



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT460

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
SHELLY MURRAY 304-558-8801

RFQ COPY
 TYPE NAME/ADDRESS HERE

VENDOR

LOTTERY COMMISSION

SHIP TO

312 MACCORKLE AVENUE, SE
 CHARLESTON, WV
 25314-1143 558-0500

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
09/22/2011				

BID OPENING DATE: 10/27/2011 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		785-53		
<p style="text-align: center;">OPEN END CONTRACT</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA LOTTERY, IS SOLICITING BIDS TO DEVELOP, DESIGN, PRINT, AND DELIVER TAMPER-PROOF AND SECURE INSTANT SCRATCH-OFF LOTTERY GAME TICKETS CONTAINING RANDOMLY DISTRIBUTED WINNING AND NON-WINNING TICKETS OF MEAN AND MAXIMUM STRINGS WITHIN POOLS AND PACKS WITH SECURED VALIDATION FILES TO VERIFY PRIZE CLAIMS, AND HIGH-LEVEL SECURITY TRANSPORTATION AS MANY TIMES AS NEEDED THROUGHOUT THE LIFE OF THE CONTRACT PER THE ATTACHED SPECIFICATIONS.</p> <p>TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO SHELLY MURRAY IN THE WEST VIRGINIA PURCHASING DIVISION VIA MAIL AT THE ADDRESS SHOWN AT THE TOP OF THIS RFQ, VIA FAX AT 304-558-4115, OR VIA E-MAIL AT SHELLY.L.MURRAY@WV.GOV. DEADLINE FOR ALL TECHNICAL QUESTIONS IS 10/12/2011 AT THE CLOSE OF BUSINESS. ALL TECHNICAL QUESTIONS RECEIVED, IF ANY, WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p> <p>**** CD ATTACHED ***</p> <p>INSTANT SCRATCH-OFF LOTTERY TICKETS</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE	TELEPHONE	DATE
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WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

GENERAL TERMS & CONDITIONS REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
4. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods this Purchase Order/Contract becomes void and of no effect after June 30.
5. Payment may only be made after the delivery and acceptance of goods or services.
6. Interest may be paid for late payment in accordance with the *West Virginia Code*.
7. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
8. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
9. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
10. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern the purchasing process.
11. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
12. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
13. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at www.state.wv.us/admin/purchase/vrc/hipaa.htm and is hereby made part of the agreement. Provided that the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.
14. **CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.
15. **LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, and the West Virginia Insurance Commission. The vendor must provide all necessary releases to obtain information to enable the director or spending unit to verify that the vendor is licensed and in good standing with the above entities.
16. **ANTITRUST:** In submitting a bid to any agency for the State of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the State of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, or person or entity submitting a bid for the same material, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division. Complete all sections of the quotation form.
2. Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Unit prices shall prevail in case of discrepancy. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
4. All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130
5. Communication during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited (W.Va. C.S.R. §148-1-6.6).



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<p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE UPON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p> <p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICES SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN</p>						

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<p>CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID, AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>PURCHASING CARD ACCEPTANCE: THE STATE OF WEST VIRGINIA CURRENTLY UTILIZES A VISA PURCHASING CARD PROGRAM WHICH IS ISSUED THROUGH A BANK. THE SUCCESSFUL VENDOR MUST ACCEPT THE STATE OF WEST VIRGINIA VISA PURCHASING CARD FOR PAYMENT OF ALL ORDERS PLACED BY ANY STATE</p>						

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<p>AGENCY AS A CONDITION OF AWARD.</p> <p>NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p> <p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: SHELLY MURRAY</p> <p>RFQ. NO.: LOT460</p> <p>BID OPENING DATE: 10/27/2011</p> <p>BID OPENING TIME: 1:30 PM</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</p> <p>-----</p>						

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304-558-8801

RFQ COPY
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LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE
CHARLESTON, WV
25314-1143 558-0500

DATE PRINTED 09/22/2011	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
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LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
CONTACT PERSON (PLEASE PRINT CLEARLY):						

***** THIS IS THE END OF RFQ LOT460 ***** TOTAL:						_____

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REQUEST FOR QUOTATION

West Virginia Lottery

RFQ LOT460

TABLE OF CONTENTS

Section 1:	General Information
Section 2:	Project Specifications
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Section 4:	Rejection of Quotation; Vendor Registration
Section 5:	Contract Terms and Conditions

SECTION 1: GENERAL INFORMATION

1.1 **Purpose:** The Purchasing Division, hereinafter referred to as the "State," is soliciting quotations pursuant to *West Virginia Code* §5A-3-10 for the Department of Revenue, West Virginia Lottery, hereinafter referred to as the "Agency," to provide development, printing and delivery of instant ticket products and related services.

1.2 By signing and submitting its quotation, the successful Vendor agrees to be bound by all the terms contained in this RFQ.

1.2.1 Compliance with Laws and Regulations: The Vendor shall procure all necessary permits and licenses to comply with all applicable Federal, State, or municipal laws, along with all regulations, and ordinances of any regulating body.

The Vendor shall pay any applicable sales, use or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract shall be borne by the Vendor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

1.3 **Schedule of Events:**

Vendor's Written Questions Submission Deadline.	10/12/2011
Addendum Issued	TBD
Bid Opening Date	10/24/2011

1.4 **Inquiries:** Inquiries regarding specifications of this RFQ must be submitted in writing to the State Buyer with the exception of questions regarding the quotation submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events, Section 1.3. All inquiries of specification clarification must be addressed to:

Shelly L. Murray, Buyer Supervisor
 Purchasing Division
 2019 Washington Street, East
 P.O. Box 50130
 Charleston, WV 25305-0130
shelly.l.murray@wv.gov
 Phone: (304) 558-8801
 Fax: (304) 558-4115

No contact between the Vendor and the Agency is permitted without the express written consent of the State Buyer. Violation may result in rejection of the bid. The State Buyer named above is the sole contact for any and all inquiries after this RFQ has been released.

- 1.5 **Verbal Communication:** Any verbal communication between the Vendor and any State personnel is **not** binding. Only information issued in writing and added to the RFQ specifications by an official written addendum by Purchasing is binding.
- 1.6 **Addenda:** If it becomes necessary to revise any part of this RFQ, an official written addendum will be issued by the Purchasing Division.

SECTION 2: PROJECT SPECIFICATIONS

- 2.1 **Location:** Agency is located at 312 MacCorkle Avenue in Charleston, West Virginia but will move to 900 Pennsylvania Avenue in Charleston, West Virginia in November 2011.
- 2.2 **Background and Current Operating Environment:** The Agency offers approximately 45 instant lottery ticket games per year to its citizens and others through a network of licensed retailers.
- 2.3 **Project and Goals:** The project goals and objectives are:
- 2.3.1 The Vendor **SHALL** provide all services necessary to design and produce secure, high-quality instant ticket games that are in compliance with, but are not limited to, the specifications and requirements set forth in this Request for Quotation.
- 2.3.2 The Vendor **SHALL** be responsible for the timely and secure delivery of the instant tickets to the designated Lottery warehouse, currently located in Elkview, West Virginia.
- 2.4 **Mandatory Requirements**
 Vendor must have at least two years of experience in successfully providing a wide variety of secure instant lottery tickets for one or more North American government lotteries. This and other mandatory requirements of this RFQ must be met by the Vendor as a part of the submitted quotation. Failure on the part of the Vendor to meet any of the mandatory specifications shall result in the disqualification of the Vendor's quotation. The terms "must," "will," "shall," "minimum," "maximum," or "is/are required" identify a mandatory item or factor. Decisions regarding compliance with any mandatory requirements shall be at the sole discretion of the State.

2.4.1 Development: Instant lottery tickets will be planned by the Agency using the Vendor's expertise in game planning and analysis, intellectual property research, graphic arts, and state-of-the-art printing systems. Instant lottery tickets **SHALL** be produced by the Vendor in accordance with Working Paper specifications and delivered to the Agency's general lottery system and warehousing contractor of record at its headquarters in Charleston, West Virginia.

2.4.2 Process: The Successful Bidder upon contract award **MUST** describe, in detail, the process or processes being proposed for the production of the instant lottery tickets sought by the Agency. The printing process **MUST** include, but is not limited to, the creative design of the tickets, development of the complete game and printing and production plans. A detailed description, as well as a graphic design of the printing equipment (presses) utilized by the successful Bidder, **MUST** be provided upon award of this RFQ.

2.4.3 Agency's Responsibilities:

The Agency and the Agency's general lottery system and warehousing contractor of record will conduct all post-delivery warehousing and retail distribution, and will be responsible for the validation data and processes. The West Virginia State Police will test and approve all games for public consumption. The Agency will receive, audit, and inspect all deliveries.

2.4.4 Design:

2.4.4.1 Professional Consulting Service:

The professional consulting services associated with the design and implementation of each instant lottery game are to include the following items which **MUST** be provided by the Vendor:

- Creative design of instant lottery games with Lottery input and approval;
- Development of each instant game in detail, with Lottery approved game design, prize structure and HOW TO PLAY directions for defining what constitutes a winning ticket;
- Software to edit and view graphic and other necessary files between the Vendor and the Agency;
- All work necessary to produce the tickets, using such confidential control methods as the Vendor has developed;
- Development of Printing and Production Schedule - Vendor **WILL** provide weekly updates of all printing and production schedules as they relate to working paper development, working paper approval dates, trademarks, art approval, prize structure approval, rules and regulations approval, print dates and ticket delivery dates to the warehouse through the term of the contract.
- All support personnel required by the Agency for management consultation relating to the above items as needed before and during the game, the cost

of which **MUST** be included in the quoted price, since no additional charge will be allowed;

- Coordination of the Instant ticket printing activities with those of the Agency's vendors responsible for advertising, distribution, warehousing and promotional services; provision of such technical and procedural information as is required for the execution of the successful Bidder's plans;
- The design of validation and redemption procedures that are appropriate for the instant games approved, and provision of records necessary and appropriate for the Agency's use in the validation of winning lottery tickets, and use for verification in web-based promotions.

2.4.4.2 Final Artwork:

The Vendor **WILL** provide the final approved artwork digital files that show an unscratched version of the ticket and a scratched version of the ticket. The latter **MUST** show a top prize winning combination of the play symbols. This artwork **MUST** be provided to the Agency for each game within five (5) business days of the approval of the final working papers. The same artwork **WILL** be provided in a vector format approved by the West Virginia Lottery Commission (i.e. ai, eps.)

2.4.5 Working Papers Specifications:

Working papers for each instant ticket game **SHALL** be generated by the Vendor in consultation and with approval by the Agency. The preparation and approval of the Working Papers **SHALL** include the design of the instant tickets, with rough and mechanical draw-downs. Ticket production **SHALL NOT** begin until the Agency has documented its approval of all specifications, for each game, and returned written approval to the Vendor.

Advance schedules for the Working Papers and the production of instant tickets will be established by the Agency. The Vendor **SHALL** be required to adhere to all schedules specified in the Working Papers. Deviations to the specified schedules, or time tables, are subject to the written approval of the Agency and must be approved fifteen (15) business days in advance of the anticipated deviation, unless such deviation is requested by the Agency.

The Working Papers for each game **SHALL** include, at minimum, the specifications for the graphic designs, colors, playing instructions, text and image fonts, ticket/data layout, ticket stock, ticket size, validation and inventory control data, prize structure, shipping and packaging requirements, and the schedule of deliverables to the Agency. The format is not mandated by the Agency. Alternative formats will be considered so long as all components of game production, pricing and art are included. The same is requested for the game specific Rules. Specifically, the required details to be included within the Working Papers are:

2.4.5.1 Graphics: This section contains the artwork for tickets (front) at 100 percent of actual ticket size and in full color. This section also contains the artwork for the back of tickets at 100 percent of actual ticket size. The artwork is

to show the ticket as it would appear with its overprint intact and as it would appear with the overprint removed. The latter version **SHALL** show the actual play symbols, captions, validation numbers, and other information specified to appear under the cover material. The ticket front and back **WILL** note the press direction to confirm proper ticket back alignment for retailer ease of validation. The artwork for the 4" x 4" retailer display piece will also be included.

2.4.5.2 Prize Structure Description: This section **SHALL** contain a description of all specific prize patterns to be used in distributing prizes in packs or pools, patterns used to distribute play symbols or values, or other specific issues related to allocation of symbols on winning or non-winning tickets as specified by the Agency. A detailed end-of-production prize structure **SHALL** be produced and delivered to the Agency prior to physical ticket delivery so the Agency can verify that the prize structure is in agreement with the validation file. An end-of-production prize structure **SHALL** be required. By way of example, the Agency currently uses Scientific Games "Keyed Dual Security," which provides an end-of-game prize structure. The Vendor **SHALL** provide an exact count of winners by prize tier at end of production. (See Attachment 3 of delivery reports, omit manifest used for auditing and a complete manifest that lists omitted packs and good packs per box.)

2.4.5.3 Detailed Ticket Specifications: This section **SHALL** include:

- ticket quantity ordered
- ticket price
- ticket size
- prize pool size
- play instructions
- UPC number
- scene or "pulse" information
- programming parameters
- description of ticket stock
- pack size (quantity, numbering and fanfold specifications)
- perforations
- pack insertions
- descriptions of colors to be used
- description of release coats
- description of overprints
- description of ticket numbering
- description of validation numbering

2.4.5.4 Play spot information: Images of the play symbols and captions **SHALL** be provided. Printing image font(s) information **SHALL** be included.

