

MISSISSIPPI LOTTERY CORPORATION

**REQUEST FOR PROPOSALS FOR
THIRD-PARTY INTERNAL CONTROL SYSTEM
FOR LOTTERY GAMES**

A. PURPOSE

The Mississippi Lottery Corporation (“*MLC*” or “*Corporation*”) is requesting proposals for an Internal Control System as outlined in this Request for Proposal (“*RFP*”). It is the MLC’s desire to select a vendor that is able to provide a comprehensive solution for an internal control system as described in this RFP.

Proposal documents shall be submitted to the MLC in accordance with the instructions and specifications detailed herein.

B. PROPOSAL SUBMISSION

This RFP has been issued on Monday August 5, 2019. Questions and requests for clarifications relating to this RFP must be directed to Steven Blanchard, Sr. Vice President, Gaming and Information Technology (“*Contact Person*”), who is to be the **sole** point of contact at the MLC for vendors, effective with the date of release of this RFP and until a vendor is selected. Contact in connection with the subject matter covered by this RFP with any representative of the MLC other than the Contact Person will result in disqualification. The Contact Person is:

Steven Blanchard
Sr. Vice President, Gaming and Information Technology
C/O Balch & Bingham LLP
188 E. Capitol Street, Suite 1400
Jackson, MS 39201
E-mail: sblanchard@mslot.org

Written questions and requests for clarifications must be received by the Contact Person by 2:00 p.m. C.T. on Monday August 12, 2019. Written questions and requests for clarifications may be submitted by email, facsimile, metered mail, or hand delivery. Questions and requests for clarification received after the aforementioned time and date will not be responded to, accepted or reviewed. Responses to these inquiries will be posted on the MLC’s website, www.mslotteryhome.com (“*Website*”), under the “**Procurements & Personnel**” tab no later than **5:00 p.m. C.T. on Friday August 16, 2019.** The MLC reserves the right to change any dates contained in this RFP. Any such changes to this RFP will be posted to the Website.

Delivery of three (3) copies of the proposal, with original signatures, to the Contact Person at the above address no later than 2:00 p.m. C.T. on Friday August 23, 2019. Proposals received by the Contact Person after this date and time will be rejected, **WITHOUT EXCEPTION. No provisions are made for extenuating circumstances in this RFP. Proposals transmitted electronically will not be accepted.**

A proposal may not be altered after delivery, unless requested by the MLC. A proposal may be withdrawn up until the submission deadline.

C. GENERAL PROVISIONS

All proposals and the contract are automatically subject to the requirements of, and must comply with, the laws of the State of Mississippi, including but limited to the Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018) (“*Act*”), and the MLC’s regulations, policies and procedures as they may be adopted or amended from time to time. All potential vendors should read and become familiar with the Act and the MLC’s regulations, policies and procedures, each of which is available through a link on the Website.

A contract will be awarded to the vendor whose proposal is determined to be the most advantageous for the MLC, considering all the conditions set forth in this RFP, which is otherwise qualified in all respects to perform fully the contract requirements without delay and which will provide the greatest long-term benefit to the MLC. While price will be an important factor, it alone will not be the deciding factor in the selection process. In accordance with the Act, the vendor selected may be required to pass a security and financial responsibility background check.

1. Open Records and Public Meetings Acts

All data, materials and documentation originated and prepared for and delivered to the MLC pursuant to this RFP shall become the property of the MLC and may be used as the MLC deems appropriate. Said materials shall belong exclusively to the MLC and may become available to the public in accordance with the Mississippi Public Records Act of 1983, *Miss. Code Ann.* §§ 25-61-1 *et seq.*, as amended, the MLC’s Public Records Request Policy, as amended, and the Mississippi Open Meetings Act, *Miss. Code Ann.* §§ 25-41-1 *et seq.*, as amended; however, the MLC will make reasonable attempts to maintain, in accordance with all applicable laws, the confidentiality of any trade secrets or proprietary information identified by vendors if such vendors properly identify the particular data or other materials which are trade secrets or proprietary information in writing by page, paragraph and sentence prior to or upon submission to the MLC of the data or other materials to be protected. All markings or identification of trade secrets or proprietary information must be conspicuous; use color, bold, underlining or some other method in order to conspicuously distinguish the mark from the other text. Do not mark the entire page if only portions of a page are protected. Vendors should also state the reasons such confidentiality is necessary. However, under no circumstance will the MLC be liable to any vendor or to any other person or entity for any disclosure of any such trade secret or confidential information.

