

IDAHO LOTTERY
REQUEST FOR PROPOSAL
SCRATCH TICKET PRINTING RFP

October 30, 2026

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PART I: GENERAL INFORMATION

1.1 Introduction and Objectives

The Idaho Lottery (hereinafter "Lottery") is issuing this Request for Proposals (RFP) to solicit proposals for the printing of secure Scratch Ticket Games from responsible, responsive and experienced Vendors.

The current primary vendor contract expires on March 26, 2027. The contract awarded as a result of this RFP is expected to be for a five (5) year period of March 19, 2027, through March 25, 2032. The Lottery may opt to extend the contract for one (1) additional three (3) year period followed by two (2) additional one (1) year periods.

The successful Vendor(s) will be responsible for the design and manufacture of secure Instant Scratch Ticket Games and associated marketing-related support and research-related support. The successful Vendor(s) will ensure a product that will lead to high retailer and player satisfaction as well as a product that will maximize Instant Scratch Ticket Game sales and maintain the integrity and security of this product specifically and the Lottery in general.

The Lottery may make multiple contract awards as a result of this RFP – a Single Primary Contract and possible multiple Alternate Contract(s) to any other Vendors determined to be qualified at the Lottery's sole discretion. The Lottery shall have the sole discretion and the unilateral right to assign specific Instant Scratch Ticket Game orders to the Alternate Contractor(s). Such action will not infringe upon nor terminate the specific requirements of the resulting Contract.

The Primary Contractor will be the principal supplier of Instant Ticket Games and Related Services for the Lottery. In addition to the production of Scratch Ticket Games, the Primary Contractor will assist the Lottery with the overall operation of its Scratch Ticket program with the goal of increasing revenue. The Primary Contractor will be paid based on a firm, percentage of net sales.

The Alternate Contractor(s), if any, will provide Scratch Ticket Games and Related Services for selected games as determined by the Lottery on an as-needed basis. The Lottery shall have the sole discretion and the unilateral right to assign specific Scratch Ticket Game orders to an Alternate Contractor. The Alternate Contractor(s) will serve as a strategic consultant and be a producer of Scratch Ticket Games for the Lottery and will be paid based on a firm percentage of net sales.

Neither the Primary Contractor nor Alternate Contractor(s) is guaranteed any minimum amount of work. However, the Primary Contractor will be guaranteed to be assigned at least 60% of the total number of Instant Ticket Games which are procured each Fiscal Year under this Contract and it is anticipated that up to 40% of the total number of Scratch Ticket Games per Fiscal Year will be assigned to the Alternate Contractor(s). Historical data stated in this RFP regarding quantities of Scratch Tickets printed and amount of sales is for informational purposes only and is not a guarantee of any minimum or maximum quantities under this Contract.

Vendors may submit proposals for the Primary Contract, an Alternate Contract, or both. However, the Vendor awarded the Primary Contract will be ineligible for award of an Alternate Contract. Vendors for the Primary and Alternate Contracts shall meet all requirements stated in this RFP, except for those requirements specifically stated as being applicable only to the Primary Contract.

By contracting with multiple vendors (Primary and Alternate contractors) the Lottery may be able, to a) take maximum advantage of the design and production capabilities, implementation knowledge, and operational knowledge available in the marketplace, b) ensure sufficient product mix and product availability, and c) provide specialty games or other proprietary games as needed.

The Lottery encourages the greatest flexibility, creativity and participation in the response process by allowing Vendors to construct their own creative solutions for providing all Instant Scratch Ticket Game requirements set forth in this RFP. RFP responses, however, must meet the specific requirements identified in this RFP.

To obtain a complete copy of this RFP you may go to the Idaho Lottery website at www.idaholottery.com and click on Request for Proposals (https://www.idaholottery.com/pages/rfp), or formally request, in writing, a hard copy from the Idaho Lottery at P.O. Box 6537, Boise, ID 83707-6537.

1.2 Governing Law

The Lottery is statutorily exempt from Idaho state purchasing laws and regulations (section 67-7451, *Idaho Code).* Despite this exemption, it is the Lottery's policy to conduct its contracting affairs generally in accordance with state competitive bidding principles, reserving the right to use alternative contracting and procurement practices that take into account market realities. This procurement is deemed a "Major Procurement" under the provisions of sections 67-7420, 67-7421, *Idaho Code,* and IDAPA 52.01.03.200.08. As such, the Idaho Lottery Commission approved the issuance of this RFP at its meeting on October 29, 2026.

1.3 Glossary of Terms

Alternate Contractor – A supplier, on an as-needed basis, of Scratch Ticket Games and Related Services under this Contract that may print up to 40% of the Lottery's Scratch Tickets per Fiscal Year.

Commission - The Idaho Lottery Commission.

Contract -The Contract entered between the Lottery and the selected Vendor responding to this RFP. The Contract will include the General Terms and Conditions as set forth in Appendix E of this RFP and will incorporate the entire RFP, including any addenda/amendments, and all or indicated portions of the selected Vendor's Proposal, as well as any other provisions as indicated in the Contract.

Contractor - A Vendor (as referred to in the RFP) who has been awarded a contract as a result of the RFP and includes all employees and Subcontractors of the Contractor.

Data Matrix – A Keyless validation system utilizing a compressed barcode imaged under latex.

Director - The Director of the Idaho Lottery.

DreamTouch – Instant Ticket Vending Machine (ITVM) supplied by Intralot that dispenses all lottery tickets except PullTab and TouchTab games.

DreamTouch Smart – Low profile ITVM supplied by Intralot that dispenses all lottery tickets except for PullTab and TouchTab games.

Fiscal Year – The State budget year from July 1 – June 30. For example, FY26 (or FY2026) represents the period beginning July 1, 2025, through June 30, 2026.

Gross Gaming Revenue (GGR) – The monetary value of Net Instant Sales less prizes and bonuses paid.

High Tier Prizes - All Prizes $600 and higher.

Idaho Lottery or Lottery – The Idaho State Lottery, its Director, and all employees of the Idaho State Lottery, as well as any unit, department or representative of the Lottery.

Intellectual Property Rights - those rights arising from and out of copyright, trademark, trade dress, trade secret, or patent, whether based upon the laws of the State of Idaho, the United States, or one or more foreign countries.

Net Instant Sales - The monetary value of Instant Scratch Ticket Games settled during an accounting week, Sunday through Saturday, less any returned tickets.

Omitted Packs - Packs removed before final shipment to the Lottery due to production flaws, and/or to satisfy prize structure requirements for a specific game.

PDF 417 Barcode - A Keyless validation system utilizing a compressed barcode imaged under latex.

Pack - A “book” of Instant Scratch Tickets consecutively numbered and joined by perforations.

Pre-Existing Intellectual Property - Pre-Existing Intellectual Property shall mean any trade secret, invention, computer code, software, work of authorship, or other intellectual property which relates to the products or services provided under the Contract that has already been conceived or developed by the Contractor before the Effective Date of the Contract.

Primary Contractor – The principal supplier of Scratch Ticket Games and Related Services under this Contract that will print at least 60 % of the total number of the Lottery’s Scratch Ticket Games that are assigned per Fiscal Year.

Proposal - The response by a Vendor to this Lottery issued Request for Proposals (RFP) to obtain Instant Scratch Ticket Games and related services. The response may include, but is not limited to, a Vendor's price, a description of technical expertise, work experience, and other information as requested in the RFP.

Retailer - A business entity that is authorized by the Lottery to sell Lottery products.

RFP - Request for Proposal. This document with all addenda and attachments.

Scratch Ticket Game – A game in which paper tickets have a concealed prize structure and playing area. The player removes the material concealing the playing area on the game ticket (e.g. latex coating or flap) in accordance with the game instructions. Includes Scratch Games, or any game wherein the player receives an immediate result without waiting for a drawing.

Skid – A pallet made of wood.

State - The State of Idaho.

Subcontractor - Any person or firm having an agreement with the Contractor to perform some or all of the Contractor's work under a contract with the Lottery. Subcontractor does not include an employee with an employment contract, or an employee organization with a collective bargaining agreement.

Validation - Process by which winning tickets are checked against computer files to ensure that the ticket presented is valid and that it has not been previously redeemed.

Validation Code - A security feature of Instant Scratch Ticket Games printed under the latex or other coating.

Vendor - Any firm or person who submits a signed Proposal in response to this RFP. (Note, Vendor becomes Contractor upon acceptance of Contract Award)

Working Papers – A written set of instructions for each individual game setting out, among other items, the Scratch Ticket Game specifications, quantities to be printed and the price to be paid. Working Papers must be agreed to and signed by the Director of the Lottery and the Contractor. Terms and conditions contained in the signed Working Papers shall be binding upon the parties to the Contract provided those terms and conditions are not inconsistent with any term or condition contained in the Contract.

Work Product - Work Product shall mean game names, game ideas, play styles, trademarks, artwork, drawings, models, devices, reports, computer programs, schematics and other diagrams, instructional materials, and anything else which Contractor produces or develops in connection with rendering any performance

under any Contract, but shall expressly exclude Pre-Existing Intellectual Property.

1.4 Procurement Schedule

The following dates are set forth for informational and planning purposes only. The Lottery reserves the right to change any dates. All recipients of the initial RFP will be notified if dates change.

10/30/2026	RFP issued to prospective Vendors
11/13/2026	Written questions due from Vendors
11/20/2026	Written responses to questions posted on lottery website and e-mailed to Vendors
12/18/2026	Written proposals are due at the Lottery by 3:00 pm MST
12/21/2026	Evaluation of proposals begin
1/4 - 1/8/2027	Tentative dates for presentations, if needed
1/19/2027	Evaluation Committee recommendation to Lottery Director
1/21/2027	Commission approval of the proposed Vendor
1/22/2027	The Lottery notifies all Vendors of the Contractor selected
1/25/2027	Contract negotiation begins
3/22/2027	Contract executed

1.5 Issuing Office

The RFP Coordinator is the sole point of contact for all procurement matters relating to the goods and services described herein. The Lottery is the only entity authorized, and hereby reserves the right to clarify, modify, amend, alter or withdraw the specifications, terms, and conditions of this RFP and any Contract Award as a result of this RFP. The written Contract resulting from this RFP will become binding and effective after approval by the Idaho Lottery Commission upon the effective date thereof or as otherwise indicated in the Contract.

1.6 RFP Coordinator

RFP Coordinator
Joe King, Senior Product Manager
Idaho Lottery
P.O. Box 6537
Boise, ID 83707-6537
Phone (208) 334-2600

1.7 Information From Other Sources

The Lottery reserves the right to obtain from sources other than Vendor, information concerning Vendor, Vendor's capabilities, and Vendor's performance under other contracts which the Lottery deems pertinent to this RFP and to consider such information in evaluating Vendor's Proposal.

1.8 Contact with Vendors

During this procurement process no interested Vendor, and no employee or agent

of any interested Vendor, may initiate any unsolicited contact with Lottery employees, managers, officers, or commissioners regarding this procurement. All contact regarding this procurement should be directed through the RFP Coordinator. Any false or misleading representations made by any interested Vendor, their employees or agents, to any Lottery employee or Lottery retailer shall be grounds for disqualification. All communications with the Lottery's existing Vendors shall be made through the Lottery in the form of a public records request. Likewise, any Vendor currently doing business with the Lottery may continue to do so and communicate with Lottery employees, however, any communication regarding this RFP, other than through the RFP Coordinator, is prohibited.

1.9 Conflicts and/or Discrepancies in this RFP

If a Vendor discovers any ambiguity, conflict, discrepancy, exclusionary specification, omission, or other error in this RFP, it shall immediately forward written notification to the Lottery. If Vendor fails to notify the Lottery of an error in this RFP known to Vendor, or an error that reasonably should have been known to Vendor, the Proposal will be submitted at Vendor's own risk and, if awarded a Contract, such Vendor shall not be entitled to additional compensation or time by reason of the error or its later correction.

1.10 Proposal Clarification Process

The Lottery reserves the right to request clarification or resolving ambiguities on one or more statements made by a Vendor in its Proposal at any point during the Proposal Evaluation. All clarification will be requested in writing and will be sent to the contact person representing the Vendor. Any such communication may be made by e-mail, fax, mail, overnight courier or hand delivered. Vendor will be given a specific deadline to submit a response. The Vendor shall make every effort to respond within the time frame indicated. If it proves unfeasible, the Lottery and the Vendor may discuss modification of the deadline.

The Vendor's response must address only the information requested. It must be submitted in writing, as directed by the Lottery. Any response should not address any cost information unless it specifically addresses the clarification the Lottery is seeking. The clarification process will not allow revision or supplementation of the Vendor's offering. **Clarification is not a negotiation process**.

1.11 Late Proposals

Any Proposals received after 3:00 pm MST on December 18, 2026, will be automatically disqualified from consideration.

1.12 RFP Clarification Questions

Written questions relevant to the RFP must be submitted to the Issuing Office and the RFP Coordinator by November 13, 2026. Written questions must be submitted in writing by e-mail, mail, overnight courier or hand delivered. All inquiries should be written in generic terms and contain no pricing information. All written questions and the Lottery's responses to these questions will be provided on the Idaho Lottery website at www.idaholottery.com (https://www.idaholottery.com/pages/rfp)within five (5) business days. The Lottery will not identify the Vendor posing the question in its written answers. Answers to questions that materially impact the requirements

of the RFP will be formalized as amendments to the RFP.

1.13 Amendments to RFP

If, for any reason, it becomes necessary to revise any part of this RFP, amendments will be posted on the Idaho Lottery's website at www.idaholottery.com/pages/rfp. A copy of all amendments also will be provided either by fax or by mail to all Vendors. All Vendors must then verify, in writing, that they have received the amendments. Amendments may result in postponing deadline dates. The Lottery reserves the right to cancel or to reissue the RFP, in whole or in part, for any reason.

1.14 Proposal Content

Vendors should provide the Lottery with information, evidence, and any demonstrations in a manner that best serves the interests of the Lottery. Vendors will be given wide latitude in the degree of detail they offer or the extent to which they reveal plans, designs, systems, processes and procedures, but at a minimum, Proposals must be fully responsive to the specific requirements stated in the RFP.

The original and three (3) copies of each Proposal must be received by the Lottery no later than December 18, 2026, at 3:00 pm MST. In addition, three (3) USB Flash Drives each with a soft copy of the Proposal as well as pricing must be submitted in a read only format. Also, respondents must include an entire soft copy excluding or redacting the portions marked as confidential or proprietary in accordance with section 1.23, herein. Outside labels must clearly indicate that the content of the package is the Proposal submitted in response to this RFP. Postmark date will not constitute timely delivery. Proposals received after the deadline will be rejected and returned to the Vendor.

Only signed Proposals will be accepted. No Proposals will be accepted by facsimile, letter, telephone, e-mail or telegram. No one except the Vendor is allowed to change a Proposal before closing time for receipt of Proposals, and such Proposal must be sealed and signed before presentation.

1.15 Proposal Submission Criteria

Vendors must submit their Proposal as two (2) sections in one binder. The two (2) volumes must be identified as follows:

a. **Volume 1 – Technical Proposal**.

b. **Volume 2 – Price Proposal**.

An additional appendices volume may be submitted if needed. The volumes listed above must:

- Be submitted in a three-ring binder.
- Be submitted on 8½ x 11 inch white paper or folded to 8½ x 11.
- Allow approximately one-inch margins on all sides.
- Use a font type no smaller than 10 point or the metric standard format that most closely approximates the described standard.

- The Bid Bond as required by Section 1.22, herein, should be submitted separately in a sealed envelope with the Price Proposal.
- The response must be sent to and received by the Issuing Office by the time and date specified in Section 1.4 (Schedule) of the RFP.
- The response must be separately sealed and specifically addressed to the Issuing Office.
- The response must have the Vendor's name and address clearly written on the outside and indicate the type of Proposal contained therein.
- 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.

The Issuing Office will confirm receipt of all Proposals based on a telephone number or e-mail address provided on the enclosure.

1.16 Proposal Format

A Proposal submitted in response to these requirements must follow the same order (Section by Section) as presented in this RFP. Vendor may begin their response to this Proposal with Section 3, with the understanding that by submitting a response they are agreeing to all requirements in Sections 1 and 2.

1.17 Oral Presentation and Demonstration

While unlikely, Vendors may be requested to make an oral presentation to the Lottery. Such presentation is for the purpose of clarification to ensure thorough mutual understanding. In addition, Vendor may also be assigned a specific objective by the Lottery on which to present. Vendor must not revise or alter the original Proposal through the oral presentation in any way. Pricing information cannot be included in the oral presentation. Time and date will be scheduled by the Lottery if such presentation is deemed necessary. Prior to completion of the review process, Vendor may also be required to provide a tour of the proposed facilities utilized to produce the Instant Scratch Ticket Games described in this RFP at Vendor's expense. Effort may be made by both parties for an inspection trip at a mutually agreeable time.

1.18 Incurred Costs Associated with Proposals

It is recommended that each Proposal be prepared simply and economically, thus providing a straightforward, concise description of the Vendor's ability to meet the requirements of the RFP. Emphasis should be on completeness and clarity of content. The Vendor is solely responsible for all costs incurred in preparing or submitting a Proposal including, but not limited to, preparation, copying, postage and delivery fees, and expenses associated with any demonstrations and/or presentations, which may be required by the RFP.

1.19 Rejection/Selection of Proposals

The Lottery may reject any or all Proposals or any portion thereof, advertise for new Proposals, arrange to receive or itself perform and obtain the services and goods requested in the RFP, abandon the need for such requested goods and services or award in whole or in part a Contract deemed to be in the best interests of the Lottery.

