Passaic	Little Falls Township	17
Passaic	North Haledon Borough	4
Passaic	Passaic City	47
Passaic	Paterson City	147
Passaic	Pompton Lakes Borough	9
Passaic	Prospect Park Borough	3
Passaic	Ringwood Borough	7
Passaic	Totowa Borough	15
Passaic	Wanaque Borough	3
Passaic	Wayne Township	20
Passaic	West Milford Township	8
Passaic	West Paterson Borough	10

TOTAL AGENTS IN Passaic COUNTY: 386

Salem	Alloway Township	1
Salem	Carneys Point	5
Salem	Elmer	4
Salem	Norma	1

Salem	Pedricktown	1
Salem	Penns Grove Borough	8
Salem	Pennsville Township	7
Salem	Quinton Township	1
Salem	Salem City	6
Salem	Woodstown Borough	3

TOTAL AGENTS IN Salem COUNTY: 37

Somerset	Basking Ridge	3
Somerset	Bedminster	1
Somerset	Belle Meade	4
Somerset	Bernardsville	5
Somerset	Bound Brook	10
Somerset	Branchburg	2
Somerset	Bridgewater	9
Somerset	East Millstone	1
Somerset	Finderne	1
Somerset	Franklin Park	6
Somerset	Green Brook	3
Somerset	Hillsborough	3
Somerset	Kingston	1
Somerset	Liberty Corner	1
Somerset	Manville	11
Somerset	Martinsville	3
Somerset	Millstone	1
Somerset	Neshanic St.	3
Somerset	No. Plainfield	14
Somerset	Peapack	1
Somerset	Pluckemin	2
Somerset	Raritan	11
Somerset	Rocky Hill	1
Somerset	S. Bound Brook	5
Somerset	Skillman	1
Somerset	Somerset	22
Somerset	Somerville	14
Somerset	Warren Twsp	5
Somerset	Watchung	3

TOTAL AGENTS IN Somerset COUNTY: 147

Sussex	Andover Borough	5
Sussex	Branchville Borough	3
Sussex	Franklin Borough	4
Sussex	Hamburg Borough	4
Sussex	Highland Lakes	1
Sussex	Hopatcong Burough	5
Sussex	Lafayette Township	2
Sussex	McAfee	1
Sussex	Montague Township	2
Sussex	Newton Town	10
Sussex	Ogdensburg Borough	1
Sussex	Sparta Township	4
Sussex	Stanhope Borough	4
Sussex	Stillwater Township	1
Sussex	Stockholm	3

Sussex	Sussex Borough	7
Sussex	Swartswood	1
Sussex	Vernon Township	3

TOTAL AGENTS IN Sussex COUNTY: 61

Union	Berkeley Heights Township	6
Union	Clark Township	11
Union	Cranford	14
Union	Elizabeth City	127
Union	Fanwood Borough	5
Union	Garwood Borough	9
Union	Hillside Township	26
Union	Kenilworth Borough	12
Union	Linden City	47
Union	Mountainside Borough	4
Union	New Providence Borough	7
Union	Plainfield City	37
Union	Rahway City	27
Union	Roselle Borough	21
Union	Roselle Park Borough	18
Union	Scotch Plains Township	9
Union	Springfield Township	13
Union	Summit City	10
Union	Union Township	51
Union	Vauxhall	5
Union	Westfield Town	13
Union	Winfield Township	1

TOTAL AGENTS IN Union COUNTY: 473

Warren	Allamuchy Township	1
Warren	Alpha Borough	2
Warren	Belvidere Town	2
Warren	Blairstown Township	2
Warren	Buttzville	1
Warren	Columbia	2
Warren	Delaware	1
Warren	Great Meadows	2
Warren	Hackettstown Town	13
Warren	Hope Township	1
Warren	New Village	1
Warren	Oxford	2
Warren	Phillipsburg Town	15
Warren	Stewartsville	2
Warren	Washington Borough	5

TOTAL AGENTS IN Warren COUNTY: 52

GRAND TOTAL AGENTS: 5207

APPENDIX G
REPORTS

APPENDIX G

REPORTS

These reports and files must contain, but are not limited to, the elements described below. Additional reports may be required. The Contractor is encouraged to recommend operational and managerial reports other than those described below which are deemed to be beneficial and advantageous to the State for the successful operation of this on-line lottery system, determination of game performance, and financial aspects of the system and lottery.

1. Ticket Terminal Processing Reports

Each terminal must have the capability of accepting ticket sale input and producing a hard copy ticket at the terminal. In addition, the terminal will have to produce, on demand, certain management and/or sales information as needed. All terminals should process ticket cashing and validation functions covering a three hundred sixty-five (365) day period following a lottery day.

- A. Sales Ticket - Terminals will generate a sales ticket which indicates the terminal identification number, ticket serial number (a system generated control number), and date(s) of the wager, the Julian date of the sale, the amount of the wager, the lottery game type, the bet type descriptor(s), and the bettor selected number.
- B. Validation Report - Terminals will be required to generate an abbreviated report printed on the ticket stock which would instruct the Agent to either pay a claim if payout is five hundred ninety-nine dollars (\$599), or less, or file a claim form on behalf of the winner when the payout is over five hundred ninety-nine dollars (\$599), or when the winning ticket is older than three hundred sixty-five (365) days. This ticket report will also indicate the terminal identification number, winning ticket serial number, validation ticket serial number, the date of the validation request (Julian), amount of cash payout or claim request.
- C. Cancellation/Refund Ticket Notice - Terminals will be required to generate an abbreviated report printed on the ticket stock which authorizes the Agent to refund a lottery wager if made prior to five (5) minutes of the drawing time and date. No cancellations or refunds can be effected if the original wager was for a multiple day period and the request date for cancellation/refund is made after the first drawing date of the winning number occurred. This ticket report will indicate the terminal identification number, the reason (cancellation, refund), the serial number of the original wager, the serial number of the ticket report, the amount of the cancellation/refund.
- D. Test Print Ticket - All terminals will produce, upon demand, a ticket report which will indicate to the operator the terminal identification number, and the complete numeric and alphabetic character set.

- E. **Winning Number Report** - In addition to the above mentioned reports, all terminals must be capable of accessing a "Winning Number" report indicating the most recently selected numbers for all lottery games within fifteen (15) minutes of the actual drawing and calculation cycle occurring every lottery day. This ticket report will indicate the winning numbers as well as all payout calculations for the various games.
- F. **Special Messages** - Ability for all terminals or individual terminals to receive and print messages entered from central computer site or Lottery Headquarters. There must be a minimum of three (3) system message reports available. There must be no restriction as to the length of these messages.
- G. **New Stock Test Ticket** - Tests the installation of new ticket stock.
- H. **Last Transaction** - The ability of a terminal to print a ticket showing the last transaction processed at the terminal (bet, cash claim, or cancel). All details of the transaction must be included except the number bet. The ticket must display the word "reprint."
- I. **Last Bet** - The ability of the terminal to print a ticket showing the last bet processed at the terminal. The bet amount and bet serial number only must be printed. The ticket must display the word "reprint."
- J. **Last Cash** - The ability of the terminal to print a ticket showing the last cash processed at the terminal. The serial number of the winning ticket and the winning amount must be printed. The ticket must display the word "reprint."
- K. **Last Cancel** - The ability of the terminal to print a ticket showing the last cancel processed at the terminal. The serial number of the canceled ticket and the amount of the transaction must be included. The ticket must display the word "reprint."
- L. **Agent Sign In** - A terminal function used by the Agent to allow the terminal to begin processing transaction. The Agent number will be used as part of the sign-in code. A ticket showing the date and time of entry must be produced. The Agent number must not appear either on the display or the ticket issued.
- M. **Agent Sign Out** - A terminal function used by the Agent to disallow the terminal to process transactions. The Agent number will be used as part of the sign-out code. A ticket showing the date and time of entry must be produced. The Agent number must not appear either on the display or the ticket issued.

Note: In the event an Agent does not execute an Agent Sign Out, at the end of the day, the terminal must remain disabled until such time as an Agent Sign In is executed.

- N. Today's Balance - The ability of the terminal to print a ticket showing the number of sales, cashes, claims and cancels, and the dollar value of each, the sales and payout commission and total net due. All totals must be up to the time of the request. The date, time, and terminal number must be included. The bidder's proposed system must include the ability of the terminal to produce tickets, similar to the format described above, showing previous days, week-to-date, and last lottery week (invoice) information.
- O. Instant Ticket Games Inventory Delivery Receipt - The ability of a terminal to print a ticket identifying the contents of an instant ticket game delivery package.

2. On-Line Reports

Three (3) of the four (4) following reports (excluding B) should be available through the management (Lottery) terminal and the central computer site.

- A. Daily and Weekly Terminal Activity/Sales Report reflects all data relevant to this report for the Lottery day and week through the time of inquiry reflecting for each game (Pick-3, Pick-4, Jersey Cash 5, and Pick-6 etc.), the date and time of inquiry, Agent number, terminal and line poll number, number of units sold and dollar value, the number of cancellations, and number of physical tickets dispensed. This report will also show the net cash flow of gross sales less Agent commissions. Appropriate vertical and horizontal cross footing totals on a system-wide basis should exist at the conclusion of all terminal listings. It also required to report future sales in the same manner for each of the advanced betting days.
- B. The Daily Pool Status Report will indicate the date and time of inquiry and show the total dollars and units wagered for the various numeric bet combinations for the various pools up to the time of inquiry for the Pick-3 and Pick-4 lotteries. Access to this report is to be restricted to the terminal located at the Central Computer site and to personnel authorized by the Executive Director. No other on-line access to this report shall be permitted.
- C. Daily Terminal Availability Report reflects the date and time of inquiry and shows those terminals not operable at that time and for that lottery day, and the period of downtime recorded.
- D. Daily Calculated Prize Report - The summarization of the Pick-3, Pick-4, Jersey Cash 5, and Pick-6 wagers; prizes for the winning number and the number of winning bets in each category and their respective prizes including all appropriate pools.
- E. Daily Instant Ticket Sales Report will indicate sales of each active instant ticket game Agent with appropriate totals.

- F. Daily Instant Ticket Liabilities Report will indicate cash prizes and the appropriate payables for a total game on a given day. This will show the status of winning pools for the day, the cashing of winning tickets that occurred that day and the closing cash inventory of winning tickets for that day.
- G. On-Line Instant Pack Status Report (by Agent number and game) will indicate Agent instant ticket inventory status of each pack and allocations.

3. Off-Line Reports

All these reports are to be produced at the Central computer site and delivered by courier to the Lottery headquarters. The following is an itemization of the basic required reports and formats. Additional data, elements and formats may be required as by-products of the following reports:

- A. Daily, Weekly and Monthly Terminal Activity/Sales Report follows the same format as the on-line report, (shows in 4.2.3.1.A) and reflects the full day's transactions and has the additional requirement of a composite of a lottery week's activity.
- B. Daily Validation and Tickets Cashed Report reflects the validations and cashing transactions handled by each terminal during the day indicating the lottery day, the terminal identification, the ticket serial number, the winning number, the amount of the wager, and the amount of the payout. Appropriate summary totals are also to be provided.
- C. A daily Liabilities Report showing the cash prizes and the appropriate payables for a total game on a given lottery day. This will show the status at the beginning of the day, the winning pools for the day, the cashing of winning tickets that occurred during the day, and the closing cash inventory of winning tickets for that day.
- D. The Daily Sales Summary Report indicates a one (1) page recapitulation of then number of tickets sold by wagered value and the cash handle for the various games on a given day, including future sale days, with appropriate totals. Appropriate dates are to be shown.
- E. The Contractor will provide to the State, either in hard copy or magnetic media, data on claimants, Agent commissions, prizes and tax liability as required by the Executive Director of the Lottery.
- F. Weekly Marketing Sales Analysis Report is an alphabetical listing of all Agents by county and city using the lottery week cycle indicating the Agent name, Agent number, date of terminal installation, cancellations (Pick-3, Pick-4, Jersey Cash 5, and Pick-6) cash sales for each game for the latest week, previous week, and the average week total sales for the previous ten (10) weeks.

