

State of Arkansas  
ARKANSAS LOTTERY COMMISSION

REQUEST FOR PROPOSAL

RFP Number: ALC-090003	Buyer:
Commodity: Comprehensive Banking Services	Proposal Opening Date: August 12, 2009
Date: July 8, 2009	Proposal Opening Time: 2:30 P.M. CDT

PROPOSALS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF PROPOSAL OPENING AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS LOTTERY COMMISSION.

**Vendors are responsible for delivery of their proposal documents to the Arkansas Lottery Commission prior to the scheduled time for opening of the particular proposal. When appropriate, Vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the Arkansas Lottery Commission office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, FedEx, and DHL deliver mail to our street address, 500 President Clinton Avenue #215, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.**

MAILING ADDRESSES: 500 President Clinton Avenue #215 Little Rock, Arkansas 72201	PROPOSAL OPENING LOCATION: Arkansas Lottery Commission Offices
TELEPHONE NUMBER: (501) 683-2000	

Company Name: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

USE INK ONLY; UNSIGNED PROPOSALS WILL NOT BE CONSIDERED

Identification:

\*

\*

Federal Employer ID Number

Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN PROPOSAL REJECTION

Business Designation (check one):	Individual *	Sole Proprietorship *	Public Service Corp *
	Partnership *	Corporation *	Government/ Nonprofit *

GENERAL DESCRIPTION:	Comprehensive Banking Services
TYPE OF CONTRACT:	Term
BUYER:	
AGENCY P.R. NUMBER	

INVOICE TO:

F.O.B:

**MINORITY-OWNED AND FEMALE-OWNED BUSINESS POLICY**

Participation by minority-owned and female-owned businesses is encouraged in this and all other procurements by state agencies. "Member of a minority" is defined at Arkansas Code Annotated § 23-115-103(15) as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; or (E) Pacific Islander American". "Minority-owned business" is defined at Arkansas Code Annotated § 23-115-103(16) as "a business that is owned by: (A) An individual who is a member of a minority who reports as his or her personal income for Arkansas income tax purposes the income of the business; (B) A partnership in which a majority of the ownership interest is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (C) A corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more members of a minority who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned business as subcontractors "may explain the circumstances preventing minority inclusion".

"Female-owned business" is defined at Arkansas Code Annotated § 23-115-103(5) as "a business: (A) Whose management and daily business operations are under the control of one (1) or more females; and (B) Either: (i) Individually owned by a female who reports as her personal income for Arkansas income tax purposes the income of the business; (ii) Which is a partnership in which a majority of the ownership interest is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the income of the partnership; or (iii) Which is a corporation organized under the laws of this state in which a majority of the common stock is owned by one (1) or more females who report as their personal income for Arkansas income tax purposes more than fifty percent (50%) of the distributed earnings of the corporation".

**EQUAL EMPLOYMENT OPPORTUNITY POLICY:**

In compliance with Section 5 of the Arkansas Lottery Commission Major Procurement Rules, the Office of State Procurement of the Department of Finance and Administration is required to have a copy of the Vendor's Equal Opportunity Policy prior to issuing a contract award. EO Policies may be submitted in electronic format to the following email address: [camber.thompson@dfa.arkansas.gov](mailto:camber.thompson@dfa.arkansas.gov) or as a hard copy accompanying the solicitation response. The Office of State Procurement and the Arkansas Lottery

Commission will maintain a file of all Vendor EO policies submitted in response to solicitations issued by this office. The submission is a one time requirement but Vendors are responsible for providing updates or changes to their respective policies and of supplying EO policies upon request to other state agencies that must also comply with this statute.

### **TECHNOLOGY ACCESS FOR THE BLIND**

Please reference Section 508 of the federal Rehabilitation Act, 29 U.S.C. 794d and Arkansas Code Annotated § 25-26-201 et seq. The Vendor expressly acknowledges that State funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with the State of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Vendor represents and warrants to the Arkansas Lottery Commission that the technology provided to the Arkansas Lottery Commission for purchase is capable either by virtue of features included within the technology or because it is readily adaptable by use with other technology of:

- Providing equivalent access for effective use by both visual and non-visual means;
- Presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and
- After being made accessible, it can be integrated into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this paragraph, the phrase "equivalent access" means a substantially similar ability to communicate with or make use of the technology, either directly by features incorporated within technology or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state or federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands and other means of navigating graphical displays, and customizable display appearance.

### **ACT 157 of 2007 EMPLOYMENT OF ILLEGAL IMMIGRANTS**

Pursuant to Act 157 of 2007 (Ark. Code Ann. § 19-11-105), all Vendors must certify prior to award of the contract that they do not employ or contract with any illegal immigrants in its contract with the State.

Vendors shall certify online at:

[http://www.arkansas.gov/dfa/procurement/pro\\_index.html](http://www.arkansas.gov/dfa/procurement/pro_index.html)

Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

### **ARKANSAS LOTTERY COMMISSION MAJOR PROCUREMENT RULES**

Vendors are subject to all requirements of the Arkansas Lottery Commission Major Procurement Rules (Attachment A), whether such requirements are specifically set forth in this RFP or not.

### **ALTERATION OF ORIGINAL RFP DOCUMENTS**

The original written or electronic language of the RFP shall not be changed or altered except by approved written addendum issued by the Arkansas Lottery Commission. This does not eliminate a Vendor from taking exception(s) to these documents, but does clarify that the Vendor cannot change the original document's written or electronic language. If the Vendor wishes to make exception(s) to any of the original language, it must be submitted by the Vendor in separate written or electronic language in a manner that clearly explains the exception(s). If Vendor's/Contractor's submittal is discovered to contain alterations/changes to the original written or electronic documents, the Vendor 's response may be declared as "non-responsive" and the response shall not be considered.

