

REQUEST FOR PROPOSAL
FOR
MARKET RESEARCH SERVICES
MINNESOTA STATE LOTTERY
JULY 19, 2010

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1 General Information Regarding the Request for Proposals (RFP) and Vendor’s Proposal

1.1 Terminology

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

Each numbered section and subsection in the RFP is immediately followed by an RFP standard compliance box as follows:

| | |
|--------------------------|----------------------|
| Significance | Response Type |
| [MANDATORY/IMPORTANT...] | [NONE/ACCEPTANCE...] |

The following definitions apply to the box marked “Significance”:

- INFORMATION** The section or subsection contains information which does not require any specific response. It should be noted that the information may provide vital information relevant to other sections in this RFP and that the information constitutes an integral part of this RFP.
- MANDATORY** The section or subsection and its requirements must be adhered to. Failure to do so will result in disqualification of the Proposal.
- IMPORTANT** The section or subsection and its requirements are considered essential to the Lottery and should be adhered to. Failure to meet the stated requirements is not cause for disqualification of the Proposal.
- DESIRED** The section or subsection and its requirements are desired by the Lottery.
- NOT APPLICABLE** The section or subsection is not applicable to this RFP.

The following definitions apply for the box marked “Response Type”:

- NONE The section or subsection does not require any response at all.
- ACCEPTANCE The section or subsection contains information and only requires YES or NO. Any qualified acceptance should be marked NO.
- FULL The section or subsection requires the Vendor to provide a full and dedicated response, including all information required to allow the Lottery to judge the Vendor’s compliance with the requirement.

1.2 Introduction

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The Minnesota State Lottery (hereinafter referred to as the “Lottery”) is issuing this Request for Proposals (RFP) to invite interested Vendors to submit Proposals for market research services for the Lottery. The information required to be submitted with a Proposal is outlined in Section 1.14 (Responsive Proposal Criteria).

A Vendor submitting a response to this RFP must have the capability to provide a wide range of qualitative and quantitative market research services to the Lottery and provide strategic guidance to the Lottery regarding market research.

The contract for services that will result from this RFP will be for a three-year period from October 1, 2010 through September 30, 2013, with options to extend the Agreement for up to an additional three (3) years.

An electronic copy of the text of this RFP is provided by the Lottery at www.mnlottery.com/researchrfp (Official RFP Website). General information regarding the Lottery may be found at www.mnlottery.com.

Issuance of this RFP does not obligate the Lottery to complete the project and the Lottery reserves the right to cancel this RFP if it is considered in its best interest.

1.3 Lottery and RFP Objectives

| | |
|--------------|---------------|
| Significance | Response Type |
| INFORMATION | NONE |

The Lottery's objectives for issuing this RFP and entering into a Contract with the successful Vendor is to have a qualified market research vendor assist the Lottery in conducting market research to better understand the wants and needs of lottery players and to improve the design and marketing of lottery products by having access to a wide range of qualitative and quantitative market research services. The issuance of this RFP invites interested Vendors to submit its qualifications to provide market research services and strategic guidance relating to market research opportunities for the Lottery as set forth in this RFP.

Please note that the Lottery is also issuing a second RFP that will be used to create a list of qualified vendors for small (under \$50,000) qualitative research projects. Vendors may submit responses to both proposals. Should a vendor respond to both, the responses will be considered independently.

1.4 Glossary of Terms

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

| TERM | DEFINITION |
|------------------|--|
| Contract | The written agreement resulting from the successful Proposal and subsequent negotiations which incorporates, among other things, the RFP and the Vendor's Proposal and all modifications hereto and thereto. |
| Contract Manager | The manager of a party responsible for the Contract on behalf of the respective organization. |
| Contractor | The Vendor with whom the Lottery executes a Contract pursuant to this RFP. Once the Lottery and the successful Vendor sign the Contract, the latter becomes the Contractor. |

| TERM | DEFINITION |
|------------------------------------|--|
| Intellectual Property Rights | Any rights with respect to inventions, discoveries or improvements including patents, patent applications and certificates of invention; trade secrets, know-how or similar rights; the protection of works of authorship or expression including copyrights and future copyrights; and trademarks, service marks, logos and trade dress; and similar rights under any laws or international conventions throughout the world including the right to apply for registrations, certificates or renewals with respect thereto and the rights to prosecute, enforce and obtain damages. |
| Letter of Transmittal | A written notification from a Vendor to the Lottery that accompanies each Proposal submission in response to the RFP published by the Lottery. |
| Lottery | The Minnesota State Lottery |
| Lottery Director | The person in charge of running the Lottery and making executive decisions on a day-to-day basis. |
| Lottery Headquarters | The Lottery's main office currently located at 2645 Long Lake Road, Roseville, Minnesota. |
| Lottery Organization (aka Lottery) | All those responsible for the overall operation of the Lottery, which includes the Lottery Director and other management personnel and operational and technical personnel including the lottery development office. Together, they are responsible for overseeing lottery integrity, optimizing profitability from games (current and future), system procurement, managing Retailers and Contractors and for marketing and payouts. |
| Lotto Games | Lottery games offered for sale to the public through the Online Gaming System and where tickets are printed by a terminal located at a lottery retailer. |
| Lotto Game Ticket | A ticket purchased for participation in a Lotto Game. |
| Party, Parties | The Lottery and the Vendor or Contractor, each being a Party. Jointly referred to as Parties. |
| Person | An individual, partnership, Joint Venture, registered limited liability partnership, association, corporation, limited liability company, trust, unincorporated organization or any other entity, business or enterprise, authorized to do business in Minnesota. |
| Proposal | All materials submitted by a Vendor in response to the RFP. |

| TERM | DEFINITION |
|------------------------|---|
| Proposal Clarification | To resolve ambiguities and improve the understanding regarding an individual Vendor's Proposal. The responses of individual Vendors to Lottery requests for clarification are considered part of the deliberative process of clarifying the offerings in a Proposal. |
| RFP | References this "Request For Proposal" document including all appendices and addenda if any. |
| Scratch Games | Lottery games sold to the public on pre-printed tickets containing play data under a latex coating and containing a unique bar code allowing for validation. |
| Scratch Game Ticket | A ticket purchased for participation in a Scratch Game. |
| State | State of Minnesota |
| Subcontractor | Person(s) to whom the Vendor entrusts a portion of the execution of the Contract. |
| Successful Vendor | The Vendor to whom the Lottery awards a Contract pursuant to this RFP, subject to any further negotiation and Contract signing. (Non-winning Vendors may be termed "unsuccessful Vendors".) |
| Vendor | Any entity that has expressed interest in the RFP and may wish to respond or has responded to the RFP up to the point in time when the Lottery announces the Contract award. The entity can be a Consortium, a Joint Venture, an individual company or any other form of single or multi-member organization. |

1.5 Schedule

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The following are the milestones and significant dates for the RFP, Proposal and Contract award. Specified dates that have a time associated with them are CDT.

| Event | Date |
|--|---|
| RFP Publication | July 19, 2010 |
| Vendor's Written Questions | 2:00 p.m. Central Daylight Time – August 2, 2010 |
| Lottery's Written Responses | August 3, 2010 |
| Deadline for Submission of Proposals | 2:00 p.m. Central Daylight Time – August 16, 2010 |
| Proposal Opening | August 17, 2010 |
| Finalists Designated | August 26, 2010 (estimate) |
| Finalists Exercises and Price Proposal Due | September 9, 2010 (estimate) |
| Apparent Successful Vendor Designated | September 17, 2010 (estimate) |
| Contract Executed | September 27, 2010 (estimate) |
| Assumes Responsibility under the Contract | October 1, 2010 (estimate) |

1.6 Issuing Office

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The RFP is issued by the Minnesota State Lottery.

The Lottery is the single Issuing Office with regard to all procurement and contractual matters relating to the products and/or services described in this RFP.

The Issuing Office is the only office authorized to clarify, modify, amend, alter or withdraw specifications, requirements, terms and conditions of the RFP and any Contract entered into as a result of the RFP.

The current location of the Issuing Office is 2645 Long Lake Road, Roseville, Minnesota 55113.

1.7 Exclusive and Sole Point of Contact

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | NONE |

The Lottery's Contracts & Purchasing Manager identified below, acting on the Lottery's behalf, is the exclusive and sole point of contact with respect to all contractual matters relating to the procurement of the products and/or services described in this RFP.

All communications concerning this RFP including, but not limited to, submission of questions, requesting copies of addenda or answers and submission of a Proposal must be addressed to the Contracts & Purchasing Manager at the address identified in Section 1.6 (Issuing Office):

Name: Carolyn Ross
Title: Contracts & Purchasing Manager
Telephone: 651-635-8102
Fax: 651-635-8188
Email: carolynr@mnlottery.com

1.8 Official RFP Website

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery's Official Procurement Website with respect to this RFP is www.mnlottery.com/researchrfp.

This website is the only valid source of information concerning this procurement process. It is the responsibility of a Vendor to ensure that it has received and taken into consideration all information provided on this website.