- G. Weekly Sales Analysis Summary - A weekly summary (covering the lottery week) of unit sales and unit cancellations processed by terminal for each lottery game serviced by the system.
- H. Pick-3 and Pick-4 Marketing/Sales Profile Report - a sequential listing of all Agents by county, city and/or zip code using the lottery month cycle indicating the Agent number and business type; terminal identification number; total gross dollar sales; total number of unit wagers for fifty cents (\$.50) to five dollars (\$5.00); total number of single day wagers; total number of multiple day wagers.
- I. Daily Cancellation Report - All Games - A listing of each Agent/terminal for all games in ticket serial number sequence. The report will include multiple days covered by wager; amount of total wager; time of day the cancellation transaction occurred; and number selected.
- J. Weekly Cancellation Exception Report - A listing of terminals where on any one day during the current lottery week, the number of cancellations exceeded a stipulated percentage of the total unit sales for that week. This report will contain: Agent and terminal identification; each of the six (6) lottery days of the week; number of cancellations for that week; and the percent of cancellations to that week's total unit sales.
- K. Transaction Analysis - Will indicate in sixty (60) minute increments by terminal the number of transactions by terminal and the cash handle for that terminal and time-frame. This report should be available on a daily basis, but on a request basis rather than prearranged schedule.
- L. Bet Summary Report - A report showing the number of bets placed during the course of a day in each possible bet type category, i.e., Pick-3 straight, box or pairs and the associated dollar amounts. Also to be included in this report is a distinction of Pick-6 bets placed via the bet card or through the terminal; i.e., whether one (1), two (2), three (3), four (4), or five (5) bets were placed on a bet card.
- M. Log Tape Analysis - A report showing the activity from a terminal or group of terminals for either a period of time or for the entire day. This report must include, but not be limited to, time of day, serial number, bet type, dollar amount, and all other transaction parameters.
- N. Instant Ticket Exception Report - A report showing a daily or weekly list of Agents who have performed four (4) or more unsuccessful instant ticket validation attempts prior to a successful validation. The report should reflect how many groups of four (4) unsuccessful attempts have been made and on what date.

- O. Instant Ticket Validations Sales Report - A report showing a daily breakdown of instant ticket sales by Agent by game.

4. Other Reports

The Contractor may be required to provide other reports as deemed necessary by the Executive Director of the Lottery. The formats for all reports will be developed between the Contractor and the Executive Director of the Lottery.

5. Magnetic Tape Data

The Contractor is required to provide magnetic tape files to the New Jersey State Lottery at the end of each sales day. Sufficient files should be maintained to satisfy the data elements and reporting requirements listed. Formats will be developed following the Contract award. Physical properties are 9 track, 6250 bpi, magnetic tape files.

6. Microfiche

The Contractor must provide the capability to produce a microfiche of all high volume reports. The State may elect this feature, at its option.

APPENDIX H
NETWORK CONFIGURATION

APPENDIX H
NETWORK CONFIGURATION

**NEW JERSEY LOTTERY DIGITAL NETWORK
NETWORK DIAGRAMS OVERVIEW**

The Bell Atlantic network infrastructure that supports the New Jersey Lottery's digital network is comprised of public network facilities/switches. (There are facilities/switches dedicated to the Lottery network located in Bell Atlantic's Newark, Hamilton Square and Trenton offices and at Lottery headquarters in Lawrence.) Fiber optic distribution facilities and digital switching elements located throughout the State provide an efficient, flexible and resilient communications platform that provides end to end digital connectivity between the Lawrence Township headquarters and all Lottery agent terminals locations.

There are four network diagrams attached, Together, they provide a complete overview of Bell Atlantic's digital network infrastructure on a local and state-wide basis.

1. DIGITAL CROSS-CONNECT SYSTEM DEPLOYMENT - 1993

The switching platform that forms the basis of Bell Atlantic's digital network is comprised of Digital Cross Connect Systems (DACS). The diagram illustrates in bold print the primary DACS centers throughout the State and in lighter print, the various BELL ATLANTIC offices that support the interconnection of the DACS switches. There are a minimum of two completely diverse fiber optic transmission paths interconnecting the DACS switches to one another. If an interoffice facility fails, the traffic is switched to an alternate route(s) automatically, with little or no loss of data. If an entire DACS center fails, only the Lottery terminals served by that center are effected. The remaining DACS center will route around the failed DACS. This type of network design provides a higher degree of resiliency than traditional star or ring topologies.

2. HAMILTON SQUARE SINGLE MODE FIBER HUB

This diagram shows Bell Atlantic's fiber optic inter-office distribution facilities in the Trenton - Hamilton Square area. It is a microcosm of the fiber deployment throughout the State. The facilities that interconnect the DACS centers from the previous diagram and all other voice, data and video traffic from business, government and residential users traverse these type of fiber facilities. These interconnected fiber rings provide a high degree of survivability. Fiber's capacity and dependability enable Bell Atlantic to design an inter-office network that provides maximum flexibility and efficiency. Bell Atlantic has set the Nationwide standard for fiber optic deployment, increasing our capacity and giving us the ability to provide an array of advanced and customized information services wherever needed.

3. PRESENT MODE OF OPERATION

Each Lottery agent terminal is connected via a digital facility to its local Bell Atlantic Central Office. The diagram shows four typical Central Offices across the top of the page, two in the North Jersey LATA and two in Delaware Valley LATA, providing service to the Lottery terminals within their jurisdiction. Each Central Office is assigned to a DACS center, to which it routes all digital services from its assigned base of end users. The Lottery agent terminal data is

routed from each DACS center in North Jersey to the DACS center in Newark, which serves as a central hub for the 201 and the 908 area codes (North Jersey LATA). Bell Atlantic multiplexes all agent traffic onto a DS3 facility (45 mbps) which is handed off to the State of New Jersey's Interexchange Carrier of choice for transport to the Hamilton Square DACS center. North Jersey traffic is combined with Lottery traffic from the Delaware Valley and Atlantic Coastal LATA's and bridged onto individual circuits, up to 20 agents per circuit (A-legs). The combined Lottery traffic is then sent to Trenton Central Office on a DS3 system and then on to Lottery headquarters. There are two diverse routes from the Trenton Central Office to Lottery headquarters, both provided over fiber optics.

The fibers terminate at the Lottery Headquarters in digital multiplexer equipment served at the T-3 level which breaks the baud width down to separate T-1's. The MUX connects to channel banks (D4 type) which connect to the T-1's and provide approximately 18 systems each with a 24 DSO capacity. The channel banks use an OCU/DP type channel unit along with common system boards. Channel banks connect to four (4) data cabinets that house rack mounted GDC CSU/DSU's. All equipment is on a vendor provided UPS. Hand-off is at the RS-232 on the back of the data sets (CSU/DSU's). Associated with the data sets at the "A" location or host site is a synchronous to asynchronous conversion card.

4. Option #1.

The degree of redundancy, diversity and flexibility built into Bell Atlantic's network provides an extremely dependent network resilient to major failures. Option number one illustrates a network design in the Delaware Valley LATA that adheres to a Lottery contingency plan for a hot standby mainframe in the Camden area. This would protect against an interruption in service caused by an event(s) associated with the Lottery headquarters, mainframe computer, Bell Atlantic's Trenton Central Office, the Multiplexor in Hamilton Square facing Trenton or the two local fiber routes terminating at Lottery headquarters.

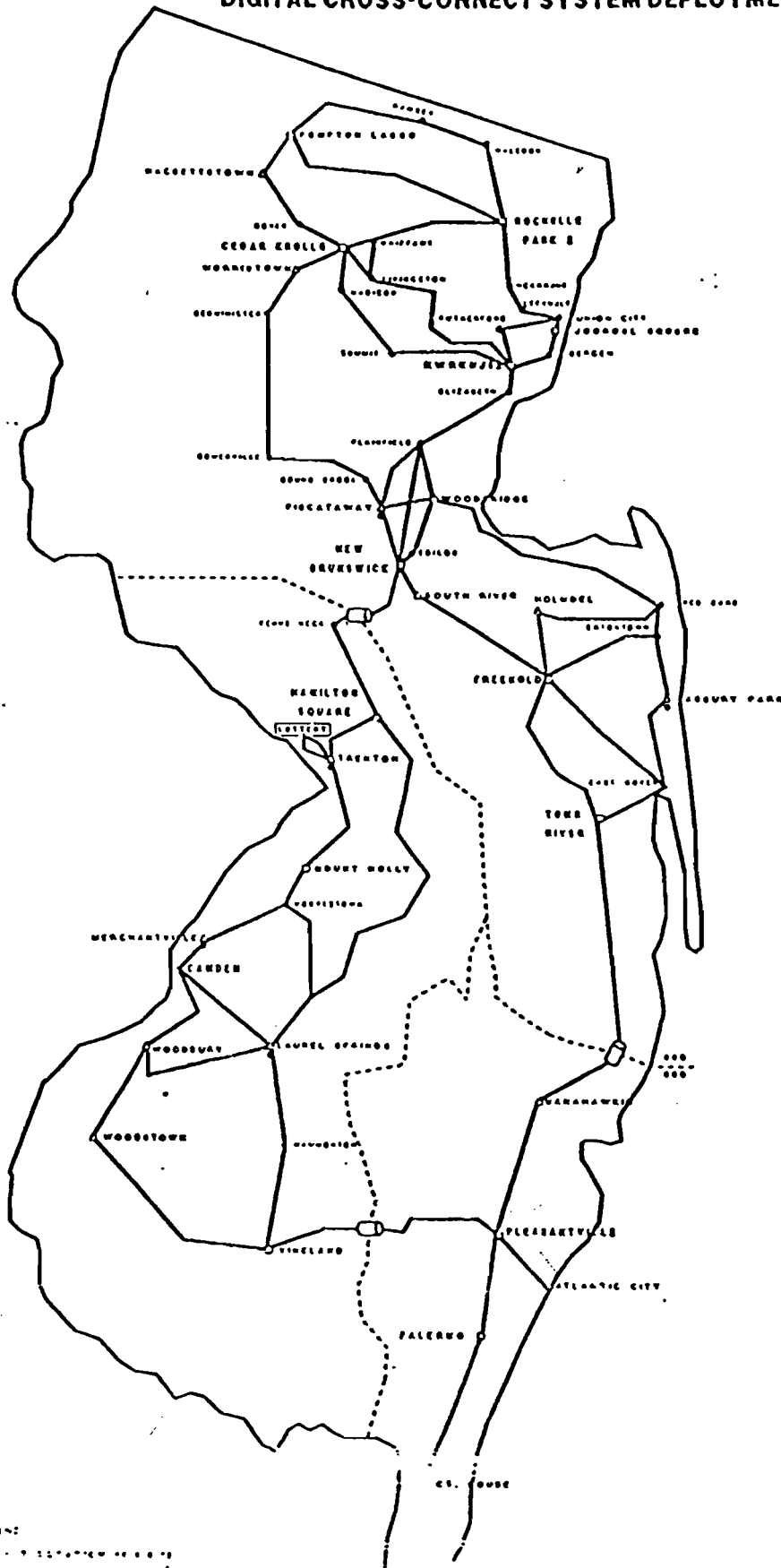
We will build facilities from an identified location in the Camden area to the Camden Central Office and then back to the Hamilton Square hub. This will mirror the facilities from the Lottery headquarters in Lawrence to the Hamilton Square hub. Traffic will only go to the hot standby location in the event of a failure in one of the above mentioned instances.

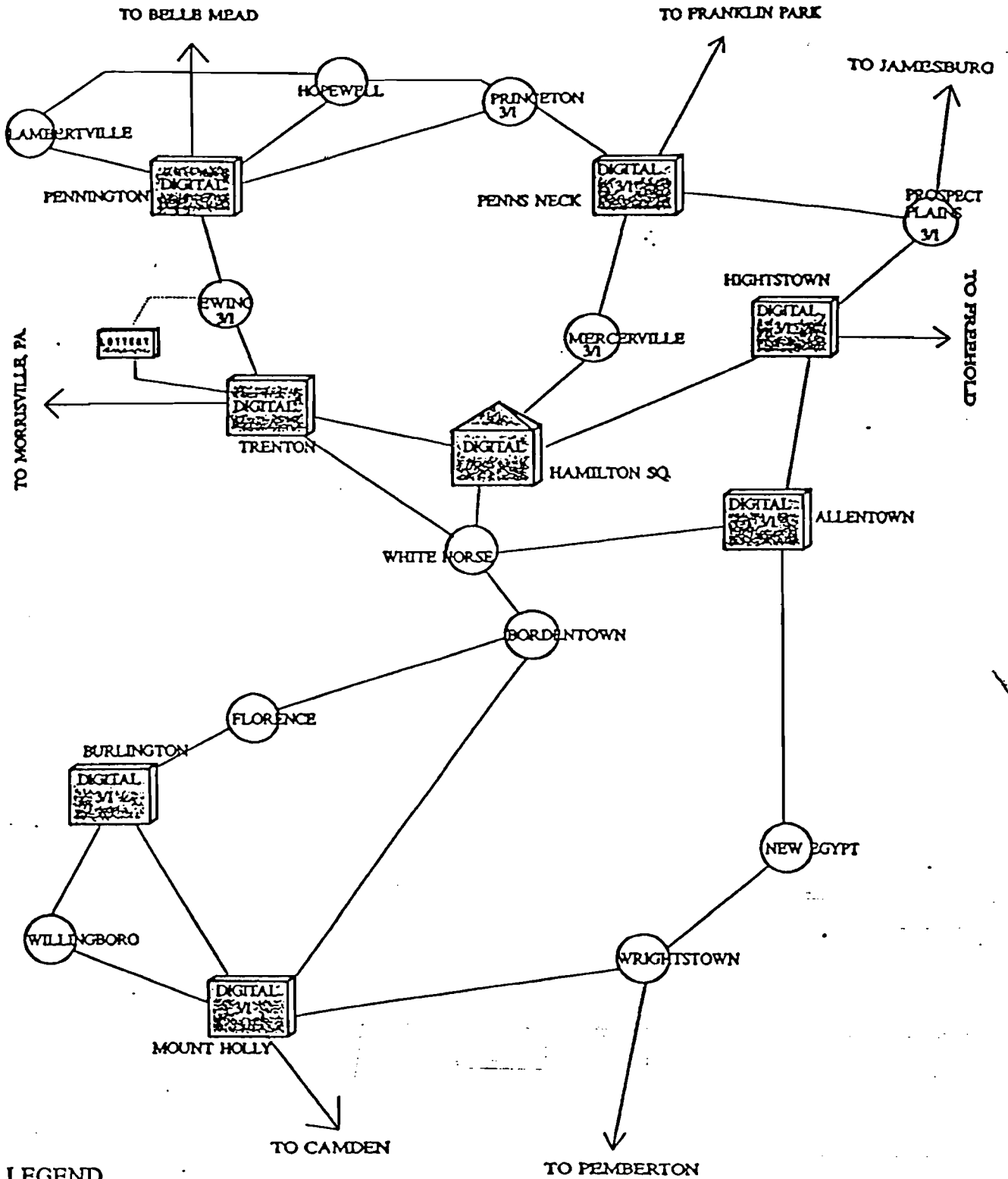
Camden is indicated in this diagram because it is a DACS location. The Lottery is not limited to the Camden location for hot standby deployment.