### **REQUIREMENT OF AMENDMENT**

THIS RFP MAY BE MODIFIED ONLY BY AMENDMENTS WRITTEN AND AUTHORIZED BY THE ARKANSAS LOTTERY COMMISSION. Vendors are cautioned to ensure that they have received or obtained and responded to any and all amendments to the RFP prior to submission.

### **DELIVERY OF RESPONSE DOCUMENTS**

In accordance with the Arkansas Lottery Commission Major Procurement Rules, it is the responsibility of vendors to submit proposals at the place and on or before the date and time set in the RFP solicitation documents. Proposal documents received at the Arkansas Lottery Commission Offices after the date and time designated for proposal opening are considered late proposals and shall not be considered. Proposal documents that are to be returned may be opened to verify which RFP the submission is for.

### **INTENT TO AWARD**

After complete evaluation of the proposal, the intent to award will be posted on the Arkansas Lottery Commission's website ([www.lotterycommission.arkansas.gov/](http://www.lotterycommission.arkansas.gov/)) and/or the legal section of a newspaper of statewide circulation. The purpose of the posting is to establish a specific time in which vendors and agencies are aware of the intent to award. The RFP results will be posted for a period of at least five (5) business days prior to the issuance of any award. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of the five-day posting period. Accordingly, any reliance on these preliminary results is at the agency's/vendor's own risk.

The Arkansas Lottery Commission reserves the right to waive this policy, The Intent to Award, when it is in the best interest of the State. Vendors are responsible for viewing the Intent to Award section of the Arkansas Lottery Commission's web site at: [www.lotterycommission.arkansas.gov/](http://www.lotterycommission.arkansas.gov/).

### **PAST PERFORMANCE:**

In accordance with provisions of the Arkansas Lottery Commission Major Procurement Rules Section (7)(C)(iii)(g) a vendor's past performance with the State may be used in the evaluation of any offer made in response to this solicitation. The past performance should not be greater than three (3) years old and must be supported by written documentation on file in the Arkansas Lottery Commission at the time of the proposal opening. Documentation may be in the form of either a written or electronic report, VPR; memo, file or any other appropriate authenticated notation of performance to the vendor files.

### **EO-98-04 GOVERNOR'S EXECUTIVE ORDER:**

Completion of Disclosure Forms located at [www.state.ar.us/dfa/procurement/pro\\_eo9804.html](http://www.state.ar.us/dfa/procurement/pro_eo9804.html) is required by Governor's Executive Order EO-98-04 as a condition of obtaining, extending, amending, or renewing a contract, lease, purchase agreement, or grant award with any Arkansas state agency.

## **SECTION I. GENERAL INFORMATION**

### **1.0 INTRODUCTION**

The purpose of this Request For Proposal (RFP) is to invite responses (Proposals) from qualified full service Federal Deposit Insurance Corporation banking institutions (Vendors) desiring to provide comprehensive banking services for the Arkansas Lottery Commission (ALC). The ALC intends to execute one contract as a result of this procurement (the Contract), if any contract is issued at all, encompassing all of the products and services contemplated in this RFP, and Proposals shall be evaluated accordingly. All Vendors must fully acquaint themselves with the ALC's needs and requirements and obtain all necessary information to develop an appropriate solution and to submit responsive and effective Proposals. Vendors must also acquaint themselves with the ALC's Major Procurement Rules (Attachment A), and adhere to the requirements of those rules throughout this process.

The Arkansas Lottery Commission is an instrumentality of the State of Arkansas. It plans to employ approximately ninety (90) people statewide and plans to staff and operate three (3) prize payment centers, a headquarters located in Little Rock, Arkansas and two (2) district offices by the start-up of

instant ticket sales in October 2009. The ALC is committed to maximizing revenues for specific scholarship education programs in Arkansas by providing entertaining lottery products and quality customer service to retailers and players, while maintaining its integrity and the integrity of its games.

### 1.1 **ISSUING AGENCY**

The Arkansas Lottery Commission (ALC) is the issuing agency of this RFP. The issuing agency is the sole point of contact in the State for the selection process. Vendor questions regarding RFP related matters should be made in writing through the Director of the ALC. Questions regarding technical information or clarification should be addressed to the Director of the ALC at the ALC Offices.

### 1.2 **SCHEDULE OF EVENTS**

Release RFP	July 8, 2009
Written vendor questions due	July 22, 2009
Answers to vendor questions	July 29, 2009
Evaluation of proposals	Approximately 7 days after proposal opening
Intent to Award	Approximately 1 day after evaluation
ASLLOC review	Approximately 7 days
Contract Execution	Approximately 1 days after ASLLOC review

Proposals are due no later than the date and time listed on Page 1 of the RFP.

