



MICHIGAN LOTTERY™

**Request for Proposals
RFP No: MSL 2023-001**

Internet Sales Platform and Related Services

TABLE OF CONTENTS

- SECTION 1: Introduction..... 2
- SECTION 2: Timeline..... 3
- SECTION 3: Process & Instructions..... 4
- SECTION 4: Questionnaire 14
- SECTION 5: Acknowledgement 17
- SECTION 6: Standard Contract Terms 20
- SECTION 7: Technical Requirements..... 44
 - A. System Overview 45
 - B. Player Accounts 58
 - C. Games Support 64
 - D. Payments 67
 - E. Customer Engagement 73
 - F. Staffing and Support..... 78
 - G. Optional Services 88
- SECTION 8: Service Levels 92
- SECTION 9: Pricing 100

SECTION 1: Introduction

The Michigan Bureau of State Lottery (MSL) issues this request for proposals (RFP) seeking bids to provide an internet sales platform and related services.

About the Michigan Lottery

Since 1972, MSL has contributed more than \$27 billion to the School Aid Fund, supporting public education programs throughout Michigan. In each of the last four fiscal years, MSL has contributed more than \$1 billion to the School Aid Fund, totaling nearly \$5 billion to the fund since FY19.

Detailed information on MSL operations, financials, and games is available in its Annual Comprehensive Financial Reports, available at:

<https://www.michiganlottery.com/about/financial-reports>

About the iLottery Program

MSL began offering games for sale over the internet in August 2014. Growth of the program was rapid and immediate. Average monthly deposits in FY22 totaled more than \$30 million.

Potential bidders are encouraged to visit MSL's website to become familiar with its program at:

www.michiganlottery.com

About this RFP

This RFP is intended to balance MSL's interest in new and innovative approaches with a manageable bid process. Technical requirements list mandatory minimums that must be addressed. Bidders are free to expand upon those mandatory minimums.

All sections of the RFP, including any corrections or amendments, will be available at the link below and will remain available until either the RFP is rescinded or 30 days after an award has been made:

www.michigan.gov/msl/2023001

SECTION 2: Timeline

This timeline is tentative and subject to change. It is placed in a separate section of the RFP to facilitate ease of amendment. At the outset, it will provide potential Bidders with an overview of timing. As the RFP process continues, specific dates will be added. All such changes will be publicly posted and provided to Bidders.

RFP Issued:	06/16/23
Bidder Questions Due:	07/14/23
MSL Responses:	TBD Dependent on number and complexity of questions submitted
Proposals Due:	90 days after publication of answers
Tentative Award:	TBD Dependent on number and length of proposals submitted for review.
Protest Period:	7 days from award publication
Contract Formation:	Following conclusion of protest period Dependent on substance of any protest filed.
Ad. Board Approval:	90 days after final contract formation All state contracts must be approved by the State Administrative Board
Contract Execution:	7 days after Ad. Board approval Goal: at least 18 months before end of current contract.

Given the highly complex nature of the system, MSL seeks a final, executed contract on or before February 1, 2025, leaving approximately 18 months before expiration of the current contract for development, quality assurance testing, and user acceptance testing.

SECTION 3: Process & Instructions

Please review the RFP instructions and process carefully.

General

1. Issuance of this RFP, preparation and submission of a proposal, and the receipt and review of that proposal is not an agreement, does not create any expectation of business, and does not commit MSL or the State of Michigan to award a contract.
2. This RFP and any modifications to this RFP will be publicly posted online at the following address (the Bid Page):

www.michigan.gov/msl/2023001
3. Information posted on the Bid Page will be considered sufficient notice to all bidders as of the date posted and regardless of whether any other method of notice was properly or timely delivered.
4. MSL may modify or cancel this RFP at any time and for any reason. Any modification will become effective as of the date of notice to bidders.
5. Information posted on the Bid Page will remain available throughout the RFP process and for 30 calendar days after a contract has been awarded or this RFP has been canceled.
6. Headers and numbering in these instructions have no substantive effect and are solely intended to assist with identifying specific instructions.

Bidder Communications

7. The Bid Manager for this RFP is:

Name: Dana Worrall
Address: 101 East Hillsdale Street, Lansing, Michigan 48933
Email: WorrallD@michigan.gov
Second Email: MSL-RFP@michigan.gov
8. The Bid Manager is the sole point of contact for all bidders with respect to this RFP. Discussing this RFP with any other MSL employee, officer, representative, agent, or consultant is prohibited and may result in disqualification.
9. Bidders may ask the Bid Manager for general assistance such as confirmation of contact information or receipt of an email or proposal. Bidders may not ask for

and the Bid Manager will not provide any assistance in the preparation or delivery of proposals.

10. Specific communications with the Bid Manager outlined in this RFP, such as requests for clarification, must be made in writing and emailed to the Bid Manager at both email addresses provided above.
11. Each bidder must provide a single point of contact for communications relating to this RFP (see Questionnaire). Bidders are solely responsible for ensuring all contact information is correct and up to date.

RFP Clarification

12. Bidders may submit requests to clarify any part of this RFP for a period of 30 calendar days after this RFP was issued (the Q&A Period). MSL may extend the Q&A Period if it deems necessary.
13. All requests for clarification must be made in writing and emailed to the Bid Manager within the Q&A Period. Requests that fail to meet these requirements will not be considered.
14. All properly submitted requests for clarification will be posted on the Bid Page.
15. MSL is not required to provide a response to any request for clarification or make any modification to this RFP. If MSL provides a response, it will be posted on the Bid Page. If any modification to the RFP is made as a result of a request for clarification, the response provided by MSL will indicate that a modification has been made.

Bidder Proposals

16. Interested bidders must submit proposals to the Bid Manager in accordance with all RFP instructions and prior to close of the submission deadline. Proposals submitted after the submission deadline will not be considered.
17. One or more bidders may submit a joint proposal, provided that the proposal clearly sets forth each entity's role and each entity submits a separate Questionnaire & Acknowledgement.
18. A bidder may only submit one proposal. If a bidder is part of a joint proposal, that bidder may also submit a separate, independent proposal.
19. All information that bidders would like to have considered must be contained within the proposal. References and links to external sources may not be used in lieu of providing complete information. MSL is not obligated to consider any information that is not contained within the proposal.

20. Each proposal must include the business name of the bidder on the header or footer of every page of their proposal.
21. Proposals must be submitted in both physical and digital formats.
 - a. The physical format must be submitted as two separate binders. The first binder must contain responses to all RFP sections except pricing. The second binder must only contain proposed pricing.
 - b. The digital format must be submitted as a USB drive containing separately titled PDF files. Each PDF file must be titled as specified in this RFP. In addition, the digital version must also include a separate file titled "Full Proposal" that contains the entire proposal, including pricing, in one file.
22. Proposals must be submitted on 8.5" x 11" paper and digital equivalent. With the exception of pictures or diagrams, responses must be written in size 12 Arial font.
23. While there is no page limit for responses to any specific section of the RFP, the entire proposal must not exceed 600 pages. This includes all diagrams, pictures, cover pages, and any/all other materials. Any pages over 600 will not be reviewed.
24. Bidders may only submit one proposal and must submit the entire proposal in one delivery. If a Bidder has joined with another entity to submit a separate, joint proposal, it will not be considered more than one proposal from the same Bidder.
25. Bidders are cautioned to not submit any information believed to be proprietary, trade secret, or otherwise confidential. Bidders should assume that no part of any proposal(s) will be exempted from disclosure under the Michigan Freedom of Information Act.
26. Proposals must be sent to the Bid Manager at the address above by registered mail, courier, or hand delivery. Bidders may contact the Bid Manager to confirm receipt but may not ask the Bid Manager for assistance in sending the proposal.
27. Proposals must be submitted in one complete delivery. MSL is not obligated to accept proposals submitted in multiple parts or over the course of multiple days.
28. Bidders are solely responsible for ensuring their proposals are properly and timely delivered to MSL. Interruption in mail service, traffic, holidays, internet connections, or any force majeure will not be considered. Waiting until the last day to submit proposals means assuming the risk that the proposal will not be received in time.

29. Each proposal is an offer to do business with MSL under the terms set forth in the proposal that is irrevocable and binding for a period of one year from the date of submission.
30. All proposals submitted to MSL become the property of MSL and will not be returned.

Evaluation Committee

31. MSL will assign at least three MSL employees to manage the RFP process and evaluate proposals (the Evaluation Committee).
32. All modifications to the RFP, including changes in timelines, will be made by and at the sole discretion of the Evaluation Committee.
33. All requests for clarification submitted to the Bid Manager during the Q&A Period will be reviewed by the Evaluation Committee, and any response or modification to the RFP will be prepared by the Evaluation Committee.
34. Members of the Evaluation Committee will be required to keep proposals, review of proposals, discussions, and scoring internal to the Evaluation Committee and confidential from anyone outside the Evaluation Committee until after an Award Recommendation has been made.
35. The Evaluation Committee may seek expertise or guidance from outside its membership provided that: (a) such expertise or guidance is provided by another MSL employee, (b) the consulting MSL employee is identified to the Bid Manager as a non-voting member of the Evaluation Committee, and (c) the consulting MSL employee is subject to the same confidentiality requirements as voting members of the committee.
36. Non-voting members of the Evaluation Committee may provide expertise or guidance on any matter but will not participate in scoring proposals.
37. Members of the Evaluation Committee, including non-voting members, will not be disclosed to bidders until after an Award Recommendation has been made. Any attempt by a bidder to communicate with a member of the Evaluation Committee about this RFP or a proposal may result in disqualification of that bidder.
38. If no Award Recommendation is made, all members of the Evaluation Committee will remain confidential.

Post-Proposal Modification and Clarification

39. If after reviewing proposals the Evaluation Committee determines in its sole discretion that one or more instructions, questions, or requirements of the RFP

was unclear, the Evaluation Committee may issue a Post-Proposal Modification Notice.

40. Any Post-Proposal Modification Notice will include the part of the RFP deemed to be unclear, provide clarification, and provide a new timeline in which bidders may submit supplemental information to their proposals.
41. Any Post-Proposal Modification Notice will be posted on the Bid Page.
42. The Evaluation Committee may find it necessary to seek clarification from one or more bidders regarding one or more responses within a proposal. In such cases, the Bid Manager will send a request for clarification to the point of contact identified by the bidder. The request will include any page limitations and the time in which the bidder must respond.
43. All requests to clarify responses in a proposal will be posted on the Bid Page.
44. MSL is under no obligation to make a request for clarification. Bidders are solely responsible for ensuring their proposals are as clear and complete as possible.

Minimum Requirements

45. To meet the minimum requirements of this RFP, bidder must:
 - a. own or have unlimited license to the code that forms the core functionality of the iLottery system being proposed by bidder, and
 - b. have provided services of similar size and scope as those outlined in this RFP using the same iLottery system proposed by bidder in at least one government-operated lottery in North America for at least 6 months.
46. The Evaluation Committee will begin its review of properly submitted proposals to determine if any proposals fail to confirm these minimum requirements.
47. Any proposal that fails to meet the minimum requirements will be removed from further consideration and will not be scored.

Proposal Scoring

48. The Evaluation Committee will score all properly submitted proposals that confirm the minimum requirements. A total of 530 points are available as follows:
 - A. System Overview – 180 Points
 - B. Player Accounts – 74 Points
 - C. Games Support – 54 Points
 - D. Payments – 82 Points
 - E. Communications and Promotions – 72 Points

F. Staffing and Support – 68 Points

49. To be eligible for further consideration, a proposal must reach a score of 477 points (the Eligible Score), which is 90% of all points available. The Evaluation Committee will immediately stop scoring a proposal when it reaches the Eligible Score and no additional points will be awarded. The Eligible Score is the highest score any proposal will receive.
50. All proposals that reach the Eligible Score will have pricing reviewed and will be assessed for best value. Proposals that do not reach the Eligible Score will be removed from further consideration, will not have pricing reviewed, and will not be assessed for best value.
51. The sole purpose of scoring is to remove proposals that do not reach the Eligible Score from consideration. Scoring does not establish best value and will not be used for any purpose beyond determining if further review of a proposal is warranted.
52. In the event that no proposal reaches the Eligible Score, the Evaluation Committee will either reduce the Eligible Score to 85% of available points and consider all proposals meeting that threshold, or cancel the RFP. If no proposal reaches the 85% threshold, the RFP will be canceled.

Best Value

53. All proposals that reach the Eligible Score will be reviewed for best value to MSL and the State of Michigan. Best value does not simply mean lowest price. Best value is a combination of factors including but not limited to price of goods and services offered, total cost of operation, breadth and flexibility of the proposal, local economic benefits, ease of administration, bidder experience and expertise, risks of disruption or delay, and any other factors the Evaluation Committee determines relevant to identifying what it believes to be the best overall proposal for MSL and the State of Michigan at the time.
54. The Evaluation Committee may conduct any research it deems necessary and use any information at its disposal to review and assess proposals.
55. The Evaluation Committee may, at its sole discretion, invite bidders to submit a “best and final offer.” In such case, the invitation will be made to all bidders that reached the Eligible Score. Any invitation to submit a best and final offer will be made by the Bid Manager and will not be made directly by any member of the Evaluation Committee.
56. The Evaluation Committee may consider prior performance with MSL or the State of Michigan in making its determination of best value.

57. The Evaluation Committee may consider overall economic impact to the State of Michigan when evaluating best value, including but not limited to principal place of performance, number of Michigan citizens employed or potentially employed, capital investments, job creation, tax revenue implications, and economically disadvantaged businesses.
58. The Evaluation Committee may consider total-cost-of-operation factors (e.g., transition and training costs) when evaluating best value.

Award Recommendation

59. If the Evaluation Committee believes a contract should be awarded, it will prepare an Award Recommendation containing:
 - a. List of all proposals received but not scored and the reasons why.
 - b. List of all proposals that failed to reach the Eligible Score and a breakdown of scoring.
 - c. List of all proposals that reached the Eligible Score and a breakdown of scoring until the Eligible Score was reached and scoring stopped.
 - d. The proposal that the Evaluation Committee believes to be the best value to MSL and the State of Michigan, and an explanation of the reasons why.
60. If an Award Recommendation is made, a copy will be emailed to bidders and posted on the Bid Page.
61. All notes and communications made by the Evaluation Committee regarding its evaluation of proposals are deliberative in nature, do not constitute a final agency decision, will not be retained, and will not be publicly released.

Bidder Protests

62. A bidder wishing to protest the Award Recommendation must do so within seven calendar days of the date the Award Recommendation was posted on the Bid Page (the Protest Period). Protests received outside the Protest Period will not be considered and any attempt to reserve a right to protest outside the Protest Period is ineffective.
63. Protests must be submitted to the Bid Manager in writing at the email addresses identified above. Protests received in any other manner will not be considered.
64. Disagreement with scoring or best value, flat assertions of unfairness or bias, alleged errors that would not affect the outcome, or general disappointment in the award do not form a proper basis for a protest.
65. The only proper basis for a protest is an unequal application of the bid process outlined above that did affect or was highly likely to affect the outcome. It is insufficient to flatly allege an unequal application of the process or that the

outcome might have been affected. Bidder must identify a specific instance in which the process outlined above was applied differently among the bidders and how that unequal application did affect or was highly likely to affect the outcome.

66. The Deputy Commissioner of Legal Affairs & Charitable Gaming will review properly submitted protests. If it is determined that the bid process was unequally applied and that the outcome was affected or was highly likely to have been affected, the Deputy Commissioner of Legal Affairs & Charitable Gaming will address the error through the following measures:
 - a. If the error can be corrected, the correction will be made, the proposals will be reviewed again, and a new Award Recommendation will be issued. This does not necessarily mean a different award or outcome.
 - b. If the error cannot be corrected, the RFP will be canceled and may be reissued at MSL's discretion.
67. The above two corrective measures are the only remedies available for a successful protest. Bidders are not entitled to any other remedy of any kind including but not limited to specific performance or reimbursement of costs.
68. MSL will not award a contract until either the end of the Protest Period or resolution of all properly submitted protests.
69. Properly submitted protests and responses from MSL will be posted on the Bid Page.

Contract Formation

70. Bidder must prepare the first draft of the proposed contract and provide it to MSL for review. The contract must consist of the standard contract terms, statement of work, service levels (including liquidated damages), and pricing.
 - a. Bidder may only revise the standard contract terms, service levels, or liquidated damages if bidder properly reserved the proposed revision in accordance with this RFP.
 - b. The statement of work must restate all substantive provisions offered in bidder's proposal as affirmative obligations.
 - c. Pricing must be the same as offered in bidder's proposal or best and final offer if a best and final offer was submitted.
71. MSL will review and return any proposed changes. If, in MSL's sole discretion, bidder's proposed draft contains numerous unreserved revisions to standard sections or significantly understates, erodes, or otherwise diminishes the services offered in the proposal, MSL may summarily reject the draft.

72. MSL may require incorporation of any part of the bidder's proposal into the proposed contract.
73. If bidder and MSL are unable or unwilling to reach mutually agreeable language, MSL will email bidder an Impasse Notice stating that there has been an inability to reach final terms and that the offer to enter into a contract will be revoked unless mutually agreeable terms are reached within seven calendar days.
74. If final contract terms cannot be reached, MSL may in its sole discretion move to what it believes to be the next best value proposal or rescind the RFP. In the event MSL moves to the next proposal, contract formation with that bidder will follow the same process outlined above.

Contract Award

75. MSL may not enter into a contract under this RFP unless and until that contract has been submitted to and approved by the State Administrative Board.
76. Following contract formation, bidder must execute the contract and deliver to MSL for submission to the State Administrative Board.
77. The State Administrative Board's decision is final. If the contract is not approved, MSL may in its sole discretion revise and resubmit the contract to the State Administrative Board, move to the next bidder, or rescind the RFP.
78. If the contract is approved by the State Administrative Board, MSL will execute the contract within seven calendar days of approval.
79. Bidder must register with the State of Michigan as a vendor through the SIGMA system or as otherwise directed by MSL to receive payment.
80. No contract exists unless and until it has been approved by the State Administrative Board and executed by MSL.

Miscellaneous

81. This RFP is not an offer to enter into a contract and participation in the RFP process does not create a contract or any expectation that a contract will be awarded.
82. All proposals become public records immediately upon receipt by MSL.
83. MSL reserves the right to deem a proposal non-responsive if it seeks extensive changes to the standard contract terms, service levels, and liquidated damages such that, in MSL's sole discretion, it is no longer practical to compare the value of the proposal to other proposals.

84. MSL reserves the right to:
- a. Disqualify a bidder for failure to follow any RFP instructions.
 - b. Discontinue the RFP process at any time for any or no reason.
 - c. Disqualify a proposal that attempts to reserve negotiation over all or a majority of the standard contract terms, service levels, or liquidated damages instead of providing the proposed revisions and a specific reason for the revision as required in the section-specific directions.
 - d. Consider late and/or disqualified proposals if no other complete proposals meet the minimum requirements or Eligible Score.
 - e. Disqualify a proposal if it is determined that a bidder purposely or willfully submitted false or misleading information in response to any part of the RFP.
 - f. Refuse to award a contract to any bidder that has failed to pay State of Michigan taxes or has outstanding debt with the State of Michigan.
 - g. Enter into negotiations with one or more bidders on price, terms, technical requirements, or other deliverables.
 - h. Award multiple, optional-use contracts, or award by Contract Activity.
85. Regardless of outcome or how far into the process any bidder proceeds, bidders are not entitled to any costs, reimbursement, or damages of any kind relating to participating in this RFP process, submitting a proposal, the outcome of any protest, or any other claim of loss or damage relating to this RFP.

SECTION 4: Questionnaire

The response to this section in your proposal must:

- Be titled “Part 1: Questionnaire.”
- Restate each numbered question prior to each answer.
- Answer every question (even if the answer is “no”).
- Provide separate Questionnaires for each entity if the proposal is being submitted by a joint venture or two or more entities.

Failing to follow the directions above may result in a deduction of up to 150 points from the overall proposal score for failing to follow clear directions.

Bidders have an ongoing obligation to immediately notify MSL of any error in an answer or any change in circumstances affecting an answer. Failing to notify MSL of any error or change may result in disqualification.