2. Misunderstanding or Lack of Information

By submitting a proposal, a vendor covenants and agrees that it fully understands and will abide by the Act and the terms and conditions of this RFP and will not make any claims for, or have any rights to, cancellation, remedy or relief because of any misunderstanding

or lack of information. Any oral communications shall be considered unofficial and non-binding with regard to this RFP.

3. Rejection of Proposals, Amendments to or Cancellation of RFP; Reissue of RFP

Issuance of this RFP does not constitute an offer to purchase the Internal Control System and/or the services or a commitment on the part of the MLC to award a contract pursuant to this RFP. The MLC reserves the right to make changes to this RFP at any time and from time to time by issuance of written addendum/addenda, amendment(s) or clarification(s) for housekeeping matters or any other issues determined as necessary and appropriate by the MLC's legal counsel. Any such change to this RFP will be posted to the Website, under the "Procurements & Personnel" tab.

4. Incurred Expenses

The MLC shall not, under any circumstance, be responsible for any costs or expenses incurred by a vendor in preparing and/or submitting a proposal.

5. Non-Disclosure

A vendor submitting a Proposal acknowledges that in connection with the process of submitting a proposal to the MLC pursuant to this RFP, and if applicable, in negotiating a contract with the MLC, it may receive or have access to trade secrets (as defined by applicable law) and/or confidential information (as defined by applicable law) of the MLC. By submitting a proposal, a vendor covenants and agrees to maintain the strict confidentiality of, and not to copy, transfer, use or disclose any such trade secrets and confidential information: (a) with regard to each item constituting a trade secret, at all times during which such item constitutes a trade secret under applicable law; and (b) with regard to any confidential information, at all times during the selection process for the contract for which the vendor has submitted an RFP, during the term of any contract awarded to the vendor by the MLC and for three (3) years after any termination of such process or contract, whichever occurs later.

6. Non-Exclusive Rights

By this RFP, the MLC does not intend to grant any vendor the exclusive rights to provide all materials and services required by the MLC during the period covered by any contract resulting from this RFP. If the MLC determines that creation and production of materials and services by various vendors is in the MLC's best interest, the MLC shall have the right to purchase, contract for and use these materials and services without infringing upon or terminating any contract resulting from this RFP.

7. Advertising; News Releases

In submitting a proposal, the vendor agrees not to use the results thereof as a part of any commercial advertising without the prior written consent of the MLC.

The MLC is the only entity authorized to issue news releases relating to this RFP, its evaluation, and the award of any contract and performance thereunder. Under no circumstances shall any vendor issue any such news releases without the express prior written consent of the MLC in each instance.

8. Non-Assignability

Any award resulting from this RFP cannot be assigned in whole or in part without the prior written approval of the MLC, which consent may be unreasonably withheld, delayed or conditioned in the sole discretion of the MLC.

D. EVALUATION OF PROPOSALS

The MLC will establish an Evaluation Committee (“*Committee*”) prior to the receipt of proposals. The Committee will be responsible for evaluating the proposals received from interested vendors. The general categories to be used by the Committee in evaluating the proposals will be as follows: (1) compliance with the RFP; (2) ability to provide the goods and services required; (3) pricing structure; (4) experience and expertise of the vendor; and (5) functionality of the system and services proposed. These criteria are presented for informational purposes only and do not necessarily represent the order of importance or weight that each factor will have in the final scoring of proposals.

