

PRE-PROPOSAL CONFERENCE SUMMARY
CENTRAL MONITOR AND CONTROL SYSTEM FOR
A VIDEO LOTTERY TERMINAL PROGRAM
RFP #2009-11

August 27, 2009

At approximately 10:05 a.m., Mr. Robert Howells, Director of Procurement for the Maryland State Lottery Agency, welcomed everyone to the Pre-Proposal Conference for a Central Monitor and Control System for a Video Lottery Terminal Program (RFP #2009-11), being conducted on behalf of the Maryland State Lottery Commission. He introduced the State representatives in attendance: Gina Smith, Assistant Director/Chief Financial Officer; John Gallagher, Chief Information Officer; and Paul Dorsey, Director of Policy and Development.

Mr. Howells stated that a Summary of the Pre-Proposal Conference, the Commission's complete and final answers to the written questions previously submitted and questions asked at the Pre-Proposal Conference, the Sign-In Sheet, and any Amendments to the RFP, if necessary, would be sent by e-mail to the attendees and to any other entities who were sent the RFP or who are known to have obtained a copy of the RFP. This information will also be published on e-Maryland Marketplace. This information will be sent out as quickly as possible.

Mr. Howells asked that if anyone did not sign in to please do so before leaving and reminded the attendees to sign-in or clip their business card on the sign-in sheet. If there were any minority businesses present, they were requested to indicate this on the sign-in sheet and he explained that prime vendors and potential subcontractors should take advantage of this opportunity to network. The attached Sign-In Sheet lists the attendees at the Conference.

Mr. Howells explained as background that the State of Maryland passed on November 4, 2008 a referendum authorizing Video Lottery Terminals. As a result, the Lottery Commission was expanded from five to nine members and the Commission's responsibilities have expanded from overseeing Lottery activities to now also include Video Lottery Terminal activities, including licensing of VLT operators and employees and operation of the Central System and VLTs.

Mr. Howells said that a second commission, the Video Lottery Facility Location Commission, was responsible for the issuance of an RFP for the actual Facility locations and they are currently evaluating those proposals. Concurrently, the Lottery Commission is performing background investigations on these applicants. The Lottery Commission will report to the Facility Location Commission whether or not those applicants are qualified based on the background investigations. The Facility Location Commission

will then select qualified applicants for award of the Facility licenses. The Lottery Commission will be responsible for the operation of the central system and the procurement of the video lottery terminals.

Mr. Howells stated that the Commission encourages and welcomes questions, comments and feedback from the vendor community, but please understand that we cannot change State law. The Commission had received several written questions prior to the Conference. Although we will attempt to answer some of these questions today, the responses given verbally by State representatives are not binding upon the State, are for informational purposes only, and are subject to later written clarification. Should substantive issues be raised which cause changes to be made to the RFP, a written Amendment to the RFP will be issued. No changes to the RFP are effective unless contained in a written Amendment issued to all parties.

Mr. Howells stated a number of questions were received concerning contractual issues. We will response to those questions in writing after consultation with the Office of the Attorney General.

Mr. Howells stated that the Commission will accept additional questions after the Conference up until such time as it becomes impractical to research and distribute the answers to all parties.

QUESTION: Will the answers to those questions be published and distributed as well.

ANSWER: Yes.

Mr. Howells stated he would review each Section of the RFP, and please feel free to ask any questions as we proceed.

SECTION I. INTRODUCTION/OBJECTIVE

Mr. Howells reviewed this Section. He stated that the Commission is also in the process of preparing an RFP for the Video Lottery Terminals which will be issued sometime in the near future.

QUESTION: Could you define “the near future”?

ANSWER: An approximate 30 day timeframe, plus or minus.

QUESTION: Does the RFP restrict vendors from both running the central system and supplying the video lottery terminals?

ANSWER: There is a restriction in the RFP. If a vendor is awarded the contract for the central system, they cannot be considered for the contract for the video lottery terminals or for testing of the video lottery terminals.

QUESTION: Regarding the secondary system at the site, global solution player tracking and currency systems, is there a restriction from bidding on those also if awarded the central system contract.