Questionnaire

1. Provide your legal business name, address, phone number, website, entity type (e.g., corporation, LLP, LLC, etc.), and jurisdiction in which organized.
2. Identify a person that will serve as the point of contact for this RFP, including name, title, address, phone number, and email address.
3. Provide a brief summary of your business including core areas of business, years in operation, approximate number of employees, and office locations.
4. Provide an overview of your management team and reporting structure.
5. Describe any significant changes in your core business areas, organizational structure, management team, offices, ownership, or control in the last five years.
6. What was your gross annual revenue for each of your last five fiscal years?
7. Would award of a contract under this RFP increase your gross annual revenue by 20% or more? If so, provide a brief description of how your business would expand to manage this contract.
8. If awarded a contract under this RFP, what is the physical address of the office that would have primary responsibility for managing the account?
9. Describe any relevant experiences from the last five years supporting your ability to successfully manage a contract awarded under this RFP.

10. Has your business or any officer of your business been barred, suspended, or disqualified from bidding or contracting with any government entity within the last ten years? If so, provide the government entity, date, and a brief description for each instance.
11. Has your business or an officer of your business been a party to litigation against a government entity in the last ten years? If so, provide the government entity, date of initial filing, case name, case number, court, jurisdiction, and a brief description for each instance.
12. Has your business or any of its related business entities defaulted on a contract or had a contract terminated for cause within the last ten years? If so, provide the contracting entities, type of contract, date of contract, and a brief description for each instance.
13. Describe any partnerships or strategic relationships you believe will bring significant value to MSL and/or the State of Michigan.
14. Do you currently own or have unlimited license to the code that forms the basis of the core functionality of your iLottery system? If so, describe the code and either your ownership or unlimited license to use the code. If not, your proposal may be disqualified.
15. For at least six months, have you provided services of similar size and scope as those described in this RFP to at least one government-operated lottery in North America using the same iLottery system described in your answer to the question above? If so, provide the name, contact person, contact information, and contract number for each lottery. If not, your proposal may be disqualified.
16. Did your business, or any employee, agent, or representative of your business, or any subsidiary, parent company, or other affiliated entity of your business, participate in the development or drafting of any part of this RFP? If so, your proposal may be disqualified.
17. If awarded a contract under this RFP, do you intend to partner or subcontract with any person or entity that assisted in the development or drafting of this RFP? If so, your proposal may be disqualified.
18. Will your business, or an employee, agent, or representative of your business, participate in the evaluation of the proposals received in response to this RFP? If so, your proposal may be disqualified.
19. Has your business hired, contracted with, or otherwise retained anyone who, within the last five years, was employed by the MSL? If so, list all individuals, the last position held by each individual with Michigan Lottery, and the role with your company held by each individual.

20. Has your business entered into any contracts with the State of Michigan within the last ten years? If so, provide the contract number, the start date, and a brief description for each contract.
21. Has your business entered into at least three contracts with government entities within the last ten years? If so, provide the name of the government entity, a contact person, the contract number, the start date, and a brief description for each contract.
22. If awarded a contract under this RFP, describe the economic benefits your business will bring to the State of Michigan, including but not limited to minimum number of in-state employees, average wages, healthcare coverage, in-state offices, capital investments, infrastructure, partnerships with local businesses, and any other anticipated benefits.
23. Has your business been found in violation of any state or federal labor, antidiscrimination, or employment laws or regulations within the last ten years? If so, provide a brief description for each instance.
24. Has your business been found in violation of any state or federal environmental laws or regulations within the last ten years? If so, provide a brief description for each instance.
25. Has your business received any certification or verification relating to responsible gaming practices? If so, provide a brief description and relevant dates.
26. Does your business have a supplier diversity program or training? If so, please provide a brief description.

SECTION 5: Acknowledgement

All bidders must include a signed acknowledgment with their proposals. The acknowledgment must:

- Be titled "Part 2: Bidder Acknowledgement."
- Use the same legal business name as the proposal being submitted.
- Restate each numbered statement below.
- Not omit, reword, or purport to qualify or reserve any numbered statement.
- Be signed by an officer of bidder with authority to bind bidder to these terms.

Bidders that fail to include a signed acknowledgment in their proposal or attempt to omit, reword, qualify, or reserve terms may be disqualified.

Acknowledgment

The undersigned acknowledges and agrees on behalf of [INSERT BIDDER NAME] (Bidder) to all of the following:

1. Bidder has reviewed all RFP instructions and submits a proposal with the intent to follow and be bound by those instructions.
2. To the best of bidder's knowledge, information, and belief, all responses in bidder's proposal are complete and accurate as of the time the proposal was submitted.
3. Bidder has an ongoing obligation to correct any information in the proposal it discovers to be inaccurate, incomplete, or to have changed after the proposal was submitted.
4. Bidder will regularly check the Bid Page identified in this RFP for updates and posting information on the Bid Page serves as sufficient notice to bidder as of the date posted regardless of whether notice was provided in any other form.
5. All materials submitted to MSL in response to this RFP become the sole property of MSL free of charge. Bidder understands that none of the material will be returned and that bidder will not receive any compensation or reimbursement of any kind.
6. Bidder understands that all information submitted to MSL becomes public record when received and may be disclosed by MSL at any time. MSL makes no promise or assurance that any part of bidder's proposal will be kept confidential.
7. MSL is authorized to investigate any response provided by bidder, including but not limited to contacting any entity with which bidder does business for a reference regardless of whether that entity has been identified in the proposal.

8. No employee, officer, agent, or contractor of bidder or any parent company or subsidiary of bidder participated in developing this RFP or will participate in evaluating proposals submitted in response to this RFP.
9. Bidder will not discuss or attempt to discuss this RFP with any MSL employee, officer, or consultant other than the Bid Manager.
10. Bidder's proposal is an offer to do business with MSL under the terms of the proposal and bidder will hold that offer open and irrevocable for a period of at least one year from the date of submission.
11. The only proper basis for protest is unequal application of the process described in this RFP to the bidders that did or was likely to affect outcome. The only remedy for such an error is correction and re-assessment or cancelation. Specific performance, damages, or any other remedy is unavailable.
12. MSL is under no obligation to award a contract under this RFP and may cancel the RFP at any time and for any reason.
13. Bidder participates in this bid voluntarily and with no expectations of receiving a contract or other outcome. Regardless of outcome, bidder is not entitled to any costs, damages, reimbursement, or compensation of any kind.
14. Bidder forever releases the State of Michigan, its departments, subdivisions, officers, and employees from all claims, rights, actions, demands, damages, liabilities, expenses and fees, which arise out of or relate to this RFP, including, but not limited to disclosure of all or a portion of bidder's proposal submitted under this RFP. Bidder must defend, indemnify and hold the State of Michigan, its departments, subdivisions, officers, and employees harmless, without limitation, from and against all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including potential litigation and appeals and including those required to establish the right to indemnification), arising out of or relating to this RFP or any disclosure of any part of bidder's proposal submitted under this RFP. The State will notify bidder in writing if indemnification is sought. The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense, or any portion thereof, if the State of Michigan deems necessary. Bidder will not, without the State of Michigan's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. If a State of Michigan employee, official, or law is involved or challenged, the State of Michigan may control the defense of that portion of the claim. Any litigation activity on behalf of the State of Michigan, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State of Michigan may not do so until

approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

[BIDDER MUST INSERT SIGNATURE BLOCK]

SECTION 6: Standard Contract Terms

The response to this section in your proposal must:

- Be titled “Part 3: Standard Contract Terms.”
- Identify and reserve each term with which you take exception by its number and by complete restatement of the term.
- Explain the specific issue or concern you have with the term.
- Restate the term using your proposed language and explain how the change addresses your identified issue or concern.

Failing to identify a specific term, the specific concern, proposed language, and how that language addresses the concern will preclude attempting to revisit that term during contract formation. Failing to completely follow the above directions (e.g., identifying a term without explaining the concern or proposing new language) may result in a deduction of five points from the overall proposal score for failing to follow directions. Attempting to flatly reserve all terms or otherwise circumvent the above directions may result in disqualification.

STANDARD CONTRACT TERMS

This contract (“Contract”) is by and between the Michigan Bureau of State Lottery (MSL) with offices located at 101 E. Hillsdale, Lansing, MI 48933 and [Vendor Name] with offices located at [Vendor Address] (“Vendor”).

The parties agree as follows:

1. **Term.** This Contract is effective on [month, day, year] (“Effective Date”), and unless terminated, expires on September 30, 2032 (“Expiration Date”). This Contract may be renewed for up to six optional renewal periods of one year each. Renewal is at the sole discretion of MSL.
2. **Vendor Duties.** Vendor shall perform all services and provide all deliverables (collectively “Contract Activities”) as described in all Statements of Work agreed upon by the parties. The initial Statement of Work is attached to this Contract as Schedule A and is incorporated into this Contract as if fully stated herein. Unless expressly stated otherwise in a Statement of Work, Vendor is solely responsible for and shall furnish all labor, equipment, materials, and supplies necessary for the performance of Contract Activities at no additional cost.
3. **Vendor Performance.** Vendor shall: (a) perform all Contract Activities in a timely, professional, safe, and high-quality manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with MSL or State of Michigan operations; (e) obtain and maintain all necessary licenses,

permits or other authorizations necessary for the performance of the Contract; (f) freely cooperate with MSL and any third party to achieve the objectives of the Contract; (g) return to MSL any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) assign to MSL any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (i) comply with all MSL direction and regulation, including without limitation physical and IT security policies and standards, communicated to Vendor or publicly available; (j) comply with all local, state, and federal laws independent of notice or direction from MSL, (k) hold any funds belonging or owed to MSL or any MSL customer in trust for MSL with the highest level of fiduciary responsibilities, and (l) provide MSL priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

4. **Contract Administrators.** Each party shall designate, and update as necessary, a point of contact authorized to send notice, receive notice, and facilitate any amendment or modification to the Contract (each a "Contract Administrator"). The Contract Administered for each party is:
 - a. MSL: [Name, address, phone, email]
 - b. Vendor: [Name, address, phone, email]
5. **Contract Notices.** Any notice identified in this Contract shall be in writing and sent to the designated Contract Administrator. Notice will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email. Any amendment or modification of this Contract or any Statement of Work shall be void and ineffective unless routed through the appropriate Contract Administrator for review, approval, and execution.
6. **Program Manager.** Each party shall designate a point of contact to monitor and coordinate the day-to-day activities of the Contract ("Program Manager"). Program Managers and contact information will be identified in Schedule A.
7. **Performance Guarantee.** Vendor shall at all times have financial resources sufficient, in the sole opinion of MSL, to ensure performance of the Contract and shall provide proof upon request. MSL may require a performance bond (as specified in a Statement of Work) if, in the sole opinion of MSL, it will ensure performance of the Contract.
8. **Insurance Requirements.** Vendor shall carry insurance equal to or greater than the amounts set forth below at all times during the Contract Term. Vendor shall have their policy endorsed to add "the State of Michigan, its departments,

divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds as directed by MSL.

- a. **General Requirements.** Vendor, at its sole expense, must maintain the insurance coverage as specified herein for the duration of the Term. Minimum limits may be satisfied by any combination of primary liability, umbrella or excess liability, and self-insurance coverage. To the extent damages are covered by any required insurance, Vendor waives all rights against the State for such damages. Failure to maintain required insurance does not limit this waiver.
- b. **Qualification of Insurers.** Except for self-insured coverage, all policies must be written by an insurer with an A.M. Best rating of A- VII or higher unless otherwise approved by MSL.
- c. **Primary and Non-Contributory Coverage.** All policies for which MSL and/or the State of Michigan is required to be named as an additional insured must be on a primary and non-contributory basis.
- d. **Claims-Made Coverage.** If any required policies provide claims-made coverage, Vendor must:
 - i. Maintain coverage and provide evidence of coverage for at least 3 years after the later of the expiration or termination of the Contract or the completion of all its duties under the Contract;
 - ii. Purchase extended reporting coverage for a minimum of 3 years after completion of work if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract.
- e. **Proof of Insurance**
 - i. Insurance certificates showing evidence of coverage as required herein must be submitted to the Contract Administrator within 10 days of the contract execution date.
 - ii. Renewal insurance certificates must be provided on annual basis or as otherwise commensurate with the effective dates of coverage for any insurance required herein.
 - iii. Insurance certificates must be in the form of a standard ACORD Insurance Certificate unless otherwise approved by MSL.

- iv. All insurance certificates must clearly identify the Contract Number (e.g., notated under the Description of Operations on an ACORD form).
 - v. MSL may require additional proofs of insurance or solvency, including but not limited to policy declarations, policy endorsements, policy schedules, self-insured certification/authorization, and balance sheets.
 - vi. In the event any required coverage is cancelled or not renewed, Vendor must provide written notice to the Contract Administrator no later than 5 business days following such cancellation or nonrenewal.
- f. Subcontractors. Vendor is responsible for ensuring its subcontractors carry and maintain insurance coverage.
- g. Limits of Coverage & Specific Endorsements – See Table Below.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Vendor shall have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
Umbrella or Excess Liability Insurance	
Minimum Limits: \$10,000,000 General Aggregate	Vendor shall have their policy follow form.
Privacy and Security Liability (Cyber Liability) Insurance	
Minimum Limits: \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Vendor shall have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
Crime (Fidelity) Insurance	
Minimum Limits: \$1,000,000 Employee Theft Per Loss with a maximum deductible of \$50,000.	Vendor shall have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency, and (2) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices,

Required Limits	Additional Requirements
	commissions, officers, employees, and agents” as Loss Payees
Workers' Compensation Insurance	
Minimum Limits: Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
Minimum Limits: \$100,000 Each Accident \$100,000 Each Employee by Disease \$500,000 Aggregate Disease	
Professional Liability (Errors and Omissions) Insurance	
Minimum Limits: \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate	

9. **Relationship.** The relationship between Vendor and MSL is that of independent contractor. Vendor, its employees, and agents will not be considered employees of the State of Michigan. No partnership or joint venture relationship is created by virtue of this Contract or any marketing materials, press releases, or similar materials that use terms like “partner” or “partnering” in an informal/non-legal manner. Vendor, not MSL nor the State of Michigan, is responsible for the payment of wages, benefits and taxes of Vendor’s employees and any subcontractors. Prior performance does not modify Vendor’s status as an independent contractor. Neither party has authority to contract for nor bind the other party in any manner whatsoever.

10. **Intellectual Property Rights.** If any Statement of Work requires Vendor to create any intellectual property, Vendor hereby acknowledges that MSL and the State of Michigan are and will be the sole and exclusive owners of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Vendor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to MSL and the State of Michigan, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

11. **Subcontracting.** Vendor shall not delegate any of its obligations under the Contract without the prior written approval of MSL. Vendor shall notify MSL at least twenty-one calendar days before the proposed delegation and provide any information requested by MSL to assist in determining whether the delegation is in its best interest. If approved, Vendor shall: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate any terms required by MSL into any contract with a subcontractor. Vendor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. MSL, in its sole discretion, may require the replacement of any subcontractor at any time and for any reason.

12. **Staffing.** MSL may, in its sole discretion, require Vendor to remove or reassign any personnel providing services under this Contract at any time and for any reason. Vendor will remove or reassign such personnel immediately and will replace such personnel as soon as possible. Vendor will not hire or contract with any MSL employee until at least one year after that person has left employment with MSL.

13. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Vendor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Vendors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in a Statement of Work, Vendor shall perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of MSL and documentation shall be provided as requested. Vendor is responsible for all costs associated with the requested background checks. MSL, in its sole discretion, may also perform background checks.

Personnel who will be performing services under the contract will be required to undergo a background investigation by the Bureau. This background check does not relieve Vendor of the responsibility to conduct their own background investigations. After an employee being considered for work on this contract has been cleared by the Vendor's background checks, the person shall be submitted to MSL for clearance. The results of the background check by Vendor shall be shared with MSL. Any costs of background investigations are the responsibility of Vendor.

Vendor consents to cooperate with such investigations, and to instruct its employees to cooperate. MSL may terminate the contract or require Vendor to remove an employee from Michigan Contract work based upon adverse results of background checks if MSL determines that its integrity, security, or goodwill may be in jeopardy. MSL may disapprove any employee or subcontractor of the Vendor who is assigned to this project, either at contract inception or at any time during the Term of the Contract.

Vendor shall not allow the engagement of unfit or unqualified persons not skilled in the tasks assigned to them with respect to the contract and shall at all times employ sufficient personnel for carrying out work to full completion in the manner and time prescribed by the contract. Vendor shall be responsible to MSL for the acts and omissions of Vendor's employees or subcontractors.

Any person employed by Vendor shall, at the written and reasonable request of MSL, be removed forthwith by Vendor from work relating to the Vendor. The Vendor's subcontractors are in this respect considered employees of Vendor. The ability to conduct such investigations is a continuing right of MSL throughout the contract.

Vendor shall at the start of the contract, and for each new employee prior to their assignment on Michigan Contract work, submit to MSL the name, address, date of birth, social security number, driver license number, or other release forms bearing the person's signed authorization to allow criminal justice agencies to release to MSL any criminal history that pertains to such person, of all officers and employees of Vendor and of any subcontractor, who are involved in any phase or aspect of this contract.

MSL reserves the right to review and approve or disapprove any persons prior to or during their assignment to this contract. Any person employed by Vendor must, at the written and reasonable request of MSL, be removed forthwith by Vendor from work relating to the Contract. The Subcontractors are in this respect considered employees of Vendor.

No employee is to be given access to facilities or assigned to work on this contract until the employee has been cleared by MSL. MSL reserves the right to review all security clearances and to disapprove any Vendor or subcontractor employee. Vendor shall notify MSL of departures of persons who are involved in the contract and shall provide a roster of current employees to MSL at least every twelve (12) months during the term of the contract.

Vendor shall promptly notify the State if it becomes aware that any of its employees, or employees of any Subcontractor, assigned to Michigan Contract work have been charged and/or convicted of a criminal offense (excluding only misdemeanor traffic offenses).

14. **Assignment.** Vendor may not assign this Contract to any other party without the prior written approval of MSL. Upon notice to Vendor, MSL may, in its sole discretion, assign in whole or in part, its rights or responsibilities under this Contract to any other party. If MSL determines that a novation of the Contract to

a third party is necessary, Vendor shall agree to the novation and provide all necessary documentation and signatures.

15. **Change of Control.** Vendor will notify MSL as soon as legally permitted of any change in Vendor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of stock or other interest such that a different entity holds more than 50% of Vendor's stock; (b) a sale of substantially all of Vendor's assets; (c) a change in a majority of Vendor's board members; (d) consummation of a merger or consolidation of Vendor with any other entity; (e) a change in ownership through a transaction or series of transactions; or (f) the board (or the stockholders) approves a plan of complete liquidation. In the event of a change of control, Vendor shall require the successor to assume this Contract and all of its obligations under this Contract. In the event of a change of control, MSL may, in its sole discretion, terminate the Contract for convenience and Vendor's successor shall continue to fulfill all obligations of this Contract until a new vendor or contract is in place.
16. **Ordering.** Vendor is not authorized to begin performance until receipt of authorization as identified in a Statement of Work. In the event Vendor purchases materials or begins work prior to proper receipt of an order, Vendor does so at its own risk and expressly disclaims any right to compensation based on quantum merit, detrimental reliance, or other legal theory.
17. **Acceptance.** Unless a different timeline is set forth in a Statement of Work, Contract Activities are subject to inspection and testing by MSL within a default period of thirty (30) calendar days beginning the calendar day after receipt. If MSL does not fully accept the Contract Activities, MSL will notify Vendor within thirty (30) days that either: (a) the Contract Activities are accepted but noted deficiencies shall be corrected; or (b) the Contract Activities are rejected. If MSL finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract for cause.
 - a. Within fourteen (14) calendar days from the date Vendor receives notification of acceptance with deficiencies or rejection of any Contract Activities, Vendor shall cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to MSL. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers shall determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. Nothing in this section affects, alters, or relieves Vendor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.
 - b. If Vendor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, MSL may cancel the order in

whole or in part. MSL, or a third party identified by MSL, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

18. **Invoices and Payment.** Invoices shall conform to the requirements set forth by MSL and such requirements may be changed by MSL at any time. All undisputed amounts are payable within forty-five (45) days of MSL receiving the invoice. Vendor may only charge for Contract Activities provided as specified in a Statement of Work. Invoices shall include an itemized statement of all charges. MSL is exempt from Michigan sales tax for direct purchases and may be exempt from federal excise tax, if services purchased under this Agreement are for MSL's exclusive use. Notwithstanding the foregoing, all fees are exclusive of taxes, and Vendor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by MSL under this Contract. MSL has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. MSL will notify Vendor of any dispute within a reasonable time. Payment by MSL does not constitute a waiver of any rights as to Vendor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Vendor's acceptance of final payment by MSL constitutes a waiver of all claims by Vendor against MSL for payment under this Contract, other than those claims previously filed in writing on a timely basis and provided such claims are expressly excluded from the final payment. MSL will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Vendor shall register with the State of Michigan as directed by MSL to receive electronic fund transfer payments. If Vendor does not register, MSL is not liable for failure to provide payment or any purported late fees or interest. Without prejudice to any other right or remedy it may have, MSL reserves the right to set off at any time any amount then due and owing to it by Vendor against any amount payable by MSL to Vendor under this Contract. Excluding federal government charges and terms, Vendor warrants and agrees that each of the fees, economic or product terms, and warranties granted pursuant to this Contract are comparable to or better than the equivalent fees, economic or product terms, and warranties being offered to any commercial or government customer within this or any other U.S. jurisdiction. If Vendor enters into any arrangements with another customer of Vendor to provide the products or services, available under this Contract, under more favorable prices, as the prices may be indicated on Vendor's current U.S. and International price list or comparable document, then this Contract will be deemed amended as of the date of such other arrangements to incorporate those more favorable prices, and Vendor will immediately notify MSL of such fee and formally memorialize the new pricing in a change notice. The more favorable pricing takes effect immediately and is not dependent on completion of the change notice.
19. **Liquidated Damages.** Liquidated damages will be assessed as set forth in the Statement of Work. Additional liquidated damages will be set forth in future

Statements of Work as needed. The parties agree that any liquidated damages (which includes but are not limited to applicable credits) set forth in any Statement of Work are reasonable estimates of MSL's damages in accordance with applicable law. Vendor may incur liquidated damages for more than one event. The assessment of liquidated damages will not constitute a waiver or release of any other remedy MSL may have under the Contract, including without limitation, MSL's right to terminate the Contract for cause. MSL is entitled in its sole discretion to recover actual damages caused by Vendor's failure to perform its obligations under this Contract. However, MSL will reduce such actual damages by the amounts of liquidated damages received for the same events causing the actual damages. Amounts due MSL as liquidated damages may be set off against any fees payable to Vendor under this Contract, or MSL may bill Vendor as a separate item and Vendor will promptly make payments on such bills.