Vendors will be held to the terms submitted in their Proposals but may be required to reduce costs depending upon aspects of the proposed program that may be determined by the Lottery to be unnecessary.

The Lottery will notify in writing those Vendors who submit a Proposal in response to the RFP, but who are not awarded the Contract. The acceptance of a Proposal will not diminish the Lottery's right to negotiate specific contract terms, including price, with the apparent successful Vendor.

1.20 Lottery Code of Business Conduct

For the duration of this RFP process, Vendors, their employees and any representative, designee or agent of a Vendor shall refrain from the following practices:

a. Providing meals, entertainment or other expenses for Lottery employees or Commissioners, employee or Commissioner families, agents or representatives of the Lottery, or
b. Providing gifts of any value to Lottery employees or commissioners, employee or commissioner families, agents or representatives of the Lottery.

1.21 Hiring of Lottery Personnel

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 Lottery employee.

A Vendor making such an offer or proposition may be disqualified from further consideration, or the Contract signed pursuant to the RFP may be terminated.

1.22 Bid Bond

The Vendor shall provide a Bid Bond guaranteeing the availability of the products and services offered by the Vendor for a period of one-hundred-eighty (180) days following the submission date of the Vendor’s Proposal. The Bid Bond in the amount of five hundred thousand dollars ($500,000) shall be made payable to the Idaho Lottery. The Bid Bonds for all Vendors shall be returned one-hundred-eighty (180) days after the submission of the Proposal or upon execution of a Contract with the successful Vendor, whichever occurs first.

1.23 Public Records and Requests for Confidentiality

All Proposals received shall remain confidential until a notice of intent to award a contract is issued. Thereafter, the Proposals shall be deemed public record, as defined in Title 74, Chapter 1, Idaho Code.

Any information in a Proposal that the Vendor desires to claim as proprietary and exempt from disclosure under the provisions of Title 74, Chapter 1 (refer to Trade Secrets, Idaho Code § 74-107(1)) must be clearly designated as such. Each affected page or portion of the Proposal must be identified as such, and the particular disclosure exemption upon which the Vendor bases its claim must be clearly stated on each such page or portion. Each page or portion claimed to be exempt from disclosure must be clearly identified by the word "Confidential" printed on the lower right-hand corner.

The Vendor must be reasonable in designating information as confidential. The Lottery will not honor a Vendor's decision to mark its entire Proposal, or large undifferentiated Proposal components, as exempt from disclosure. An entire page or paragraph in which such information appears should not be marked "Confidential" unless the entire page or paragraph consists of such confidential information. Only the confidential portion(s) should be so identified and marked. The Vendor must be able to defend the confidentiality of its trade secrets through the judicial process and shall indemnify and hold the Lottery harmless against any action brought against the Lottery should the Lottery decide to honor a Vendor's identification and marking of confidential information. If any information is marked as proprietary or confidential in the Proposal, that information will not be made available until the affected Vendor has been given an opportunity to seek a court injunction against the requested disclosure.

1.24 Property of the Lottery

Materials submitted in response to this RFP will become the property of the Lottery and will not be returned.

The Lottery may use any ideas or adaptations of the ideas contained in any Proposal received in response to the RFP subject to the Intellectual Property Rights of the Vendor. The Lottery reserves the right to use all information contained in a Proposal to the extent permitted by law.

1.25 Price Proposal

The Price Proposal must contain all of the information required in Part 6 of the RFP. A Price Proposal must be complete. A Price Proposal that does not provide all information requested may be rejected. Please include three (3) USB Flash Drive copies of the pricing document.

1.26 Multiple Proposals from a Single Vendor Prohibited

Each Vendor must submit one (1) Proposal only.

1.27 Modification/Withdrawal of a Proposal

A Vendor may modify or withdraw a Proposal by written notice or in person prior to the Proposal Submission date and time specified in Section 1.4 (Procurement Schedule) of the RFP. The Lottery will not consider verbal telephone requests to withdraw or modify a Proposal.

After the Proposal Submission date and time, a Proposal must not be modified, except to the extent of a Vendor's response to a request for clarification.

1.28 Acceptance Period

Proposals will remain valid and subject to acceptance by the Lottery for a period of 180 days from the Proposal due date. Failure to adhere to this requirement may result in Proposal disqualification. Vendors will be strictly held to the terms in their Proposals. The contents of the RFP and the Proposal will become contractual obligations in the event of Contract Award.

1.29 Disclosure Prohibition

Information provided in a Proposal must be held in confidence by the Vendor and not be revealed or discussed with competitors except as required by jurisdictional law. Disclosure by a Vendor of the contents of a Proposal, prior to the execution of the Contract with the Successful Vendor may result in the Vendor's disqualification.

The Proposals must remain confidential while the Evaluation Committee reviews all of the Proposals submitted in response to the RFP.

The Proposals will be available for inspection according to Lottery policy and jurisdictional law after the Notice of Intent to award a Contract is announced by the Lottery Director. All matters set forth in a Vendor's Proposal including, without limitation, technical and price information, may be subject to disclosure after Contract. Once again, the Lottery will base its disclosure decision on existing Idaho law.

1.30 Material and Non-Material Deviations

The Lottery reserves the right, at its sole discretion and subject to no penalty, to waive minor administrative irregularities in Proposals, and to permit Vendors to correct non-material errors or omissions in their Proposals.

The materiality of a deviation is at the sole discretion of the Lottery.

A Proposal may be rejected for a material deviation. Please be advised that the deadline for submission of a Proposal is a material element and therefore, would be a material omission/deviation, requiring rejection.

1.31 Disqualification for Business Incapability

Financial and business stability of the Vendor and wherewithal to perform and support the Lottery are required.

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

If, at any time after Contract execution, the Lottery reasonably 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 Contract may be terminated.

1.32 Independent Price Determination

By submission of a Proposal, the Vendor certifies that in connection with a Proposal that:

a. The prices in the Proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to such prices with any other Vendor or with any competitor.

b. Unless otherwise required by law, the prices which have been quoted in a Proposal have not been knowingly disclosed by the Vendor and will not knowingly be disclosed by the Vendor prior to Contract Award directly or indirectly to any other Vendor or to any competitor.

c. No attempt has been made or will be made by the Vendor to induce any other person or firm to submit or not submit a Proposal for the purpose of restricting competition.

1.33 Change of Ownership/Financial Condition

If a Vendor (including the parent or holding company of the Vendor) experiences a substantial change in its ownership or financial condition after its Proposal has been submitted and prior to the execution of the Contract with the successful Vendor, the Vendor must notify the Lottery in writing at the time the change occurs or is identified.

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 or Canadian corporation, or equivalent standard.

Failure to notify the Lottery of such a substantial change may result in the disqualification of the Vendor.

1.34 News Releases

News releases pertaining to the RFP or the services, study, data, or project to which it relates must not be made without prior written Lottery approval, and then only in accordance with explicit written instructions from the Lottery.

The results of the RFP process must not be released without prior approval of the Lottery, and only then to designated persons and/or media organizations.

PART 2: LOTTERY BACKGROUND

2.1 History

IIn 1988 the Idaho Legislature authorized a vote and later that year the Idaho Lottery Act became law when 51% of the voters approved a constitutional amendment repealing the state's constitutional ban on lotteries. The first ticket was sold in 1989. The profit, or dividend, from the Lottery is dedicated to schools and the permanent building fund. Since 1989, the Lottery has contributed more than $1.4 billion dollars to Idaho schools and buildings.

2.2 General Information

The Lottery is a self-funding state agency. The Director is appointed by, and serves at the pleasure of, the Governor of Idaho. The Commission is an advisory board that consists of five members who are appointed by the Governor to serve staggered six-year terms.

The mission of the Idaho Lottery is to maximize net income and the resulting annual dividend payment for Idaho public schools and buildings. The primary operation of the Lottery is governed by Idaho Code, Title 67, Chapter 74.

There are currently 51 full-time employees working for the Lottery, with 17 sales representatives across the state, servicing approximately 1,200 retailers.

As a state agency, the Idaho Lottery is subject to the same administrative controls as other state agencies, including budgetary controls. The agency is authorized to expend funds in four areas: administration, advertising/promotion, prize expense and commissions. There are limitations in some areas. For instance, the Lottery can spend no more than 3.5% of its budget on advertising/promotion, retailer commissions cannot exceed 6%, no more than 15% can be spent on administration and the Lottery is obligated to pay at least 45% of its budget out to the players in the form of prizes.

2.3 Current Draw Games

The Idaho Lottery currently conducts nine (9) draw games. The games are:

- Powerball – a multi-state game played in 45 state lotteries, along with the District of Columbia, Puerto Rico, the Virgin Islands and the United Kingdom. Drawings are held on Mondays, Wednesdays and Saturdays.
- Powerball Xs & Os – a multi-state game with drawings on Sundays. Game is a partnership with the NFL.
- Mega Millions – a multi-state game played in 45 state lotteries, along with the District of Columbia and the Virgin Islands. Drawings occur on Tuesdays and Fridays.
- Pick 3 – this is a daily draw, three-digit, pari-mutuel style game. Drawings are held twice every day of the week.
- Pick 4 – this is a daily draw, four-digit, pari-mutuel style game. Drawings are held twice every day of the week.
- Lotto America – a multi-state game played in 15 state lotteries and the District of Columbia. Drawings are held every Wednesday and

Saturday.

- Millionaire for Life – this is a multi-state game played in 30 state lotteries and the District of Columbia. Drawings are held daily.
- Idaho Cash – this is an Idaho only game with drawings held daily.
- Raffle – an Idaho only $10 draw game that began in 2007 held once a year with two top prizes of $1,000,000.

2.4 Instant Scratch Ticket Games

The Idaho Lottery launches, on average, around 52 scratch games a year, or about one a week. Current Scratch price point offerings are $1, $2, $3, $5, $10, $20, $30 and $50.

Fiscal year 2026, the Idaho Lottery was the top lottery in the nation for scratch ticket sales increase. Scratch Games made up about 58% of total sales for the Idaho Lottery.

2.5 PullTabs

The Idaho Lottery began offering paper PullTabs to Idaho players in 1992 and continues to offer the product currently. Electronic versions of paper PullTab games called TouchTabs are offered, as well. Price point offerings are $0.25, $0.50, $1.00, $1.50, $2.00, $2.50 and $3.00 tickets.

The PullTab/TouchTab category accounts for about 21% of total sales for the Idaho Lottery

2.6 InstaPlay

The Idaho Lottery began offering a terminal based instant win ticket in October 2014. This plays like a scratch game without the need to scratch off latex. We have twelve games in market ranging from $1 up to $30.

2.7 Jurisdictional Game Groups

The Idaho Lottery is a member of the Multi-State Lottery Association (MUSL) as well as the Millionaire for Life game group.

2.8 Marketing

The Idaho Lottery currently contracts with an Advertising Agency for a wide variety of marketing services, including advertising, media buying and creative services.

PART 3: VENDOR INFORMATION AND QUALIFICATIONS

3.1 Corporate Information

Along with its Proposal, Vendors must meet all disclosure requirements as detailed in Idaho Code § 67-7421, (a copy of which is set forth in Appendix D) including, but not necessarily limited to, the following general information:

1. The name and address of the Vendor submitting the Proposal.
2. Type of business entity (e.g., corporation, partnership, etc.).
3. Place of incorporation, or other form of organization, if applicable.

4. The name, address, telephone number, and email address of the Vendor's contact regarding its corporate information.
5. The name, address, telephone number, and email address of the Vendor's contact regarding its Technical Proposal.
6. The name, address, telephone number, and email address of the Vendor's contact regarding its Price Proposal.
7. The name, address, telephone number, and email address of the Vendor's contact regarding any Contract resulting from the RFP.
8. The locations of the major offices and other facilities that relate to the Vendor's performance as proposed in its Proposal.
9. The names, addresses, and functions of any and all Vendors, associated companies, or consultants that will be involved in any phase of the project.10. The name, address, telephone number, and email address (if available) of the Vendor's accounting or auditing firm.
10. The names and addresses of all officers, directors and each owner or holder, directly or indirectly, of any equity security or other evidence of ownership of any interest in the Vendor; except that, in the case of owners or holders of publicly held securities of an intermediary company, holding company, or parent company that is a publicly traded corporation, only the names and addresses of those owning or holding five percent (5%) or more of such publicly held securities need be disclosed.

Any substantial change of ownership in the Vendor or the parent and/or holding company of the Vendor that occurred within the last year should be noted. Any pending changes should be disclosed to the extent permitted by law and by regulatory agencies.

3.2 Experience

Vendor and Vendor's subcontractors, if applicable, must be experienced in creative design, ticket production and imaging, security, marketing, promotion, and validation of instant lottery games of the type presently in general use by this or any other lottery, and must be in a position to furnish proof of experience with these types of games to the satisfaction of the Lottery.

3.3 Litigation and Investigations

Since the Lottery has a strong interest in Vendor's current and continuing ability to produce secure, high-quality products and services, Vendor must list and summarize pending or threatened litigation, administrative or regulatory proceedings or similar matters that could affect its ability to produce and/or deliver the desired products or services. Vendor must also state whether it or any owners, officers, or primary partners have ever been convicted of a felony or any other criminal offense (other than a minor traffic violation) or the existence of any bankruptcy or similar proceeding filed by or against Vendor.

Failure to disclose such matters may result in rejection of a Proposal or in termination of any subsequent Contract. This is a continuing statutory disclosure requirement; any such matter commencing after submission of a Proposal and, with respect to a Vendor who is awarded a Contract, must be disclosed in a timely manner in a written statement to the Lottery.

3.4 Financial Viability

In order to ensure Vendor's financial ability to perform under a Contract, the Lottery requires the following financial information:

a. Vendor's audited financial statements for the last five (5) years, together with a current certification made by Vendor's Chief Financial Officer (or individual with comparable responsibilities) and co-signed by Chief Executive Officer stating that the statements are current, accurate and complete with the exception of any material adverse changes specifically described which have occurred in the status and/or prospects of Vendor since the effective date of the most recent financial statements. If Vendor is a subsidiary or component of another corporation or entity, the Vendor's financial statements as well as the consolidated financial statements of the parent company shall be submitted. If Vendor is a parent corporation, parent-only financial statements, if available, and statements for the operating division that will perform services described in this RFP shall be submitted.

b. These statements shall be prepared in accordance with generally accepted accounting principles and must have been audited by a Certified Public Accountant licensed to practice in the State in which Vendor's principal place of business in the United States is located or, if Vendor has no principal place of business in the United States, by an individual or entity with a comparable professional designation licensed to practice in the jurisdiction in which Vendor's principal place of business is located. If audited parent-only or Vendor /subsidiary statements are not available, the Lottery may accept, at the Lottery's sole discretion, unaudited statements provided Vendor's Chief Financial Officer and Chief Executive Officer certify that the statements are current, accurate and complete.

c. Any reports to or filings with the Securities and Exchange Commission (SEC) for the past three (3) years, including but not limited to quarterly and annual filings.

d. Any quarterly reports to shareholders or owners for the current fiscal year.

e. If Vendor is a subsidiary and will rely on the financial resources of the parent, or other senior corporate entity, to perform a Contract, the parent, or other senior corporate entity, must guarantee in writing, in a form acceptable to the Lottery, the performance of Vendor.

f. If borrowing will provide any or all of the capital necessary for Vendor to perform any work for a Contract resulting from this RFP, Vendor must provide a letter of commitment from a creditor in a form acceptable to the Lottery from a creditor acceptable to the Lottery.

g. The Lottery reserves the right to require any additional information necessary to determine the financial integrity and responsibility of Vendor.

3.5 Change of Financial Condition

If a Vendor who has submitted a Proposal in response to this RFP experiences a substantial change in financial condition prior to the award of a Contract pursuant to this RPF, or if a Vendor who is awarded a Contract experiences a substantial change in financial condition during the term of a Contract with the Lottery, the Director must be notified in writing, at the time the change occurs or is identified. A "substantial change" in financial condition is defined as any event which, following generally accepted accounting principles, would require a notation in the annual report of a corporation that is publicly traded in the United States. Failure to notify the Lottery of such a change may result in rejection of Vendor's Proposal or termination of a Contract.

3.6 History of Contract Performance

Vendor is required to supply details for all items listed below:

a. List all current contracts with Lottery jurisdictions and identify the contact person and current information at each jurisdiction from whom knowledgeable references may be obtained.

b. List all contracts with Lottery jurisdictions that have been cancelled by such jurisdictions within the past two (2) years. Identify and explain the circumstances surrounding cancellation.

c. List fees for ticket printing.

d. Specify production capacity at each ticket printing plant.

e. Specify the number of games produced, and total number of tickets printed within the past two (2) years. Indicate if games were delivered on time and by deadline. Please explain any instances where deadlines were not met.

f. Identify all games rejected by a jurisdiction or withdrawn from public sale within the past two (2) years. Explain reason for rejection or withdrawal of each game.

g. List and explain any lawsuits involving lottery tickets within the past five (5) years.

3.7 Disqualification for Financial Inability and Business Stability

Financial and business stability and wherewithal to perform and support the Lottery is a requirement.

If, at any time prior to the signing of a Contract, the Lottery reasonably determines at its sole discretion, that Vendor does not possess adequate financial ability or requisite stability to carry out the obligations of a Contract, Vendor may be disqualified from further consideration.