When a back-up site is implemented, termination of the fiber at the back-up site will be identical to the primary site.

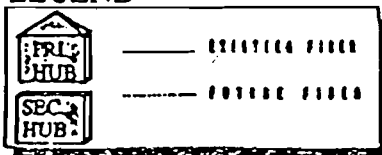
When two sites become operational as part of the next contract, present configuration plans would call for primary to remote switching to be accomplished via 3 x 3 DACS switch.

DIGITAL CROSS-CONNECT SYSTEM DEPLOYMENT - 1993





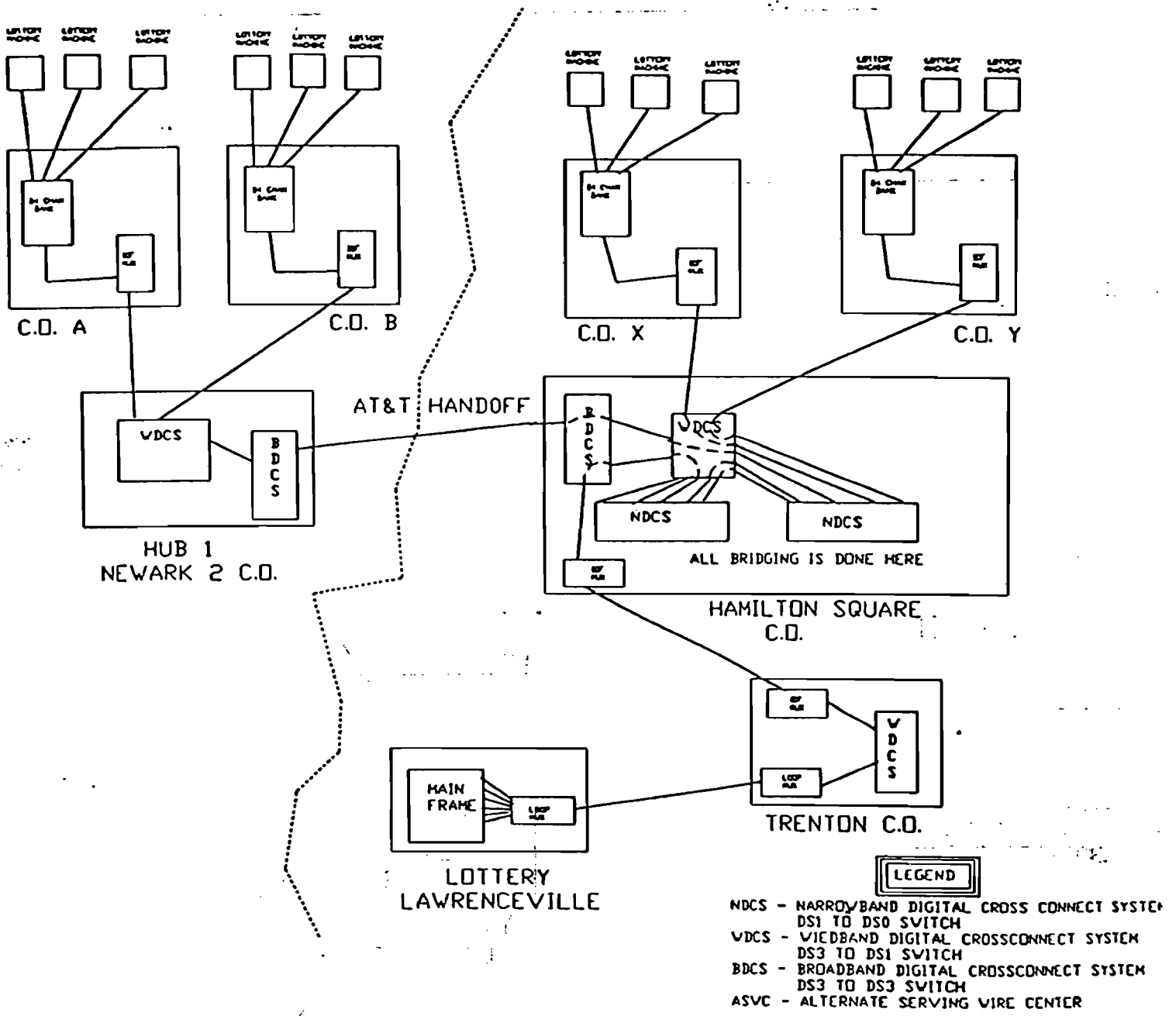
LEGEND

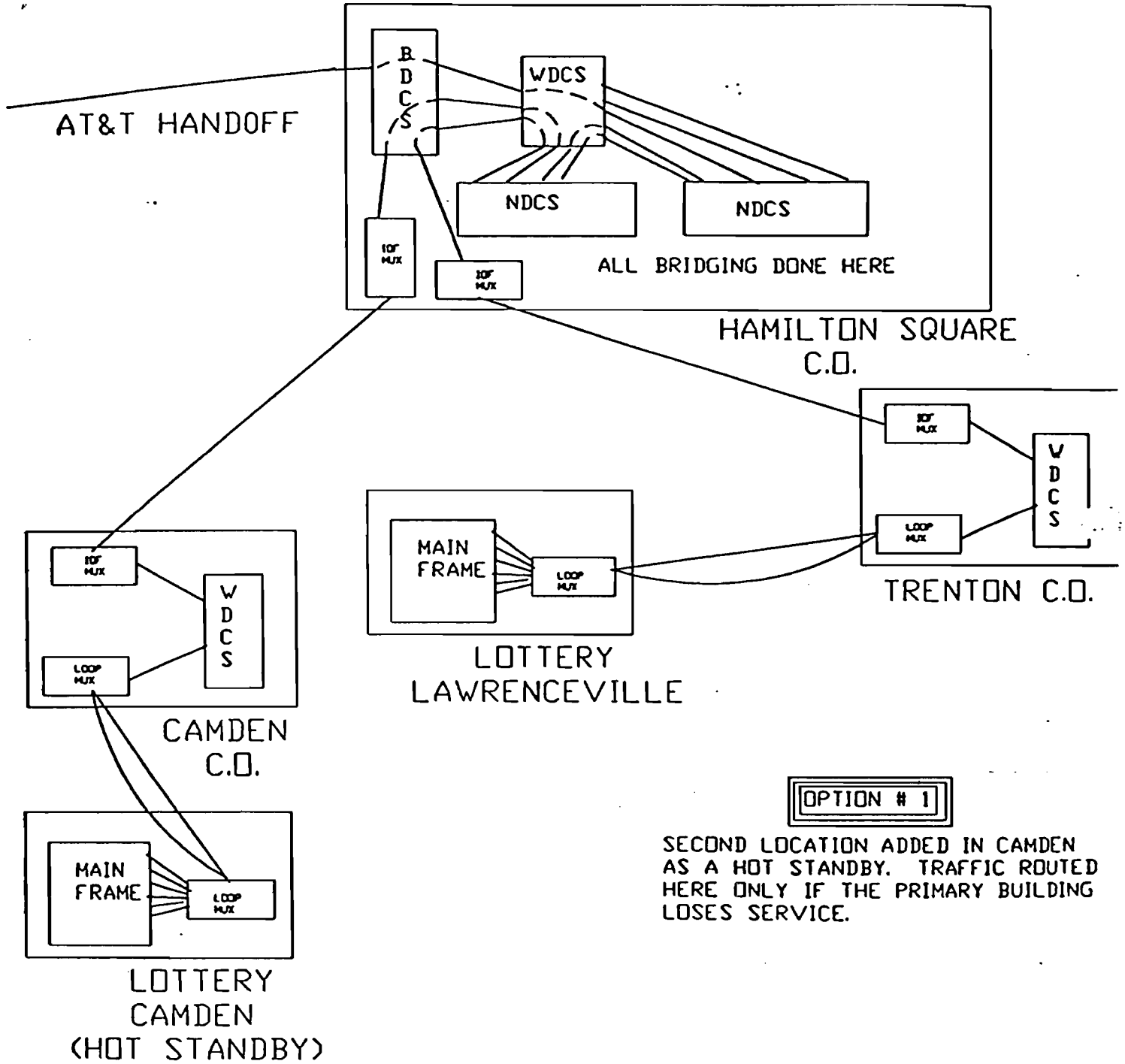


HMSQ93
REV 6/93
WFW

**HAMILTON SQUARE
SINGLE MODE FIBER
HUB**

PRESENT METHOD OF OPERATION





OPTION # 1

SECOND LOCATION ADDED IN CAMDEN AS A HOT STANDBY. TRAFFIC ROUTED HERE ONLY IF THE PRIMARY BUILDING LOSES SERVICE.

APPENDIX I
DESCRIPTION OF CURRENT LOTTERY ADMINISTRATIVE SYSTEMS

APPENDIX "I"

New Jersey Lottery

A Multi-Purpose Data Processing Environment supporting Office Automation, Wide Area Network, Inter Office Communications and Processing, Data Base Management, Batch Processing and Data Entry.

WANG Computer Systems, Programs, Data Bases, Communications, and Hardware Summaries

PART A - Non Data Base Systems

PART B - Personal Computer Applications/Systems In Use

PART C - DATA BASE SYSTEMS - WANG PACE 4th GL

PART D - Program and Screen Summary

PART E - Operating System Special Software

PART F - Communications Summary

PART G - Hardware Summary

PART A - +NON DATA BASE SYSTEMS

"FIRMS" -FINANCIAL INFORMATION REPORTS MANAGEMENT SYSTEM

Description: Complete Financial Management Systems for Accounts Receivable, Accounts Payable, General Ledger, Billings/Statements and Revenue Refunds.

"OFFICE" Lottery Electronic Mail System.

Description: PC's can communicate with any Computer System(s) client that is part of the Network. This includes the State House and Treasury OTIS IBM 3090 Mainframe "GSNMAIL" via SOFTSWITCH.

"WPPLUS" Lottery Word Processing System.

Description: Mini based Word Processing Systems that all WANG Computer Clients can use. Documents are printed on any one of the Lotteries Laser Printers

PART B - + PERSONAL COMPUTER APPLICATIONS/SYSTEMS IN USE

ALDUS DESKTOP PUBLISHING

LOTUS 1-2-3

MS WINDOWS

DBASE

FRIENDLY WRITER

HARVARD GRAPHICS

WORDPERFECT

WINLOC

VSCOM

Various Training tools are installed on District Office PC's for "Learning the PC and DOS". Lottery has a small training facility where WANG Word Processing and OFFICE training is accomplished. Training "VCR" Tapes and Computer Disks for various Office Automation Products are used.

PART C - +DATA BASE SYSTEMS

"AAIS" - Agent Administrative Information Systems

Description: The "AAIS" database houses 3 major systems, the Agent Administrative Information System (AAIS), Marketing Information System (MIS) and Pack Inventory Control System (PICS). The AAIS and Marketing Information System functions support most of the Lottery's departments.

Year End Agent 1099 Reporting for IRS.

The AAIS system allows the Lottery to manage agent information which pertains to Trade Name, Address, Phone, Business Hours, Security Data, Licensing Data, Agent Status and Business Codes.

The Marketing Information System allows the Lottery to monitor and forecast sales information which is updated weekly for each game. Information reporting and retrieval can be acquired by querying a specific criteria.

The PICS systems allows the Lottery to monitor Instant Game ticket packs from the Lottery Warehouse to Agent Site. This allows for speedy reconciliation of packs at the close of an Instant Game.

"LOLA/EFT" Lottery On Line Accounting/Electronic Funds Transfer

PART OF "AAIS"

Description: Systems that integrate Agent Accounting for Sales reporting and accounting between the Lottery On Line Vendors Computer Systems, the Lotteries WANG Computer System and the New Jersey National Banks Computer System.

"AAISB" - Work/Test copy; Agent Administrative Information Systems

Description: The "AAISB" database is used to develop, debug and/or test "AAIS" database applications without inhibiting the user's productivity in AAIS. Once testing is completed, the updated version of the application can replace the previous version in the production database during non-peak hours.