### 1.3 **CAUTION TO VENDORS**

- During the time between the proposal opening and contract award, any contact concerning this RFP will be initiated by the issuing office or requesting entity and not the Vendor. Specifically, the person(s) named herein will initiate all contact.
- **Vendors are requested to respond to each numbered paragraph of the RFP.**
- Vendors must submit one (1) signed original proposal on or before the date specified on page one of this RFP. The Vendor should submit seven (7) complete copies (marked copy) of the signed RFP response, and two (2) electronic versions (one (1) redacted electronic version and one (1) unredacted electronic version), preferably in MS Word/Excel format, on CD. **Do NOT include any pricing from the Official Proposal Price Sheet on the copies, including the CD. Pricing from the Official Proposal Price Sheet must be separately sealed from the proposal response and clearly marked as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.** Failure to submit the required number of copies with the proposal may be cause for rejection. If the ALC requests additional copies of the proposal, they must be delivered within twenty-four (24) hours of request.
- For a proposal to be considered, an official authorized to bind the Vendor to a resultant contract must have signed the proposal and the Official Proposal Price Sheet.
- All official documents and correspondence shall be included as part of the resultant Contract.
- The ALC reserves the right to award a contract or reject a proposal for any or all line items of a proposal received as a result of this RFP, if it is in the best interest of the ALC to do so. Proposals will be rejected for one or more reasons not limited to the following:
  - a. Failure of the Vendor to submit his or her proposal(s) on or before the deadline established by the issuing office;

- b. Failure of the Vendor to respond to a requirement for oral/written clarification, presentation, or demonstration;
  - c. Failure to supply Vendor references;
  - d. Failure to sign an Official RFP Document;
  - e. Failure to complete the Official Proposal Price Sheet(s) and include them sealed separately from the rest of the proposal;**
  - f. Any wording by the Vendor in their response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFP; or
  - g. Failure of any proposed services to meet or exceed the specifications.
- The Official Price Proposal Sheet is posted and may be downloaded at [www.lotterycommission.arkansas.gov/](http://www.lotterycommission.arkansas.gov/).

#### **1.4 RFP FORMAT**

Any statement in this document that contains the word “**must**” or “**shall**” means that compliance with the intent of the statement is mandatory, and failure by the Vendor to satisfy that intent will cause the proposal to be rejected. It is recommended that Vendors respond to each item or paragraph of the RFP in sequence. Items not needing a specific vendor statement may be responded to by concurrence or acknowledgement; no response will be interpreted as an affirmative response or agreement to the ALC conditions. Reference to handbooks or other technical materials as part of a response must not constitute the entire response and Vendor must identify the specific page and paragraph being referenced.

#### **1.5 SEALED PRICES**

The Official Proposal Price Sheet submitted in response to this RFP must be submitted separately sealed from the proposal response. ***Vendors must include all pricing information on the Official Price Proposal Sheet and must clearly mark said page(s) as pricing information. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.***

#### **1.6 TYPE OF CONTRACT**

This will be a term contract for a term of seven (7) years from date of award, with an option for renewal up to three (3) additional times in one (1) year increments or a portion thereof.

The ALC will have the option to renegotiate at time of renewal.

#### **1.7 PAYMENT AND INVOICE PROVISIONS**

All invoices shall be delivered to the ALC.

The Invoice, Invoice Remit, and Summary must be delivered via paper at no cost to the ALC.

The ALC shall have no responsibility whatsoever for the payment of any federal, state, or local taxes which become payable by the Successful Vendor or its subcontractors, agents, officers, or employees. The Successful Vendor shall pay and discharge all such taxes when due.

Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance by the Agency. The ALC may not be invoiced in advance of delivery and acceptance of any services. Payment will be made only after the Successful Vendor has successfully satisfied the requesting agency as to the reliability and effectiveness of the services as a whole. Purchase Order Number and/or Contract Number should be referenced on each invoice.

The Successful Vendor shall be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the ALC. Access will be granted upon request, to State or Federal Government entities or any of their duly authorized representatives.

Financial and accounting records shall be made available, upon request, to the ALC's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the Contract or extension thereof.

#### **1.8 PROPRIETARY INFORMATION**

Proprietary information submitted in response to this RFP will be processed in accordance with applicable ALC major procurement procedures. Proposals and documents pertaining to the RFP become the property of the ALC and shall be open to public inspection subsequent to proposal opening. It is the responsibility of the Vendor to identify all proprietary information and to seal such information in a separate envelope marked as confidential and proprietary

**The Vendor must submit one (1) complete copy of the proposal from which any proprietary information has been removed, i.e., a redacted copy.** The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and be submitted on a CD. Except for the redacted information, the CD must be identical to the original hard copy. The Vendor is responsible for ensuring the redacted copy on CD is protected against restoration of redacted data.

#### **1.9 CLARIFICATION OF RFP AND QUESTIONS**

If additional information is necessary to enable Vendors to better interpret the information contained in the RFP, written questions will be accepted until the close of business (5:00 PM CDT) on July 22, 2009. Vendor questions submitted in writing will be consolidated and responded to by the ALC. The consolidated written ALC response will be posted on the ALC website on or before the close of business (5:00 PM CDT) on July 29, 2009. Written questions should be sent to the attention of the ALC Director at the ALC Offices.

#### **1.10 BID EVALUATION**

The ALC RFP evaluation committee will evaluate all proposals to ensure all requirements are met. The Contract will be awarded on the basis of the proposal that receives the highest cumulative point total as defined in the evaluation criteria.

#### **1.11 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS**

The Vendor may be required to make oral and/or written presentations to comply with the requirement.

The RFP evaluation committee chairperson will schedule the time and location for each demonstration or presentation. All presentations are subject to be recorded.

All expenses associated with the initial demonstration except travel, meals, and lodging for ALC personnel, will be borne by the Vendor.