2.4.5.5. Retailer Validation Codes: This section specifies the Retailer validation codes for each prize up to and including \$600. These validation codes **SHALL**

describe all letters to be printed on non-winning tickets and winning tickets specified by the Prize Structure section of the Working Papers. The Agency shall designate these validation codes. In addition, this section **SHALL** describe the location(s) of the retailer validation codes within the play area of the tickets.

2.4.5.6 Float: This section **SHALL** indicate whether a game is to be produced with a "floating image" play area and the direction of the float (horizontal or vertical).

2.4.5.7 Prize Structure Confirmation: The page that describes the prize structure **SHALL** accommodate the signature of the Director of the Agency. The Director's signature **SHALL** constitute authorization for the prize structure to be used in production of the game.

2.4.5.8 Sample Tickets: This section **SHALL** specify the quantity of void regular size sample tickets and 4" x 4" retailer display pieces to provide. There **SHALL** also be a graphic of the oversized sample tickets with the specific prize amount(s) or symbol(s) shown.

2.4.5.9 Pack Labels: This section **SHALL** contain any and all specifications regarding special labels or stickers to be attached to the exterior of packs.

2.4.5.10 Production and Delivery Schedule: The Working Papers for each game **MUST** include a production and delivery schedule for that game. Unapproved delays in the production and/or the delivery of the tickets **WILL** result in an assessment of liquidated damages upon the Vendor. Ticket shipments **SHALL** be addressed in terms of quantities of tickets per shipment, their arrival dates, and times at the Agency warehouse (Tuesday through Thursday and between 9:00 AM and 3:00 PM is **MANDATORY** to have all personnel needed on hand.)

2.4.5.11 Shipping: This section may describe any non-standard detailed shipping information, not otherwise detailed later in Part 3, including but not limited to:

- Dimensions of ticket shipping boxes/cartons.
- Size and configuration of skids/pallets used to ship tickets.
- Description of shipping reports to accompany ticket shipments.
- Description of shipping control manifest.
- Verification that shipment and validation files that will be received prior to receipt of game tickets and at least fifteen (15) business days prior to game start.
- Addresses and contact names to receive all shipped materials.
- Verification of the use of sealed trucks for shipment of tickets. Details of any other lottery state shipment to accompany Agency shipments and the security procedures employed.

- Specific information regarding the placement of skids of tickets within the trucks.
- Specific information regarding the labeling and marking of ticket boxes.

2.4.5.12 Order Confirmation: The Working papers **SHALL** contain an order confirmation page that **SHALL** contain the:

- price per thousand,
- other prices (such as fees or charges for art, photography, specialty printing, etc.),
- quantity of regular game tickets,
- quantity of retailer sample tickets,
- quantity of 4" x 4" retailer display pieces ordered, and
- payment schedule and terms for copyrighted properties and associated products when applicable.

2.4.5.13 Copies: The Vendor **SHALL** provide:

- one (1) digital set of working papers for review and signature,
- One (1) 300 dpi resolution digital Executed copy with signatures **WILL** be received by the Agency within five (5) business days of signature by the Agency.

2.4.5.14 Revisions: Working Papers may be revised by the Agency or the Agency may request revised sets of Working Papers to be delivered for further review prior to signature and execution.

Any revisions deemed necessary, after execution, may be approved by the Agency with Vendor documentation of the revision.

2.4.5.15 Final Working Papers: Once the Working Papers have been executed, the Vendor **SHALL** provide a set of the final Working Papers to the Agency. The Working Papers **SHALL** be marked, "Executed," on every page to confirm that specifications contained therein are accepted by the Agency and by the Vendor, and that the Working Papers **SHALL** be the basis for production of the game. Under no circumstances **WILL** ticket production begin until Working Papers are executed.

2.4.5.16 Trademark, Service Mark, and Intellectual Property Search: As part of Working Paper preparation, the Vendor **WILL** conduct a trademark and service mark search and any or all intellectual property searches for all games used during this contract.

The Vendor **WILL** prepare a written report and it **SHALL** be completed and submitted to the Agency before Working Papers are signed.

The Vendor **SHALL** pay the cost of such searches and any related expenses and include such in the cost per thousand pricing.

2.4.6 Marketing:

The Vendor **WILL** be required to provide ongoing assistance in the marketing of instant game products.

2.4.6.1 Game Introduction Plans: The Vendor **SHALL** upon request, provide assistance and recommendations for planning game introductions, number of tickets to order, pricing of tickets, types of games needed, prize structure development or completion, ticket art changes, and optimal product mix.

2.4.6.2 Planning and Concept Testing: The Vendor **SHALL** host meetings to plan future games with the Agency. These planning sessions **SHALL** occur at least twice a year. The Vendor **SHALL** provide a sales analysis of the past year's instant games indicating their relative performance and suggestions to improve the games or the schedule. The Vendor **SHALL** be responsible for travel costs for one to two Agency personnel when these meetings are held at the Vendor's location(s).

As a follow-up, the Vendor **SHALL** participate in instant ticket concept development for web testing as scheduled by the Agency (approximately twice per year.)

At a minimum, the Vendor **SHALL** be represented by a graphic artist and the account representative.

The Vendor **SHALL** prepare approximately twenty-eight (28) proposed ticket mock-ups for concept testing including covered and uncovered art and the upcoming proposed ticket schedule. The final list of games to be tested will be approved by the Agency.

2.4.6.3 Second Chance Drawings and Websites: The Vendor **SHALL**, at the Agency's request, create, manage, and secure an internet and/or physical mail-in drawing component for a specific game or group of games. This will be used with instant tickets, and possibly online games, not licensed and already having such a component with the licensed property. The drawing(s) will be conducted by the Vendor in a secure and agreed upon manner and observed by external auditors provided by the Vendor.

2.4.7 Game Requirements:

2.4.7.1 Game Rules: The Vendor **SHALL** include a complete set of Game Rules for each game two (2) weeks prior to the game launch date. The Game Rules **SHALL** define:

- price of the ticket,

- rules of the game,
- what constitutes a winning ticket,
- validation test necessary to satisfy claims for winning ticket,
- West Virginia code specific to play, payment and retailer conduct,
- conditions that invalidate tickets, and
- limits of liability for misprinted or defective tickets; e.g., replacement of the ticket.

2.4.7.2 Prizes:

2.4.7.2.1 Validating Winners: Following the official announcement of the close of a game, winning tickets may be validated for up to one hundred eighty (180) days.

2.4.7.2.2 Prize Payouts: High tier prize levels **WILL** require the ability to determine if a prize payout involves the file claim process. The payout structure **MUST** support prizes that are cash; merchandise; cash/merchandise; entry chances; free tickets or plays; and annuity (weekly, monthly, annually).

2.4.7.2.3 Structure: A prize structure for each instant ticket game **WILL** be included in the Working Papers, and **WILL** be approved by the Agency prior to production of the game. The structure **MUST** support prize structures for low, mid, and high tier levels, with numerous subdivisions.

The prize structure **SHALL** specify the various denominations of prizes available in the games, the odds of winning prizes, the number of winners per pool, and the cost of such prizes. The prize structure **SHALL** be accompanied by information explaining the pools used, the odds of winning, and other details of the game.

2.4.7.2.4 Distribution: The Vendor **MUST** randomly distribute winning tickets throughout the game and throughout each control unit pool without any determinable pattern. Each control unit (pool) **MUST** be produced using a scrambler program unique from all other control units produced for a single game. The number of tickets per control unit **WILL** be specified in the Working Papers for each game.

All games **MUST** be produced using different scrambler programs, that produce unique pools within each game and unique games. Number scrambler programs used for printing tickets **MUST** be organized such that winning tickets are interspersed among non-winning tickets.

Security measures **MUST** be in place to allow the scrambling of winning ticket data and any correlation to the actual ticket identifying numbers. It is the intention of the Agency to have a limited access and secure

process that allows ticket data reconstruction and an end-of-production accounting of the prizes according to the prize structure.

2.4.7.2.5 Prize Patterns: The patterns **SHALL** be determined on a game-by-game basis as described in the Working Papers. One constant **SHALL** remain: that there **SHALL** be no consecutive string of non-winning tickets in a pack that will exceed two and a half (2.5) times the overall odds of the individual prize structure for each game.

2.4.7.2.6 Guarantee Per Pack Prize Structure: The Vendor **MUST** have the capability of creating a Guarantee Per Pack Prize Structure if such is requested in the Working Papers.

2.4.7.2.7 Warranty on High-Tier Prizes: Based on the total number of tickets received by the Agency, the Vendor **SHALL** warrant that the number of high-tier prize tickets approved by the Agency **WILL** be in the delivered and sellable portion of the game.

2.4.7.3 Prize Validation Number: The Agency's current vendor uses a unique 24-digit validation number (12 digits on back of the ticket and 12 digits on the front of the ticket under the scratch coating.) The game's unique number is identified in the first three digits, followed by the pack number in the next six digits, the individual ticket number are the next three digits. The next nine digits are the game validation digits, and finally the last three digits are the check digits, both on the ticket front under the scratch covering.

This unique number is bar-coded on the back of the ticket representing the game number, validation number, pack number and ticket number. The front of the ticket validation number and the bar code for the validation number on the back **MUST** be the same. The bar code on the ticket back **WILL** be a standard interleaved 2-of-5 bar code symbology. Similarly, the front of the ticket will contain a data matrix or data bar code that is readable by the Lottery gaming system vendor of record. The Lottery will be looking to optimize the barcoding on both the front and back of its tickets as technology changes.

2.4.8 Production Schedule Compliance:

The Vendor **SHALL** provide and adhere to a complete schedule for the production of instant tickets. This schedule **MUST** include generation of the Working Papers for each game, and a sample of the type of schedule being proposed **MUST** be included by the successful Bidder upon contract award.

2.4.9 Printing Specifications:

The following subsections provide requirements for the components and construction of the scratch-off/instant tickets sought by the Agency through this RFQ. By submitting a bid the Vendor certifies its ability to meet the requirements in each of the following subsections. Alternative methods/materials/approaches, that are intended to produce an equivalent or superior product, may be proposed as **Offered Options in Attachment 2**.

2.4.9.1 Industry Tolerance: Subject to normal printing trade tolerances and practices; designs, printing inks, and coatings on the tickets **MUST** be properly registered and **MUST** be free of flaws that are visible without magnification.

2.4.9.2 Paper/Stock/Substrate: The ticket stock **SHALL** consist of either foil-less or foil-laminated paper cardstock that may be composed of materials that are recycled, recyclable, or biodegradable. The requirements for composition of each game may vary as specified by game Working Papers.

2.4.9.2.1 Foil Laminate: When required, the foil laminate **SHALL** be approximately 0.0003-inches (0.3 mils) thick. The backsides of tickets using foil-laminated paper cardstock **SHALL** be coated. The foil may be shiny or dull-side out depending upon game specifications contained within the Working Papers.

2.4.9.2.2 Recyclable Holographic stock: When required, the Holographic laminate **SHALL** be approximately 0.0003-inches (0.3 mil) thick. The backsides of tickets using Holographic-laminated paper cardstock **SHALL** be as specified within the Working Papers.

2.4.9.2.3 Paper cardstock: The paper cardstock with **or** without a foil laminate **SHALL** be approximately 0.010 inches (10 mils) thick. The ticket stock requirements may be modified within reason, at the discretion of the Agency, during the term of the contract.

2.4.9.2.4 Protective Security Measures: Foil-less paper/paper cardstock substrates **SHALL** have protective security measures that simulate, or are equal to, those provided by foil-laminated substrates.

2.4.9.2.5 Compatibility with Dispensers: The proposed substrates **MUST** be compatible with all instant ticket display and dispensing mechanisms currently used by the Agency. (Standard Schafer System in-counter, on-counters, Interlott 8-bin ITVMs, and GTECH Lottery To Go PATs.)

2.4.9.2.6 Integrity of Stock: The ticket stock **SHALL NOT** curl, separate, or easily split in a manner that jeopardizes ticket security or integrity. The ticket stock **MUST** resist damage and removal of the scratch covering materials from normal handling.

2.4.9.3 Colors and Ink: The successful Bidder **MUST** provide the following printing capabilities and notification of printing limitations with respect to the number and types of colors and inks that are used. The Bidder **MUST** address, at a minimum, the following items:

2.4.9.3.1 Capabilities for full-bleed graphic designs using up to five (5) inks in different colors in the production of instant ticket fronts.

2.4.9.3.2 Use of Transparent, Florescent, and metallic-like inks.

2.4.9.3.3 Capabilities of a minimum of two (2) color printing on the backs of the instant tickets.

2.4.9.3.4 Quality of the inks, indicating that all inks **WILL** be of such a nature that there is no "offsetting" from the fronts of the tickets to the backs of adjacent tickets, and vice versa.

2.4.9.3.5 Standard ink color used for the game data on the instant tickets and describing any capabilities for the use of multiple colors. Additional costs for multiple game data inks/colors, such as dual imaging or four-color imaging, **MUST** be stated in the COST BID SHEET, Attachment 1 of this RFQ.

2.4.9.4 Overprinting: The Vendor **MUST** be capable of applying five (5) colors, or full-color overprint colors on each instant ticket's basic cardstock and five (5) colors, or full-color on the rub-off covering without any "graying" of the colors. If additional coating or white needed to achieve color depth, that cost **MUST** be included in the base price. In addition:

2.4.9.4.1 The design of the overprinting **SHALL** be such that all rub-off cover material is covered by an overprint color and that the overprint inks extend beyond the edges of the rub-off materials into the display area.