"ADCAMP" - Advertising Campaign Cost Tracking

Description: Fiscal & Resource online application to keep track of advertising expenses. Application consists of two files; One contains the projected expenses for an advertising campaign category. The other file contains the actual expenses associated with advertising campaigns. The two files have a relationship such that as actual expenses are entered they will reduce a running balance field on the projected expense record. Various sort options add flexibility to on-line inquiries and customized reports.

"AIF" - Agent Applicant Interview Forms System.

Description: The Application Interview Form system was created for Sales Unit. Tracking a preapplication from start to finish, system keeps account of the status of a preapplicant along with other pertinent data.

"ANNUTY" - Annuity Payments/File System.

Description: System started in 1971 by OTIS. The Lottery took over the system at the beginning of January, 1992.

The Annuity system consists of Data Base add and update capability. To extract monthly pay records, a PROCEDURE is used to process this job, on 15th of every month. Detail payment records are separated from Master LOTTO winning records. On-line inquiry giving user the ability to total records inquired. At the present time, there are approximately 1745 annuity records, 472 of which are inactive. 1690 records were provided by OTIS at conversion.

There is a special security class assigned to this system. Only the finance and DP personnel are allowed any activity/work with this data.

"ARINFO" - Finance Account Receivable Information System.

Description: Under development, to replace FIRMS. Accounts Receivable processing along with AAIS system will maintain the agents accounts balances. This represents amounts due the Lottery on open account for items received. ARINFO will also handle cash collection, non-accounts receivable receipts, Adjustment processing, Agent account inquiry, print agent statements and reporting options.

"ATTGEN" - System for Attorney General Collections and Hearing.

Description: Attorney General on-line application to document and track Agent Administrative Hearings and Lottery related Lawsuits. System gives user the ability to relate on-line record processing to paper trail and allows for instantaneous record inquiry and reporting.

"AUDTQC" - EDP AUDIT - GTECH Systems Reference Data Base.

Description: Data Base containing all pertinent facts relating to the Wagering Vendor, GTECH, and the Computer Systems. Also manages records of Agent Service calls for Green Machine and or Telecommunications problems. Used to assist the QC Reviews and Penalties assessments of GTECH Performance. Data Base of Agent Service Calls. Some very interesting data available here, currently untapped by NJL.

Data Base documenting all the reports
(Paper/Fiche/Tape) that are used by NJL.

Screens and data files that manage OTIS Computer
Programming Requests

"AVHIST" - Agent Visitation History.

Description: The "AVHIST" data base is used to house the following prototypes: Call Reporting System, Low Sales Agent Project and On-Line Projects Documentation. Also various management on-demand reports.

The "Call Reporting System" prototype was used by Sales to generate the "District Field Representative Analysis Form".

The "Low Sales Agent Project" prototype was used by Sales to monitor and track agents whose sales are continually below a stated criteria and lists.

The "On-Line Projects Documentation" prototype is an record-keeping system currently on hold.

Descriptions of on-demand reports listed below:

- Agent Network Summary Reports.
- Business and Group Type listings.
- Agent Network Summary Reports.
- Reconciliation Report for Accounts Receivable.

"BILL " - Legislative Bill Tracking.

Description: Bill Tracking system allows the user to retrieve and maintain all the incoming and passing bills. Data contains bill number, subject, bill type, sponsor, date received, date submitted, department distributed, bill status, division recommendation. Also give the user ability to output data from AB program into print file, Wang Office Packages and WP/WP+ documents.

"CLAIMS" - Automated Claims Tracking and Validation Process.

Description: This is a fully online system. Lottery headquarters receives claims. Data entry enters the information from the claim form into the system. During various processing steps, a status code is assigned to each claim record. Pre-edit program will reject all the invalid claims before being sent to OTIS, giving Validation personnel a chance to correct the records and resubmit for payment without delay. Validation section will determine if it is a good claim or questionable claim according to the Status Codes the computer programs at OTIS send to Lottery's WANG Systems. Online inquiry provides the user the ability to query record much easier when they get a request from the winner.

W2 IRS reporting for Lottery Winners Payments.

System automatically produces Letters for mailing to Claimants for various problems and claim errors. Pressing a PF key will create different letters, forms and reports. Various management reports also available.

"COMSYS" - Communications Systems Data Base.

Description: Online System used by the Communications Unit. Reports of Removals, Deletes. Reinstalls and Disables are produced. A TELCO report and Change of Ownership Report are also created.

"DLYSAL" - Daily Sales Totals.

Description: Data Base containing all Machine and Instant Sales that have occurred since GTECH became Lottery Wagering Vendor, 11/30/84. Instant Sales begin at the start of "LOLA".

"DRAWIN" - Drawing Unit, Operations, and Marketing Table Maintenance.

Description: This data base maintains the following systems: Agent Services, Office Supplies, Materials Inventory, Warehouse Inventory, Records Retention, Rolodex and Drawing Security Codes.

Agent Services DB System is used by Marketing to maintain, query and report on an Agent Campaign information.

The Office Supplies System is used by the Finance Section to maintain, query and report on Office Supplies.

The Materials Inventory System is used by the Control Section to maintain, query and report on shipping and receiving of materials, such as forms, cards and mailers.

The Warehouse Inventory System is used by Control Section to perform the same functions as the Materials Inventory System.

Records Retention System is used by Operations Section to maintain, query and report on warehouse slot usage.

The Rolodex System is used by Fiscal and Resource Section to maintain, query and report on Contractor's information.

The Drawing Security Codes System is used by the Drawing Unit Section to manage codes that are necessary for each drawing.

"ERRLOG" - EDP AUDIT - Agent Green Machine ERRLOG Tracking DB.

Description: Extensive Data Base Systems used by EDP Audit/Quality Control in the review of Agent Activities within the Wagering Network. This includes Cashing/Validation, Cancellations, excessive LOGON Failures, Book Inventory issues failures, Instant Validation fails, PICK Games cash fails.

GTECH Computer processing and event monitoring also are recorded in this Data Base. Game open/close activities, Agent Password changes, Enables, Disables, changes in Terminal activities statuses, Terminal downloads and much more is monitored.

Daily Sales are captured in this system and stored for 6 months. The Sales data is used in the comparison Audits for out of range activities: Ex: excessive cancellation percentages.

"HELP " - Lottery HELP Desk/Data Processing Problem Monitoring.

Description: Is a help desk system where problems can be entered to a screen and then the progress of the problem can be monitored .

When the problem is solved the case is closed and this becomes the historic data by which problems can be monitored.

User: Should be every person working for Lottery.

"INSTNT" - Instant Games Low-Tier Winner Management

Description; Instant Games Vendor provides winners tape(s), for each game, to the on line vendor. On line vendor reformats data creating a High Tier (Over \$19.99 winner) tape for loading at OTIS and Low Tier (under \$20. winner) for loading at Lottery. Vendor also loads Winners to Vendor Validations files.

Every Day, after games sales end, on line Vendor reports 'all' Cashing/Claiming activities, via a tape, for 'all' Instant games, to the Lottery. The tape is processed on Lottery WANG System updating the Low Tier records, and is then passed to OTIS for High Tier record updating.

Record status is updated during this process. Lottery Player claims are validated against this data to insure payment is valid.

The Lottery anticipates up to 45 million records will reside in this system. Record life cycle is 13 months from date of payment or if uncashed, from last official sale date.

Lottery Validations and Security workgroups use the Data Files for inquiry purposes.

"LABEL " - Legislator Label.

Description: This data base is used primarily for storing and maintaining addresses and district for assemblymen and assemblywomen.

This data base is also used to create mailing labels for the below.

Label User: Chris Hairston/Marketing.

"LABELS" - General Labels Entry System - Sales/Marketing/Director

Description: This data base was created to assist the District Offices and Sales department by printing labels for all prospective agents.

This data base is also used by Helen Folek (Directors Office) to maintain and print out labels for the Commissioners.

"ONLINE" - Online Request for Software and Hardware Services.

Description: Systems and Programming Application to manage and document request for services. User's have on-line ability to enter in request for programming services. These requests are automatically transferred to the Systems Analyst terminal. The System Analyst would then on-line distribute the work request to various staff members along with pertinent other data such as due date and task strategies. System and programming work is thus documented and users and supervisors alike have the ability to query work in progress for up to date status reports.

"PICK4 " - EDP Audit - Pick-4 Ad Hoc.

Description: System that EDP Audit uses to review PICK4 Game activities. This includes number of wagers placed on a given number, excessive plays/wins by 1 or more persons or at 1 or more Agents. Used by Security to review excessive claims for payment by individuals.

"SHARDB" - EDP Audit - Shared Code/Descriptions Tables.

Description: Data Base of 'common' elements (tables) used by all the Lottery Computer Systems. One significant table is the Instant Games Table which identifies all the particular elements that make up a game.

The EDP Units Computer Manuals and Library books are all recorded in this Data Base.

All the codes that govern the Computer processing at GTECH are recorded in this Data Base.

"SUPPLY" - Inventory Control Systems for EDP.

Description: Manages Supplies for EDP Unit. System has supplier information, the amount of supplies on hand, where supplies have been distributed, and where supplies can be purchased. System identifies supplies that need to be resupplied and produces reports daily until a supply is back at normal levels. Computer Paper and Ribbons are the main items managed.

"SWORDS" - EDP AUDIT - Software Work Orders (GTECH).

Description: EDP Audit Data Base that manages GTECH computer program modifications. All changes to the Software on the GTECH Computer are overseen by the EDP Audit/Quality Control Unit. The purpose of this is to insure no changes are accomplished without the consent and approval of the Lottery.

"TCMS " - Telephone Cost Management System.

Description: Application used to capture out-going Lottery telephone calls and calculate costs based on duration and distance of calls. The data is passed to WANG from Lotteries NEC PBX. The system uses a background program to capture every phone call placed from the Lottery. Monthly this background procedure is stopped and the file with the captured calls is used to update other log files. These log files containing phone numbers in turn are related to employee's information files, area code exchange, code demographics files and calculated costs files. The result is departmental reports showing the phone calls placed by the employees in that department, the date and time they were placed, the city and state called, the duration of the call and finally the cost of the call. On-line inquiry is also available. (This System must be upgraded)

"TELDNJ" - Telephone Directory for State of New Jersey.

Description: Telephone Directory for all the employee in state of New Jersey, information contains Department code, Department description, First name, Last name and phone number. Loaded from tape created by OTIS once a year.

"TMSSYS" - EDP AUDIT - Tape Management System.

Description: Online system tracking the life cycle of Lottery Tapes. All tapes that are used by Lottery and OTIS are logged in this system. System identifies when a tape can be 'scratched' or used again. It also identifies when a tape can be returned to the creator. Lost or missing tapes are reported if not found on expiration date.

"VTOC " - Volume Table of Contents

Description: Systems Application run every nite used to search the computers disks VTOC of each volume and to identify all files with extents, greater than one. As these files are identified they are copied to work space, reorganized to lower the extents and copied back. As files are updated (add, modify, delete) they often become fragmented and new file extents are needed. This results in space as well as response time inefficiencies. Reorganizing the VTOC of each volume every night prevents this fragmentation.

"W2 " - W2G Information - Starting with 1983.

Description: IRS W2G reporting system. it is a system will provide all the W2 tax information for the current and pass year's information. DEP use this system to create W2G form and IRS tape. Finance use for correct tax information and inquiry taxpayer's info.

"W2CORR" - PACE System to correct W2.

Description: W2 correction database, after tax season all the change to the W2 record will be put into this system. On July of every year, a correction tape will be generated and send to IRS as supplemental.

"WINNUM" - Winning Numbers.

Description: Collection of all of the Lotteries winning Numbers since the OnLine Games began. In this data base, prize amounts, pool amount, number of winners, and other pertinent data is stored. The PICK3 Games begins on 5/22/75, PICK4 on 9/1/77, CARD5 on 1/15/88, LOTTO on 5/15/80 and LUCKY7 on 2/10/90. Drawing Unit personnel also use this data base in the computations that occur every day at drawings to insure the GTECH accounting is correct.