20. **Stop Work Order.** MSL may suspend any or all activities under the Contract at any time by providing Vendor a written stop work order. Vendor shall comply with the stop work order upon receipt. Within ninety (90) calendar days, MSL will either: (a) issue a notice authorizing Vendor to resume work, or (b) terminate the Contract or delivery order. MSL will not pay for Contract Activities, Vendor's lost profits, or any additional compensation during a stop work period.
21. **Termination for Cause.** (a) MSL may terminate this Contract, in whole or in part, for cause if MSL determines in its sole discretion that Vendor: (a) endangers the value, integrity, or security of any facility, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose MSL or the State of Michigan to liability; (d) breaches any material duties or obligations under this Contract; or (e) fails to cure a breach within the time stated by MSL in a notice of breach, if MSL has chosen to provide a time to cure. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material. If it is later determined that Vendor was not in breach of a material provision of the Contract, the termination will be deemed to have been a Termination for Convenience.
22. **Termination for Convenience.** MSL may terminate this Contract in whole or in part for any reason and without penalty or additional cost by providing Vendor written notice 180 days prior to termination.
23. **Termination Notice.** In the event of termination, MSL will issue a Termination Notice to Vendor specifying the nature of the termination and whether Vendor shall cease performance immediately or continue performance for a specified period of time. Vendor shall submit all invoices for Contract Activities accepted by MSL within thirty (30) days of the date of termination or last day of performing Contract Activities in accordance with the Termination Notice. Failure to submit

an invoice within that timeframe will constitute a waiver by Vendor for any amounts due for Contract Activities. MSL will only pay for Contract Activities that were performed on or before the time specified in the Termination Notice and accepted by MSL. Vendor shall promptly reimburse to MSL any amount prepaid for Contract Activities that were not completed or accepted by MSL. If termination is for cause, Vendor shall pay all reasonable costs incurred by MSL, including administrative costs, attorneys' fees, court costs, transition costs, and any costs MSL incurs to procure the Contract Activities from other sources. MSL may set off any final payment or payments by any amount owed to MSL by Vendor.

24. **Transition Responsibilities.** Upon termination or expiration of this Contract, Vendor shall, for a period of time specified by MSL (not to exceed ninety (90) calendar days), provide all reasonable transition assistance requested by MSL to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to MSL or its designee/s. Such transition assistance includes but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to MSL or its designee/s; (c) transferring title in and delivering to MSL all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (d) preparing an accurate accounting from which MSL and Vendor may reconcile all outstanding accounts. This Contract will automatically be extended through the end of the transition period.
25. **Return of State Property.** Upon termination or expiration of this Contract, Vendor shall take all necessary and appropriate steps, or such other action as MSL may direct, to preserve, maintain, protect, or return to MSL all materials, data, property, and confidential information provided directly or indirectly to Vendor by any entity, agent, vendor, or employee of MSL. Vendor will delete, destroy, or otherwise render inaccessible any information or data it has received in its performance of Contract Activities as directed by MSL.
26. **Indemnification.** Vendor shall defend, indemnify, and hold harmless without limitation the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, and employees from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Vendor or any of Vendor's employees, agents, subcontractors or by anyone else for whose acts any of the foregoing may be liable, of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party, regardless of whether MSL accepted performance of Contract Activities as it is expressly understood MSL relies on Vendor's expertise, diligent

research, and promise to indemnify, (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Vendor or any of Vendor's employees, agents, subcontractors, or by anyone else for whose acts any of the foregoing may be liable; and (d) any acts or omissions of Vendor or any of Vendor's employees, agents, subcontractors, or by anyone else for whose acts any of the foregoing may be liable. MSL will notify Vendor in writing if indemnification is sought; however, failure to do so will not relieve Vendor of its indemnification obligations, except to the extent that Vendor is materially prejudiced by the lack of written notice and then only to the extent of the prejudice proven to have actually been caused. Vendor shall, to the satisfaction of MSL, demonstrate its financial ability to carry out these obligations. MSL is entitled to regular updates on proceeding status, participate in the defense of the proceeding, employ its own counsel, and to retain control of the defense at its own cost and expense if it deems necessary. Vendor will not, without the written consent of MSL (not to be unreasonably withheld) settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. Any litigation activity on behalf of MSL shall be coordinated with the Department of Attorney General. An attorney designated to represent MSL may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General. MSL will not indemnify Vendor or any other party unless the Michigan Legislature appropriates funds specifically for the purpose of such indemnification.

27. License.

- a. Vendor hereby grants to MSL a nonexclusive and irrevocable right and license to all software used by Vendor in its performance of Contract Activities during the Term of the Contract and continuing for 180 days after the Contract has expired or terminated. Subject to subsection (b) below, the license granted in this section is unrestricted and includes, without limitation, the ability to:
 - i. access and use the software, including in operation with other software, hardware, systems, networks and services, for MSL's business purposes, including for Processing MSL Data;
 - ii. generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Software;
 - iii. prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for any use of the Software under this Contract; and
 - iv. access and use the Software for all such non-production uses and applications as may be necessary or useful for the effective use of the

Software hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Software, including for purposes of assessing any Fees or other consideration payable to Vendor or determining any excess use of the Software.

- b. Notwithstanding subsection (a), MSL will not:
 - i. rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the software available to any third party, except as expressly permitted by this Contract or in any Statement of Work; or
 - ii. use or authorize the use of the software in any manner or for any purpose that is unlawful under applicable federal, state, or local law.
 - c. Vendor shall maintain up-to-date copies of all software used to provide Contract Activities in a disaster recovery location such that Contract Activities can be resumed within 6 hours of any disaster or force majeure affecting Vendor's operations. Such copies of software must not be older than the most recent update, release, or patch. A force majeure event does not relieve Vendor of its obligations under this section and a breach of this section shall be deemed material.
28. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Vendor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Vendor shall, at its expense: (a) procure for MSL the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Vendor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by MSL with appropriate credits to MSL against Vendor's charges and reimburse MSL for any losses or costs incurred as a consequence of ceasing its use and returning it.
29. **Limitation of Liability and Disclaimer of Damages.** IN NO EVENT WILL MSL'S AGGREGATE LIABILITY TO VENDOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT. MSL IS NOT LIABLE FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, REGARDLESS OF THE NATURE OF THE ACTION.

30. **Disclosure of Litigation, or Other Proceeding.** Vendor shall notify MSL within fourteen (14) calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") involving Vendor, a subcontractor, or an officer or director of Vendor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Vendor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (3) any complaint filed in a legal or administrative proceeding alleging Vendor or its subcontractors discriminated against its employees, subcontractors, vendors, or suppliers during the term of this Contract; or (e) a Proceeding involving any license Vendor is required to possess in order to perform under this Contract.
31. **State Data.** State Data includes (a) personally identifiable information ("PII") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, names of parents, email address, payment card information, or an individual's name in combination with any other of the elements here listed; (b) data regarding sales, prizes, promotions, financials, analytics, and market research, (c) information pertaining to devices, IP addresses, location, mobile or internet service providers, cookies, emails, and SMS messages, and (d) any and all other information or data of any kind directly or indirectly collected, created, gathered, processed, used, stored, or generated as the result of the Contract Activities. State Data also includes any materials that use State Data, regardless of whether the data is used in aggregate or combined with other information, and regardless of any claimed unique display, arrangement, or analysis.
- a. **Ownership.** State Data is and will remain the sole and exclusive property of MSL and all right, title, and interest in the same is reserved by MSL. Vendor disclaims any ownership or right to use of any State Data or any works derived from State Data, that incorporate State Data, or that purport to be an original or creative work. Vendor will treat State Data as Confidential Information as that term is used in this Contract.
- b. **Vendor Use of State Data.** Vendor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Vendor shall: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and

disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; (c) keep and maintain State Data in the continental United States and (d) not use, sell, rent, transfer, distribute, commercially exploit, or otherwise disclose or make available State Data for Vendor's own purposes or for the benefit of anyone other than MSL without MSL's prior written consent. Vendor's misuse of State Data may violate state or federal laws, including but not limited to MCL 752.795.

- c. **Extraction of State Data.** Vendor shall, within five (5) business days of MSL's request, provide MSL, without charge and without any conditions or contingencies whatsoever, including but not limited to the payment of any fees due Vendor, an extract of the State Data in the format specified by MSL.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in a Statement of Work, Vendor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in a Statement of Work, Vendor shall maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. **Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Vendor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Vendor that relate to the protection of the security, confidentiality, or integrity of State Data, Vendor shall, as applicable: (a) notify MSL as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with MSL in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by MSL; (c) in the case of PII or PHI, at MSL's sole election, (i) with approval and assistance from MSL, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse MSL for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by MSL in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Vendor's obligations of

indemnification, defend, and hold harmless MSL for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from MSL in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by MSL without charge; and (i) provide to MSL a detailed plan within 10 calendar days of the occurrence describing the measures Vendor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, shall comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Vendor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Vendor has taken to protect the affected individual; what steps the affected individuals can take to protect themselves; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Vendor. MSL will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, shall be reviewed and approved by MSL in writing prior to its dissemination. The parties agree that any damages relating to a breach of this Section are to be considered direct damages and not consequential damages.

32. **Confidential Information.** The term "Confidential Information" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; or, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was or is: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, though, or on behalf of, the receiving party). With respect to State Data, these exceptions to the definition of Confidential Information do not apply and State Data is always considered to be Confidential Information.
- a. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information of the other in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential

Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Vendor obligates the subcontractor in a written contract to maintain the MSL's Confidential Information in confidence. At MSL's request, any employee of Vendor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.

- b. **Cooperation to Prevent Disclosure of Confidential Information.** Each party shall use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party shall advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- c. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of MSL and at the sole election of MSL, the immediate termination, without liability to MSL, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- d. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party shall, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody. Should Vendor or MSL determine that the return of any Confidential Information is not feasible, such party shall destroy the Confidential Information and shall certify the same in writing within 5 calendar days from the date of termination to the other party. However, MSL's legal ability to destroy Vendor data may be restricted by its retention and disposal schedule, in which case Vendor's Confidential Information will be destroyed after the retention period expires.

33. **Data Privacy and Information Security.** Vendor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of State Data; (b) protect against any anticipated threats or hazards to the security or integrity of State Data; (c) protect against unauthorized disclosure, access to, or use of State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Vendor, if any, comply with all of the foregoing. In no case will the safeguards of Vendor's data privacy and information security program be less stringent than the safeguards used by MSL, and Vendor shall at all times comply with all applicable MSL policies and standards.
- a. **Vendor Audit.** No less than annually, Vendor shall conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to MSL.
 - b. **MSL Audit.** MSL may, without limiting any other audit rights, review Vendor's data privacy and information security program prior to commencement of Contract Activities and from time to time during the term of this Contract. At any time and without notice during the term of the Contract, MSL may at its own expense perform or have a third party perform an onsite audit of Vendor's data privacy and information security program. In lieu of an onsite audit, upon request by MSL, Vendor agrees to complete, within forty-five (45) calendar days of receipt, an audit questionnaire provided by MSL regarding Vendor's data privacy and information security program.
 - c. **Audit Findings.** Vendor shall implement any required safeguards as identified by MSL or by any audit of Vendor's data privacy and information security program.
 - d. **Termination for Deficiencies.** MSL reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if MSL determines that Vendor has failed to meet its obligations under this Section.
34. **Payment Card Industry Data Security Standard.** Vendor shall adhere to all Payment Card Industry Data Security Standards. Vendor is solely responsible for the security of cardholder data in its possession. The data may only be used as necessary to perform Contract Activities, assist MSL, or other uses specifically authorized by law.
- a. **Notice of Breach.** Vendor shall notify MSL within 48 hours of discovery of any breaches in security where cardholder data has been compromised. In that event, Vendor shall provide full cooperation to the card associations (e.g.,

Visa, MasterCard, Discover, and American Express) and acquirer representatives, or a PCI approved third party, to conduct a thorough security review. The review shall validate compliance with the PCI Data Security Standard for protecting cardholder data. Vendor shall provide, at MSL's request, the results of such third-party security review. MSL may perform its own security review, either by itself or through a PCI approved third party.

- b. **Responsibilities for Costs Incurred.** Vendor is responsible for all costs incurred as the result of any breach. Costs may include, but are not limited to, fines/fees for non-compliance, card reissuance, credit monitoring, and any costs associated with a card association, PCI approved third party, or MSL-initiated security review. Without limiting Vendor's obligations of indemnification, Vendor shall indemnify, defend, and hold harmless MSL for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from MSL in connection with the breach.
 - c. **Disposing of Cardholder Data.** Vendor shall dispose of cardholder data when it is no longer needed in compliance with the PCI security standard. Vendor shall continue to treat cardholder data as confidential upon contract termination.
 - d. **Vendor Audit.** Vendor shall provide MSL with an annual Service Provider Attestation of Compliance (AOC) or a Report on Compliance (ROC) showing Vendor is in compliance with the PCI Data Security Standard. Vendor shall notify MSL of all failures to comply with the PCI Data Security Standard.
35. **Records Maintenance, Inspection, Examination, and Audit.** MSL or its designee may audit Vendor to verify compliance with this Contract. Vendor shall retain and provide to MSL or its designee upon request, all records related to the Contract through the term of the Contract and for four (4) years after the latter of termination, expiration, or final payment under this Contract or any extension ("Audit Period"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Vendor shall retain the records until all issues are resolved. MSL or its authorized representative has the right to enter and examine any premises where Vendor is performing Contract Activities at any time with or without notice and to examine, copy, and audit all records related to this Contract. Vendor shall cooperate and provide reasonable assistance. If financial errors are revealed, the amount in error shall be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract shall be paid or refunded within forty-five (45) calendar days. This Section applies to Vendor, any parent, affiliate, or subsidiary organization of Vendor, and any subcontractor that performs Contract Activities in connection with this Contract.
36. **Representations and Warranties.** Vendor represents and warrants that:

- a. Vendor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Vendor has the rights necessary to convey title, ownership rights, or licensed use;
- b. All Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect;
- c. The Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party;
- d. Vendor will assign or otherwise transfer to MSL or its designee any manufacturer's warranty for the Contract Activities;
- e. The Contract Activities are merchantable and fit for the specific purposes identified in the Contract;
- f. The Contract Activities are in compliance with all applicable federal, state, and local laws, including without limitation the Americans with Disabilities Act;
- g. Vendor has properly classified its employees in accordance with any applicable federal or state labor and employment laws;
- h. The Contract Activities are not produced or performed by forced labor, forced or indentured child labor, or indentured servitude;
- i. Vendor is not an Iran-Linked business as defined by Public Act 517 of 2012,
- j. Vendor is a Clean Corporate Citizen as defined by the Environmental Protection Act, 1994 PA 451;
- k. The Contract signatory has the authority to enter into this Contract;
- l. All information furnished by Vendor in connection with the Contract fairly and accurately represents Vendor's business, properties, finances, and operations as of the dates covered by the information, and Vendor will inform the State of any material adverse changes;
- m. All information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading;
- n. Vendor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach.

37. **Conflicts and Ethics.** Vendor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any MSL employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Vendor, any consideration contingent upon the award of the Contract or acceptance of Contract Activities. Vendor shall immediately notify MSL of any violation or potential violation of these standards. This Section applies to Vendor, any parent, affiliate, or subsidiary organization of Vendor, and any subcontractor that performs Contract Activities.
38. **Compliance with Laws.** Vendor shall comply with all federal, state and local laws, rules and regulations. Vendor will not increase or add charges for compliance with federal, state, or local laws.
39. **Americans with Disabilities Act (ADA).** Vendor will perform all Contract Activities in compliance with the ADA. Vendor has an independent obligation to comply with the ADA. Vendor will not increase or add charges for complying with the ADA. Any Contract Activities that are not in compliance with the ADA are deemed in violation of the warrant of merchantability and rejected. Vendor will identify a point of contact for MSL to relay ADA complaints or notices of violation. Vendor will immediately remediate or provide evidence of compliance to MSL. In the event of an injunction or other cessation due to failure to comply with the ADA, Vendor will be responsible for lost revenue as well as indemnifying MSL for any and all costs. Violation of this section is a material breach of this Contract.
40. **Nondiscrimination.** Vendor and its subcontractors will provide all Contract Activities in compliance with the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and Executive Directive 2019-09. Violation of this Section is a material breach of this Contract.
41. **Unfair Labor Practice.** MSL may void any contract with a contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
42. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract shall be resolved in the Michigan Court of Claims. Complaints against MSL or the State of Michigan shall be initiated in Ingham County, Michigan. Vendor waives any objections, such as lack of personal jurisdiction or forum non conveniens. Vendor shall appoint an agent in Michigan to receive service of process.

43. **Non-Exclusivity.** Nothing contained in this Contract is intended nor is to be construed as creating any requirements contract with Vendor, nor does it provide Vendor with a right of first refusal for any future work. This Contract does not restrict MSL from acquiring similar, equal, or like Contract Activities from other sources.
44. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of God that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Vendor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, MSL may immediately contract with a third party.
45. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral shall include a description of the issues and all supporting documentation. The parties shall submit the dispute to a senior executive if unable to resolve the dispute within fifteen (15) business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance. Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within fifteen (15) business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit MSL's right to terminate the Contract.
46. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates shall not be made without the prior written approval of MSL, and then only in accordance with the explicit written instructions of MSL.
47. **State Taxes.** Vendor will, pursuant to the provisions of Sec 268 of Public Act 431 of 1984, file a Michigan Business Tax Corporate Income Tax Return and, pursuant to the provisions of Sec 268 of Public Act 431 of 1984, will file a Michigan Income Tax return showing income generated in, or attributed to the State of Michigan. Vendor will, pursuant to the provisions of Sec 268 of Public Act 431 of 1984, withheld Michigan Income Tax from compensation paid to the Vendor's owners and remit the tax to the Michigan Department of Treasury. Vendor will ensure all applicable State of Michigan taxes are timely paid, and that no outstanding debt is owed to the State of Michigan.

