

# WEST VIRGINIA LOTTERY

COST PROPOSAL | CRFP LOT1500000001 | MARCH 12, 2015



**CENTRAL MANAGEMENT SYSTEM (CMS)**

ORIGINAL



Submitted to:

**West Virginia Lottery**

Department of Administration,

Purchasing Division

2019 Washington Street East

Charleston, West Virginia 25305-0130

Submitted by:

**Scientific Games International, Inc.**

1500 Bluegrass Lakes Parkway

Alpharetta, GA 30004

Contact Person:

**Steve Angelo**

*Vice President of Scientific Games/WMS*

*Gaming Systems*

Tel: 773.961.1616

Fax: 678.624.4115

Email: [Stephen.Angelo@scientificgames.com](mailto:Stephen.Angelo@scientificgames.com)

Central Management System (CMS)

CRFP LOT1500000001

March 12, 2015

Cost Proposal





# TRANSMITTAL LETTER



February 27, 2015

Evelyn P. Melton  
Department of Administration, Purchasing Division  
2019 Washington Street East  
Charleston, WV 25305-0130

Regarding: West Virginia Lottery CRFP LOT1500000001

Dear Ms. Melton,

Scientific Games International, Inc. (Scientific Games) is pleased to submit the enclosed cost proposal to the West Virginia Department of Administration, Purchasing Division in response to your Request for Proposal for a Central Management System for all video lottery operations in West Virginia.

Our technical proposal showcases our people, products, services and solutions which meet and exceed your RFP's requirements.

We have carefully reviewed your RFP objectives and requirements and are confident that our response presents the West Virginia Lottery with an unmatched combination of industry experience, expertise, future-looking technology and unparalleled support.

We look forward to the next steps in the RFP process.

Please feel free to contact me directly on any matter concerning this proposal at (678) 297-5178.

Kindest regards,

A handwritten signature in black ink, appearing to read "Scott Stewart". The signature is fluid and cursive, written over a white background.

Scott Stewart  
Vice President Account Services, Video Gaming  
Scientific Games International, Inc.  
Office: (678) 297-5178  
[scott.stewart@scientificgames.com](mailto:scott.stewart@scientificgames.com)



# BID BOND

**BID BOND**

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, Scientific Games International, Inc.  
of 1500 Bluegrass Lakes Pkwy, Alpharetta, GA 30004 as Principal, and \_\_\_\_\_  
of \_\_\_\_\_, a corporation organized and existing under the laws of the State of \_\_\_\_\_  
with its principal office in the City of \_\_\_\_\_, as Surety, are held and firmly bound unto the State  
of West Virginia, as Obligee, in the penal sum of Five Percent of amount Bid (\$ 5% of amount Bid) for the payment of which,  
well and truly to be made, we jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns.

The Condition of the above obligation is such that whereas the Principal has submitted to the Purchasing Section of the  
Department of Administration a certain bid or proposal, attached hereto and made a part hereof, to enter into a contract in writing for  
Central Management System for all Video Lottery operations in West Virginia  
CRFP LOT1500000001

**NOW THEREFORE,**

- (a) If said bid shall be rejected, or
- (b) If said bid shall be accepted and the Principal shall enter into a contract in accordance with the bid or proposal  
attached hereto and shall furnish any other bonds and insurance required by the bid or proposal, and shall in all other respects perform  
the agreement created by the acceptance of said bid, then this obligation shall be null and void, otherwise this obligation shall remain in  
full force and effect. It is expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no  
event, exceed the penal amount of this obligation as herein stated.

The Surety, for the value received, hereby stipulates and agrees that the obligations of said Surety and its bond shall be in no  
way impaired or affected by any extension of the time within which the Obligee may accept such bid, and said Surety does hereby  
waive notice of any such extension.

WITNESS, the following signatures and seals of Principal and Surety, executed and sealed by a proper officer of Principal and  
Surety, or by Principal individually if Principal is an individual, this 18th day of February, 2015.