E. EVALUATION PROCEDURE

The Committee will review the proposals submitted and may request clarification of information or representations in the proposal, address technical questions or seek additional information regarding any proposal before completing the initial evaluation. Requests for clarification from vendors and any information received in response thereto will become part of the evaluation record. The Committee may seek assistance from MLC staff, legal counsel and/or outside consultants as needed to evaluate the proposers’ ability to provide the requirements of this RFP.

F. SCOPE OF GOODS AND SERVICES

The scope of goods and services for the Internal Control System that the MLC is soliciting can be found in Exhibit C, attached hereto and incorporated herein.

G. COMPENSATION

Each proposal must include the vendor’s proposed compensation for undertaking the services requested and outlined in this RFP. Vendors are reminded that the cost quotation should cover all of the systems and services covered by this RFP and to be provided by the successful vendor during the term of the contract.

H. FORM OF PROPOSAL

Each proposal must be prepared simply and economically, providing a clear description of the vendor’s capabilities to meet the requirements of this RFP. Vendor is under an

obligation to notify the MLC of any changes to the information, data, or facts submitted to the MLC. In order to expedite the evaluation process, respondents are required to submit their proposals in the following format:

Section 1 Submit completed copies of the following exhibits, attached hereto:

Exhibit A Proposal Signature and Authorization Form

Submit along with proposal. Form must be signed by an authorized representative of vendor.

Exhibit B Criminal Background Check Authorization/Consent

Vendor and each employee to be assigned to the MLC project must complete and submit, as part of its Proposal, the Authorization for Investigation Form, included as Attachment B, to allow the MLC access to the criminal history of the Vendor and its employees to be assigned to this project. The officers, directors and each stockholder of a Corporation that submits a proposal must submit a completed Attachment B.

Section 2 Provide a brief profile of the vendor and its joint venture partners or subcontractor team members, if any, including, but not limited to, each company's history, list of notable achievements or benchmarks, and experience in the Mississippi market. Indicate the main attributes that differentiate you from your competitors.

Section 3: A Vendor must provide adequate information to permit an evaluation of its capabilities to undertake and complete satisfactorily any contract awarded and executed pursuant to this RFP. A Vendor also must disclose any outside financial resources that will be utilized. In addition, a Vendor must submit a copy of its last three (3) years financial statements that have been audited by an independent public accounting firm. A Vendor's failure to submit the requested financial statements may result in a disqualification of its Proposal.

Section 4 Experience. Vendor and its joint venture or subcontractor team members must provide a listing of their experience that the MLC may review with regards to the Internal Control Systems provided in the United States Lottery industry.

Section 5 Provide a written plan outlining how you propose to provide the services outlined in Exhibit C "Scope of Services."

Section 6 Provide one copy of the total cost to complete the proposed solution in a sealed and labeled envelope separate from the other sections of the proposal. No cost information is to be included in the technical portion of the proposal. Please list the cost of the warranty and annual maintenance plan, if any, separately from the cost of the Internal Control System. This quote shall be inclusive of all costs, including, but not limited to, direct labor,

indirect labor, travel, hardware and software, general and administrative expenses, profit, ongoing service and maintenance of the four (4) Internal Control Systems.

I. ORAL PRESENTATIONS AND QUESTIONS

Any contractor that submits a proposal may be requested to provide additional information to the MLC. Such information is only for the purpose of clarification and in no way changes the contractor's proposal as originally submitted. The Evaluation Committee of the MLC will schedule times and locations for oral presentations or in-house demonstrations by a contractor, if necessary. Notification of date and time will be provided after the responses are reviewed but prior to the opening of the cost proposal. The MLC reserves the right to ask any or all contractors to clarify any portion of their proposals after submission. The MLC will not be responsible for any costs or expenses incurred by a contractor in its response to such inquiries or oral presentations.

J. PROPOSAL SIGNATURES AND PACKAGING

A representative who is authorized to contractually bind the vendor must manually sign all copies of the proposal. The vendor also must provide the MLC with the name, business address, business telephone number, and email address of a person who will act as the contact person for all inquiries that the MLC may have during the proposal evaluation process. Such person must be authorized to make representations for and bind the vendor contractually.