2.4.9.4.2 The overprinting **SHALL** be a regular, artistic design, and **SHALL** be clear and not blurred in order to facilitate the detection of tampering by handlers.

2.4.9.4.3 The overprint design **SHALL** complicate various surreptitious readout methods and contribute to the ability to notice tampering.

2.4.9.4.4 The border between the rub-off covers/overprinting and the uncovered portion of the ticket **SHALL** be sharp and even.

2.4.9.4.5 The cover removal **SHALL** require a normal scraping pressure to reveal the game data.

2.4.9.4.6 The overprinting **SHALL** be composed of inks that prevent compromise of the game data covering materials.

2.4.9.4.7 It is **MANDATORY** that solvents used in various compromise methods **SHALL** cause distortion of, or damage to; the overprint inks and/or the scratch covering materials.

2.4.9.5 Fonts: All font and barcode generation fees and charges **MUST** be included in the basic printing cost. In addition:

2.4.9.5.1 The game data fonts, including those for the play symbols and captions, retailer codes, validation number, ticket number, and inventory control data, **SHALL** be specified in the Working Papers for each game.

2.4.9.5.2 The game data captions, when required, **MUST** be such that they clearly define the accompanying play symbol.

2.4.9.5.3 The fonts and printed symbols **MUST** be clearly readable with normal vision under normal indoor and outdoor lighting conditions.

2.4.9.5.4 All game data fonts **MUST** have the ability to "float," horizontally or vertically, in the imaged area.

2.4.9.5.5 At the discretion of the Agency, the Vendor may be required to create, modify, or obtain additional fonts for game data used in the play area.

2.4.9.6 Game Data: The game data symbols, captions, retailer codes, ticket numbers, validation numbers, inventory control data, UPC and bar codes **MUST** be printed in a manner that **WILL** ensure the integrity of the product. In addition:

2.4.9.6.1 Each data symbol **MUST** be complete and clearly readable with normal vision and under normal indoor and outdoor lighting conditions.

2.4.9.6.2 The play symbols **MUST** not be obliterated in the course of removing the rub-off of the covering materials, by the application of commonly occurring materials (i.e., perspiration, saliva, water, soft drinks, coffee, etc.) and moderate rubbing with a tissue or other soft object.

2.4.9.7 Data Covering Materials: A rub-off covering material **SHALL** be required on all scratch-off instant tickets. The covering **SHALL** be an opaque elastomeric material that releases during normal cover removal. A translucent, or semi-opaque elastomeric scratch-off material may be allowed in some instances (e.g. in some areas of extended play games).

2.4.9.7.1 The covering **SHALL** be present over all of the active play data, except where indicated by the Agency for play.

2.4.9.7.2 The validation numbering and any passive data **MUST** be covered as specified in the Agency's Working Papers.

2.4.9.7.3 The material used **MUST** be smooth and regular to the touch.

2.4.9.7.4 The material **MUST** be free of voids and scratches that allow the game data to be identified in any way. "Squeeze out" of the elastomeric material, beyond the edges of the overprinting, **MUST NOT** be present.

2.4.9.7.5 Normal cover removal **MUST NOT** result in any damage to, or obliteration of, the play symbols or other imaged data.

2.4.9.7.6 Normal ticket handling **MUST NOT** result in damage to the data covering materials that result in exposure of the underlying surface.

2.4.9.7.7 The rub-off material **SHALL** be readily removed without significant residue after being subjected to normal environmental conditions, and when using typical cover removal tools and techniques.

2.4.9.7.8 The elastomeric material **MUST** be damaged by heat or solvents that are typically used during various compromise techniques known to be successful on instant lottery tickets.

Any alternative data covering material(s) may be proposed under **Offered Options in Attachment 2**.

2.4.9.8 Protective Coatings: The production of the tickets **SHALL** include a minimum of a seal coat and a release coat.

2.4.9.8.1 The seal coat **MUST** cover all imaged game data in the play area. The seal coat should be applied after the imaged game data and before the release coat.

2.4.9.8.2 The release coat **MUST** allow the cover material to be easily and cleanly rubbed from the play area without damage to the game data in the play area.

2.4.9.8.3 A transparent, water-resistant coating **MAY** be required over the bar code and the inventory control data on the backs of the tickets.

2.4.9.8.4 The integrity, barrier, and adhesion characteristics of these coatings **SHALL** be such that the printed data remains readable throughout normal ticket handling, exposure to normal environmental conditions, and during exposures to water, heat and other elements.

2.4.9.8.5 The Vendor **MUST** be capable of applying the seal and release protective coatings over the entire ticket front, if required by game play in the Working Papers.

2.4.9.9 Background Coating: The areas on which the game data are printed **SHALL** contain a background coating. The background coating **SHALL** be free of voids, scratches, holes or marks that complicate the detection of ticket tampering. The background coatings **MUST** adhere to the underlying substrate and **MUST** exhibit obvious damage when alteration or de-lamination techniques are attempted.

3.4.9.10 Perforations: The perforations between tickets **SHALL** be deep enough, and **SHALL** contain adequate open area between the perforations, to allow tickets to be separated from each other by Retailer after one pre-fold, but tickets **SHALL NOT** break apart during normal handling and dispensing from dispensers, ITVMs, or PATs.

If an attached stub to the game ticket or a folded ticket is required, lesser perforation **MUST** be possible between the ticket and its stub, but perforations **SHALL NOT** break without pre-fold.

2.4.9.11 Multiple Game Data Areas and Multiple Scene/Play Tickets: The Vendor **MUST** be capable of producing instant tickets with multiple play areas. The Vendor **MUST** be capable of producing games with multiple scenes or scenes with different print runs and multiple types within a single game.

Additional costs for multiple game data areas and multiple scene/play tickets **MUST** be stated in the COST BID SHEET, Attachment 1 of this RFQ.

2.4.9.12 Die-cut Tickets: Tickets that are die-cut to various specified shapes **MUST** meet the same requirements as specified in Section 2.4.9 of this RFQ regarding printing, imaging and perforation. Die-Cut tickets 4 inches X 12 inches or smaller **MUST** be designed so that they can be effectively dispensed by the instant ticket vending machines and dispensers used by the Agency.

2.4.9.13 Binding: Subject to normal printing trade tolerances and practices, the packs of tickets **MUST** be properly trimmed and slit.

2.4.9.14 Regular Size Sample Tickets: The Agency requires 2,000 regular size voided sample tickets per game. These tickets **MUST** be clearly marked as "void" and **SHALL** have the word "Void" printed in a prominent manner on the back side of the ticket. Additional sample tickets may be required at various times for promotional purposes or as required by other contracts. These will be noted in the working papers and cost the same as the ticket printing per square inch per thousand.

2.4.9.15 Oversized Sample Tickets: The Agency requires four thousand (4,000) 4 inch x 4 inch retailer display tickets per game. These tickets **SHALL** be printed two sides, one side showing an Agency approved covered front art or art element and the other side showing Agency approved game information. The display ticket should be approximately 80# coated cover stock, four color process on front and black ink on the back, and will be approximately 4 inches x 4 inches.

2.4.10 Standards:

2.4.10.1 Ticket Sizes and Orientation: The Vendor **SHALL** produce tickets of varying sizes and the Agency may require tickets in both horizontal and vertical formats. The ticket dimensions **SHALL NOT** vary by more than two (2) percent of the size established in the Working Papers for each game.

The size of the tickets **MUST** be approximately four (4) inches on the perforated side to accommodate the Agency's display and dispensing units. Ticket length may range from one (1) inch to twelve (12) inches in length. Currently the Agency utilizes tickets with lengths of 2.5 inches, four inches, five inches, six inches, and eight inches.

The Vendor **SHALL NOT** prohibit the Agency from producing oversized tickets.

2.4.10.2 Ticket Numbering: Each ticket **MUST** bear a unique sequential number (inventory control number) that identifies the ticket printed on the back and/or the front of the ticket. This ticket number **MUST NOT** be duplicated in the game as a whole. This ticket number includes the:

- game number,
- pack number,
- individual ticket number,
- validation number, and
- check digit number.

Numeration and number location **MUST** meet the specifications set forth in the Agency's Working Papers.

2.4.10.3 Pack Identification Number: Each pack and all tickets within the pack **MUST** bear a unique pack identification number for use in controlling ticket distribution and accounting. The Vendor's procedures **MUST** be adequate to ensure that:

- The pack number is the same on all tickets within a given pack,
- The pack number is never duplicated within that game,
- The ticket numbers are consecutive within the pack, and
- No breaks or omissions in ticket numbers exist within the pack.

2.4.10.4 Check digit: A check digit **MUST** be part of the ticket number and it **MUST** be determined by a secure and effective algorithm.

2.4.10.5 Instant Ticket Game Number: Each instant ticket game **WILL** be assigned a unique number by the Agency in its Working Papers. The game number assigned **WILL** be consecutive and meet the specifications set forth in the Working Papers.

2.4.10.6 Bar Codes: The tickets **SHALL** be bar coded on the front and on the back, as specified in the Working Papers for each specific game. The Agency reserves the right to determine bar code location.

2.4.10.6.1 The Vendor **MUST** be able to produce instant tickets with the bar coding on the front and back of the tickets at the request of the Agency.

2.4.10.6.2 The bar code **MUST** be printed using the interleaved two (2) of five (5) symbology and **MUST** contain a game number, pack number, ticket number, validation number and check digit.

2.4.10.6.3 The bar code **MUST** meet A.N.S.I. specifications and achieve a consistent, first-time read rate of ninety-nine (99) percent as a minimum.

2.4.10.6.4 The Vendor **SHALL** be required to produce full validation bar codes such as PDF 417 and 2D bar codes, which will be used on the front of the ticket to allow for scan validation and player prize check. This bar coding will be determined by the Agency and work in conjunction with the gaming system vendor of record.

2.4.10.7 Uniform Product Codes: The Vendor **SHALL** be required to print Uniform Product Codes (UPCs) on the back of tickets as specified in each game's Working Papers. Each game **SHALL** have a unique UPC that **SHALL** be procured by the Vendor. The cost of the UPC **SHALL** be incorporated in the basic cost-per-thousand price quote on the COST BID SHEET, Attachment 1 of this RFQ. The Agency is currently registered with the EAN.UCC and has an existing company prefix.

UPCs **SHALL** be of high quality and capable of being read by every Agency retailer's UPC reading equipment. The Agency will be looking to use the new databar stacked codes as retailers become scan compliant.

2.4.10.8 Retailer Validation Codes: Retailer codes **SHALL** consist of three alpha characters placed, in two locations, under the scratch covering of each ticket for each prize. The Retailer validation code letters **MUST** be non-locational or "float" in the play areas and **MUST** be positioned, with respect to the overprint design, in locations that minimize "pick-out" techniques. Such codes once revealed, **MUST** clearly indicate to retailers whether or not the ticket is a winning ticket when "sight validated." Only winning tickets up to \$600 **WILL** use these codes. Non-winning tickets and winners of amount specified in the Working Papers **MUST** use the approved alpha characters in the required codes in unique combinations with the following restrictions: vowels A, E, I, O, U and the consonant T **MUST NOT** be used. The retailer validation codes **MUST** be standard and in compliance with specifications set forth in the Working Papers for each game.

2.4.10.9 Validation Number: Each ticket **SHALL** possess a unique validation number to be used for winning ticket claims validation and reconstruction of lottery game numbers, letters, or symbols that have become mutilated or unreadable. The successful Bidder **SHALL** explain, in detail, the system of assigning validation numbers to all winning tickets. The validation number **MUST** be covered with a protective coating. Tickets **MUST** each have a unique validation number that is non-repetitive in the game, as a whole, and that cannot be related, in any way, to the pack number on the back of the ticket. Validation and pack numbers **MUST** be applied with ink jet imager(s), or a similar printing method.

The validation number **SHALL** "float" or be "non-locational." The validation number **MUST** be re-constructible, generated by algorithms, and **MUST NOT** aid in the identification of a winner, except by the use of a game-specific algorithm.

The Vendor **MUST** be capable of performing reconstructions upon request by the Agency.

2.4.10.10 Other Markings: The Vendor may be required to print Agency logo(s), shaded price points, shaded game names, and other markings on tickets as required by the Agency.

2.4.10.11 Scratchability and Shelf Life: Tickets **MUST** be able to be easily "scratched" and **MUST** remain readable and in good condition regardless of environments encountered in normal handling, storage and usage for a minimum

of twenty-four (24) months from the time they are delivered to the Agency warehouse.

2.4.11 Process Controls:

2.4.11.1 Production Electronic Files: The Vendor **SHALL** provide an inventory file identifying all tickets or packs packaged for each game. The inventory file **SHALL** mark as "void" those tickets or packs of tickets that are not delivered. The format and size of this file **WILL** be authorized by the Agency

The Vendor **SHALL** provide the data within this file for all packs delivered and the prizes for each instant ticket game. This data **SHALL** be sent via Secure Electronic File transfer as required by the Agency. Production data transported via satellite or land-line, including encryption key transport, **SHALL** be encrypted and transferred using a method approved by the Agency.

2.4.11.2 Lottery Inspection of Production Tickets: The Agency reserves the right to inspect all instant tickets at the manufacturing site during production of the tickets and all inventories of its tickets, at its option. If a single ticket in any pack or packs fails to conform to specifications, then the entire pack(s) may be deemed to be non-conforming.

