

**INTRALOT Questions for the
ALC INSTANT TICKET LOTTERY GAME SERVICES
RFP ALC-090001
Due July 8, 2009 by 5:00 pm CDT**

RFP Specific Questions:

1. Section 1.9, Page 6:

The RFP states: 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.

Since the RFP requires a REDACTED copy of the Vendor's Proposal will the Lottery consider allowing the bidding vendors to CLEARLY MARK the CONFIDENTIAL and PROPRIETARY information instead of sealing this information in a separately sealed envelope?

For example:

START of Confidential, Proprietary and Trade Secret Information.

Confidential and Proprietary text.....

END of Confidential, Proprietary and Trade Secret Information.

2. Section 1.13, Page 7:

The RFP states: "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 anticipation 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."

Would the Lottery be willing to change this requirement so the performance security would be a fixed amount in the range of \$1,000,000 to \$5,000,000?

Secondly, we would like to suggest that the performance security be issued within 10 business days from contract signing date.

3. Section 3.3.5, Page 14:

The RFP states: The Successful vendor shall be responsible for.... (a) Marketability. Is construction of the ticket secure enough for the ticket to endure reasonable environmental rigors and still be readily marketable?

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Would the Lottery please clarify the parameters and criteria through which marketability can be evaluated.

4. Section 3.7, Page 16:
The RFP states: "...to seven (7) times a year, to package, warehouse, and distribute up to seven (7) instant ticket games per year purchased by the ALC from other Vendors"
At Section 5.3, page 23 the RFP states: "The ALC anticipates that it will introduce forty (40) to seventy (70) new games each year".

It is in our understanding that 40 to 70 new games each year will be introduced including the ones purchased by the ALC from other Vendors.
Please confirm or state otherwise.

5. Section 4.9, Page 22:
The RFP states: 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.

Due to the voluminous amount of information, would the Lottery consider accepting one (1) hard copy to be included with the "Original" Proposal and seven (7) electronic copies to be included in each of the copies?

6. Section 5.3, Page 24, Pricing Assumptions: "The ALC will pay the successful Vendors the same percentage of sales for instant tickets, regardless of font, price point, ticket size, or shape." "The ALC anticipates that it will introduce forty (40) to seventy (70) new games each year. Successful games may be reordered/reprinted during the year."

Who gets to decide (the Vendor or the Lottery), regarding the ticket size, the price point, and the run size for these games?

We must point to the fact that according to these two pricing assumptions above, the Lottery must realize that that in order to support these assumptions a very high price premium will be charged by the Vendors and the Lottery will not get pricing reflective of manufacturing costs.

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General Question:

1. The Lottery has asked vendors to propose start-up dates for instant and on-line products. It has been our experience when starting quite a number of Lotteries that one facet of the implementation that becomes a bottleneck is processing potential retailers through the system. This process requires, among other things, coordination and cooperation between the Lottery and the State Police for background checks and the Revenue Department for tax checks. This process can become very time consuming and can easily put a strain on the resources of those agencies. One method to partially alleviate this problem and assist the Lottery in starting sales as early as possible is to issue provisional licenses to potential retailers who have applied by a certain date but have not been fully vetted.

Will the Lottery be able to issue provisional licenses to potential retailers subject to the successful completion of all required background checks?