If, at any time after execution of a Contract, the Lottery reasonably determines at its sole discretion, that a Vendor awarded such Contract does not possess adequate financial ability or business stability to continue to carry out obligations of a Contract, such Contract may be terminated.

3.8 Vendor's Strengths

Vendor must submit a brief written statement that explains why it best meets the objectives of the Lottery and this RFP. The statement shall describe any additional features, aspects, or advantages of Vendor products and services in any relevant area not covered elsewhere in its Proposal. (The written statement shall not exceed two (2) pages.)

3.9 Approval of Vendor Employees

Vendor shall provide resumes of all management, supervisory and key technical personnel planned to be involved in duties described in this RFP and shall provide for each such person:

a. Full name, Social Security number, date of birth, and current address;

b. Most recent five (5)-year employment history;

c. A specific description of lottery experience that person has in connection with instant games (preferably 3 years of lottery experience or more);

d. Specific indication of what role the individual will have in performing under a Contract; and

e. Any additional helpful information to indicate the individual's ability in successfully performing work described in this RFP. Resumes shall present required personnel in sufficient detail as to provide the Lottery with convincing indication that personnel involved can perform work specified in this RFP. (Additional support staff need not be named, but a pro forma resume can be included for their positions.)

The Lottery reserves the right to review and if perceived necessary, disapprove of any Vendor employee who is assigned to the Lottery Contract, either at Contract inception or during the term.

PART 4: SECURITY

Vendor shall provide a security program for the entire instant ticket process, subject to the approval of the Lottery. This program is not limited to, but shall include, the following:

4.1 Approach to Security

Vendor must demonstrate understanding of the overriding importance of security in all phases of design, materials procurement, production, transportation, storage, distribution, creation of game and validation files delivered via secured FTP site or similar, and disposal of game tickets. Such understanding is to be made manifest in the procedures, methods, controls, and accounting systems. Vendor must make clear and specify precautions, safeguards, inspections, reporting and other measures which attend to all aspects of ticket production. The Lottery must be convinced beyond reasonable doubt that Vendor has the capability and integrity required to maintain constant vigilance against any breach of security. Failure to meet or maintain the Lottery approved security standards will be grounds for termination of a Contract. A Vendor who is awarded a Contract is required to give full cooperation and disclosure, pursuant to authorized requests for information, relative to investigation of actual or perceived breaches in security or integrity of instant games. Failure to submit requested information in a timely manner as determined by the Lottery in its sole discretion may constitute grounds for termination of Contract.

4.2 Building Security

Stringent security measures must be in place to prevent unauthorized entry at production sites, as well as meeting any applicable Federal, State and local fire and safety regulations. At the Lottery's discretion, an on-site evaluation of the Security Program may be conducted to determine its effectiveness.

At a minimum, a physical security program must:

a. Prevent unauthorized persons from accessing production facilities.

b. Upon demand, make immediately available a record of all entries and exits from production facility.

c. Include access control, surveillance system (closed circuit TV), and intrusion detection system that will sound an alarm at a manned location on and off premises at each site.

d. Operate a CCTV system to monitor and record all activities at entrance/exits, computer rooms, and other high security/sensitive areas.

e. Provide a secured area within the facility for storage of completed or voided tickets prior to their final disposition.

f. Provide a Security Plan for the shipping of tickets from production

facility to the Lottery warehouse.

g. All costs incurred as a result of implementing security measures shall be Vendor's responsibility. The Lottery reserves the right to require additional security measures it deems necessary.

The Lottery shall have the right to make any number of announced or unannounced inspections of the Vendor's premises at any time.

4.3 Game Security

Vendor shall provide the Lottery with a Security Plan by which it intends to produce Instant Scratch Ticket Games including game ticket construction security, anti-counterfeiting and validation security, redemption security, game design security, and anything that may compromise security. Validation security shall include a description of Vendor's method for creating files of unique random numbers. This may include a request to review a sample file. Vendor must fully describe methods to be employed in the construction of tickets to avoid "pick-out" problems, this will include, but not be limited to, protective measures against unauthorized invasion utilizing all types of known and industry best practice techniques, also to be included is a description of measures that have been taken to minimize and detect ticket alteration and counterfeiting attempts. Vendor shall identify potential security problems in the type of tickets proposed and specify its method of handling these problems.

Vendor shall disclose to the Lottery Director of Security any documented or known security breaches that have occurred with the Vendor.

4.4 Laboratory Testing

Upon Lottery request, Vendor shall submit copies of the most recent and applicable laboratory test reports and other certifications assuring security of Instant Scratch Ticket Games against practical compromise by reasonably comprehensive technical effort such as optical, mechanical, chemical and electrostatic techniques without a readily detectable indication of tampering being apparent. The Lottery reserves the right to reject any game at any time, if Vendor's or the Lottery authorized tests show any representative sample of production tickets to be practically compromised.

Regardless of the type of ticket design, the final product must be tamper-proof by any practical means. During every press run of a Lottery game, at least three (3) packs – (1 each from the beginning middle and end) of live production of instant tickets must be sent to the Lottery for security testing.

Vendor will notify the Instant Ticket Product Manager via email to confirm that test packs were sent to the Lottery Security Department. These three (3) packs must be omitted and the final prize structure balanced after they are pulled.

4.4.1 Independent Laboratory Testing

Successful Vendor will bear the cost of a maximum of two independent laboratory tests per Contract year. The independent

laboratory will be chosen by the Lottery. Test will include all ticket sizes and coats used in printing. The Lottery also reserves the right to determine if a particular method of breaching the security of a ticket meets its definition of "practical".

4.5 Pack Finishing
Vendor must ensure that all barcodes can be scanned and read through the shrink wrap. Shrink wrap seams must not cover any portion of the barcode. If the shrink wrap prevents the scanning of barcodes, the shipment will be returned, and the packs rewrapped at the Vendor's expense.

4.6 Breach of Security
Vendor awarded a Contract must understand that any breach of its security during the term of a Contract, and especially regarding theft or disappearance of paper stock, tickets, waste, printing plates, game play and validation tapes, software files, etc., must be immediately communicated to The Lottery Director of Security with written details to follow. The Lottery agrees to supply appropriate instructions for expediting communication in such occurrences.

4.7 Security Evaluation
The overall Security Plan and procedures with respect to production of games, manufacture of tickets, game details, prize validation, etc., must meet the Lottery security needs and have absolute minimum possibilities of fraud, tampering, theft, counterfeiting, ticket alteration, or other security breaches. Vendor must state experience in providing data processing expertise to prevent "pick-out" and other undesirable patterns.

4.8 Security Options
If Vendor has alternatives for the improvement of game security, a detailed explanation of the alternatives or options should be included in the Proposal.

4.9 Production Tickets
Prior to Contract Award, the Lottery reserves the right to randomly select production tickets manufactured by Vendor for testing by a laboratory of the Lottery's choice for the purpose of confirming that Vendor's production tickets meet all the Lottery security requirements.

PART 5: TICKET AND GAME SPECIFICATIONS

5.1 General Ticket Quality Requirements and Specifications
The following will be considered standard and at no additional cost for the Lottery on all tickets printed:

a. Display and latex play area printing shall be four (4) color process plus up to 3 spot colors, up to seven (7) graphic colors, not including black and white on the front. The back shall have up to two (2) colors.
b. Two (2) hits of white primer in the security layers should be included to maximize brightness of the colors on the overprint.

c. Paper stock shall be 10-point recyclable stock.
d. Full UV High Gloss Varnish.
e. Full Bleed colors from border to border.
f. Imaging that extends across up to 90% of the width of the ticket.
g. Multi-color imaging up to two (2) colors.
h. Top prizes of any dollar amount as determined by the game prize structure.
i. Guaranteed prize distribution.
j. 2,000 actual voided samples per game.
k. Multi-scene games should be allowed up to the max cylinder size.
l. Seamless four-color process over the entire ticket if deemed appropriate.
m. Marking systems for Cashword, Slingo, Bingo, and any additional specialty marking to include dual pass imaging and set up fees if used.
n. Color Pulse up to two (2) additional for a total of three (3) colors.
o. 2nd Chance/VIP files as needed for Scratch Games
p. Insert Cards – one inserted in each Book, with the following specifications:

- 4 inches x 4 inches, 10-point white cardstock
- Front: 4-color process, varnish, full bleed
- Back: Black, border to bleed, with game name, game number, price, Instant Ticket length in inches as a decimal (2.5, 4.0, 6.0, 8.0, 11.0), and quantity of Instant Tickets per Book. All inserts will have two score marks located 4 inches from the top and 6 inches from the top. When inserted and before shrink wrapping, it is necessary that the inserts do not cover the Instant Ticket bar code to assure clear bar code scanability.

Note: If a Vendor uses a process to print their tickets that is their standard, it **CANNOT** be priced as an option. It may be identified separately but **MUST** be included in the base price.

5.2 PRODUCTION SERVICES

5.2.1 Working Papers

For each new game introduced, the successful proposer will initiate working papers that will include, but not be limited to, the following information:

a. Game name, number, date and version.
b. Description of play style and game instructions.
c. Ticket size, orientation of tickets, and paper stock to be used.
d. Ticket front with and without overprint at 100% (color). Ticket front with overlay.
e. Ticket back at 100% (actual size).
f. Graphics, display, latex and overprint colors.
g. Prize structure, including GLEPS.
h. Fonts.
i. Ticket layout for front and back imaging.

j. Description of Pack Ticket Number, Validation number and Scitex Inspection bar.
k. Programming parameters. (including 2nd chance)
l. Retailer validation codes.
m. Description of barcode, PDF 417 barcode and UPC symbol.
n. Quantity of tickets.
o. Lilypad and security tint.
p. Perforations, scoring and die-cutting.
q. Description of finishing and shipping/delivery.
r. Description of validation files.
s. Price and sign-off page.
t. Any post executed changes should be added to the final Working Papers packet.

5.2.2 Proposal Samples: Working Papers

A sample set of proposed working papers should be enclosed with a Vendor Proposal. Additional or innovative suggestions are always welcome and encouraged.

Orders for the production of particular Instant Scratch Ticket Games or reruns thereof shall be made through the submission of draft working papers that, upon signing by the Director or designee, and signing by a Vendor official, constitute executed working papers. After the Lottery has reviewed proposed game design, ticket copy, prize structure and method of production of any game and has reviewed the proposed prize structure, itemized ticket costs, and delivery schedules, it shall warrant to Vendor in writing that it is satisfied that the game complies with all such requirements via authorization to proceed with Executed Working Papers.

5.2.3 Site Visits

The successful Vendor will be required to pay for reasonable and necessary expenses including travel, lodging, and rental car for up to four (4) Lottery personnel for press checks and/or business reviews to include ticket approval, pre-production, and security audits. The Lottery estimates one (1) to two (2) site visits per year. The Lottery reserves the right to attend more than two (2) visits if the need arises, to include expenses.

The successful Vendor shall reimburse to the Lottery all amounts due to the Lottery in connection with site visits within thirty (30) days of submission of proper invoices by the Lottery.

5.2.4 Remote Press Checks

The Lottery will require the vendor to provide remote press checks for each Scratch ticket printed. This includes sending a press sheet proof of front, back, and scratched version. The vendor should communicate the scheduled press checks and notify the Idaho Lottery

contact person when a press check is ready to be performed. Tickets should not be printed unless approved by the Lottery.

5.2.5 Guaranteed Low End Prize Structures (GLEPS)

At the Lottery's request, each pack of tickets must be programmed to contain a pre-specified dollar amount or constant total valued of low-end winners. The Lottery requires at least three (3) GLEP formats per game for security purposes. Games where the lowest prize amount is greater than $25 will be highlighted in the working papers. Another tier is flagged in the prize_rec file, and the number of winners is listed in the pack rec file.

5.3 Ticket Specifications

5.3.1 Ticket Stock / Ticket Sizes

Game tickets must be printed on white recyclable or recycled/recyclable card stock. The card stock is to be 10 point or heavier which will not curl, separate, or be easily split. Ticket sizes are, but not limited to: 2.5 x 4, 4 x 4, 6 x 4, 8 x 4, 10 x 4, 11 x 4 and 12 x 4.

5.3.2 Front & Back Display Printing

The front of the ticket shall include up to seven (7) distinct display colors. The Lottery may specify the option of an additional color in the final approved plans for the applicable additional price. The printing process must allow for close registration, use of screens and either 4-color process or spot designs. Specify the number of different scenes/images that can be produced around the plate or cylinder in a single channel for a 2.5 x 4 ticket.

5.3.4 Pack Size

Standard $1 games shall have one hundred forty (140 tickets per pack. Standard $2 games shall have one hundred (100) tickets per pack. Standard $3 games shall have seventy-five (75) tickets per pack. Standard $5 games shall have seventy-five (75) tickets per pack. Standard $10, $20 and $30 games shall have fifty-five (55) tickets per pack. $50 will have twenty-five (25) per pack.

Lottery may specify in the final approved plans a different pack size if necessary, depending on ticket size and cost.

5.3.5 Perforations

The perforations between tickets must allow tickets to be separated from each other, after one pre-fold, but should not break apart in normal transit and handling. If a stub is used, a lesser perforation is required between ticket and its stub. Perforations should not break without pre-fold.

5.3.6 Captions

To provide redundancy for both security reasons and to prevent consumer disputes, each lottery symbol may be required to be accompanied by a caption that spells out the Lottery symbol in type smaller than the symbol itself. The use of captions shall be determined by the Lottery.

5.3.7 Game-Pack-Ticket Number

Each ticket shall bear a unique 14-digit game-pack-ticket number. The Game Number shall be the first four (4) digits and shall be assigned by the Lottery. The Game number shall be followed by a hyphen (-).

The Pack Number shall be the next seven (7) digits and shall be assigned by the Vendor. Pack Numbers are to be consecutive (except for omissions) and non-duplicating in the game. The Pack Number shall be followed by a hyphen (-).

The Ticket number shall be the final three (3) digits of the Game-Pack-Ticket-Number. Each ticket shall be numbered consecutively beginning with 001 and ending with pack quantity.

5.3.8 Retailer Validation Code

Each ticket will have a code for use by retailers for verifying and paying prizes authorized for retailer payment.

5.3.9 Check Digit

At the option of the Lottery, Vendor may be required to add a check digit to the validation number or pack number to aid data entry.

5.3.10 Protective Coating

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

5.3.11 Rub Off Material

The rub-off coating material shall be opaque and of such quality as to maintain the security of each of the game ticket's lottery symbols. The rub-off material shall be completely removable by scraping or rubbing and shall fragment when removed without causing dusting. The rub-off material shall not be chemically or dermatologically irritating to the skin or cause harm to clothing.

5.3.12 Rub-ability

Game tickets, which have been manufactured, must remain readable and able to be rubbed easily for a minimum of two (2) years from delivery date. The Vendor will replace any tickets that have game play areas that do not rub off satisfactorily within this period and are not sold by reason of such failure or does not meet Lottery standards satisfactorily.

5.3.13 PDF 417 Compressed Barcode

Each ticket must include a PDF 417 compressed barcode under the rub off material compatible with the technical specifications contained in Appendix B. The lottery does not pay any fee to use this method of validation.

5.3.14 Validation Number

Each ticket shall have a validation number, which is covered by rub-off material. The validation number must:

1. allow reconstruction of all covered lottery symbols;
2. be unique and non-repeating in the game as a whole;
3. be non-locational, that is, it must not be the pack number or individual ticket number, or a derivative of the pack number or ticket number.

5.3.15 Barcode

Each ticket must include a barcode compatible with the technical specifications contained in Appendix B. The barcode must contain the information required to validate winning tickets. Winning and non-winning tickets must not be recognizable by the appearance of the barcode or the information contained in the barcode. Please provide information on any other keyless validation system imaged under the latex (i.e. PDF417 or Data Matrix)

Barcode Testing - barcode scanning equipment supplied by the Lottery must be utilized for ticket testing purposes. Vendor awarded a Contract must provide hardware/software interface with such equipment for purposes of verifying readability of printed barcodes. The Lottery reserves the right to change the number of characters, barcode symbology, composition of barcode to be scanned, and any other barcode aspects that it deems necessary and appropriate.

5.3.16 Universal Product Code

A Universal Product Code (UPC) shall be printed on the back of all Instant Tickets. The Lottery reserves the right to change the placement of the UPC. The UPC shall not be too close to the ticket Barcode and shall not interfere with Barcode scanning.

5.3.17 VIP Club Website Code

Vendor may be requested to print a webcode under the latex of designated scratch games. The code should be alphanumeric (consist of letters and numbers). The code may be 14-digits in length. The first four numbers will be the Scratch Game Number. The remaining 10 digits will be a randomized alphanumeric number for security purposes. These webcodes will be provided back to the Lottery after the printing of each game for website verification. Exact specifications will be provided when request is formalized.

5.3.18 Overprint

The overprint may utilize any or all 7 inks (4 color process plus up to 3 spot colors) plus 2 hits of white, which shall be a regular artistic design, shall be printed on top of the rub-off material on the spots covering lottery symbols. The overprint covering lottery symbols shall be clearly legible and well defined, a color other than black, unblurred, and sharp in order to facilitate detection or tampering. List whether or not a Vendor is capable of printing four color processes on overprint areas.

5.3.19 Inks

Inks shall not smear, run, or stain under normal handling or use by consumers, nor be chemically or dermatologically irritating under normal handling and use by consumers. Inks shall be resistant to water and other common solvents except the overprint inks which shall be designed to run in a wide variety of solvents to improve the security of the ticket.

