

PRICING TRANSMITTAL LETTER

March 5, 2014

Evelyn P. Melton
Senior Buyer
WV Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, WV 25305-0130
Email: evelyn.p.melton@wv.gov
Tel. No. 304-558-7023
Fax No. 304-558-4115

Reference: West Virginia Lottery CRFP LOT150000001 Central Management System (CMS) **PRICING**

Dear Evelyn,

INTRALOT is pleased to present our COST proposal to the West Virginia Lottery to provide a Central Management System (CMS) including the associated central site equipment, site controllers for the location venues, wide area communications needed to connect the site controllers to the central system, reporting, training, technical support services, and everything required for system monitoring and support to the Lottery.

INTRALOT covenants and agrees that it fully understands, accepts, and will comply with the terms and conditions contained in the RFP. We have read and understand the RFP and all associated RFP documents. We accept the terms and conditions set forth by the RFP.

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this COST SHEET for review and consideration; that I am authorized by INTRALOT to execute and submit this COST SHEET on INTRALOT's behalf; I am authorized to bind INTRALOT in a contractual relationship. You have our dedication and commitment to this important project, and we thank you for the opportunity.

Sincerely,



Thomas F. Little
President and CEO
INTRALOT, Inc.

ATTACHMENT C: COST SHEET

Attachment C: Written Cost Sheet (INTRALOT did NOT submit on WVOASIS Electronic submission)

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
<p>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 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.</p>	Year 1: <u>\$1,470,000</u>
	Year 2: <u>\$1,470,000</u>
	Year 3: <u>\$1,470,000</u>
	Year 4: <u>\$775,000</u>
	Year 5: <u>\$775,000</u>
	Year 6: <u>\$775,000</u>
	Year 7: <u>\$775,000</u>
	Year 8: <u>\$775,000</u>
	Year 9: <u>\$775,000</u>
	Year 10: <u>\$775,000</u>
<p>2. Renewal License and Service Fee. These amounts shall be the fee to cover all hardware, software, licenses, training, and conversion to include all hardware and software maintenance for each of the optional five (5) one (1) year renewal years of the contract. With each year adjusted by US CPI.</p>	Year 1: <u>\$775,000</u>
	Year 2: <u>\$775,000</u>
	Year 3: <u>\$775,000</u>
	Year 4: <u>\$775,000</u>
	Year 5: <u>\$775,000</u>
<p>3. Total Basic and Renewal Fees</p>	\$13,710,000

**INTRALOT'S RESPONSE TO THE WEST VIRGINIA LOTTERY
RFP CRFP LOT150000001 CENTRAL MANAGEMENT SYSTEM (CMS)**

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 BDC;
- 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	To Be Determined
b.	4.4.10.9 Advanced asset tracking functionality	To Be Determined
c.	4.4.11.3 Advanced Venue licensing functionality	To Be Determined
d.	4.4.11.5 Advanced Venue compliance functionality	To Be Determined
e.	4.1.4.14 Remote backup center	To Be Determined
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.	Hardware and Software for Horizon Content System	To Be Determined
b.	Hardware for Horizon Multi-media Controller	To Be Determined
c.		
d.		
e.		
f.		
g.		
h.		
i.		
j.		
k.		

BID BOND

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, Intralot, Inc.
of 11360 Technology Circle, Duluth, GA 30097, as Principal, and Westchester Fire Insurance Company
of 436 Walnut Street, Philadelphia, PA 19106, a corporation organized and existing under the laws of the State of Pennsylvania with its principal office in the City of Philadelphia, as Surety, are held and firmly bound unto the State of West Virginia, as Obligees, in the penal sum of Five Percent (5%) of amount bid (\$ 285,560.00) 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 West Virginia-VLT CRFP LOT1500000001 for all equipment and services required for the implementation of a Central Management System (CMS) for all video lottery operations in West Virginia

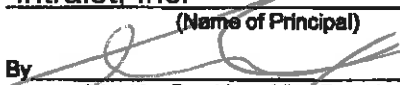
NOW THEREFORE,

(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.