Principal Seal

Scientific Games International, Inc.  
(Name of Principal)  
By Mitchell  
(Must be President, Vice President, or  
Duly Authorized Agent)  
VP, TAX  
(Title)

Surety Seal

International Fidelity Insurance Company  
(Name of Surety)  
Jeannette M. Davis  
Jeannette M. Davis Attorney-in-Fact

**IMPORTANT - Surety executing bonds must be licensed in West Virginia to transact surety insurance, must affix its seal, and  
must attach a power of attorney with its seal affixed.**

ACKNOWLEDGEMENT BY SURETY

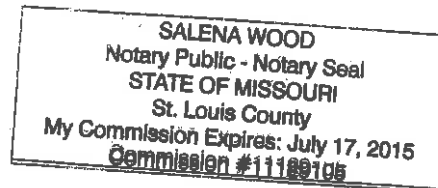
STATE OF MISSOURI  
COUNTY OF ST. LOUIS

On this 18th day of February, 2015, before me, Salena Wood, a Notary Public, within and for said County and State, personally appeared Jeannette M. Davis to me personally known to be the Attorney-in-Fact of and for International Fidelity Insurance Company and acknowledged that she executed the said instrument as the free act and deed of said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.



Notary Public in the State of Missouri  
County of St. Louis



# POWER OF ATTORNEY

## INTERNATIONAL FIDELITY INSURANCE COMPANY ALLEGHENY CASUALTY COMPANY

ONE NEWARK CENTER, 20TH FLOOR NEWARK, NEW JERSEY 07102-5207

KNOW ALL MEN BY THESE PRESENTS: That INTERNATIONAL FIDELITY INSURANCE COMPANY, a corporation organized and existing under the laws of the State of New Jersey, and ALLEGHENY CASUALTY COMPANY a corporation organized and existing under the laws of the State of Pennsylvania, having their principal office in the City of Newark, New Jersey, do hereby constitute and appoint

SALENA WOOD, THOMAS KRIPPENE, SUSAN R. SCHWARTZ, CATHERINE L. GEIMER,  
JEANNETTE M. DAVIS, ERIC D. SAUER, ROBERT A. MILLER, CHRISTINA BARATTI

St. Louis, MO.

their true and lawful attorney(s)-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, and the execution of such instrument(s) in pursuance of these presents, shall be as binding upon the said INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY, as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by their regularly elected officers at their principal offices.

This Power of Attorney is executed, and may be revoked, pursuant to and by authority of the By-Laws of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY and is granted under and by authority of the following resolution adopted by the Board of Directors of INTERNATIONAL FIDELITY INSURANCE COMPANY at a meeting duly held on the 20th day of July, 2010 and by the Board of Directors of ALLEGHENY CASUALTY COMPANY at a meeting duly held on the 15th day of August, 2000:

"RESOLVED, that (1) the President, Vice President, or Secretary of the Corporation shall have the power to appoint, and to revoke the appointments of, Attorneys-in-Fact or agents with power and authority as defined or limited in their respective powers of attorney, and to execute on behalf of the Corporation and affix the Corporation's seal thereto, bonds, undertakings, recognizances, contracts of indemnity and other written obligations in the nature thereof or related thereto, and (2) any such Officers of the Corporation may appoint and revoke the appointments of joint-control custodians, agents for acceptance of process, and Attorneys-in-fact with authority to execute waivers and consents on behalf of the Corporation; and (3) the signature of any such Officer of the Corporation and the Corporation's seal may be affixed by facsimile to any power of attorney or certification given for the execution of any bond, undertaking, recognizance, contract of indemnity or other written obligation in the nature thereof or related thereto, such signature and seals when so used whether heretofore or hereafter, being hereby adopted by the Corporation as the original signature of such officer and the original seal of the Corporation, to be valid and binding upon the Corporation with the same force and effect as though manually affixed."

IN WITNESS WHEREOF, INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY have each executed and attested these presents on this 12th day of March, 2012.



STATE OF NEW JERSEY  
County of Essex

ROBERT W. MINSTER  
Executive Vice President/Chief Operating Officer  
(International Fidelity Insurance Company)  
and President (Allegheny Casualty Company)



On this 12th day of March 2012, before me came the individual who executed the preceding instrument, to me personally known, and, being by me duly sworn, said he is the therein described and authorized officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY, that the seals affixed to said instrument are the Corporate Seals of said Companies; that the said Corporate Seals and his signature were duly affixed by order of the Boards of Directors of said Companies.

IN TESTIMONY WHEREOF, I have hereunto set my hand affixed my Official Seal, at the City of Newark, New Jersey the day and year first above written.



A NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Mar. 27, 2014

### CERTIFICATION

I, the undersigned officer of INTERNATIONAL FIDELITY INSURANCE COMPANY and ALLEGHENY CASUALTY COMPANY do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Sections of the By-Laws of said Companies as set forth in said Power of Attorney, with the originals on file in the home office of said companies, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 18<sup>th</sup> day of February, 2015.

