

RHODE ISLAND LOTTERY

REQUEST FOR PROPOSAL

INSTANT TICKET PRINTING SERVICES



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CRANSTON, RHODE ISLAND 02920
401-463-6500
www.rilot.com

SECTION A – GENERAL INFORMATION

1. LOCATION

- A. The Division of Lotteries of the Rhode Island Department of Revenue (hereinafter “RIL”) is located at 1425 Pontiac Avenue, Cranston, Rhode Island 02920.

2. BACKGROUND

- A. The purpose of this Request for Proposal (RFP) is to solicit proposals from qualified vendors for the procurement of printing instant game tickets.
- B. It is the ultimate objective of the RIL to provide tickets to the players that make possible the winning of an instant prize and insure the players that the tickets will be of the highest quality to maintain the integrity of the RIL.
- C. The games launched in Fiscal Year 2012 are listed on Attachment No. 1. The number of games launched for each price point is shown below:

<u>Price Point</u>	<u>Number of Games Launched</u>
\$1	10
\$2	10
\$3	3
\$5	11
\$10	3
\$20	1
Total Games	38

- D. Instant ticket games projected to launch in Fiscal Year 2013 are listed on Attachment No. 2. The projected number of games to be launched for each price point is shown below:

<u>Price Point</u>	<u>Number of Games Launched</u>
\$1	12
\$2	12
\$3	0
\$5	16
\$10	4
\$20	0
Total Games	44

- E. Sales comparison for Fiscal Year 2011 vs. Fiscal Year 2012 is shown on Attachment No. 3.

3. TYPE AND LENGTH OF CONTRACT

- A. The terms of this contract shall commence on the execution date of the contract and shall be for three (3) years, with the option of the RIL to extend the contract annually for up to five (5) one (1) year extensions under the same terms and conditions of the initial contract. Such options for extensions are at the sole discretion of the RIL and may be executed at any time.
- B. The RIL reserves the right to accept proposal(s) in whole or in part and to negotiate terms, conditions, and provisions in addition to those stipulated in this RFP.
- C. The RIL reserves the right to award this contract on price alone.
- D. The laws of the State of Rhode Island, including the State's General Conditions of Purchase, shall govern any contract(s) resulting from this RFP.
- E. It is the policy of the RIL to make every effort possible to assure the participation of small, minority, and female-owned businesses pursuant to Section 4 entitled, "Vendor Qualification", of RIL's procurement regulations, promulgated pursuant to 37-2 of the General Laws of the State of Rhode Island and as mandated in Title 37, Chapter 14.1 of the General Laws of the State of Rhode Island entitled, "Minority Business Enterprise".
- F. Contract will be awarded to one (1) sole vendor.

SECTION B - REQUIREMENTS OF RESPONDENTS

1. BID RESPONSE REQUIREMENTS

- A. Bidders are expected to provide the RIL with all information, demonstrations, and evidence, which will make possible the selection of a bidder to be awarded a contract in a manner which serves the best interests of the RIL.
- B. Bidder must submit a brief written statement that explains why it best meets the objectives of the RIL and this RFP. The statement shall describe any additional features, aspects, or advantages of bidder products and services in any relevant area not covered elsewhere in its proposal. (The written statement shall not exceed two (2) pages.)
- C. Bidder is given wide latitude in the degree of detail it offers and/or the extent to which it reveals plans, designs, systems, processes, and procedures.

- D. Bidders are cautioned that the RIL has the right to use any and all ideas presented in reply to this RFP. Any portions of a bidder's response that the bidder considers to be proprietary or confidential should be designated in writing as such by the bidder; provided however, all submissions shall be subject to disclosure as required by the Access to Public Records Act (Rhode Island General Laws 38-2-1 et seq.). The final determination as to whether any portion of the response is proprietary or confidential shall be made in the sole discretion of the RIL. Except as otherwise noted, the document(s) submitted are to be fully responsive to the specific requirements stated in the RFP.

2. VENDOR EXPERIENCE

- A. Bidders must have designed, manufactured, administered, and marked instant games with on-line bar code validations for at least two (2) members of the North American Association of State and Provincial Lotteries (NASPL).
- B. Bidders shall submit a list of the names and contact information for all current customers that can be used for reference and/or comparative purposes.

3. SUMMARY DESCRIPTION OF VENDOR COMPANY

- A. Bidders must provide the following in their bid response:
1. Date of establishment of company and whether public or private company,
 2. Principals of company and organization structure,
 3. Annual sales history for previous five (5) years,
 4. Company products including samples of printing products,
 5. Number of plants, locations, and square footage,
 6. Location and size of plant where instant tickets for this bid would be produced,
 7. Listing with description of printing and bindery equipment,
 8. Summary description of resources and financial stability of company,
 9. Name, location, and title of individual who would be assigned to service the RIL for instant ticket designs, orders, deliveries, quality problems, etc.,

10. Resumes and qualifications of the account executive, key officers, employees, and other personnel who would be involved in the RIL account, and additional information on personal backgrounds as may be required by RIL,
 11. Audited financial statements for the last three (3) years, and
 12. Information on experience in providing instant tickets to other state lotteries.
- B. Other general requirements:
1. The bidder shall provide the names and functions of the specific individuals who would be assigned to work on instant games for the RIL. The RIL has the right to reject any personnel, and the successful vendor will have the obligation to immediately replace said personnel. The RIL has no obligation to disclose the reason said personnel was rejected.
 2. The successful vendor shall agree to provide one (1) trip, with up to two (2) people traveling, during the first term of the awarded contract. All travel costs incurred will be the responsibility of the vendor.
 3. The bidder shall describe the methods employed in manufacturing the ticket.
 4. The bidder shall describe security measures taken in all stages of computer programming, preparation work, ticket manufacturing, and transporting. The successful vendor will also be required to have an independent audit performed on all games printed.
 5. The bidder shall describe individual ticket security features available for the proposed ticket.
- C. To allow for a complete evaluation of the integrity, background, and character of potential suppliers, each bidding vendor, and parent corporation if the vendor is a subsidiary corporation, shall disclose the following:
1. The details of any conviction, judgment, and the nature of any investigations by local, state, or federal law enforcement authority in a state or federal court against the bidder or any allegation related directly or indirectly to any business activity involving participation in the lottery business in any state,
 2. The details of any litigation during the past three (3) years that is completed, in progress, or pending between the bidding vendor and any party, private or governmental,