#### **1.12 PERFORMANCE SECURITY**

In order to assure full performance of all obligations imposed on a Vendor by contracting with the ALC, the Vendor will be required to provide a performance security in an amount of at least two percent (2%) of the total proposal price submitted by the Vendor within ten (10) working days from date of receipt of the ALC's written notification by mail of its intent to award a proposal. The form of security required shall be a performance bond such as is usually and customarily written and issued by surety companies licensed and authorized to do business in Arkansas or a cashier's/certified check. An irrevocable letter of credit from an Arkansas bank is also acceptable. The ALC shall award the Contract upon acceptance of the performance security. The performance security should be made out to the ALC and will be on file at the ALC office.

If a Vendor fails to deliver the required performance security, the proposal shall be rejected and the contract shall be awarded to the provider of the next ranked proposal. In the event of a breach of contract, either through quality problems, late delivery, substitutions, non-performance, or other areas within the control of the Vendor, the ALC will notify the Vendor in writing of the default and may assess reasonable charges against the Vendor's performance security. If, after notification of default, the Vendor fails to remedy the ALC's damages within ten (10) working days, the ALC may initiate procedures for collection against the Vendor's performance security.

In the event of default, and in order to achieve the greatest economy for the State, the ALC may choose the next highest ranked Vendor, re-advertise for proposals, negotiate a purchase, or complete any other action consistent with the major procurement rules. The performance security will be released at the end of the contract period.

### **1.13 PRIME CONTRACTOR RESPONSIBILITY**

The Successful Vendor will be required to assume prime contractor responsibility for the Contract and will be the sole point of contact.

The ALC reserves the right to interview the key personnel assigned by the Successful Vendor to this project and to recommend or require reassignment of personnel deemed unsatisfactory by the ALC.

The ALC reserves the right to approve subcontractors for this project and require primary contractors to replace subcontractors that are found to be unacceptable.

If any part of the work is to be subcontracted the Vendor is subject to the provisions of Arkansas Code Annotated § 23-115-501(c), in that the Vendor must disclose the same information for the subcontractor as for itself. Responses to this RFP must include a list of subcontractors, including: firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational activities.

### **1.14 DELEGATION AND/OR ASSIGNMENT**

The Vendor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the ALC. The Vendor shall not delegate any duties under the Contract to a subcontractor unless the ALC has given written consent to the delegation.

### **1.15 CONDITIONS OF CONTRACT**

The Successful Vendor shall at all times observe and comply with federal and State laws, local laws, ordinances, orders, and regulations existing at the time of or enacted subsequent to the execution of this contract which in any manner affect the completion of the work. The Successful Vendor shall indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree by an employee, representative, or subcontractor of the Successful Vendor.

Vendors may obtain a copy of the ALC's Policies and Procedures at: <http://lotterycommission.arkansas.gov> .

### **1.16 CANCELLATION**

In the event the ALC no longer needs the service or commodity specified in the Contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the ALC may cancel the Contract or purchase order by giving the Vendor written notice of such cancellation thirty (30) days prior to the date of cancellation and a right to a hearing before the Commission.

### **1.17 STATEMENT OF LIABILITY**

The ALC will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of contractor-owned technical literature to be delivered or to be used in the installation of deliverables. The Vendor is required to retain total liability for technical literature until the deliverables



have been accepted by the “authorized agency official.” At no time will the ALC be responsible for or accept liability for any Vendor-owned items.

The Successful Vendor shall indemnify and hold harmless the ALC, its officers, directors, agents, retailers, and employees and the State of Arkansas, from and against any and all suits, damages, expenses, losses, liabilities, claims of any kind, costs or expenses of any nature or kind, including, with limitation, court costs, attorneys’ fees, and other damages, arising out of, in connection with or resulting from the development, possession, license, modification, disclosure or use of any copyrighted or non-copyrighted materials, trademark, service mark, secure process, invention, process or idea (whether patented or not), trade secret, confidential information, article, or appliance furnished or used in the performance of the Contract.

#### **1.18 AWARD RESPONSIBILITY**

The ALC will be responsible for award and administration of any resulting contract(s).

#### **1.19 INDEPENDENT PRICE DETERMINATION**

By submission of this proposal, the Vendor certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:

- The prices in the proposal have been arrived at independently, without collusion and that no prior information concerning these prices has been received from or given to a competitive company; and
- If there is sufficient evidence of collusion to warrant consideration of this proposal by the Office of the Attorney General, all Vendors shall understand that this paragraph may be used as a basis for litigation.

#### **1.20 PUBLICITY**

News release(s), media interviews or other publicity by a Vendor pertaining to this RFP or any portion of the project shall not be made without prior written approval of the ALC. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the Vendor’s proposal.

The Successful Vendor agrees not to use the ALC’s names, trademarks, service marks, logos, images, or any data arising or resulting from this RFP or the Contract as part of any commercial advertising or proposal without the express prior written consent of the ALC in each instance.

#### **1.21 CONFIDENTIALITY**

The Successful Vendor shall be bound to confidentiality of any information that its employees may become aware of during the course of performance of contracted services. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the Contract.

The Successful Vendor shall represent and warrant that its performance under the Contract will not infringe any patent, copyright, trademark, service mark, or other intellectual property rights of any other person or entity and that it will not constitute the unauthorized use or disclosure of any trade secret of any other person or entity.

#### **1.22 PROPOSAL TENURE**

All Proposals shall remain valid for one hundred eighty (180) calendar days from the Proposal due date referenced on Page 1 of the RFP.

