

**IOWA LOTTERY  
REQUEST FOR PROPOSAL  
IL-10-01 On-Line Gaming System and Related Products and Services  
10/26/09**

<b>AMENDMENT #2 TO THE REQUEST FOR PROPOSAL</b>
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A final RFP document including all the applicable changes and amendments has been posted to the Lottery Web site [www.ialottery.com](http://www.ialottery.com).

The following amendments are hereby incorporated into the RFP.

**Section 1.6, Schedule is restated as follows:**

The following dates are set forth for informational and planning purposes. The Lottery reserves the right to change any of these dates.

<b>Event</b>	<b>Date</b>	<b>Time *</b>
<b>RFP issued to Vendors</b>	<b>August 28, 2009</b>	<b>4:00 pm</b>
Intent to Bid Letter Due	September 14, 2009	4:00 pm
Questions from Vendors Accepted -1 <sup>st</sup> round	September 14, 2009 through September 25, 2009	4:00 pm
Questions and Answers provided to all Vendors – 1 <sup>st</sup> round	September 28, 2009 through October 9, 2009	4:00 pm
Questions from Vendors Accepted -2 <sup>nd</sup> round	October 19, 2009 through November 6, 2009	4:00 pm
Questions and Answers provided to all Vendors – 2nd round	November 9, 2009 through November 20, 2009	4:00 pm
<b>Proposals Due</b>	<b>January 12, 2010</b>	<b>3:00 pm</b>
Stand-alone terminal delivered and operating	By January 19, 2010	4:00 pm
Evaluation of Proposals Period	January 13, 2010 through April 9, 2010	
Site Visits/Oral Presentations by Vendors (if requested)	February 15, 2010 through March 19, 2010	

Lottery Presentation to CEO and Board of Directors	April/May 2010	Board Meeting TBA
DCI Investigation	April 2010 through May 2010	
Board of Directors vote on Notice of Intent to Award	June, 2010	
Notice of Intent to Award issued	June, 2010	
Contract Execution subject to successful negotiations and Lottery Board of Directors Approval	July, 2010	Board Meeting TBA
Begin On-line System Project **	August, 2010	
<b>Start Lottery Acceptance Testing</b>	<b>March 5, 2011</b>	
<b>Full conversion completed***</b>	<b>July 3, 2011</b>	

\* All times refer to Central Time.

\*\* On-line System Project milestone dates of documents and deliverables to be identified in a separate Project Management document to be delivered by the Vendor and approved by the Lottery within thirty (30) days of the Contract Execution date.

\*\*\* Full conversion will occur on July 3, 2011.

**Section 3.4.18.11 has been added. The new section reads as follows:**

**3.4.18.11 Variable Retailer Allowance Rates**

The System must support retailer variable allowance rates for tickets issued in error. Various rates may be triggered by terms and conditions of retailer contracts, by retailers meeting sales objectives, or for other defined conditions. The allowance will be a percentage of sales of the games identified by the Lottery which will be credited weekly to the retailer.

**Section 3.4.20 is restated, with a specified option added. This section now reads as follows:**

### ***3.4.20 Inventory Management***

#### **3.4.20.1 Trunk Stock Delivery Method**

The System must allow for packs of instant tickets to be received at the warehouse, entered into inventory and then shipped to Lottery regional warehouses. The System must also provide for trunk stock deliveries to retailers by the Lottery's sales representatives.

1. Provide secure receiving, off-loading, and inventory verification of tickets delivered from the Lottery's ticket manufacturer. Provide to the Lottery receiving reports and other documentation as may be necessary.
2. Maintain and report pack inventory and pack history.
3. Monitor and report pack status at the warehouse, in-transit, regional warehouse, DSR and at the retailer level. Reports must show games and packs by ownership and date range.
4. Transfer or return ticket stock to inventory.
5. Perform activities such as return packs of tickets, process stolen ticket reports and serve as the initial point of contact concerning damaged, misprinted, or mis-packaged packs of tickets.
6. Support secure destruction of tickets remaining in the warehouse after the end of a game. No tickets will be destroyed until the Lottery has accounted for and reconciled the disposition of all inventory for that game.
7. Accommodate full and partial pack returns by District Sales Representatives (DSR).
8. Employ a security grid concept. Operations on packs and tickets will depend on a rules-based security grid that defines acceptable status changes. The grid's rules shall be developed jointly with the Lottery.
9. The System must support inventory transactions for DSRs.
10. The System must support transactions from the ticket-printing Successful Vendor, to central warehouse, regional warehouse, DSR, retailer, DSR, regional warehouse, central warehouse, to destruction. Partial returns must also be tracked from the retailer, DSR, regional warehouse, central warehouse, to destruction.

**Pack Activation:** The system must have the capability to allow a DSR to activate packs of tickets to a retailer for sale and produce a pack activation report of the transaction.

Pack Returns: Retailers may return full and partial packs via DSR with a ticket/pack return report. Full pack returns will be reassigned to the DSR to be used elsewhere, or for return to inventory in the regional warehouse. Partial pack returns will be reassigned to the DSRs and will be returned to the regional warehouse. Partial pack returns are not eligible for reissue.

Settlement: The terminal must support settlement of the packs that have been distributed to, and sold by, the retailers. The System must support manual and automatic pack settlement based on parameters such as the time since the pack was activated or the percentage validated.

**3.4.20.2 Courier Delivery Method**

As a **Specified Option**, the Vendor must propose providing the Lottery with an application enabling the Lottery to deliver tickets by courier. The Lottery may elect to switch from the trunk stock delivery method at some point during the term of the contract. Vendors must propose a solution that effectively and economically allows the Lottery to utilize a courier system if the Lottery would exercise this option.

**Response Note: The Proposal shall describe the courier delivery application proposed by the Vendor. Within the response, the Vendor will describe the proposed system application and associated hardware to allow Lottery personnel to execute an ordering system, packaging process and pack management.**

Liquidated damages, if not otherwise addressed in this agreement, will be negotiated at the time of acceptance of this option.

**Section 4, Price Quotation Sheet. New Item 17 reads as follows:**

17. Courier Delivery of Tickets (RFP Section 3.4.20.2) An alternate plan and price to deliver Lottery tickets by courier versus “trunk” delivery. Vendors should describe their capabilities and solution if the Lottery would exercise this option. Liquidated damages, if not otherwise addressed in this agreement, will be negotiated at the time of acceptance of this option.

Vendors are required to quote the following items as a percentage of sales as defined in RFP Section 4.2.

<u>Conversion at start-up</u>	_____ %
<u>Conversion during year two (2)</u>	_____ %
<u>Conversion during year three (3)</u>	_____ %
<u>Conversion during year four (4)</u>	_____ %

**Section 4, Price Quotation Sheet. Previous item 17 has been changed to item 18. Item 18 reads as follows:**

18. Removal of Retailer Communication Equipment (RFP Section 3.8.8). A plan to remove the existing Lottery owned radio and satellite communications equipment at retailer locations.

Removal where the Successful Vendor keeps/disposes of equipment.

One-Time Fee \$\_\_\_\_\_

Removal where the Successful Vendor delivers and unloads equipment at a Lottery specified location. (This option will be included in the price evaluation)

One-Time Fee \$\_\_\_\_\_