The Vendor **WILL** pay for all reasonable and necessary expenses, including travel, meals and lodging for one (1) round-trip, by two (2) individuals designated by the Agency for the purpose of conducting production and/or security inspections at the Vendor's facility. Such site inspections will be conducted on an "as needed" basis determined by the Agency, but not to exceed three per contract year.

If the Agency does not designate an individual to attend the production of a game, the Vendor **MUST** overnight a press sheet to the Agency within one (1) business day of the ticket printing, containing a signature of approval and a date.

2.4.11.3 Unused Materials: A report **SHALL** be provided to the Agency at the end of production of each game that states the number of pools produced during the production of the game, how many were converted to what number of tickets, less the number of tickets shipped, and the number of omits resulting in an estimate of game waste. The Agency has provided a game summary report to be used as a guide. Samples of delivery reports and omit manifest listing omitted packs and good packs per box used for auditing purposes are attached. (See Attachment 3.)

These unused materials **MUST** be destroyed by shredding, burning, or other appropriate methods on the premises' of the Vendor. Waste materials cannot leave the Vendor's premises until processed to render them unrecognizable as the Agency's materials. Destruction of waste tickets and other materials **WILL** be performed by the Vendor at no cost to the Agency.

2.4.11.4 Tickets – Ability To Prevent Compromise: The Agency requires that random pool sample packs pulled from the actual game print prior to packaging. The sample is then to be sent to the Agency's Security Office for confirmation

and logging. The Agency will then deliver the sample packs to the West Virginia State Police for testing. The Agency reserves the right to require the Vendor to reprint any instant ticket game at any time if the game does not meet the West Virginia State Police Laboratory's test standards. The Vendor **SHALL** submit sample tickets of each ordered game, in accordance with the timelines set forth in the Working Papers. Full game order **MAY NOT** be shipped to the Agency until State Police approval is obtained. The State Police prefers to have two weeks to test the random pool sample packs. Once the results are determined, the Agency is verbally notified by the West Virginia State Police. A follow-up written document is sent to the Agency within two weeks of the completion of the testing. This process would require that the tickets be printed and samples pulled at least one to two weeks prior to shipping. West Virginia State Police ticket security standards for instant tickets are depicted in **Attachment 4**.

Tickets **SHALL NOT** bear any words, symbols, or numbers that in any way would permit a person to determine the location of a winning ticket. Regardless of the type of ticket design or designs proposed, the final product **MUST** be tamper-proof by any practical means. If any tickets printed do not pass West Virginia State Police Test Laboratory standards, the Vendor **SHALL** either correctly reprint the entire inventory of game tickets, at no charge to the Agency, in time for delivery set forth in amended Working Papers, or face liquidated damages (See Section 5.10).

2.4.11.5 Non-Conforming Tickets: The Agency reserves the right to impose liquidated damages as detailed in Section 5.10.2.7 if tickets printed, and subsequently distributed to the field, are later found to be compromised, faulty, of poor print quality, or otherwise fail to meet the requirements set forth in the Working Papers or this RFQ.

2.4.11.6 Incident Reporting/Escalation: The successful Bidder upon contract award **SHALL** provide a mechanism, which must be approved by the Lottery, to document and report incidents of "bad tickets" received by the Agency, and when to escalate identified problems with tickets based on the severity of the reported problem. This plan **SHALL** identify the steps the Vendor will take to resolve the identified situation.

2.4.11.7 Inspections: The Vendor **MUST** allow for inspections authorized by the Director of the Agency, at unannounced times, for the purpose of determining the working conditions of the security systems.

2.4.12 Disaster Recovery:

In the event of irreparable damage at the primary printing facility, or of an unplanned, extended abandonment of the primary printing facility, the Vendor **SHALL** provide at no additional cost those facilities and other components necessary to resume Agency instant ticket production. Such facilities and other components **SHALL** be operational within thirty (30) days after the disaster and/or abandonment. Until a permanent primary printing facility can be re-established, substitute facilities **MUST** meet Agency-approved environmental and security measures.

2.4.13 Expectations and Limitations:

It is expected of the Vendor to have the ability to print a variety of words, letters, numbers, characters, or unique symbols in various combinations of colors. At the point of contract award the successful Bidder **MUST** disclose any limitations with respect to the standards described within Section 2.4.

2.4.14 Shipping and Delivery:

The following subsections describe the packing and packaging requirements for ticket, packs, boxes, skids/pallets, and trailers/trucks

2.4.14.1 Ticket Packaging: The Agency reserves the right to supplement or change any ticket packaging requirements identified within the Working Papers for a game.

2.4.14.1.1 Ticket packs: Each instant ticket game pack of tickets **WILL** contain precisely the number of tickets specified by the Agency and **WILL NOT** include "void" tickets. Ticket packs:

- **WILL** contain the exact number of tickets per pack as specified in the Working Papers for each game;
- **WILL be assembled so that the first and last ticket barcodes are visible where specified in the working papers;**
- **MUST** contain tickets in rows of fan-folded, continuous strips that **WILL** provide pack integrity and proper control. **NO** breaks in packs **WILL** be permitted;
- **SHALL NOT** contain more than a minimal amount of foil shavings, perforation "dust", or other material that falls out upon opening;
- **MUST** be shrink wrapped and wrapping **MUST** be intact upon delivery to the Agency's warehouse; and
- **MUST** be assembled to maintain the consecutive order of tickets and to make pilferage of individual tickets immediately evident.

The Vendor **MUST** develop, produce, and include any promotional cards or other informational materials in packs prior to packaging when specified in the Working Papers.

2.4.14.1.2 Omissions: If any part of a pack of tickets fails to meet the quality, security, or integrity requirements defined in this RFQ, the entire pack **SHALL** be omitted. Upon contract award the successful Vendor **WILL** disclose the method by which this requirement will be met (e.g., random testing of tickets during the production run).

2.4.14.1.3 Packing Order: All packs are to be shipped in reverse sequential order, and **SHALL** be appropriately identified on the outside of the shipping boxes.

2.4.14.1.4 Shrink Wrapping: All packs of instant tickets **MUST** be shrink-wrapped in a clear wrapping that **WILL NOT** experience defects during normal handling and shipping. Shrink-wrapping **MUST** be intact upon delivery and the packs **MUST** be assembled in a uniform manner.

2.4.14.1.5 Box/Carton/Bundle Labels: Each box/carton/bundle **WILL** have a label that faces outward and indicates the game name, number, and contents. The label **SHALL** specify:

- Game name,
- Packs contained in the box,
- Pack numbers of any omitted packs,
- Box/carton/bundle number (bold and large font), and
- Game number (bold and large font.)

2.4.14.2 Package Control Manifest: A record of all packs manufactured, listed by box/carton/bundle, with omitted packs indicated **WILL** be provided with the shipment.

2.4.14.3 Shipping Cartons:

2.4.14.3.1 Box/Carton/Bundle Size and Strength: Box/carton/bundle size may vary based on the ticket size and **MUST** provide protection from defects during normal handling and shipping, regardless of conditions.

2.4.14.3.2 Taping or wrapping of Ticket Boxes/Cartons/Bundles: All boxes/cartons/bundles of instant tickets **MUST** be taped or wrapped in such a manner that any tampering can easily be detected. The tape or wrap **MUST** be intact upon delivery.

2.4.14.3.3 Box/Carton/Bundle Weight: All boxes/cartons/bundles for a game **SHALL** be of uniform size and **SHALL NOT** exceed thirty (30) pounds when fully loaded. The Agency will specify whether "Swiss-cheese" or "full packing" will be required.

2.4.14.3.4 Skids/Pallets: Skids **MUST** be packed with the lowest carton number on the top layer of the skid, and with the highest carton number on the bottom layer of the skid. The skid/pallet **SHALL** be stretch wrapped.

2.4.14.4 Trailers/Trucks:

2.4.14.4.1 Skid/Pallet Arrangement: Skids/pallets **MUST** be arranged on the trailer/truck with the lowest numbered skid in the "nose" of the trailer and the highest numbered skid in the "rear" of the trailer.

2.4.14.4.2 Ticket Shipping Security: All trailers/trucks used for transporting packaged instant tickets and materials **MUST** be sealed vehicles that are dedicated to lottery ticket shipments (Shipments for lotteries other than those of the West Virginia Agency are permitted to be included in the same sealed vehicle.)

- The seal **MUST** be broken only by authorized Agency personnel and its warehouse vendor personnel.
- A seal broken for any other reason **SHALL** be sufficient cause for rejection of the entire shipment.
- Should another lottery's shipment be delivered prior to a West Virginia Lottery shipment, it **SHALL** be the responsibility of the Agency to insure that the shipment arrives resealed and that such action is noted on the manifest.

2.4.14.5 Shipping and Delivery Requirements: Delivery **MUST** be made in accordance with the delivery schedule specified in the Working Papers for each game. The Agency requires the first delivery of tickets four (4) weeks prior to game start, if not earlier. Notification **WILL** be sent to the Agency at least ten (10) business days prior to delivery to confirm the delivery date.

The Vendor **SHALL** specify the methods and carriers by which tickets are to be transported. Carriers **MUST** be bonded and approved common carriers.

2.4.14.6 Delivery Tolerance: The Vendor **MUST** ship the ticket volume for any game ordered to a high accuracy. The Agency **SHALL NOT** be entitled to decline acceptance of any instant game tickets or game materials solely on the basis that the number of tickets or materials varies from the number specified to be delivered in the Working Papers, if such variance is not greater than or less than five (5) percent of the total amount specified. If non-conforming tickets or materials reduce the available quantity of salable tickets or materials to less than 95 percent of the amount specified for delivery, the Agency **SHALL** have the option to request and to require, by written notice, that the Vendor provide replacement tickets or materials within three (3) weeks after such written notification is issued.

The Agency **WILL** pay only for the amount of tickets or materials ordered in the Working Papers. In the event the actual number delivered is less or more than the amount ordered, the Agency **WILL** pay only for the actual amount received within the allowable variance.

2.4.15 Security:

The following subsections of this RFQ include the Agency's guidelines for the security measures required for the printing plant(s); the Vendor employees; and for the security of the instant tickets. All items below must be approved by the Agency prior to implementation.

2.4.15.1 Security Plan: Upon contract award, the successful Bidder **SHALL** submit an overall security plan detailing the method by which it intends to produce, store, and ship instant game tickets. The security plan **SHALL** include, but **SHALL NOT** be limited to, the following:

- plant security,
- validation security,
- redemption security,
- game design security and
- any other elements of security offered.

The successful Bidder **MUST** fully describe the methods to be employed in the ticket construction to avoid security problems. The Bidder **SHALL** identify any potential security problems in the type of tickets proposed, and **SHALL** specify its method for handling these problems.

An understanding of the overriding importance of security in all phases of design, materials procurement, production, transportation, storage, distribution, activation/deactivation, validation, and disposition of game tickets **MUST** be clearly evident in the proposed plan's procedures, methods, controls, and accounting systems.

2.4.15.2 Approval of Security Measures: The successful Bidder's security plan **MUST** specify the precautions, safeguards, inspections, reporting, and other measures relating to the entire security effort upon award of the contract. The successful Bidder **MUST** agree that the production plant security for tickets **MUST** be approved by the Agency prior to the Vendor's initial production of tickets. Failure to provide an acceptable plan to the Agency will be grounds for cancellation of contract.

2.4.15.3 Ticket Security Certification: Upon contract award, the successful Bidder **SHALL** submit copies of the most recent and applicable laboratory test reports and other certifications assuring the security of the Bidder's instant lottery tickets against practical compromise by reasonable comprehensive technical effort. All test reports **MUST** be made by certified independent laboratories.

2.4.15.4 Ticket Reconstruction: Upon request by the Agency, the Vendor **SHALL** provide to authorized Agency security personnel only, reconstruction of the play data of any ticket using either the game, pack and ticket numbers, or the validation number. The Agency will set up secure protocols with the successful Bidder to elaborate on reconstruction of damaged or questionable tickets. Only certain individuals within the Agency will be used as contact for this purpose. Similarly, security and restriction to reconstruction is **REQUIRED** of the successful Bidder.

2.4.15.5 Game Accounting and Security Review: The Vendor, upon request of the Agency, **SHALL** be required to furnish all of the actual game computer image tapes, electronic files, and related programs and audits to the Agency for review. This information **WILL** be the basis of a game validation and accounting review. No game **SHALL** be produced until the Agency has satisfied itself concerning the results of audit.

The Vendor **SHALL** engage a firm of qualified and independent certified public accountants to review the procedures and controls employed by the Vendor prior to production of each game. These audits **SHALL** include at least the following:

2.4.15.5.1 A sampling for game integrity of the actual computer tapes or electronic files that were used to run the computer imager used to print the tickets. Audits of intermediate tapes or electronic files are not sufficient for this purpose;

2.4.15.5.2 A statistically valid random sampling of finished packs of tickets in the Vendor's plant to determine conformity of the finished actual tickets with the final approved prize structure as signed by the Agency; and

2.4.15.5.3 A statistically valid sample detailing mean and maximum strings of consecutive winning and non-winning tickets within pools and within packs. Such report **MUST** show expected probability of such strings and actual occurrences in one or more randomly selected pools.

2.4.15.6 Audit Memorandum: The Vendor **SHALL** supply the Agency with an Audit Memorandum verifying that a game meets the guidelines as stated in the executed Working Papers. This memorandum **SHALL** be supplied to the Agency prior to the ticket printing for each game. The pre-press audit **SHALL** be performed by an independent auditing firm, of good standing, that is contracted with and compensated by the Vendor.