K. ACCEPTANCE OF PROPOSAL BY THE MLC

The MLC reserves the right to accept or reject any and all proposals submitted in response to this RFP, in whole or in part, and to award a contract pursuant to this RFP or cancel this RFP if it is considered to be in the best interests of the MLC and the State of Mississippi.

L. CONTRACTUAL TERMS AND CONDITIONS

Upon selection by the MLC of a successful vendor, the MLC and the successful vendor will negotiate the final terms and conditions of the contract. The contract shall commence as of its effective date and shall continue, unless sooner terminated, for a term of seven (7) years from the Startup Deadline of December 1, 2019 or such earlier start date as proposed by the vendor and agreed by the MLC in the contract, subject to the MLC's sole option to exercise three (3) one (1) year extensions of the term of the contract, which exercise by the MLC may occur annually, in multiples of two (2) or three (3) years, or not at all.

EXHIBIT A

**MISSISSIPPI LOTTERY CORPORATION
PROPOSAL AUTHORIZATION**

We propose to furnish and deliver any and all of the deliverables and services named in the Internal Control System Request for Proposal (“*RFP*”). The terms offered herein shall apply for the period of time stated in the RFP.

We further agree to strictly abide by all of the terms and conditions contained in the RFP and the Alyce G. Clarke Mississippi Lottery Law, Senate Bill 2001 (First Extraordinary Session 2018), as amended from time to time, and the Mississippi Lottery Corporation’s (“*MLC’s*”) regulations, policies and procedures, as adopted and amended from time to time. Any exceptions are noted in writing and included with our bid response.

It is understood and agreed that we have read the MLC’s specifications shown or referenced in the RFP and that this bid is made in accordance with the provisions of such specifications. By our written signature on this proposal, we guarantee and certify that all items included in this proposal meet or exceed any and all of the MLC specifications. We further agree, if awarded a contract, to deliver goods and services that meet or exceed the specifications.

BID SIGNATURE AND CERTIFICATION

(Authorized representative must sign and return with bid)

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a proposal for the same materials, supplies, equipment, or services and is in all respects fair and without collusion or fraud. I understand collusive bidding is a violation of State and federal Law and can result in fines, prison sentences and civil damage awards. I understand and agree to abide by all conditions of the RFP and certify that I am authorized to sign this bid for the responding contractor or vendor.

Date: _____

Authorized Signature: _____

Print Name: _____

Title: _____

Company Name: _____

<p>NOTE: PLEASE ENSURE THAT ALL REQUIRED SIGNATURE BLOCKS ARE COMPLETED. FAILURE TO SIGN THIS FORM AND INCLUDE IT WITH YOUR PROPOSAL WILL RESULT IN REJECTION OF YOUR PROPOSAL.</p>
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EXHIBIT B

AUTHORIZATION FOR INVESTIGATION

I, _____, hereby authorize the Mississippi Lottery Corporation or its designee to conduct a Vendor background investigation pursuant to Sections 35 and 36 of the Alyce G. Clarke Mississippi Lottery Law, including but not limited to the criminal and financial credit history of _____. I hereby authorize the Mississippi Lottery Corporation to receive any criminal history record information pertaining to me that may be in the files of any criminal justice agency. I hereby release all organizations, individuals, agencies, and other employees and agents from any liability that may result from their furnishing such information and authorize all organizations, individuals, agencies, and their employees and agents contacted by the Mississippi Lottery Corporation or its designee to provide such information. A photocopy of this release will be valid as an original thereof even though said photocopy does not contain an original writing of my signature.

Address: _____

City/State/Zip Code: _____

Sex: _____ Race: _____ SSN: _____ - _____ - _____

DOB: ____ / ____ / ____

Printed Name: _____

Signature: _____

Title: _____

Sworn to and subscribed before me on this ____ day of _____, 2019.

Notary: _____

My commission expires: _____

EXHIBIT C

SCOPE OF WORK

INTERNAL CONTROL SYSTEM

Project Background:

The Mississippi Lottery Corporation (“MLC”) will begin sales of instant tickets in December 2019. MLC anticipates beginning sales of drawing-style lottery tickets in February 2020. The MLC’s drawing-style game portfolio is expected to grow and broaden to in-state and multi-jurisdictional games.