48. **Incorporation.** The following documents are attached to this Contract and are incorporated into this Contract as if fully restated herein:

[INSERT]

49. **Entire Agreement and Order of Precedence.** This Contract, which includes Statement of Work, and schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Statement of Work; (b) second, Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON VENDOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES, OR DOCUMENTATION HEREUNDER, EVEN IF ATTACHED TO MSL'S DELIVERY OR PURCHASE ORDER, WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON MSL OR ANY AUTHORIZED USER FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY MSL AND THE AUTHORIZED USER, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
50. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
51. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
52. **Survival.** Any right, obligation or condition that, by its express terms or nature and context is intended to survive, will survive the termination or expiration of this Contract; such rights, obligations, or conditions include, but are not limited to, those related to transition responsibilities; indemnification; disclaimer of damages and limitations of liability; State Data; non-disclosure of Confidential Information; representations and warranties; insurance and bankruptcy.
53. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "Contract Change Notice"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice

executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

[Insert Signature Blocks]

SECTION 7: Technical Requirements

This section describes technical requirements for the system and related services. The response to this section in your proposal must:

- be titled “Part 4: Technical Requirements.”
- describe how you will meet each of the minimum requirements.
- describe how each specific service is provided to current customers or indicate why the service is not provided to a current customer.
- not rely solely on diagrams, pictures, or other visual representations.
- clearly identify any element of the proposed solution that is being offered as an option, add-on, or otherwise not included in base pricing.
- not include any pricing information other than marking items that are priced separately.
- minimize extraneous language such as “state of the art,” “best practice,” “industry leading,” and “best in class.”

For the successful Bidder, responses to this section will form the Statement of Work. Bidders are asked to keep this in mind and provide responses conducive to restatement as a contract requirement.

Maximum potential scores appear next to the title of each section. MSL is not required to comb through responses searching out statements that might be responsive to other sections. It is your responsibility to include all information you would like considered for scoring of a particular section under that section heading. Further information about scoring can be found in Section 2 of this RFP.

A. System Overview

(180 Points)

Provide a high-level description of the system and its capabilities. Open architecture, flexibility, adaptability, and ease of integration with third parties are critical as customer expectations and preferences will evolve over the life of the contract. At a minimum, your response must include:

1. General Requirements

- a. **Business Capabilities.** Summarize major business capabilities of the proposed system (e.g., account management, payments, analytics, marketing support, game integration, customer service, etc.).
- b. **System Flexibility.** Describe how the system is flexible and customizable to meet changing needs, rules, and requirements.
- c. **Third-Party Integration.** Describe how third parties integrate into the system for major functions such as games, promotions, and marketing support, including expected level of effort and timelines.
- d. **Equipment.** Identify all major hardware, software, and other components of the proposed system.
- e. **Diagrams.** Provide architecture diagram, network diagram, and other relevant system diagrams at the component level as well as configuration tables for hardware and system software components (e.g., manufacturer and model number, release numbers, etc.).
- f. **Industry Standards.** Commitment to update all major hardware, software, and other components to be equivalent to or better than current industry standards, including without limitation all transaction processing, payment processing, networking, testing, diagnostics, programming formats, servers, and methods of integration. Additionally, confirm all equipment has been or will be inspected for safety, approved by a reputable testing laboratory, and is in compliance with applicable regulations (e.g., FCC, CE, TUEV, etc.). This requirement will apply to new components and Vendor may be required to provide documented proof of certification, inspection, or other documentation deemed appropriate by MSL.
- g. **System Hardware and System Software Upgrades.** All system hardware and system software must be replaceable at any time by more modern models or versions simply by means of system upgrades. All system hardware and system software must be fully supported by the

respective manufacturer or supplier at all times during the Contract term and for a period of twelve (12) months thereafter. In case support for any hardware module, component, or system software is discontinued by the manufacturer or supplier, the Vendor must replace, if required by MSL, the respective hardware modules, components, or system software modules prior to the support being discontinued. The Vendor must immediately inform MSL of any such support discontinuation as soon as the manufacturer announces the discontinuation. Upgrades needed to maintain minimum requirements/SLAs may not be charged to MSL. Upgrades needed to replace outdated, unsupported, or defective equipment or software may not be charged to MSL. The only upgrade that may be charged to MSL is one necessary to support a functionality that is not already required under the contract – and then only to the extent the upgraded equipment or software is actually supporting the new function. Where the new equipment is supporting both a required function and a new function, the bill must be prorated to approximate percentage of use. All upgrades must be approved by MSL. Bidder must provide a schedule of upgrades for equipment at data centers. All equipment must be refreshed within a minimum of five (5) years since put into service or before end of life or warranty, whichever comes first.

- h. **Time Zones.** All MSL-facing and customer-facing functionality in the system and related support from the Vendor must be aligned with Michigan local time. Michigan covers two time zones.
- i. **Time Alignment.** The system must be able to adjust to any MSL designated business start and end times, days, weeks, months, quarters, and years to align reporting and balancing with other vendors as directed by MSL.

2. **Infrastructure:** Bidder must describe in detail the facilities and infrastructure associated with the System. The description must address the following minimum requirements:

- a. **Primary Data Center.** The primary data center must conform to all federal and state regulatory requirements, and must be located in Michigan. The primary data center must also conform to any relevant PCI requirements and all security requirements as directed by MSL and any associations (e.g., MUSL) that provide game oversight.
- b. **Backup Data Center**
 - i. The backup data center must conform to all federal and state regulatory requirements, and must be located in Michigan. The backup data center must also conform to any relevant PCI

requirements or security requirements imposed by MSL and any associations (e.g., MUSL) that provide game oversight.

- ii. The backup data center must be located in an area that minimizes and separates risk of concurrent failure with the primary data center, such as isolation on separate power grids. Additionally, the backup data center must be tested every six (6) months for readiness in a planned failover. The backup systems must be of the same processing capacity, configuration, storage capacity, and architecture as the primary data center systems. They must be a “mirror” of the primary.
- c. **Parallel Data Centers.** As an alternative to a primary and backup solution, Bidder may propose using parallel data centers. Parallel data centers must conform to all federal and state regulatory requirements, and must be located in Michigan. Both data centers data centers must also conform to any relevant PCI requirements and all security requirements as directed by MSL and any associations (e.g., MUSL) that provide game oversight. If parallel data centers are used, both data centers must be tested every six (6) months. The test must include a planned failover to each data center to verify the system can run on either data center without loss of any functionality or performance.
- d. **Failover and Disaster Recovery.** The System must be equipped with redundancy in a manner that mitigates risk (e.g., backup on different electric grid, hard copies of code kept securely within Michigan, etc.) and ensures continuous operations. A disaster recovery plan must be provided and approved by MSL prior to the startup date and on an annual basis. In case of a failure in an active server at primary, the remaining System(s) will immediately provide access to players and other System users, assuming the load without loss or corruption of any data and transactions received prior to the time of the failure. Should implementation of any portion of a disaster recovery or contingency plan become necessary, all costs required to restore Vendor’s system must be borne by Vendor.
- e. **System Performance and Scalability.** The System must be designed to maximize performance and speed across a wide variety of devices and connection types. Bidder must provide response and load times for common user interactions (e.g., load an instant game, make a wager, call the registration page, login, etc.) in a table format with an average time to completion as directed by MSL. The table must contain two (2) columns and indicate an average response time for a broadband connection and a cellular connection. The System must be scalable to meet the needs of MSL and must not experience degraded performance. Bidder must

describe the capacity of the System to handle high volumes of traffic while providing any quantitative figures such as throughput.

- f. **System Availability and Monitoring.** The System and production software environment must be available on an ongoing basis without interruption (i.e., 100% up time, 24/7, all year). Vendor must have written approval from MSL at least five (5) business days prior to any planned downtime for system maintenance or any other reason. If maintenance is required, it must be done during the lowest traffic time of day and week as designated by MSL.
 - g. **Communication Networks.** Bidder must describe the communication networks used in establishing connectivity between the data centers, the ICS, and any player-facing sites or mobile apps. Bidder must describe any security features or processes in place to ensure the integrity and continuity of operations.
 - h. **Hosting Environments.** Bidder must describe the hosting environments related to each of the major applications (e.g., player facing UI components, back-office application, etc.) of the System.
3. **System Security:** Security represents a critical component of the Vendor's role in ensuring the integrity of the System. The following security requirements apply to the Vendor's primary and backup data center configurations.
- a. **System Access Approval.** All systems and users requiring access must be approved by MSL. The System must support controls and procedures that allow MSL to audit all System access. The System must provide the ability for MSL to administer MSL user access to user functions within the System including, but not limited to, content management, player management, back-office system, games management, retailer affiliate programs, customer service software, and other functions that MSL users will access.
 - b. **Authentication, Authorization and Access Controls.** The system must have controls related to user authentication, authorization, and access controls for using and operating the System.
 - c. **Principle of Least Privilege.** System users must not be granted access only to the operating system functions and information unless needed to perform their job functions as designated by MSL.
 - d. **Compliance with Security Requirements.** The System must be compliant with all requirements accepted as operating principles by MSL.

- e. **Protection against Unauthorized Access or Service Disruption.** Vendor will ensure that the System is not vulnerable to unauthorized access. Bidder must specify the methods by which data center systems will be protected against unauthorized access, malware, and other threats.
 - f. **Other System Controls.** Bidder must provide any additional information on other systems security components and controls that will be implemented including such as operating system hardening, login and password controls, system security log management, patch and policy management for system components, remote access security procedures if remote access is used for tasks such as server administration, and intrusion detection mechanisms. Additionally, the System must log all changes and the logs must be available to MSL upon request. All data must be retained for any term as designated by MSL.
4. **Software Development:** Bidder must describe in detail the services and methodologies that are used to develop software. The description must address the following minimum requirements:
- a. **Stand Alone or Multi-Tenant Environment.** Bidder must indicate if the System, as described in the Proposal, will be delivered as a stand-alone or multi-tenant environment. If multi-tenant, Bidder must describe the level of customization that is generally available to MSL and any impact to the timing of software and system updates.
 - b. **Software Development Methodology.** Bidder must describe its software development methodology with relationship to waterfall or agile practices, including any processes that are used to ensure that software is developed with high-quality and meets business requirements.
 - c. **Software Planning.** Bidder must describe how new software will be planned, in collaboration with MSL, and to what extent MSL will be able to influence the development of new features.
 - d. **Release Cycles.** Bidder must describe the release cycles (e.g., monthly) that will be provided to MSL to enhance and adapt the software after the initial startup date. Vendor will be responsible for periodic system changes to accommodate integrations. Bidder must describe the ability and limitations of providing out of cycle updates.
 - e. **Documentation Process.** Bidder must describe the typical documentation and collaboration process, involving MSL, as it relates to delivering new software features. Indicate any tools that are used to manage documentation.

- f. **Software and Hardware Documentation.** Vendor must provide detailed documentation of every change to software and/or hardware in any environment that may affect testing in any environment and/or affect any third parties integrated with the system. Bidder must provide two (2) samples of this documentation.
- g. **Testing Plans.** Vendor must provide recommended testing plans along with any hardware and/or software updates as designated by MSL. Bidder must provide two (2) sample testing plans that represent two (2) different types of software updates.
- h. **Software Development Resources.**
 - i. Vendor must provide ample resources to modify the system during the Contract Term. System change requests outside of contract requirements must be estimated by the Vendor using a standard methodology. Bidder must describe the method by which development will be estimated and communicated.
 - ii. Vendor must provide a minimum number of hours or points (depending on methodology) for software changes per month and year of the Contract after the system startup date. Vendor must provide a plan in which the amount of development can scale up during a given period (e.g., month, quarter, year) within 120 days of MSL's request to increase the velocity of development. Bidder must propose a minimum number of hours/points with an explanation for the number chosen. Bidder must propose a structure for communicating and tracking development hours/points.
 - iii. Bidder must provide a sample three (3) month software release plan. The sample plan must include sample hours/point estimates for changes such as major feature projects, system enhancements, reporting changes, adding a new shopping cart feature, modification of existing features, updating a UI component, enhancements to the loyalty system, addition of a third-party game integration, etc. The sample plan must also include sample release notes explaining what would be in each software release along with a sample testing plan.
- i. **Multi-Tenant.** Where Bidder has a function or feature that is already developed, including those developed for other clients, Bidder must only apply development hours/points to the time necessary to customize the function or feature to the MSL-specific system. Bidder must confirm that it will not assess any time previously expended in development. Vendor must credit MSL hours back on functions or features developed for MSL,

which is later used by Vendor's other clients. Bidder must describe the method of calculation that will be used for the credit.

- j. **Current Technology.** System must be regularly updated to meet requirements of new devices, new versions of operating systems, etc. without extra cost or deduction of development hours/points. This requirement is to ensure no degradation in the user experience as technology is updated and expanded. Bidder must describe a plan to keep the system aligned with new updates in technology.
 - k. **Unused hours.** Any unused hours or points in a given period must roll forward into subsequent periods and must never expire. Bidder must provide an hourly development cost in the price proposal. If Bidder proposes a system using points, Bidder must provide a conversion with average hours per points. MSL may elect to take a credit against unused hours/points at any time. Hours and points may not be applied to any software deliverables or services in the RFP that are specified as required, or that have been proposed free of charge by Bidder. Bidder must describe the method of calculating the credit for unused hours/points.
 - l. **Development Tracking.** Bidder must describe the process for estimating, tracking, and reporting development progress to MSL.
5. **Testing and Quality Assurance:** Bidder must describe in detail the services and methodologies that are used to ensure quality code, deliveries, and updates. The description must address the following minimum requirements:
- a. **Quality Assurance Environment.** Vendor must provide at least one distinct quality assurance environment for the purposes of its own testing, MSL testing, and third-party testing of software prior to the delivery to MSL for acceptance testing. This environment must mirror MSL's production environment to every extent possible. This environment must have an up-time (functional for the use of testing) of 99% or better, with the exception of planned maintenance down time. Planned maintenance down time must never exceed twenty-four (24) hours for a single occurrence and no more than ninety-six (96) hours in any 365-day period unless otherwise directed or agreed to by MSL. Vendor must have a system in place to alert MSL and all MSL designated third parties of any downtime within 10 minutes of the start of the down time, whether planned or unplanned. Planned down time, must be communicated at least five (5) business days in advance to MSL and all MSL designated third parties.
 - b. **Lottery Testing Environment.** Vendor must provide a distinct user acceptance testing environment to MSL, which is exclusively used for testing by MSL or its authorized designees. This environment must mirror

MSL's production environment to every extent possible. Bidder must describe the capabilities of the testing environment, such as the ability to time travel, which will enable MSL to test more efficiently. This environment must have an up-time (functional for the use of testing) of 99.9% or better, with the exception of planned maintenance down time. Planned maintenance down time must never exceed eight (8) hours for a single occurrence and no more than a total of 32 hours in any 365-day period unless otherwise directed or agreed to by MSL. Vendor must have a system in place to alert MSL and all MSL designated third parties of any downtime within ten (10) minutes of the start of the down time, whether planned or unplanned. Planned down time must be approved by MSL and communicated at least five (5) business days in advance to MSL and all MSL designated third parties.

- c. **Production Testing.** To the extent testing is necessary in production, Vendor must provide secure test accounts that do not allow testers to win prizes. Alternatively, Vendor must provide a method to ensure any prizes won during production testing are removed from the test account and added back into the prize pool.
 - d. **Test Accounts.** Vendor must provide test accounts for all environments or provide a method by which MSL can create test accounts. Bidder must describe the method for providing test accounts. All access to environments and all test accounts must be approved by MSL and logged in case of audit. Vendor must provide a method (such as third-party contract approved by MSL) to facilitate tests in production.
 - e. **Lottery Testing Devices.** Vendor must furnish two (2) of each test device to MSL, updated on a quarterly basis, that reflect the top ten (10) devices that are currently used on MSL's platforms (website and mobile apps) as specified by MSL.
 - f. **Regulatory Compliance Testing.** Bidder must describe a periodic testing method that will be conducted to ensure that age verification and geolocation technologies are performing as expected, and in compliance with all regulatory requirements.
6. **Data Integration:** Bidder must describe in detail the features, capabilities, and configurable parameters related to the integration of data with external systems. The description must address the following minimum requirements:
- a. **Player Database Integration.** the System must have the ability to export all system data (e.g., wagering, non-wagering, loyalty, etc.) to external system(s) as required by MSL. This data must be exported, at a minimum, at the close of business each day.

- b. **Communication Systems Integration.** The System must be readily integrated with external communication systems in order to trigger player communications such as email, SMS, or push notifications. Some data will be required to be fed in regular intervals to third party communications partners for external campaign development and triggering.
 - c. **Analytics Systems Integration.** The System must provide support for analytics tracking mechanisms, such as Google Analytics, advertising pixels, etc., on all pages or UI components that are provided by the system. This must support the ability to establish and track conversion funnels with the capability to pass parameters in order to relate purchase value back to specific campaigns or site conversion paths.
 - d. **Other Systems Integration.** The System must provide support for integrations with other third-party systems to provide services such as MUSL provided systems, payment processors, non-Lottery loyalty programs, online game providers, SMS and push notification providers, etc. Bidder must describe the open nature of the system to facilitate other integrations as directed by MSL. Vendor must use the NASPL API if and as directed by MSL.
7. **Retail Sales Support:** Bidder must provide a description detailing the comprehensive methods by which the iLottery platform will support brick and mortar sales. The description must address the following minimum requirements:
- a. **Retail Integrations.** Vendor must have capabilities to support the existing retail sales program, such as withdraw vouchers, integrations to support communication with central gaming system, coupon validation, dissemination of digital products, QR code deep linking, connecting to retailer shopping carts, integrations with retailer websites to display games, cross-promotion using redemption codes, etc. The System must have the ability to track and report on all available data related to retail support programs. Bidder must describe how retail sales and cross-promotional strategies will be supported. Vendor must use the NASPL API if and as directed by MSL.
 - b. **Coupon system.** Vendor must provide a coupon management system that can support cross-promotional strategies. The coupon management system must be able to scale to handle all loyalty and other MSL promotions. Coupons must be printable and provide an overall image template and barcode in a format designated by MSL. The coupons need to be available on-demand and at any denomination. Coupons must have enforceable expiration dates tracked within the system. Vendor may need to provide APIs or other method (as designated by MSL) to integrate with MSL's retail sales system to support validation of coupons at retail. Vendor must describe coupon creation and management capabilities.

- c. **Affiliate Program.** Bidder must describe its proposed solution for an affiliate program. If a third-party company and/or third-party software is used to manage the affiliate program, Bidder must state the company name and company website address in its response. The System must provide capabilities to manage the workflow for the affiliate licensing process and for MSL to set commission rates and/or one-time payment amounts globally and by individual retailer. The System must provide the ability for affiliates to view metrics, performance activity, financials, and approved assets available for use. Vendor will be responsible for reconciling payments to all affiliates. Vendor must include these payments on its invoice to MSL and must be reimbursed.
8. **Reporting Services:** Bidder must describe in detail the features, capabilities, and support services related to creating and managing reports. The description must address the following minimum requirements:
- a. **General Services.** Vendor will be required to provide ongoing support for reporting development, customization, and distribution to MSL. Certain reports will be required to be automated and scheduled on a recurring basis. Delivery methods and timing of reports must conform to MSL specifications.
 - b. **Reconciliation Reporting.** The System must generate a reconciliation report that applies all financial conditions, including commission payments, to determine an exchange of funds due to MSL from Vendor.
 - c. **Balancing Reports.** The System must generate reporting that enables MSL to perform all balancing functions between the central gaming system and the ICS. A mirror copy of all financial reports must be configured on the ICS.
 - d. **Daily Online Play Reporting.** Reports must be automated and provide visibility into daily Online Play activities such as new registrations, returning players, deposits, wagers, prizes paid, prizes pending, and breakdowns for the various sales channels (e.g., desktop, mobile, app, etc.) as designated by MSL.
 - e. **iLottery Game Reporting.** The System must provide reporting related to wagers and wins of all games. This includes any third-party games that are integrated with the System. Reporting must be able to be separated by game provider in a way that facilitates easy tracking of sales, prizes, bonuses, etc. to aid in calculating commission rates.
 - f. **Loyalty Reporting.** Vendor must track player engagement, including ticket entries, drawing entries, and other behavior within the platform. The

System must have robust capabilities to provide site analytics, real-time data analysis, and reports to MSL, including demographics and consumer information as desired by MSL.