2.4.15.7 Certified Public Accountant's Report: The Vendor **SHALL** contract with and compensate an independent auditing firm, in good standing, to perform a complete post-press audit of each instant ticket game, that determines compliance with all elements of the game's executed Working Papers. This report **SHALL** be supplied to the Agency three (3) weeks prior to the start of game sales.

2.4.15.8 Plant/Facility Security: The plant(s) or facility(ies) that produce instant tickets **MUST** be equipped with a complete plant security system that includes, but is not limited to, the following:

- Windows and/or skylights that are either under video surveillance or covered by wire mesh.
- Fire doors that are integrated into a burglar alarm system that is integrated with a direct line to the local "safety services" authorities.
- Uniform-locking devices equipped with a burglar alarm system for all outside doors.
- A registration log for all visitors entering and leaving the office and manufacturing areas.
- Signs in the receiving and loading platform areas that prohibit unauthorized personnel from entering the plant via those access points. Receiving and loading platform areas **MUST** be monitored by plant security by means of video surveillance. Receiving and loading platforms **MUST** be kept clear of all materials while not in use.
- Limited access to all production areas.
- Secure doors between office areas and manufacturing areas.
- Continuous video surveillance of ticket production areas during ticket printing.
- Around-the-clock, on premise, guards while any Agency tickets or materials are being produced and/or on premises.
- Maximum security conditions during the production of Agency printing plates/films/disks or cylinders, and secure storage of such for up to one (1) year when not in use.
- Delivery of skids/cartons containing Agency products accompanied by the shipping manifest, that is signed by the driver and the loader, the shipping report and the shipment computer tape/disk.

- Numbered seals on the trucks. Such seals **MUST** be indicated on the manifest.
- Enclosed loading areas are preferred, but, at minimum, loading areas **MUST** be free of other shipments, deliverables, bales, trash and the like during the loading operation.
- Accounting for the disposal of all scrap/unusable game materials by shredding. Video surveillance is **REQUIRED**.

The Agency **SHALL** require alternative security measures that substantially conform to the basic security requirements indicated in the paragraphs above. Significant deviations in any aspect of the security plan, from the standards of effectiveness required by the Agency, **SHALL** be sufficient cause for potential termination of contract award.

2.4.15.9 Employee Security: This subsection is applicable to the Vendor and to any of its subcontractors. The Agency **MUST** be advised as to the procedures adopted to ensure that Vendor employees, who are involved in the production of the instant lottery tickets, are precluded from ascertaining or being knowledgeable of Packs containing winning tickets. Vendor personnel **MUST** wear photographic identification badges at all times. In addition, it is required that the Vendor's employees are subject to annual background investigations and bonding by the Vendor. As noted in West Virginia State Code §29-22-14.a.3;

No person shall be permitted to act as vendor to the commission who has been convicted of any violation of this article, or of any felony or any crime related to theft, bribery or gambling or involving moral turpitude. The commission shall deny the privilege of acting as a vendor to the commission for any person so convicted.

2.4.15.10 Security Breach: Upon discovery of any breach of security experienced by the Vendor during the term of this contract, especially that of theft or disappearance of any paper stock, tickets, waste, printing plates, imagery tapes/disks, program tapes/disks, or the like, the Vendor **MUST** immediately notify, by telephone, the Agency Director, or his designee. This contact **MUST** be followed by written notification detailing the specifics of the occurrence and what steps have been taken to remedy the problem.

The Agency **SHALL** be the sole judge of the adequacy of the steps taken, and reserves the right to specify other steps to be taken.

The Agency reserves the right to require, at any time, further, and additional security measures as it deems necessary or appropriate to ensure the integrity of the operation of the Agency.

2.4.16 Ticket Destruction/Disposal:

The Agency may request destruction of instant tickets that have been recalled from the field due to print error, or other relative reason. The Vendor **SHALL** have a plan for collecting such tickets from the Agency's warehouse and disposing of the inventory in a

manner that ensures total ticket destruction. The successful Bidder **SHALL** provide to the agency their process for secure and efficient ticket destruction upon contract award.

2.4.17 Corporate Capabilities, Staffing, and Qualifications:

2.4.17.1 Experience: The Bidder **MUST** be experienced in the creative design, imaging, computer programming for ticket generation, inventory control and validation, security, production, and delivery of instant lottery games of the type sought by the Agency.

2.4.17.2 Key Staff Capabilities: The Agency has the right to approve or request any changes in key support staff at any time.

2.4.17.3 Required Staff Assignments: The Bidder **MUST** supply, at minimum, a specified account representative for key day to day contact for production of games, and a specified artist for direct contact concerning game planning and ticket modifications. These will be the main persons of contact for the Agency concerning day to day production. The Agency has the right to approve or request any changes in key support staff at any time.

2.4.17.4 Facilities/Plants:

2.4.17.4.1 Equipment and Technology: The successful Bidder **MUST** provide an overview summary of the equipment and technology in place at the Bidder's facility that will be used to satisfy the requirements of this RFQ upon contract award. Additionally, the successful Bidder **MUST** provide an overview description of any other equipment and technology currently available at the Bidder's facility that offers other lottery-related capabilities.

2.4.17.4.2 Disaster Recovery: In the event that the primary printing site becomes incapacitated for more than a week, the successful Bidder **MUST** disclose how it will produce and provide gaming tickets within a reasonable time frame so as to meet the requirements set forth in this RFQ.

2.4.17.5 Corporate Disclosures and Information:

2.4.17.5.1 Disclosure of Litigation and Investigation: Because the Agency has a strong interest in the successful Bidder's continuing ability to produce secure, high quality products and services, the successful Bidder **MUST** list and summarize pending or threatened litigation, administrative or regulatory proceedings, or similar matters that could materially affect the Bidder. As part of this disclosure requirement, the Bidder **MUST** state whether it or any owners, officers, directors, or partners have ever been convicted of any felony. As noted in West Virginia State Code §29-22-14.a.3;

No person shall be permitted to act as vendor to the commission who has been convicted of any violation of this article, or of any felony or any crime related to theft, bribery or gambling or involving moral turpitude. The commission shall deny the privilege of acting as a vendor to the

commission for any person so convicted. Failure to disclose such matters on contract award may result in termination of Contract.

This is a continuing disclosure requirement; any such matter commencing after the execution of a Contract, **MUST** be disclosed in a timely manner in a written statement to the Agency.

2.4.17.5.2 Vendor Personnel Profile: Upon contract award the successful Bidder **MUST** submit information on the individuals listed below as appropriate for the organizational structure of the Bidder and its substantial subcontractors:

- If a sole proprietorship, the individual owner.
- If a corporation, all officers and directors in such corporation.
- If a partnership, each general partner as an individual.
- If a joint venture, all individual joint ventures.
- If a trust, all trustees.
- If an association, all officers and directors.

2.4.17.5.3 Vendor Organizational Chart: An accurate, current organizational chart that includes all of the corporate management individuals identified above **MUST** be submitted upon contract award. Related organizations **MUST** be clearly shown. If the successful Bidder or a subcontractor is a subsidiary of a parent entity, the Agency or the State Purchasing Division may request the above disclosures from the parent entity as necessary.

2.4.18 *Use of New Technology and Innovations:*

The Agency's competitive success depends on the availability of new products, gaming features, and services. The Vendor **MUST** be capable of supporting the Agency in this mission.

The Agency is interested in any management and/or technical innovation from the successful Bidder that will assist in meeting the goals and objectives of the Agency and the State of West Virginia. However, any innovative suggestions or proposed approaches **MUST** be applicable and relevant to this RFQ and the desired system/services.

The successful Bidder will provide resources for maintaining and implementing a research and development effort in such areas as gaming concept, design, and development.

During the performance of any contract awarded from this RFQ, management or technical innovations that may be identified by the Vendor or the Agency staff, including estimated costs for utilizing the new approaches, **MUST** be brought to the attention of the appropriate Agency staff. The Agency staff will then review the new technology, generally in conjunction with Vendor representatives, and will make a decision about incorporating the new technology into the contracted operations/systems through a Contract change order.

If new technologies are cited as **Offered Options** in the quotation response, then any costs (including zero, if there are no additional charges) for incorporating the new technologies **MUST** be quoted on the COST BID SHEET, (Attachment 1) of this RFQ under the heading **Offered Options**. Each cost quotation **SHALL** be for the term of the contract and all extension years, unless otherwise specified.

2.4.19 Alternative Products or Processes:

If the Bidder has alternatives for the improvement of the security of games or the production processes that involve promotional tickets, consumer promotional pieces, and the like, the costs should be itemized and provided with the price schedule. A detailed explanation of the alternatives or options should be included in the response as an **Offered Option**. Failure to provide any such suggestions or recommendations will not cause any quotation to be rejected.

If alternatives are cited as **Offered Options** in the quotation response, then any costs (including zero, if there are no additional charges) for incorporating them **MUST** be quoted on the COST BID SHEET, Attachment 1 of this RFQ under the heading **Offered Options**. Each cost quotation **SHALL** be for the term of the contract and all extension years, unless otherwise specified. **2.4.20 Rights to Intellectual Property:**

Outside of this contract, the Agency will be leasing or purchasing rights to use materials that may be deemed the intellectual property of the Vendor or third-party entities. Such properties include, but are not limited to, names and graphic renditions that are trademarked or copyrighted, stock photography, personalities, specialty type-fonts, bar code placements, and commercial themes that are not in the realm of public domain.

As a term of this contract, the Vendor **SHALL** provide all research to determine if elements are the intellectual property of others and may be asked to procure the rights to use on behalf of the Agency.

The Vendor is obligated to procure the rights for use of copyrights, brand names, intellectual property, etc. on behalf and at the behest of the Lottery and to obtain terms and conditions most favorable to the Lottery depending upon the circumstances of the intellectual property usage. Then the Vendor **SHALL** cost all fees, without mark-up, solely for rights to the use of intellectual property separately for each instant ticket game and submit such costs for the Lottery's consideration and approval. Such costs **SHALL** be listed as additional line items in the working paper confirmation page for payment approval.

This excludes any licensed property which may be directly licensed by the Agency from a third party vendor within a sole source agreement.

2.4.21 Prize Restrictions:

The Vendor **MUST** agree and acknowledge that its employees, officers, subcontractors and their immediate family members residing in the same household, are restricted from wagering, winning or gifting in any Agency instant ticket games.

The Vendor **MUST** agree to convey this restriction to its employees, officers, and subcontractors and maintain documentation to this effect.

The Vendor **MUST** use all reasonable resources to exert its best efforts to enforce this restriction.

The Vendor **MUST** further acknowledge that failure of any employee; officer; subcontractor; or their family members, to comply with this restriction, **WILL** result in forfeiture of any winnings or the termination of the offending officer, employee, or subcontractor.

2.4.22 Corporate Audit Requirements:

Under the Contract, the Vendor must meet specific corporate auditing obligations:

2.4.22.1 The Vendor **SHALL** have a complete corporate financial Audit conducted annually, at its own expense. The audit must follow Generally Accepted Auditing Standards (GAAS). A copy of the Vendor's certified financial statements **SHALL** be provided within one quarter after the close of the Vendor's fiscal year. The Agency will accept a parent company's Form 10-K to satisfy this requirement.

2.4.22.2 The Vendor **SHALL** provide the Agency with Securities and Exchange Commission (SEC) 10-K reports (or the appropriate non-U.S. equivalent such as the Manitoba Securities Commission) as they are issued, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended. The Agency will accept a parent company's Form 10-K to satisfy this requirement.

2.4.22.3 A third party review [not financial information] of the Vendor's West Virginia operations must also be conducted annually. It is understood that there may not be "operations in West Virginia". Audits of operations by a third party for the Vendor will be accepted in this case. This audit **WILL** be a Statement on Auditing Standards SSAE 16 audit and **SHALL** be paid for by the Vendor. For this review the Vendor will suggest, for the Agency's approval, the firm(s) to perform the work. All financial aspects **SHALL** be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants. Annual audits **SHALL** occur and be reported to the Agency within one quarter after the close of the State's fiscal year. The first audit **SHALL** cover a partial year ending with the State's fiscal year.

2.4.23 Non-Exclusive Rights:

The right to provide services and/or commodities under this procurement shall not be exclusive. The Agency reserves the right to contract simultaneously for and purchase similar products and services from other sources without infringing upon or terminating the Contract.

2.4.24 Ownership of Materials:

All materials and data exclusively produced for the Agency under the Contract shall be owned by the State of West Virginia. Patents, copyrights, or trademarks used or developed in connection with the performance of the Vendor under the Contract will be owned by the Vendor and the Vendor will license in perpetuity to the State of West

Virginia right to use such patents, copyrights, or trademarks without additional financial considerations, unless otherwise agreed to in writing by the State.

2.4.25 End of Contract Transition:

It is contemplated that the Agency, approximately six (6) months prior to the expiration of the Contract resulting from this RFQ will award a new contract for instant ticket printing and services. The parties understand and agree that the Agency may utilize the last one hundred eighty (180) days of the Contract resulting from this RFQ or renewal or extension thereof for conversion. The Vendor **SHALL** cooperate fully and in good faith in the conversion, which may or may not involve other vendors. If a subsequent contract is awarded to a different vendor, then the current Vendor of record **SHALL** continue in paid obligation to complete end of game audits, any web and/or mail-in based drawings regardless of contract end.

2.4.26 Deliverables and Services Not Originally Defined:

The Vendor is obligated under the Contract to maintain its product and service capabilities in order to continue to meet the terms of the Contract. During the contractual period there also may arise technology changes, new products, or new services, which may be productive for the Lottery to consider. Upon the Agency's request, if the Vendor is capable of providing such, the Vendor **SHALL** produce a proposed solution and pricing for the Agency's consideration. The terms, schedule, and pricing of such changes shall be negotiated.