3. The details of any bankruptcy, insolvency, reorganization, or any pending litigation involving fraud or deceit against the bidder, and
 4. Who, if anyone, will get a commission or other value from vendor, if vendor is selected.
- D. Failure to provide the detailed information required by the RFP may result in disqualification of a bidding vendor from the evaluation process. Award of contract shall be at the sole discretion of the RIL.
- E. The RIL may refuse to award a contract to a vendor, or any affiliated entity, if any of the following apply:
1. False statements have been made in any information provided in the above-required disclosures, and/or
 2. Any of the entities, or principals of entities, have been convicted of an offense involving dishonesty, fraud, or any gambling-related offense.
- F. The bidding vendor shall state whether or not any of the following have occurred:
1. During the last two (2) years, the bidding vendor was assessed any penalties under any of its existing or past contracts with any state, provincial, or other lottery, and if so, indicate the public jurisdiction, the reason for the penalty, and the penalty amount of each incident,
 2. During the last two (2) years, the bidding vendor has had to delay or nullify any contractually-required ticket production under any of its existing or past contracts with any state, provincial, or other lottery, and
 3. During the last two (2) years, the bidding vendor, subsidiary, or intermediary company, parent company, or holding company was the subject of any order, judgment, or decree of any state or federal authority barring, suspending, or otherwise limiting the right of the bidding vendor to engage in any business, practice, or activity.

4. MARKETING

- A. The winning bidder is required to submit an on-going twelve (12) month marketing plan. This plan is to be updated on a quarterly basis, including marketing recommendations, analysis by game, price, theme, play style, chain, independent, ITVM, promotions, incentives, etc., including plans and analysis from other jurisdictions, showing what has worked in other jurisdictions. Any success stories should include the plan, the implementation, and the results.

5. TICKET SAMPLES

- A. Bidder must supply one (1) sample book of actual tickets that were manufactured for other members of North American Association of State and Provincial Lotteries (NASPL) for each price point (i.e. one (1) sample of \$1.00, one (1) sample of \$2.00, etc.).

6. SUBCONTRACTING

- A. If the bidding vendor proposes to subcontract any part of the contract between the RIL and the bidding vendor, the bidding vendor shall state in writing in the proposal a description of the subcontractor's organization and the proposed sub-contractual arrangements. The subcontractor must comply with all security and insurance requirements.
- B. The successful vendor is prohibited from subcontracting, assigning, or otherwise transferring any interest therein, or its power to execute such agreement to any other company, corporation, or entity without the previous consent and written approval of the RIL. In the event the RIL approves the use of subcontractors in performance of this contract, the prime vendor shall continue to be liable to satisfy all the terms, provisions, and conditions of the RFP and contract.

7. PERFORMANCE GUARANTEE

- A. If the successful vendor is a subsidiary corporation, its parent corporation shall also be required to sign the contract and unconditionally guarantee the performance of the vendor under the contract.

SECTION C – REQUIREMENTS OF TICKET QUALITY

1. REQUIREMENTS

- A. By submitting a bid proposal, the bidding vendor acknowledges that the RIL requires a product of exceptionally high quality. The RIL will require the successful vendor to provide a color proof of each ticket, so that it can verify the ticket graphics, make color changes, and/or other corrections if necessary. Additional proofs will be required after color changes and/or corrections. Tickets will be inspected upon delivery. The RIL reserves the right to inspect up to one hundred percent (100%) of the tickets for any and all aspects to assure compliance with specifications herein.
- B. The requirements include the capability of on-line communication to view changes to colors, graphics, artwork, and/or other corrections.
- C. The tickets shall be manufactured under the system known as “full accountability”.

1. If a single ticket in any pack(s) fails to conform to specifications, the entire pack(s) may be deemed to be non-conforming.
2. To maximize the security and integrity of the game and to minimize the possibility of tampering (or even the appearance of tampering), visible scratches, holes, or pitting in the scratch-off surface, which expose any portion of the underlying paper surface (whether or not any portion of the image symbols are exposed), shall be cause for rejection of tickets. Furthermore, the overprint on the scratch-off surface shall be sharply and crisply printed.
3. The border between the scratch-off surface and the uncovered portion of the ticket shall be sharp and even; i.e., the scratch-off material may not “drip” onto the display printing.
4. The scratch-off material shall be smooth and regular to the touch.
5. The design of the overprint shall be such that virtually all of the scratch-off material is covered by an overprint color (either a “full” or “screened down” intensity). The overprint must extend up to or beyond the edges of the scratch-off onto the paper, and the overprint must be regular so that the consumer can easily detect any irregularities in the ticket.
6. The scratch-off materials shall be readily removable without significant residue when scratched in a normal manner and subjected to normal environmental factors. Latex coverings that smear or fail to come off when scratched, or latex coverings that require excessive pressure and/or scratching to remove, will be deemed non-conforming.
7. Packs shall not contain more than a minimal amount of shavings or other material that fall out upon opening of the packs.
8. Each pack of tickets shall contain precisely the number of tickets specified and approved by the RIL.
9. A ticket may be deemed non-conforming if each imaged symbol is not complete and in accordance with the artwork as specified and approved by the RIL.
10. The RIL images symbol must not be obliterated:
 - a. In the course of removing the scratch-off covering using normal pressure,
 - b. After removal of the scratch-off covering by application of any common solvent (perspiration, saliva, water, soft drinks, coffee, and the like) and/or moderate rubbing (twelve (12) or fewer times) with a tissue or other soft object, and

- c. The play symbols under the rub-off area shall be covered with a transparent protective coating so that the play symbols are protected when the consumer rubs off the opaque covering.
11. Inks shall be of such quality that there is no “offsetting” from the front of tickets to the back of tickets on an adjacent page and vice versa.
12. Each and every image symbol must be completely covered by scratch-off material.
13. Subject to normal printing trade tolerances and practices, the display printing, scratch-off material, and overprint must be properly registered.
14. Subject to normal printing trade tolerances and practices, the packs of tickets must be properly trimmed and slit. Shrink wrapping must be intact, and packs must be assembled in a uniform manner.
15. If the bidding vendor has any limitations in regard to the capability of printing a variety of words, letters, numbers, characters, or unique symbols in various combinations of colors, these must be fully and clearly disclosed in the response.
16. The imaged symbols must be printed clearly, easily read, and distinguishable; and the images shall not bleed.
17. Neither winning nor non-winning tickets shall bear any distinguishable markings other than the symbols concealed by the removable rub-off material.
18. Any exceptions to the above requirements must be clearly stated in the proposal under this section heading.