(This Data Base would be the input for a VOICE Winning Numbers Lookup)

PART D - Program and Screen Summary

IN HOUSE PROGRAMS

(Estimated)

Page 1 of 2

<u>DATA BASE</u>	<u>WANG HLI</u> COBOL	<u>WANG AB</u> SCREENS
AAIS - Agent Administration Information System	504	67
AIF - Application Interview Forms		5
ANNUTY - Annuity File System	6	2
ATTGEN - Attorney General Collect. and Hearings	9	3
AUDTQC - EDP-Audit-GTECH Sys. Reference Data Base	14	13
AVHIST - Agent Visitation History	92	20
BILL - Legislative Bill Tracking		2
CLAIMS - Automated Claim Tracking	121	46
COMSYS - Communications System Data Base	42	11
DLYSAL - Daily Sales Totals	2	5
DRAWIN - Drawing Unit Operations and Marketing Table Maintenance	17	12
ERRLOG - EDP Audit-Agent Green Machine ERRLOG Tracking	31	20
HELP - Help Desk/Data Processing Problem Monitoring	9	8
INSTANT - Instant Low Tier Winning Record Management	68	8
LABELS - Mailing Labels	6	9

IN HOUSE PROGRAMS

(Estimated)

Page 2 of 2

<u>DATA BASE</u>	<u>WANG HLI</u> <u>COBOL</u>	<u>WANG AB</u> <u>SCREENS</u>
ONLINE - On-Line requests for Software and Hardware Services	2	3
PICK4 - EDP Audit-Pick4 Monitoring	10	1
SHARDB - EDP Audit Shared Code/ Description Tables	8	4
SUPPLY - Inventory Control System for EDP	10	3
SWORDS - EDP Audit Software Work Orders (GTECH)	5	1
CMS - Telephone Cost Management System	7	10
TELD NJ - Telephone Directory for State of NJ	1	3
TMIR - EDP Audit GTECH Transaction Master Inquiry Report	11	3
TMSSYS - Tape Management System	2	2
TRANDB - EDP Audit Quality Control Test Transactions	4	2
W2 - Information 1983 Forward	26	1
WINNUM - Winning Numbers	<u>2</u>	<u>2</u>
TOTAL	941	258

NOTE: Approximately 10% of COBOL Programs have WANG COBOL HLI Exits!

PART E - Operating System Special Software

VS Operating System 7.50

PACE - Professional Applications Creation Environment. A 4th Generation Language for data base management and program development.

WP - WANG Word Processing (Become obsolete)

WPPLUS - WANG Word Processing PLUS

WANG OFFICE -

A comprehensive environment that provides intergrated solutions for time management, messaging, electronic mail, and information retrieval and storage.

DMSTX - An extension to VS Data Management System for transaction level recovery and enhanced file sharing capabilities.

SNA - IBM System Network Architecture

WSN - WANG system network links WANG systems with one another for distribution processing and file transferring.

TTY - VS Communications Utility (Telephone Cost Management System)

COBOL - Common Business Oriented Language for business application.

COBOLHLI - Host Language Interface VS COBOL for use in PACE.

VSSUBS - Subroutines to provide programmers with system functions helpful in development of applications programs.

VSAIDS - Same as above except Stand-Alone rather than called from a program.

Space Saver - SYSTMGR, DASD, Space Recovery Utility.

DISKMGR - UBU Uninterrupted Back-up Unit

VS Report - Creates a Report Definition file that defines the paramaters and format of a printed report, using the contents of a data file as input.

WANG SYSTEM SOFTWARE

Page 2

VS Inquiry - Interrogates and tests a data file for user specific field values.

EZ Print - VS Report Utility.

EZ Format - VS Report Formatting Utility.

MWS (Multi Windows) - Transforms a standard VS workstation into a personalized, multiwindowed workstation that allows you to customize the keyboard and to process multiple interactive tasks simultaneously.

OVEREASY - VS File Utility

VSGF - VS Graphics Facility

VSGS - VS Graphics System

BASIC - Beginner's All-purpose Symbolic Instruction Code for Personal Computer applications.

FORTTRAN - Formula Translation For Scientific Instruction Code for Personal Computer applications.

SAM - System Activity Monitor

MHUTIL - Used to convert files from PC Documents to WANG WP, PC ASCII files to WANG Print files, PC Binary Files to WANG Data files and vis versa.

VSPC928 - A better product replacing MHUTIL.

SHORTORDER - A superior SORT Utility.

BACKBURN - A superior bacup/restore Utility.

PART F - LOTTERY COMMUNICATIONS SUMMARY

-- Lottery to OTIS

Digital Phone (Dedicated)

SNA - 31 Terms, 1 Printer
File Inquiry/Update

-- Lottery to State House

Digital Phone (Dedicated)

WANG WSN

E-Mail (WANG Office)

Remote Logon

Remote File Transfer

GSNMAIL Link to Key State Officials for NJL Mgmt.

-- Lottery To/From Lotteries Private Courier Services

Dial in Modem (Private Line)

Remote Logon

Remote File Transfer

Remote Reports

-- Lottery To/From Lotteries "Electronic Funds Bank"

Dial out (Private Line)

Remote File Transfer

-- Lottery To/From District Office

"WAN" Multi Drop Digital Phone (Dedicated - Part of Wagering
Network)

WANG WSN

1994) 2 District Offices throughout New Jersey (Down from 5 in

Remote Logon

Remote File Transfer

Remote Reports

PART G - WANG Hardware Summary

- (1) WANG VS 8460 Mainframe, 32 Meg Main Memory
- (1) 2.3GB Unattended Backup Utility PC "UBU"
- (2) 4.0 GB Unattended Backup Utility Streaming Tape Drives SCSI "NUBU"
- (2) Cable Concentrators (128 Ports)
- (8) 454 MB Disk Drive (fixed)
- (6) 1.3 GB SCSI Disk Drive (fixed)
- (2) 2.1 GB SCSI Disk Drive (fixed)
- (2) 288 MB Disk Drive (removable)
- (2) Tape Drives 6250 bpi (Auto Loader)
- (58) WANG PC Classics (Several with Hard Drives)
- (20) WANG PC 240 IBM AT Clones (Several with Hard Drives)
- (18) WANG PC (Dumb Terminal)
- (6) WANG PC 250/16 IBM AT Clones with 40 MB Hard Drive
- (1) WANG PC 350/16S IBM AT Clone with 40 MB Hard Drive
- (1) WANG PC 486/33 IBM AT Clone with 200 MB Hard Drive
- (1) WANG PC 280 IBM AT Clone with Hard Drive (Desktop Publishing)
- (19) WANG PC 280 IBM AT Clone with Hard Drive (LOTUS 1-2-3, Friendly Writer)
- (9) WANG Laser Printers
- (1) WANG Production Chain Batch Printer
- (1) Printer, PRINTRONICS Model DP 1200
- (1) WANG 4 Color Dot Matrix Printer
- (6) Okidata Printer Model 321
- (5) Okidata Printer Model 192
- (1) Okidata Printer Model 393C
- (1) Okidata Printer Model 393

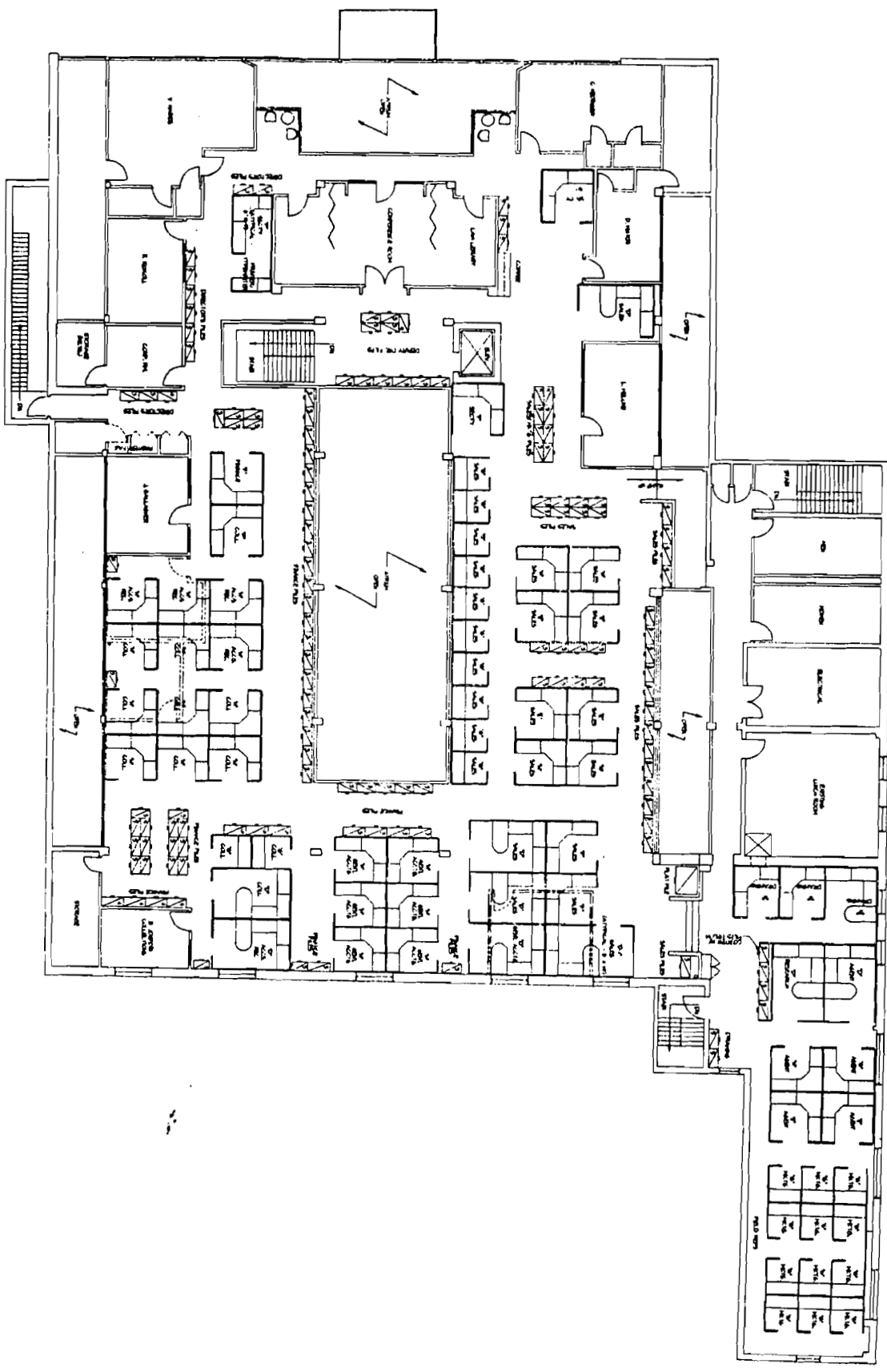
- (1) Okidata Printer Model 320
- (6) Okidata Printer Model 193
- (2) Epson Action Laser
- (2) HP Laser
- (2) Epson LQ-570+ Dot Matrix
- (1) Scanner (for Desktop Publishing)
- (1) WANG Asy Communications Services Unit, 16 Ports
- (2) TCB (Telecommunications Control, 4 Ports each)

IBM Hardware

- (2) IBM PS2/30 with 40 MB Hard Drive
- (1) IBM XT with 10 MB Hard Disk
- (1) IBM Pro Printer

Other Hardware

- (2) External Modems
- (1) Internal Modem
- (1) Forms Burster
- (1) Forms Decollator
- (10) SWINTEC Typewriter/Printers
- (1) TOSHIBA Laptop, Model T1200
- (1) Spectron DTS-20 DataComm Tester
- (1) Gateway 386/33 PC
- (1) Gateway 486/66 PC
- (1) NEC Powermate 425es (Phone System PC)
- (1) NEC Express/II 433ST (Voice Mail System PC)



APPENDIX J
MINORITY/FEMALE SUBCONTRACTOR UTILIZATION PLAN
AND NOTICE TO BIDDERS

MANDATORY SUBMISSION

<p align="center">MINORITY/FEMALE BUSINESS SUBCONTRACTOR UTILIZATION PLAN</p> <p align="center">STATE OF NEW JERSEY • DIVISION OF PURCHASE AND PROPERTY (DPP)</p> <p>NOTE: Failure to submit this properly completed form or the equivalent information with the bid shall be sufficient cause for rejection of the bid.</p>	<p>DPP Solicitation No.: _____</p> <p>DPP Solicitation Title: _____</p>
<p>Bidder's Name and Address:</p> 	<p>• Bidder's Telephone No.: _____</p> <p>• Bidder's Contact Person: _____</p>

INSTRUCTIONS: List all minority and female businesses you intend to use as subcontractors. This form may be duplicated for extended lists.

SUBCONTRACTOR'S NAME, ADDRESS, ZIP CODE AND TELEPHONE NUMBER	REGISTERED/CERTIFIED WITH NJ DEPARTMENT OF COMMERCE				TYPE(S) OF GOODS OR SERVICES TO BE PROVIDED	ESTIMATED VALUE OF SUBCONTRACT(S)
	MINORITY		FEMALE			
	YES	NO	YES	NO		

Bidder shall attach copies of NJ Department of Commerce Certification, Registration Approval or Application for Registration for each subcontractor listed.

Any bidder not attaining established goals must document its good faith effort in accordance with NJAC 17:13-4. This documentation shall be attached hereto.

PRINCIPAL OF FIRM:

(Signature) (Title) (Date)

NOTICE TO ALL BIDDERS**PROCEDURES FOR MINORITY AND FEMALE SUBCONTRACTOR PARTICIPATION
IN CONTRACTS AWARDED BY THE DIVISION OF PURCHASE AND PROPERTY**

NJSA 52:32-17 et seq., Executive Order No. 84 (1993), and NJAC 17:13-1.1 et seq. require the implementation and establishment of a set-aside program that obligates State agencies with contracting authority to make a good faith effort to award seven percent (7%) of State contracts to eligible minority businesses and three percent (3%) of State contracts to eligible female businesses. These goals may be attained by requiring that a portion of prime contracts be subcontracted to eligible businesses.