2.4.27 Approval of Changes to Vendor-Supplied Products and Processes:

The Vendor may not unilaterally introduce a change to Agency-approved products, processes, and materials as used in the production of, or services for, lottery instant tickets. Such changes must be approved in writing by the Agency prior to installation or implementation in process as a change order to the Contract.

SECTION 3: VENDOR QUOTATION DOCUMENT

- 3.1 **Economy of Preparation:** Quotations should be prepared simply and economically providing a straightforward, concise description of the Vendor's abilities to satisfy the requirements of the RFQ. Emphasis should be placed on completeness and clarity of the content.
- 3.2 **Incurring Cost:** Neither the State nor any of its employees or officers shall be held liable for any expenses incurred by any Vendor responding to this RFQ, including but not limited to preparation, delivery, or travel.
- 3.3 **Quotation Format:** Vendors should provide responses in the attached Cost Bid Sheet (Attachment 1) and Offered Options Sheet (Attachment 2) and sign the Mandatory Specification Checklist (Attachment 5) to certify compliance to the mandatory specifications.

3.4 **Quotation Submission:**

All quotations must be submitted to the Purchasing Division **prior** to the date and time stipulated in the RFQ as the opening date. All bids will be dated and time stamped to verify official time and date of receipt.

Vendors should allow sufficient time for delivery. In accordance with **West Virginia Code §5A-3-11**, the Purchasing Division cannot waive or excuse late receipt of a quotation, which is delayed or late for any reason. Any quotation received after the bid opening date and time will be immediately disqualified in accordance with State law.

Vendors responding to this RFQ should submit:

One original Quotation plus two convenience copies and one digital copy to:

Purchasing Division
2019 Washington Street, East
P.O. Box 50130
Charleston, WV 25305-0130

The outside of the envelope or package(s) should be clearly marked:

Vendor: _____
Buyer: _____
Req#: _____
Opening Date: _____
Opening Time: 1:30 p.m.

- 3.5 **Purchasing Affidavit:** *West Virginia Code §5A-3-10a* requires that all bidders submit an affidavit regarding any debt owed to the State. The affidavit must be signed and submitted prior to award. It is preferred that the affidavit be submitted with the quotation.
- 3.6 **Resident Vendor Preference:** In accordance with *West Virginia Code §5A-3-37*, Vendors may make application for Resident Vendor Preference. Said application must be made on the attached Resident Vendor Certification form at the time of quotation submission.
- 3.7 **Bid Opening:** The Purchasing Division shall schedule a date and time to open and announce quotations as shown in Section 1.3.

SECTION 4: REJECTION OF QUOTATIONS; VENDOR REGISTRATION

- 4.1 **Rejection of Quotations:** The State reserves the right to accept or reject any or all quotations, in part or in whole at its discretion. The State further reserves the right to withdraw this RFQ at any time and for any reason. Submission of or receipt of quotations by the State confers no rights upon the bidder nor obligates the State in any manner.
- 4.2 **Vendor Registration:** Vendors participating in this process should complete and file a Vendor Registration and Disclosure Statement (Form WV-1) and remit the registration fee. Vendor is not required to be a registered Vendor in order to submit a quotation, but the **successful bidder must** register and pay the fee prior to the award of

an actual purchase order or contract.

SECTION 5: CONTRACT TERMS AND CONDITIONS

- 5.1 **Contract Provisions:** The RFQ and the Vendor's response will be incorporated as the Contract. The order of precedence shall be the West Virginia state law, the RFQ and any addendum, and the Vendor's quotation in response to the RFQ.
- 5.2 **Public Record:** All documents submitted to the State Purchasing Division related to purchase orders or contracts are considered public records. All bids, quotations, or offers submitted by Vendors shall become public information and are available for inspection during normal official business hours in the Purchasing Division Records and Distribution center after the bid opening.
- 5.2.1 **Risk of Disclosure:** The only exemptions to disclosure of information are listed in **West Virginia Code** §29B-1-4. Any information considered a trade secret must be separated from the Vendor submission and clearly labeled as such. Primarily, only trade secrets, as submitted by a bidder, are exempt from public disclosure. The submission of any information to the State by a Vendor puts the risk of disclosure on the Vendor. The State does not guarantee non-disclosure of any information to the public.
- 5.2.2 **Written Release of Information:** All public information may be released with or without a Freedom of Information request; however, only a written request will be acted upon with duplication fees paid in advance. Duplication fees shall apply to all requests for copies of any document. Currently, the fees are 50 cents per page, or a minimum of \$10.00 per request, whichever is greater.
- 5.3 **Conflict of Interest:** Vendor affirms that neither it nor its representatives have any interest nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.
- 5.4 **Vendor Relationship:** The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this RFQ and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever.

Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, *et cetera* and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

The Vendor shall not assign, convey, transfer, or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association, or entity without expressed written consent of the Agency.

5.4.1 Subcontracts/Joint Ventures: The Vendor may, with the prior written consent of the State, enter into subcontracts for performance of work under this contract.

5.4.2 Indemnification: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage laws.

5.4.3 Governing Law: This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws and regulations as provided by Federal, State, and local governments.

5.5 **Term of Contract and Renewals:** This contract will be effective upon award and shall extend for the period of three (3) years, at which time the contract may, at the option of the Agency, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one-year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract. The "reasonable time" period shall not exceed twelve (12) months. During the "reasonable time" period Vendor may terminate the contract for any reason upon giving the Agency ninety (90) days written notice. Notice by Vendor of intent to terminate will not relieve Vendor of the obligation to continue providing services pursuant to the terms of the contract.

5.6 **Non-Appropriation of Funds:** If funds are not appropriated for the Agency in any succeeding fiscal year for the continued use of the services covered by this contract, the State may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The State shall give the Vendor written notice of such non-appropriation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

5.7 **Changes:** If changes to the contract become necessary, a formal contract change order will be negotiated by the State, the Agency, and the Vendor.

As soon as possible, but not to surpass thirty (30) days after receipt of a written change request from the Agency, the Vendor shall determine if there is an impact on price with

the change requested and provide the Agency a written Statement identifying any price impact on the contract. The Vendor shall provide a description of any price change associated with the implementation.

NO CHANGE SHALL BE IMPLEMENTED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER FROM THE PURCHASING DIVISION.

- 5.8 **Price Quotations:** The price(s) quoted in the Vendor's quotation will not be subject to any increase and will be considered firm for the life of the contract unless specific provisions have been provided in the original specifications.
- 5.9 **Invoices and Progress Payments:** The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To." Progress payments may be made at the option of the Agency on the basis of percentage of work completed if so defined in the final contract.
- 5.10 **Liquidated Damages:**

According to *West Virginia Code* §5A-3-4(8), Vendor agrees that liquidated damages shall be imposed per day, per week, per unit, or some other agreed measure) for failure to provide deliverables, meet milestones identified to keep the project on target, or failure to meet specified deadlines. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other additional remedy which the State or Agency may have legal cause for action.

The Contract resulting from this RFQ contains liquidated damages for Vendor default as determined by the Agency, which include, but are not limited to failure to effectively carry out the contract provisions, untimely performance, and questionable security practices and security breaches. Specific cases and their liquidated damages are cited in the sections to follow.

Breach of any of the foregoing, or any action of the Vendor or any associate, agent or subcontractor of the Vendor involved in the contract, which reflects upon the integrity, credibility, honesty, or security of the Agency will result in decisive remedial action, and may include cancellation of the contract by the State of West Virginia.

5.10.1 Determination of Damages: Nothing in this section shall be construed as relieving the Vendor from performing all contract requirements whether or not said requirements are set forth herein.

5.10.2 Vendor Error: In all cases of major errors, as determined by the Agency, all tickets may be rejected for the game. For all cases of Vendor error, the Vendor **SHALL** be held liable, in whole, for all administrative costs including Lottery staffing hours working to correct the issue and any repercussions from said issue, operational costs, direct costs, and prizes that result from erroneous tickets.

5.10.2.1 Missing / Incomplete Trademarks: Prior to execution of game working papers, the Vendor **SHALL** conduct a trademark search. If this

search is not performed or performed incompletely or incorrect, substantial damages may be sustained by the Agency. It is therefore agreed that, if the trademark search is incomplete or incorrect and a game currently on sale must be canceled, the Vendor **SHALL** pay to the Agency liquidated damages in the amount of sixty thousand dollars (\$60,000) per day for each day a replacement game is not delivered. In addition, Vendor **SHALL** provide a replacement game specified by the Agency within fifteen (15) business days at no charge. In the event that a trademark problem manifests itself prior to the first sales date of the game and the Vendor cannot cure the problem at its expense prior to game start, the Vendor **SHALL** provide a replacement game specified by the Agency in time to meet the scheduled algorithm testing date of the game. If this date cannot be met, liquidated damages in the amount of ten thousand (\$10,000) per day **SHALL** accrue until such time as an acceptable replacement game is delivered.

5.10.2.2 Warranty on High Tier Prizes: The Vendor **SHALL** warrant that only the number of high tier prizes approved by the Agency will be in a game. The Vendor and the Agency agree that the liquidated damages for claimed additional high tier prize tickets not approved by the Agency will be the amount of the prize paid, per occurrence.

5.10.2.3 Improper Ticket Validation: In addition, the Vendor **SHALL** be financially liable for all claims resulting in prize payouts for tickets improperly validated due to printing errors or misprints, programming, or other Vendor-controlled causes. Damages **SHALL** be assessed as actual claim amounts.

5.10.2.4 Omitted Packs: The Vendor and the Agency agree that the liquidated damages for the Vendor shipping omitted packs to the Agency or to the Agency Operator **SHALL** be the face value of the pack(s) shipped plus the amount of any validations redeemed.

5.10.2.5 Late Reports: In the event the Vendor fails to provide any report, tape, electronic file, or information in accordance with the schedule specified in the working papers; the Vendor may be required to pay one thousand dollars (\$1,000) per day, per tape, report, electronic file, or information until the Agency receives the correct, complete, and usable tape, report, electronic file, or information.

5.10.2.6 Scratch-ability and Shelf Life: The Agency reserves the right, at its discretion, to pull any game that it determines to be difficult to scratch and hold the Vendor responsible for the cost of the tickets and the actual amount of any projected lost sales in the form of Liquidated Damages.

5.10.2.7 Non-conformity of Printed Tickets: If a single ticket in any pack fails to conform to specifications set forth in the Working Papers for that game, then the entire pack may be deemed to be non-conforming. A ticket may be deemed non-conforming if not complete or printed in accordance with the Working Papers as specified and approved by the Agency.

If the results of any test or inspection by the Agency or the West Virginia State Police establishes that any tickets, prior to being distributed or offered for sale, fail to meet the requirements specified or are otherwise defective due to manufacturing error, the nonconforming tickets/packs may be rejected by the Agency.

If any tickets discovered in the field are determined to be non-conforming with Working Paper specifications, or are otherwise defective due to a manufacturing error, as determined by the Agency, the tickets may be withdrawn from the field and impose liquidated damages in an amount to represent the actual cost of the tickets and the actual amount of projected sales lost.

5.10.2.8 Unusable Games: If any game delivered by the Vendor is unusable and must be retrieved by the Agency because of concerns about security, integrity, quality, trademark, or the ability to validate, as determined by the Agency, the Vendor **SHALL** be required to pay projected lost sales for the return of all unusable packs of tickets to the Agency. The Vendor **WILL** also be financially responsible for the destruction of any unusable games.

5.10.2.9 Incorrect Files: If the validation files for a specific game supplied by the Vendor does not conform to the specifications set forth in the working papers, and the Agency is unable to:

5.10.2.9.1 Activate or distribute tickets as a result thereof, the Agency may require the Vendor to pay the sum of sixty thousand dollars (\$60,000) per game per day, or part of a day that the validation file is operating improperly.

5.10.2.9.2 Validate tickets or correctly validate tickets as a result thereof, the Agency may require the Vendor to pay one-hundred thousand dollars (\$100,000) per game per day, or part of a day that the validation file is operating improperly.

5.10.2.10 Questionable Security Practices and Security Breaches: For failures in security the Agency may assign liquidated damages of ten thousand dollars (\$10,000) per incident.

5.10.2.11 Liquidated Damage Assessment and Payment: The Agency shall notify the Vendor, in writing, of the assessment of liquidated damages for any default specified herein.

5.10.2.12 Liquidated Damage Payment: All liquidated damages notifications will be delivered within 45 days of the incident. All liquidated damage payments **SHALL** be due at the Agency within thirty (30) calendar days of the damages being incurred by the Vendor. Any sum, which may be due to the Agency for such damages, **MAY** be deducted and retained by the Agency from any balance that may otherwise be due to the Vendor. In addition, should the Agency obtain a monetary judgment against the Vendor as a result of a breach of the contract, the Vendor

consents to such judgment being set-off against moneys owed the Vendor by the Agency under this contract. If sufficient funds are not available, in either case, the required performance bond shall be collected in satisfaction of the liquidated damages amount. Payment of liquidated damages, however, shall in no event impair the obligation or liability of the Vendor's surety to perform according to the terms of its bond and the contract.