1.9 Vendor Contact with the Lottery

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Upon RFP publication, the restrictions on Vendor communications described in this section are instituted to protect the integrity of the procurement process.

Other than the Contracts & Purchasing Manager as identified in Section 1.7 (Exclusive and Sole Point of Contact), a Vendor and its agents may not make unsolicited contact with any Lottery personnel or public official of the State regarding the RFP.

A Vendor must not represent themselves to Lottery staff or Lottery Retailers as having the endorsement of the Lottery.

A Vendor who is currently doing business with the Lottery may continue to do so; however, any communication regarding the RFP, not otherwise permitted in the RFP, is prohibited.

The Lottery will disqualify a Vendor for intentionally causing a material violation or circumvention of the requirements of this section.

1.10 Vendor Expression of Interest

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

1.11 RFP Clarification Questions

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

It is the responsibility of each Vendor to examine the entire RFP and seek clarification in writing using email per Section 1.11.1.

The RFP clarification procedure provides the only means by which a Vendor may request clarification of the RFP or additional information on the business, contractual, procedural and technical requirements of the procurement.

The Lottery will permit Vendors to submit Clarification Questions to assure Vendors are clear on the RFP terms, conditions and requirements and Proposal evaluation processes. The Vendor should review Section 1.5 (Schedule) to determine the milestones and dates for submitting written questions.

1.11.1 Submission of RFP Clarification Questions

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Vendors must submit written questions regarding the RFP to the Contracts & Purchasing Manager identified in Section 1.7 (Exclusive and Sole Point of Contact).

Written questions relevant to the RFP must be submitted via email.

A RFP clarification question from a Vendor must:

- Be written in generic (i.e., non-proprietary) terms inasmuch as all responses to inquiries will be available to all Vendors.
- Not contain price data.
- Cite a specific RFP section number and title (if any).

SPECIAL NOTE: The Lottery may reject a Vendor's Proposal for the inclusion of specific pricing information in a clarification question.

1.11.2 Response to RFP Clarification Questions

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery will respond to written questions by the date specified in Section 1.5 (Schedule). An electronic copy of all written questions, together with the Lottery's written responses, will be posted on the Lottery's Official RFP Website.

All questions and answers will be formalized as addenda to the RFP; see Section 1.13 (Addenda to the RFP).

1.12 Pre-Proposal Conference

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

1.13 Addenda to the RFP

| Significance | Response Type |
|--------------|---------------|
| IMPORTANT | ACCEPTANCE |

Addenda to the RFP will be issued, for example, in order to:

- Make changes to the requirements of the RFP.
- Correct defects or ambiguities in the RFP.
- Change the date, place or time of critical milestones published in the RFP.

Addenda to the RFP will be clearly identified as such. Only modifications made as written and posted addenda to the RFP by the Contracts & Purchasing Manager and in accordance with Section 1.11 (RFP Clarification Questions) will be valid and applicable addenda to this RFP.

All addenda to this RFP will be uniquely identified and posted to the website specified in Section 1.8 (Official RFP Website).

The Vendor is solely responsible for obtaining all relevant information posted on the website and, by responding to this RFP, will be considered to have obtained all such posted addenda.

1.14 Responsive Proposal Submission Criteria

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

This section of the RFP contains the instructions for responding to the RFP and the requirements for information that must be included in the Vendor's Proposal. A Proposal submitted in response to this RFP is expected to provide the Lottery with the necessary information required by the RFP. A Proposal must be fully responsive to the requirements stated in the RFP.

Vendors must submit their Proposal as follows:

1. The Technical Proposal Volume, must include:
 - a. Letter of Transmittal – see section 1.15 (Letters of Transmittal)
 - b. Vendor's Corporate Information – see Chapter 4 (Vendor Corporate Information)
 - c. Vendor's Certification Form – see Appendix A (Vendor Certification Form)
2. If a Vendor is designated as a finalist, the Vendor's Price Proposal Volume, must include:
 - a. Letter of Transmittal – see section 1.15 (Letters of Transmittal)
 - b. The Price Proposal – see Chapter 5 (Pricing)

Each volume of each proposal must:

- Be submitted on standard size (8½"x 11") white paper.
- Allow a minimum of 20mm (¾") margins on all sides.
- Use a font type no smaller than 11 point.
- Be clearly marked with the Vendor's name and address.
- Be specifically addressed to the Contracts & Purchasing Manager at the location provided in Section 1.14.1 (Proposal Submission Delivery Location and Process).
- Be sent to and received by the Contracts & Purchasing Manager by the time and date specified in Section 1.5 (Schedule).

Vendors must submit one (1) original of each document. The original of each document must be signed in ink by an officer or agent of the Vendor with authority to contractually bind the Vendor. In addition to the originals, vendors must submit six (6) additional hard copies (i.e., paper) of each volume document.

SPECIAL NOTE: Proposals transmitted via fax and e-mail transmissions will not be accepted.

1.14.1 Proposal Submission Delivery Location and Process

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The Proposal submission must be delivered to the following address no later than the date and time specified in Section 1.5 (Schedule):

Minnesota State Lottery

Attn: Ms. Carolyn Ross, Contracts & Purchasing Manager

2645 Long Lake Road

Roseville, MN 55113-1117

Telephone Number: 651-635-8102

SPECIAL NOTE: Proposals transmitted via fax and e-mail transmissions will not be accepted.

1.14.2 Late Proposals Submissions

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

A Proposal submitted pursuant to this RFP must be submitted and received by the Contracts & Purchasing Manager no later than the published date and time specified in Section 1.5 (Schedule). The Lottery will record the official date and time of receipt on each Proposal. The Lottery will reject a Proposal that is not submitted by the specified date and time. The Lottery will return a late Proposal that has been rejected to the Vendor unopened.

1.14.3 Language

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Vendor must submit their Proposals in the English language. The Contract will be written in English.

1.14.4 Pricing Information

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Vendor must only include pricing information in the Price Proposal. Pricing information must not be referenced or identified in the Technical Proposal Volume of the Proposal. See Section 1.14 (Responsive Proposal Criteria).

1.15 Letters of Transmittal

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

A Vendor submitting a Proposal in response to the RFP must submit a Letter of Transmittal as required in Section 1.14 (Responsive Proposal Submission Criteria). Each separate Letter of Transmittal must be signed by an officer or agent of the Vendor with authority to contractually bind the Vendor to the terms and offerings in the Proposal. Pricing information must not appear in any portion of any Letter of Transmittal. Each Letter of Transmittal must include a clear Vendor's statement of compliance with the requirements of the RFP for the duration of the acceptance period identified in Section 1.28 (Acceptance Period).

1.16 Proposal Bond

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

1.17 Litigation Bond

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

1.18 Public Records, Trade Secrets and Request for Confidentiality

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

If a Proposal includes any information that constitutes a trade secret of the Vendor or that constitutes security-related information that cannot be disclosed without compromising the security interests of the Vendor (or of the Lottery if the Vendor receives the Contract award), such information must be clearly marked as “TRADE SECRET”.

An entire page or paragraph in which such information appears should not be marked “TRADE SECRET” unless the entire page or paragraph consists of such confidential information. Only the trade secrets should be so identified and marked. The Vendor must defend the confidentiality of its trade secrets through the judicial process.

The Lottery will hold in confidence all material contained in sections that are marked “TRADE SECRETS” in accordance with Minnesota Statutes, Chapter 13.

All disclosures are determined and will be governed by Minnesota Statutes, Chapter 13.

1.19 Property of the Lottery

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

All matters set forth in a Vendor's Proposal including, without limitation, technical and financial information are subject to Minnesota Statutes Chapter 13 and may be subject to disclosure after Contract award. All submitted Proposals will become the property of the Lottery upon receipt and will be returned only at the option of the Lottery. The Lottery will strive to keep all Proposal information confidential in accordance with Section 1.18 (Public Records, Trade Secrets and Request for Confidentiality), unless compelled by law to release some or all information. The Lottery reserves the right to use any and all information contained in a proposal to the extent permitted by law.

1.20 Incurred Costs Associated with the Proposal Submission

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Neither the Lottery or the State will be liable for any of the Vendor's costs associated with submission of a proposal in response to this RFP.

1.21 Proposal Content and Format

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

A Proposal must be fully responsive to the requirements stated in this RFP. Each Proposal must be submitted in the format described in Section 1.14 (Responsive Proposal Submission Criteria).

1.22 Response to Technical and Non-Price Requirements

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

A Vendor must provide the Lottery with information, evidence, and documentation in a manner that will enable the Lottery to award a Contract that best serves the stated interests of the Lottery.

A Vendor must prepare its Proposal providing a straightforward and detailed description of their ability to satisfy the requirements of this RFP. Emphasis in each Proposal must be on completeness and clarity of content.

At a minimum, Proposals must be fully responsive to the requirements stated in this RFP.

Proposals must be submitted in the format described in Section 1.14 (Responsive Proposal Submission Criteria).