SECTION D –TICKET SPECIFICATIONS & SUPPORT REQUIREMENTS

1. GENERAL

- A. This section provides detailed specifications for the game tickets and requirements of the support work to be performed. It is the intention of the RIL to receive bids on instant game tickets produced with methods consistent with the detailed specifications below.

2. STOCK

- A. Tickets are to be printed on ten (10) pt. coated one-side recyclable stock.

3. PAGE ARRANGEMENTS

- A. There shall be five (5), four (4), three (3), two (2) or one (1) ticket(s) on a page in a continuous fan-fold arrangement. Each book of tickets shall be assembled so as to maintain the consecutive order of the tickets in the book.

4. GAME PRICING GRID

- A. Grid shown below reflects ticket size, quantity, pack size, fan fold, and possible ticket sale price.
- B. Bidders must be capable of producing tickets within ten percent (10%) +/- of the total ticket area of these sizes.
- C. All programming and any/all costs will be included in the pricing per thousand.
- D. Include a discount pricing matrix for running one (1), two (2), three (3), and four (4) games simultaneously.
- E. Price all the ticket quantities that are highlighted; bidding vendor shall provide a price interpolation formula.
- F. Bidders will provide pricing for the printing of a four inch by four inch (4" x 4") ticket, fan folded at two (2) and three (3); as shown in pricing grid.

Ticket Size	Qty	Qty	Pack Size	Possible Tic. Sale Price	Fan Fold							
2.4 x 4	1.0	1.2	1.5	2.0	3.0	4.0	5.0	7.0	9.0	200	\$1	5
3 x 4	1.0	1.2	1.5	2.0	3.0	4.0	5.0	7.0	9.0	200	\$1	4
4 x 4	800k	1.0	1.5	2.0	2.5	3.0	3.5	4.5	5.5	150	\$2	2
4 x 4	800k	1.0	1.5	2.0	2.5	3.0	3.5	4.5	5.5	150	\$2	3
4 x 4	800k	1.0	1.5	2.0	2.5	3.0	3.5	4.5	5.5	100	\$2	2
4 x 4	800k	1.0	1.5	2.0	2.5	3.0	3.5	4.5	5.5	100	\$2	3
6 x 4	800k	1.2	1.5	2.0	2.5	3.0	3.5	4.5	5.5	100	\$2/\$3	2
6 x 4	800k	1.2	1.5	2.0	2.5	3.0	3.5	4.5	5.5	150	\$2/\$3	2
7 x 4	500k	600k	800k	1.0	1.2	1.5	2.0	3.5	4.5	40	\$5	1
7 x 4	500k	600k	800k	1.0	1.2	1.5	2.0	3.5	4.5	50	\$5	1
7 x 4	500k	600k	800k	1.0	1.2	1.5	2.0	3.5	4.5	60	\$5	1
8 x 4	500k	600k	800k	1.0	1.2	1.5	2.0	3.5	4.5	60	\$5	1
9 x 4	200k	225k	250k	300k	400k	500k	600k	800k	1.0	30	\$10	1
9 x 4	200k	225k	250k	300k	400k	500k	600k	800k	1.0	60	\$10	1
10 x 4	200k	225k	250k	300k	400k	500k	600k	800k	1.0	60	\$20	1
11 x 4	200k	225k	250k	300k	400k	500k	600k	800k	1.0	30	\$10/\$20	1
11 x 4	200k	225k	250k	300k	400k	500k	600k	800k	1.0	60	\$10	1

5. FRONT DISPLAY PRINTING

- A. The proposed ticket must allow for the printing of game design elements such as basic graphics, “play” area (rub off) vinyl, or other design features over the total surface of the ticket, less the border of one eighth inch (1/8”). The proposed ticket and the printing process must permit complete flexibility to produce both vertical and horizontal ticket layouts.

6. TICKET QUALITY REQUIREMENTS

- A. Front Side: Successful vendor must provide tickets using a four (4) color ticket printing process with integrated artwork. The printing process must be capable of five (5) overprint colors and all inkjet images must be covered with a clear seal coat (UV coating).
- B. Back Side: Successful vendor is required to use one (1) color.

7. BOOK SIZE

- A. Books shall have thirty (30), forty (40), fifty (50), sixty (60), one hundred (100), one hundred fifty (150) or two hundred (200) tickets. Vendor shall indicate whether other possibilities are available. The consistency of the correctness of the count of tickets in a book is of utmost importance to the RIL. There will be no voids allowed within the book.

8. PERFORATIONS

- A. Perforations between tickets shall be deep enough to allow the retailer or ticket vending machine to detach tickets without damaging them, but not so deep as to allow inadvertent detachment. A weight test will be used by the RIL to ensure that tickets fulfill this requirement.

9. LOTTERY SYMBOLS

- A. The RIL symbols are to be primarily printed in black ink, legible, uniformly positioned, and aligned on the tickets. The RIL symbols must be easily readable by the public. Size will depend on the particular game design and ticket layout chosen by the RIL. The successful vendor must be able to provide special symbols (such as boats, TV’s, cars, top prize drawing, etc.), as may be required by the particular game design. These symbols must be fine line and sharp in detail.

10. CAPTIONS

- A. To provide redundancy for security reasons, each RIL symbol must be accompanied by a caption that spells out the RIL symbol in type smaller than the symbol itself.

11. NUMBERING

- A. Each pack, and all tickets within the pack, must bear a unique pack identification number for use in controlling ticket distribution and accounting. Each ticket in a pack shall have a unique sequential number. Pack/ticket numbering will be printed on the back of the ticket immediately above the bar code in black ink.

12. INDIVIDUAL TICKET NUMBER

- A. Each ticket must have numbering to be used for winning ticket claims validation and the reconstruction of RIL game numbers, symbols, or letters, which have become mutilated or unreadable. Each ticket will be numbered on top and bottom of the front of each ticket (000, 001, 002, etc.).