"Minority business" means a business which has its principal place of business located in the State, is independently owned and operated and at least 51 percent of which is owned and controlled by persons who are African Americans, Latinos or Asian Americans.

"Female business" means a business which has its principal place of business located in the State, is independently owned and operated and at least 51 percent is owned and controlled by women.

Pursuant to NJAC 17:13-4.1(a)2., the contract which will be awarded as a result of this Request for Proposal (RFP) has been deemed appropriate for minority and female business subcontracting goals. All proposals submitted in response must contain a completed Minority/Female Business Subcontractor Utilization Plan which includes the following:

1. A list of the names, addresses and telephone numbers of all minority-owned and/or female-owned businesses proposed to meet the goals, the type of goods or services to be included in each of the proposed subcontracts and the estimated value of each of the proposed subcontracts;
2. Proof that each of the proposed minority and/or female businesses either is certified as eligible for the program by the New Jersey Department of Commerce (NJDOC) pursuant to NJAC 12A:11, or is registered and approved as eligible by NJDOC, or has applied to NJDOC to become registered no later than one day prior to the bid opening date.

If the bidder has failed to attain the statutory goals of seven percent (7%) to minority businesses and three percent (3%) to female businesses, documentation of the bidder's good faith effort to meet the goals must be submitted with the Minority/Female Business Subcontractor Utilization Plan in sufficient detail to permit the evaluation committee to effectively assess the bidder's effort to comply. The following actions shall be taken by a bidder as a minimum to meet this requirement:

1. Attempt to locate qualified potential minority and female business subcontractors;
2. Request a listing of minority and/or female businesses from the Department of Commerce;
3. Keep a record of its efforts, 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, wherever possible, to negotiate prices with potential subcontractors submitting higher than acceptable price quotes; and
6. Maintain adequate records to document its efforts.

Any bid response not containing a completed Minority/Female Business Subcontractor Utilization Plan shall be deemed to be non-conforming and thus rejected.

The Division of Purchase and Property will review the subcontracting efforts of the conforming bidders to determine if they have either achieved the goals or engaged in good faith outreach efforts. If the bidder submits a bid that does not satisfy the subcontractor utilization goals, the Division of Purchase and Property will conduct a review of the bidder's efforts.

Questions concerning registration or certification of minority and/or female businesses should be directed to:

Department of Commerce and Economic Development
 Certification and Approval Unit
 25 West State Street
 CN 823
 Trenton, New Jersey 08625-0823

Telephone: 609/984-9835

Contracted vendors shall fully cooperate in any studies or surveys which may be conducted by the State to determine the extent of the vendor's compliance with NJAC 17:13-1.1 et seq.

The bidder hereby acknowledges and affirms that (s)he has read and (s)he understands the requirements of these provisions, The bidder agrees that if awarded a contract, (s)he shall comply with all the requirements of NJAC 17:13-1.1 et seq. and this Notice. The State may declare any resulting contract void should the contracted vendor fail to comply with the requirements of NJAC 17:13-1.1 et seq. and the requirements of this Notice.

BY: _____
 Name of Firm

 Signature of Authorized Representative

 Title

 Business Address

 Telephone Number

APPENDIX K
ACCEPTANCE TESTING

APPENDIX K

ACCEPTANCE TESTING

The full acceptance test will utilize a multiple-day scripted scenario which will include all games, promotions, system, and management reports, as specified in this RFP or working papers pursuant to the Contract. The scripted scenario must show that all data is properly maintained and that appropriate accounting principles are observed. Each of the test days may have none, one (1), or more than one (1) drawings. A scripted set of predetermined transactions will be entered through Agent terminals and through management terminals in the test. Other tests may be incorporated. At the discretion of the Lottery, the Contractor shall be required to restart testing at a particular test day should it be necessary to implement a fix to any software or hardware failure to meet Lottery requirements. Immediately after each test session the Contractor must supply the audit transaction file, a copy of the test console log, ICS and/or Agent files, if necessary, and all requested off-line and on-line reports to the Lottery.

The Lottery may require the Contractor to re-run any tests as a condition of a system change, or to verify the fulfillment of any requirement or test result. The Contractor may request the re-run of any test to show that the Contractor fixed any failure to meet a requirement. All test data must be successfully recorded on audit tapes and disk files, and database files.

The Lottery will be solely responsible in determining the pass/fail decision for each of the tests. Completeness, accuracy, compatibility and timeliness of results will be determined solely by Lottery-designated personnel, and where applicable, through the use of reports produced by the Lottery's Internal Control System (ICS) from audit tapes required of and created by the Contractor as a result of the various tests.

The Lottery will work with the Contractor to define formats, detailed testing procedures and schedules. However, the Lottery reserves the right to solely determine test data, testing conditions and procedures and to evaluate results. Should any conflict occur, the Lottery will make the final decision to accept or reject test criteria or results.

This acceptance testing will include, but is not limited to, the following:

1. Functional Test (Software Verification)

The Agent terminal and management terminal will be tested to determine that every function, ticket, display, and report is working correctly. This will include support of the instant ticket game. No function or transaction which is not valid is to be sent to the central system by the terminal (e.g., box plays on Lotto tickets).

2. Circuit Load Test

This test will determine the terminal response time on a fully loaded circuit (up to thirty-two (32) terminals with attached devices per circuit). This test shall be repeated when the network is installed, and periodically through the life of the Contract.

3. System Volume Test

The Lottery will require the Contractor to drive the proposed system at various transaction-per-minute levels. In addition the system must have a fully configured circuit of test terminals that will be operated by Lottery personnel. The purpose of this test is to measure the system response at different levels of business. At peak, the system must process a sustained

thirty-five thousand (35,000) wagers (tickets) per minute for a thirty (30) minute interval. Response times to manually enter wagers and receive completed, correct tickets must meet the requirements stated elsewhere in the RFP.

4. System Recovery Test

The Contractor will be required to demonstrate malfunctions of the different components of the hardware and software. The Lottery will solely determine which components will be tested and no of the selected components will be made. The Lottery will observe the system recovery and timeliness of such recovery. Recovery must succeed at simulated full production volume. Communications network recovery within the Contractor system will also be tested.

5. Software Verification Test

The Contractor will be required to run the hardware and software system with a fully configured test circuit. The Lottery will operate the terminals and enter scripted transactions and run through end-of-day and daily number drawing procedures. This test will run for multiple test days and will include all system and management reports.

The purpose of this test is to ensure that all transactions work as defined by the RFP and the Contractor's quoted response. Also, the test will ensure that all daily and weekly Contractor-produced reports balance to the Lottery's Internal Control System reports.

6. Agent Terminal Test

The terminal printer and reader will be tested for continuous performance durability by continuous reading of play slips to print tickets. A predetermined deck of slips will be used to check the reader's ability to reject erroneous marks and accept progressively less clear markings. The warnings and error indicators in the system will also be checked during this testing. This test will also verify the ratio of printing supplies to ticket stock that must be maintained throughout the term of the Contract.

7. Switch-over to Backup system

The ability of the backup system to take over total operation of the on-line games and return of operational control to the primary system will be tested. The same ability will be tested for the system at the secondary site.

8. Procedures and Documentation

The Contractor's procedures and documentation for system operation and software change controls will be examined.

APPENDIX L

LOTTERY VENDOR CODE OF ETHICS
(Subchapter 8: Administrative Code -- 17:20-8.1)

SUBCHAPTER 8. LOTTERY VENDORS' CODE OF ETHICS

17:20-8.1 Lottery Vendors' code of ethics

(a) No Lottery vendor shall employ any person or maintain any business relationship with any person who is a Lottery Commissioner, officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to the Lottery or with his or her immediate family or with any person, firm or entity with which he or she is employed or associated or in which he or she has an interest within the meaning of N.J.S.A. 52:13D-13g. As used in this section, Lottery vendor means any person, firm or corporation engaging or seeking to engage in business with the Division of the State Lottery.

(b) 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, including the sale of any interest in the vendor. 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:

1. The Director is promptly informed of such activities; and
2. The are not violative of State law or such other ethical standards as may apply. (Lottery Commissioners and Division Officers and employees are covered by separate Codes of Ethics. See (i) below.)

c. Any relationships subject to (b) above 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 Lottery Vendor shall cause or influence, or attempt to cause or influence, any Lottery Commissioner, officer or employee to act in his or her official capacity in any manner which might tend to impair the objectivity or independence of judgment of said Lottery Commissioner, officer or employee.

e. 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 or her official position to secure unwarranted privileges or advantages for the Lottery vendor or for any other person.

f. No Lottery vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, to any Lottery Commissioner, officer or employee or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i, of any such person, or any partnership, firm, or corporation with which such person is employed or associated, or in which such person has an interest within the meaning of N.J.S.A. 52:13D-13g, any fee, commission compensation, gift, favor, service or other thing of value under circumstances from which it might be reasonably 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 or her official duties. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any commissioner, 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.

g. This code of Ethics shall also apply to any licensed agent of the New Jersey State Lottery.

h. 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.

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

APPENDIX M
END OF CONTRACT TRANSITION PLAN

APPENDIX M

END OF CONTRACT TRANSITION PLAN

1. Introduction

The objective of the transition plan is to ensure an orderly transfer of the Lottery operations from the Contractor on the termination of the Contract, including any extensions thereof. In the event that the subsequent Contract is awarded to the same Contractor, these stipulations will be adjusted accordingly.

Transition tasks include provision of a transition workplan, system documentation, transfer of necessary files, interaction with the Contractor, and training activities.

2. Workplan

Eight (8) months prior to termination of the original Contract (prior to any extensions), the Contractor shall prepare and deliver a turnover work plan to the Lottery for review and approval. In the event that the Lottery takes the option of extending the Contract for any of the optional extensions, the Contractor shall adjust the transition schedule to coincide with the new Contract end date. This workplan shall identify requirements necessary to complete the transition process. The workplan shall include but not be limited to the following:

- The documentation tasks to be performed, including a delivery schedule;
- Identification of all files to be transferred or made available during the transition period, their medium and the delivery schedule; and,
- Knowledge transfer and training.

The Contractor will revise the workplan as necessary until it is approved by the Lottery.

3. Training

The Contractor shall provide such training to the Lottery and/or replacement Contractor personnel as will be necessary to allow them to conduct an orderly transition to the new system.

The Contractor must have qualified staff present for consultation and assistance for a period of at least thirty (30) days and not to exceed ninety (90) days after the conversion of the new system.

4. Documentation

In conjunction with the development of the plan, the Contractor must perform a comprehensive assessment of the documentation for those parts of the system which are being retained by the Lottery or for which the Lottery wishes to receive documentation. If the Contractor or the Lottery determines that the documentation does not reflect actual processes, corrected documentation shall be provided to the Lottery three (3) months prior to Contract termination.

5. Files

The Contractor shall provide and deliver, in accordance with the workplan schedule, all files maintained by the Contractor which are necessary in order that the on-line lottery system can continue without disruption after the termination of the Contract, or during any period prior to this as determined by the Lottery. This shall include magnetic media stored on-site and off-site and hard copy printouts. In particular, winning ticket files must be available to any concurrent/subsequent Contractor or the Lottery and the cross-validation (with the concurrent/subsequent Contractor's system) of winning tickets must be allowed during the transitional period.

6. Conversion of Terminals

The Lottery will decide on the timing and approach to the conversion/replacement of Agent terminals during the transition. This may begin at any time during the final six (6) months of the Contract. The Contractor must cooperate fully and in good faith in this conversion.

The Contractor shall remove all equipment and materials relating solely to the Contractor's on-line wagering system from each Agent location within seven (7) calendar days after conversion of the location to the new system. Equipment and materials not so removed by the Contractor shall be considered abandoned and shall be disposed of at the Lottery's discretion, but at the Contractor's cost.

7. Testing

During the transition period, the Contractor will actively participate in any testing or migration activities and fully cooperate with the Lottery and a concurrent/subsequent Contractor.



STATE OF NEW JERSEY

DEPT OF TREASURY
73 W STATE ST. 9TH FLOOR TRENTON, NJ 08625-0230
~~ADVERTISED BID PROPOSAL ADDENDUM~~

LOTTERY GAMING SYSTEMS PRODUCTION AND
OPERATION - N.J. LOTTERY (RE-BID)

NUMBER : 96-X-22874
OPENING DATE : 05/19/95
OPENING TIME : 2 PM
BUYER : JOHN KENNEDY
PHONE : (609) 984-9705
T-NUMBER : T1320
BIDDER :
DATE : 05/05/95

PAGE: 1
-01
WILL BE PUBLICLY
OPENED AND READ

**** PURCHASE BUREAU ****

VENDOR NO. :
VENDOR PHONE :
FEIN/SSN :
REQ AGENCY : 822090
DIV OF THE STATE LOTTERY
AGENCY REQ NO. :
PURCH REQ NO. : 1004519
FISCAL YEAR : 96
COMMODITY CDDE : 79343

PLEASE READ ALL INSTRUCTIONS CAREFULLY

**THE FOLLOWING CHANGES ARE HEREBY ADDED TO AND MADE A PART OF
(AGENCY REQUEST FOR PROPOSAL NUMBER 96-X-22874 -01)**

THE PURPOSE OF THIS ADDENDUM IS TO PROVIDE ANSWERS TO QUESTIONS THAT WERE SUBMITTED IN WRITING AND ANSWERS TO QUESTIONS THAT WERE DEFERRED AT THE PRE-BID CONFERENCE. THIS INFORMATION IS PROVIDED ON THE ATTACHED PAGES WHICH ARE HEREBY MADE A PART OF THIS ADDENDUM. PLEASE NOTE THAT SOME OF THE ANSWERS TO QUESTIONS CONTAIN MODIFICATIONS TO THE RFP, AND ARE NOTED AS SUCH.