At the start of the project, MLC will perform sales and validations of instant tickets beginning on or before December 1, 2019. As the Lottery grows, it will expand its library to drawing-style games. The initial games will include but not be limited to Pick-3 and Pick-4 style games. In addition, the MLC anticipates participating in three multi-jurisdictional games in conjunction with the Multi-State Lottery Association (MUSL): Powerball drawings each Wednesday and Saturday nights; Mega Millions drawings each Tuesday and Friday nights; and Lotto America with drawings each Wednesday and Saturday nights.

On August 23, 2019, the MLC expects to award its Online Lottery Gaming System and Services RFP to the Successful Online Vendor. The tentative go-live date for the new lottery gaming system is Sunday, December 1, 2019.

Scope of Work:

For purposes of this RFP, the “Internal Control System” shall mean all hardware (including, but not limited to, computer, servers, monitors, printer and uninterrupted power supply (“UPS”)), along with software, supplies and related services, necessary to operate and to maintain a computer system designed to independently process (i) all daily retailer transactions processed by the lottery gaming system; (ii) independently process all drawing-specific transactions for each drawing-style game and create a winner file for comparison to lottery gaming system results; (iii) all retailer management revisions; and (iv) all accounting activity, including, but not limited to, sales, commissions, validations (prize payouts), adjustments, selling bonuses and cashing bonuses for both drawing-style game and instant ticket transactions.

The MLC is seeking four (4) Internal Control Systems. The primary Internal Control System will be deployed at MLC Headquarters in Flowood, Mississippi; the secondary Internal Control System will be located in the same facility where the primary online game servers are hosted; the tertiary Internal Control System will be located in the same facility where the secondary online game servers are hosted, as part of our disaster recovery operations; and the fourth Internal Control System will be utilized primarily for user acceptance testing and security operations and will be located at MLC Headquarters in

Flowood, Mississippi. The proposed Internal Control System must include, at a minimum, the following:

- All new hardware and software necessary to enable the MLC to capture, process and balance all transactions involving drawing-style games and instant tickets that occur at the retailer level, and to transfer the transactions to primary, secondary and tertiary Internal Control Systems;
- Ability to independently process all daily sales, returns, validations, cancels, claims, claim payments, inventory, inventory status changes, settlements, coupons/promotions, retailer/terminal management, and accounting activities, which include credits, commissions, EFT/ACH sweeps, and retailer selling/cashing bonuses for both drawing-style and instant transactions.
- Ability to capture retailer management activities, including, but not limited to, license status changes, terminal status, billing status, and changes to retailer records that impact the status of a retailer.
- Ability to produce two (2) data files each day. The first data file will contain all accounting activity, in a summarized form for inclusion in the general ledger. The second data file will contain detailed retailer activity. Both data files will be further defined for the successful bidder.
- Ability to comply with Multi-State Lottery Association (MUSL) requirements and rules for an Internal Control System. The Internal Control System must also be able to interface with the MUSL Draw Reporting System.

The proposer must provide, at a minimum, the following:

- Assistance with the timely testing and certification of the Internal Control System. Successful vendor, if requested by the MLC, must submit any software to an independent third party certification firm selected by the MLC;
- Training for MLC drawing staff in Flowood, including any operation manuals;
- Warranty and maintenance plan;
- Ongoing software support, including the ability to receive software upgrades and updates at no additional cost;
- Processing on new products at no additional cost; and
- Programming support and process for resolving out-of-balance conditions and changes to the lottery gaming system. Employees of proposer must be available

24 hours a day, 7 days a week, and 365 days a year. Please define response time during core business and non-core business hours.