13. RETAILER VALIDATION CODE

- A. Some instant ticket games will have a code for use by retailers in verifying and paying prizes. All extended-play games are printed with this code. The RIL may choose to use this code on other games.

14. PROTECTIVE COATING

- A. The RIL symbols under the security coating rub-off must be covered with a transparent protective coating so that the RIL symbols are protected when the consumer rubs off the opaque covering.

15. RUB-OFF MATERIAL

- A. The security coating rub-off material shall be completely removable by scraping or rubbing and shall fragment when so removed without causing dusting. The rub-off material shall not be chemically or dermatologically irritating or cause harm to clothing, such as staining, etc. when removed.

16. OVERPRINT

- A. A minimum of four (4) colors will be required on the overprint design on top of all security coating rub-off material. The overprint design shall be a regular artistic design in the case of the spots covering RIL symbols. The overprint covering RIL symbols shall be clear, not blurred, and sharp in order to facilitate detection of tampering.

17. INKS

- A. Inks shall not smear, run, or stain under normal handling or use by consumer, nor be chemically or dermatologically irritating.

18. BAR CODED TICKETS

- A. Vendor must be able to supply bar coding on both the front and the back of the ticket. An interleaved two (2) of five (5) barcode containing twenty (20) digits of barcode data will be imaged on each ticket back. The barcode will consist of a three (3) digit game number, a six (6) digit pack number, a three (3) digit ticket number, and an eight (8) digit validation number. The barcode will be positioned so that it is within three inches (3") from the top or the bottom of the perforated edge of the ticket. Barcodes will be printed with a minimum of a one tenth inch (0.10") of printed barcode on each side of the centerline, and a quarter inch (0.25") of quiet (i.e. white) space will appear in front of and after the barcode. Additional specifications may be required as detailed in the Executed Working Papers.
- B. The barcode must meet American National Standards Institute (ANSI) specification, achieve a first-time read rate of ninety-five percent (95%), achieve a third-time read rate of ninety-nine percent (99%) and be printed to RIL specifications. The successful vendor will also be required to be able to support standard barcodes, as the specifications noted above are based on the RIL's current requirements for the specific terminals in use today, which may change over the course of the contract.
- C. A UPC code is required.
- D. RIL will require the use of a secured, keyless validation bar code, compatible with GTECH Express Point Checkers, with the ability to identify winning tickets and the prize amount.
- E. The RIL currently requires a PDF417 barcode printed on the front of the ticket that is then covered with scratch-off material to support player self-service ticket checking. The RIL may elect to change the content of this barcode during the contract period in order to allow the self-service ticket checkers to display prize amounts using the hidden barcode. The hidden barcode might also be changed to support keyless validation. Selected vendor will be supplied with all necessary algorithms. If the RIL elects to change the content of the hidden PDF417 barcode, vendor will be required to supply a software test game to confirm its ability to implement the new algorithm.

19. TICKET-BY-TICKET ACCOUNTING

- A. The RIL is aware that retailers need to have instant ticket accounting at the ticket level. This capability would also facilitate real-time understanding of the retailer's inventory and would permit automatic re-ordering and just-in-time inventory management.
- B. Bidders should describe methods by which the instant tickets themselves can complement a technical solution for ticket-by-ticket

accounting. The proposal should address bar coding or alternative technologies that would simplify scanning/recording of each ticket as it is sold.

20. ASSEMBLY

- A. Each book shall be assembled in such fashion to maintain the consecutive order of the tickets in the book.

21. LOT PACKAGING

- A. Each book of tickets shall be shrink wrapped so that the book number is visible. The shrink-wrap seam should not cover the bar code; it should run on the side of the book.

22. SHIPPING CARTONS

- A. Cartons will be labeled in bold black lettering to insure visibility (readability) from a distance of twenty feet (20'), showing game name, shipping carton number, range of packing numbers, and omissions (if any) specifying pallet (i.e. one (1) of five (5), two (2) of five (5), three (3) of five (5), etc.). The shipping carton size is at the option of the vendor with RIL approval. Cartons may be less than one hundred percent (100%) but not less than fifty percent (50%) full.
- B. Shipping carton will be numbered starting with 0001.
- C. Shipping carton is to be two hundred seventy-five pound (275 lb.) test.
- D. Tape will not obscure markings or label. Colored markers, round colored stickers or another method, at the option of the vendor with RIL approval, will be placed on each carton to identify the game.

23. SKIDS

- A. To avoid possible damage, cartons should not extend beyond the base of the pallet. Pallets are to be shrink wrapped (top & sides), two (2) bands on the sides and front, corner and edge protected, and contents identified on both sides of skid. Cartons are to be packed on pallets with highest carton number on the bottom layer of the pallet, lowest carton number on the top layer of the pallet. Cartons should be placed in two (2) rows facing forward. Pallets are to be thirty inches by forty inches (30" x 40"), with three (3) runners four inches (4") high and thirty inches (30") long to allow forklift to enter on the forty inch (40") sides, each pallet to have center brace. Overall height of the pallet and content of cartons should not exceed five feet (5').

24. TRANSPORTATION

- A. Tickets are to be transported to the RIL in locked, sealed, exclusive-use trucks or locked, sealed airfreight containers. Deliveries are to be F.O.B. point of delivery.
- B. The successful vendor shall bear all risks of damage or loss of tickets while in transit to the RIL warehouse.

25. RETAILER SAMPLES

- A. The RIL requires one thousand (1,000) actual size retailer samples for each game. These samples are to be non-winning “tickets” and must bear the words, “VOID SAMPLE” on the back. Finished sample tickets should be shipped to the RIL with printed games.
- B. Successful vendor will provide one thousand five hundred (1,500) four inch by four inch (4” x 4”) samples for each game and one thousand five hundred (1,500) samples for each color pulse within a game. Successful vendor will provide three thousand (3,000) four inch by four inch (4” x 4”) samples for games that are over ordered for re-launch (price as option).
- C. A sample set of proposed working papers should be enclosed with a bidder proposal. Additional or innovative suggestions are welcome.

26. RUBBING ABILITY

- A. Game tickets printed must be readable and able to be rubbed easily for a minimum of twenty-four (24) months from delivery date to the RIL. The successful vendor will replace (as provided in “nonconforming deliveries”) any tickets which fail to rub satisfactorily within this period and are not sold by reason of such failure. It is understood that proper storage of tickets delivered to the RIL pending public distribution, is the responsibility of the RIL.