The Lottery reserves the right to award a lower evaluation score or reject a Proposal for failure by a Vendor to provide the appropriate information or materials in response to each stated requirement for information.

1.23 Price Proposal

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Price Proposal must contain all of the information required in Chapter 5 (Pricing).

1.24 Multiple Proposals from a Single Vendor

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Each Vendor may submit only one (1) Proposal. Within the single Proposal, the Vendor may identify offered options including unsolicited products, services, features or substitutions that the Vendor believes may be appealing and useful to the Lottery.

1.25 Proposal Opening

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery will open each Proposal received by the deadline stated in Section 1.5 (Schedule) at Lottery headquarters on the date set out in Section 1.5 (Schedule).

1.26 Proposal Clarification Process

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery may request clarification from a Vendor for the purpose of resolving ambiguities or questioning information presented in a Proposal. The Lottery may request clarification on one (1) or more statements made by a Vendor in its Proposal at any point during the evaluation process.

When the Lottery requests clarification from a Vendor, the Contracts & Purchasing Manager will prepare a written request which will:

- Consist of a list of questions.
- Be sent in writing via email to the contact person representing the Vendor and be sent by fax, mail, overnight courier or hand delivered to the contact person representing the Vendor;
- Include a deadline for the Vendor to submit a response.
- Include appropriate references to the RFP or the Vendor's proposal.

The Vendor must send a response within the time indicated in the written request. If this proves to be unfeasible, the Lottery and the Vendor may agree on different date for the Vendor to respond to the Lottery's request for clarification.

The Vendor's response:

- Must address only the information requested.
- Must be submitted to the Contracts & Purchasing Manager in writing via email.
- May also be submitted to the Contracts & Purchasing Manager by fax, mail, overnight courier or hand-delivered as directed by the Lottery.
- Must not include any pricing information unless the request for clarification relates specifically to the Vendor's price proposal

The Vendor must keep confidential all information that is exchanged as part of the proposal clarification process.

The clarification process does not permit withdrawal, revision or additions to the technical elements of the Proposal after the Proposal has been submitted nor does it permit any change to the financial terms quoted. A clarification request by the Lottery is not a negotiation.

1.27 **Modification/Withdrawal of a Proposal**

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

A Vendor may modify or withdraw a Proposal when the request to modify or withdraw such Proposal is made in writing or e-mailed to the Contracts & Purchasing Manager and such notice is received prior to the deadline for submitting a Proposal specified in Section 1.5 (Schedule).

The Lottery will not consider verbal telephone requests to modify or withdraw a Proposal.

After the deadline for submitting a Proposal, the Vendor may not modify a Proposal except to the extent of a Vendor's response to a request for clarification pursuant to Section 1.26 (Clarification Process).

1.28 **Acceptance Period**

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Proposals must remain valid for six (6) months following the Deadline for Submission of Proposal identified in Section 1.5 (Schedule). The Lottery will reject a Vendor's Proposal that is not valid for the duration of the acceptance period. The Vendor will be strictly held to the terms in its Proposal. The contents of the RFP and the Vendor's Proposal, subject to contract negotiations, will become contractual obligations in the event of Contract award. The Lottery may cancel a Contract award for failure of the Successful Vendor to accept these obligations.

1.29 **Disclosure Prohibition**

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Information provided in a Proposal Submission must be held in confidence by the Vendor and must not be revealed or discussed with any parties except as required by law. The Lottery may disqualify a Proposal if the Lottery learns any disclosure except as required by law has occurred.

The Lottery will ensure a Proposal remains confidential until the procurement process under this RFP is formally concluded by the Lottery.

1.30 Material/Non-Material Deviations

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

A Vendor must submit a Proposal submission that meets all mandatory requirements of this RFP.

Material requirements of the RFP are those designated as MANDATORY in the box marked “Significance” of the RFP Standard Compliance Box. The Lottery will reject as non-responsive any Proposal that does not meet all material requirements of this RFP, that fails to provide all required information, documents or materials or that includes language that is conditional or contrary to terms, conditions and requirements.

The Lottery reserves the sole right to determine whether a Proposal meets the material requirements of the RFP. Further, the Lottery reserves the right to waive mandatory requirements and inform all Vendors of such decision in writing where it is deemed to be in the best interests of the Lottery.

The Lottery reserves the right to waive or permit cure of non-material deviations, both in the Submission form and in the contents, if in the judgment of the Lottery the best interests of the State will be served and such waiver or cure will not be prejudicial to competition. The Lottery's waiver or permitting cure of a non-material deviation will not excuse the proposing Vendor from full compliance with the Contract requirements if the proposing Vendor is awarded the Contract.

1.31 Disqualification for Business Incapability

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The Vendor must have financial and business stability and the wherewithal to perform and support the Lottery.

If, at any time prior to the signing of a Contract, the Lottery determines that a Vendor does not possess adequate financial ability or requisite stability to carry out the obligations of the Contract, the Lottery reserves the right to disqualify that Vendor from further consideration.

If, at any time after Contract execution, the Lottery determines that the Successful Vendor does not possess adequate financial ability or business stability to continue to carry out the obligations of the Contract, the Lottery reserves the right to terminate the Contract pursuant to Section 3.6.2 (Termination for Cause).

1.32 Effect of a Submitting a Proposal

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The submission of a Proposal does not confer upon the Vendor any rights to the award of a Contract.

1.33 Rejection/Selection of Proposals

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The acceptance of a Proposal submission will not diminish the Lottery's right to negotiate specific Contract terms, including price, with the apparent Successful Vendor.

Issuance of the RFP in no way constitutes a commitment by the Lottery to award any Contract.

The Lottery reserves the right to:

- Reject any or all Proposals received in response to the RFP if the Lottery determines that it is in the best interests of the Lottery to do so.
- Reject any Proposal which is conditional or incomplete.
- Continue the evaluation process and select the Proposal which offers the best value to the Lottery, even if all Vendors fail to meet one (1) or more of the mandatory requirements.
- Advertise for new Proposals.
- Abandon the solicitation of such requested products and/or services.
- Award in whole or in part a Contract deemed to be in the best interests of the Lottery.

The Lottery will notify in writing and/or via email, those Vendors who submit a Proposal in response to the RFP, but who are not awarded a Contract (the unsuccessful Vendors).

1.34 Shortlist

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery may designate up to five (5) finalists. Each finalist will then be required to complete the Finalists Exercises and submit a Price Proposal to the Lottery. Proposals that are not designated as a Finalist will not be further evaluated by the Lottery.

1.35 Independent Price Determination

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

The Vendor must complete the Vendor Certification Form (Appendix A) and submit it with its Proposal.

1.36 Change of Ownership/Financial Condition

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

If a Vendor (including the parent or holding company of the Vendor) experiences a material change in its ownership or financial condition after its Proposal has been submitted and prior to the execution of a Contract with the Successful Vendor, the Vendor (or its parent or holding company) must notify the Lottery's Contracts & Purchasing Manager in writing at the time the change occurs or is identified by the Vendor.

Failure to disclose a material change in ownership may result in disqualification of the proposal.

1.37 News Releases and Advertising

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

News releases pertaining to this RFP or the services, study, data or project to which it relates cannot be made subject to Minnesota Statute Chapter 13.

By submitting a Proposal, the Vendor agrees not to use the Lottery's name, logos, images or any other data or information related to this procurement process, or the Contract resulting thereof, as a part of any press releases or commercial advertising without prior written approval by the Lottery.

The results of the RFP process must not be released by any Vendor and will only be made by the Lottery following successful completion of contract negotiations with the successful vendor.

1.38 Demonstrability of Proposed System

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

1.39 Hiring and Other Business Relationships with Lottery Staff

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

During the period from RFP publication until Contract award, Vendors must not make any employment offer (officially or unofficially) or propose any business arrangement whatsoever to any employee of the Lottery. The Lottery will reject a Vendor's Proposal or terminate any subsequent awarded Contract for making such an offer or proposition.

1.40 Debriefing

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

An unsuccessful Vendor will be given the opportunity for a debriefing with the Lottery. The Contracts & Purchasing Manager will schedule any debriefing after the Contract has been executed with the Successful Vendor. The debriefing may be held as a personal meeting or as a phone conference according to the preference of the respective unsuccessful Vendor.

2 Lottery Background

2.1 History

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery began operation in 1989. The Lottery began selling Scratch Game Tickets in April 1990 and Lotto Game Tickets in August 1990.

2.2 General Information

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The State of Minnesota has a population of approximately 5 million. Half the state's population lives in the Minneapolis-St. Paul metropolitan area. Other metropolitan areas include Duluth (approx. 100,000), Rochester (approx. 100,000), and St. Cloud (approx. 60,000). According to the Census Bureau, 70 percent of the state's population is considered urban. The 2000 Census reported that only 11 percent of the state's population is non-white. Accordingly, vendors will not be expected to compile results by ethnicity or race.

General information regarding the Lottery can be found at the Lottery's website at www.mnlottery.com. The Lottery's players club can be found at www.luckymn.com.