5.10.2.13 Vendor Liability: Partial performance of the contract **SHALL NOT** relieve the Vendor from liability for liquidated damages if any material portion of the contract remains unperformed upon the date performance is to be completed. The Vendor's liability for liquidated damages **SHALL** cease at such time as the Agency obtains complete substituted performance, as determined by the Agency from the Vendor. Delay due to a subcontractor's conduct, negligence, or failure to perform **SHALL NOT** excuse the Vendor from the liquidated damages provisions of the contract unless caused by a "force majeure" event beyond the reasonable control of the contractor.

5.10.2.14 Liquidated Damages Dispute: The Lottery Director shall have the sole discretion to determine whether liquidated damages, as described in this section of the RFQ, will be assessed. The Agency's determination shall not be arbitrary or capricious. In the event of a dispute regarding the imposition or the amount of liquidated damages, the Vendor **SHALL** designate one and only one on-site individual to discuss the dispute with the Agency. In all possible areas of liquidated damages assessment, there shall be no pro-ration of damages unless otherwise expressed for partial periods. Excessive liquidated damages, and events leading to such, may be grounds for termination of the contract.

- 5.11 Contract Termination:** The State may terminate any contract resulting from this RFQ immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFQ and resulting contract. The State shall provide the Vendor with advance notice of performance conditions which may endanger the contract's continuation. If after such notice the Vendor fails to remedy the conditions within the established timeframe, the State shall order the Vendor to cease and desist any and all work immediately. The State shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

The contract may be terminated by the State with thirty (30) days prior notice pursuant to ***West Virginia Code of State Rules*** § 148-1-7.16.2.

5.12 Special Terms and Conditions:

5.12.1 Bid and Performance Bonds

This section of the RFQ provides information on the bonding, insurance, and guarantees that will be required from the Bidder and the Vendor as part of the submission of a quotation in response to this RFQ and the contract awarded as the result this RFQ.

In the quotation response, the Bidder is expected to signify an understanding and willingness to comply with these terms and conditions, and to supply the requisite filings as required.

5.12.1.1 Performance Bond: The Vendor **WILL** be required to furnish a performance bond in an amount equal to the anticipated annual payments to the Vendor for the services provided. The bond **MUST** be in a form that is acceptable to the State of West Virginia. An alternative type of performance guarantee, in the form of a certified cashier's check made payable to the State of West Virginia, is also acceptable. **A Letter-of-Credit WILL NOT be accepted.**

This performance bond/guarantee **WILL** be renewed on an annual basis for the duration of the contract, and any extensions, thereof. This bond **SHALL** provide funds to the Agency in the event that the Agency suffers any liability, loss, damage or expense as a result of the Vendor's failure to perform fully and completely all the requirements of the RFQ and contract which includes, without limitation, the Vendor's obligation to pay liquidated damages, to indemnify the Agency under circumstances described in the RFQ and contract and the Vendor's obligation to provide instant tickets and related services as required by the RFQ and the contract throughout the term of the contract and extensions, thereof. Failure to perform fully under the RFQ and contract may result in the termination of the contract. Performance bond form will be provided by the Purchasing Division.

5.12.1.2 Bid Bond: The Bidder **WILL** be required to furnish a fixed-fee Bid Bond in the amount of five thousand dollars (\$5,000) to guarantee for one (1) year after the bid opening, the availability of the services at the quoted price. The bid bond **MUST** be submitted with the bid to the Purchasing Division. The bond **MUST** be in the form of a policy or certificate issued by an appropriate surety company. A certified check, or cashier's check, made payable to the State of West Virginia may also serve as the bid bond. **A Letter-of-Credit WILL NOT be accepted.**

5.12.1.3 Fidelity Bond: As a condition on contract execution, the Vendor **WILL** be required to obtain a Fidelity Bond in the amount of five million dollars (\$5,000,000) covering any loss to the State due to any fraudulent or dishonest act on the part of the Vendor's officers, employees, agents or subcontractors.

5.12.2 Insurance Requirements: Insurance certificates are required prior to award, but are not required at the time of bid.

The Vendor **WILL** be required to provide proof of insurance, as listed below, throughout the contract period and any extensions, thereof. As with the performance guarantee funds, the insurance moneys will provide the State of West Virginia and/or the Agency with compensation for fees, legal costs, loss of customer sales, or other damages resulting from the Vendor's inability to provide the contracted services and products or from the Vendor's negligence in providing services and products that meet the standards of the Agency.

Proof of all insurance **MUST** be provided prior to the issuance of the resulting contract, and certificates of insurance **MUST** be kept current and on file with the Agency. Each such policy, except for errors and omissions and fidelity policies **MUST** name the Agency as an additional insured; errors and omissions policies **MUST** name the State of West Virginia as a certificate holder; and fidelity policies **MUST** name the Agency as a loss payee. The Agency **SHALL** receive notice of cancellation from insurance companies ten (10) days in advance of cancellation. **Self-insurance is not an acceptable form of insurance for any of the cited coverages.**

The type of insurance required for the resultant contract include the following:

5.12.2.1 Errors and Omissions: This insurance **SHALL** be in the amount of four million dollars (\$4,000,000) for the selected Vendor for any losses the Agency may incur resulting from the intentional or negligent acts of the Vendor. The Errors and Omissions insurance coverage will remain in effect during the entire contract period, any extensions thereof, and for one (1) year after the contract is terminated.

5.12.3. Background Investigation Requirements: Owners, officers, directors, stockholders holding five percent or more of the common stock, executives, staff and associated subcontractors, suppliers, and consultants that are proposed and/or contracted with **SHALL** be subject to initial and periodic background checks by the Agency (at its cost), contingent upon the level of responsibility each Vendor representative bears upon the contract. The Vendor **SHALL** ensure that all employees and subcontractors involved in the development and services of the Agency's instant tickets undergo initial and periodic background checks to ensure integrity. Vendor representatives, employees and subcontractors who do not pass such background checks **SHALL NOT** work on the Agency's account.

5.12.4 Protest Bond: Any bidder that files a protest of an award shall at the time of filing the protest submit a protest bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater.

The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All protest bonds shall be made payable to the Purchasing Division and shall be signed by the protester and the surety. In lieu of a bond, the protester may submit a cashier's check or bank money order payable to the Purchasing Division. The money will be held in trust in the State Treasurer's office.

If it is determined that the protest has not been filed for frivolous or improper purpose, the bond shall be returned in its entirety.

5.13 Record Retention (Access and Confidentiality):

Vendor shall comply with all applicable Federal and State rules, regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by the Vendor. The Vendor shall maintain such records a minimum of five (5) years and make such records available to Agency personnel at the Vendor's location during normal business hours upon written request by the Agency within ten (10) days after receipt of the request.

Vendor shall have access to private and confidential data maintained by the Agency to the extent required for the Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and the Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractors, or individuals permitted access by the Vendor.

The Vendor **SHALL** maintain technical and logistical records relative to the Contract for a period of three (3) years after the end of the Contract. Records **MUST** include, but are not limited to, graphic arts files for the games, ticket and validation number algorithm information, and production and shipping records.

Attachment Index:

- 1 COST BID SHEET
- 2 OFFERED OPTIONS BID SHEET
- 3 DELIVERY REPORTS SAMPLES
- 4 STATE POLICE TEST REPORT
- 5 MANDATORY SPECIFICATIONS
- 6 CD CONTAINING GAME SALES DATA, TICKET IMAGES, SAMPLE RULES

ALL PRICING PER SQUARE INCH
PER THOUSAND

Attachment 1: Cost Sheet

<p>BASIC PRINTING COST</p> <p>Each bidder's price should assume a basic ticket cost with ten point foil-less stock, four-color display, four-color overprint, two colors on the back of the ticket, full gloss coating, background coating, secure game creation and reconstruction, validation bar code on ticket front and back and UPC barcode on the back of the ticket, any protective coatings, one imaged play area and research and development costs.</p>	\$
<p>MULTIPLE SCENES/COLOR PULSES SEQUENTIALLY WITHIN A GAME</p>	\$
<p>FLORESCENT INKS</p>	\$
<p>METALLIC-LIKE INKS</p>	\$
<p>DUAL COLOR IMAGING OF PLAY SYMBOLS</p>	\$
<p>MULTIPLE COLOR IMAGING OF PLAY SYMBOLS</p>	\$
<p>TEN-POINT FOIL STOCK</p>	\$
<p>RECYCLABLE HOLOGRAPHIC STOCK</p>	\$
<p>MULTIPLE GAME DATA AREAS</p>	\$
<p>DIE-CUTTING OF TICKETS</p>	\$
<p>MATTE COATING ON TICKET FRONT</p>	\$
<p>TICKETS WITH PERFORATED STUB AND WITH IMAGE INFORMATION</p>	\$
<p>TICKETS WITH PERFORATED STUB AND WITHOUT IMAGE INFORMATION</p>	\$
<p>SCENE/COLOR PULSING SPLIT BETWEEN TICKET QUANTITIES WITHIN A GAME</p>	\$
<p>FOIL LAMINATE</p>	\$
<p>OVERSIZED / EXTENDED PLAY TICKETS</p>	\$
<p>TOTAL OF ALL ITEMS</p> <p>Award will be based on lowest cost bid for this total.</p>	\$

Attachment 2: Offered Options

The Bidder **SHALL** attach sheets for any Bidder offered optional items. Each item offered **MUST** be clearly identified along with the terms and costs under which they are offered.

PROMOTIONAL WEBSITE CREATION AND HOSTING INCLUDES CREATIVE, WEB HOSTING, DRAWING ENTRY COLLECTION, AND SITE SECURITY PER PROMOTIONAL GAME	\$
PROMOTIONAL DRAWING INCLUDES PROCURING MAIL BOX, LOTTERY APPROVED RANDOM DRAWING, EXTERANAL AUDITOR, USE OF MAIL ENTRIES AND WEB ENTRIES AS REQUIRED, AND SECURITY PER PROMOTIONAL GAME	\$
	\$
	\$
	\$
	\$
	\$
	\$

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the quotation.

I certify that the quotation submitted meets or exceeds all the mandatory specifications of this RFQ. Additionally, I agree to provide any additional documentation deemed necessary by the State of West Virginia to demonstrate compliance with said mandatory specifications.

(Company)

(Representative Name, Title)

(Contact Phone/Fax Number)

(Date)

Attachment 3: Delivery Reports

8/17/2011 11:02 AM

SHIPMENT SUMMARY REPORT

Page 1

Scientific Games Corp. 1500 Bluegrass Lakes Parkway Alpharetta Georgia 30004 West Virginia - 628 " DICK TRACY "			
Game Data:			
Shipment: 01 Report Date: 11:02 AM 8/17/2011 Staged Date: 8/14/2011 2:15:48 PM Order Status: <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ongoing			
Shipping Data:			
Carrier Name: RK LOGISTICS Bill of Lading: 20815 Departure Date: 8/18/2011 12:00:00 AM Exp. Arrival Date: 8/19/2011 9:00:00 AM City: ELKVIEW			
RANGES:			
BOOK: 100001 - 112000 BOX: 1 - 192 SKID: 1 - 4 POOL: 1 - 20			
Data:			
Gross Books: 12,000 Omitted Books: 1,966 ----- Net Books: 10,034 Gross Tickets: 1,200,000 Omitted Tickets: 196,600 ----- Net Tickets: 1,003,400			
Shipment Summary:			
Skid Arrangement: Low-on-Top			
	3	60	Boxes each
	1	12	Boxes each
Totals:	4	192	Boxes
Miscellaneous Data:			
ITEMS SUPPLIED WITH SKID # 4 : 1 MANIFEST, 2 OMISSION LISTINGS, 1 SHORT BOX LISTING, 1 SKID CONTENTS REPORT, 2 SHIPMENT REPORTS, AGENT SAMPLES FIRST GOOD: 101226 LAST GOOD: 111771			

08/17/2011

SKID CONTENTS REPORT

Page 1

Shipment Number: 1 Skid Range: 1 - 4
 Staging Date: 08/14/2011

Skid Number	Box Number Starting - Ending	Number of Books	Book Number Starting - Ending	Total Tickets
1	1 - 60	3106	100001 - 104600	310600
2	61 - 120	3129	104601 - 107854	312900
3	121 - 180	3165	107855 - 111125	316500
4	181 - 192	634	111126 - 112000	63400

	Total Boxes	Total Tickets
SHIPMENT TOTALS	192	1003400

08/17/2011

SHORT BOX LISTING

Page 1

SHIPMENT # 1
BOOK RANGE: 100001 - 112000

Box Number	First Book	Last Book	Good Books
1	101226	101291	49
2	101292	101379	37
9	101712	101765	53
10	101766	101797	32
12	101864	102010	53
18	102281	102337	53
20	102392	102400	9
22	102455	102508	53
24	102575	102628	53
28	102815	102868	53
31	102977	103000	24
42	103553	103600	48
44	103655	103708	53
52	104090	104143	53
56	104313	104366	53
64	104770	104797	28
71	105164	105217	52
73	105273	105326	53
74	105327	105380	53
75	105381	105400	16
78	105512	105565	53
86	105958	106000	43
94	106391	106456	52
96	106511	106564	53
97	106565	106600	36

West Virginia - 628 "DICK TRACY"

08/17/2011

SHORT BOX LISTING

Page 2

98	106601	106655	53
103	106876	106928	53
111	107310	107366	53
115	107529	107585	53
119	107751	107800	49
120	107801	107854	53
127	108182	108235	53
131	108407	108460	53
132	108461	108514	53
137	108746	108799	53
140	108910	108963	53
141	108964	109000	37
159	109936	109992	52
160	109993	110046	52
161	110047	110100	53
163	110156	110200	44
165	110255	110323	53
172	110671	110724	53
174	110779	110800	22
176	110855	110908	53
177	110909	110962	52
179	111017	111071	53
187	111455	111508	53
188	111509	111562	53
189	111563	111618	53
191	111674	111727	53
192	111728	111771	44