- g. **Tax Reporting.** The System must have capabilities to export files in a format, as specified by MSL, which can be combined with retail claim center data in order to create all required tax reporting.
- h. **Expired Prizes Reporting.** The System must have capabilities to export a file of expired prizes, as defined by MSL, which have not been claimed by a player. All unclaimed prizes will be transferred as designated by MSL and are not subject to Vendor's commissions.
- i. **Expired Player Wallet Reporting.** The System must have capabilities to expire Player Wallet balances after a defined period of player inactivity, as designated by MSL. Any expired Player Wallet balances will be subject to State regulations.
- j. **Redemption Code and Promotions Reporting.** The System must have capabilities to report on all promotions and redemption code activities such as number of redemptions, value awarded, and any bonuses.
- k. **Payments Reporting.** The System must have capabilities to report on payment activities including funding source, withdrawal type, withdrawal amounts, amount of transactions, and other metrics as designated by MSL.
- l. **Geolocation Reporting.** The System must provide reporting related to the performance of geolocation services such as the number of successful and blocked connections and must be available on a player-specific basis. At MSL's request, Vendor must, within fifteen (15) business days, provide reasons for all failures, including failures internal and external to the geolocation system.
- m. **Identity Verification Reporting.** The System must log any parameters associated with identity verification, and must be available on a player-specific basis. At MSL's request, Vendor must, within ten (10) business days, provide reasons for all failures, including failures internal and external to system. An immediate export of failure reasons must be logged and made available to the CSC in order to inform customer support activities.
- n. **Virtual Claims Reporting.** The System must provide reporting related to virtual prize claim center activities, such as a detailed report of all prizes paid and the method of claim authorization (e.g., automated or manual), including any staff member that authorized the claim. Reports must be

provided daily in a manner that meets the operational needs and requirements of MSL.

- o. **Back Office User Reporting.** The System must provide reporting that allows MSL to pull a manifest of all active and disabled users of the back-office system, along with the assigned permission settings by user.
 - p. **Business Intelligence Reporting.** The System must be integrated with business intelligence (BI) software application, approved by MSL, which can provide adaptable reporting, scheduling, and automation to the MSL. User seat licenses to the BI software application must be provided to any staff designated by MSL. Vendor must create BI reports customized to MSL specifications within thirty (30) calendars of the written request of MSL. Bidder must provide estimated time needed for creating customized BI reports.
 - q. **Responsible Gaming Reporting.** The System must provide reports on use of responsible gaming tools and related data as designated by MSL.
 - r. **Other Reporting.** Vendor must provide reports on all activities including sales, prizes, promotions, etc. occurring on any other integrated system or platform as directed by MSL at any time.
 - s. **Customization.** All reports identified in this RFP must be capable of modification and must be modified at MSL's request within a reasonable time period of the request, not to exceed thirty (30) days from the date of the request. Bidder must confirm that customization of reports will be agile, will not use development hours/points, and that there is no cap or limit to the number of modifications MSL may request. Reports must be aligned to the business times, days, weeks, and years as specified by MSL.
9. **Alerting:** Bidder must describe in detail the alerting available within the iLottery System. The description must address the following minimum requirements:
- a. **Payment alerts.** Vendor must have alerts configured to notify Vendor, MSL, and any MSL designees of any out-of-norm payment issues for each individual payment method.
 - b. **Data Breach Alerting.** Bidder must describe the alerting in place to notify Vendor and MSL of any potential data breach.
 - c. **Production Software and Hardware Alerts.** The system must have a method of alerting MSL to changes in the production environment. Bidder

must describe the method by which the system would produce the alerts and the method by which MSL would receive these alerts.

- d. **Account Alerts.** The System must include configurable reporting to automatically raise alerts for multiple accounts on one device, multiple accounts using same payment method, and attempts to register more than one account to the same name, date of birth, social security number, and/or any other unique identifier. MSL security must receive notification from Vendor of any suspected fraud. Vendor must investigate and address suspected fraud, id theft, or multiple accounts and must notify MSL of actions taken.
 - e. **Anti-Money Laundering Alerts.** The system must be set up to meet Anti-Money Laundering (AML) standards. Vendor must report any suspected infractions to MSL. Vendor must investigate and address suspected AML infractions.
 - f. **File Failure Alerts.** The system must have a method of alerting MSL and third parties to the failure of file transfers sent and received by the system necessary for functionality of integrations.
 - g. **Report Alerts.** The system must have a method of alerting MSL and third parties to the failure of reports sent by the system as designated by MSL.
 - h. **Other Alerts.** Bidder must describe the alerting in place to notify the Vendor, MSL, and MSL designees of any other risks to the operations or other anomalous activity (wagering, traffic, logins, website outages, etc.).
10. **Audit Requirements:** Vendor must, at a minimum, meet specific auditing and accounting obligations as specified below:
- a. **Financial Audit.** Vendor must provide, as soon as it is available, to MSL on an annual basis, a copy of its audited financial statements for such year.
 - b. **Operations Audit.** MSL requires (and will retain) an electronic and hardcopy of an annual third-party audit of the Vendor's operations, internal controls, system controls for Online Play compliance, and related activities, which includes, but is not limited to, SSAE 18 (SOC I) type 2 & SOC II Type 2 audits reports (or the latest version of such audits as defined by American Institute of Certified Public Accountants (AICPA)). MSL also requires a SSAE 18 (SOC 1) Type 2 & SOC II Type 2 report from any subservice organizations.
 - c. **System Changes Audit.** Vendor must facilitate, at MSL's request, an audit of all systems to confirm regulatory compliance and to confirm

absence of unknown or unapproved changes – for example, if Vendor uses hashes in tracking unique changes, a third-party verification may be required to show that the hashes match known changes.

B. Player Accounts (74 Points)

1. **Player Account Management:** Bidder must describe in detail the features, capabilities, and configurable parameters of its Player Account Management system (“PAM”). The description must address the following minimum requirements:
 - a. **Age and Identity Verification.** The System must have capabilities to perform verification of players, with strict protocols to block attempted registrations that do not meet the most stringent age and identity verification controls. The verification method must also be able to determine player residency and allow or disallow access based on MSL-specified criteria.
 - b. **Player Registration.** The System must provide capabilities to support the registration of players and must be designed to ensure that only one (1) account can be created per person. Player accounts are multi-purpose and enable Online Play, loyalty, and all other present and future programs that require registration.
 - c. **Secure Upload Center.** The System must provide capabilities for registered players, and certain qualified failed registrations, to upload and transfer documents in a secure manner to MSL.
 - d. **Player Geolocation.** The System must have capabilities to perform geolocation of players across land-based, Wi-Fi, cellular connection types, and any other method designated by MSL. The System must apply the most stringent controls to ensure that all wagering occurs within Michigan boundaries and does not occur within any designated exclusion zones within the state as determined by MSL. The system must allow wagers to be placed in as much of the state as possible and include the ability to block traffic within an MSL defined distance from the Michigan border. The system must present the least possible intrusion to the player experience as possible. Bidder must describe the geolocation system. If a third party is used to provide geolocation, Bidder must name the third party and describe the integration.
 - e. **Player Authentication.** The System must support a secure method to login users, including mandating minimum password security criteria, including two-factor authentication, as designated by MSL. The System must have capabilities to restrict player accounts from login for any MSL-specified reason.

- f. **Password Reset.** The System must support a secure method for players to initiate and complete password resets. The system must also allow for mass password resets to be initiated at any time by the Vendor, at MSL's direction, to protect player accounts. The System must have the capability to set a schedule for automated forced password resets as directed by MSL. The System must be able to disallow players from using a set number of most recent previous passwords. Bidder must describe all password reset options available.
- g. **Player Information.** The System must support a player's ability to update their account information such as address, phone, email, password. Bidder must describe what player information is available to be updated directly by the player.
- h. **Player Wallets.** The System must provide capabilities to fund player-specific deposit accounts ("Player Wallets") that can be used for player transactions. The Player Wallets must have full featured (i.e., no limitations) availability for third-party integrators, including game library providers, as specified by MSL. Player Wallets must use logical separation of deposit, promotion, credits, and winnings ("Balance Classifications") with the ability to strictly control which Balance Classifications are available for withdrawal by the player. Additionally, the various Balance Classifications must be available for display to players and MSL back-office users through user interface ("UI") components.
- i. **Player Account Security.** The System must provide capabilities to securely store and maintain players' personally identifiable information (PII) such as name, address, phone number, social security number, etc. The system must have multiple back-office user roles to limit access to player account information and history to only the staff who need it to perform their respective job duties. Bidder must describe the method of securing player information.
- j. **Fraud Accounts.** The System must provide capabilities to catch and prevent fraudulent accounts such as accounts that are set up under false names, stolen information, etc. Vendor must cover all actual costs associated with fraud, including player make goods. Bidder must describe the methods of preventing fraud.
- k. **Player Data and History.** The System must maintain a complete history of player transactions including deposits, purchases, winnings, claims, uploaded documentation, loyalty activities, and any other transactions that are associated with a player. This data and history must be made accessible to players and back-office users through UI components.

Bidder must provide a full list of player transactions tracked by the System.

- l. **Data Ownership.** MSL will be the exclusive owner of all data that is recorded on the System and the Vendor must have a limited use license to the data during the term of the Contract.
 - m. **Limited Access Accounts.** The system must be able to mark an account as a limited account and limit certain activities, as designated by MSL, such as wagering, depositing, purchasing, earning entries, and receiving promotions. This is to allow for MSL to have risk-free staff production accounts to train staff, retailers, and customers in the use of the system. Bidder must describe the extent to which the system can limit activities in the system and on the website and apps.
2. **Responsible Gaming:** The system must include a variety of tools for use by the player and MSL to provide a responsible entertainment experience. The description must address the following minimum requirements:
- a. **Responsible Gaming Standards.** Vendor must meet the Internet Responsible Gambling Standards and the Internet Compliance Assessment Program (iCap) as directed by MSL. Vendor must meet the North American Association of State and Provincial Lotteries and National Council on Problem Gambling (NASPL/NCPG) Responsible Gambling Verification Program as designated by MSL. Vendor must meet any other industry standards as directed by MSL.
 - b. **Spending Limits.** The System must use a diverse and progressive mix of responsible gaming (“RG”) controls. The RG controls must allow MSL to establish minimum, maximum, and default responsible gaming settings for player accounts including Online Play and any other function designated by MSL. The System must provide capabilities for players to define personal limits, within defined time periods, for deposit and loss amounts, and any other function as designated by MSL. The RG controls must allow players to instantaneously enable stricter settings (e.g., smaller deposit limit) while imposing buffer periods (e.g., 48-hour waiting period) for any attempts to increase limits.
 - c. **Time limits.** RG controls are desirable to allow players to assign play session time limits or other limits as designated by MSL. The System also must provide the ability to automatically trigger prompts that remind the player how long they have been playing in a session.
 - d. **Self-Exclusion.** The System must allow players to define periods of exclusion from accessing the System from twelve (12) hours to a lifetime with player selected increments as designated by MSL. The System must

ensure during the exclusion period, the player will not be able to access any online games. The System must ensure that any Balance Classifications eligible for withdrawal can be issued back to the player prior to and during exclusion lockout. Players must be able to access account info and w2-g form after exclusion is in place. Additionally, the system must update all communication systems (including any third-party systems) in real-time of a player exclusion event and provide a subsequent update when that exclusion period has expired. The System must not automatically notify the player when the self-exclusion has expired if designated by MSL.

- e. **Reinstatement after Exclusion.** The System must not allow a player to reopen their account until the player completes an established reinstatement process.
- f. **Responsible Gaming Integration.** RG tools and exclusion must be capable of integration into any game platform or third-party service or function as designated by MSL. The system must be capable of integrating into an external self-exclusion verification system or gambling blocking software should such system be available.

3. **User Interface Components and Integration:** MSL requires that a single and integrated web, mobile, and app experience is provided to players for retail gaming, loyalty, Online Play, and all other player-facing features. Bidder must describe in detail its capabilities and approach to provide a seamless experience for players. The description must address the following minimum requirements:

- a. **Central and Persistent Authentication.** Vendor must work with any MSL designated web and app vendor to provide a method whereby a player can login to the site one time and remain logged in throughout the entire experience, including any MSL maintained or third-party portions of the site.
- b. **UI Components.** UI components must be provided for each player-facing feature of the system (e.g., games available, PAM features, transaction history, payment features, loyalty features, etc.) that can be integrated into MSL's sites and mobile apps in a manner that is responsive to device type and screen size. Transaction history must include, but not be limited to, deposits, withdrawals, purchases, loyalty points, and promotional entries. The UI components must be customized to meet the brand guidelines of MSL. Software Development Kits (SDKs) must be provided to allow seamless integration of the system's UI components into MSL's Mobile Apps.

- c. **Mobile-first Design.** Recognizing over 80% of activity is on mobile devices, Bidder must design all UI with a mobile-first focus, meaning consideration of smaller screen size and functions native to mobile devices rather than assumption of keyboard and mouse.
- d. **Shopping Cart Functionality.**
 - i. The System must include the functionality to support shopping cart sessions for users, whereby products such as draw game plays and Deposit amounts can be added into a virtual shopping cart and purchased in a standardized checkout flow that is conventional to current internet commerce sites.
 - ii. Shopping cart functions must be built in a manner by which they can be integrated into one or more shopping carts designs and platforms.
 - iii. Shopping cart functionality must be supported, and customized, for non-logged in users, new registrants, and registered users with a Player Wallet balance.
 - iv. The System must provide capabilities to retain shopping cart contents, for returning players, when a purchase is not completed.
- e. **API Services.** Each of the UI components must be made available as an API service that MSL, or its designated third parties, can integrate with to create fully customized UI components. The API services must be highly scalable with constant availability and redundancy to support the capacity needs of the site. APIs must support shopping cart so that all draw games can be sold through a third party or parties shopping cart. Documentation and integration support related to the API's must be provided when directed by the MSL.
- f. **Messaging Center.** The System must include a notification area where secure messages can be sent to players with a prominent notification on the player UI. Messages may include promotional offers, requests for documentation, responsible gaming information, and other notifications.
- g. **Personalization.** Vendor must provide personalization services, which may be provided through an MSL approved subcontractor. The System must support the ability for UI components to dynamically display content and messaging that is personalized to individual players. The System must be able to support MSL designed player journeys and back-end scenarios that will update in real-time.

- h. **UI and Content Testing.** The System must provide testing (A/B testing, concept testing, etc.) directly or through integration with an MSL-approved UI and content testing system. This includes integration of the player-facing UI components of the System and content such as marketing banners in addition to any data integration that must be passed back to the testing system for measurement. Bidder must describe testing capabilities.

- 4. **Accessibility:** Vendor must comply with the Americans with Disabilities Act and all associated regulations. The description must address the following minimum requirements:
 - a. **Screen Reader and Accessibility.** All features, text, dollar amounts, controls, and any other items needed for players to use the system or any content on the system must function through standard screen reader programs and accessibility features available on major operating systems as designated by n.

 - b. **Standards Requirements.** All screens and UI functions must comply with state and federal color and contrast standards. Vendor must make all updates necessary to maintain accessibility standards. Where ADA requirements have changed and Vendor is unable to meet requirements immediately, Vendor must be able to provide intermediary solutions such as additional call center support or assistance.

 - c. **ADA Compliance.** Bidder must confirm understanding that ADA compliance is required and that changes necessary to meet ADA will be implemented as soon as practicable and at no additional cost.

 - d. **ADA Coordinator.** Bidder must identify its ADA coordinator and must share information with MSL's designee. Vendor's ADA coordinator must provide information to vendor on developments consistent with ADA requirements.

 - e. **Other Guidelines.** Vendor must conform with Persons with Disability Civil Rights Act, Web Content Accessibility Guideline (WCAG) 22, and other accessibility guidelines as designated by MSL. Vendor must ensure that provided web content, web applications, etc. is usable for people with cognitive and learning disabilities as directed by MSL. Bidder must describe Bidder's understanding of the W3C.

C. Games Support (54 Points)

1. **General Games Services:** Vendor must support the ability to sell draw and instant games through the system. The description must address the following minimum requirements:
 - a. **Game Integration Documentation and Developer Kit.** The System must be able to integrate draw, instant games, and other online games from remote game servers. Bidder must describe, in detail, its methodology to support third-party game integrations. Bidder must provide developer kit with associated documentation and anything else necessary to support third party draw and instant games integrations. Bidder must provide all materials necessary for game integrations to the designated game developer within thirty (30) calendar days.
 - b. **Remote Game Server Integration.** The System must be integrated with the third-party game provider within ninety (90) calendar days of the provision of documentation, end points APIs, and/or anything else necessary for the third party to finish its integration development. Vendor must make the development and Vendor testing environment available to the game vendor for as long as necessary to accommodate testing. Bidder must describe in detail, its methodology to support third-party game integrations.
 - c. **Third Party Game Contracts.** Vendor must acquire third-party games as directed by MSL, at a commission rate directed by the MSL, and at no mark-up to the MSL. At MSL's direction, Vendor must conduct all due diligence to execute contracts with third-party game providers. The rate and terms of the agreement will be standard terms as designated and approved by MSL. Assuming the use of standard contract terms, Vendor must fully execute the contract within seven (7) days of receiving the signed contract from the third party. Vendor and MSL will work together to create a standard agreement or agreements for third party games. Agreements will be made between Vendor and game providers subject to MSL approval. Vendor is responsible for managing execution and enforcement of all such agreements. Game agreements will include terms, requirements, service level agreements, and liquidated damages as mutually agreed upon by Vendor and MSL. In the event of breach, MSL will pursue recourse against Vendor and Vendor will be solely responsible to in turn seek recourse from third party game provider. Vendor is solely responsible for any legal or other expenses Vendor incurs.
 - d. **Restrictions.** Under no circumstances will Vendor enter into any agreement for the provision of games that purports to impose a minimum quantity, minimum sale duration, minimum guaranteed fee, or exclusivity. These and any similar provisions will be summarily rejected by MSL.

- e. **Minimum Integrations.** At launch, the System must be integrated with no less than four (4) third-party game vendors that provide online instant games as designated by MSL. The System must also be integrated with a method to buy draw games that are completely aligned with the games and features sold at retail, as designated by MSL. Bidder may propose a native draw game sales system that would be priced separately. A native draw game system is not a minimum requirement.
 - f. **Existing Integrations and Roadmap.** Bidder must describe any existing third-party integrations that will be available to MSL immediately. Additionally, Bidder may include a roadmap of third-party integrations that are planned but not yet available. For each provider, Bidder must indicate if it already has a contract in place or if that contract is yet to be established and the ability to renegotiate the commission rate to meet MSL approval.
 - g. **Third-Party Game Requirements.** Vendor must impose all standards for game performance as specified by MSL. Any liquidated damages originating from third-party games must be imposed upon the Vendor by MSL. Vendor may pass these costs onto the relevant third party or parties through its own contracts with those parties.
 - h. **Game Launch Controls.** The System must include the ability to shut off any game at any time within 15 minutes of receiving notification from MSL. The system must have controls to enable sales of a game only after MSL's direction as a precaution to prevent unplanned game launches.
 - i. **Third-Party Reporting.** The System must provide reporting that is inclusive of third-party games.
2. **Game Sales:** Vendor must provide a system that can accommodate multiple game vendor integrations that will facilitate the sale of online instant and draw games, including multi-jurisdictional games. The description must address the following minimum requirements:
- a. **Game Compliance.** Games must meet all standards and requirements as imposed by MSL or any associations that are affiliated with a particular game, such as the Multi-State Lottery Association ("MUSL").
 - b. **Draw Game Requirements.** Bidder must provide all necessary requirements to manage draw game sales (e.g., Mega Millions, Powerball, etc.) on the System using any necessary integrations with third parties. Bidder must describe key features and restrictions as it relates to draw games such as how games are made available in the system, draw break management, any processing downtime, and any other considerations. All

draw games available for sale online must match the retail version of the game in all respects such as available price points, wager types, number of draws, add-ons, promotions, etc.

- c. **Subscription Support.** The System must provide support to sell games on an extended time period or renewal basis (“Subscriptions”) and must manage any associated payment implications to support the automatic purchase without player intervention, provided that payment card information on file for the player is still valid and other MSL designated criteria is met. The subscription functionality must include easy cancelation by the player, backend cancelation availability to Customer Support, and auto-cancelation from the system for reasons designated by the MSL, such as self-exclusion and lack of renewed geolocation.
3. **Internal Control System:** MSL requires the use of an Internal Control System (ICS). Bidder must describe in detail an approach to integrate Online gaming activities with MSL’s existing ICS system and operations. The description must address the following minimum requirements:
- a. **Near Real Time Processing.** System transactions must be transmitted to the ICS in a near real time manner. The System must be able to make multiple attempts to connect and exchange all needed information. Bidder must describe the automated method used to prevent or correct a failure to receive or send information.
 - b. **Scope of Transactions.** The System must transmit all wagering, promotional, and prize related transactions, including certain deposit transactions, to the ICS, as directed by MSL.
 - c. **Third-Party Integration.** The System and ICS must track all wagering, promotional, and prize related transactions from third-party systems, including certain deposit transactions, as directed by MSL.
 - d. **Environments.** The System must send independent transactions to each of at least two (2) distinct environments, which includes primary and a spare.
 - e. **Balancing.** The System must use appropriate error handling to avoid being out of balance. The system must immediately report any issues, such as being out of balance, failure to process, etc. and certain issues must be handled as critical, requiring immediate correction, as designated by MSL.