5.3.20 Instant Ticket Quality

The Lottery, as a state agency dealing with independent Retailers and the consuming public, requires a product of exceptionally high quality. Tickets will be inspected by the Lottery upon delivery. The Lottery shall have the right to inspect up to one hundred percent (100%) of the Instant Scratch Ticket Games for compliance with the specifications herein. However, inspection by the Lottery does not relieve the Contractor of its responsibility to meet all Contract requirements.

Instant Tickets shall meet the following minimum quality standards:

a. No scratches across the latex covering of the tickets;
b. No uneven, rough latex coverings;
c. No holes in the latex coverings exposing portions of the hidden symbols;
d. No latex coverings “dripping” on the design printing;
e. No latex coverings that smear or fail to come off when rubbed;
f. No overprint and display designs that are unclear or not crisply printed (out of registration);
g. No tickets out of order within a pack;
h. No lottery symbols that are chopped or incomplete;
i. No miscounted number of tickets in a pack;
j. No perforations that allow tickets to fall out of packs without pre-fold;
k. No inks offset on latex coverings from one ticket to another;
l. No off-register latex coverings or overprint designs;
m. No symbols not totally covered by the latex covering;

n No symbols that smear under normal handling or with slight moisture;
o. No unevenly trimmed tickets;
p. Any additional commonly accepted industry standards that may apply.

5.3.21 Ticket Patterns and Pick-Out

No winning or non-winning game tickets shall be recognizable from any characteristics of the game tickets or ticket patterns other than the Lottery the Lottery symbols concealed by the rub-off material. It shall not be possible to ascertain whether a ticket is a winning or non-winning ticket, using any practical or economical technique, unless the application of the technique renders the ticket unsalable to the public or easily recognizable as having been tampered with.

5.4 Ticket Merchantability and Non-Conforming Tickets

The Lottery may reject as non-conforming, Instant Scratch Game Tickets received, should the result of any test or inspection by the Lottery, or independent third party retained by the Lottery of said tickets fail to meet the Lottery's requirements and specifications and executed Working Papers. If the quantity of tickets rejected is greater than or equal to 5% of all tickets received, such tickets shall be replaced at no additional cost to the Lottery within fifteen (15) working days unless additional time is allowed by the Lottery. The Lottery will not be charged for any rejected tickets.

Vendor acknowledges that Instant Scratch Ticket Games are required for the particular purpose of issuance, distribution, and sale by the Lottery in the State of Idaho. The Lottery relies on Vendor's skill and judgment to furnish tickets suitable in all respects for that purpose. Vendor represents and warrants that Instant Scratch Ticket Games will be so suitable and fit for such purpose. Vendor agrees that it shall apply its best efforts in the art of game design and marketing in designing Instant Scratch Ticket Games for use by the Lottery. Vendor acknowledges that it deals in goods of the kind of the Instant Scratch Ticket Games and holds itself out as having knowledge or skill specific to the production of Instant Scratch Ticket Games and systems. Vendor represents and warrants that Instant Scratch Ticket Games to be provided hereunder shall remain in merchantable condition, regardless of the environment encountered in normal handling and usage, for a minimum period of two years after delivery to the Lottery.

5.5 Ticket Omissions

Omitted packs, in addition to packs registered as void by the Lottery, shall be denoted as ineligible to win any prize and shall not be considered valid tickets in the game. The Lottery will not be billed for such omitted and voided packs. The Lottery will be billed only for tickets sold. If, to meet minimum delivery requirements, packs that were previously omitted are re-created, the Lottery must be notified regarding specifics of such re-created packs.

5.6 Packaging and Shipping Requirements

5.6.1 Shipping Cartons

Cartons will be labeled with a computer-produced label showing game name, shipping carton number, range of pack numbers, and omissions (if any). Packs shall be packed sequentially within each box. Cartons are subject to full packing.

Variation in packaging is acceptable depending on ticket size. The last carton may not be 100% full, but not less than 50% full. Shipping cartons will be numbered starting with 0001. Shipping carton is to be 275 lb. minimum test shipping carton.

5.6.2 Colored Labels

The color of the computer produced carton labels for each game will be unique.

5.6.3 Skids

Pack 30 cartons per skid.

Pack with lowest box number on the top layer of the skid, highest box number on the bottom layer of the skid. No vertical stacking.

Skids will be four (4) sided, 40" x 48", to allow a forklift to access it from any side. Each skid will have a center brace.

Overall height of the skid will not be over 60”.

Overall weight will not exceed 2,000 pounds per skid.

Skids will have a slip sheet on the bottom of the pallet to protect the product.

Carton labels will face outward. Label to be placed on wide side of carton (packs of tickets inside carton will face label).

Skids shall be double stretch wrapped. Corner boards shall be used.

The Game number, pallet number, lowest and highest carton numbers, and total number of cartons to appear on middle side of each pallet.

5.6.4 Carton Label

Name of game, carton number, "From-Through" pack numbers, amount of packs in carton and number of omitted packs shall be included on the carton label.

5.6.5 Tape

Markings or labels are not to be obscured by tape. Brown tape with

fabric to be used. No plastic tape.

5.6.6 Shipping Report

The shipping report shall list gross number of tickets, number of omitted tickets, and net number of tickets. It shall also list the range of pack numbers (lowest and highest pack numbers) and range of carton numbers. The truck's seal number will appear on this report and bill of lading.

5.6.7 Shipping Control Manifest

A record of all packs manufactured, listed by carton with omitted packs circled will be provided.

5.6.8 Ticket Delivery

Tickets must be delivered FOB, to: the Lottery Warehouse (the Lottery will provide address). Vendor awarded a Contract will pay for freight and insurance.

5.6.9 Trucks

Tickets shall be shipped by trucks. Truck shall be sealed at the plant and the seal number recorded. Trailer must be 48" high.

Skids shall be arranged on the truck with the highest numbered skid in the "nose" of the trailer; the lowest numbered skid at the rear of the trailer.

5.7 Delivery Tolerances

The Vendor shall deliver the ordered quantity for each game plus or minus 3 percent. The Lottery shall be billed only for the actual number of conforming tickets delivered. The Lottery will retain the sole right to either accept or decline deliveries in excess of the ordered quantity plus the delivery tolerance on a game by game basis. A report shall be delivered at the end of the production of each game stating the number of pools used to produce the game converted to tickets, less the number of tickets shipped and the number of omits to estimate the game scrap.

5.8 Ticket Art and Game Design

The Lottery plans to design some game themes and graphics. The Vendor will also be expected to aid in the design of game themes and graphics. The Lottery will work closely with the selected Vendor to design tickets consistent with printing requirements and specifications. If it’s beneficial for price, the Idaho Lottery would be willing to allow for full use of Lottery-owned artwork for use by Vendor, as Contractor, in and for other states.

5.9 Game, Pack, Ticket Reconstruction

Vendor awarded a Contract will be responsible for the reconstruction of games, packs and individual tickets as requested by the Lottery, to include live games.

In rare and unique circumstances, the Lottery would like the ability to request a game reconstruct during the time a game is still “live” and on sale in the market but

has not claimed out, in order to determine the fate of a top prize ticket. This would typically be implemented when Lottery management suspects no top prizes remain and it would be in the best interest of the Lottery to end a game.

This service will be provided at no cost to the Lottery during the life of any Instant Scratch Ticket Game produced by such Vendor and for one (1) year thereafter. Reconstructions may only be requested by the Idaho Lottery Director of Security. Reconstructions must be in a format prescribed by the Lottery and completed in a timely manner. Timely manner is described as:

a. Routine written request – 1 week (five business days) turnaround.
b. Urgent telephone request (and written follow-up) –1 day verbal (and 1 week written) turnaround.

5.10 Game Prize Structure

The Vendor and the Lottery shall work together to create the best possible prize structures to maximize Instant Ticket Game sales and Net Income. The Vendor shall guarantee that each pack of tickets is produced based on randomization of all prizes. The Vendor shall propose the various levels of prizes and the combination of wins available in the game, the probability of winning prizes, the numbers of winners, and the cost of such prizes. The prize structure shall include, but not be limited to, the following:

1. Game name, number, date and version;
2. Ticket price point;
3. Production quantity;
4. Revenue generated;
5. Percent of prize payout;
6. Each tier level for prizes and play action indicting how each tier is won;
7. Overall probability of winning any prize in the game and consolidated probability if there is more than one way to win a prize;
8. Number of winners per Pack;
9. Prize cost and percent of prize fund dedicated to each prize level, subtotaled by low, mid, and high tiers as indicated in the Working Papers;
10. Pack size;
11. Total number of Packs; and
12. Ticket size.

The prize structure shall be submitted to the Lottery electronically in Excel format (which will be able to be changed/revised by the Lottery) and shall be accompanied by an explanation regarding the various details of running the game. The Lottery shall review the proposed prize structure and may indicate changes or instructions. The Contractor shall then produce the game in accordance with this final approved prize structure.

Vendor is responsible for assuring prize structure integrity. Vendor will use confidential methods to assure that delivered tickets meet all prize structure

requirements as approved in executed versions of Working Papers. After production of a game is completed, Vendor will generate and forward to the Lottery an "End-of-Production Prize Liability Report" for that game.

5.11 Marketing Related Support

A Vendor awarded a Contract as a result of this RFP must be prepared to provide market support services to the Lottery including but not limited to: creative game design support, prize structure design support, creative art support, and instant games promotional support.

Vendor must make readily available all research data it has at its disposal to the Lottery to assist in all facets of game planning and sales analysis.

Vendor should describe any marketing support it feels it can offer the Lottery to achieve maximum net sales.

In an effort to increase statewide visibility and promote positive public relations, the Lottery would like the Vendor to partner with the various communities within the state of Idaho and offer philanthropic support through various means. The Lottery would like the Vendor to list creative and meaningful ways this objective can be achieved.

During the term of the Contract or any extensions thereof, the Vendor shall provide an annual budget to be used for marketing support or other activities as required and directed by the lottery. The budget amount for each Contract year shall be Fifty Thousand Dollars ($50,000). Any unused portion of this budget amount shall be rolled over for use in subsequent years or credited to the lottery at the end of the Contract.

5.12 Research Related Support

Vendor shall submit an annual research recommendation to the Lottery, to include recommended research projects (identify objectives of research as well as how learnings can be applied). Activities the Vendor may be required to perform in the research area include, but are not limited to, Instant Ticket research projects designed to learn more about emerging markets, uncover new product opportunities, provide feedback on specific Instant Ticket concepts and designs, Secret Shopper/Retail Audits to evaluate instant ticket placement, display maintenance by Retailers, merchandising efficacy, etc. The types of research include, but are not limited to, focus groups, internet-based research and tracking studies.

During the term of the Contract or any extensions thereof, the Vendor shall provide an annual budget to be used for research support or other activities as required and directed by the lottery. The budget amount for each Contract year shall be Fifty Thousand Dollars ($50,000). Any unused portion of this budget amount shall be rolled over for use in subsequent years or credited to the lottery at the end of the Contract.

5.13 Game Design Selection

The Lottery will observe all existing federal and state copyrights and trademarks. However, the Lottery shall have the right to select game designs that have been, in whole or in part, originated by the Lottery, originated by another lottery, originated by the Vendor, or originated by another Vendor. If the Lottery chooses a particular game and the Vendor identifies that game as one subject to copyright, patent or trademark by another Vendor or state prior to the execution of Working Papers, then the Vendor will, at the Lottery's discretion, either negotiate an appropriate fee, or change the game name or design. However, this provision does not diminish the Vendor's responsibility under Part 3 of this RFP for any copyright or infringement claims which arise. The Vendor shall NOT use the Idaho Lottery's artwork for other lotteries unless granted permission.

5.14 Ticket Compatibility

All Instant Tickets shall be compatible with all ticket dispensing systems (e.g. Counter units and ITVM) utilized by the Lottery during the term of the Contract. The dispensing systems presently in use are:

1. Take-A-Ticket and Schafer Systems in-counter and on-counter dispensers.
2. Intralot DreamTouch Player Activated Terminal (PAT)
3. Intralot DreamTouch Smart

5.1 Inventory Control

The Vendor shall maintain logs of game ticket stock inventory between all points of production and the delivery to the Lottery. Logs of all destroyed game ticket stock and game tickets shall also be maintained. The Vendor shall collect the above data in a timely manner.

5.16 Quality Control

The Vendor shall employ quality control procedures to ensure that all game tickets delivered meet all specifications and requirements of the Lottery. The Idaho Lottery staff will conduct a remote press check for each game. The Lottery may require the Vendor to submit instant tickets from time to time to an outside, independent laboratory for testing at no additional cost to the Lottery. The Lottery shall select the testing laboratory.

5.17 "End of Production" Prize Structure

After all tickets have been produced, the Vendor shall promptly provide the Lottery with an "end of production" prize structure which accurately states the total number of tickets delivered and the actual number of winners. Additionally, multiple tiers of the same prize value shall be consolidated on a separate report.

5.18 Validation Assistance

The Vendor shall assist the Lottery in the analysis and validation of questionable tickets in a timely manner.

5.19 Game Audits and Certification/Game Testing Procedures

Vendor must engage, at its expense, a firm of Certified Public Accountants (or Chartered Accountants if in Canada), acceptable to the Lottery, to perform either: (i) Agreed-Upon Procedures in accordance with the AICPA Professional Standards, U.S. Attestation Standards, or (ii) an audit in accordance with Canadian generally accepted auditing standards. The purpose of the Agreed-Upon Procedures or audit is to determine that all game tickets have been produced in accordance with the parameters included in the executed Working Papers and to provide the Lottery assurance that 100% of possible errors on the tickets would be detected through the procedures or audit. The intentions and objectives of the Agreed-Upon Procedures or audit must be detailed in an Engagement Letter to the CPA firm. Vendor must provide the Lottery with the Engagement Letter and receive the Lottery's approval, not to be unreasonably withheld, of the procedures prior to release to the CPA firm. The Engagement Letter must require:

a. A comment from the CPA firm on each item in the section titled "Parameters" in the executed version of each game's Working Papers;

b. Identification of the Lottery as a party to the contract for the services of the CPA firm;

c. A statement indicating that the Accountants' Report on Agreed-Upon Procedures or the Auditor's Report on Compliance with Agreement will be made to the Lottery;

d. A statement directing that the Accountants' Report on Agreed-Upon Procedures or the Auditor's Report on Compliance with Agreement along with all findings and recommendations for Vendor improvements must be mailed directly to the Lottery Product Manager. (This requirement is intended to preclude Vendor from withholding or causing the withholding of information or reports from the Lottery); and

e. Agreement that the Lottery, at its choosing, may witness the Agreed Upon Procedures or Audit process. The objective of the Agreed-Upon Procedures or audit is to provide the Lottery with assurance that the number, amount and distribution of prizes are in accordance with the specifications of the contract. More specifically, the Accountants' Report/Auditor's Report shall address the following points:

    1. That the data and programs under review were the actual data and programs used to produce the game tickets. This will be done by comparing data from randomly sampled tickets, uncovered, to the data on the production programs. The information, without exception, must match exactly;

    2. That each program's contents conform to the specified prize structure required in the Working Papers;
    3. That the various denomination of prizes contained in each program sampled (per 2 above) are distributed randomly; and

4. That, in instances where certain denominations of prizes are distributed other than randomly, the CPA firm shall apply procedures as necessary and appropriate to provide the Lottery with assurance that prizes were distributed in accordance with method utilized.

The Lottery will, at its discretion, randomly choose up to 10% of the games produced per contract year, for this certified game audit.

5.20 Game Delivery Timeline
The number of days from working paper execution to delivery at the Lottery Warehouse shall be no more than 30 days unless previously agreed upon by both the Vendor and the Lottery.

5.21 Information Systems
Game information (via USB Flash Drive or files provided via a secure VPN file transfer) must be provided by the Contractor for each game and must meet the Lottery's technical specifications as described in Appendix B.

5.22 Ticket Validation Information and Records
Vendor awarded a Contract as a result of this RFP will conform to specifications listed in executed Working Papers to provide the Lottery with necessary validation and inventory information and be responsible for accuracy of validation and inventory files, or other media format acceptable to the Lottery, along with such documentation and information as may be required to verify winning ticket files. Such materials include:

a. All-Tier Winners Report A file of all winners seeded in a game.

b. Inventory Report A file that reports all packs, their assigned carton and skid numbers, and includes pack status (shipped-omit). Each file will be in a format prescribed by the Lottery. The Lottery may, at its option, require such information in a different format and/or media.

c. Game Report A report that details the number of game files created for production of tickets. In addition, the status of the files will be included (i.e., used, partially used, unused).

d. Omitted Pack Report A file that reports all packs omitted during ticket production.

e. Vendor Validation Upon the Lottery request, Vendor will validate any ticket presented for such purposes.

5.23 Validation Algorithm / Computer Information
The Vendor shall supply the Lottery's On-Line Gaming System Vendor, Intralot, with the algorithm and all related computer coded information needed to validate

the Lottery Instant Scratch Game Tickets. This algorithm information shall be provided in the media/file format required by Intralot.

The Vendor shall work cooperatively with the Lottery and Intralot to get the algorithm and all related computer coded information successfully installed on the Intralot System and tested through completion on all aspects of Intralot systems processing, reporting and ticket recreation prior to acceptance of the algorithm.

Vendor shall provide weight information for Instant Scratch Ticket Packs to be used by the Lottery in the preparation of shipping documents.

The Vendor shall consult with the Lottery and Intralot and provide any technical assistance required by the Lottery and Intralot, as needed on an ongoing basis, to successfully implement and maintain the algorithm.