ATTACHED, PLEASE ALSO FIND A LIST OF THOSE FIRMS WHO REGISTERED THEIR ATTENDANCE AT THE PRE-BID CONFERENCE.

THE INFORMATION DISTRIBUTED AT THE MANDATORY SITE INSPECTION AT LOTTERY HEADQUARTERS ON MAY 3, 1995, BY THE REPRESENTATIVE FROM BELL ATLANTIC IS ALSO HEREBY MADE A PART OF THIS ADDENDUM.

THE BID OPENING DATE AND TIME REMAIN AS STATED IN THE RFP, AND NO OTHER CHANGES ARE BEING MADE TO THE RFP AT THIS TIME.

THANK YOU FOR YOUR INTEREST IN PROVIDING THESE SERVICES TO THE STATE.

***** END OF ADDENDUM *****

NAME (PRINT OR TYPE)	TITLE	DATE
SIGNATURE OF BIDDER (SHOULD BE SIGNED AND PLEASE RETURN WITH THE BID)		

The following information is being provided in response to questions that were submitted in writing, as well as a question that was raised at the pre-bid conference.

Please note that the information provided herein supersedes the information that was distributed at the pre-bid conference. Please read the following answers carefully and note the answers provided, as they may differ from answers provided at the time of the pre-bid conference.

Please also note that the copy of the transcript that is also enclosed with this addendum is also hereby made a part of this addendum.

**WRITTEN QUESTIONS RECEIVED FROM AWI,
IN A LETTER DATED APRIL 27, 1995**

QUESTION 1

Section 3.0 Scope of Work, Sect. 7.24.3 Untimely Maintenance, and Appendix F

Section 3.0 identifies the four classifications of Lottery agents and their total numbers, while Section 7.24.3 identifies the required response times for terminal maintenance. Appendix F further provides a breakdown of agents per municipality/county, without classification information. Since response time directly impacts maintenance staffing and facility locations, would the Lottery please provide a total number of agents by classification, at least by county?

ANSWER 1

This information is available to bidders at Lottery Headquarters. A confidentiality statement is required.

QUESTION 2

Section 3.1.2.1.B.8 Terminal Features P.9

Would the Lottery please define what type of UPC bar code is referenced in this section?

ANSWER 2

Interleaved two of five format.

QUESTION 3

Section 3.1.7.6.F.2 Trouble Tracking and Reporting System P.40

Would the Lottery please consider changing the interface to allow VHS format technology, which is a more advanced technology, to address this requirement.

ANSWER 3

The Lottery will accept VHS or magnetic tape interface provided that all necessary playback equipment is provided by the vendor.

QUESTION 4

Section 3.1.8 Implementation P.41

The schedule as required in the RFP presents a significant burden to agents during their busiest sales period of the year, the holiday season. Scheduling installations and training for agents and their employees could be difficult. Recognizing the Lottery's requirements for acceptance testing, and the firm startup date of February 15, must alternative implementation proposals strictly adhere to the installation dates of November 5, December 5, and January 5?

ANSWER 4

YES

QUESTION 5

Section 3.2 Instant Ticket System P.43 (paragraph 5)

Is it the Lottery's intention to have different size packs, (for example 300/500 tickets), for the same game?

ANSWER 5

NO

QUESTION 6

Section 3.2.3.7 End of Game Settlement Returns P.50

Would the Lottery please provide the average and/or typical number of full pack and partial pack returns from the agents, and what percentage of agents typically have end of game returns?

ANSWER 6

- o The average number of full pack returns is approximately 600.
- o The average number of partial pack returns is approximately 360.
- o The percentage of agents that typically have end of game returns is approximately 12%.

QUESTION 7

Section 3.3.2.1.B LAPS Hardware Requirements P.52

Could the Lottery please provide the specification of the 6250 BPI tape interface. Is it cartridge or reel to reel?

Reel to Reel

**QUESTIONS RECEIVED FROM GTECH,
IN A LETTER DATED APRIL 28, 1995**

PAGE	SECTION	COMMENTS
2	3.0	The first sentence of this section, while requiring implementation of a complete system (as earlier defined in the first paragraph of Section 1.0) does not articulate as requirements all three parts of the earlier defined "system" of Section 1.0 or the full set of deliverables set forth on page 41 for completion on February 15, 1996. We assume that the Lottery indeed requires the complete system as defined in Section 1.0 on February 15, 1996. Is this a correct assumption?
	ANSWER	YES
3	3.0(5) 3.0(6)	We do not understand the difference between #5 #6. Will the Lottery please elaborate?
	ANSWER	#5 is broader in scope than #6.
3	3.0	Last sentence. Will the Lottery delete this sentence in its entirety or alternatively reword it so that all mandatory stipulations, performance levels, and features must be met?
	ANSWER	The last sentence in the last paragraph in Section 3.0 is hereby deleted and replaced with the following language: "In general, except where clearly specified as optional or desirable only, the Lottery requires that as a minimum all these stipulations, performance levels, and features be met."
3	3.1.1	We read all the requirements of this section together to mean that, for conventional computers coupled in a fault-tolerant network, a three machine solution (two identical computers at the secondary site) is an impermissible solution because testing, and/or administrative processing (some LAPS, some other wise) and/or on-line transaction processing, or some combination of these, would have to coexist at the same time on at least one of these computers. Are we correct in assuming that a three-machine solution is unacceptable?
	ANSWER	YES
		We further believe that the requirements taken

together, rule out the acceptability of a four-machine solution (four identical computers, two at each site) for exactly the same reason: at least 1 machine will be required to simultaneously execute at least two of the three requisite applications (on-line games processing, testing, administrative task processing). Are we correct in assuming a four-machine solution is unacceptable?

ANSWER YES

There is a strong implication that the Lottery is in fact mandating a six-machine solution (five identical computers, one of which is dedicated exclusively to the testing function plus two identical pairs, at the primary and secondary sites respectively; plus a non-identical separate computer as the LAPS machine). Are we correct in interpreting these requirements as mandating a six-machine solution?

ANSWER YES

4 3.1.1.1.B Experience indicates that takeover becomes a controversial issue unless it is well defined. Accordingly, will the Lottery change the clause "able to take over" to "must always take over", thereby removing ambiguity regarding this requirement?

ANSWER The reference to "two (2) minutes" in the second sentence in this Section is hereby changed to "five (5) seconds." A third sentence is hereby added to this Section, as follows: "When any site is operating as the primary site, system to system switchover at that site must occur within five (5) seconds and without operator intervention."

4 3.1.1.1.G It is possible to read this paragraph as requiring a transaction be written to the LAPS system in real time as it is being processed by the on-line engine. We believe this to be incorrect and that the Lottery simply wishes a computer-to-computer transfer of the daily transaction file. Are we correct in our interpretation?

ANSWER NO. The vendor's system must be capable of transferring data real time, written to the LAPS system, as it is being processed. While the Lottery may not choose to employ this method of data transfer, the capability must exist.

5 3.1.1.2.I Same question as 3.1.1.1.G

ANSWER Same as answer for 3.1.1.1.G

5 3.1.1.3.A Again, for reasons of security and prudence, we read this requirement as calling for a separate computer identical in configuration to the on-line processing machines, devoted exclusively to the testing function. Is this interpretation correct?

ANSWER NO. All computers must be available for operation of the on-line system.

6 3.1.1.4.B AND C Is language missing at the end of these sections, or are the words "and while" simply typographical errors?

ANSWER The capabilities described in B, C, and D must exist concurrently.

14 3.1.3 In the second sentence should "these" be inserted immediately after the word "pay"?

ANSWER YES, the word "these" is hereby added between the words "pay" and "communications."

17 3.1.4.J We do not understand what the Lottery intends by "misdirected polling addresses". Will the Lottery please elaborate?

ANSWER This Section (Item J) is hereby amended to delete the word "misdirected."

33 3.1.6.2 We assume that the Lottery is specifying that the secondary site be in New Jersey. Is this a correct assumption?

ANSWER YES

33 3.1.6.2 The last sentence of the third paragraph states that the Lottery is willing to consider "creative solutions" to hot backup service of the secondary site. Would the Lottery please confirm that these "creative solutions" must still meet the requirements set forth in Section 3.1.1.2.B?

ANSWER YES - must still meet the requirements set forth in Section 3.1.1.2.B.

41 3.1.8 In the schedule set forth on page 41, it is stated that by November 5, 1995, the Contractor must have at least 33% of agent terminals installed and tested. However, in Section 3.1.8.2 at the bottom of page 42, it is stated that the Contractor must have at least ten (10) locally-connected test terminals installed and operational. Would the Lottery please clarify these requirements?

ANSWER

The first item in the schedule is hereby changed to read:

"November
5, 1995

Secondary site installation complete with at least thirty-three percent (33%) of Agent terminals installed and tested. The LAPS client/server with ten (10) initial terminals and peripherals installed with the ICS and MGIS operational and ten (10) locally installed agent terminals to be utilized for acceptance testing."

44 3.2.1 We cannot tell from the wording in this section nor from wording in Section 4.7.3 whether the 1,000 Instant-Only Validation Terminals are mandatory items to be included in either "X" or the "Y" percentages of the pricing matrix or if these terminals are optional devices to be priced in accordance with Section 4.7.4. Will the Lottery please clarify?

ANSWER

These are mandatory items to be included in price matrix "Y." (See RFP Section 3.2, page 43, 7th paragraph.)

48 3.2.3.3 How many telemarketers will be simultaneously entering order data into the Contractor's system?

ANSWER

The Lottery anticipates that the number of telemarketers accessing the contractor's system will range from a minimum of six (6) to a maximum of fifty (50).

51 3.3.1.1.B Is the conversion of the existing Wang system an optional item for which the bidder may include an additional price, or is it included in the base price?

ANSWER

Conversion of the existing Wang system is an optional item for which the bidder is requested to submit an hourly rate. Refer to Appendix D, page A-10, item B.

86 5.6.11 Will a weight be accorded to the bidder's corporate capability?

ANSWER

What weights are accorded to any evaluation criteria will be made available at bid opening. (This answer supersedes the response given at the pre-bid conference {see Transcript at page 18}.)

87 5.9 Will the Lottery please indicate whether price will be given more or less weight than technical factors?

ANSWER

What weights are accorded to any evaluation criteria will be made available at bid opening. (This answer supersedes the response given at the

pre-bid conference {see Transcript at page 18}.)

A2 Appendix A
Section III

Reference is made to the Lottery assuming ownership of all LAPS hardware and software at the end of the 5 year period. Since the software provided for the LAPS may be either owned by a third party, or proprietary software of the bidder which is used for other purposes, we presume that this is intended to indicate that the Lottery will acquire a perpetual, non-exclusive, non-transferable license to use the software. Would the Lottery please confirm this understanding?

ANSWER The State will acquire the licenses it deems necessary.

A6 Appendix C

In referring to the purchase option price, a reference is made regarding "system development including unlimited rights to all software and all application programs." If this is intended to apply to the software and application programs comprising the on-line system to be provided by the Contractor, since this software would be proprietary software owned by the Contractor and would constitute an extremely valuable asset of the Contractor, it would be very burdensome for the Contractor to provide "unlimited rights." Would the Lottery please confirm that what this is intended to indicate is that the Lottery would obtain a perpetual, non-exclusive, non-transferable license to use the software to operate the system?

ANSWER The State will acquire the licenses it deems necessary.

**QUESTIONS RECEIVED FROM GTECH,
IN A LETTER DATED MAY 1, 1995**

PAGE	SECTION	COMMENTS
1	1.0	Fourth paragraph: Will the Lottery delete the sentence "The bidder should approximate?"
	ANSWER	NO
15	3.13.2.B	We assume that the encryption requirement applies to both mandatory and optional terminals and devices. Is this assumption correct?
	ANSWER	YES
49	3.2.3.5	We assume it is the Lottery's intent that delivery occur on the next business day. If so, will the Lottery insert "business" after the word

"next."

ANSWER

Yes, the word "business" is hereby inserted between the words "next" and "day" in the second sentence of this Section. Reorders of instant tickets received by 3 p.m. must be delivered by the next business day.

56 3.3.2.2.C.1

We do not understand the last sentence of the first paragraph: "The Lottery will prefer alternatives to reprocessing of all daily transactions as a solution for the ILS (sic)." Will the Lottery elaborate?