D. Payments (82 Points)

1. **General Requirements:** Vendor must provide comprehensive services to support the payment transactions enabled on the system. The description must address the following minimum requirements:
 - a. **Vendor Banking Services.** Vendor must have a bank account that will hold all Player Wallet funds and must meet any requirements as designated by MSL. The bank account will be used for reconciliation between MSL and the Vendor to conduct any financial transfers owed to MSL. Reconciliation between the Vendor and MSL must occur through electronic means at a frequency and day as designated by MSL. The bank account must be FDIC insured and held in trust of MSL. Where banking deposits exceed 100% of FDIC insurance, vendor must propose one or more methods to ensure funds remain secure against risks (e.g., bank failure, fraud, etc.). MSL must be given access to bank account records and permissions to request records directly from all banks used for player or MSL funds.
 - b. **Compliance and Risk Requirements.** Vendor will be responsible for ensuring compliance with all state, federal, anti-money laundering (“AML”), and payment card industry (“PCI”) imposed regulations associated with the acceptance of payments and external transfer of funds. Vendor must be solely liable for all risk, such as chargebacks, fraud, etc. related to payment activities. Vendor is responsible for creating, maintaining, balancing, and reporting for all payment systems.
 - c. **Merchant of Record.** Vendor is required to act as the Merchant and is responsible for all payment acceptance, dispute resolution handling, indemnification of payment fraud, and all expenses associated with these services.
 - d. **PCI Certification.** Vendor must meet PCI requirements that are necessary to conduct efficient operations in a manner that does not impede player’s ability to easily use the system. Proof of PCI certification must be provided to MSL on an ongoing basis. The scope of PCI compliance must not implicate MSL in any manner, and Vendor must be required to modify its systems in a manner that absolves MSL from any PCI scope.
 - e. **Responsibility of Payment Fees.** Vendor must be responsible for all fees, processing or otherwise, associated with the acceptance and transfer of payments to and from players, including fees associated with the implementation of any future payment methods added to the Online Play system.

- f. **Lottery Approval.** All payment services, including Subcontractors, are subject to MSL approval. The System must support open architecture for integrating banking services Subcontractors as necessary by either Vendor or MSL.
 - g. **Failover Protection.** It is desirable for the Vendor to maintain robust transaction routing capabilities for alternative banking services. For example, if “Bank A” changes a policy or experiences an outage then the System would automatically switch over to “Bank B” to ensure no negative impact to player experience.
2. **Payment Acceptance:** Bidder must describe in detail the features, capabilities, configurable parameters, and operational support related to payment acceptance. The description must address the following minimum requirements:
- a. **Payment Processing Services.** The System must provide all necessary components and services to accept financial transactions from players and to issue financial payments to players.
 - b. **Backup and Failover Capabilities.** The payment acceptance system must be configured in such a way that it can easily switch to additional service providers (e.g., payment processor, acquiring bank, etc.) to maintain uninterrupted payment operations.
 - c. **Player Wallet Funding Methods.** Vendor must provide a solution that minimally accepts payment from all major credit cards including without limitation Visa, Mastercard, Discover, and American Express. The solution must accept automated clearing house (“ACH”) bank transfers in a manner that provides the most immediate availability of funds to players. The system must accept payments through PayPal, Apple Pay, Samsung Pay, Google Pay, Venmo, Amazon Pay, online banking, Play+, and any other payment method designated by MSL. The System must accept a method of funding the wallet through redemption codes as directed by MSL (e.g., Online Game Card). The inclusion of additional payment options is highly desirable, including programs new to the market, such as partnerships that allow third-party loyalty points to be spent on lottery purchases (e.g., frequent flyer miles, hotel points, etc.). Bidder must describe all payment methods that will be available at launch and a roadmap of planned additions.
 - d. **ACH Funding Verification.** Vendor must provide and describe the bank account and owner verification process for ACH funding, including capability to pre-note for new funding sources.
 - e. **Player Facing Fees.** Vendor must not assess fees against players, including but not limited to, payment errors, chargebacks, insufficient

funds, etc., unless approved by MSL. All fees must follow ecommerce best practices. Vendor's process must ensure that players have every opportunity to avoid unnecessary fees.

- f. **Single Debit Funding and Purchase.** Bidder must describe in detail an optional feature that allows a registered player to purchase a game with a debit or credit card or other payment source without funding a wallet and without retaining the payment method information.
 - g. **Minimum Purchases and Deposits.** The System must include the capability to configure minimum purchase and deposit amounts as directed by MSL.
 - h. **Player Refunds.** The System must be able to issue refunds to players as directed by MSL.
 - i. **Saved Payment Types.** The System must save previously used payment types in a manner that is secure and meets any payment card industry ("PCI") requirements. Players must be able to remove a saved payment type from their profile, and the System must retain any historical reporting in such cases.
 - j. **Payment Enablement and Disablement.** The System must support the ability to place a specific payment instrument on hold within a player account while also supporting the ability to re-enable the payment type.
 - k. **Prepaid Acceptance.** The System must be configured to enable the redemption of prepaid instruments (e.g., redemption codes, barcodes, QR codes, gift cards, etc.). Reporting must also be made available to MSL for each of the Prepaid options supported by the System.
3. **Payment Issuance:** Bidder must describe in detail the features, capabilities, configurable parameters, and operational support related to payment issuance. The description must address the following minimum requirements:
- a. **Withdrawal Methods.** The System must provide methods by which a player can quickly withdraw winnings available in a Player's Wallet. The System must provide all withdrawal methods available in the market that match the wallet funding methods, such as credit and debit cards, ACH, PayPal, Apple Pay, Samsung Pay, Google Pay, Venmo, Amazon Pay, online bank transfers, Play+, and any other withdrawal method designated by MSL. The system must provide a method by which players can withdraw winnings at retail locations (e.g., Withdraw at Retail Vouchers). Bidder may propose additional solutions. Bidder must describe the extent to which payment methods will involve asynchronous transactions.

- b. **Withdrawal Methods.** The System must allow the player to withdraw any denomination, including pennies. The System must have a configurable minimum withdrawal amount.
 - c. **Payment Holds.** The System must support the ability to place a specific payment instrument on hold within a player account while also supporting the ability to re-enable the payment type.
 - d. **Additional Payment Projects.** Vendor must provide up to three (3) new payment methods (including deposit withdrawal) and three (3) payment enhancements (improvements on existing payment offerings) per year at no additional cost or reduction of development hours against other deliverables outside of payments.
 - e. **Check Writing.** Vendor must provide check writing services for payments to players handled by Vendor. Vendor must also provide a checkwriter to MSL for prize payments from the System. Vendor must provide all upkeep, updates, and maintenance of the checkwriter.
4. **Online Claim Center:** Bidder must describe in detail the features, capabilities, configurable parameters, and operational support related to enabling MSL with software to manage a virtual prize claim center. The description must address the following minimum requirements:
- a. **Immediate Prize Payments.** The System must have configuration capabilities to issue immediate prize payment to a player without any manual intervention or with manual intervention by prize amount as designated by MSL. MSL may require prizes to be paid instantaneously to a Player Wallet, barring holds for fraud or other security related holds as directed by MSL.
 - b. **Large Prize Claim Thresholds.** The System must have capabilities to process a prize into a pending status as directed by MSL. MSL may require prizes greater than six hundred dollars (\$600.00) to be placed into a pending status.
 - c. **Annuities.** Bidder must describe the System's capabilities to handle annuity prize payments, including handling of cash options in lieu of the annuity.
 - d. **Claim Center Back Office.** The system must handle processing of all prize payments to players. If required by MSL, the System must provide ease of use to the MSL staff for prioritizing, searching, tracking, processing, and closing all steps required to issue prizes to players, including annuities. MSL staff must be able to view any processed claims

and details including tax withholdings, other withholdings, and amounts paid to Player Wallet.

- e. **Message Exchanges.** The System must trigger automated messages to players, as defined by MSL, to request any documentation necessary to complete a prize claim. MSL must receive a notification in the back-office system when a player has sent a correspondence or document upload. If required by MSL, MSL must be able to view and download the correspondence or document upload and send a customized message to the player from within the back office.
- f. **Offset Management.** The System must provide capabilities through API or other MSL designated means, to apply an offset against a pending prize claim and log any necessary comments as designated by MSL. All offset payments must be tracked separately in the System and made available within reporting to MSL staff. An export file of all offset payments by player must be made available to MSL in a MSL designated format and file type.
- g. **Tax Withholdings**
 - i. The System must be configured to automatically calculate tax withholdings for standard federal, state, and city rates as designated by MSL, including capabilities to handle non-resident alien tax rates. An export file of tax withholdings must be available to MSL. This includes an annual file, rolled up by player for all wins, which will be transferred to MSL as required by MSL.
 - ii. The System must provide W2-Gs to players and any other required tax information players need related to the use of the system. W2-G information must be readily accessible to players for at least the most recent two (2) years. The System must allow the player to request one form per individual prize, a quarterly form rolled up for all wins, or an annual form rolled up for all wins for any time period in which the player was registered within the system. When applicable, all reports must adhere to Federal Tax Information (FTI) rules.
- h. **Prize Claim Hold.** The System must be configured to automatically place prize claims on hold based upon criteria as defined by MSL. The hold may only be removed as designated by MSL.
- i. **Document Storage.** The System must retain any documentation related to claims for each player in a manner that is compliant with any state, federal, PCI, or other regulations. When a player makes a subsequent

claim, the System must not trigger automated messages to players when necessary documentation is already on file.

- j. **Completion of Prize Claim.** The System must remove any tax withholdings and offsets, and initiate a final credit to the Player Wallet that is available for immediate withdrawal. Above a MSL designated threshold, the System must allow MSL to mark a claim as approved, while removing any tax withholdings and offsets, and initiate a final credit to the Player Wallet that is available for immediate withdrawal. Above a MSL designated threshold, the System must support a two-person verification process before the claim is approved.
- k. **Exceptions and Overrides.** The System must allow for exception claims and overrides that do not meet the defined workflow associated with a prize claim. This includes, but is not limited to, the ability to override default tax withholdings or to mark prizes as paid through external systems. An export file of exception claims must be available to the MSL.
- l. **Remote Ticket Cashing.** The System must provide all necessary APIs, internal connections, and any other solutions necessary to facilitate online claims of tickets sold at retail. The system must have the functionality and configurations to allow for online prize payments of any amount as designated by the MSL. The System must allow for MSL to set minimum and maximum thresholds for retail prizes allowed to be claimed online. Prizes must be awarded to players in the same manner and following the same guidelines as online prizes (e.g., tax withholding, W2G, PA11, etc.). Bidder must outline security measures it will provide to ensure proper validation of tickets, ownership of tickets, physical possession of tickets, etc. and to avoid potential fraud, multiple payments on the same ticket, or claims made on a ticket by someone who does not own or possess the ticket.

E. Customer Engagement (72 Points)

1. **Player Communication:** Bidder must describe in detail the features, capabilities, and configurable parameters related to player communications and notifications through the System. The description must address the following minimum requirements:
 - a. **Contact Methods.** Vendor must provide services for email, short message service (SMS/text), push notifications, pop-ups, in-app messages, web inbox, and other web notifications. This service may be provided through an MSL approved subcontractor at no cost to MSL. The System must support sending messages through these means to players for a variety of designated transactional purposes (e.g., deposit receipts, registration confirmation, withdrawal information, etc.) and marketing purposes at no cost to MSL.
 - b. **Player Communication Preferences.** The System must support capabilities for players to manage opt-in communication preferences including the ability to opt-in and opt-out of promotional email messaging, text messaging, and push notifications with fully configurable custom options based on criteria provided by MSL. Preferences will be inclusive of Online Play, loyalty, jackpot alerts, winning number alerts by game, and all other facets of player communication.
 - c. **Player Notifications.** Bidder must describe the transactional notifications and marketing notifications (e.g., emails, text messages, etc.) that will be managed by the System. Additionally, Bidder must describe UI components controlled by the PAM available to MSL, such as in-site dynamic notices or pop-up messaging.
2. **Promotions Capabilities:** Bidder must describe in detail the features, capabilities, and configurable parameters related to enabling and managing promotions on the system. The description must address the following minimum requirements:
 - a. **Promotion Codes.** The System must support the ability to define and accept a wide variety of promotion codes that can be redeemed by players to trigger an offer. The System must support the ability to issue multiple promotion codes concurrently. The promotion codes must be captured by the System and available for reporting or extraction (to third-party systems or otherwise) on a per-player basis. The System must allow settings such that Promotion codes can be issued as unique to a single player or available to all players. The System must provide settings such that Promotion codes can set as a one-time use or multi-use. The System must provide settings such that a single Promotion code can be used in all

available entry locations within the player-facing system (e.g., Registration, Deposit, Purchase, Pop-up, etc.) or be restricted for use in only one entry location. Bidder must describe all additional options available in the System for promo code assignment and use.

- b. **Free Games.** The System must have the ability to assign free games to players (draw and instant). The System must support variable parameters such as quantity, price point, or play settings associated with free games. The free games must be assignable with a variety of criteria, such as login, registration, deposit, or qualifying purchase. Free games assignment is required for all games that are provided through the system, including third-party games that are integrated with the system, as directed by MSL.
- c. **Deposit Offers.** The System must have the ability to configure offers that provide a percentage or fixed-value bonus in combination with a transaction to fund a Player Wallet (“Deposit”). This must include the ability to assign a maximum limit for the Deposit bonus.
- d. **Promotion Triggers and Conditions.** The System must support a wide variety of qualifying parameters to make a promotion available to a player. For example, qualifying parameters may include a new registration, login, referral of another player, player segment, deposit activity, wager on a specific game, watching a responsible gaming video, loyalty activities, engaging with MSL-specified content, or a date-specific event such as a birthday. The System must support any specifications as determined by MSL for each promotion such as eligibility dates, expiry dates, or limitations. The System must ensure that self-excluded players do not receive promotional materials.
- e. **Shopping Cart Discounts.** The System must provide fully configurable promotional setting to allow for discounts by percentage and/or fixed dollar amount for purchases made through the shopping cart.
- f. **General Capabilities.** Each promotion must have a unique identifier (not promotion name) on the System to support reporting capabilities. MSL must have the ability to run varying promotions concurrently on the System, and the Bidder must describe its capabilities and limitations associated with concurrent promotions. The System must have configurability to ensure that individual players are not assigned conflicting promotions at the same time. MSL must also have the ability to run reports at custom intervals (real-time, hourly, daily, weekly, etc.) based upon the specific promotional offers for any promotions (i.e., redemption of promotional offers).

- g. **Other Offers.** Bidder must describe any ability to provide promotions through the system.

3. **Promotional Drawings:** Vendor must provide, either directly or through a third party, a raffle system capable of handling multiple raffles for promotional drawings. This functionality is not considered games for purposes of pricing and must be included in the bid for promotional use at no cost to MSL. The description must address the following minimum requirements:

- a. **Promotional Drawings Overview.** The System must provide a fully configurable promotional drawing system capable of receiving custom list uploads as well as logging qualifying activities (e.g., wagers on certain games, deposits, etc.) as entries into a prize giveaway. The System must allow for the random selection of prize winner(s), in addition to capabilities to issue prizes as a payment directly into a Player Wallet.
- b. **Raffle System.** Vendor must provide a raffle system capable of handling at least two (2) billion entries per raffle. The System must be able to accept entries based on activity tracked within the PAM (e.g., wagering on certain games), API calls (e.g., loyalty point raffle purchase), and direct list upload. The System must be capable of handling at least thirty (30) raffles simultaneously. The raffle engine must be certified in a manner approved by MSL. The system must have the ability to accept entries through a variety of factors based on data available to the system such as wagering, playing of specific games, frequency of login, etc. The System must allow for upload of custom lists to provide the entries for registered players. The System must be able to download a list of players and their earned entries. Bidder must describe functionality and capacity of the raffle system.
- c. **Raffle Drawings.** The System must be capable of automatically conducting drawings after a specified number of tickets awarded or a specific date set. The System must be capable of directly awarding real money prizes (similar to any other prize award) or bonuses (e.g., bonus credit, free games, etc.). The System must be able to award multiple prizes to multiple players to support different prize structures. The System must be able to produce a drawing file identifying the winners of each prize. The System must be able to draw alternate winners and include them in an output file for situations in which prize awards happen outside of the system (e.g., MSL handled prize awards). The System must be able to automatically conduct the drawing and award prizes to players based on the promotion details. The System must provide notifications to players and to designated MSL staff.
- d. **Communication of entries.** The System must have the ability to display to players the number of entries by category or promotion and provide the

entry amounts and types for display on the website and mobile apps by use of API or hourly file. The System must be capable of separately communicating player facing reporting of raffle entry and prize awards depending on promotion and raffle type. Bidder must describe how entry information can be presented to players.

- e. **Additional Promotional Games.** Bidder may propose additional promotional games, such as draw games, instant win, bingos, and any other games bidder would like to offer. Bidder must indicate which other promotional games would be provided at no cost. Any game offerings provided at cost must be clearly priced separately from each other and separately from pricing for the system.
4. **Loyalty Program:** Bidder must describe in detail the features, capabilities, and configurable parameters of its loyalty functionality. The description must address the following minimum requirements:
- a. **Earning Loyalty Points.** The System must have capabilities to allow players to earn points for online wagers, deposits, entering eligible redemption codes, redeeming promo codes for birthday or other promotional awards, and through additional methods (e.g., participating in surveys, watching a video, signing into the mobile app for the first time, etc.) The System must be able to assign points for events that happen through a third-party web or app such as using hyperlinks or scanning retail tickets. The System must have configurable capability to assign points differently based on a variety of factors such as ticket price (all ticket types), game type (draw vs. instant game), and sales channel (retail vs. iLottery). All points earned must be accrued in real time. The System must include promotional configurations for points multiplier promotions by game or set of games and other types of promotional opportunities.
 - b. **Managing Loyalty Points.** The System must include the capability to track all points by player. The System must have the capability expire points and provide multiple prior notifications to players, based on rules and promotion periods. The point expiration period must be configurable by number of calendar months (e.g., points expire six full calendar months after the month in which it was purchased). The System backend must be provided to MSL that shows full player account history including points earned and redeemed. MSL staff must have ability to award points to players on an as needed basis for player makegoods, etc.
 - c. **Point Spending and Rewards.** The System must have configurable capabilities to allow the redemption of points for rewards through direct UI interfaces or through a third-party web and app provider. The System must allow for points to be spent to earn any reward (e.g., bonus credit, free games, coupons, physical inventory, etc.) as determined by MSL.

- d. **Ticket Entry Capabilities.** The System must directly or through end points used by third-party web and app developers provide point earning through ticket entry that includes all tickets, instant and draw, winning and non-winning, purchased through any channel and provide for entry using manual and automatic (scanning) methods. The System must allow for points to be assigned based on the purchase price of the ticket. Bidder must describe how this will be accomplished.
- e. **Loyalty Tiers.** The System must have configurable capabilities to manage no less than nine loyalty tiers. The System must have configurability in respect to the number of points required to enter each tier. The System must allow a player to move up to a new tier instantly after earning the required points. The System must allow for a player to move to a lower tier based on lower spending. The System must have a configurable “grace period” before the tier is lowered (e.g., if a player moves up to tier two during July then stopped purchasing tickets, the player would stay in tier two through August, then drop to tier zero in September).
- f. **Drawing Tools.** The System must link to the raffle functionality to allow for multiple simultaneous second chance and other promotional drawings.
- g. **Prize Fulfillment.** Bidder must describe how they would provide a winner notification and prize fulfillment database system with an interface for MSL personnel, including Marketing, Security and Prize Validation departments, to streamline the awarding of drawing prizes. The System must have necessary integrations to allow for streamlined workflows, including providing functionality for pushing real-time winner notifications to players and publishing winner lists on the website and mobile apps.
- h. **Additional Opportunities.** The System must provide flexibility to include additional features and functionality. Bidder must describe any additional configurations or options not addressed in other sections.
- i. **Future Development.** Bidder must demonstrate the ability and flexibility to make regular enhancements, upgrades, and adjustments in a timely manner.