5.24 Vendor Consultation
Vendor must be prepared to consult with the Lottery on games, their performance, and sales objectives, via frequent telephone contacts. Additionally, Vendor must be prepared to send a representative to the Lottery as reasonably scheduled by the Lottery.

5.25 Innovative Suggestions and Recommendations
The Lottery welcomes and invites innovative suggestions and recommendations from Vendors. Such suggestions and recommendations may not be substituted for, but must be in addition to, minimum requirements stated in this RFP. Vendors must demonstrate their innovation and creativity in developing concepts into products by submitting a thorough discussion of a minimum of three, but no more than five, recent successful concepts.

5.26 Licensed Properties
The Vendor shall, as directed by the lottery, provide one (1) licensed game from the Vendor's entire portfolio, including all available licensed properties without exception, of the lottery's choosing during each Contract year at no additional cost to the lottery.

5.27 Compliance Games (primary vendor only)
At the Lottery's discretion, the Vendor shall be required to print and deliver up to two (2) Compliance Games during each Contract year at no additional cost to the lottery. These games, as determined by the lottery, will consist of extremely small print runs of 1,100 to 5,500 Instant Scratch Tickets per order and will mimic an Instant Scratch Ticket Game that is already planned for production, in all ways except prize structure – this game will exclusively feature High Tier Prize winning tickets. The Vendor shall deliver these games in the normal way as any other game.

PART 6: PRICING

6.1 Letter of Transmittal and Price Proposals Format

The price Proposal must include a submittal letter signed by an individual authorized to obligate the Vendor to the prices quoted. (Appendix A) Prices must be valid for at least 180 days from the Proposal submission date.

All prices are to be expressed in U.S. dollars. Vendors must submit their Price Proposal in a separate sealed envelope, which must accompany their entire Proposal package. The proposed pricing must include the required services as described in this RFP.

6.2 Base Pricing

Base pricing must be submitted as a percentage of Net Instant Sales as defined in Part 1 of this RFP. Vendor's compensation shall be calculated on a weekly basis. Vendor's proposed percentages shall be expressed as a numeric percentage, carried to four (4) decimal places.

Within the base pricing please include marking systems for Cashword, Slingo, Bingo and any additional specialty marking.

In addition to providing a flat rate percentage of Net Sales please also provide percentages on a sliding scale based on price point.

Base ticket pricing must incorporate all costs from initial game design to delivery of finished tickets and must also include all specifications and requirements set forth in Part 6 of this RFP as standard production requirements.

The Lottery reserves the right to select quantities, ticket sizes, and options as deemed to be in the best interests of the Lottery. Standard ticket size and pack sizes are as follows: $1 games, 2.5" x 4", 140 tickets per pack. $2 games, 4" x 4", 100 tickets per pack. $3 games 6" x 4", 75 tickets per pack. $5 games, 8" x 4", 75 tickets per pack. $10, $20 and $30 games, 10" x 4", 55 tickets per pack and $50 games, 11" x 4", 25 tickets per pack. Prices quoted must be such that the Lottery can interpolate between price levels quoted should the Lottery select and order a quantity of tickets other than those listed.

6.3 Additional Pricing for Options

The Vendor must submit pricing for all of the options specified on the attached worksheet entitled Appendix C – Option Pricing. If an actual price is too complex to add in this worksheet a response of "negotiable" is acceptable.

6.4 Items Included in Base Pricing

a. Display and Latex play area printing shall be four (4) color process plus up to 3 spot colors, up to seven (7) graphic colors not including black and white on the front. The back shall have up to three (3) colors

b. Two (2) hits of white primer in the security layers included to maximize brightness of the colors on the overprint

b. 10-point recyclable paper stock

c. Full UV High Gloss Varnish

d. Full Bleed Colors from border to border

e. Imaging that extends across up to 90% of the width of the ticket

f. Multi-color imaging up two (2) colors (other than black)

g. Top prizes of any dollar amount as determined by the game prize structure

h. Guaranteed prize distribution

i. 2,000 actual voided samples per game

j. Multi-scene games allowed up to max cylinder size

k. Seamless four-color process over the entire ticket if appropriate

l. Marking systems for Cashword, Slingo and Bingo

m. Color Pulse up to two (2) additional for a total of three (3) colors

n. Up to one (1) external independent laboratory test per contract year

o. One (1) licensed game from Vendor's portfolio per each contract year

p. Print and deliver up to one (1) Compliance Game per contract year

PART 7: PROPOSAL EVALUATION

7.1 Introduction

The Instant Ticket Scratch Games Evaluation Team will evaluate all responsive Proposals. The goal of the Evaluation Team is to select the Proposal that offers the best value in terms of price, performance, features and technologies. The Evaluation Team will evaluate each Proposal that is properly submitted and will make a contract award recommendation to the Director.

All Proposals will be initially reviewed by the RFP Coordinator for completeness and compliance with the administrative requirements and instructions specified in this RFP. All responsive Proposals will advance to the Evaluation Team for evaluation and scoring.

Proposals that fail to provide specific information to adequately describe a Vendor's proposal for Instant Ticket Scratch Games services described in this RFP may be deemed non-responsive and may be rejected.

Vendors must be as specific as possible in describing the details of their Proposals. Proposals must be submitted as complete, stand-alone documents that require no additional detail or explanation in order to be effectively evaluated.

Vendors are forewarned that a Proposal that meets requirements with the lowest price might not be selected if, in the Lottery's judgment, a higher-priced Proposal offers greater overall value to the Lottery. The closer Proposals are in general merit, the more important price becomes as a factor in the final contract award decision.

7.2 Evaluation Committee

The Lottery will conduct a comprehensive and impartial evaluation of all responsive bids. That evaluation will be conducted by an Evaluation Team of qualified personnel selected by the Lottery. The Team will evaluate each Proposal that is properly submitted and will make recommendations to the Director, who will take those recommendations to the Commission. The Commission will make the final decision regarding selection of the successful Vendor.

7.3 Information from Other Sources

The Lottery and the Evaluation Committee reserve the right to obtain information concerning a Vendor, which the Lottery or the Evaluation Committee deems pertinent to the RFP, and to consider such information in the Proposal Evaluation.

7.4 Evaluation Steps

The Proposal Evaluation process and Contract Award will consist of the following steps.

Phase 1: Proposal Submission Requirements Review

Phase 2: Proposal distribution to Evaluation Committee

Phase 3: Vendor's Technical Proposal Evaluation

Phase 4: Vendor's Price Proposal Evaluation

Phase 5: Overall Proposal Evaluation

Phase 6: Final Decision on Contract Award Recommendation

Phase 7: Lottery Commissioners Approval of Recommendation

Phase 8: Notification of Successful Vendor and Contract Award

Phase 9: Contract Negotiation

7.5 Scoring of Technical Proposals

Each responsive Proposal will be evaluated and scored based upon each Vendors response to the qualifications set forth in the RFP. The Technical Proposals are weighted at 70% of the overall evaluation score for each Proposal. Technically

responsive Proposals will advance to the Price Proposal Evaluation. The Price Proposals are weighted at 30% of the overall evaluation score for each Proposal.

Part 3 - Vendor Information & Qualifications	Maximum Points
3.1 Corporate Information, Experience & Financial Information - 3.2, 3.3, 3.4, 3.5, 3.7	10
3.6 History of Contract Performance	30
3.8 Vendor's Strengths	40
3.9 Vendor Employees	20
Part 3 Total Points…	**100**

Part 4 - Security	Maximum Points
4.1 Approach to Security	20
4.2 Building Security	20
4.3 Game Security	20
4.4 Laboratory Testing	10
4.5 Pack Finishing, 4.6 Breach of Security, 4.7 Security Evaluation	20
4.8 Security Options, 4.9 Production Tickets	10
Part 4 Total Points…	**100**

Part 5 - Ticket and Game Specifications	Maximum Points
5.1 General Ticket Quality and Specifications, 5.2 Production Services	10
5.3 Ticket Specifications	15
5.4 Ticket Merchantability and Non-Conforming Tickets	5
5.5 Ticket Omissions, 5.6 Packaging & Shipping requirements, 5.7 Delivery Tolerances, 5.8 Ticket Art and Game Design	5
5.9 Ticket Pack Reconstruction	5
5.10 Game Prize Structure	5
5.11 Marketing Related support, 5.12 Game Design Selection	20
5.13 Ticket Compatibility, 5.14 Inventory Control, 5.15 Quality Control, 5.16 "End of Production" Prize Structure, 5.17 Validation Assistance	10
5.18 Game Audits and Certification/Game Testing Procedures	5
5.19 Game Delivery Timeline, 5.20 Information Systems, 5.21 Ticket Validation Information and Records, 5.22 Validation Algorithm / Computer Information	5

5.23 Vendor Consultation, 5.24 Innovative Suggestions and Recommendations	10
5.25 Licensed Properties, 5.26 Compliance Games	5
Part 5 Total Points…	**100**

	Total Maximum Points
Total Technical Evaluation Points…	**300**

The total score computation will be as follows:

Technical Score for Vendor
Highest Technical Score Received X .70 = Technical Points

Lowest Cost of all Bids
Amount Bid by Vendor X .30 = Cost Points

Total Score (Technical + Price)

7.6 Award Determination
Upon completion of the Technical Proposal and Price Proposal evaluations and rankings for the Vendors for the Primary Contract, each Vendor will receive an overall ranking. The Procurement Officer will recommend award of the Primary Contract to the responsible Vendor that submitted the Proposal determined to be the most advantageous to the State. In making this most advantageous Proposal determination, technical factors will receive equal weight with financial factors.

Except for the Vendor recommended for award of the Primary Contract, the Procurement Officer may recommend award of an Alternate Contract to any other Vendor that submitted a Proposal for an Alternate Contract and has been determined to be technically qualified.

Recommended contract award(s), if any, resulting from this RFP, is subject to all appropriate Lottery Commission approvals.

7.7 Selection and Ordering Process/Alternate Contract(s)
The Lottery shall have the sole discretion and unilateral right to assign any specific Instant Ticket Game production order to any Alternate Contractor. It is anticipated that up to a total of 40% of Instant Ticket Game production will be assigned to the Alternate Contractor(s).

7.8 Post Award Procedures

a. Protest

This protest procedure constitutes the sole administrative remedy available to Vendors under this procurement. An unsuccessful Vendor is allowed five business days after receiving written notification of the Lottery's determination of the Instant Ticket Scratch Games RFP to file a protest of the acquisition with the RFP Coordinator. Protests may be submitted by email or FAX but must be followed by the original document.

Vendors protesting this procurement must follow the procedures described below. Protests that do not follow these procedures shall not be considered:

1. All protests must be in writing and signed by the protesting party or an authorized agent.

2. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested must also be included.

3. All protests must be addressed to the RFP Coordinator.

4. Only protests stipulating an issue of fact concerning the following subjects shall be considered:
    - A matter of bias, discrimination or conflict of interest on the part of the evaluator.
    - Errors in the evaluation process; and/or
    - Non-compliance with procedures described in the procurement document or Lottery policy.

5. Protests that are not based on procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as an evaluator's professional judgment on the quality of a bid or the Lottery's assessment of its own or other agencies needs or requirements.

6. Upon receipt of a protest the Lottery will conduct a protest review. The Director will consider the record and all available facts and issue a recommended decision to the Commission within five (5) business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay. The Commission will review the Director's recommendation in light of the record and available facts and take appropriate final action on the protest within five (5) business days after receipt of the Director's recommendation.

7. In the event a protest may affect the interest of another Vendor, that Vendor may be given an opportunity to submit its views and any relevant information on the protest, to the Director.

8. The final determination of the protest shall:
    - Find the protest lacking in merit and uphold the Lottery's decision;
    - Find only technical or harmless errors in the Lottery's procurement process, determine the Lottery to be in substantial compliance and reject the protest; or
    - Find merit in the protest and provide the Lottery options, which may include: correction of any errors and re-evaluation of all bids; re-issuance of a new solicitation document and procurement process; or other findings and corrective actions, as appropriate.

If the protest is determined to lack merit, it will enter into a Contract with the apparently successful Contractor. If the protest is determined to have merit, the Lottery will exercise one of the alternatives described above.

Part 8: Non-Scratch Ticket Offerings and Additional Information

Lottery requests from Vendor information relating to the following items offered by the vendor which may be considered by the Lottery now or in the future:

a. Paper and electronic PullTabs
b. Online terminal/instant games
c. Loyalty clubs
d. Licensed properties
e. Mobile solutions
f. Other new/innovative scratch solutions
g. Vending solutions
h. In-lane instant sales
i. Digital game play
    a. iLottery
j. Ticket by ticket accounting at retail level
k. Video Lottery Terminals
l. Pari-mutuel wagering

This information in Part 8 is being requested for informational purposes only and will not be scored.

APPENDIX A
VENDOR SUBMITTAL CERTIFICATION

THIS CERTIFICATION MUST BE SUBMITTED WITH THE WRITTEN PROPOSAL

I certify that I have the authority to bind the vendor indicated below to the specific terms and conditions imposed in the RFP and offered in the proposal.

By my signature on this document, the vendor specifically agrees to all of the waivers, restrictions, and requirements of the RFP, including the general terms and conditions of a resulting contract, set forth at Appendix E, as conditions precedent to submitting this proposal.

The vendor shall not make any claim for, or have any cause of action in, or any right to relief because of any misunderstanding or lack of information, and furthermore, the vendor will not (and will use its best efforts to ensure that its directors, officers, employees, and agents do not) adversely affect the integrity, security, and public credibility of the Idaho Lottery by disclosing to any corporation, person, firm, or entity other than the Lottery or the State of Idaho any process, method or information by which instant lottery tickets can be rendered insecure or compromised whether or not these tickets are manufactured by the vendor or another party.

I also certify that the vendor has not made any knowingly false statements in its response to the RFP or engaged in any collusion or other anti-competitive practices.

VENDOR_____

NAME_____

TITLE_____

SIGNATURE_____

DATE_____

APPENDIX B
INFORMATION SYSTEMS SPECIFICATIONS

I. Barcode Specifications

A. Background:

The Lottery utilizes an Instant Game Management System (IGMS) system running on IBM eServers running AIX and Oracle database server architecture to facilitate communication between varied applications. All validation/ accounting information from approximately 1,200 retailers is via barcode.

A validation algorithm must be supplied in the form of a black box, by the vendor. The black box must convert the barcodes (front–PDF417 and back–Interleaved 2 of 5) on the scratch tickets to the validation number in the validation file. The Lottery will not dictate the exact algorithm; we only require that it is a secure validation process. The black box must cover all different validation methods – scanned and/or manual entry.

NOTE: This algorithm must be designed such that the location of a given ticket within a pool is random. In other words, it is unacceptable for the first ticket in the first pack to be the first entry in the validation file, the second ticket the second entry, etc.

Barcode input is used to:

- Validate a winning ticket
- Activate a pack of tickets
- Receive a pack of tickets
- Settle a pack of tickets

C. Ticket Barcode Format:

Regardless of barcode specifications, vendor ticket samples with barcodes must be readable by the Lottery's current hardware.

PDF 417 barcode, under the latex is required by the Lottery for all future games.

Legacy ticket barcode is interleaved two of five in a modified font to ensure readability with low-cost pencil wands.

Dimensions of barcode symbol FIX SPACING OF SECOND COLUMN)

Height	.40 inches (including barrier bars)
Quiet Zone	.25 inches (each side
Character Width	.225 inches
Start Width	.05 inches

Stop Width	.06 inches
Total Width	2.63 inches

The number above the barcode is a formatted number and includes the Game Number, Pack Number, and Ticket Number.

The number below the barcode is a "human-readable" representation of the data contained in the barcode itself.

II. Game File Requirements

GAME DEFINITION FILE:

Information	Value	Position / Length	
Game number	(Lottery Supplied)	1-4	4
Game name	(Lottery Supplied)	5-36	32
Vendor name	VENDOR	37-68	32
Pool size	(Vendor Supplied)	69-77	9
Tickets per pack	(Lottery Supplied)	78-80	3
Ticket price	in cents	81-85	5
First pack shipped	(Vendor Supplied)	86-92	7
Last pack shipped	(Vendor Supplied)	93-99	7
Filler	“000000000000000”	100-114	15
Qty of prize categories	(Lottery Supplied)	115-116	2
Creation date	YYYYMMDD	117-124	8
Pack Weight	Ounces – 2 decimal	125-128	4

PRIZE RECORDS FILE:

Information	Value	Position / Length	
Prize code	(Lottery Supplied)	1-2	2
Prize level	L, M, H *L = Low Tier* *M = Mid Tier* *H = High Tier*	3-3	1
Prize type	M, C, B *M = Merchandise* *C = Cash* *B = Both Cash & Merchandise*	4-4	1
Prize value	in cents	5-16	12
Prize description	(Lottery Supplied)	17-48	32
Qty shipped	(Vendor Supplied)	49-60	12
Filler	spaces	61-128	68

PACK FILE:

Information	Value	Position /	Length
Game number	(Lottery Supplied)	1-4	4
First pack shipped	(Vendor Supplied)	5-11	7
Last pack shipped	(Vendor Supplied)	12-18	7
Total number of packs	(Vendor Supplied)	19-24	6
Qty of cartons shipped	(Vendor Supplied)	25-31	6
Shipment number	(Vendor Supplied)	32-32	1
Creation date	YYYYMMDD	32-39	8
Filler	spaces	40-40	1

PACK RECORDS FILE:

Information	Value	Position /	Length
Pack number	(Vendor Supplied)	1-7	7
Carton number	(Vendor Supplied)	8-13	6
Qty of low tiers in pack	(Lottery Supplied)	14-18	5
Pack structure number	(Vendor Supplied)	19-19	1
Pack status	0 = Rejected / 1 = shipped	20-20	1
Filler	spaces	21-40	20

WINNERS FILE:

Information	Value	Position /	Length
Game number	(Lottery Supplied)	1-4	4
Validation number	(Vendor Supplied)	5-14	10
Prize value	includes cents	15-23	9
Prize code	(Lottery Supplied)	24-25	2

APPENDIX C
PRICE PROPOSAL WORKSHEET INSTRUCTIONS

Each Vendor must submit a price proposal for a potential ten (10) year contract based upon a combined cost of the Base Percent of Net Instant Sales, plus the cost for the options specified. The Yearly total will be expressed as a dollar amount, based on the Lottery's sales assumptions for each of the next ten (10) fiscal years.