27. SHIPPING MANIFEST

- A. The successful vendor will provide a shipping manifest detailing:
 - 1. Which cartons are included in the shipment,
 - 2. Which packs are in which carton,
 - 3. Which packs were omitted from which carton, and
 - 4. Separate lists detailing which cartons are on each pallet.
- B. A summary report listing:
 - 1. The gross number of tickets,
 - 2. Number of omitted tickets,

3. Net number of tickets, and
 4. The range of pack numbers and the range of carton numbers.
- C. All information will be sent in CD format.

28. WINNER CD REQUIREMENTS

- A. The successful vendor will provide inventory, low-tier, and high-tier, validation CDs in accordance with the specifications supplied by the RIL.

29. INVENTORY/ARTWORK CD REQUIREMENTS PER GAME

- A. All books are shown on the inventory CD with a status code indicating whether good or omitted, in accordance with the specifications supplied by the RIL. Each game will be listed separately. Artwork CD required for each instant ticket game.
- B. All CDs must be shipped with game or by courier.

30. END OF GAME PRIZE STRUCTURE REPORT

- A. The successful vendor will submit an end-of-production prize structure report prior to delivery of game(s). The report will contain an analysis of the variance between the game's approved prize structure and the prize-winning tickets delivered to the RIL warehouse. The analysis must address both the dollar value of the prizes and the number of winning tickets by prize level.
- B. The odds of winning any prize must not vary from the odds stated in the Executed Working Papers.

31. INSTANT TICKET TESTING

- A. Submission of ticket samples to a testing laboratory, or at a vendor's facility acceptable to the RIL, for physical security testing against the potential problem of picking out winning tickets (via such techniques as utilizing high intensity lights, lasers, x-rays, photography microscopes, optical fibers, cystoscopes, scanning lasers, microscopy solvents, heat frequency, debonding, etc.) at successful vendor's expense is required.
- B. A separate independent audit to ensure compliance with the specifications of the Executed Working Papers at successful vendor's expense is also required.
- C. The above testing is required for all games printed.

32. PRIZE PAYMENT DISPUTES

- A. Periodically a player will present a ticket for payment that the player claims is an authentic winner, which does not validate as a winning ticket. In this circumstance, the ticket must be analyzed to determine whether a prize should legitimately be paid. In such cases, the vendor shall be required to assist the RIL, within the scope of the contract and at no additional charge, in an investigation of the player's claim. This may require the successful vendor to bring to bear production records, shipping records, ticket laboratory analysis, etc. This service must be provided in a confidential and secure manner.
- B. The successful vendor may be liable for ticket refunds or payments arising as a result of errors or faults by the vendor's products, systems, staff, or sub-contractors. These cases include, but are not limited to, misprints, bar code errors, and/or other errors that may present a cause for product replacement, player refunds, or payment of a non-winning ticket (as established by the validation file) that appears to be a winner. Determination of a qualifying error will be made by the RIL.
- C. Upon request by the RIL, the successful vendor shall provide to authorized RIL personnel only, reconstruction of the play data of any ticket using the game, book, ticket numbers, and/or the validation number.

33. SHELF LIFE

- A. Tickets must remain readable, able to be rubbed easily, and in good condition, regardless of the environment encountered in normal handling and usage, for a minimum of twenty-four (24) months from delivery date of the tickets.

34. TIME SCHEDULE

- A. Bidders shall submit a schedule, which reflects the bidder's minimum time requirements from receipt of notification by the RIL of its desire to commence work on a game to delivery of game tickets to the RIL. Bidders should indicate if this schedule would apply to the first game ordered. Time from receipt of the Executed Working Papers to ticket delivery shall be thirty (30) days.

35. GAME NAME

- A. The successful vendor shall obtain and pay for a federal trademark and patent search, and a state trademark search within the state, on the name chosen for a game, and obtain a written opinion from the trademark counsel of the use of this name for the game by the RIL. The RIL shall then review the opinion and decide upon the name of the game and embody its decision in its final mechanical art of the game.
- B. All information will be on CD format.

36. PATENT/COPYRIGHTS/TRADEMARK

- A. Successful vendor agrees to indemnify and hold harmless the RIL, employees, retailers, its successors, assignees, customers, and users of the goods herein described against any and all loss, damage, or injury arising out of a claim or suit for alleged infringement of any patent, copyright or trademark relating to such goods or for the use of any copyrighted composition. The successful vendor shall be liable to the RIL resulting from such claim, and shall agree to assume the defense of any and all such suits and pay the cost and expenses incidental thereto, subject to the right of the RIL to retain additional legal counsel at its own expense.

37. SECURITY PLAN

- A. The bidding vendor shall provide a detailed security plan by which it intends to produce the instant game tickets. The plan will include plant security, ticket construction security, and anti-counterfeiting security, plan design security, redemption security, game and design security, etc. Also, the plan should include measures taken to minimize and detect ticket alteration and counterfeiting attempts. The bidder shall identify potential security problems and its method of handling these problems. An understanding of the overall importance of security in all phases of design, materials, procurement, production, transportation, storage, distribution, validation, and disposition of game tickets is to be made manifest in the procedures, methods, controls, and accounting systems of the program plan. It is intended that all sections and paragraphs of this RFP have implied the essential need for security, though such may not be explicitly stated.
- B. The bid proposal must make clear and specify the precautions, safeguards, inspections, reporting, and other measures included in the entire program. Bidders must specifically note that plant security for ticket production must be approved by the RIL before ticket printing commences. The RIL must be convinced, beyond reasonable doubt, that the bidder has the capability and integrity required to maintain constant vigilance against any breach of security.
- C. Failure to meet or maintain RIL approved security standards will be grounds for exclusion from further consideration, or if a contract has been awarded, will be grounds for immediate cancellation of the contract.

SECTION E - GAME INSURANCE, BONDING, AND PRICING

1. ERROR AND OMISSIONS INSURANCE

- A. For duration of all games printed during the term of this contract, the vendor shall be required to obtain and maintain a blanket error and omissions liability insurance policy of not less than two million dollars

(\$2,000,000.00) per incident. A company authorized to do business in the State of Rhode Island must provide the insurance policy. The vendor shall insure that the insurance company sends the certificate to the Director of the RIL.