ANSWER

The Lottery is looking for an efficient way of maintaining internal controls on the vendor's system. Lottery data processing feels that the complete reprocessing of all transactions would be a burden on Lottery data processing staff and possible degradation of LAPS system response time. However, this does not rule out the reprocessing of all transactions as a solution for ICS.

87 5.7

This section of the RFP states that "(t)he bidder is encouraged to propose optional functions, features, services and solutions. However, only products, functions, services and features included in the base system, for which no additional cost is being charged, will be scored." In light of this provision, how will the State compare a minimally responsive system at a lower base price to a system offering the "encouraged" additional "functions, features, services and solutions" at a higher base price? Is it fair to assume that a minimally responsive system at a lower price will be preferred to superior technical solution at a higher price?

ANSWER

The answer to this question was provided at the pre-bid conference (see Ms. Casey's response to this question in the Transcript at page 21).

87 5.8

In a June 28, 1994 Notice of Intent to Award, the Director of Purchase and Property stated that an award was being made "consistent with the Treasurer's recent directive that price should be given greatest weight compared with all other factors." Is it fair to assume in this procurement that price will be given "greatest weight compared with all other factors?"

ANSWER

The answer to this question was provided at the pre-bid conference (see Ms. Casey's response to this question in the Transcript at page 21).

87 5.8
5.9

Given the uncertainty regarding the weight to be afforded price, will the Lottery amend the RFP

to state a specific weight be accorded to price and provide the formula for comparing the price proposals.

ANSWER NO

87 5.9 In a June 28, 1994 Notice of Intent to Award, the recommended award was made to the bidder identified as the "lowest, responsive, responsible bidder." Is it fair to assume that the recommended award will again be made to the lowest responsive, responsible bidder?

ANSWER The answer to this question was provided at the pre-bid conference (see Ms. Casey's response to this question in the Transcript at page 22).

**QUESTIONS RECEIVED FROM GTECH,
IN A LETTER DATED MAY 3, 1995**

PAGE	SECTION	COMMENTS
73	4.5.2.2	We believe that the reference to LAPS is incorrect and that the Lottery meant to reference the Instant Ticket Support System. Is this interpretation incorrect? If not, will the Lottery elaborate on the requirement for having agents have access to LAPS?
	ANSWER	The vendor must indicate how ticket orders from agents will be processed, either by direct order via the agent terminal, or telephone order through the vendor's customer representative staff or Lottery Telemarketing staff. The Lottery's ability to place orders on the Contractor's system must be accessible through the LAPS network link to the Contractor's system. There is no direct link by Agents to the Lottery's LAPS system.
73	4.5.2.3	Might the Lottery estimate its square footage requirement and state whether this is to be a separate secure area?
	ANSWER	5,000 to 6,000 square feet. Please refer to Section 4.5.2.3, paragraph 3, second sentence regarding the requirements for this space.
106	7.25	The State is requesting to be named as an additional insured on all required insurance policies. Errors and Omissions Policies are third party liability policies which will pay on behalf of an insured, however not directly to an insured. Naming the State on this policy will prevent the policy from responding in the event the State suffers damages as a direct result of a Contractor's alleged negligent performance. In

simpler terms, the policy will not pay an insured's loss, only on behalf of an insured. Would the State amend the RFP to eliminate the requirement to name the State as an additional insured on the Contractor's Errors and Omissions Policy? Regarding evidence of insurance, the Lottery is requiring copies of Contractor's insurance contracts. Typically, policies are written on a blanket basis covering all operations of the Contractor and contain confidential information. Will the Lottery accept certificates of insurance which indicate all relevant provisions of the Contractor's policies?

ANSWER

The answer to the first question is "yes." The RFP provision pertaining to the State being named as an additional insured is hereby amended so as not to apply only to item #2 in Section 7.25.2, pertaining to "Errors and Omissions Insurance."

The answer to the second question is "yes." The State will accept certificates of insurance which indicate all relevant provisions of the Contractor's policies.

106 7.25.1

Would the Lottery consider alternative forms of security such as cash or a letter of credit in lieu of a bond form? Also, after the system is installed, the need for a performance bond of this size is not necessary as the real risk is during implementation. Would the Lottery consider reducing the amount of the bond after system acceptance?

ANSWER

The answer to the first question is "yes," insofar as the "alternative form of surety" is submitted in accordance with Section 3.3 b. 2. of the "Standard Terms and Conditions" of the RFP, which allows for performance security to be submitted either in the form of a bond, a certified cashiers check, or an irrevocable letter of credit.

The answer to the second question is "no." The amount of the bond must remain in effect for the entirety of the contract.

107 7.25.2(2)

This section required our E&O coverage to respond to "communication line problems" regardless of fault or negligence. E&O policies do not respond to damages that are not caused directly by the Contractor. Given that Section 3.1.3.1 specifically states that failures in the carrier networks are not under the control of the Contractor, would the Lottery amend Section 7.25.2 to delete the requirement that communications line problems be covered under the

Contractor's E&O policy?

ANSWER

Yes, the reference to "communications line problems" is hereby deleted from this Section.

107 7.25.2(5)

Fidelity policies will not cover subcontractors as requested. Subcontractors would be required to carry their own coverage. Can the language requesting that subcontractors be covered under the Contractor's Crime policy be removed and replaced with language requiring subcontractors to carry their own Fidelity coverage? Also, this section requires that each policy shall contain a provision covering cancellation requirement which indicates cancellation can only occur after sixty (60) days written notice to the State of New Jersey and the New Jersey Lottery. Would the Lottery consider amending this section to thirty (30) days written notice as is the case with the current contract?

ANSWER

The answer to the first question is "yes." The reference to "subcontractors" in this Section is hereby deleted. Subcontractors can carry their own Fidelity policies. However, the Contractor will be required to monitor all subcontractors to ensure their compliance with this Section of the RFP.

The answer to the second question is "no" as it pertains to the Contractor, however, the State is hereby amending this Section to permit subcontractors to provide thirty (30) days notification of insurance cancellation in .

A28 Para B

Throughout the industry winning tickets are purged from the files when the periods of validity have expired. New Jersey has always operated like the industry in this regard. Accordingly, the system holds no information that indicates that any purged ticket is in fact a winner at all. Therefore, will the Lottery remove the requirement for a FILE A CLAIM message when the winning ticket is older than 365 days?

ANSWER

YES - this Section of the RFP is hereby amended to delete this requirement, if the winning ticket is older than 365 days.

A29 Para F

We believe the message limit of 512 characters (number 8 on page 22) is correct, rather than the limited message length called for in paragraph F. Are we correct in this belief?

ANSWER

YES - the last sentence in this Section (Paragraph F) is hereby deleted.

**WRITTEN QUESTIONS RECEIVED FROM AWI,
IN A LETTER DATED MAY 4, 1995**

QUESTION 1

Section 4.5.1.6 Facilities P.70

It is conceivable that a bidder may propose several small regional facilities. Would the Lottery please consider limiting the requirements for a preliminary site and building plan, to the primary and backup computer sites, and major warehouses only?

ANSWER 1

NO

QUESTION 2

Section 4.5.3.4 LAPS P.76

The number of manuals, documentation and other information for all purposed hardware and software products could easily reach 100 +. Since third party supplied software is readily available off the shelf, would the Lottery please amend this request to exclude third party software documentation?

ANSWER 2

NO

**QUESTION RAISED AT THE PRE-BID CONFERENCE
ON MAY 4, 1995**

PAGE 28 LINE 23

QUESTION

Ms. Molinaro: Wang W-Plus to MS-Word, can you provide us with the volume of word processing documents in megabytes?

ANSWER

Approximately 100 megabytes.

Autotote Lottery Corp
11435 Cronhill Drive
Owings Mills, MD 21117
ATTN: John Kirkland

GTECH
55 Technology Way
West Greenwich, RI 02817
ATTN: George Murray

Automated Wagering Int.
401 Hackensack Ave.
4th Floor
Hackensack, NJ 07601
ATTN: Scott Milne

Iverson Assoc. Inc.
150 Monument Rd. Ste 401
Bala Cynwyd, PA 19004
ATTN: Joanne Iverson

Concurrent Computer
6811 Ardin Drive
Harrisburg, PA 17111
ATTN: Robert Washburne

Bell Atlantic Network
4 East Stow Road
Marlton, NJ
ATTN: Bruce Bowers

Bid Well Associates
119 St Clair Ave.
Spring Lake, NJ 07762
ATTN: John J. Bergin

WANG
600 Alexander Rd.
Bldg. 2 Floor 3
Princeton, NJ 08540
ATTN: Carol Molinaro



STATE OF NEW JERSEY
 DEPT OF TREASURY
 33 W STATE ST. 9TH FLOOR TRENTON, NJ 08625-0230

ADVERTISED BID PROPOSAL ADDENDUM
 LOTTERY GAMING SYSTEMS PRODUCTION AND
 OPERATION - N.J. LOTTERY (RE-BID)

NUMBER : 96-X-22874
 OPENING DATE : 05/19/95
 OPENING TIME : 2 PM
 BUYER : JOHN KENNEDY
 PHONE : (609) 984-9705
 T-NUMBER : T1320
 BIDDER :
 DATE : 05/10/95

PAGE : 1
 -02
 WILL BE PUBLICLY
 OPENED AND READ

**** PURCHASE BUREAU ****

VENDOR NO. :
 VENDOR PHONE :
 FEIN/SSN :
 REQ AGENCY : 822090
 DIV OF THE STATE LOTTERY
 AGENCY REQ NO. :
 PURCH REQ NO. : 1004519
 FISCAL YEAR : 96
 COMMODITY CODE : 79343

PLEASE READ ALL INSTRUCTIONS CAREFULLY

THE FOLLOWING CHANGES ARE HEREBY ADDED TO AND MADE A PART OF
 (AGENCY REQUEST FOR PROPOSAL NUMBER 96-X-22874 -02)

THE PURPOSE OF THIS ADDENDUM IS TO NOTIFY YOU OF TWO CHANGES THAT ARE
 BEING MADE TO WORDING IN THE REQUEST FOR PROPOSAL (RFP) FOR THIS
 PROCUREMENT.

REGARDING SECTION 3.2.4, ENTITLED "COMMUNICATIONS," ON PAGE 50 OF THE
 RFP, THE WORDS "AND THE INSTANT TICKET VENDING MACHINES" ARE HEREBY
 DELETED FROM THE FIRST SENTENCE OF THIS SECTION.

REGARDING SECTION 5.6, ENTITLED "SCORING," ON PAGE 86 OF THE RFP, IN
 ITEM NUMBER 9), THE WORD "DISTRIBUTION" IS HEREBY REMOVED FROM THIS
 ITEM SO THAT IT NOW READS "INSTANT TICKET SYSTEM."

THE BID OPENING DATE AND TIME REMAIN AS STATED IN THE RFP, AND NO
 OTHER CHANGES ARE BEING MADE TO THE RFP AT THIS TIME.

THANK YOU FOR YOU INTEREST IN PROVIDING THESE SERVICES TO THE STATE.

***** END OF ADDENDUM *****

NAME (PRINT OR TYPE)	TITLE	DATE
SIGNATURE OF BIDDER (SHOULD BE SIGNED AND PLEASE RETURN WITH THE BID))		



STATE OF NEW JERSEY

DEPT OF TREASURY
33 W STATE ST - 9TH FLOOR TRENTON, NJ 08625-0230

ADVERTISED BID PROPOSAL ADDENDUM

LOTTERY GAMING SYSTEMS PRODUCTION AND
OPERATION - N.J. LOTTERY (RE-BID)

NUMBER : 96-X-22874
OPENING DATE : 06/02/95
OPENING TIME : 2 PM
BUYER : JOHN KENNEDY
PHONE : (609) 984-9705
T-NUMBER : T1320
BIDDER :
DATE : 05/17/95

-03 PAGE: 1
WILL BE PUBLICLY
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REQ AGENCY : 822090
DIV OF THE STATE LOTTERY
AGENCY REQ NO. :
PURCH REQ NO. : 1004519
FISCAL YEAR : 96
COMMODITY CODE : 79343

PLEASE READ ALL INSTRUCTIONS CAREFULLY

THE FOLLOWING CHANGES ARE HEREBY ADDED TO AND MADE A PART OF
(AGENCY REQUEST FOR PROPOSAL NUMBER 96-X-22874 -03)

THE PURPOSE OF THIS ADDENDUM IS TO TRANSMIT TO YOU THE ORIGINAL
ADDENDUM LETTER THAT WAS SENT VIA TELEFACSIMILE ON MAY 17TH.

PLEASE NOTE THAT THE BID OPENING DATE HAS BEEN CHANGED TO JUNE 2,
1995.

NO OTHER CHANGES ARE MADE TO THE RFP AT THIS TIME.

THANK YOU FOR YOUR INTEREST IN PROVIDING THESE SERVICES TO THE STATE.

* * * * * END OF ADDENDUM * * * * *

NAME (PRINT OR TYPE)	TITLE	DATE
SIGNATURE OF BIDDER (SHOULD BE SIGNED AND PLEASE RETURN WITH THE BID))		