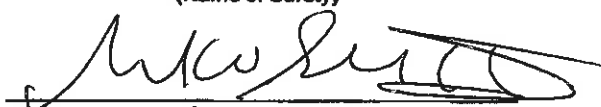
The Surety, for the value received, hereby stipulates and agrees that the obligations of said Surety and its bond shall be in no way impaired or affected by any extension of the time within which the Obligees may accept such bid, and said Surety does hereby waive notice of any such extension.

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 24th day of February, 2015.

Principal Seal

Intralot, Inc.
(Name of Principal)
By 
(Must be President, Vice President, or Duly Authorized Agent)
V.P. CFO
(Title)

Surety Seal

Westchester Fire Insurance Company
(Name of Surety)

Attorney-in-Fact
Mark W. Edwards, II

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.

Power of Attorney

WESTCHESTER FIRE INSURANCE COMPANY

Know all men by these presents: That WESTCHESTER FIRE INSURANCE COMPANY, a corporation of the Commonwealth of Pennsylvania pursuant to the following Resolution, adopted by the Board of Directors of the said Company on December 11, 2006, to wit:

RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into the ordinary course of business (each a "Written Commitment")

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such persons' written appointment as such attorney-in-fact
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments
- (4) Each of the Chairman, the President and Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments
- (5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation


FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested

Does hereby nominate, constitute and appoint Alisa B Ferris, Evondia H Woessner, Jeffrey M Wilson, Mark W Edwards, II, Robert R Free!, Ronald B Giadrosich, William M Smith, all of the City of BIRMINGHAM, Alabama, each individually if there be more than one named, its true and lawful attorney-in-fact, to make, execute, seal and deliver on its behalf, and as its act and deed any and all bonds, undertakings, recognizances, contracts and other writings in the nature thereof in penalties not exceeding Twenty Five million dollars & zero cents (\$25,000,000.00) and the execution of such writings in pursuance of these presents shall be as binding upon said Company, as fully and amply as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its principal office,

IN WITNESS WHEREOF, the said Stephen M Haney, Vice-President, has hereunto subscribed his name and affixed the Corporate seal of the said WESTCHESTER FIRE INSURANCE COMPANY this 14 day of October 2014.

WESTCHESTER FIRE INSURANCE COMPANY



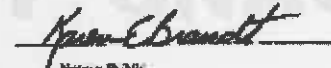

Stephen M Haney, Vice President

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF PHILADELPHIA

On this 14 day of October, AD 2014 before me, a Notary Public of the Commonwealth of Pennsylvania in and for the County of Philadelphia came Stephen M Haney, Vice-President of the WESTCHESTER FIRE INSURANCE COMPANY to me personally known to be the individual and officer who executed the preceding instrument, and he acknowledged that he executed the same, and that the seal affixed to the preceding instrument is the corporate seal of said Company, that the said corporate seal and his signature were duly affixed by the authority and direction of the said corporation, and that Resolution, adopted by the Board of Directors of said Company, referred to in the preceding instrument, is now in force

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Philadelphia the day and year first above written.

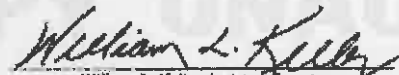



Notary Public

I, the undersigned Assistant Secretary of the WESTCHESTER FIRE INSURANCE COMPANY, do hereby certify that the original POWER OF ATTORNEY, of which the foregoing is a substantially true and correct copy, is in full force and effect

In witness whereof, I have hereunto subscribed my name as Assistant Secretary, and affixed the corporate seal of the Corporation, this 24th day of February, 2015




William L. Kelly, Assistant Secretary

THIS POWER OF ATTORNEY MAY NOT BE USED TO EXECUTE ANY BOND WITH AN INCEPTION DATE AFTER October 14, 2016