All Base Percent of Net Instant Sales must be clearly entered as a percentage, make your decimal points clear and distinct.

Any goods or services required through this RFP and proposed by the Vendor at No Cost to the State must be clearly entered in the Base Percent, if appropriate. And Extended Price with 0.0000%.

All percentages in the proposal shall be firm fixed percentages for the entire term of the Contract, to include Renewal Option period(s) if exercised, any other extensions. Any option to renew will be exercised at the sole discretion of the Lottery and comply with all terms and conditions in force at the time the option is exercised. If exercised, the option period shall be for a period identified in the RFP at the percentages provided in the proposal.

All percentages provided in the proposal are to be fully loaded percentages that include all costs/expenses associated with the provision of services as required by the RFP. Th proposal percentage shall include, but is not limited to: all labor, profit/overhead, general operating, administrative, and all other expenses necessary to perform the work set forth in the RFP.

Unless indicated elsewhere in the RFP, sample amounts are used are typically estimates for evaluation purposes only. Unless stated otherwise in the RFP, the Lottery does not guarantee a minimum or maximum number of units or usage in the performance of the Contract.

Failure to adhere to any of these instructions may result in the proposal being determined nor reasonably susceptible of being selected for award.

The price proposal is divided into Category A for all requirements of the Primary Contract and Category B for all requirements of the Alternate Contract(s). Place proposed Base Percent of Net Instant Sales in the spaces provided below entitled "Schedule 1."

Vendors must save the completed Appendix C worksheets to a Flash Drive (as an Excel file) and submit it, with a hard copy of the spreadsheet, in the Pricing Volume.

CATEGORY A – PRIMARY CONTRACT

Schedule 1 - Percentage of Net Sales
A percentage of net instant ticket sales for those games produced by vendor.

- Flat Rate % _____
- Sliding Scale based on Price Point

	$1	$2	$3	$5	$10	$20	$30	$50
Percent of Net Sales								

CATEGORY B – ALTERNATE CONTRACT

Schedule 1 - Percentage of Net Sales
A percentage of net instant ticket sales for those games produced by vendor.

- Flat Rate % _____
- Sliding Scale based on Price Point

	$1	$2	$3	$5	$10	$20	$30	$50
Percent of Net Sales								

Please submit pricing for all the Options specified on the attached sheet entitled Appendix C – Option Pricing. Prices must be stated using the listed Options Charge Types.

All ticket quantities listed on the sheet entitled Appendix C – Option Pricing, are simply assumptions to be used for this pricing worksheet and not a guarantee of ticket quantities to be printed. In addition, Vendors are encouraged to add any additional printing options they feel would benefit the Lottery. For reference, a list of FY24 & FY25 Historical Options Used has been included.

Option Pricing
Additional color on Overprint
Additional color on ticket back
Additional color on ticket front
Color Pulse above 2
Continuous Scene
Die Cut Tickets
Dynamic printing (different photo printed on each ticket)
Each additional color imaging
Fluorescent Ink
Foil
Four color process on ticket back
Full Color Imaging
FX
High Definition Imaging (grayscale, not just black and white)
Holographic Paper Stock
Metalic Ink
Metallic Display color
Micro Motion
MicroMotion
Multiple Scene games (beyond cylidar max)
Neon Ink
Pearlescent Display Color
Scented Ink
Seamless four color process over the entire ticket
Sparkle
Synchronized Scene

Option Pricing actual FY25-26

	Price Point	Game#	Name	Launch Date	Treatment
FY25	$5	1842	Love is in the Air	12/11/2024	Additional Color on Back
	$5	1816	Big Balloon Bonus	7/22/2024	Color on back
	$50	1828	Casino Millions	3/24/2025	Continuous Scene
	$10	1857	Jurassic World	6/9/2025	Continuous Scene
	$10	1822	It's Gold Outside	10/7/2024	Foil Paper
	$10	1836	100%	1/20/2025	Holographic
	$20	1849	$200k Cash Spectacular	4/7/2025	Holographic FX
	$10	1850	$100k Cash Spectacular	4/7/2025	Holographic FX
	$5	1851	$50k Cash Spectacular	4/10/2025	Holographic FX
	$50	1811	$1,000,000 CA$H	12/9/2024	Ink, Foil, Sparkle
	$5	1800	Slingo Trio Platinum	7/29/2024	Micro Motion
	$10	1855	$100k Extreme	11/14/2024	Neon & **8x8**
	$20	1823	$200k Snowfall	10/7/2024	Sparkle FX
	$20	1809	"Win 20X" Family	7/15/2024	Spectrum FX
	$10	1808	"Win 10X" Family	7/15/2024	Spectrum FX
	$5	1807	"Win 5X" Family	7/18/2024	Spectrum FX
	$2	1806	"Win 2X" Family	7/18/2024	Spectrum FX
	$5	1812	Loteria	9/3/2024	Synch Scene
	$1	1834	Lucky Symbols	1/13/2025	Synchronized OP
	$1	1843	Wild 1	5/27/2025	Synchronized OP
	$20	1752	Word of the Day	2/10/2025	Translucent Marking
FY26	$10	1902	Fire & Ice Multiplier	1/20/2026	**8x8** inch Ticket
	$3	1871	Cool Beans Bingo	*514/26*	Fluorescent Ink
	$10	1838	Money Madness	7/7/2025	Fluorescent/Neon
	$5	1872	Money Monster	8/4/2025	Fluorescent/Neon
	$10	1873	Money Monster	8/4/2025	Fluorescent/Neon
	$20	1874	Money Monster	8/7/2025	Fluorescent/Neon
	$10	1893	Limited 17	12/1/2025	Foil Paper
	$10	1886	Silver Supreme	4/6/2026	Foil Paper
	$20	1863	Money In The Bank	3/9/2026	Metallic Ink
	$50	1897	High Life	6/1/2026	Metallic Ink
	$20	1900	50X (FOG)	12/29/2025	Metallic Ink on Foil
	$10	1899	20X (FOG)	12/29/2025	Metallic Ink on Foil
	$5	1898	10X (FOG)	12/31/2025	Metallic Ink on Foil
	$5	1881	Jingle Bells Christmas Smells	10/9/2025	Scented Ink
	$5	1891	Big Dill Cashword	2/9/2026	Scented Ink
	$50	1847	$1,000,000 King	12/8/2025	Silver FX
	$1	1879	Green 7, Red 7	10/14/2025	Synchronized OP
	$3	1860	Fruit Explosion	1/26/2026	Synchronized OP
	$5	1837	7x Multiplier CW	8/18/2025	Translucent Marking

Idaho Lottery data			# of games launched						
$	Sq Inch	Avg Ticket Qty	2020	2021	2022	2023	2024	2025	2026
$1	2.5x4	780,000	8	9	6	6	6	5	5
$2	4x4	495,000	8	8	7	8	6	7	6
$3	6x4	730,000	7	8	8	7	5	4	5
$5	8x4	600,000	21	21	18	17	17	18	16
$10	10x4	460,000	9	13	12	14	12	13	13
$20	10x4	350,000	5	9	7	6	4	6	9
$30	10x4	330,000	3	4	4	4	2	1	1
$50	11x4	530,000			1	2	2	2	2

APPENDIX D

67-7421. LOTTERY VENDOR DISCLOSURE FOR MAJOR PROCUREMENTS

This section is provided to allow the commission to evaluate the competence, integrity, background, character and the nature of the true ownership and control of lottery vendors.

The commission may require any person, as a part of a major procurement, to disclose at the time of submitting such bid, proposal or offer to the commission the following information:

(1) If the vendor is a partnership or joint venture, the names and addresses of all of the general and limited partners or joint venturers; if such general and limited partners or joint venturers are themselves a partnership, joint venture, trust, association, corporation, subsidiary, or intermediary corporation, the same information required by this section shall be supplied for such entities also;

(2) If the vendor is a trust, the names and addresses of the trustee and all persons entitled to receive income or benefit of the trust;

(3) If the vendor is an association, the names and addresses of the members, officers and directors;

(4) If the vendor is a corporation, the names and addresses of the officers, directors and each owner or holder, directly or indirectly, of any equity security or other evidence of ownership of any interest in such corporation; except that, in the case of owners or holders of publicly held securities of an intermediary company, holding company, or parent company that is a publicly traded corporation, only the names and addresses of those owning or holding five percent (5%) or more of such publicly held securities need be disclosed;

(5) If the vendor intends to or does subcontract to another person or entity any integral or substantial portion of the work to be performed in supplying such materials, equipment or services, then the vendor shall supply the information required by subparagraphs in this section for all such persons or entities;

(6) If the vendor is a corporation, the names of all the states in which the vendor is incorporated to do business, and the nature of that business;

(7) The names of other jurisdictions in which the vendor has contracts to

supply gaming materials, equipment or services and the types of gaming materials, equipment or services involved therewith;

(8) The details of any felony conviction of a criminal offense, state or federal, of the vendor or any person whose name and address are required by the disclosure requirements of this section;

(9) The details of any disciplinary action of a judicial nature taken by any state against the vendor or any person whose name and address are required by this section regarding any matter related to the selling, leasing, offering for sale or lease, buying, or servicing of gaming materials or equipment;

(10) Audited financial statements for the most recent five (5) years and a statement of the gross receipts realized in the preceding year from the sale, lease or distribution of gaming materials, equipment or services. This information shall be subject to disclosure according to chapter 3, title 9, Idaho Code;

(11) The name and address of any source of game materials, equipment or services for the vendor; and

(12) Such other information, accompanied by such documents, as the commission, by rule, regulation or contract procurement documents, may require as being necessary or appropriate in the public interest to accomplish the purposes of this section.

A major procurement contractor shall report immediately any changes in the information required in this section.

[I.C., § 67-7421, as added by 1988, ch. 232, § 2, p. 446; am. 1989, ch. 352, § 10, p. 879; am. 1990, ch. 213, § 99, p. 480.]

APPENDIX E

GENERAL CONTRACT TERMS FOR RESULTING CONTRACT

1. Contract Terms and Priority of Contract Documents

1.1 Terms and Conditions and Priority of Documents

The terms and conditions of the resulting contract between the Lottery and the Contractor consist of and precedence is established by the order of the following : 1. Any Amendment executed as provided in section 29, Amendment; 2. If the Lottery exercises its right, described in subsection 1.4, "Right to Memorialize Final Agreement" below, to memorialize the agreement between the parties, the final contract documents memorializing the agreement; 3. The General Contract Terms set forth in this Appendix E to the RFP; 4. The RFP, excluding the General Contract Terms set forth in this Appendix E to the RFP; 5. The Vendor's Proposal. The above numbered documents are, collectively, the "Contract". These documents are complementary and what is required by one shall be binding as if required by all. In the case of any conflict or inconsistency arising under the Contract documents, a document identified with a lower number in this section shall supersede a higher numbered document to the extent necessary to resolve any such conflict or inconsistency. No conflict or inconsistency shall be deemed to occur in the event an issue is addressed in one of the above-mentioned Contract documents but is not addressed in another of such documents. No conflict or inconsistency shall be deemed to occur in the event an issue addressed in one of the above-mentioned Contract documents is an additional or supplemental requirement to an issue addressed in another of such documents.

1.2 Contractor's Conflicting and Supplemental Terms

Where terms and conditions specified in the Contractor's Proposal differ from the terms in this RFP, the terms and conditions of this RFP shall apply. Where terms and conditions specified in the Contractor's Proposal supplement the terms and conditions in this RFP, the supplemental terms and conditions shall apply only if specifically accepted by the Lottery in writing.

1.3 Right to Memorialize Final Agreement

The Lottery reserves the right to determine the form of the final contract. At its option, the Lottery may memorialize the agreement

between the Lottery and the Contractor in one or more final contract documents.

2. Term

Contract(s) which result from this RFP, will be for the period on or about March 19, 2027, and ending March 25, 2032. The Lottery reserves the right, at its sole option, to extend the duration of the contract for one (1) additional three (3) year term followed by two additional one (1) year terms.

3. Terms of Payment

3.1 Fixed Pricing and Payment

As full and complete compensation for all work performed for the Lottery under the Contract, the Lottery shall pay the Contractor the expenses, charges and costs, as ultimately determined in accordance with Part 6 of the RFP, the successful Contractor's Proposal and any negotiations thereafter memorialized. The Lottery shall not be liable for any expenses the Contractor pays or incurs, or any charges or costs billed to the Lottery under the Contract unless set forth in the Contract. Except as set forth in the Contract, the Contractor shall supply, at its sole expense, all staff, equipment, tools, materials or supplies to accomplish the work to be performed pursuant to the Contract.

3.2 Payment Remedies

The Lottery's payment of expenses, charges and costs is subject to all remedies afforded to the Lottery under law and pursuant to the provisions of section 17, Remedies.

4. Representations and Warranties

4.1 Instant Scratch Ticket Games

Contractor represents and warrants that each Instant Scratch Ticket Game will in all respects meet the requirements and specifications of this Contract and will be suitable and fit for the purposes of a state-run Lottery and conform to and function with the applicable game specifications and designs.

4.2 Systems and Programming

Contractor represents and warrants that all systems analysis, systems design and programming, if any, performed pursuant to this Contract or for use in Contractor's performance hereunder has been and will be prepared or done in a professional manner consistent with the highest standards of the industry in which Contractor is engaged. Contractor further represents and warrants that all programs implemented in its performance under this Contract will meet the performance standards required hereunder, will correctly and accurately perform their intended functions, and will not be disclosed or released by Contractor to any person or entity other than the Lottery.

4.3 Services

Contractor represents and warrants that all services provided by it pursuant to this Contract will be performed in a prompt, competent and professional manner by properly trained individuals in accordance with the highest standards of Contractor's industry and in accordance with the specifications and requirements of this Contract.

4.4 Best Efforts

Contractor represents and warrants that it will apply its best efforts in game design and marketing in games produced for use by the Lottery.

5. Intellectual Property and Ownership of Instant Scratch Ticket Games, Materials and Information

All Work Product shall belong to the Lottery. Contractor shall deliver and assign, and agrees to assign, all rights in and to Work Product it creates, produces, compiles, or develops to the Lottery as set forth in the Contract. If Contractor uses any Pre-Existing Intellectual Property in the development of any Work Product, Contractor shall grant to the Lottery a non-exclusive, royalty-free, worldwide, perpetual license, under Contractor's Intellectual Property Rights to copy, publicly perform, create derivative works from, display, make, sell, use, reproduce, modify, and adapt such as may be necessary for the Lottery to utilize the Work Product as contemplated by the Contract. Prior to Contract execution, Contractor shall disclose in writing to the Lottery items Contractor defines as Pre-Existing Intellectual Property that it intends or wishes to use attendant to its performance, and such disclosure, if acceptable to the Lottery, shall be scheduled as part of the Contract to avoid mistake and uncertainty as to ownership of intellectual property. Contractor may tender written requests for additions to the scheduled list of Pre-Existing Intellectual Property as Contractor's performance progresses. Otherwise, developed materials shall be deemed to be Work Product. Moreover, Contractor shall give the Lottery prompt notice if at any time Contractor knows of any third-party claim to any intellectual property provided as Work Product by Contractor to the Lottery pursuant to the Contract. Lottery and Contractor also agree that all Intellectual Property Rights associated with any product or service including but not limited to game names, game ideas, artwork and play styles, developed solely by the Lottery, are and shall remain the sole property of the Lottery. The obligations under this Section 5, and its subparts concerning Work Product shall continue perpetually and survive the termination or expiration of the Contract. To the extent that a Contractor utilizes or relies upon the Intellectual Property Rights of a third party in fulfilling its obligations under a Contract, Contractor shall provide the Lottery with whatever assurance the Lottery deems necessary that the use of such third-party Intellectual Property Rights is permissible. In addition, in the event of failure to perform or breach of Contract, Contractor shall ensure continued right of use of licensed intellectual property by the Lottery.

6. Trademarks and/or Names

Contractor shall obtain and pay for federal and state trademark searches within Idaho, on names chosen for games by the Lottery, and obtain a written opinion at its sole expense from competent trademark counsel as to the availability and advisability of the use of such game names. The Lottery shall then review each opinion and thereafter determine the name of each game and embody its decision via approval for the final mechanical art for each game. In the event that a name so chosen by the Lottery has been expressly determined to infringe or violate a trademark in connection with a game as expressed in the written opinion supplied hereunder by Contractor's trademark counsel, Contractor shall be relieved of its indemnification responsibilities, hereinafter described in Section 7, to the extent the Lottery elects to proceed with the name in contravention of counsel's opinion.