F. Staffing and Support (68 Points)

1. **Customer Service Center:** Bidder must describe in detail the capabilities and operational support related to managing customer service center (“CSC”) activities. The description must address:
 - a. **Support Channels.** Features and methods by which player communication channels are enabled. At a minimum, voice, email, chatbot, and live chat support must be provided.
 - b. **Accommodations.** How the CSC will communicate with multi-lingual players. Bidder must describe how it will provide reasonable accommodations to players with a qualified disability.
 - c. **Support Availability.** How the CSC will provide support to players on a continuous basis (i.e., 24/7 all year) without interruption over the term of the Contract.
 - d. **Oversight Capabilities.** How MSL will be provided with adequate oversight (including access to CSC personnel) and reporting capabilities to establish final operational control and ability to measure performance. The CSC reporting must be searchable and support the ability to view a complete record of historical correspondences. The ability to view aggregate CSC reporting, such as total inquiries by topic per time period, must be supported by the system.
 - e. **Data Retention.** How the System will retain all CSC correspondences for a period of no less than three (3) years. MSL must be provided with access to all correspondences.
 - f. **Satisfaction Measurement.** How the System will provide the capabilities to collect satisfaction sentiments from players based on CSC interactions, and to provide detailed reporting to MSL in a quantitative and qualitative manner.
 - g. **Staffing Levels.** How CSC staffing levels will be provided, at no cost to MSL, on an ongoing basis in a manner that scales to meet the capacity and service level requirements. In addition to other staff needed to meet operational needs and service levels, CSC must maintain no less than one (1) operator per shift dedicated only to MSL customer inquiries twenty-four (24) hours a day, seven (7) days per week.
 - h. **Staff Information and Contacts.** How MSL will be provided with a list of all staff and provide supervisor and team lead contact information for

escalation. CSC will provide MSL with direct contact number for player call transfers that originate with MSL but need to be handled by online team.

- i. **Failover and Disaster Recovery.** How CSC will be equipped with staffing and technology redundancy in a manner that mitigates risk (e.g., backup CSC on different electric grid) and ensures continuous operations. A disaster recovery plan must be provided and approved by MSL prior to the startup date and on an annual basis.
- j. **Player Hotline.** Providing an interactive voice response (“IVR”) system, and dedicated toll-free hotline, which will be published for player inquiries.
- k. **Call Back System.** Providing an interactive voice response (“IVR”) system, and dedicated toll-free hotline, which will be published for player inquiries. The System must have an in-bound call system that includes call-back feature to limit player hold times and automated account lookup feature based on player data input.
- l. **Automated Prompt System.** Providing an automated prompt system that offers balance inquiries and other transactional support must be available twenty-four (24) hours per day, seven (7) days per week.
- m. **Email.** Providing a robust email system capable of tracking and responding to player questions and concerns. The System must provide tracking that includes all aspects of the communication, including identifying the customer service representative handling each communication and the overall response time to each communication. The system should incorporate a library of scripted replies drafted by Vendor that have been reviewed and approved by MSL Player Relations. The system must be capable of handling automation scripts that provide immediate replies to certain player inquires. The system must allow for escalation to a manager and/or to MSL Player Relations depending on the topic as designated by MSL. MSL Player Relations must have full access to the email system for handling retail-based player inquires.
- n. **Chat and Chatbot.** Providing an intelligent interactive chatbot service that can handle player contacts and questions in a user-friendly manner. The chatbot must be able to easily route players to helpful information and must escalate to a customer service representative at points, as designated by MSL. The chatbot must be customizable to meet MSL requirements.
- o. **System Access and Case Transfers.** Providing MSL with direct access to CSC system components in a manner that meets all MSL-specified requirements to establish operational efficiency and a seamless player experience. The System must be able to receive and transfer case

history notes and live calls between the CSC and MSL's designated internal systems.

- p. **Subject Matters Supported.** Training of CSC staff to provide support for all features of the system and the iLottery program. Vendor must provide CSC staff with responsible gaming training and other training as designated by MSL. CSC staff must follow protocols and scripts as designated by MSL. CSC staff must also answer and manage any calls related to winning numbers information and any questions that are of a general nature that do not require specialized training. CSC staff must handle general questions about MSL or route the player to another information source as directed by MSL.
- q. **Player Account Access.** How the system will have the ability to allow designated staff, including MSL staff, the ability to view any player information available in the system as directed by MSL. The system must allow staff, as directed by MSL, to directly award a player with any bonus, loyalty points, coupon, or other awards available in the system.
- r. **CSC Service Levels.** Reliable communications services for iLottery players reach the CSC. Support response times should be reasonable while keeping Service Levels in parity across support channels. CSC Service Level requirements for support are:
 - i. Ninety-five (95%) percent of inbound calls to be answered within one hundred and twenty (120) seconds.
 - ii. Provide acknowledgement response to player emails to one hundred (100%) percent of all inquiries within twenty-four (24) hours.
 - iii. Resolve ninety-five (95%) percent of all email inquiries within three (3) days.
 - iv. Respond to ninety-five (95%) percent of live chat inquiries within three (3) minutes.
 - v. Respond to ninety-five (95%) percent of social media inquiries within thirty (30) minutes.
 - vi. Ninety-nine (99%) percent of all calls without a busy signal.
 - vii. Abandoned call rate not to exceed two (2%) percent.
 - viii. Average call hold time not to exceed two (2) minutes.
 - ix. Ninety-nine (99%) percent of all chats will be answered.
 - x. Average live chat wait time not to exceed one (1) minute.
 - xi. Abandoned live chat rate not to exceed five (5%) percent.
 - xii. One hundred (100%) percent of all email inquiries to be answered.
 - xiii. Average email inquiry resolution not to exceed three (3) days.

xiv. Abandoned email inquiry rate not to exceed one (1%) percent.

2. **Staffing:** MSL must be provided with ample and experienced staffing services to support MSL's operations. Bidder must describe in detail the staff and professional services that will be provided to support MSL. The description must address:

- a. **Staff Working Hours.** Staff provided by Vendor who work with MSL, MSL vendors, or MSL players must be available during MSL's full working hours and working days, unless otherwise expressly approved in writing by MSL.
- b. **Staffing Levels.** Vendor must maintain and train sufficient staff to meet all service levels and requirements of the contract. Sixty (60) positions must be in Michigan unless otherwise approved by MSL.
- c. **Staffing Practices.** Positions must be filled within ninety (90) days, unless otherwise directed by MSL. Staff may not be assigned to MSL or given access to MSL data without express agreement by MSL. Any position provided as part of the contract can be shut down and/or converted to a different position of similar professional level to allow flexibility for future needs. Staff are expected to maintain the utmost professionalism and confidentiality to protect MSL, its reputation, and its ongoing operations. When requested by MSL, any staff provided must be moved off the MSL account at any time without reason within five (5) business days. Vendor must provide a process for MSL to seek assistance if issues arise with the performance or responsiveness of provided staff.
- d. **Project Manager.** A project manager will be exclusively dedicated to MSL, if directed by MSL at no cost to MSL. This individual will be responsible for coordinating documentation, project schedules, meetings, and other communications required to manage the System and supporting operations as directed by MSL. MSL will provide the day-to-day direction for the Project manager. The project manager must be available to MSL on-site if required by MSL.
- e. **Solutions Architect.** At no cost MSL, Vendor must provide a dedicated solutions architect that is specialized in understanding the System and readily available to MSL for consultation and creation of technical documents as well as handling development requests and configuration changes. This individual will be responsible for gathering MSL's requirements and identifying viable technical solutions. The solutions architect must be available to MSL on-site if required by MSL.

- f. **Data Analyst.** At no cost to MSL, Vendor must provide a data analyst that is exclusively dedicated to MSL. This individual will be responsible for compiling data, synthesizing data patterns, performing segmentation, providing raw data, creating reports, maintaining dashboards, and distribution reports. The Data Analyst must be available to MSL on-site if required by MSL.
- g. **Strategic Planning Services.** At no cost to MSL, Vendor must provide a minimum of two (2) staff responsible for supporting strategic planning by performing and providing analysis and market research.
- h. **Responsible Gaming Manager.** Vendor must provide a responsible gaming (RG) manger that is dedicated to support the program to address players who may show signs of problem gambling. These services will be at no cost. This person must provide RG and problem gambling training to staff as directed by MSL. The RG manager must provide RG protocols for CSC staff as directed by MSL. The RG manager will be expected to create, maintain, and provide RG reports as directed by MSL.
- i. **Other support staff.** Other staff will be provided to MSL to work at MSL's direction, at MSL's request.
- j. **Additional Services.** Any additional staffing or services, not considered above, must be made available by Vendor to support MSL's programs.

3. Implementation Plan: Bidder must describe in detail the plan that supports the implementation of the startup or transfer requirements for the System. The description must address following minimum requirements:

- a. **Migration Strategy and Services.**
 - i. Bidder must provide a plan related to the migration of all current player accounts, saved player payment information including banking accounts, customer support history, loyalty activity, internet wagering history, and any other iLottery system data. Active loyalty promotions, drawings, and any other features will need to migrate seamlessly and made available in the new platform with no disruption.
 - ii. Migration must include a plan for ensuring that players can continue to enter all available redemption codes and apply all rules and restrictions as designated by MSL.
 - iii. All data must be transferred into the new System, including a strategy to maximize accuracy and security of the data.

- b. **Startup Schedule.** The System must be available for transfer of data by January 1, 2026. The system must be available for full end-to-end user acceptance testing no later than April 1, 2026. A project plan must be provided to support a timely delivery while indicating the major milestones and key activities to be completed.
 - c. **Startup Resourcing.** The staffing resources, including any third parties, which will be deployed to support migration and startup activities.
4. **Security:** Prior to operations under the Contract, establish and maintain an approved security program for the entire system, subject to the written approval of MSL. This program must be updated, reviewed, and approved annually by MSL. As part of this requirement an approved Operations Security Plan must be maintained to ensure the integrity of operations associated with MSL. The security program must include the following procedural, administrative, and physical elements. Bidder must describe how the following requirements below will be met in full:
- a. **Methods and Procedures.** All methods and procedures for conducting background checks on all personnel and compliance with requirements for compilation of information for background checks by MSL.
 - b. **Inspections.** Immediate cooperation with inspections by personnel authorized by MSL of the premises, the Vendor, or any Subcontractor where work under this Contract occurs, to determine the degree of compliance with security and operational requirements. Such inspection may be unannounced.
 - c. **Unauthorized Access.** MSL approved security measures and systems which preclude unauthorized persons from accessing all facilities and supplies, and equipment within the facilities. MSL reserves the right to prohibit physical access to operations areas by non-operations personnel.
 - d. **Unauthorized Use.** MSL approved security measures which preclude the unauthorized use of equipment and materials, without written authorization from MSL.
 - e. **Data Integrity.** MSL approved security measures that ensure the integrity of the preparation, storage, distribution, or use of any data or documentation relating to player information or any personal identifying information.
 - f. **Contingency Planning.** MSL approved disaster recovery and contingency plan for maintaining the successful operation of the

development and manufacturing processes. Such a plan must include a method and timeframe for recovery and continuation of these processes.

g. Personnel Security.

- i. MSL may initiate investigations into the background of any officer or employee of the Bidder or Vendor, any subcontractor of Vendor, or any associates of the Bidder or Vendor that MSL deems appropriate. Such background investigations may include fingerprint identification by Michigan State Police, Federal Bureau of Investigation, and any other appropriate public or private agencies selected by MSL. Any costs of background investigations are the responsibility of the Bidder. Any costs of background investigations are the responsibility of the Bidder.
- ii. Personnel who will be performing services under the Contract and as determined by MSL will be required to undergo a background investigation by MSL. This MSL background check does not relieve Vendor of their responsibility to conduct their own background investigations. After an employee being considered for work on MSL Contract has been cleared by the Vendor's background checks, the person must be submitted to MSL for clearance. The results of the background check must be shared with MSL.
- iii. The Bidder and Vendor must consent to cooperate with such investigations, and to instruct its employees to cooperate. MSL may terminate the Contract or require the Vendor to remove an employee from MSL project based upon adverse results of background checks if MSL determines that its integrity, security, or goodwill may be in jeopardy. MSL may disapprove any employee or Subcontractor who is assigned to this project, either at Contract inception or at any time during the term of the Contract.
- iv. Vendor must not allow the engagement of unfit or unqualified persons not skilled in the tasks assigned to them with respect to the Contract and must at all times employ sufficient personnel for carrying out work to full completion in the manner and time prescribed by the Contract. Vendor must be responsible to MSL for the acts and omissions of the Vendor's employees or Subcontractors.
- v. Any person employed by Vendor must, at the written and reasonable request of MSL, be removed forthwith by Vendor from work relating to the Contract. The Subcontractors are in this respect considered employees of Vendor.

- vi. The ability to conduct such investigations is a continuing right of MSL during the proposal evaluation and throughout the Contract.
- vii. Vendor must, at the start of the Contract and for each new employee prior to their assignment on Michigan Contract work, submit to MSL the name, address, date of birth, social security number, driver license number, or fingerprint cards and/or other release forms bearing the person's signed authorization to allow criminal justice agencies to release to MSL any criminal history that pertains to such person, of all officers and employees of the Vendor and of any Subcontractor, who are involved in any phase or aspect of the contract. MSL reserves the right to review and approve or disapprove any persons prior to or during their assignment to this Contract. No employee is to be given access to facilities or assigned to work on this Contract until the employee has been cleared by MSL. MSL reserves the right to review all security clearances and to disapprove any Vendor or Subcontractor employee.
- viii. Vendor must notify MSL of departures of persons who are involved in the Contract and must provide a roster of current employees to MSL at least every twelve (12) months during the term of the Contract.
- ix. Vendor must promptly notify MSL if it becomes aware that any of its employees, or employees of any Subcontractor, assigned to Michigan Contract work have been charged and/or convicted of a criminal offense (excluding only misdemeanor traffic offenses).
- h. **Security Violation Reporting.** Vendor must immediately report to MSL any security procedural violation, system compromise, potential violation of law, or compromises of equipment, software, or materials used or to be used in the performance of this Contract.
- i. **Security Information (Disclosure) Updates.** Vendor must report any change in, addition to, or deletion from, the information disclosed to MSL. The report must be in the form of a letter addressed to MSL and must be delivered to MSL's Security Director immediately but no longer than thirty (30) days of the effective date of the change, addition, or deletion. In particular, Vendor must report the involvement of any of the Vendor's employees, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation.
- j. **Disclosure.** Vendor must disclose any criminal litigation, investigations or proceedings involving the Vendor (and each Subcontractor) or any of its officers or directors or any litigation, investigations, or proceedings under

the Sarbanes-Oxley Act. In addition, notify MSL of any civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions thereto, to which the Vendor (or, to the extent the Vendor is aware, any Subcontractor hereunder) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of the Vendor or any Subcontractor hereunder; or (ii) a claim or written allegation of fraud against the Vendor or, to the extent the Vendor is aware, any Subcontractor hereunder by a governmental or public entity arising out of their business dealings with governmental or public entities. Any such litigation, investigation, arbitration, or other proceeding (collectively, "Proceeding") must be disclosed in a written statement to MSL Security Director within thirty (30) days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated as such. Information provided to MSL from the Vendor's publicly filed documents referencing its litigation will be deemed to satisfy the requirements of this section.

- k. **Assurances.** If any such Proceeding disclosed to MSL pursuant to this section, or of which MSL otherwise becomes aware, during the term of this Contract would cause a reasonable party to be concerned about:
 - i. The ability of Vendor (or a Subcontractor hereunder) to perform this Contract in accordance with its terms and conditions.
 - ii. Whether Vendor (or a Subcontractor hereunder) in performing services for MSL is engaged in conduct which is similar in nature to conduct alleged in such Proceeding, which conduct would constitute a breach of this Contract or a violation of Michigan law, regulations or public policy, then Vendor must be required to provide MSL all reasonable assurances requested by MSL to demonstrate that (a) Vendor the Bidder and/or its Subcontractors hereunder will be able to continue to perform this Contract and any Statements of Work in accordance with its terms and conditions, and (b) Vendor and/or its Subcontractors hereunder have not and will not engage in conduct in performing the services similar in nature to the conduct alleged in such Proceeding.
- l. **Notifications.** Vendor must make the following notifications in writing:
 - i. Within thirty (30) days of becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, notify the MSL Contract Manager.

- ii. Notify MSL Contract Manager within thirty (30) days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.
- iii. Notify MSL Contract Manager within thirty (30) days whenever changes to company affiliations occur.
- m. **Eligibility of Vendor Employees.** Unless otherwise expressly approved in writing by MSL, an individual or organization or employees of an organization under contract with the bureau is not eligible to win any prize in any game offered by MSL during the period of the contract if the individual, organization, or employee has access to any of the following which is not open to the general public: (a) MSL data. (b) books and records. (c) electronic data processing programs. (d) systems designs. (e) other information.

5. **Additional Services:** Procure and execute contracts with any MSL designated third parties that are desired to support the operations of the iLottery or other MSL programs. These services will be billed to MSL with no added costs or upcharges.

- a. **Legal services.** Vendor must provide its own legal services to enter contracts with third party game providers and others. If Bidder is selected to provide games, Bidder will be required to conduct its own Intellectual Property search and provide requested assurances to MSL.
- b. **Financial and Administrative Services.** Vendor must provide fully staffed financial services team to assist MSL staff with reconciling, balancing, and other financial or administrative activities related to the contract and services under the contract.
- c. **Information Technology.** Vendor must maintain its information technology staff in-state and elsewhere as needed to support all services under the contract.
- d. **Communications.** Vendor must obtain MSL approval before publishing any release or other information about the contract or performance.
- e. **Security.** Vendor must maintain its own security staff in-state and as needed elsewhere to investigate any suspected fraud or irregular activity.
- f. **Local-economic benefits.** Vendor must identify all local benefits it anticipates during the life of the contract, including specific commitments to in-state staffing, offices, and data centers.

G. Optional Services

1. **Games:** Bidder may propose directly providing draw and instant games in addition to third-party integrations. The description should address the following minimum requirements:
 - a. **Bidder Offered Games.** Bidders are invited but not required to offer draw and instant games. Such offers must include separate pricing. All pricing for games must be separate from the system as offering games is not a minimum requirement. In the event MSL accepts games from Vendor, MSL and Vendor will enter into a games agreement similar to those Vendor will enter with third parties. For clarity, all games, whether provided by Vendor or third parties, will be priced separately from pricing for the system itself. Vendor is not required to offer any games at all and may simply offer the system through which games are sold.
 - b. **Game Compliance.** Games must meet all standards and requirements as imposed by MSL or any associations that are affiliated with a particular game, such as the Multi-State Lottery Association (“MUSL”).
 - c. **Draw Games.** Bidder may propose the ability to provide draw games (e.g., Mega Millions, Powerball, etc.). Bidder should describe key features and restrictions as it relates to draw games such as games available in the system, draw break management, any processing downtime, and any other considerations. All draw games available for sale online must match the retail version of the game in all respects such as available price points, wager types, number of draws, add-ons, promotions, etc.
 - d. **Subscription Support.** If the system supports draw game sales, the System must provide support to sell games on an extended time period or renewal basis (“Subscriptions”) and must manage any associated payment implications to support the automatic purchase without player intervention, provided that payment card information on file for the player is still valid and other MSL designated criteria is met. The subscription functionality must include easy cancelation by the player, backend cancelation availability to Customer Support, and auto-cancelation from the system for reasons designated by MSL, such as self-exclusion and lack of renewed geolocation.
2. **Raffles:** Provide directly, or through a third party, a raffle system capable of handling multiple raffles for direct raffle ticket sales. The description must address the following minimum requirements:
 - a. **Raffle System.** Provide a raffle system capable of handling at least 2 billion entries per raffle. The system should be able to accept entries

based on direct sale (e.g., shopping cart experience). The system should be capable of handling at least thirty (30) raffles simultaneously. The raffle engine must be certified in a manner approved by MSL. The system should have the ability to accept direct purchase of raffle tickets. Bidder must describe functionality and capacity of the raffle system.