Other Requirements:

1. List the hardware proposed for the Internal Control System and its capabilities. Include with your proposal a configuration diagram.
2. Provide information on the company's experience in working on and providing Internal Control Systems for other lotteries and the Multi-State Lottery Association. Include as references lotteries for which the firm has provided an Internal Control System similar to the proposed system for the MLC.
3. Provide the following:
 - a. A disclosure of the vendor's name and address and, as applicable, the name and address of the following:
 - (i) If the vendor is a corporation, the officers, directors and each stockholder in such corporation; however, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own five percent (5%) or more of such securities need be disclosed.
 - (ii) If the vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust.
 - (iii) If the vendor is an association, the members, officers and directors.
 - (iv) If the vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.
 - b. A disclosure of all the states and jurisdictions in which the vendor does business, and the nature of the business for each such state or jurisdiction.
 - c. A disclosure of all the states and jurisdictions in which the vendor has contracts to supply gaming goods or services, including, but not limited to, lottery goods and services, and the nature of the goods or services involved for each such state or jurisdiction.
 - d. A disclosure of all the states and jurisdictions in which the vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license of any kind, or had fines or penalties assessed on their license, contract, or operation, and the disposition of such in each such state or jurisdiction. If any lottery license or contract has been revoked or has not been renewed or any lottery license or application has remained pending for more than six (6) months, then it shall be disclosed.

- e. A disclosure of the details of any bankruptcy, insolvency, reorganization, corporate or individual purchase or takeover of another corporation, including bonded indebtedness, or any pending litigation of the vendor.
4. Disclose for the vendor and any current or former employee any finding, plea, conviction or adjudication of guilt in any jurisdiction for a felony or misdemeanor, other than a traffic violation, including, but not limited to, gambling, theft, computer offenses, forgery, perjury, dishonesty, unlawfully selling or providing a product or substance to a minor or related to the security or integrity of a lottery.
5. Provide a timeline for the completion of this project. The MLC projects a tentative date of December 1, 2019, for project completion. A final implementation plan will be negotiated with the successful vendor.
6. Describe the software functions, to include but not be limited to:
 - a. Methodology and process for, and frequency of, daily balancing as well as draw balancing and weekly balancing;
 - b. Processes for transferring data from lottery gaming system to the Internal Control System;
 - c. Process for receiving winning numbers drawn from each draw conducted;
 - d. Creation of the validation file;
 - e. Methodology for reconciling retailer sales and validation data;
 - f. Exception reporting;
 - g. Fraud detection; and
 - h. Operating systems compatible with the proposed Internal Control System.
7. Describe the reports able to be generated by, and the reporting capabilities of, the proposed Internal Control System. Describe the ability to integrate reports with accounting software or sales automation packages (e.g. Qlik and Tableau) and the ability of the MLC to customize reports. Provide copies of reports that can be generated.
8. Describe the information captured and maintained by the Internal Control System pertaining to each retailer location and terminal.
9. Describe the security features of the proposed Internal Control System, including, but not limited to, physical security, firewalls, account creation and deletion, password reset feature, user administration and segregation of duties. The Internal

Control System must prevent unauthorized changes in its development, testing, implementation and use. Proposers should describe any and all methods for preventing and for detecting and reporting any unauthorized access or modifications to the Internal Control System since its last use. Discuss how the proposed Internal Control System can assist the MLC's Security Division with identifying winning plays and with its investigations.

10. Describe the audit program or capabilities incumbent in the Internal Control System, including the archival and recall features for sales and validation logs. Also, describe any capability that would allow the Lottery to monitor or audit active remote sessions by vendor(s) on the Internal Control System, such as key logging software.
11. Describe the proposed Internal Control System's user interface and the interface with the MLC's gaming system vendor, i.e., file transfer process, and the frequency of the transfers.
12. Describe the process for modifying or updating the Internal Control System for the introduction of new drawing-style games or to correct programming errors.
13. Provide a copy of general liability and errors & omissions insurance policies. Successful vendor will be required to name the Mississippi Lottery Corporation as an additional insured.
14. Provide liquidation damages amounts for failure to meet the following service level agreements:
 - a. Failure to be operational by the agreed upon implementation date;
 - b. Failure to have the Internal Control System available 99.99% per day; and
 - c. Failure to switch among primary, secondary or tertiary Internal Control Systems.