#### **1.23 COST**

All charges must be included on the Official Proposal Price Sheets, must be valid for one hundred eighty (180) days following proposal opening, and shall be included in the costing evaluation. The pricing must include all associated cost for the service being bid. **Pricing from the Official Proposal Price Sheet must be separately sealed from the proposal response and clearly marked as pricing information. Do not include any pricing from the Official Proposal Price Sheet on the copies, including the CD. The electronic version of the Official Proposal Price Sheet must also be sealed separately from the electronic version of the proposal.**

**NOTE:**

1. The ALC will not be obligated to pay any costs not identified on the Official Proposal Price Sheet.
2. Any cost not identified by the Vendor but subsequently incurred in order to achieve successful operation will be borne by the Vendor.
3. Official Proposal Price Sheets may be reproduced as needed.
4. Vendors may expand items to identify all proposed services. A separate listing, which must include pricing, may be submitted with summary pricing.

**1.24 WARRANTIES**

- The Successful Vendor shall warrant that it currently is, and will at all times remain, lawfully organized and constituted under all federal, state and local law, ordinances and other authorities of its domicile and that it currently is, and will at all times remain in full compliance with all legal requirements of its domicile and the State of Arkansas.
- The Successful Vendor shall warrant and agree that all services provided pursuant to this RFP and the Contract have been and shall be prepared or done in a workman-like manner consistent with the highest standards of the industry in which the services are normally performed. The Successful Vendor further represents and warrants that all computer programs implemented for performance under the Contract shall meet the performance standards required thereunder and shall correctly and accurately perform their intended functions on the equipment supplied by the ALC or the Successful Vendor.
- The Successful Vendor shall warrant that it is qualified to do business in this state and shall file appropriate tax returns as provided by the laws of this state.

**1.25 ONGOING PERFORMANCE REQUIREMENTS**

The ALC may terminate the Contract by the Successful Vendor or its subcontractors under the terms of the Contract if, within ten (10) days after the ALC gives the Successful Vendor written notice specifying a default, the Contractor has not, in the ALC's sole judgment, either cured the default or given adequate assurance that assures the default will not adversely affect the timely implementation of the lottery or its continued operation.

Moreover, the ALC may cancel and terminate the Contract on less than ten (10) days written notice in cases of fraud, failure to disclose information required under this RFP, submission of work product in contravention of the terms of the Contract, refusal to permit inspections authorized by the Contract, and failure to adhere to all security requirements established from time to time by the ALC.

**1.26 VENDOR QUALIFICATIONS**

The Successful Vendor must, upon request of the ALC, furnish satisfactory evidence of its ability to furnish products or services in accordance with the terms and conditions of this proposal. The ALC reserves the right to make the final determination as to the Vendor's ability to provide the services requested herein.

The Vendor must demonstrate that it possesses the capabilities and qualifications described in Sections 3 and 5, including without limitation the following:

- Be capable of providing the services required by the ALC;
- Be in compliance and good standing with the federal Community Reinvestment Act, 12 U.S.C. 2901 et seq.;
- Be chartered to do business in this state;
- Be a member of the Federal Reserve System and have access to related services; and
- Complete the cost schedule exactly as shown under Section 4 and Attachment B.

### **1.27 NEGOTIATIONS**

As provided in this RFP and under the ALC's Major Procurement Rules, discussions may be conducted with responsible Vendor who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of proposal response and negotiation for best and final offers.

## **SECTION 2. OVERVIEW**

### **2.0 ALC OVERVIEW**

Legislation creating the Arkansas Lottery, also referred to as the Arkansas Scholarship Lottery (ASL), and the Arkansas Lottery Commission (ALC), was signed into law on March 26, 2009 (the Arkansas Scholarship Lottery Act, Ark. Code Ann. § 23-115-101 et seq. and § 6-85-201 et seq.). In accordance with that legislation the ALC, for the benefit of the people of Arkansas, issues this Request For Proposals with the clear intent to operate a lottery that provides continuing entertainment to the public, maximizes the revenue generated for the support of higher education scholarships, preserves the integrity and dignity of the process, and accounts to the public and the General Assembly through reports and audits.

The Arkansas Lottery Commission is an independent agency of the State of Arkansas. It plans to employ approximately ninety (90) people statewide and plans to staff and operate three (3) prize payment centers, a headquarters located in the Little Rock and two (2) district offices by the start-up of instant ticket sales on or before October 29, 2009. The ALC is committed to maximizing revenues for the Arkansas Academic Challenge Scholarship Program (AACSP) and other non-lottery education programs in furtherance of the findings and declarations set forth in the Act creating the Arkansas Scholarship Lottery.

The ALC's retailer base at start-up is expected to be approximately two thousand five hundred (2,500) and its retailer base may be expanded to up to three thousand two hundred (3,200) during the term of the Contract. Thereafter, based on subsequent developments and sales, the retailer base may be expanded. Additionally, the ALC plans to staff and operate three (3) prize payment centers in addition to the Little Rock headquarters, throughout the State of Arkansas.

### **2.1 ALC OBJECTIVES**

The integrity of the Arkansas Scholarship Lottery is essential. The ALC must maintain control over all functions and be assured that they are performed to provide the greatest long-term benefit to the State of Arkansas, the greatest integrity for the ALC, and the best service and products for the public, all in a manner consistent with the dignity of the State of Arkansas.