- b. **Raffle Drawings.** The system must be capable of automatically conducting drawings after a specified number of tickets awarded or a specific date set. The system must be capable of directly awarding real money prizes (similar to any other prize award). The system must be able to award multiple prizes to multiple players to support different prize structures. The system must be able to produce a drawing file identifying the winners of each prize. The system must be able to draw alternate winners and include them in an output file for situations in which prize awards happen outside of the system (e.g., MSL handled prize awards). The system must be able to automatically conduct the drawing and award prizes to players based on the raffle details. The system must provide notifications to players and to designated MSL staff.
 - c. **Communication of entries.** The system must have the ability to display to players the number of entries by category or promotion and provide the entry amounts and types for display on the website and mobile apps by use of API or hourly file. The system must be capable of separately communicating player facing reporting of raffle entry and prize awards depending on raffle type. Bidder must describe how entry information can be presented to players.
 - d. **Internal Control System.** Provided games must meet all ICS requirements. System transactions must be transmitted to the ICS in a near real time manner. The system must transmit all wagering, promotional, and prize related transactions, including certain deposit transactions, to the ICS, as directed by MSL.
 - e. **Environments.** The system must send independent transactions to all ICS environments designated by MSL.
3. **Drawing Operations and Control Center:** If Bidder is proposing directly providing draw games, Bidder must describe in detail the services and capabilities to support the operations of draw games. The description must address the following minimum requirements:
- a. **Control Room.** Any anticipated facilities, such as a control room, and staffing related to the operations of draw games.

- b. **Drawing Applications.** The software related to the support of draw games and any specific controls that are in place to ensure the continuity and integrity of scheduled drawings.
 - c. **Control Room and Application Security.** Any security features of the drawing applications, or any physical and procedural controls that ensures the security of the control room. The control room, software, and operations must meet any compliance standards imposed by MSL and any multi-state game association.
4. **Website and Mobile Applications:** A plan to support MSL’s player facing website(s) and mobile apps, which may include contracting with an experienced ecommerce web and app developer, subject to MSL’s approval, which has supported a similar or higher level of traffic and transactions. The description should address the following minimum requirements:
- a. **Website Design and Development.** A plan to provide a comprehensive, responsive website that would operate effectively on all devices. The primary focus of the website design would be ease of use by customers and MSL staff along with use of modern design paradigms to provide customers with an app-like experience on web, particularly when using mobile devices.
 - b. **Content Management System.** The System should include a robust and customizable content management system (“CMS”) that can support the MSL’s need to update areas of the site with operational ease and minimal technical skills. Bidder should describe how the CMS would be managed in order to maintain an optimized user experience across different devices and screens.
 - c. **Mobile App Development Services.**
 - i. Vendor may provide a solution, which may include subcontracting with an experienced mobile app developer and/or service provider, subject to MSL’s approval, to deliver an iOS, Android, and Amazon Fire version of a mobile application that provides full service with a comprehensive set of features for customers, loyalty, and Online Play. Minimally, this would include, checking winning numbers, viewing jackpots, scanning tickets for potential winnings, scanning tickets to enter loyalty points and ear rewards, finding a retailer, viewing a list of all games sold, registering for an account, logging into an account, funding a Player Wallet, purchasing all online games, withdrawing funds from a Player Wallet, uploading documentation, delivering push notifications, viewing a historical record of Online Play and loyalty transactions, viewing a loyalty points balance, and viewing drawing entries.

- ii. The solution may use webviews (web browser features are viewable within the mobile applications). It is desirable for the app to contain a thoughtful mix of natively developed features and webviews that deliver optimal usability and performance to players and to MSL staff managing content updates.
- iii. The System should be designed to ensure that if any portion of the app (i.e., funding or purchase) is offline, unaffected services such as ticket checker, points entry, messages, etc. should still be available to the player.
- iv. Vendor may be required to provide ongoing development services, maintenance, backend application hosting, and regular production releases in coordination with ongoing changes to MSL programs. Bidder should describe a maintenance plan, with specific details on how software will be delivered (e.g., project management process, release cycles, etc.), to support the website mobile applications.

SECTION 8: Service Levels

This section describes service levels for the system and related services. Your response to this section must:

- be titled “Part 5: Service Levels.”
- describe how you will meet each of the requirements.
- not include any pricing information other than marking items that are priced separately.
- minimize extraneous language such as “state of the art,” “best practice,” “industry leading,” and “best in class.”

For the successful Bidder, responses to this section will form the service level agreements and liquidated damages portion of the contract. Bidders are asked to keep this in mind and provide responses conducive to restatement as a contract requirement.

1. **Software Release Schedule.** Ensure that modification batches to the System and/or Portals meets the frequency as specified in the Contract. If Vendor fails to meet the frequency, then MSL may impose Liquidated Damages of ten thousand dollars (\$10,000) per incident.
2. **System Up Time.**
 - a. The system must be up and running 24/7/365 with an up time of at least 99.99% of any year, quarter, month, week, or day. Vendor will ensure that the System is not "Down" during the operational hours on any day unless authorized by MSL. The System is "Down" when it is unable to accept any connections and/or process any requests during a period of time when any applicable third-party network being used to access the System for such connections and/or requests, such as the Internet, is operational. MSL may impose Liquidated Damages in an amount of one thousand dollars (\$1,000) for each one (1) minute of System Downtime, or fraction thereof, which is greater than 0.01% of any period in duration during the operational hours for iLottery sales on any day. The total time during which the System is Down during the day will be calculated as the sum of all time during such daily operational sales period when System is Down. For example, three (3) ten-minute long instances of Down time in one (1) day constitute thirty (30) minutes of daily down time. To address chronic problems, in the event that two (2) Downtime events of any length have already occurred in a Business Week, the grace period must be rescinded, and Liquidated Damages must begin immediately with any subsequent outage in that Business Week.
 - b. Unless agreed upon otherwise in writing between MSL and Vendor, Scheduled Maintenance may only be scheduled between the hours of

2am to 6am Eastern Time and performed by Vendor on a MSL business day, that precedes another MSL Business Day. Vendor must provide not less than six (6) Business Days prior written notice (including e-mail) with a full description of any effects to MSL, adverse or otherwise. The notice must include the time during which the any part of the system must be not available due to Scheduled Maintenance. Vendor must receive written approval from MSL five (5) business days prior to performing any Scheduled Maintenance.

- c. Unscheduled Maintenance must be performed by Vendor to address critical security and network issues on an emergency basis provided that Vendor provides prior written notice (including e-mail) to Customer as soon as commercially practicable under the circumstances. Vendor must receive written approval from MSL prior to performing unscheduled maintenance.
- d. MSL must be entitled to defer any Scheduled Maintenance or Unscheduled Maintenance to a subsequent maintenance window provided that any adverse effects to the service and products relating to such deferral must be the sole responsibility of MSL and, provided further, that MSL must not defer maintenance which is required to be immediately applied to other Vendor customers and suppliers in order to maintain the security and/or integrity of the applicable Vendor data center and applications. Any actual resulting effects of Maintenance, adverse or otherwise, must be fully described in writing to MSL within one (1) business day after the maintenance window.

3. Degraded Performance.

- a. Vendor will ensure that the System does not have degraded performance for more than ten (10) minutes during the operational hours on any day. The System will be considered degraded if any of the following conditions are true:
 - i. Any prescribed performance criteria described in the contract is not being upheld.
 - ii. Player access on average exceeds the response time requirements, or the System is incapable of meeting the throughput specifications set forth in the Contract.
 - iii. The System processes transactions, but not for all gaming products and player- related activities and promotional transactions.

- iv. Transactions do not log to the minimum number of systems required by MSL and to the MSL's ICS.
 - v. Critical functions of System management and administration cannot be conducted by the management workstations.
- b. If any of Vendor's server processes including but not limited to routers, CPU, disk space, Random Access Memory or the network interface card continually reach ninety percent (90%) capacity for more than twenty (20) minutes, then Vendor will take immediate corrective action with respect to those processes and equipment under Vendor's control. For equipment and software outside of Vendor's control, Vendor will contact MSL within twenty (20) minutes to take the necessary corrective action. For the purposes herein, "control" means the ability to direct or influence the related operations, directly or indirectly, by virtue of contract, ownership of voting shares, or otherwise.
- c. MSL may impose Liquidated Damages in the amount of one-thousand dollars (\$1,000) for each hour of degraded time, or fraction thereof, which is greater than one (1) hour in duration during the operational period on any day. The total time during which the System is degraded during the day will be calculated as the sum of all time during the daily operational sales period when the Systems are operating at a "degraded performance level." To address chronic problems, in the event that two (2) degraded performance events of more than one (1) hour in length have already occurred in a Business Week, the grace period of twenty (20) minutes must be rescinded, and Liquidated Damages must begin immediately with any subsequent degraded performance event in that Business Week.

4. Timely and Accurate Reports.

- a. Vendor must produce and deliver timely, sufficient, and accurate reports within the time frames specified by MSL or as set forth in the Contract. MSL may impose Liquidated Damages of one thousand dollars (\$200) per day, or fraction thereof, for each late, insufficient, or inaccurate report.
- b. Unless otherwise specified in writing by MSL, each report produced by the business Intelligence tool must be created within thirty (30) days of MSL's final approval of report design, and, if requested by MSL, at least six (6) reports must be created within any thirty (30) day period.

5. Timely and Accurate Files. Vendor must produce and deliver timely, sufficient, and accurate Files within the time frames specified by MSL as set forth in the Contract. MSL may impose Liquidated Damages of one thousand

dollars (\$1,000) per hour, or fraction thereof, for each late, insufficient, or inaccurate file, until such File is provided, made sufficient, or corrected (as the case may be).

6. **Customer Support Center.** MSL may impose Liquidated Damages of twenty thousand (\$20,000) dollars per month in the event that any Service Level associated with CSC are not satisfied during a month. If Vendor fails to maintain a reliable call-in service, email service, live chat service, or knowledge database, MSL may impose Liquidated Damages of two thousand dollars (\$2,000) per hour (after a ten (10) minute grace period) that the service is interrupted. MSL may impose Liquidated Damages of two hundred dollars (\$200) per call, email, social media post, or live chat inquiry that does not meet CSC Service Levels.
7. **Failure to Produce a System Change.** Vendor must modify or add software to the System to produce reports, screen displays, inquiries, applications, or any other requirements as may be specified in the Contract or based on MSL's written approval of a set of change specifications. Unless otherwise specified in writing by MSL, the Vendor must deploy any such modified or additional software within a one-hundred and twenty (120) day period. MSL may impose Liquidated Damages of five hundred dollars (\$500) per day, or fraction thereof, that the modified or additional software is not installed.
8. **Unauthorized Modifications.** Vendor must not modify any software or hardware without the prior written consent of MSL and the Vendor must design Configuration Management practices to obviate this possible problem. If Vendor modifies any software or hardware without the prior written approval of MSL, MSL may issue a written order that the modification be removed and the System restored to its previous operating state at the Vendor's expense. Further, MSL may impose Liquidated Damages of ten thousand dollars (\$10,000) per violation in addition to any other damages that may occur as a result of such unauthorized modification.
9. **Unauthorized Access.** Vendor must preclude personnel not authorized by MSL from accessing, modifying, or otherwise using System data or software. MSL may impose Liquidated Damages of ten thousand dollars (\$10,000) per person per incident in addition to any other damages that may occur as a result of such unauthorized access or compromise. An "Incident" is each act of access, modification, or interference System data or software by an unauthorized Person. An Incident must be reported to the Michigan Lottery Commissioner or designated staff within one (1) hours of discovery of occurrence.
10. **Failure to Report System Issues.**
 - a. Vendor must immediately report all significant incidents related to the operation of the System, either personally or by telephone within thirty

(30) minutes of the discovery of the incident, followed by a notice addressed to MSL's Contract Manager (and/or designees) within twenty-four (24) hours of the incident. Vendor must send all written reports and notifications by email. At a minimum, Vendor must provide a written report for each of the following types of events and any others as designated by MSL:

- i. System takeovers
- ii. Major communications failures
- iii. Significant operator errors
- iv. Out of balance conditions
- v. Emergency software or hardware changes
- vi. Security violations
- vii. Duplicate accounts
- viii. Failure of a payment method to process transactions
- ix. Inability for players to withdraw funds
- x. Inability of individuals to register for accounts
- xi. System failure that could damage MSL's integrity
- xii. Any failures of alerts described in the technical requirements
- xiii. Other conditions as defined by a memorandum of understanding
- xiv. Any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of MSL.

- b. If Vendor fails to report any incidents as required, MSL may impose Liquidated Damages of one thousand dollars (\$1,000) per day or fraction thereof, until an incident is correctly reported.

11. Failure to Prevent Multiple Accounts. Vendor must prevent any person from creating more than one account and making any deposit or withdrawal in more than one account. If Vendor fails to prevent a person from using more than one account, MSL may impose Liquidated Damages of five hundred dollars (\$500) per financial transaction.

12. Failure to Timely Provide Audit Reports. Vendor must timely provide MSL with reports of the required annual third-party audit of the Vendor's operations, internal controls, system controls for Online Play compliance, and related activities. If Vendor fails to provide audit reports within 30 days after being requested by MSL, MSL may impose Liquidated Damages of one thousand dollars (\$1,000) per day or fraction thereof, until audit reports are provided by Vendor.

13. Failure to Comply. Vendor must comply with all commitments contained in the RFP, the Proposal, and the Contract, and all clarifications and amendments to these documents. Vendor must provide all products, services, data, and documents as obligated under the RFP, the Proposal, and

the Contract. If Vendor fails to provide an obligated product, service, data, or document, where not otherwise addressed by other Liquidated Damage provisions, MSL may impose Liquidated Damages of five hundred dollars (\$500) per day or per incident (at MSL's discretion) until the condition is rectified.

14. System Data Center Communications Outages. Vendor must ensure that the inter-site connections are not lost or operating at a degraded level of performance. Connection points include the System data centers, (e.g., primary and backup data centers and any other communication point(s) that are required to support System functions). An outage occurs if a connection is lost due to the failure of the Vendor to correctly carry out established duties in supporting or administering the network, or by failure of a Vendor-specified protectively redundant network element to support a failover. In the event that a Vendor-specified protectively redundant network element to support a failover is not functional or in the event that a Vendor-provided connection is lost, MSL may impose Liquidated Damages according to the following schedule: Five hundred dollars (\$500) for each minute of network outage, or fraction thereof, per connection. Total time of network outage each day must be calculated as each minute during the operational hours of each day that a connection is Down after a thirty (30) minute grace period. If two (2) Downtime events of any length occur in a Business Week, the grace period of thirty (30) minutes must be rescinded, and Liquidated Damages must begin immediately with any subsequent outage in that Business Week.

15. Failure to Comply with Required Standards or to Remedy Audit Findings.

- a. Vendor must correct or address, to MSL's satisfaction, all recommendations made to Vendor as a result of a System audit. If audit recommendations are not corrected, or addressed to MSL's satisfaction, within sixty (60) calendar days of notification, unless specifically exempted by the Commissioner, MSL may impose Liquidated Damages of five thousand dollars (\$5,000) at the end of the initial sixty (60) day period and an additional five thousand dollars (\$5,000) for each subsequent thirty (30) day period or any portion thereof, for which Vendor audit recommendation has not been corrected or addressed to MSL's satisfaction.
- b. Vendor must comply with all required MSL and/or multi-jurisdictional standards. If the Vendor fails to comply with any required MSL or multi-jurisdictional association standard, MSL may impose Liquidated Damages of five thousand dollars (\$5,000) for each instance of non-compliance. In addition, MSL may impose an additional five thousand dollars (\$5,000) for each subsequent seven (7) day period, or portion thereof, for each instance for which compliance has not been achieved.

16. Failure to Provide Quality Tested Software and Hardware. Vendor must provide MSL with quality tested software and hardware. If untested software is turned over for MSL Acceptance Testing or the software or hardware does not meet the specification standards established by MSL, MSL may impose Liquidated Damages of five thousand dollars (\$5,000) for the first violation (return or retraction of the software) and ten thousand dollars (\$10,000) for each subsequent violation.

17. Failure to Provide Documentation and Obtain Security Clearance Prior to Employment: Vendor must provide MSL with all required employee documentation for completion of background and security checks prior to employment on the Contract. If an employee is placed in service on the Contract before the employee has been approved by MSL, MSL may impose Liquidated Damages of one thousand dollars (\$1,000) for each violation.

18. Security Breach:

- a. In the event that there is a data security breach of non-public personal information (as such breach is identified in the ID Theft Protection Act), the Vendor must pay any fines associated with such act for each incident in which Vendor fails to provide notice of such breach in accordance with the breach notification requirements set forth in the ID Theft Protection Act.
- b. For reference, and subject to the provisions of the ID Theft Protection Act, Vendor must provide breach notification notice without unreasonable delay, and Vendor must make such notification by way of:
 - i. Email sent to each player affected, and
 - ii. A postage paid letter, in a sealed envelope, sent to each lottery account holder affected.
 - iii. Such notice must be written in a clear and conspicuous manner and contain the following content:
 1. Description of the security breach in general terms.
 2. Description of the type of personal information that is subject of the unauthorized access or use.
 3. If applicable, general description what the Vendor has done to protect the data from further security breaches.
 4. Include a telephone number where a notice recipient may obtain assistance or additional information.

5. A reminder to notify recipients of the need to remain vigilant for incidents of fraud and identity theft.
- c. Any legal, copywriting, design, printing, postage, or other cost associated with the production and delivery of such notices must be incurred by the Vendor.
- d. For any breach of secure data which, in MSL's sole discretion, constitutes harm to the integrity or reputation of MSL, MSL may impose liquidated damages of twenty thousand dollars (\$20,000) per incident.

19. In-State Staffing Service Levels. Vendor must maintain the minimum in-state staff positions as required by the Contract. The Vendor must fill any vacant position in no more than six (6) months. If the Vendor fails to maintain the minimum in-state staffing for a period greater than six (6) months, MSL must be entitled to reimbursement of prorated salary and benefits for the time the position was vacant.

20. Audit Assessment and Investigations:

- a. During the Contract term, MSL may perform audits or investigations to ensure Vendor's compliance with the Contract. MSL, in its discretion, may assess a fee of up to \$10,000 per audit or investigation. This fee may be assessed regardless of the outcome of the audit or investigation to compensate MSL for the resources spent.
- b. MSL may conduct as many as fifty (50) audits or investigations per calendar year (or more if MSL, in its discretion, believes there is an issue). Nothing in this Section should be construed to limit MSL's ability to otherwise audit or investigate Vendor under the Contract, nor must any assessment limit MSL's ability to impose Liquidated Damages.
- c. MSL may also impose an investigative fee to Vendor for MSL's investigation and remediation of actual or potential incidents related to the System or Vendor's non-compliance with the Contract. This fee must be equal to the actual time spent by each MSL employee or agent identified by MSL as investigating or remediating the incident multiplied by the employee or agent's hourly wage.

SECTION 9: Pricing

MSL has two specific pricing models that all Bidders are required to offer. Bidders are invited, however, to present any alternative models for consideration. Your response to this section must:

- be titled “Part 6: Pricing.”
- be in a separate binder for the physical copy.
- be in a separate pdf file for the digital copy (as well as included in the full digital file described in Section 2).
- Include pricing Models 1 and 2 as described below.

1. Pricing Models

a. Model 1:

- i. Propose pricing based on a flat % of gross sales through the shopping cart and deposits into the player account.
- ii. Confirm that all minimum requirements are included at no additional charge.
- iii. Clearly identify any exceptions to standard contract terms or service levels that affect pricing and clearly identify how that pricing is affected.
- iv. Clearly identify any enhancements or options included in the same pricing model at no additional charge.
- v. Clearly identify enhancements or options that are offered at an additional charge and clearly specify the additional charge.

b. Model 2 must:

- i. Propose pricing based on a % of gross sales through the shopping cart and a % of net gaming revenue (sales less prizes and promotions) from electronic instant game.
- ii. Confirm that all minimum requirements are included at no additional charge.
- iii. Clearly identify any exceptions to standard contract terms or service levels that affect pricing and clearly identify how that pricing is affected.
- iv. Clearly identify any enhancements or options included in the same pricing model at no additional charge.
- v. Clearly identify enhancements or options that are offered at an additional charge and clearly specify the additional charge.

2. Option Pricing

- a. Bidder may include any other pricing models Bidder wishes considered.

- b. If Bidder is inclined to offer pricing on remote gaming services for draw games, electronic instant games, or both, Bidder may include such pricing in the optional pricing section.
- 3. Price Reductions:** While MSL is not required to award a contract to the lowest priced proposal, pricing is an important part of best value. Bidders are encouraged to consider offering price reductions such as a reduced commission when sales reach a specified goal or if MSL elects multiple options.