An organization chart of the Lottery is included as Appendix B.

2.3 Lottery Games

| | |
|--------------|---------------|
| Significance | Response Type |
| INFORMATION | NONE |

There currently are two (2) types of Lottery games: Lotto Games and Scratch Games. Lotto Games are those games that involve the Lottery's online terminals that are located in each retailer site. The Lotto Game terminal then issues a Lotto Game ticket. Scratch Games are sold by a retailer on pre-printed tickets containing play data under a latex coating.

The Lottery currently conducts seven (7) Lotto Games: Powerball[®], MegaMillions[®], Gopher 5[®], Daily 3[®], Hot Lotto[™], Northstar Cash[®] and Print-N-Play[™] games. Gopher 5[®], Daily 3[®], Northstar Cash[®] and Print-N-Play[™] games are conducted solely by the Minnesota State Lottery, while Powerball[®], MegaMillions[®] and Hot Lotto[™] are conducted in conjunction with the Multi-State Lottery Association (MUSL). Additional information regarding the Lottery's Online Games may be found at the Lottery's website at www.mnlottery.com, additional information regarding Powerball[®] and Hot Lotto[™] may be found at the MUSL's website at www.musl.com. Additional information regarding Mega Millions can be found at www.megamillions.com. The Lottery also launches a Minnesota Millionaire Raffle game for a limited time each year.

The Lottery offers a number of different Scratch Games. Last fiscal year, the Lottery introduced 49 new Scratch Games, with approximately 24 Scratch Games being available for sale at any one time. Additional information regarding the Lottery's current Scratch Games may be found at the Lottery's website at www.mnlottery.com.

2.4 Lottery Retailers

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery currently contracts with approximately 3,000 retailers throughout the State to sell its lottery tickets. Lottery games provide both a competitive advantage and a revenue enhancement for retailers.

Of the total number of lottery retailers, 71% are convenience stores, grocery stores and supermarkets account for another 13%, liquor stores for 8%, and other miscellaneous retailer types account for the remaining 8%. Convenience stores accounted for 80% of total Lottery sales in Fiscal Year 2009, supermarkets and grocery stores accounted for 14% of sales, with all other categories accounting for 6% of sales.

Retailers are compensated by the Lottery with a sales commission of 5½ percent plus a 1% cashing commission. In addition, Retailers are eligible to receive additional compensation through incentive programs offered throughout the year by the Lottery, such as earning a cash reward of \$50,000 for selling the winning Powerball jackpot ticket or up to \$2,000 for selling the top prize in a higher-priced Scratch ticket.

2.5 Market Research

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery has a Research and Planning Department that includes a Research and Planning Director, two research analysts, and an administrative assistant. This department conducts research pertaining to lottery marketing, sales, and operations as well as on topics related to broader questions of public policy. Studies are conducted both internally and with the assistance of outside vendors. The FY10 budget for externally provided market research services was \$250,000. We expect this amount to remain relatively stable.

The Lottery conducts annual telephone surveys of Minnesota adults through a contract with St. Cloud State University (SCSU). This survey asks about participation in the Lottery’s specific lottery games, and other forms of gambling. It also measures public attitudes towards the Lottery and gambling, awareness of lottery beneficiaries, and other items relating to public policy. While the survey provides much valuable information for marketing purposes, including a demographic profile of lottery players, the emphasis has been on the collection of information for policy-making purposes.

In addition to the annual survey, SCSU has conducted special surveys for the Lottery from time to time. The Lottery anticipates that this relationship with SCSU will continue.

In the past five years the Lottery has conducted four market segmentation studies. The first, completed in September 2005, segmented the “gamer” population—those actively involved in gambling. In January 2008 we segmented those playing scratch games and in March of that year we collaborated with other states on a segmentation of Powerball players. Most recently an October 2009 study segmented the general population. All studies included both quantitative and qualitative elements.

The Lottery has also conducted several studies of the leisure habits, event attendance, media habits, and technology use of Minnesota adults, particularly lottery players. The first was conducted in 2006. Subsequent studies in 2008 and 2010 enabled us to collect this information by player segment.

Other recent quantitative research includes a branding study (2009), an evaluation of a scratch game advertising campaign (2009), testing of scratch ticket concepts (2009), a study following completion of the Lottery’s first raffle game (2007), and studies focusing on young adults (multi-state collaboration).

Among our qualitative efforts are a study of potential marketing messaging for the introduction of MegaMillions, testing potential changes in PrintNPlay games, exploring perceptions of lotto games other than Powerball, discussions of new scratch ticket concepts, and testing perceptions of the Lottery’s web site.

2.6 Lottery Players Club

| | |
|--------------|---------------|
| Significance | Response Type |
| INFORMATION | NONE |

The Lottery has a players’ club website at luckymn.com. The club provides free winning number e-mails, gives members a variety of promotional offers, features new game and winner information and an opportunity for players to send questions to the Lottery. Current membership in is approximately 86,000.

3 Terms and Conditions

3.1 Introduction

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | NONE |

This chapter describes the terms and conditions that apply to the procurement process and which will become part of the Contract executed pursuant to this RFP.

3.2 Scope of the Contract

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor will provide market research services for the Lottery as described in the Contract, the RFP, and the Contractor's response to the RFP. The Vendor understands and agrees that the provision of market research services during the Term of the Contract, or any extension hereto, is nonexclusive, and that the Lottery has the right to acquire market research services and to enter into an agreement with another Vendor to provide services to the Lottery during the Term of the Contract, or any extension hereto.

3.3 Elements of the Contract

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contract between the Lottery and the Successful Vendor will include as integral parts thereof:

1. The Contract.
2. Clarifications and addenda to the RFP, if any.

The RFP.

The Vendor's clarifications.

The Vendor's Proposal, including appendices.

Other documents identified by the Lottery e.g., specification documents.

In the event of a conflict in language between any of the documents referred to above, the provisions and requirements set forth or referenced in the Contract must govern.

The Contract elements listed above constitute the entire Contract between the Lottery and the Vendor. Representations, verbal or written, by either the Vendor or the Lottery that are not included in such Contract elements will not be binding.

3.4 Governing Law

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Minnesota law, without regard to its choice-of-law provisions, will govern this contract. Venue for all legal proceedings out of this contract, or its breach, will be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

Provisions of all applicable laws and administrative procedures, regulations or rules of the State of Minnesota shall govern the development, submission and evaluation of all Proposals received in response hereto and shall govern any and all claims and disputes which may arise between persons submitting a Proposal hereto and the Lottery.

The Contractor must read and be familiar with the applicable laws, rules and regulations. Lack of knowledge of the law or applicable administrative procedures, regulations or rules by any Contractor shall not constitute a cognizable defense against their effect(s).

3.5 Term of the Contract

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contract resulting from this RFP is planned to be effective on October 1, 2010 and expire at midnight on September 30, 2013. The causes for premature ending of the Contract include Contract termination or loss of statutory authority by the Lottery.

The Lottery reserves the right to extend the Contract at its sole option up for three (3) one-year periods. The price terms for any extensions shall be at a rate of compensation to be renegotiated by the parties.

3.6 Termination of the Contract

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery may terminate the Contract prior to the expiration date in accordance with the provisions of this section of the RFP.

3.6.1 Termination for Default

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Default is defined as the failure of the Contractor to fulfill the obligations of the Contract including the Proposal.

The Lottery may terminate the Contract or any portion(s) of the Contract entered into as a result of the RFP and be relieved of the payment of any consideration to the Contractor for the terminated portions of the Contract except as otherwise provided herein if the Contractor fails to perform to the Lottery's satisfaction on any material requirement of the Contract and fails to remedy the failure or violation within thirty (30) days (or more if authorized by the Lottery) after written notice from the Lottery of such failure or violation.

In the event of a termination for default, the Lottery shall have the right to obtain replacement products and/or services, on an emergency or interim basis, for the products and/or services that the Contractor agreed to provide under the Contract. Except as otherwise provided below, the Lottery shall have the right to collect from the Contractor the difference between the compensation set forth in the Contract and the actual costs to the Lottery, including any added administrative costs, of obtaining and utilizing replacement products and/or services on an emergency or interim basis. The Lottery shall collect monies it is due as a result of a termination under this subsection by offsetting the amount from any payments due to the Contractor. The Contractor will not be liable to the Lottery for reimbursement of any costs incurred by the Lottery for obtaining replacement products and/or services if a termination pursuant to this section arises from causes beyond the control and without the fault or negligence of the Contractor, including an event of *force majeure occurrence*.