TOTAL GOOD BOOKS	2474
TOTAL SHORT BOXES	52

West Virginia - 628 "DICK TRACY"

Box 1	X-1000131	X-1000261	X-1000511	X-1000761	X-1001011	X-1001261
	X-1000023	X-1000273	X-1000523	X-1000773	X-1001023	X-1001273
	X-1000533	X-1000283	X-1000533	X-1000783	X-1001033	X-1001283
	X-1000643	X-1000293	X-1000543	X-1000793	X-1001043	X-1001293
	X-1000653	X-1000303	X-1000553	X-1000803	X-1001053	X-1001303
	X-1000963	X-1000313	X-1000563	X-1000813	X-1001063	X-1001313
	X-1000973	X-1000323	X-1000573	X-1000823	X-1001073	X-1001323
	X-1000983	X-1000333	X-1000583	X-1000833	X-1001083	X-1001333
	X-1000993	X-1000343	X-1000593	X-1000843	X-1001093	X-1001343
	X-1001031	X-1000353	X-1000603	X-1000853	X-1001103	X-1001353
	X-1000113	X-1000363	X-1000613	X-1000863	X-1001113	X-1001363
	X-1000123	X-1000373	X-1000623	X-1000873	X-1001123	X-1001373
	X-1000133	X-1000383	X-1000633	X-1000883	X-1001133	X-1001383
	X-1000143	X-1000393	X-1000643	X-1000893	X-1001143	X-1001393
	X-1000153	X-1000403	X-1000653	X-1000903	X-1001153	X-1001403
	X-1000163	X-1000413	X-1000663	X-1000913	X-1001163	X-1001413
	X-1000173	X-1000423	X-1000673	X-1000923	X-1001173	X-1001423
	X-1000183	X-1000433	X-1000683	X-1000933	X-1001183	X-1001433
	X-1000193	X-1000443	X-1000693	X-1000943	X-1001193	X-1001443
	X-1000203	X-1000453	X-1000703	X-1000953	X-1001203	X-1001453
	X-1000213	X-1000463	X-1000713	X-1000963	X-1001213	X-1001463
	X-1000223	X-1000473	X-1000723	X-1000973	X-1001223	X-1001473
	X-1000233	X-1000483	X-1000733	X-1000983	X-1001233	X-1001483
	X-1000243	X-1000493	X-1000743	X-1000993	X-1001243	X-1001493
	X-1000253	X-1000503	X-1000753	X-1001003	X-1001253	X-1001503

	X-1001513	X-1001763	X-1002013	X-1002263	X-1002513	X-1002763
	X-1001523	X-1001773	X-1002023	X-1002273	X-1002523	X-1002773
	X-1001533	X-1001783	X-1002033	X-1002283	X-1002533	X-1002783
	X-1001543	X-1001793	X-1002043	X-1002293	X-1002543	X-1002793
	X-1001553	X-1001803	X-1002053	X-1002303	X-1002553	X-1002803
	X-1001563	X-1001813	X-1002063	X-1002313	X-1002563	X-1002813
	X-1001573	X-1001823	X-1002073	X-1002323	X-1002573	X-1002823
	X-1001583	X-1001833	X-1002083	X-1002333	X-1002583	X-1002833
	X-1001593	X-1001843	X-1002093	X-1002343	X-1002593	X-1002843
	X-1001603	X-1001853	X-1002103	X-1002353	X-1002603	X-1002853
	X-1001613	X-1001863	X-1002113	X-1002363	X-1002613	X-1002863
	X-1001623	X-1001873	X-1002123	X-1002373	X-1002623	X-1002873
	X-1001633	X-1001883	X-1002133	X-1002383	X-1002633	X-1002883
	X-1001643	X-1001893	X-1002143	X-1002393	X-1002643	X-1002893
	X-1001653	X-1001903	X-1002153	X-1002403	X-1002653	X-1002903
	X-1001663	X-1001913	X-1002163	X-1002413	X-1002663	X-1002913
	X-1001673	X-1001923	X-1002173	X-1002423	X-1002673	X-1002923
	X-1001683	X-1001933	X-1002183	X-1002433	X-1002683	X-1002933
	X-1001693	X-1001943	X-1002193	X-1002443	X-1002693	X-1002943
	X-1001703	X-1001953	X-1002203	X-1002453	X-1002703	X-1002953
	X-1001713	X-1001963	X-1002213	X-1002463	X-1002713	X-1002963
	X-1001723	X-1001973	X-1002223	X-1002473	X-1002723	X-1002973
	X-1001733	X-1001983	X-1002233	X-1002483	X-1002733	X-1002983
	X-1001743	X-1001993	X-1002243	X-1002493	X-1002743	X-1002993
	X-1001753	X-1002003	X-1002253	X-1002503	X-1002753	X-1003003

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Shipment 1

106301	106326	106351	106376	106401	106426
106302	106327	106352	106377	106402	106427
106303	106328	106353	106378	106403	106428
106304	106329	106354	Box 142 106379	106404	106429
106305	106330	106355	106380	106405	106430
106306	106331	106356	106381	106406	106431
X-[106307]	106332	106357	106382	106407	106432
X-[106308]	106333	106358	106383	106408	106433
X-[106309]	106334	106359	106384	106409	106434
X-[106310]	106335	106360	106385	106410	106435
X-[106311]	106336	106361	106386	106411	106436
X-[106312]	106337	106362	106387	106412	106437
X-[106313]	106338	106363	106388	106412	106438
X-[106314]	106339	106364	106389	106414	106439
X-[106315]	106340	106365	106390	Box 143 106415	106440
X-[106316]	106341	106366	106391	106416	106441
X-[106317]	106342	106367	106392	106417	106442
X-[106318]	Box 141 106343	106368	106393	106418	106443
X-[106319]	106344	106369	106394	106419	106444
X-[106320]	106345	106370	106395	106420	106445
X-[106321]	106346	106371	106396	106421	106446
106322	106347	106372	106397	106422	106447
106323	106348	106373	106398	106423	106448
106324	106349	106374	106399	106424	106449
106325	106350	106375	106400	106425	106450

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Shipment 1

Box 144 106451	106476	106501	106526	106551	106576
106452	106477	106502	106527	106552	106577
106453	106478	106503	106528	X-[106553]	106578
106454	106479	106504	106529	106554	106579
106455	106480	106505	106530	X-[106555]	106580
106456	106481	106506	106531	106556	106581
106457	106482	106507	106532	106557	106582
106458	106483	106508	106533	106558	106583
106459	106484	106509	106534	106559	106584
106460	106485	106510	106535	X-[106560]	106585
106461	106486	106511	106536	X-[106561]	106586
106462	Box 145 106487	106512	106537	106562	106587
106463	106488	106513	106538	Box 147 106563	106588
106464	106489	106514	106539	106564	106589
106465	106490	106515	106540	106565	106590
106466	106491	106516	106541	106566	106591
106467	106492	106517	106542	106567	106592
106468	106493	106518	106543	106568	106593
106469	106494	106519	106544	106569	106594
106470	106495	106520	106545	106570	106595
106471	106496	106521	106546	106571	106596
106472	106497	106522	106547	106572	X-[106597]
106473	106498	Box 146 106523	106548	106573	106598
106474	106499	106524	106549	106574	106599
106475	106500	106525	106550	106575	X-[106600]

Attachment 4: State Police Tests Report




WEST VIRGINIA STATE POLICE
 725 Jefferson Road
 South Charleston, West Virginia 25309-1698
 www.statepolice.com

Joe Manchin III
 Governor

Colonel T. S. Pack
 Superintendent

September 23, 2010

TO: Mr. David Bradley, Deputy Director for Security
 FROM:  Richard A. Theis, Certified Questioned Document Examiner
 SUBJECT: Examination of Lottery Tickets, Game 590, "JOLLY JACKPOT", Q10-98

On September 21, 2010, I received fifty (50) lottery tickets, Pack No. 107171, for examination purposes. The requested examinations were performed with the return of remaining untested tickets.

Submitted tickets: Game 590, "JOLLY JACKPOT"

Examination: Transmitted Light
 Negative

Examination: Oblique Light
 Negative

Examination: Thermal
 Negative

Examination: Methanol (solvent)
 Negative

Examination: Ultraviolet Lighting (reflected and transmitted) (VSC-HR)
 Negative

Examination: Magnetic Viewer
 Negative

Examination: Photocopy Process
 Negative

Examination: Infrared (VSC-HR)
 Negative

PAGE TWO
Lottery Tickets Game 590

Examination: Infrared Luminescence (VSC-HR)
Negative

Examination: Cold (Refrigerator freezer)
Negative

Examination: Submerged in Water
Negative

Examination: Electrostatic Detection Device
Negative

Examination: Microscopic (Leica MZ12 35x)
Negative

Conclusion:

Based upon the previously described examinations, I was unable to decipher the printed material under the scratch-off coating without visibly altering the ticket in some form.

Attachment 5: Mandatory Specifications – Section 2.4

Bidder attests that all specifications found in section 2.4 and all subsections of 2.4 of this RFQ can and will be met if awarded the bid.

The Successful Bidder shall provide the following items upon bid award.

1. 2.4.2 Describe process for instant ticket production
2. 2.4.14.1.2 Disclose method for quality control
3. 2.4.17.5.3 Current Organization Chart
4. 2.4.15.1 Security Plan
5. 2.4.25.3 Copy samples of Laboratory test reports and other certificates
6. 2.4.13 Disclose limitation with respect to standards
7. 2.4.8 Production schedule sample
8. 2.4.11.6 Incident Report sample
9. 2.4.16 Process for ticket destruction

AGENCY (A) _____
RFQ/RFP# (B) _____

Bid Bond

- (A) WV State Agency
(Stated on Page 1 "Spending Unit")
Request for Quotation Number (upper
right corner of page #1)
- (C) Your Company Name
- (D) City, Location of your Company
- (E) State, Location of your Company
- (F) Surety Corporate Name
- (G) City, Location of Surety
- (H) State, Location of Surety
- (I) State of Surety Incorporation
- (J) City of Surety Incorporation
- (K) Minimum amount of acceptable bid
bond is 5% of total bid. You may state
"5% of bid" or a specific amount on
this line in words.
- (L) Amount of bond in figures
- (M) Brief Description of scope of work
- (N) Day of the month
- (O) Month
- (P) Year
- (Q) Name of Corporation
- (R) Raised Corporate Seal of Principal
- (S) Signature of President or Vice
President
- (T) Title of person signing
- (U) Raised Corporate Seal of Surety
- (V) Corporate Name of Surety
- (W) Signature of Attorney in Fact of the
Surety

NOTE: Dated, Power of Attorney with Raised
Surety Seal must accompany this bid
bond.

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned,
_____(C)_____ of _____(D)_____, _____(E)_____,
as Principal, and _____(F)_____ of _____(G)_____,
_____(H)_____, a corporation organized and existing under the laws
of the State of _____(I)_____ with its principal office in the City of
_____(J)_____, as Surety, are held and firmly bound unto The State
of West Virginia, as Obligee, in the penal sum of _____(K)_____
(\$ _____(L)_____) 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 _____

_____(M)_____

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 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 time within which the Obligee may accept such bid: and said
Surety does hereby waive notice of any such extension.

IN WITNESS WHEREOF, Principal and Surety have hereunto set their
hands and seals, and such of them as are corporations have caused their corporate
seals to be affixed hereto and these presents to be signed by their proper officers,
this _____(N)_____ day of _____(O)_____, 20 _____(P)_____.

Principal Corporate Seal

(R)

(U)
Surety Corporate Seal

_____(Q)_____
(Name of Principal)
By _____(S)_____
(Must be President or
Vice President)
_____(T)_____
Title
_____(V)_____
(Name of Surety)
_____(W)_____
Attorney-in-Fact

IMPORTANT – Surety executing bonds must be licensed in West Virginia to
transact surety insurance. Raised Corporate Seals must be affixed and a Power of
Attorney must be attached.

BID BOND

KNOW ALL MEN BY THESE PRESENTS, That we, the undersigned, _____
_____ of _____, _____, 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 _____ (\$ _____) 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

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.

IN WITNESS WHEREOF, Principal and Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be affixed hereunto and these presents to be signed by their proper officers, this

_____ day of _____, 20____.

Principal Corporate Seal

(Name of Principal)

By _____
(Must be President or Vice President)

(Title)

Surety Corporate Seal

(Name of Surety)

Attorney-in-Fact

IMPORTANT – Surety executing bonds must be licensed in West Virginia to transact surety insurance. Raised corporate seals must be affixed, a power of attorney must be attached.

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

EXCEPTION: The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

Under penalty of law for false swearing (*West Virginia Code* §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

WITNESS THE FOLLOWING SIGNATURE

Vendor's Name: _____

Authorized Signature: _____ Date: _____

State of _____

County of _____, to-wit:

Taken, subscribed, and sworn to before me this ____ day of _____, 20__.

My Commission expires _____, 20__.

AFFIX SEAL HERE

NOTARY PUBLIC _____

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37. (Does not apply to construction contracts). West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the West Virginia Code. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

- 1. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or, Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. Application is made for 2.5% resident vendor preference for the reason checked: Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
4. Application is made for 5% resident vendor preference for the reason checked: Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked: Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: _____ Signed: _____

Date: _____ Title: _____

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.