7. Warranty and Indemnification

The Contractor represents and warrants that the Work Product will not infringe any third-party Intellectual Property Rights. The Contractor warrants that it has all rights and permissions, including Intellectual Property Rights and rights of publicity necessary to grant copyright, patent, trademark, or Intellectual Property Rights, including licenses, to the Lottery in its performance under the Contract. The Contractor shall indemnify and hold the Lottery harmless and shall defend at its own expense (subject to the right of the Lottery and the State to provide additional legal counsel at their own expense) any claim or action brought against the Lottery, its commissioners, employees, agents, retailers, and users of Instant Scratch Ticket Games arising out of or related to the Work Product, the Pre-Existing Intellectual Property, and all other goods and services described in the Contract based upon a claim of infringement of a United States patent, copyright, trade secret, or trademark, and Contractor shall be liable to the Lottery and the State of Idaho for all direct and/or consequential damages, including but not limited to loss of revenue to the Lottery and the State resulting from such claim or suit.

8. Continued Right to Use or Replacement

Should Instant Scratch Ticket Games and respective game names, and/or other goods and services provided and performed under this Contract, including but not limited to Work Product and Pre-Existing Intellectual Property become, or in Contractor's opinion be likely to become, the subject of a claim of infringement of a United States patent, copyright, trade secret, or trademark, the Lottery shall permit the Contractor, at its option and expense, either to procure for the Lottery the right to continue using the Instant Scratch Ticket Games and respective game names, and/or other goods and services provided and performed under this Contract or to replace or modify the same provided under the Contract so that it becomes non-infringing while still remaining acceptable to the Lottery relative to the Lottery's requirements under the Contract. In the event that Contractor is unable or unwilling to secure a continued right to use the Instant Scratch

Ticket Games and respective game names, and/or other goods and services provided and performed under this Contract within a reasonable time, the Lottery may, in its sole discretion, secure alternative Instant Scratch Ticket Games and respective game names, and/or other goods and services provided and performed under this Contract conforming to the requirements of the Contract and deduct the costs of such Instant Scratch Ticket Games and respective game names, and/or other goods and services provided and performed under this Contract from payments to Contractor or terminate the Contract upon written notice to Contractor; provided that with respect to termination of the Contract, the Lottery shall provide a thirty (30) day cure period and shall accompany such notice with reasonable and documented showing of Contractor's failure.

9. Contract Relationship

It is distinctly and particularly understood and agreed between the parties that the Lottery is in no way associated or otherwise connected with the performance of any service under this Contract on the part of the Contractor or with the employment of labor or the incurring of expenses by the Contractor. The Contractor is an independent Contractor in the performance of each and every part of this Contract, and solely and personally liable for all labor, taxes, insurance, required bonding and other expenses, except as specifically stated herein, and for any and all damages in connection with the operation of this Contract, whether it may be for personal injuries or damages of any other kind. The Contractor shall exonerate, indemnify, defend, and hold the Lottery harmless from and against and assume full responsibility for payment of all federal, state, and local taxes or contributions imposed or required under unemployment insurance, social security, worker's compensation, and income tax laws with respect to the Contractor or Contractor's employees engaged in performance under this Contract. The Lottery does not assume liability as an employer.

10. Indemnification

10.1 The Contractor shall indemnify, defend and save harmless the Lottery, its officers, agents, and employees, from and against all liability, claims, damages, losses, expenses, actions, attorney fees, and suits whatsoever, including injury or death of others or any employee of the Contractor or Subcontractor caused in whole or in part or that arise from the negligent or wrongful acts or omissions of the Contractor, its employees, agents or Subcontractors under the Contract or that arise from a failure to comply with any state, federal or local statute, law, act, regulation, or rule. Contractor shall not have any indemnification liability for any damages arising out of the gross negligence or willful misconduct of the Lottery.

10.2 Upon receipt of the Lottery's tender of indemnity and defense, under this section and/or section 7, herein, Contractor shall immediately take all reasonable actions necessary, including, but not limited to, providing a legal defense for the Lottery, to begin fulfilling its obligation to indemnify, defend, and save harmless the Lottery. Contractor's indemnification and defense liabilities described herein shall apply regardless of any allegations that a

claim or suit is attributable in whole or in part to any act or omission of the Lottery under the Contract. Contractor shall not be required to hold the Lottery harmless for damages attributed to the Lottery in a final order issued by a court of competent jurisdiction.

10.3 Any legal defense provided by Contractor to the Lottery under this section, or section 7, herein, must be free of any conflicts of interest, even if retention of separate legal counsel for the Lottery is necessary. Any attorney appointed to represent the Lottery must first qualify as and be appointed by the Attorney General of the State of Idaho as a Special Deputy Attorney General pursuant to Idaho Code Sections 67-1401(13) and 67-1409(1). The Lottery must approve all settlement offers and agreements made on its behalf and has the option to attend any settlement or alternative dispute resolution proceedings.

11. Insurance and Letter of Credit/Bonding

11.1 Insurance

a. The Contractor shall, for the duration of the Contract, maintain in effect all insurance as required herein and comply with all limits, terms and conditions stipulated therein. Policies shall provide, or be endorsed to provide, all required coverage. Prior to beginning any work, or within two (2) weeks after notification of award, whichever is earlier, the Contractor must provide certificate(s) or certified endorsement(s), as applicable, of the insurance required. Failure to provide the proof of insurance as required may, at the Lottery's option, result in termination of the Contract. The Contractor shall not commence work under this Contract until evidence of all required insurance is provided to the Lottery.

b. Insurance, except for Workers Compensation, required by this section shall, as applicable, name the Lottery as an additional named insured, to the extent of the liabilities assumed by the Contractor, or loss payee, as the Lottery's interests may apply; provided, however, that the Lottery shall be named a loss payee as set forth in subsection d. All insurance shall be with insurers rated A-VII or better in the latest Bests Rating Guide and in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary to any coverage of the Lottery on or related to the Contract and shall provide that the insurance afforded applies separately to each insured against whom a claim is made, except with respect to the limitation of liability. All required policies shall require thirty (30) days' notice to the Lottery, by certified or registered mail, return receipt requested, prior to any cancellation, refusal to renew or any material change in the nature or extent of the coverage provided. If any of the liability insurance required under this Contract is arranged on a "claims made" basis, "tail coverage" will be required at the completion of this Contract for

a duration of twenty-four (24) months thereafter. Contractor shall be responsible for furnishing certification of "tail coverage" or continuous "claims made" liability coverage for twenty-four (24) months following contract completion. Continuous "claims made" coverage will be acceptable in lieu of "tail coverage" provided the retroactive date is on or before the effective date of this Contract or twenty-four (24) months "prior acts" coverage is provided. Contractor waives all rights against the Lottery and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the required policies. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due to the Lottery.

c. By requiring insurance herein, the Lottery does not represent that coverage and limits will necessarily be adequate to protect the Contractor and such coverage and limits shall not be deemed as a limitation on the Contractor's liabilities under the indemnities granted to the Lottery.

d. Contractor shall maintain the following insurance in amounts not less than the following:

   i. Worker's Compensation Insurance in amounts as required by statute.

   ii. Employer's liability with a liability limit of $500,000 per accident, $1,000,000 Policy Limit.

   iii. Automobile Liability including non-owned and hired with a liability limit of $1,000,000 per occurrence.

   iv. Commercial General Liability (CGL) and, if necessary, commercial umbrella or excess liability with a limit of not less than $1,000,000 each occurrence/$3,000,000 annual aggregate. The Schedule of Underlying Insurance in the Umbrella Policy shall include the CGL, the auto policy and the Employer's Liability Policy.

   v. Comprehensive Crime with a liability limit of $1,000,000 per occurrence having at least the following coverage: dishonesty (blanket coverage), forgery, credit card forgery, theft (inside and outside), embezzlement, wire transfer fraud, computer fraud or theft and other dishonest acts of any employee or agent whose duties are to provide services under the Contract. The Lottery shall be named a loss payee on all Comprehensive Crime policies.

   vi. Errors and Omissions coverage with a liability limit of $5,000,000 per Claim/Annual Aggregate. Coverage shall indemnify the Contractor and pay on behalf of Contractor to the Lottery for loss which may be incurred due to any errors and/or

omissions of the Contractor, its officers, employees, agents, subcontractors or assigns, regardless of negligence. This coverage shall include coverage for claims of copyright, trademark and patent infringement for the Intellectual Property Rights, Pre-Existing Intellectual Property Rights and Work Product related to performance under this Contract.

11.2 Performance Bond

a. Within thirty (30) calendar days of the effective date of the Contract, the Contractor shall procure, at its own cost, and submit to the Lottery a performance bond payable to the Lottery in the amount of one million dollars ($1,000,000) for the initial period of performance and conditioned on Contractor's faithful performance. The Contractor shall pay the premiums on the performance bond. In the event that the Contractor or any officer, director, employee or agent of the Contractor or any subcontractor or any parent or subsidiary corporation of the Contractor or subcontractor fails to fully and faithfully perform each material requirement of this Contract, including without limitation the Contractor's obligation to indemnify the Lottery and pay damages to the Lottery, the performance bond shall be forfeited to the Lottery. The performance bond shall be in a form customarily used in the Lottery industry, and be acceptable to the Lottery, and shall be written by a surety authorized to do business in Idaho and that is acceptable to the Lottery. The performance bond shall be in effect at all times during the term of the Contract and any extensions or renewals thereof and for ninety (90) days following the conclusion of the Contract. The Contractor warrants that it will maintain the required performance bond coverage as described herein without any lapse in coverage. Based upon Contractor's performance during the initial contract term, the Lottery reserves the right to discontinue performance bond requirements for any contract extensions.

b. Failure on the part of the Contractor to furnish such performance bond, or other proof of performance bond coverage acceptable to the Lottery within thirty (30) days of contract execution, or to maintain the performance bond in full force and effect during the term of the Contract and any extension or renewal thereof, unless the Lottery discontinues performance bond requirements at its sole discretion, shall be a material breach of the Contract and shall be considered cause for the Lottery to declare the Contractor in default under this Contract. The Lottery's receipt of such performance bond or other proof of coverage does not constitute approval of the performance bond's coverage nor do the bonds relieve the Contractor from the faithful and honest performance of this Contract. Prior to acceptance of the Performance Bond, the Lottery reserves the right to review the Performance Bond and require Contractor to substitute an acceptable Performance Bond in such form and underwritten by a bank as the Lottery may require. The Performance Bond must specifically refer to the Contract and shall

bind the issuer/ guarantor to all of the terms and conditions of the Contract. The Performance Bond shall be forfeited to the Lottery if the Contract is terminated due to Contractor's default, breach of the Contract by the Contractor, or the Contractor's bankruptcy, whether voluntary or involuntary.

c. The performance bond must specifically refer to the Contract and shall bind the surety to all of the terms and conditions of the Contract. The performance bond shall be forfeited if the Contract is terminated due to the Contractor's default, breach of the Contract by the Contractor, or the Contractor's bankruptcy, whether voluntary or involuntary.

11.3 Letter of Credit

In lieu of a surety performance bond, within thirty (30) calendar days of the effective date of the Contract, the Contractor may cause to be issued an irrevocable Letter of Credit in the amount of one million dollars ($1,000,000) guaranteeing Contractor's faithful performance of its obligations under the Contract and naming the Lottery as beneficiary. Prior to acceptance of the Letter of Credit, the Lottery reserves the right to review the Letter of Credit and require the Contractor to substitute an acceptable Letter of Credit in such form and underwritten by an issuer as the Lottery may require. The Letter of Credit must be maintained in full force and effect during the term of the Contract and any extension or renewal thereof, and for ninety (90) days following conclusion of the Contract unless the Lottery discontinues its requirement at its sole discretion, and failure to so maintain shall be a material breach of the Contract and shall be considered cause for the Lottery to declare the Contractor in default under this Contract. The Letter of Credit shall be forfeited if the Contract is terminated due to the Contractor's default, breach of the Contract by the Contractor, or the Contractor's bankruptcy, whether voluntary or involuntary.

12. Subcontracting and Assignment.

Contractor shall not subcontract or assign its duties under the Contract without the prior written approval of the Lottery. The Lottery may, in its sole discretion, impose reasonable requirements upon the Contractor prior to the approval of any subcontract or assignment. Acceptance of the Contractor's Proposal specifying subcontracts shall constitute the Lottery's acceptance of the specified Subcontractors. Notwithstanding the Lottery's approval of any subcontract, the Contractor shall be solely responsible for the satisfactory performance of all Subcontractors and subcontracted services and for the compensation of all Subcontractors. The Contractor shall be and shall

remain liable for all costs and damages to the Lottery caused by negligent performance or non-performance of the subcontracted services. The Contractor shall ensure that each Subcontractors agrees to comply with the terms of the Contract applicable to its scope of performance.

13. Public Records

Pursuant to Title 74, Chapter 1, Idaho Code, information or documents received from the Contractor may be open to public inspection and copying unless exempt from disclosure. The Contractor shall clearly designate individual documents as "exempt" on each page of such documents and shall indicate the basis for such exemption. The Contractor shall indemnify and defend the Lottery against all liability, claims, damages, losses, expenses, actions, attorney fees and suits whatsoever for honoring such a designation or for the Contractor's failure to designate individual documents as exempt. The Contractor's failure to designate as exempt any document that is released by the Lottery shall constitute a complete waiver of any and all claims for damages caused by any such release. If the Lottery receives a request for materials claimed exempt by the Contractor, the Contractor shall provide the legal defense for such claim. The Lottery will not accept a legend or statement on one (1) page that all, or substantially all, of a document is exempt from disclosure.

14. Compliance with Law

14.1 Compliance with Law, Licensing and Certifications

Contractor shall comply with all requirements of federal and state statutes, rules, and regulations applicable to Contractor or to the services performed by Contractor pursuant to this Agreement. For the duration of the Contract, the Contractor shall maintain in effect, and have in its possession, all licenses and certifications required by federal, state and local laws, rules and regulations, including, but not limited to business and professional licenses. None of the Contractor's officers, directors, key employees and/or principal owners shall have any connection to any person or organization recognized by law enforcement officers as being a habitual criminal or member of any criminal cartel.

14.2 Non-discrimination

The Contractor shall provide all services funded through or affected by the Contract without discrimination on the basis of race, color, national origin, religion, sex, age, or physical/mental impairment, and shall comply with all relevant sections of the following: Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; The Age Discrimination in Employment Act of 1967; Title IX of the Education Amendments of 1972; The Age Discrimination Act of 1975; The American's With Disabilities Act of 1990; Executive Order 11246, as amended by Executive Order 11375; Department of Labor Regulations, codified at 41 CFR Part 60; Section 402 of the Vietnam

Era Veterans Readjustment Assistance Act of 1974; and, United States Department of the Interior Regulations, codified at 43 CFR Part
17. The Contractor shall comply with pertinent amendments to such laws made during the term of the Contract and with all federal and state rules and regulations implementing such laws. The Contractor must include this provision in every subcontract relating to this Contract.

14.3 Covenant Against Contingent Fees

The Contractor warrants that no person or selling agent has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except *bona fide* employees or *bona fide* established agents maintained by the Contractor for the purpose of securing business. The Lottery has the right, in the event of breach of this clause by the Contractor, to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration or recover by other means the full amount of such commission, percentage, brokerage or contingent fee.

14.4 Ticket Purchase and Prize Payment Restrictions

Throughout its period of contract performance, the Contractor must not purchase a Lottery game ticket, receive any portion of any Lottery prize payment or share any portion of any prize claimed by a holder of a winning Lottery ticket. Throughout the period of contract performance, the Contractor must make its best, ongoing efforts to monitor and enforce compliance with this provision. For the specific purposes of this provision, the term "Contractor" will be understood to mean the Contractor as a business entity, any and all agents, employees or subcontractors of the Contractor, and any person residing as a member of the same household in the principal place of residence of any agent, employee or subcontractor of the Contractor.

14.5 No Conflict

The Contractor certifies and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of its services under the Contract. The Contractor shall not employ during the term of this Contract any person known to the Contractor to have any such conflicting interests.

15. Removal of Contractor Personnel

The Lottery may, in its sole discretion, require that Contractor reassign or otherwise remove from performing services under the Contract, any staff member, Subcontractor, or Subcontractor staff member reasonably found unacceptable to the Lottery.

15.1 Background Investigations During Contract Term

The Lottery reserves the right to investigate personnel associated with the Contractor. The Contractor agrees to make its best efforts to cooperate with any such background investigation. In the event that any investigation discloses evidence of the Contractor's non-compliance with any Contract term, the Lottery expressly reserves the right to pursue any remedies available to it under law or contract, including the assessment of liquidated damages and termination of the Contract.

16. Resolution of Disputes

The dispute resolution process provided in this section shall apply to all circumstances where a specification or deliverable requires the Lottery and Contractor to collaborate or cooperate to produce a plan, process, policy or procedure and where there is any dispute regarding Contract performance and terms. If the Director and Contractor are unable to reach a mutually agreeable plan, process, policy or procedure, either party may reduce the disputed issue to writing and deliver the notice of dispute to the other party with a request for resolution. The request for resolution shall be accompanied by supporting information including, but not limited to, a description of the issue with citations to the Contract requirements applicable to the issue, and a clear statement by the requesting party of the party's interpretation of the issue and the basis for its suggested resolution of the issue. If the Director and Contractor are unable to resolve the matter, the parties may pursue remedies available under law or equity.