3.6.2 Termination for Cause

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery may immediately terminate any Contract issued as a result of this RFP for any of the following reasons by providing written notice to the Contractor:

1. The Contractor furnished any statement, representation, warranty or certification in connection with this RFP or the resultant Contract which is materially false, incorrect or incomplete.
2. The Contractor becomes financially unstable or is not able to obtain the financing necessary to perform the Contract.
3. The Contractor or subcontractor, or an officer or owner of a 5% or greater share of either, is convicted of a criminal offence incident to the application for or performance of any contract or subcontract whether in this State or in another jurisdiction or is convicted of a criminal offence which at the sole discretion of the Lottery reflects on the Contractor's integrity.
4. The Contractor commits an ethics or integrity violation as defined in the Contract.
5. A court of competent jurisdiction finds that the Contractor has failed to adhere to any material laws, ordinances, rules, regulations or orders of any public authority having jurisdiction.
6. Any of the directors of the Contractor have been convicted of a criminal offence that in the Lottery's judgment may affect his/her professional capacity or professional ethics.
7. The Contractor or any officer or director thereof has been guilty of professional negligence or misconduct such that, in the Lottery's reasonable judgment, continuation of the Contract will be likely to have a negative impact on the Lottery's image.
8. The Contractor is liquidated, becomes bankrupt or insolvent, a substantial portion of its assets is seized by a creditor or becomes subject to judicial process or the Contractor takes such action or fails to take action such as to endanger, in the Lottery's reasonable judgment, the Contractor's continued corporate existence or ability to carry out the Contract.

The Lottery and the State will not be liable for any costs incurred by the Contractor if termination is for any of the causes stated above.

In the event of a termination for cause, the Lottery shall have the right to obtain replacement products and/or services, on an emergency or interim basis, for the products and/or services that the Contractor agreed to provide under the Contract. Except as otherwise provided below, the Lottery shall have the right to collect from the Contractor the difference between the compensation to be paid to the Contractor as set forth in the Contract and the actual costs to the Lottery, including any added administrative costs, of obtaining and utilizing replacement products and/or services on an emergency or interim basis. The Lottery shall collect monies it is due as a result of a termination under this subsection by offsetting the amount from any payments due to the Contractor.

3.6.3 Termination for Convenience

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The Lottery may terminate the Contract without cause or for the convenience of the Lottery by sending written notice to the Contractor at least one hundred and twenty (120) calendar days prior to the termination date.

3.7 End of Contract Conversion

| | |
|----------------|---------------|
| Significance | Response Type |
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.8 Severability

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

Each provision of the Contract shall be deemed severable from all other provisions of the Contract and, if one (1) or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

3.9 Prime Contractor Responsibilities

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor will be the prime Contractor and, as such, is responsible for all contractual activities performed under the Contract whether or not the Contractor performs them.

The Contractor's Authorized Representative identified in the Contract must be the sole point of contact with regard to contractual matters, including payment of any or all charges under the Contract. The Contractor is an independent contractor. No principal/agent relationship or employer/employee relationship should be contemplated or created by the parties to the Contract, except as expressly provided.

Should the Contractor utilize subcontractors to fulfill any of its obligations under the Contract, the Contractor shall be fully and solely responsible for the subcontractors' performance, compliance with the terms and conditions of the Contract and compliance with the requirements of any and all applicable laws.

The Contractor is responsible for informing the subcontractor of any and all contractual and other obligations arising from the Contract with the Lottery and being relevant for the subcontractor's duties.

The Contractor must provide a listing of all subcontractors the Contractor proposes to use that are directly related to its obligations under the Contract.

In such case where the Contractor chooses to use subcontractors, the Lottery must have the right to communicate with any subcontractor in all matters related to the performance of the Contract. The Lottery will keep the Contractor informed in case of such direct communication with any subcontractor.

3.10 Subcontractor Approval

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Any proposed subcontracts shall be subject to the prior written approval of the Lottery, except those subcontracts listed in the Proposal.

The Vendor must appoint alternates to any subcontractors not approved by the Lottery.

3.11 Assignment

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contract shall not be assigned, transferred, conveyed, sublet or, otherwise, disposed of without previous written approval of the Lottery and the Lottery shall not unreasonably withhold such approval. Any purported assignment in violation of this section shall be null and void. Further, the Contractor shall not assign the right to receive moneys due under the Contract without the prior written consent of the Lottery.

3.12 Background Investigations during the Contract Term

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall allow authorized personnel designated by the Lottery to interview any Contractor employee or employee of a subcontractor or authorized agent related to the Contract in conjunction with any audit, review or investigation deemed necessary by the Lottery.

3.13 Lottery Approval of Staffing/Subcontractors

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery may disapprove any employee or subcontractor of the Contractor who is assigned to the Lottery Contract, either at Contract inception or at any time during the Term of the Contract.

Neither the Contractor nor the Lottery shall engage or allow the engagement of unfit or unqualified persons or persons not skilled in the tasks assigned to them with respect to the Contract and the parties shall at all times employ sufficient personnel for carrying out work to full completion in the manner and time prescribed by the Contract. The Contractor shall be responsible to the Lottery for the acts and omissions of the Contractor's employees and any subcontractors' employees.

Any person employed by the Contractor shall, at the written and reasonable request of the Lottery, be removed forthwith by the Contractor from work relating to the Contract. The Contractor's subcontractors are in this respect considered Contractor employees.

3.14 Covenant Against Contingent Fees

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure a Contract pursuant to this RFP upon a Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting disclosed employees or disclosed established commercial or selling agencies retained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Lottery shall have the right to terminate the Contract in accordance with the termination clause, and at its sole discretion, to deduct from the Contract any price or consideration, or otherwise recover the full amount of any such commission, percentage, brokerage, or contingent fee.

3.15 Accounting Records

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall maintain, in accordance with generally accepted accounting principles, all pertinent books, documents, financial accounting records and evidence pertaining to the Contract to the extent and in such detail as necessary to document all net costs, direct and indirect, for which payment is claimed. Such financial and accounting records shall be made available for inspection and copying, upon request, to the Lottery, its designees or any authorized agency of the State at any time during the Term of the Contract and for six (6) years from the expiration date or final payment under the Contract, including any extension options, whichever is later in time.

3.16 Right to Audit

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery reserves the right to audit all Contractor and subcontractor facilities, processes and/or procedures as they relate to the Contract, utilizing Lottery employees, its designees or other employees of the State as provided by law.

The Contractor and all its subcontractors under the Contract are required to maintain records and supporting evidence pertaining to the fulfillment of the Contract obligations in accordance with generally accepted accounting principles and other procedures specified by the Lottery.

These records must be made available to the Lottery and its designees during the Term of the Contract and any extension thereto. These records must be retained for six (6) years from the date of final payment of the Contract.

The Lottery reserves the right, at its sole discretion, to perform additional audits which may include, but are not limited to, the following: financial/compliance, security, economy/efficiency, program results or limited scope audits where appropriate. Additionally, the Lottery reserves the right to inspect any of the Contractor’s third-party auditor's reports and management letters.

Unless the audit would be impaired, any audit by the Lottery will only be conducted with reasonable prior notice to the Contractor and subject to all security, quality and other procedures which may be in force at the Contractor site. In the case of an audit indicating non-compliance with the terms of the Contract, the Lottery may terminate the Contract.

3.17 Audit Requirements

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.18 Non-Exclusive Rights

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Nothing in this RFP and the subsequent Contract shall grant or be interpreted as either party granting any exclusive rights to the other party unless explicitly stated.

3.19 Right of Use/Usufruct

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.20 Vendor Ethics and Integrity

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

The Contractor is obligated to meet high standards for ethics and integrity under this Contract including, but not limited, to the following:

1. The Contractor may not accept pay, remuneration or gratuity of any value for performance on or information derived from this project from any party other than the Lottery or the Contractor as described in the Contract or from any party under contract to the Lottery or seeking to contract with the Lottery with respect to this project.
2. The Contractor and employees may not offer or give any gift, gratuity, favor, entertainment, loan or any other thing of material monetary value to any Lottery employee, director or any other person or organization associated with the Lottery and, if offered, the Lottery employee, director or any other person or organization associated with the Lottery may not accept them.
3. The Contractor and employees of the Contractor may not disclose any business-sensitive or confidential information gained by virtue of this Contract to any party without the prior written consent of the Lottery.
4. The Contractor and employees may take no action in the performance of this Contract to create an unfair, unethical or illegal competitive advantage for itself or others.
5. For violation of the above provisions, the Lottery may terminate the Contract, receive restitution from the Contractor or take any other appropriate actions against the Contractor.

3.21 Disputes Under the Contract

| | |
|--------------|---------------|
| Significance | Response Type |
| MANDATORY | ACCEPTANCE |

All disputes arising under or relating to this Contract must be resolved in accordance with this section.

A “dispute” means a material disagreement between the Lottery and the Contractor as to the required performance under the Contract, including a dispute as to the Lottery’s liability for or amount due upon any claim by the Contractor arising under or relating to the Contract.

The Parties must endeavor in good faith to resolve all disputes by mutual agreement.

The complaining Party must commence the effort to resolve a dispute by giving written Notice of Dispute to the other Party specifying the issue(s) for resolution in reasonable detail.

The responding Party must reply, in writing, to the complaining Party within five (5) regular business days of receiving a Notice of Dispute. If the responding Party acknowledges responsibility, the reply must indicate the steps to be taken to resolve the issue(s) and a reasonable timeframe for resolution. If the responding Party does not acknowledge responsibility, the Parties must proceed with further efforts to resolve the dispute as provided below.