All responses to this RFP shall reflect the following overall goals and objectives of the ALC:

- To annually increase revenue and associated net lottery proceeds;
- To market high quality products that provide entertainment and customer satisfaction;
- To ensure that the ALC receives services from Vendors who are financially sound and experienced, and who maintain favorable reputations within the lottery industry for contract performance;
- To ensure that the Successful Vendor is capable of providing the services called for in this RFP, and that the Successful Vendor will be capable of continuing to provide those services during the term of this Contract;
- To ensure that the Successful Vendor's system is fully operational and installed on or prior to October 29, 2009, supporting all banking functions in all retail locations of retailers by the ALC two (2) weeks prior to start-up;

- To ensure meaningful minority and female representation and a commitment to nondiscrimination, in accordance with the Arkansas Scholarship Lottery Act;
- To provide for innovation and the ability to respond to changes in the industry and the demands of the marketplace;
- To obtain the highest quality goods and services at the most competitive price; and
- To start up and operate the ASL as one of the most successful lotteries in the world, while maintaining its security and integrity.

## **2.2 SUCCESSFUL VENDOR/ALC RELATIONSHIP**

The nature of this RFP and the Contract that will result from this procurement will result in a relationship between the Successful Vendor and the ALC, which relationship must be founded in mutual trust and respect. The Successful Vendor must adopt the same attitudes and concerns towards integrity, security and quality of the Arkansas lottery's games, financial performance, and minority participation and commitment to nondiscrimination as are held by the ALC.

## **SECTION 3. COMPREHENSIVE BANKING SERVICES**

### **3.0 SCOPE OF WORK/SPECIFICATIONS**

The Vendor selected as a result of this RFP will provide full service banking services for all of the following:

**3.0.1 OVERNIGHT INVESTMENT ACCOUNT:** Banking activities will be conducted through a primary account in which all funds will be deposited. Funds are transferred by the banking institution from the primary account to the sub-accounts as required. At the close of each business day, all collected balances in the ALC's primary account will earn interest in a public funds investment account or a repurchase agreement sweep. At all times, the Vendor will provide security for deposits of ALC funds, in accordance with Arkansas Code Annotated § 19-8-201 et seq. The interest rate on the primary account shall be based on the Federal Funds Rate, and the earnings credit shall be calculated gross of reserve requirements. Deposits in excess of amounts protected by the FDIC shall be collateralized by a third party.

**3.0.2 TOTALLY AUTOMATED PRIMARY ZERO BALANCE ACCOUNT (ZBA):** This will fund the activity of designated sub-accounts, and will receive deposits from up to five thousand (5,000) retailers using Automated Clearing House (ACH) transactions. The Vendor shall provide ACH initiation software to facilitate this operation, and shall provide a record of all failed ACH transactions and returned items in a format to be specified by the ALC. All accounts must be interest bearing. Vendor shall provide a ZBA arrangement such that all available funds are centralized into a single account for overnight interest earning purposes.

**3.0.3 TOTALLY AUTOMATED CONCENTRATION, PRIZE, LICENSE, FEE, RETAILER PERFORMANCE BOND, AND ACCOUNTS PAYABLE SUB-ACCOUNTS:** The prize and accounts payable sub-accounts must be controlled disbursement accounts. For these accounts, the Vendor must provide a service that allows the ALC to know at any point during the day the items that will clear during that night's processing, allowing the ALC to receive more accurate and timely account balance information. As to the prize and accounts payable accounts, Vendor shall provide a means to detect electronic funds transfer fraud by identifying items presented for payment that the ALC did not issue. In addition, both accounts must have a solution for the ALC to be able to make decisions on items presented over one hundred twenty (120) days old (stale date feature). The Retailer Performance Bond Fund is required to indemnify the ALC against

retailer malfeasance or misfeasance and must be maintained as a separate account. Only the License Fee Account may be sub-contracted to another institution.

**3.0.4 ACH DEBIT AND CREDIT ACTIVITY FOR ALL ACCOUNTS:** The services provided by the Vendor must conform to nationally recognized ACH standards.

**3.0.5 FULL ACCOUNT RECONCILIATION FOR PRIZE AND ACCOUNTS PAYABLE ACCOUNTS**

**3.0.6 ONLINE SERVICES AND INFORMATION REPORTING:** Online positive pay reporting and decisioning capabilities: The Vendor shall agree to notify the ALC at least once daily of all incoming wires received that day. The Vendor must provide for additional verification of outgoing wires requested by authorized ALC staff. The Vendor must have direct online link with the Federal Reserve System for sending and receiving wire transfers.

**3.1 MINIMUM SERVICES REQUIRED**

- The fully automated concentration of lottery proceeds from retailer accounts: Proceeds will be concentrated not less frequently than weekly. The Vendor shall provide and electronically transmit a weekly report of the amounts concentrated by retailer and by account number;
- Investment services: For the general operating account, the Vendor shall provide an automatic investment service to invest all collected funds on an overnight basis. The normal overnight investment is a repurchase agreement, through a Public Funds Investment account or a sweep account. The Vendor shall transmit electronically a repurchase agreement form to the ALC on the day the account is charged to commence each purchase. The form must be in a format to be specified by the ALC. The securities used to collateralize these repurchase agreements must be direct obligations of the U.S. Government or one of its agencies with a current market value of not less than the amount invested and estimated accrued interest;
- Standard services for processing checks and electronic payments, including automated clearinghouse debits and credits from primary account, prize sub-account, retailer performance bond sub-account, accounts payable sub-account, and miscellaneous sub-account;
- Standard services for processing deposits by the ALC. Deposits of license application fees and other receipts are normally made by 2:00 PM. The ALC will require up to five (5) bags for normal depository activity. The Vendor shall make night depository services available;
- Cut off dates for monthly statements shall be the end of the month. Bank statements must be provided and electronically transmitted within ten (10) working days. Record positions must be in a format to be specified by the ALC. The Vendor will enable the electronic retrieval of daily account information including previous and current day account information. Detailed reporting is required for all accounts;
- Electronic funds transfer: The Vendor shall provide ability for the ALC to obtain account balances and issue EFT payments to preauthorized third parties at the discretion of the ALC. This procedure may utilize the ALC's personal computer or other equipment;
- The Vendor shall provide the capability to make automated tax deposits from the primary account by electronic means;
- Bank statements must detail transactions via data transmission for the primary account, concentration sub-account, prize sub-account, accounts payable sub-account, and miscellaneous sub-account;