- B. The insurance policy will cover the risks and limits set forth below:
1. The selected vendor will be required to provide insurance protection for the reimbursement to the RIL for over-redemption due to any errors and/or omissions associated with the instant game tickets required under this specification.
 2. Coverage will be obtained to indemnify the RIL for the purchase price of unsold lottery tickets if an instant game is terminated because winners can be identified before play, ticket-manufacturing quality is unacceptable, or claims and redeemed tickets deviate from the approved prize structure.
 3. Coverage will be obtained to indemnify the RIL for up to fifty thousand dollar (\$50,000.00) per game for expenses incurred (i.e. advertising, promotion, etc.) for which the RIL did not receive full value because the RIL discontinued a game, because manufacturing quality was poor, claims and redemptions deviated from the approved prize structure, or if winning tickets can be identified before play.

2. LITIGATION/PERFORMANCE BONDS

- A. Each bidder must submit with its bid a litigation bond in the amount of one hundred thousand dollars (\$100,000.00). A claim upon the bond may be made by the RIL if:
1. The bidder brings any legal action or protest against the State of Rhode Island, RIL, or any individual member thereof, or any employees of the RIL, over the award of the instant ticket contract.
 2. The RIL is the prevailing party at the conclusion of the litigation.
 3. The court decision determines that the action or any portion thereof was frivolous, was brought in bad faith, or was not brought upon reasonable grounds.
 4. The bond shall remain in effect for two (2) years from the bid submission date. Bidders may request, and the RIL may grant, a release of the bond after six (6) months from the bid submission date in return for a release and covenant, in a form acceptable to the RIL, not to sue. The successful vendor may request such a release. The release may be granted at the time of contract execution.

- B. The successful vendor will be required to submit, at the time of the contract execution, a performance bond in the amount of five hundred thousand dollars (\$500,000.00). The bond must be issued by a company authorized to do business in the State of Rhode Island and must meet the approval of the RIL. The bond shall be maintained in full force during the term of the contract.

3. PRICING

- A. Bidders shall include all costs from initial game design to delivery of finished tickets to the RIL in one all-inclusive price as its “basic ticket price”. The “basic ticket price” shall include all ticket specifications and support requirements set forth in the proposal as production requirements.
- B. Bidders will bid for one hundred percent (100%) of RIL instant ticket printing.
- C. RIL reserves the right to use an outside vendor if a special feature, licensed property, trademark etc., prohibits successful vendor from printing said game.

4. OPTIONS

- A. Bidders will include a list of options with all applicable costs. RIL’s most frequently used options are color pulse, scene change, additional colors, marking system, metallic inks and a pricing formula for additional quantities.

SECTION F – EVALUATION AND SELECTION

1. EVALUATION PROCESS

- A. The RIL intends to conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP. All responses will be reviewed and scored by an Evaluation Committee. The Committee will evaluate each proposal that is properly submitted and provide its findings to the RIL Director, who will make the final selection.
- B. An award will be made to the highest evaluated vendor who, in the sole judgment of the RIL, meets all of the requirements of the specifications, terms, and conditions, contained herein.
- C. Bidders are to understand that the criteria used in the selection process are both objective and subjective and that price is not the only determining factor. Integrity, experience, financial resources, and capabilities of the vendor, and other relative matters will also be taken into consideration, as well as record of successes (and failures if applicable) with other lotteries.

- D. The RIL reserves the right to determine which vendors have met the requirements of this RFP and to determine whether any deviation of the requirements of the specifications, terms, and conditions contained herein is merely minor or technical in nature.
- E. RIL also reserves the right to accept bids which deviate in a minor or technical manner.
- F. All proposals submitted must meet a minimum evaluation score of twenty-five (25) points in order to have the pricing component evaluated. Any proposals scoring less than twenty-five (25) points will be dropped from further consideration.
- G. The RIL reserves the right to accept or reject any, or all, bids, proposals, award on cost alone, cancel the solicitation, and to waive any technicality in order to act in the best interests of the RIL and to conduct additional negotiations as necessary.
- H. Proposal scoring will be based on the following point system:

Quality	10 Points
Experience	10 Points
Integrity	10 Points
Financial Stability	10 Points
Price	<u>60 Points</u>
	100 Points

2. SELECTION

- A. The Evaluation Committee will submit written findings, including the results of all evaluations, to the RIL Director, who will make the final selection for this solicitation.
- B. Upon receipt of the Committee’s report, the Director is free to engage in dialogue with members of the Committee. The Director may take as much time as he deems necessary to review the report and query the Committee.

SECTION G – RESPONSES

1. COMPLIANCE WITH FORMAT

- A. All responses must conform to the RIL’s request. Bidders, in their responses, must refer to the specific sections in this RFP.
- B. Responses must be submitted in a manner that will enable the RIL Evaluation Committee to analyze each bidder’s response fairly and arrive at a meaningful comparison of proposals.

- C. Except for preprinted brochures or similar material, all pages of the proposals must be clearly numbered in sequential order.

2. PREPARATION COSTS

- A. The RIL will not be responsible for any costs incurred by a bidder in the preparation and submittal of bidder's response.

3. RESPONSE REQUIREMENTS

- A. Responses not conforming to the requirements of the RFP will not be considered.
- B. All responses must be valid for one hundred twenty (120) days.

4. REJECTION RIGHTS

- A. The RIL reserves the right to reject any or all proposals.
- B. Any proposal not containing sufficient information to permit a thorough analysis may be rejected, as will any response that fails to meet the minimum requirements detailed in the RFP.

SECTION H – RESTRICTIONS ON COMMUNICATIONS

1. RESTRICTIONS ON COMMUNICATIONS

- A. Contact with RIL personnel is limited to written questions sent to the attention of the Evaluation Committee either by e-mail (tkiernan@rilot.ri.gov) or faxed to 401-463-5669 by the date stipulated herein.
- B. Contact with any RIL personnel or officials elected or appointed in the State of Rhode Island in an effort to influence the awarding of this contract shall be grounds for rejection of bidder.
- C. Prior to the approval of a contract, bidders shall not represent themselves to RIL staff or retailers as having the endorsement of the RIL, nor as the RIL's next supplier of instant tickets.
- D. Extraordinary requests for exceptions to these restrictions may be directed, in writing, to the RIL Director.
- E. Any bidders causing or attempting to cause a violation or circumvention of this ethical standard may, in the sole discretion of the RIL, be disqualified from further consideration.