MARIA BRANCO, Assistant Secretary





# ATTACHMENT C: COST SHEET



## ATTACHMENT C: COST SHEET

*Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.*

*This RFP is intended to have a total refresh of all hardware at years six and eleven and the Vendor should take that into account in their pricing with the understanding that the actual hardware costs for the refresh years are not to be included in this RFP; that hardware will be acquired by the Lottery based on specifications provided by the Vendor. The Vendor should include any anticipated software upgrades and related installation costs for the refresh years. Each independent testing laboratory approved by the Lottery will be responsible for acquiring its own hardware including connectivity to the Vendor. It is intended by the Lottery that the initial software (CMS) will be made available to these laboratories with the costs for the base installation of that software included in this response.*



COMPONENTS	PURCHASE
1. Basic License and Service Fee. These amounts shall be the annual fee to cover all hardware, software, licenses, training, and conversion to include all hardware and software maintenance costs for the initial one hundred twenty (120) months of the contract. Cost is to be included for each year of the ten year period. No more than fifteen (15) percent of the total ten (10) year costs are allowed in any one year. The first two (2) years cost is subject to progress payments as described below in Note 1.	Year 1: \$400,000.00
	Year 2: \$400,000.00
	Year 3: \$400,000.00
	Year 4: \$400,000.00
	Year 5: \$400,000.00
	Year 6: \$400,000.00
	Year 7: \$350,000.00
	Year 8: \$250,000.00
	Year 9: \$250,000.00
	Year 10: \$250,000.00
2. Renewal License and Service Fee. This amount shall be the fee to cover all hardware, software, licenses and training, to include all hardware and software maintenance costs for each of the optional five (5) one (1) year renewal years of the contract.	Year 1: \$150,000.00
	Year 2: \$150,000.00
	Year 3: \$150,000.00
	Year 4: \$150,000.00
	Year 5: \$150,000.00
3. Total Basic and Renewal Fees	<b>\$4,250,000.00</b>

**Note 1:** The first two years cost is subject to progress payments, including a limit on overall expenditures for the two years at 30% of the proposed contract term cost as follows:

- 10% for hardware installation at the PDC and the BOC;
- 10% for presentation to the Lottery for acceptance testing;
- 10% for acceptance testing approval by the primary independent testing laboratory;
- 30% for conversion of the first video lottery terminal;
- 15% for conversion of video lottery terminals in casinos and the historic resort; and,
- 25% for conversion of all video lottery terminals.



**Invited Optional Services:** A separate price quote (not mandatory) for options requested which may be purchased under the contract resulting from this RFP.

INVITED OPTIONAL SERVICES		
a. 4.3.1.10	Advanced Communications Technologies	\$TBD
b. 4.4.10.9	Advanced Asset Tracking Functionality	\$No Charge
c. 4.4.11.3	Advanced Venue Licensing Functionality	\$No Charge
d. 4.4.11.5	Advanced Venue Compliance Functionality	\$TBD
e. 4.1.4.14	Remote Backup Center	\$No Charge
f.		\$
g.		\$
h.		\$
i.		\$
j.		\$
k.		\$

**Offered Optional Services:** A separate price quote (not mandatory) for options not specifically requested but may be offered which may be purchased under the contract resulting from this RFP. (Attach a description for each commodity and/or service):

OFFERED OPTIONAL SERVICES		
a.	Player Loyalty/Rewards Systems and Services	\$TBD
b.	iGaming Systems and Services	\$TBD
c.	Sports Betting System and Services	\$TBD
d.	Advanced Electronic Instant Ticket Solution (including terminals, system and content)	\$TBD
e.		\$
f.		\$
g.		\$
h.		\$
i.		\$
j.		\$
k.		\$



## STANDARD TERMS AND CONDITIONS

### Taxes

The price quoted is based on the assumption that no sales or use tax, no gambling-related tax, or no customs, duties, or importation taxes will be levied on the goods and services involved herein, and if they are, our price should be considered to be increased to the extent of such taxes.

### NASPL Best Practice Pricing Methodology

Scientific Games subscribes and supports the following NASPL RFP Best Practice Pricing Methodology for Deliverables and Services Not Originally Defined (NASPL Guide to the Standard Request For Proposal (RFP) Template, Section 3.23.2):

*"Changes and enhancements that exceed RFP and contractually specified requirements (and which are not otherwise accommodated for in this RFP or by the pricing method in the RFP) will have the terms and price negotiated and approved by both parties, or be subject to a separate agreement. These include, but are not limited to, categorically different service obligations, and new technology enhancements."*