The Parties' Contract managers must meet promptly, but in any event not later than ten (10) regular business days following the complaining Party's receipt of the responding Party's reply, and exchange all relevant information reasonably necessary to resolve the issue(s). If such meeting does not result in a resolution of the dispute or if the responding Party has acknowledged responsibility but has not taken steps to resolve the dispute within a reasonable timeframe, then the Lottery Director and a designee of the Contractor must meet as soon as practicable, but not later than ten (10) regular business days following the meeting between Contract managers, to discuss and attempt to reach a mutually satisfactory resolution of the dispute. If the dispute is not resolved during the meeting between the Lottery Director and the designee of the Contractor or if an agreed resolution is not implemented within a reasonable timeframe thereafter, the complaining Party may commence formal proceedings in a court of competent jurisdiction to resolve the dispute provided, however, that the complaining Party must first have provided twenty (20) regular business days written notice to the responding Party of its intent to initiate such proceedings. Nothing to the contrary stated herein must preclude the Parties from, alternatively, agreeing to attempt resolution of the dispute by means of any type of alternative dispute resolution procedures, including mediation and arbitration.

Pending a final resolution of a dispute, the Contractor must proceed diligently and in good faith with the performance of its obligations under the Contract and the Lottery must compensate the Contractor pursuant to the terms of the Contract.

3.22 Cooperation of the Parties

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor and the Lottery agree to cooperate fully, to work in good faith and to mutually assist each other in the performance of the Contract. In this regard, the Parties will meet to resolve problems associated with the Contract. Neither Party will unreasonably withhold its approval of any act or request of the other to which its approval is necessary or desirable.

3.23 Equipment and Software Corrections, Changes, Upgrades and Expansion

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.24 Management of Software and Documentation

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.25 Liquidated Damages Provisions

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.26 Ownership of Materials and Intellectual Property

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Subject to the provisions of this section, the Contractor shall relinquish to the Lottery any and all copyrights or privileges to data developed and delivered to the Lottery under the Contract. The term “data” as used herein includes, but is not limited to, written reports, studies, drawings or graphics, electronic, chemical or mechanical representations and any work of a similar nature which is required to be delivered by the Contractor to the Lottery under the Contract. The Contractor shall include in the data any copyrighted or trademarked matter without the written permission of the copyright or trademark owner for the Lottery to use such copyrighted or trademarked matter. The Contractor agrees that any concepts, ideas, tickets, etc., developed pursuant to the Contract shall become property of the Lottery if and when such concepts, ideas, tickets, etc., are incorporated into materials or goods during the term of the Contract.

If the Contractor engages any third parties to perform services under the Contract, the Contractor shall work with the Lottery to determine the most cost effective means of procuring those services while at the same time ensuring that the Lottery obtains the rights it desires in any resulting works. If the Lottery determines that ownership in any work to be produced by a third party is desired and such determination is communicated to the Contractor, the Contractor shall use its best efforts to obtain from such third party an appropriate assignment securing all rights, title and interest in such works, including all copyrights and trademarks, provided the Lottery pays the cost thereof.

3.27 Title to and Use of Third-Party and Contractor Intellectual Property Rights

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

To the extent that the Contractor utilizes or relies upon the Intellectual Property Rights of a third party in fulfilling its obligations under the Contract, the Contractor must provide the Lottery with assurance that the Lottery deems necessary that the use of such third party’s Intellectual Property Rights is permissible.

While the Lottery and the Contractor agree that all Intellectual Property Rights associated with any product and/or service provided by or developed by the Contractor under the Contract are and may remain the property of the Contractor, the Contractor agrees to grant a license to the Lottery to make use of any such Intellectual Property Rights on an indefinite basis with respect to Lottery business activities. Compensation for the use of such licensed works, if any, must be clearly defined in the price proposal.

3.28 Patents, Copyrights, Trademarks and Trade Secrets

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall take all measures to prevent any patent, copyright, trademark and/or trade secret infringements while producing materials for the Lottery during the term of the Contract, including any renewal extensions.

The Contractor shall ensure that no violations or infringement of copyrights, patents, trademarks and/or trade secrets are committed by its own employees, by any subcontractor, by any subcontractor’s employees and, generally any person acting under the control or acting by toleration of the Contractor.

The Contractor shall ensure that all materials delivered to the Lottery are only used with the express consent of the author of the works. Lawful and correct use includes, if requested, the payment of usage or reproduction rights, the integration of the author's or producer's name, as requested for by law and, generally, the respect of all the author's moral rights on the work.

The Contractor shall assume all liability and shall hold the Lottery harmless from any liability resulting from any infringement that occurs as the result of the Contractor's or any subcontractor's actions.

3.29 Intellectual Property Indemnification

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall agree to indemnify and save harmless and to defend all legal or equitable actions brought against the Lottery and/or employee of the Lottery for and from all claims of liability which may result from the Lottery's use of any Intellectual Property Rights under licenses granted by the Contractor and for any claims resulting from the Contractor's use of third-party Intellectual Property Rights. The Lottery shall agree to give the Contractor prompt notice of all such claims of liability.

If the Lottery promptly notifies the Contractor in writing of a third-party claim against the Lottery that any deliverable infringes upon the Intellectual Property Rights of any third party, the Contractor shall defend such claim at its expense and will pay any costs or damages that may be finally awarded against the Lottery. If any deliverable is, or in the Lottery's opinion likely to be, held to be infringing, the Contractor must at its expense and option either: (a) procure the right for the Lottery to continue using it, (b) replace it with a non-infringing equivalent or (c) modify it to make it non-infringing.

If the actions in clauses (a), (b) and (c) are not commercially practicable, the infringing deliverable may be returned and the Lottery shall be refunded the fees paid for such deliverable as well as any applicable liquidated damages. The Contractor shall make every reasonable effort to explore options (a), (b) and (c) prior to returning the fees paid, paying the applicable damages and receiving the deliverable from the Lottery. The foregoing remedies constitute the Lottery's sole and exclusive remedies and the Contractor's entire liability with respect to infringement.

3.30 Indemnification

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall agree to defend, indemnify and hold harmless the Lottery and the State and its agencies, officers and employees, from any and all claims of any nature, including all costs, expenses and attorneys' fees, which may in any manner result from or arise out of the negligent or more culpable act in the performance of its obligations under the Contract except for claims resulting from or arising out of the Lottery's sole negligence. The legal defense provided by the Contractor to the Lottery and the State under this provision must be free of any conflicts of interest even if retention of separate legal counsel for the State is necessary. The Contractor also agrees to defend, indemnify and hold the Lottery and the jurisdiction harmless for all costs, expenses and attorneys' fees incurred in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of the Contract.

3.31 Confidential Information

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall not divulge or release any information, reports or recommendations developed or obtained in connection with performance of the Contract except to authorized Lottery personnel or upon prior written approval of the Lottery Director. News releases pertaining to any service provided by the Contractor under the Contract shall not be made without prior written approval of the Lottery Director.

3.32 Taxes, Fees and Assessments

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Lottery shall have no responsibility for the payment of any federal, state or local taxes which become payable by the Contractor or its subcontractors as a result of the Contract. The Lottery reserves the right to offset any State liability against the compensation due the Contractor except for any tax liability for which an appeal is pending.

3.33 Advertising

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall not use the Lottery's name, logo, slogan, image or any data arising or resulting from this RFP or the Contract as a part of any commercial advertising without the prior written consent of the Lottery Director.

3.34 Force Majeure/Delay of Performance

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

A *force majeure* occurrence is an event or effect that cannot be reasonably anticipated or controlled and without the fault or negligence of the non-performing party. As herein used, *force majeure* means acts of war, terrorism, action of the elements, governmental interference, rationing or any other cause which is beyond the control of the Party(ies) affected and which, by the exercise of reasonable diligence, said party is unable to prevent delays arising as a result thereof or to predict and through advance planning avoid such delays.

Neither the Contractor nor the Lottery shall be liable to the other for any delay in or failure of performance under the Contract resulting from this RFP due to a *force majeure* occurrence. Any such delay in or failure of performance must not in and of itself give rise to any liability for damages; however, the Lottery may elect to terminate the Contract for cause should its operations, in its sole judgment, be materially threatened by reason of extended delay or failure of performance.

Force majeure shall extend the period for Contractor performance to such extent as reasonably determined by the Lottery or mutually agreed by the Parties to be necessary to enable complete performance by the Contractor if reasonable diligence is exercised after the cause of delay or failure has been removed.

3.35 Warranties

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor warrants that:

- a. The Contractor is fully authorized and prepared to enter into and fully perform the terms and conditions of the Contract;
- b. The Contractor has secured or will have secured all necessary rights, clearances and/or licenses with respect to all material and elements embodied in or used in connection with the performance of the Contract and any extension periods;
- c. The products and services in all respects meet or exceed all of the Lottery’s requirements set forth in the RFP; and
- d. The Contractor will comply with all federal state and local laws, ordinances, rules and regulations applicable to its activities and obligations under the Contract.