SECTION I – SCHEDULE OF EVENTS

1. SCHEDULE OF EVENTS

- A. The RIL reserves the right to change the dates listed below. If changes are made, all applicants known to have received the original RFP will be contacted.

RFP Release	Monday, January 7, 2013
Written Questions Due	Tuesday, January 22, 2013
Responses to Questions	Tuesday, January 29, 2013
Proposals Due	Tuesday, February 19, 2013
Committee Report	February, 2013

SECTION J -SUBMITTAL DATE AND FORMAT

1. INSTRUCTIONS FOR RESPONSE SUBMITTAL

- A. The original and five (5) copies of the bidder’s proposal, including all attachments, in the same order as the specific sections of the RFP, as well as the original and five (5) copies of the bidder pricing sheets, must be received by the RIL no later than 4:00 p.m., Eastern Standard Time, on Tuesday, February 19, 2013. Public opening of the technical proposals (not pricing) will be held on Wednesday, February 20, 2013, at 9:00 a.m.
- B. Any proposals received after 4:00 p.m. Eastern Standard Time on Tuesday, February 19, 2013, will not be accepted.
- C. Proposals and pricing sheets must be submitted in separate envelopes addressed to:

Gerald S. Aubin
Rhode Island Lottery
1425 Pontiac Avenue
Cranston, RI 02920

- D. Each envelope should be clearly marked to indicate its contents as follows:

“Sealed Bid – Instant Ticket Proposal”
“Sealed Bid – Instant Ticket Pricing”

ATTACHMENT No. 1**GAMES LAUNCHED FISCAL YEAR 2012**

Launch	\$	Game #	Game Name	Pack Size	Tickets	Potential	Books	Top Prize	Vend
7/15/11	\$1.00	727	Hot Ticket	200	1,014,000	\$1,014,000	5,070	\$1,000	SGI
7/15/11	\$2.00	721	EZ Money	100	812,400	\$1,624,800	8,124	\$10,000	SGI
8/19/11	\$1.00	725	Match 3 Tripler	200	1,012,200	\$1,012,200	5,061	\$3,000	SGI
8/19/11	\$2.00	722	Bank On It	100	811,300	\$1,622,600	8,113	\$15,000	SGI
9/1/11	\$5.00	312	Count "Cash" Ula	40	524,320	\$2,621,600	13,108	\$35,000	GTECH
9/23/11	\$1.00	724	Holly Day Cash	200	1,010,400	\$1,010,400	5,052	\$250	SGI
9/23/11	\$2.00	729	Cookie Dough	100	814,200	\$1,628,400	8,142	\$10,000	SGI
9/23/11	\$5.00	313	Tis The Season	40	524,280	\$2,621,400	13,107	\$35,000	GTECH
9/23/11	\$10.00	315	Happy Holiday	30	416,880	\$4,168,800	13,896	\$65,000	GTECH
9/30/11	\$5.00	731	Wheel Of Fortune	40	809,400	\$4,047,000	20,235	\$30,000	SGI
10/11/11	\$1.00	723	Baseball	200	7,333,200	\$7,333,200	36,666	\$10,000	SGI
10/28/11	\$2.00	730	Cash To Go	40	814,800	\$1,629,600	20,370	\$10,000	SGI
11/21/11	\$3.00	732	Loteria	60	1,712,700	\$5,138,100	28,545	\$20,000	SGI
12/6/11	\$5.00	311	Fabulous Fortune	40	524,240	\$2,621,200	13,106	\$50,000	GTECH
12/20/11	\$5.00	734	50 Grand	40	505,960	\$2,529,800	12,649	\$50,000	SGI
12/20/11	\$1.00	737	Gold Rush	200	1,016,200	\$1,016,200	5,081	\$2,000	SGI
NO LAUNCH JANUARY 2012									
1/10/12	\$5.00	735	Royal Riches	40	507,640	\$2,538,200	12,691	\$35,000	SGI
1/10/12	\$1.00	726	Money Bags	200	1,016,400	\$1,016,400	5,082	\$2,000	SGI
1/17/12	\$2.00	294	Cash Bonus	100	822,100	\$1,644,200	8,221	\$10,000	GTECH
1/17/12	\$5.00	733	Silver & Gold	40	508,400	\$2,542,000	12,710	\$40,000	SGI
1/25/12	\$1.00	736	Quick Cash	200	1,013,600	\$1,013,600	5,068	\$1,000	SGI
1/30/12	\$2.00	720	Topaz 7's	100	812,300	\$1,624,600	8,123	\$17,777	SGI
1/30/12	\$3.00	319	Bejeweled	60	1,258,320	\$3,774,960	20,972	\$20,000	GTECH
2/17/12	\$2.00	741	Triple 7's	100	814,600	\$1,629,200	8,146	\$7,000	SGI
2/17/12	\$1.00	316	Lucky Rewards	200	1,046,200	\$1,046,200	5,231	\$2,000	SGI
2/27/12	\$5.00	710	Black Pearl	40	507,960	\$2,539,800	12,699	\$40,000	SGI
2/27/12	\$10.00	322	Platinum Card	30	312,450	\$3,124,500	10,415	\$65,000	GTECH
2/28/12	\$5.00	320	Wild C Crossword	40	1,040,160	\$5,200,800	26,004	\$50,000	GTECH
2/28/12	\$20.00	321	Lucky x 20	30	306,690	\$6,133,800	10,223	\$20,000	GTECH
3/9/12	\$10.00	314	Pinball Wizard	30	522,780	\$5,227,800	17,426	\$100,000	GTECH
3/23/12	\$1.00	738	Lucky Bug	200	1,009,000	\$1,009,000	5,045	\$2,500	SGI
3/23/12	\$2.00	326	3 Stooges	100	1,025,700	\$2,051,400	10,257	\$10,000	GTECH
4/6/12	\$5.00	748	Lucky Loot	40	500,000	\$2,500,000	12,500	\$30,000	SGI
4/17/12	\$2.00	744	Crossword 31	100	3,000,000	\$6,000,000	30,000	\$15,000	SGI
5/15/12	\$3.00	745	Slingo x 5	100	1,200,000	\$3,600,000	12,000	\$20,000	SGI
6/1/12	\$1.00	317	Sand Dollars	200	1,000,000	\$1,000,000	5,000	\$2,000	GTECH
6/1/12	\$5.00	747	Fire & Ice	40	500,000	\$2,500,000	12,500	\$35,000	SGI
6/25/12	\$2.00	728	Cheers	100	813,900	\$1,627,800	8,139	\$10,000	SGI