- The depository interest credit shall be based on the average Federal Funds Rate, and shall be calculated gross of reserve requirements. All interest earnings will be computed in accordance with the negotiated rate agreed to in the Contract for banking services. Vendors shall state the rate in direct relationship to the "average daily Fed Funds rate", as published in the Wall Street Journal. The rate will be quoted in decimal pointes, e.g. "the average Daily Fed Funds rate, minus .35 [or 35 basis points]", "the average Daily Fed Funds rate plus .10 [or 10 basis]", etc. In no case will the ALC accept another source or reference for computation of the interest rate;
- Provide online digital images of checks and deposits;
- Vendor shall not charge for cashing any check drawn on the ALC's accounts;
- Designated Vendor Personnel: Vendor shall provide a list of contact personnel qualified to provide information and assistance on a daily basis. Vendors shall list personnel including title, length of service, and summary of relevant experience;
- Disaster Recovery: In the event of a disaster such as a hurricane, flood, or civil unrest, Vendor will have a facility open the Little Rock area for the ALC's use within seventy two (72) hours after the event is over. Vendor will include reasonable provisions for service to the ALC in its disaster recovery plan;
- References: Vendor shall provide a list of the names and addresses of not less than three (3) business customers of similar size to the ALC. References to other state lotteries are preferred; and
- Audited financial statements: Vendors shall provide a copy of their most recently published financial statements.

## SECTION 4. COST

### 4.0 **BIDDING SCHEDULE/COST PROPOSAL**

See "COST SCHEDULE" attached hereto as Attachment B. Vendor shall provide the information requested in the format provided in Attachment B. **Cost information provided in a format other than that set forth in Attachment B hereto will not be accepted.** The format of Attachment B shall not be modified. Vendor shall also include any additional costs not included in Attachment B.

## SECTION 5. ADDITIONAL VENDOR REQUIREMENTS

### 5.0 **SUBMISSION OF INFORMATION**

All proposals should be complete and carefully worded and should convey all of the information requested by the ALC. If significant errors are found in the Vendor's proposal, or if the proposal fails to conform to the essential requirements of the RFP, the ALC will be the sole judge as to whether that variance is significant enough to reject the proposal. Proposals should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of the content. Proposals which include either modifications to any of the contractual requirements of the RFP or a Vendor's standard terms and conditions may be deemed non-responsive and therefore not considered for award.

### 5.1 **VENDOR PROFILE**

Vendor must submit the following:

- Business Name;

- Business Address;
- Alternate Business Address;
- Primary Contact Name, Title, Telephone, Fax, and E-mail address;
- How many years this company has been in this type of business;
- Proof that the Vendor is qualified to do business in the State of Arkansas;
- A disclosure of the Vendor's name and address and, as applicable, the names and addresses of the following: If the Vendor is a corporation, the officers, directors, and each stockholder of more than a ten percent (10%) interest in the corporation. However, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially five percent (5%) or more of the securities need be disclosed; if the Vendor is a trust, the trustee and all persons entitled to receive income or benefits from the trust; if the Vendor is an association, the members, officers, and directors; and if the Vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers;
- A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply gaming goods or services, including without limitation lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction;
- A disclosure of all the states and jurisdictions in which the Vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a lottery or gaming license of any kind or had fines or penalties assessed to the vendor's license, contract, or operation and the disposition of each instance in each state or jurisdiction. If any lottery or gaming license or contract has been revoked or has not been renewed or any lottery or gaming license or application has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the failure to receive a license shall be disclosed;
- A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified under Arkansas Code Annotated § 23-115-501 (b)(1). The ALC may request that any or all of the persons identified under § 23-115-501 (b)(1) undergo a state and federal criminal background check. If requested, a state and federal criminal background check shall be conducted in the manner under § 23-115-601(e);
- A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor;
- A disclosure of the Vendor's most recent financial report, including any reports on internal control over financial reporting, and the most recent audit report of the Vendor's operation as a service organization; and
- Additional disclosures and information that the ALC may determine to be appropriate for the procurement involved.

## **5.2 ORGANIZATION, SIZE, STRUCTURE, AND FINANCIAL CONDITION**

Vendor shall include all pertinent information to substantiate its qualifications and capabilities to perform the services described in the scope of work including:

- A copy of the most recently audited financial statements;
- Location and hours of operation of the main office and branch banking facilities available to the ALC for conducting business; and
- Affiliated banking institutions.

## **5.3 BANKING AND CASH MANAGEMENT /INVESTMENT SERVICES**

Vendor shall describe in detail the financial institution's proposed method of servicing the ALC's banking operations. Include a description of terms and conditions and methodology of determining the interest on investment services.