3.36 Insurance

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

For the Term of the Contract, the Contractor must maintain the insurance listed below.

- a. General Liability Insurance with limits of not less than \$2,000,000.00.
- b. Employees of the Contractor must be insured according to State laws and must be covered to the full extent under workers' compensation.
- c. Commercial automobile liability insurance protecting the Contractor from claims for damages for bodily injury as well as from claims for property damage resulting from the ownership, operation, maintenance or use of all owned, hired, and non-owned autos which may arise from the operations under this Contract, and in case any work is subcontracted the Contractor will require the subcontractor to provide Commercial Automobile Liability, with Insurance minimum amounts of \$2,000,000 per occurrence - Combined Single limit for Bodily Injury and Property Damage.

3.37 Compensation Procedures and Mechanisms for Use During the Contract

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

All invoices submitted by the Contractor for market research services pursuant to an approved letter of engagement are due and payable within thirty (30) calendar days from receipt by the Lottery.

3.38 Notices

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

All official notices given pursuant to the Contract shall be sufficient and deemed given if in writing and transmitted via facsimile with receipt acknowledged or mailed as “certified” with receipt acknowledgement using the United States Postal Service. All other communications shall be sufficient if in writing and mailed prepaid first class or transmitted via email. Any such notice or communication shall be sent to the addresses of the respective parties or such other addresses as may be designated from time to time by the parties in writing.

3.39 Acceptance Testing

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.40 Ticket Purchase and Prize Payment Restrictions

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.41 Fidelity Bond

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.42 Performance Bond

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

3.43 Change in Ownership or Financial Condition

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

If the Contractor (or parent/holding company of the Contractor) experiences a substantial change in ownership or financial condition during the Term of the Contract, the Contractor must notify the Lottery Director in writing at the time the change occurs or is identified by the Contractor. A “substantial change” in ownership or financial condition is defined as an event which, following generally accepted accounting principles, would require a notation in the annual report of a publicly traded United States’ corporation. The failure to notify the Lottery Director of such a substantial change may result in the termination of the Contract. The Lottery has the right, upon notice of a substantial change, to review the suitability and qualifications of the Contractor after the substantial change. If the change is contrary to the best interests of the Lottery, the Lottery may terminate the Contract.

3.44 Adverse Interest

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor and its officers shall have no financial or personal interest in and shall not, during the term of the Contract, including renewal extensions, acquire any direct or indirect financial or personal interest in any business or organization that will conflict in any manner or degree with the performance of its contractual obligations. The Contractor further agrees that, in the performance of the Contract, it will not knowingly employ, directly or indirectly, any person having such interest.

3.45 Amendments or Modifications

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contract may not be modified, amended or extended unless in writing and signed by the Lottery and Contractor and any breach or default by either the Lottery or the Contractor shall not be waived or released other than in writing signed by the other party.

3.46 Antitrust

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The Contractor shall assign to the Lottery all claims for overcharges for goods and services provided in connection with the Contract resulting from antitrust violations that arise under the antitrust laws of the United States or the State of Minnesota.

3.47 Immigration Certification

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Prior to delivery of any service, the Contractor must certify that it is in compliance with the Immigration Reform and Control Act of 1986 (8 U.S.C. 1101 et. seq.) and certify their use of the *E-Verify* system established by the Department of Homeland Security.

4 Vendor Corporate Information

4.1 Introduction

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

The information requested in this chapter applies to the Vendor and any of its subsidiaries that may contribute to the Proposal or to the performance of the Contract.

4.1.1 Corporate Background Overview

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

The Vendor must provide the following general information as part of its Proposal:

1. The name and address of the Vendor submitting the Proposal.
2. Type of business entity (e.g., corporation, limited liability corporation, partnership, etc.).
3. Place of incorporation or legal address where other form of organization is domiciled.
4. The name, address, telephone number and email address of the Vendor's primary contact for the purpose of this RFP.
5. Name and location of the major offices, if applicable, that relate to the Vendor's performance as proposed in its proposal.
6. The names, addresses and functions of any and all subcontractors, associated companies or consultants that have been or will be involved in any phase of the project or services being procured in this RFP.
7. The names of all persons or entities who own in excess of 5% of the shares of the Vendor and the names of all officers and directors (if the Vendor is a subsidiary, the Vendor must disclose the information required above for its parent or holding company).
8. Any substantial change of ownership in the Vendor or the Vendor's parent or holding company that occurred since January 1, 2010. (Pending changes should be disclosed to the extent permitted by law and by regulatory agencies).

4.1.2 Applicable Experience

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

Each Vendor must provide the following:

- A. A description of its current and historical experience with providing market research and providing market research related strategic advice, including any lottery-specific research. This description should include specific examples of projects which demonstrate the Vendor's ability to undertake a project of this nature and scope. Lottery experience is not required to submit a Proposal, though a Vendor without lottery experience should demonstrate how their experience is relevant to the Lottery.
- B. A description of the nature and range of quantitative research services offered, including the means by which respondents are identified and responses are obtained.
- C. A description of the nature and range of qualitative research services offered, as well as their experience in the integration of quantitative and qualitative research.
- D. A description of its qualifications and experience in conducting market segmentation studies.
- E. A description of its qualifications and experience in evaluating advertising and promotional activity.
- F. A description of its qualifications and experience in testing new products and concepts. This discussion should include a summary of the methods utilized.
- G. A description of its qualifications and experience with other market research services that it believes would be of benefit to the Lottery.
- H. Two (2) or more samples of reports prepared for a client. These samples should demonstrate the Vendor's expertise in both quantitative and qualitative research methods. Samples may be marked as "proprietary" and/or "confidential", if appropriate.
- I. Three (3) references, including names, addresses, phone numbers, and email addresses (if available).

4.1.3 Contract Performance

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

Relating to contract performance the Vendor must provide the following:

- A. A brief statement why it believes its proposed services best meets the objectives of the MSL.
- B. A description of any additional features, aspects, or advantages of its services in any relevant area not covered elsewhere in their Proposal.
- C. An organization charts for their ongoing operations, indicating lines of authority for staff, names, and titles of individuals.
- D. The names and management, supervisory and key personnel who are expected to be actively working on this project, including what specific functions the individual will perform. For each individual listed in the preceding paragraph, the Vendor must provide the following information:
 1. Five-year employment history.
 2. A specific description of the person's experience in connection with market research services.
 3. The specific role the individual will have in this project.
 4. Any additional information that would indicate the individual's ability to aid the Vendor in successfully performing the work required by this RFP.

4.2 Financial Data

| Significance | Response Type |
|----------------|---------------|
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

4.3 Disclosure of Litigation and Business Relationships

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

The Lottery has a strong interest in the Vendor's current and continuing ability to produce secure, high-quality products and/or services. The Vendor must include a complete disclosure of any previous (within the last three years) or pending civil or criminal litigation, administrative or regulatory proceedings or indictment involving the Vendor that may affect the ability to produce and/or deliver the desired products and/or services. The Vendor must also disclose any such pending litigation for any of its employees or subcontractors.

The Vendor must also declare any ongoing business relationships with any Lottery employee, director or any other person or organization associated with the Lottery. The Lottery will reject a Vendor's proposal or terminate any subsequent Contract for failure to disclose any such relationship.

This is a continuing disclosure requirement. Any such matter commenced after the Vendor has submitted a Proposal in response to the RFP and with respect to the successful Vendor after the execution of a Contract must be disclosed to the Lottery in writing within ten (10) calendar days after it has been filed or upon establishing the relationship. The Lottery may disqualify a proposal if failure to disclose has had a material impact on competition or, otherwise, prejudices the procurement process.

4.4 Subcontractors

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

For any subcontractor that will provide a major part of the services required to be provided under the RFP, the Vendor must disclose all of the information required by Section 4.1.2. (Applicable Experience) for such subcontractor(s) as if the subcontractor(s) was/were the Contractor.

4.5 Conflict of Interest

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

A conflict of interest may exist whether or not a financial interest is involved and a conflict of interest may include, but would not be limited to, a director, officer, employee, retailer or existing contractor of the Lottery or any member of his/her immediate family having control or a significant influence over the Vendor or obtaining financial gain with the award of any Contract to the Vendor.

The Vendor must disclose in its Proposal the nature and extent of any real or apparent conflict of interest that would arise from the award of a Contract to the Vendor. The Vendor must give written notice of the cause and circumstances of any conflict of interest and indicate the portion of the services affected by the conflict of interest.

The Vendor must disclose the following information by either providing the information requested or by confirming that they have read the request and declare that it is not applicable. The Lottery will terminate the Contract or disqualify the Proposal for failure to disclose any such information.