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ATTACHMENT No. 2

LAUNCH PLAN FISCAL YEAR 2013

Launch	\$	Game #	Game Name	Pack Size	Tickets	Potential	Books	Top Prize	Vend
7/17/12	\$2.00	749	Bingo	100	1,219,500	\$2,439,000	12,195	\$10,000	SGI
7/20/12	\$5.00	757	Blackjack Trip	40	507,880	\$2,539,400	12,697	\$21,000	SGI
8/10/12	\$5.00	327	Patriots	40	1,048,400	\$5,242,000	26,210	\$35,000	GTECH
8/24/12	\$1.00	318	Lucky Stars	200	1,002,400	\$1,002,400	5,012	\$1,000	GTECH
8/24/12	\$2.00	740	Ruby Riches	100	814,100	\$1,628,200	8,141	\$15,000	SGI
8/24/12	\$5.00	312	Count Cashula	40	203,760	\$1,018,800	5,094	\$35,000	GTECH
8/27/12	\$10.00	323	Ultimate Payday	30	301,650	\$3,016,500	10,055	\$65,000	SGI
9/10/12	\$1.00	754	Exploding 8's	200	1,011,400	\$1,011,400	5,057	\$888	SGI
9/10/12	\$2.00	739	RI Limited	100	814,600	\$1,629,200	8,146	\$15,000	SGI
9/10/12	\$5.00	746	Cash in a Flash	40	507,920	\$2,539,600	12,698	\$40,000	SGI
9/28/12	\$1.00	759	Sugar Plum	200	1,012,000	\$1,012,000	5,060	\$250	SGI
9/28/12	\$2.00	764	Holiday Greetings	100	815,000	\$1,630,000	8,150	\$10,000	SGI
9/28/12	\$5.00	313	Tis The Season	40	144,920	\$724,600	3,623	\$35,000	GTECH
9/28/12	\$10.00	315	Happy Holiday	30	256,290	\$2,562,900	8,543	\$65,000	GTECH
10/5/12	\$5.00	758	The Kings Gold	40	507,920	\$2,539,600	12,698	\$40,000	SGI
10/12/12	\$5.00	763	Peppermint 7's	40	711,200	\$3,556,000	17,780	\$35,000	SGI
TBD	\$1.00	760	Dice	200	1,017,600	\$1,017,600	5,088	\$2,000	SGI
TBD	\$2.00	750	Electric 8's	100	812,300	\$1,624,600	8,123	\$8,888	SGI
TBD	\$5.00	310	Poker	40	524,520	\$2,622,600	13,113	\$30,000	GTECH
11/9/12	\$1.00	752	Gold Class	200	1,013,600	\$1,013,600	5,068	\$3,000	SGI
11/9/12	\$2.00	751	5 x The Cash	100	814,700	\$1,629,400	8,147	\$12,000	SGI
11/23/12	\$1.00	753	Pay Out	200	1,016,600	\$1,016,600	5,083	\$2,000	SGI
12/7/12	\$1.00	743	Sapphire 6	200	1,018,800	\$1,018,800	5,094	\$1,000	SGI
12/7/12	\$5.00	756	Horseshoe Bucks	40	507,400	\$2,537,000	12,685	\$35,000	SGI
1/4/13	\$2.00	766	Crossword 32	100	3,000,000	\$6,000,000	30,000	\$15,000	SGI
1/4/13	\$10.00	775	R. I. Red	30	300,000	\$3,000,000	10,000	\$100,000	SGI
1/4/13	\$5.00	767	Jokers Wild	40	500,000	\$2,500,000	12,500	\$35,000	SGI
2/1/13	\$1.00	755	Lucky Diamonds	200	1,017,800	\$1,017,800	5,089	\$1,000	SGI
2/15/13	\$2.00	742	Pure Gold	100	815,000	\$1,630,000	8,150	\$24,000	SGI
2/15/13	\$5.00	772	Wild West Cash	40	500,000	\$2,500,000	12,500	\$40,000	SGI
3/8/13	\$2.00	770	Scratch Some Cash	100	800,000	\$1,600,000	8,000	\$15,000	SGI
3/22/13	\$5.00	771	Diamonds & Gold	40	500,000	\$2,500,000	12,500	\$30,000	SGI
4/5/13	\$1.00	762	7-11-21	200	1,015,800	\$1,015,800	5,079	\$1,776	SGI
4/19/13	\$2.00	769	10,000 Aces	100	800,000	\$1,600,000	8,000	\$10,000	SGI
4/19/13	\$5.00	776		40	500,000	\$2,500,000	12,500	\$50,000	SGI
5/10/13	\$1.00	761	3 X the Cash	200	1,016,800	\$1,016,800	5,084	\$3,000	SGI
5/10/13	\$5.00	777		40	500,000	\$2,500,000	12,500	\$35,000	SGI
5/10/13	\$10.00	774	Pinball Wizard	30	440,000	\$4,400,000	14,667	\$100,000	SGI
5/24/13	\$2.00	768	Ice Chest	100	800,000	\$1,600,000	8,000	\$10,000	SGI
5/24/13	\$5.00	778		40	500,000	\$2,500,000	12,500	\$40,000	SGI
6/14/13	\$1.00			200	1,000,000	\$1,000,000	5,000		SGI
6/14/13	\$2.00			100	1,200,000	\$2,400,000	12,000		SGI
6/28/13	\$1.00		Baseball	200	7,000,000	\$7,000,000	35,000	\$10,000	SGI
6/28/13	\$5.00		Crossword	40	1,200,000	\$6,000,000	30,000	\$50,000	SGI

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ATTACHMENT NO. 3

SALES COMPARISON FISCAL YEAR 2011 vs. FISCAL YEAR 2012