## **5.4 ONLINE SERVICES**

Vendor shall address online banking services available to the ALC for management of accounts and transactions, including any costs for these services.

## **5.5 CHECK RECONCILIATION SERVICES**

Vendor shall address the type of automated check reconciliation service as well as the capability to provide an electronically transmitted data set for the accounts.

## **5.6 ADMINISTRATIVE COSTS**

The ALC's preference is to have all available balances invested on a daily basis and to have administrative costs debited directly to the operating account each month. Vendor shall address its method of determining administrative costs, if any, to be charged for servicing the ALC's accounts. Estimated cost, method of charging/collecting, required minimum non-invested balances, if any, and other pertinent data concerning any proposed administrative fee must be included in the proposal. If no administrative costs are proposed, or if a minimum non-invested balance is not to be established, so state in the proposal. If adjustments to the administrative cost schedule or method of determination of costs are anticipated during the life of the Contract, specifically address the schedule for implementing revised charges and any pertinent data.

## **5.7 COLLATERAL**

Vendor shall address the method by which collateral is established to comply with Arkansas Code Annotated § 19-8-203.

## **5.8 COST OF SUPPLIES**

Vendor shall address the cost of all operating supplies for all services with the exception of checks.

## **5.9 MANAGEMENT CONTACTS**

Vendor shall address its proposed method of management of the contractual agreement contemplated here. This must include the position(s) which service a point(s) of contact for the ALC and the location of individuals occupying this position(s). Vendor shall identify a single point of contact that shall serve as senior account manager and focal point for all ALC activities.

## **5.10 SAFEKEEPING OF SECURITIES**

Vendor shall address the safekeeping of securities tendered to the ALC in accordance with Arkansas Code Annotated § 23-115-502.

## **5.11 NIGHT DEPOSITORY**

Vendor shall address the night depository services provided by the Vendor that would be available to the ALC. Location of night depositories available for use must be included.

## **5.12 GENERAL INFORMATION**



Vendor shall submit any additional information for consideration such as specialized services, staffs available, or other pertinent information the Vendor may wish to include.

#### **5.13 BACKGROUND INVESTIGATION**

The ALC may conduct background investigations, as required by law. The Successful Vendor shall be required to conduct background investigations with the approval of the ALC on all subcontractors.

#### **5.14 DISCLOSURE OF LITIGATION**

A Vendor must include in its Proposal a complete disclosure of any civil or criminal litigation or indictment involving such Vendor. A Vendor must also disclose any civil or criminal litigation or indictment involving any of its joint ventures, strategic partners, prime contractor team members, and subcontractors. This disclosure requirement is a continuing obligation, and any litigation commenced after a Vendor has submitted a Proposal under this RFP must be disclosed to the ALC in writing within five (5) days after the litigation is commenced.

#### **5.15 IMPLEMENTATION ROLLOUT**

A Vendor must provide a summary overview and an implementation plan for the entire project being proposed. The intent of this requirement is to provide the ALC with a concise but functional summary of (the "Executive Summary") discussion of each phase of the Vendor's plan in the order of progression. While the ALC expects a Vendor to provide full details in each of the sections in other areas of the RFP relating to its plan, the Executive Summary will provide a "map" for the ALC to use while reviewing the Proposal.

Each area summarized must be listed in chronological order, beginning with the date of Contract execution, to provide a clear indication of the flow and duration of the project. A Vendor may use graphics, charts, pre-printed marketing pieces, or other enhancements as a part of this section to support the chronology or add to the presentation. Any such materials must be included in the original and each copy of the Proposal.

#### **5.16 BACKGROUND AND FINANCIAL VIABILITY**

A Vendor must provide evidence of financial responsibility and stability for performance of a Contract of this magnitude. A Vendor must demonstrate the ability to finance the project described by the Vendor's submission and must also disclose any outside financial resources that will be utilized.

In addition, a Vendor must submit a copy of its last three (3) years financial statements that have been audited by an independent public accounting firm.

### **SECTION 6. EVALUATION CRITERIA FOR SELECTION**

The Vendor should address each item listed in this RFP to be guaranteed a complete evaluation. After initial qualification of proposals, selection of the Successful Vendor will be determined in Committee by evaluation of several factors.

In order to ensure the maximization of revenue for higher education scholarships and grants during start-up, the ALC has developed evaluation criteria that will be used by the ALC evaluation committee which is incorporated in Section 6.0 of this RFP. Other agencies and consultants of the ALC may also examine documents.

The ALC requires that the comprehensive banking services requested under this RFP be available for use by the ALC as of August 28, 2009. Submission of a proposal implies Vendor acceptance of the evaluation technique and Vendor recognition that subjective judgments must be made by the ALC evaluation committee during the assignment of rating points.

The ALC reserves, and a Vendor by submitting a Proposal grants to the ALC, the right to obtain any information from any lawful source regarding the past business history, practices, and abilities of Vendor, its officers, directors, employees, owners, team members, partners, and/or subcontractors.

**6.0 EVALUATION POINTS**

<b>Criteria</b>	<b>Points</b>
Ability to Provide the Comprehensive Banking Services Outlined in the RFP	25
Potential Earnings of the Proposed Cash Management System	25
Online Banking Services for Management of Accounts	20
Convenience of Banking Activities to the Commission's Operating Location	5
Minority Owned and Female Owned Business Participation	5
<b>Subtotal</b>	<b>80</b>
Cost for Proposed Banking Services	20
<b>Total Points</b>	<b>100</b>