1. List any conflict of interest with the products, promotions and goals contemplated by the Lottery that could result from other projects in which the Vendor or any of its staff members designated to work on this project are involved.
2. The name, contact details and current position title of any Lottery employee, director or any other person being associated with the Lottery or any member of the evaluation committee (if known) having any direct or indirect affiliation with the Vendor.
3. The name, title and affiliation with the Vendor of any Lottery employee, director or any other person or organization being associated with the Lottery or any member of the evaluation committee and who owns, directly or indirectly, an interest of 5% or more in the Vendor's company or any of its branches or affiliates.
4. The name, title and affiliation to the Vendor of any employee, agent, lobbyist, previous employee of the Lottery or other person who has received or will receive compensation of any kind in connection with this procurement.

4.6 Affirmative Action

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

- A. A Vendor's Proposal must include one of the following:
1. A copy of the Vendor's current certification of compliance issued by the Minnesota Commissioner of Human Rights; or
 2. A statement certifying that the Vendor has a current certification of compliance issued by the Minnesota Commissioner of Human Rights; or
 3. A statement certifying that the Vendor has not had more than 40 full-time employees within Minnesota on a single working day during the previous 12 months; or
 4. A statement certifying that the Contract resulting from the Vendor's Proposal will not exceed \$100,000.00; or
 5. A statement certifying that the Vendor has submitted to the Commissioner of Human Rights, for approval, an Affirmative Action Plan for the employment of minority persons, women and qualified disabled individuals.
- B. The Lottery may not accept a Proposal for goods and services in excess of \$100,000 from a Vendor having more than 40 full-time employees within the State of Minnesota on a single working day during the previous 12 months unless the Vendor has an affirmative action plan for employment of minority persons, women and qualified disabled individuals submitted to the Minnesota Commissioner of Human Rights for approval (Minnesota Statutes, Section 363A.36).
- C. The Lottery may not execute a Contract with a Vendor (where the Contract is in excess of \$100,000 and the Vendor has more than 40 full-time employees within the State of Minnesota or within a state where the business has its primary place of business) unless the Vendor's affirmative action plan has been approved by the Minnesota Commissioner of Human Rights.
- D. Information relating to the requirements of the affirmative action plan may be obtained from the Minnesota Department of Human Rights at (651) 296-5663 or at their web page at: www.humanrights.state.mn.us.

5 Pricing

5.1 Introduction

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

A Vendor must submit a Price Proposal only if it has been designated as a finalist by the Evaluation Committee. The Vendor's price proposal must contain all of the information required in this chapter.

5.2 Price Proposal Requirements

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | ACCEPTANCE |

Price proposals will be related to the exercises required of designated finalists specified in Section 6.4. They will be evaluated based on the value delivered to the Lottery rather than a strict comparison of prices. Vendors should propose prices based on a work plan that best meets the Lottery's needs rather than simply providing the least expensive method.

6 Proposal Evaluation

6.1 Introduction

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

This section describes the evaluation process that will be used to determine which Proposal provides the greatest overall benefits to the Lottery. The objective of the evaluation process is to select the Vendor that can provide market research services that best meet the needs of the Lottery as set forth in the RFP.

6.2 Evaluation Committee

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery will conduct a comprehensive, fair and impartial evaluation of Proposals received in response to the RFP. In making this determination, the Lottery will be represented by an Evaluation Committee selected by the Lottery Director. The Evaluation Committee will evaluate each Proposal that is properly submitted based on the information and material contained in that Proposal and make recommendations for a Contract award to the Lottery Director.

No other information, other than information in a Proposal, information obtained under Section 1.26 (Clarification Process), Section 6.3 (Information from Other Sources) or Section 6.4 (Finalist Exercises), will be accepted or used for evaluation by the evaluation committee. The Lottery Director will then consider the recommendation and make the decision regarding the Evaluation Committee's recommendation.

6.3 Information from Other Sources

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The Lottery and the Evaluation Committee may obtain, from sources other than the Vendor, information concerning the Vendor, the Vendor's capabilities and the Vendor's performance under other contracts that the Lottery or the Evaluation Committee deems pertinent to the RFP and may consider such information in its evaluation process.

Information obtained from such sources mentioned above will be kept confidential, unless required otherwise by law.

6.4 Finalists Exercises

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

A Vendor selected by the Evaluation Committee as a Finalist will be required to complete certain written finalist exercises. Finalist exercises will be due at the same time as the Finalist submits its Price Proposal. The Vendor must provide the Lottery with six (6) copies of its completed written finalist exercises. Specific instructions for written finalist exercises will be distributed to the Vendors selected as finalists at the time they are notified by the Contracts & Purchasing Manager.

6.5 Evaluation Steps

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

The evaluation process and Contract award process will consist of the following steps:

- Phase 1: Proposal Requirements Review

The purpose of this phase is to determine if each Proposal complies with the mandatory terms, conditions, and specifications in the RFP. A pass/fail criteria will be used. A Proposal must comply with all instructions listed in this RFP. The Lottery reserves the right to reject any and all Proposals, to modify the RFP specifications, or to waive any requirement in the RFP. Any Proposal found to be non-responsive may be eliminated from further evaluation.
- Phase 2: Review and Evaluation of the Corporate Information submitted by each Vendor (Only those Proposals that comply with Phase 1, Vendors who are determined to be capable of providing the required services will be considered in Phase 3).
- Phase 3: Based on the review by the Evaluation Committee under phase 2, up to five (5) Vendors will be designated as Finalists. Only Vendors selected as a Finalist will be subject to further review by the Evaluation Committee. Each Vendor selected as Finalists will be required to submit a Price Proposal (Chapter 5) and submit written Finalist exercises to the Lottery (Section 6.4). The Evaluation Committee will evaluate the Vendor's written Finalist exercises, and may revise its scores based on information submitted as part of a written Finalist exercise.
- Phase 4: Review and Evaluation of Price Proposal submitted by each Finalist Vendor.
- Phase 5: Evaluation Committee Recommendation.

- Phase 6: Final Decision on Contract Award Recommendation.

6.6 Evaluation of Proposals

| | |
|--------------|---------------|
| Significance | Response Type |
| INFORMATION | NONE |

Each of the technical (non-price) factors in the RFP will be evaluated by the Evaluation Committee.

Responses will be rated as follows:

| Evaluation Criteria | |
|----------------------------|-------------------|
| Vendor Qualifications | 80 points |
| Professional Personnel | 40 points |
| Written Finalist Exercises | 90 points |
| Price Proposal | 90 points |
| TOTAL POINTS | 300 points |

Vendor Qualifications. This refers to the ability of the Vendor to meet the terms of the RFP, especially the quality and relevance of projects completed by the Vendor. This also includes the Vendor's organizational ability to undertake a project of this size. It further includes the qualifications of subcontractors, if any.

Professional Personnel. This refers to the qualifications of the professional personnel who would be assigned to the Lottery project by the Vendor. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience in services similar to that described in this RFP.

Finalist Exercises. This refers to the methodological soundness and practicality of the response to the case exercises submitted by the designated finalists.

Price Proposal – This refers to costs submitted as part of the Price Proposal based on the value delivered to the Lottery, rather than a strict comparison of prices.

6.7 Evaluation of Options

| | |
|----------------|---------------|
| Significance | Response Type |
| NOT APPLICABLE | NONE |

This section is not applicable to this RFP.

6.8 Evaluation of Price Proposals

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

Review of the price proposals will take place only after review of the Vendor's Technical Proposal and after the review of completed written finalist exercises.

6.9 Evaluation Committee Recommendation

| Significance | Response Type |
|--------------|---------------|
| INFORMATION | NONE |

Upon completion of the review of the Proposals, the Evaluation Committee will recommend to the Lottery Director that the Lottery should begin negotiations for a contract for the providing of market research services with the Vendor that has submitted a qualifying Proposal that meets the requirements of the RFP and that will provide market research services that best meets the needs of the Lottery.

6.10 Negotiation and Recommendation

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | NONE |

After review and approval of the recommendation of the Evaluation Committee by the Lottery Director, the Lottery will begin to negotiate a Contract with the Vendor that has been recommended by the Evaluation Committee. Contract negotiations will not address changes to material terms and conditions, services, products, options or pricing for performance of the Contract unless for the clear benefit of the Lottery. The Vendor will be held to the terms submitted in their Proposal, but may be required to reduce costs depending upon aspects of the proposed program that may be determined by the Lottery to be unnecessary or not cost effective.

First consideration will be given to the Vendor with the highest total points in the criteria listed in this RFP. In the event that contract negotiations are unsuccessful, the Vendor with the next highest number of points will be selected for consideration.

The final award decision will be made by the Lottery Director. The Lottery Director may accept or reject the recommendation of the Evaluation Committee.

APPENDIX A - Vendor Certification Form

| Significance | Response Type |
|--------------|---------------|
| MANDATORY | FULL |

The Vendor Certification Form can be found in Microsoft Word format at the Official RFP website at: www.mnlottery.com/researchrfp.

APPENDIX B - Lottery Organization Chart

| | |
|--------------|---------------|
| Significance | Response Type |
| INFORMATION | NONE |

MINNESOTA STATE LOTTERY