17. Remedies

17.1 Remedial Action

In addition to any remedies available to the Lottery under this Contract and under law or equity, the Lottery may at its sole discretion require one or more of the following remedial actions, taking into account the nature of the deficiency, if any of the services or products do not conform to Contract requirements: (1) require the Contractor to take corrective action to ensure that performance conforms to Contract requirements; (2) reduce payment to reflect the reduced value of services received; (3) require the Contractor to subcontract all or part of the service at no additional cost to the Lottery; (4) withhold payment or require payment of actual damages caused by the deficiency; (5) withhold payment or require payment of liquidated damages; (6) secure products or services and deduct the costs of products or services from payments to the Contractor, or (7) terminate the Contract pursuant to section 18, Termination of Contract. Withholding of payment by the Lottery for the failure of Contractor to perform or payment of liquidated damages by Contractor shall not relieve Contractor from its obligations under the Contract and shall not be a basis for termination by Contractor under Section 18.2, Termination for Cause.

17.2 Liquidated Damages

The Lottery and the Contractor agree that it will be extremely impractical and difficult to determine actual damages that the Lottery may sustain over the life of this Contract. The goods and services to be provided under the Contract are not readily available on the open market, and it is understood that any breach by the Contractor will delay and disrupt the Lottery's operations and will lead to damages. Therefore, the parties agree that they will use an established liquidated damages approach to the resolution of issues that arise under certain specified damages categories. The parties further agree that they will make a good faith effort to negotiate any additional liquidated damages provisions reasonably required, beyond those categories listed below.

The Lottery desires to assess liquidated damages in terms of actual lost revenue, actual lost net profit to the Lottery, potential lost revenue, potential lost net profit to the Lottery and/or an established dollar/time formula. The Lottery reserves the right to assess liquidated damages for difficult-to-quantify issues, such as the damage to the integrity of the Lottery. Except and to the extent expressly provided herein, the Lottery shall be entitled to recover liquidated damages under each section applicable to any given incident, so that a total liquidated damages assessment may be calculated based on the cumulative effect of two or more damages categories. All assessments of liquidated damages shall be made by and at the discretion of the Director within six (6) months of the conclusion of the event upon which the assessment is based. Liquidated damages not assessed within this period will be waived. Upon determination that liquidated damages will (or may be) assessed, the Lottery shall notify the Contractor(s), in writing, of the assessment. Within 15 days of receiving the Lottery's notice, the Contractor may submit to the Director a statement of any factors it believes the Lottery should take into consideration regarding the relevant facts and circumstances in making any decision regarding the assessment of liquidated damages.

Such damages shall be paid within thirty (30) calendar days of receipt of the assessment notice by deducting such damages from the payment/compensation otherwise due a Contractor. If payment is not made within such thirty (30) day period, the Lottery may collect such damages by making a claim against the Performance Bond or by any other lawful method. Nothing in this provision shall be construed as relieving a Contractor from performing all Contract requirements, whether or not said requirements are set forth herein. Moreover, the Lottery reserves the right to enforce or to seek other remedies from failure to perform any other Contract duty without limitation. A Contract entered into by the Lottery and a Contractor will be used by the Lottery to monitor Contractor's performance and will provide basis

for determining assessment of damages. This encompasses damages including, but not limited to, the following items.

a. **Late Delivery**

Contractor and Lottery agree that Contractor will pay to the Lottery liquidated damages as follows for failure to timely deliver a game: (1) the sum of five thousand dollars ($5,000) per day or for any part of a day that shipment is delayed beyond the time specified in the Working Papers to the extent that the delay does not prevent Lottery from filling orders for tickets from retailers; and (2) the sum of two hundred thousand dollars ($200,000) per day for each day or for any part of a day that shipment is delayed beyond the time specified in the Working Papers where the delay in shipment results in the Lottery being unable to fill orders for tickets from retailers or results in the Lottery being unable to start a game in a timely fashion or to continue a game already in progress.

b. **Tickets Damaged During Shipping**

In the event that tickets do not arrive at the Idaho Lottery Warehouse as specified in Section 5.6, Packaging and Shipping Requirements, the shipment will be declined and shipped back to the Contractor at Contractor's expense. This includes but is not limited to cartons not secured on skids, damaged cartons, and/or tickets not secured in cartons.

c. **Damaged Tickets**

In the event that a game put on the market by the Lottery has a production defect of any kind that prevents the game from being sold, the Contractor will reimburse the Lottery for the production costs of said tickets and will reimburse the Lottery $100 per day to cover the cost of removing these tickets from retail locations.

d. **Non-Conforming Tickets**

Non-Conforming tickets (any ticket which deviates from any specification) may be rejected by the Lottery. If the number of such tickets rejected is more than five percent (5%) of the ordered quantity of tickets, the Vendor shall replace such tickets at no additional costs to the Lottery. If the quantity of tickets rejected is less than the above percent for such game, the Vendor need not replace non-conforming tickets but shall issue a credit for the tickets to the Lottery. This remedy is in addition to any other remedy provided for in this Contract or provided by law.

e. **Validation Files**

If the validation files do not arrive at the Lottery by the agreed upon time and date outlined in the working papers, the Lottery may

assess liquidated damages in the amount of $2,500 for each day the files are late.

f. **Warranty On High-Tier Prizes**

Contractor shall warrant that only the number of High-Tier prize tickets approved by the Lottery based on the authorized prize structure will be in each specific game. Contractor and the Lottery agree that the damages for claimed additional High-Tier prize tickets (not authorized by the Lottery) will be the amount of the prize paid, per occurrence. Additionally, specific quantities of top-prizes, and any other prize level specified by the Lottery, must be identified as “guaranteed” in language contained in executed Working Papers for each specific game.

1. The language contained in executed Working Papers is as follows:

For **Guaranteed** top prizes:

The top-level prize will be guaranteed and balanced exact to the prize structure regardless of quantity shipped.

g. **Warranty on Unique Validation Numbers**

Contractor warrants that all tickets shall have a unique validation number within a game. Contractor and the Lottery agree that damages for repetition of validation numbers, in any format, within a game will be the apparent prize value of the ticket per occurrence.

h. **Non-Disclosure of Lottery Plans**

Contractor must use its best efforts to assure that details of games planned by the Lottery and the fact that the Lottery intends to offer such games, are not disclosed to persons or organizations other than the personnel and agents and Contractor Subcontractors (approved by the Lottery) whose assistance in production of games is necessary, until the Lottery publicly announces the same. Contractor and the Lottery agree that Contractor shall pay to the Lottery, as fixed and agreed liquidated damages, ten thousand dollars ($10,000) for each violation of this term.

i. **“Winners On Their Face"**

Contractor awarded a Contract agrees to indemnify the Lottery for payment of "Winners On Their Face". Payment by the Lottery of a "Winner On Its Face" will be made only after careful consideration and consultation with such Contractor. Final determination of payment under this Section will be made solely by the Lottery.

For the purpose of this Section, a "Winner On Its Face" is a ticket which contains a legitimate winning configuration of game symbols and symbol captions, but which does not have the corresponding official winning ticket validation number. To qualify as a "Winner On Its Face", such tickets must meet all of the correct tests for a legitimate winner (except for having a winning validation number).

As is the case with all tickets, a "Winner On Its Face" will be void if it is unissued, illegible, mutilated, altered, blank or partially blank, counterfeit in whole or part, reconstituted, miscut, misregistered or incomplete; if display printing is irregular; if anything other than exactly one prize amount or symbol and corresponding caption appear in each of the prize amount boxes as specified in the Working Papers; if apparent symbols are inconsistent with their captions; or if ticket fails any of the Lottery validation tests (except for having a winning validation number).

18. Termination of Contract

18.1 Termination for Convenience

The Lottery may cancel the Contract at any time, with or without cause, upon no less than one hundred eighty (180) calendar days' prior written notice to the Contractor specifying the date of termination. Upon termination pursuant to this section, the Lottery shall pay to Contractor all monies due for Contractor's performance up to the effective date of termination.

18.2. Termination for Cause

Either party may terminate the Contract for the bases set forth below when the other party has been provided written notice of default or non-compliance and has failed to cure the default or non-compliance within a reasonable time set forth in the written notice of default, not to exceed twenty (20) calendar days. Either party may terminate the Contract for cause if at any time: (a) the other party is in material breach of any warranty, term, condition, covenant or obligation under the Contract; (b) judicial interpretation of federal or state laws, regulations, or rules renders fulfillment of the Contract infeasible or impossible; (c) Contractor's license or certification required by law is suspended, not renewed, or is otherwise not in effect at the time service is provided; or (d) Contractor fails to comply with any applicable law, regulation, or rule.

18.3 Effect of Termination

Upon termination by the Lottery, Contractor shall: (a) promptly discontinue all work, unless the termination notice directs otherwise; (b) place no further orders or requests of subcontractors, if any, for materials, services, or facilities; (c) terminate all orders and

subcontracts to the extent that they relate to the performance of work terminated by the termination notice; (d) promptly return to the Lottery any property provided by the Lottery pursuant to the Contract; and (e) deliver or otherwise make available to the Lottery all data, reports, estimates, summaries and such other information and materials, as may have been accumulated by Contractor in performing the Contract, whether completed or in process. Upon termination by the Lottery, the Lottery may take over the services and may award another party a contract to complete the services contemplated by the Contract. Upon termination for cause, the Lottery shall be entitled to reimbursement from Contractor for losses incurred as a result of Contractor's breach, including, if applicable, all administrative costs directly related to the replacement of this Contract, such as costs of competitive bidding, mailing, advertising, applicable fees, charges, penalties and/or staff time costs, and shall also be free to exercise any and all available legal remedies.

19. Extension of Contract by the Lottery

In the interest of an effective end of Contract transition to any successor Contractor, the Lottery reserves the right to extend this Contract for up to 180 days after the end of the last contract period.

20. Notices

Any notice given in connection with the Contract shall be given in writing and shall be delivered either by hand or by certified mail, return receipt requested, to the other party at the address stated below. Either party may change its address by giving notice of the change in accordance with this section.

TO THE LOTTERY: Idaho Lottery
Post Office Box 6537
Boise, Idaho 83707-6537
Attention: Andrew Arulanandam

To the Contractor at the address provided for the individual authorized to bind the Contractor as identified in Contractor's bid or otherwise provided upon award of the Contract.

21. Survival of Terms

Any termination, cancellation, or expiration of the Contract notwithstanding, provisions which are intended to survive and continue, shall survive and continue, including, but not limited to, the provisions of sections 1, Contract Terms and Priority of Contract Documents, 9, Contract Relationship, 10, Indemnification, 13, Public Records, 17, Remedies, 22, Officials Not Personally Liable, 25, Governing Law, 26, Attorney Fees.

22. Officials Not Personally Liable

In no event shall any official, officer, employee or agent of the State of Idaho or the Lottery be liable or responsible for any representation, statement, covenant, warranty or obligation contained in, or made in connection with the Contract, express or implied.

23. Non-Appropriation

It is understood and agreed that the Lottery is a governmental agency and this Contract shall in no way be construed so as to bind or obligate the Lottery or the State of Idaho beyond the term of any particular appropriation of funds by the State Legislature as may exist from time to time. The Lottery reserves the right to terminate this Contract if, in its sole judgment, the legislature of the State of Idaho fails, neglects or refuses to appropriate sufficient funds, or requires any return or "give-back" of funds required for the Lottery to perform under the Contract, or if the executive branch of the State of Idaho mandates any cuts or holdback in Lottery's spending. Any such termination shall take effect on ten (10) days' notice.

24. Taxes

The Lottery is generally exempt from payment of state sales and use taxes and from personal property tax for property purchased for its use. The Lottery is generally exempt from payment of federal excise tax under a permanent authority from the District Director of the Internal Revenue Service. The Lottery will furnish exemption certificates upon written request by the Contractor. If the Contractor is required to pay any taxes incurred as a result of doing business with the Lottery, the Contractor shall be solely and absolutely responsible for the payment of those taxes.

25. Governing Law

The Contract shall be governed by and construed under the laws of the State of Idaho and the parties hereto consent to the jurisdiction of the state courts of Ada County in the State of Idaho in the event of any dispute with respect to the Contract.

26. Attorney Fees

In the event of a legal proceeding of any kind instituted under the Contract or instituted to obtain performance or to remedy a default under the Contract, the prevailing party shall be awarded such additional sums as the court may adjudge for reasonable attorney fees and to pay all costs and disbursements incurred in connection therewith.

27. News/Media Releases

The Contractor agrees to submit to the Lottery all news/media releases and publicity matters relating to this contract in which the Lottery name is mentioned or in which language is used, from which the connection of the Lottery may, in the Lottery's judgment, be inferred or implied. The Contractor agrees not to publish or use such news/media releases and publicity matters without the prior written consent of the Lottery.

28. Entire Agreement

The Contract constitutes the entire agreement between the parties hereto and shall supersede all previous Proposals, oral or written, negotiations, representations commitments, and all other communications between the parties.

29. Amendment

The Contract may not be released, discharged, changed, extended, modified, subcontracted or assigned in whole or in part (collectively, an "Amendment") except to the extent provided by a written instrument signed by the Contractor and the party authorized to bind the Lottery as more particularly described in this section. The Director is authorized to execute Amendments consisting solely of any plans required by the RFP and working documents that further define the day-to-day responsibilities of the Contractor and the Lottery. The Director is not authorized to execute Amendments increasing monetary obligations of the Lottery or extending the Contract term absent Lottery Commission approval. An Amendment not executed in compliance with this section shall be void.

30. Severability

If any term, provision, covenant, or condition of the Contract, or the application thereof to any party or circumstance, shall be held to be illegal, invalid or unenforceable, in whole or in part or for any reason, the remaining terms, provisions, covenants and conditions of the Contract shall continue in full force and effect as if the Contract had been executed with the illegal, invalid or unenforceable portion eliminated, so long as the Contract as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of the Contract, and the deletion of such portion of the Contract will not substantially impair the respective benefits or expectations of the parties to the Contract.

31. Force Majeure

If the Contractor or Lottery is delayed, hindered, or prevented from performing any act required under the Contract by reason of delay beyond the reasonable control of the asserting party due to theft, fire, Act of God or public enemy, severe and unusual weather conditions, injunction, riot, strikes, lockouts, insurrection, war, or court order, then performance of the act shall be excused for the period of the delay. In that event, the period for the performance of the act shall be extended for a period equivalent to the period of the delay. Matters of the Contractor's finances shall not be considered a force majeure.

32. No Waiver

The failure of the Lottery to require strict performance of any term or condition of the Contract or to exercise any option or discretion granted to it, in any one or all instances shall not be construed to be a waiver or

relinquishment of any such term or condition. The same shall be and remain in full force and effect unless there is a prior written waiver by the Lottery.

33. Definitive Contract

The award of Contracts pursuant to this RFP shall be subject to the negotiation and execution of definitive Contracts between successful Contractors and the Lottery, which Contracts shall incorporate this RFP and the respective Proposals by reference. A Contract shall be acceptable to the Lottery in form and substance and shall include terms and conditions in addition to those stated herein, including, without limitation, indemnification provisions, liquidated and other damages provisions, provisions stating the Lottery's ownership interest in processes and intellectual property created in the performance of a Contract, and confidentiality provisions.

34. Destruction of Tickets

An authorized Lottery representative may observe destruction of any imaged tickets.

35. Consent and Approvals

35.1 Not to Be Unreasonably Withheld or Delayed

Any consent or approval required to be given by the Contractor or the Lottery under the provisions of the Contract shall not be unreasonably withheld or delayed.

35.2 Extension of Contractor's Time to Perform

If the Contractor is delayed, hindered, or prevented from performing any act required under the Contract by reason of the unreasonable withholding of a consent or approval by the Lottery, the Contractor may request a revision to the Contract extending the Contractor's performance deadlines. The Contractor shall request a revision to the Contract within twenty-one (21) days of the Lottery's failure to provide consent or approval if a date for the consent or approval is provided in the Contract within a reasonable period if no such date is provided. The provisions of section 16, Resolution of Disputes and section 29, Amendment shall apply to the Contractor's request for a revision under this subsection. This subsection shall not apply to the Lottery's withholding of payment to the Contractor.

36. Idaho Statutory Certifications

Vendors should be fully aware of this provision when considering whether to submit a Proposal. If a Vendor is unable to make the required certifications it should forego submitting a Proposal. This provision will also be included in a resulting Contract. Pursuant to Idaho Code §§ 18-8703, 67-2346, 67-2347A, and 67-2359, by submitting a Proposal in response to this RFP, the Vendor certifies all of the following to be true: (1) it is not and will not for the duration of the Agreement be an abortion provider or affiliate abortion provider as those terms are defined in Idaho Code § 18-8702; (2) it is not

currently engaged in, and will not for the duration of the Agreement engage in, a boycott of goods or services from Israel or territories under its control; (3) it is not currently engaged in, and will not for the duration of the Agreement engage in, a boycott of any individual or company because the individual or company (i) engages in or supports the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, minerals, hydroelectric power, nuclear energy, or agriculture, or (ii) engages in or supports the manufacture, distribution, sale, or use of firearms, as defined in Idaho Code § 18-3302(2)(d); (4) it is not currently owned or operated by the government of China and will not for the duration of a resulting Contract be owned or operated by the government of China; and (5) it will not assign or seek to assign a resulting Contract to any person or entity operating in violation of this provision. The State of Idaho may immediately reject any Vendor Proposal and/or terminate any resulting Contract at its convenience or for cause upon receipt of information that the Vendor or Contractor is in violation of any term in this Section.