ANSWER: There are no restrictions in the RFP.

Mr. Howells stated the VLT law passed authorizes up to five locations and up to a maximum of 15,000 VLTs. Section 1.1.3 in the RFP lists the five locations and the maximum number of machines that are allocated for each of those locations. We are not going to have five locations and 15,000 machines on day one when this contract is awarded. Under consideration at the present time are proposals for four of the locations—Anne Arundel County/Arundel Mills, Baltimore City, Worcester County/Ocean Downs and Cecil County. Those proposals are actively being considered by the Facility Location Commission. Section 1.1.5 indicates the number of machines the applicants requested with their proposals: 4,750 at Anne Arundel, 500 at Baltimore City, 800 at Ocean Downs, and 500 at Penn Cecil. At a meeting on August 26, 2009, Baltimore City indicated that they are going to increase their amount to 3,750 VLTs. Penn Cecil has also made certain representations that they are going to increase their amount to 1,500 VLTs. If anything changes during the RFP process, vendors will be notified by Amendment or e-mail.

QUESTION: Will those new quantities of terminals that you referenced lead to a new Financial Proposal Sheet (Appendix F)?

ANSWER: Once we receive something in writing from the applicant and we receive their additional application fee, then we will officially issue an amendment and that will become a change to the RFP. At this point, the official numbers are those shown in the RFP.

Mr. Howells said Section 1.1.6. references that with proposal submission, we also need the vendor's completed application for a central system manufacturer's license. Section IX. Licenses-Application Forms, Requirements, Procedures and Fees, contains information about the license application procedure and the forms. There were questions received that the forms were not yet on the website. The RFP and the forms have now been posted on the Lottery's website (www.mdlottery.com).

Mr. Howells said Section 1.1.7 references information regarding subcontracting with other vendors. There were questions previously submitted regarding approval of the subcontractors. If vendor's indicate in their proposal that they are going to subcontract with someone and if we accept the proposal and award the contract, then that is the vendor's approval. If at some point during the course of the contract the vendor wishes to make changes, then they would need to inform the Commission.

Mr. Howells said Section 1.1.9 states the intention is to make a single contract award as a result of this RFP. There is language in the contract that we had questions about that talk

about the fact that this is not an exclusive contract and that we have the right to procure similar services from other vendors if we see fit. It is a standard provision in our contract. However, it probably is not directly applicable in this case. We are only awarding the contract to one central system operator. The intention is to award a contract for all five facilities even though we do not have a proposal for the fifth facility at this time.

QUESTION: It is referenced that the contract award has to go to the Board of Public Works for approval. Is the vendor also required to attend the meeting?

ANSWER: We would like the vendor to be there in the event there are questions from the Board that we cannot answer and to also introduce the vendor to the Board which consists of the Governor, Comptroller and Treasurer.

QUESTION: Is the subcontractor required to be licensed or just the prime contractor?

ANSWER: Subcontractors also have to be licensed and that is stated in the RFP.

QUESTION: Do the subcontractors' license applications have to be included with the proposal submission?

ANSWER: Yes, we need to see what the subcontractors are going to be doing.

QUESTION: It would seem that a vendor would want to have some flexibility if there are multiple potential subcontractors and the circumstances between the application and confirmation might make it feasible to take one or the other. Obviously that vendor would want to follow on and have a license but we would not want to put ourselves in a box on day one.

ANSWER: It depends on what the subcontractor will be doing. The Commission would want that flexibility especially as it applies to facilities because it could be months before staffing. The applications do not have to be submitted with the proposals. We need to see what the subcontractors will be doing and make a determination on whether or not that is something that would come under a licensure situation. Your proposal is not going to be rejected or disqualified over something like that. As we go forward, we will look at that and will work with the vendors.

Mr. Howells said questions were received regarding the procedure as to how to put the proposal together, what forms go in which section, etc. Guidelines are listed in Section VII. If there is anything missing from a proposal, we will contact the vendor for clarification.

QUESTION: Are subcontractors working on the central system prohibited from participating in future RFPs, for example video lottery terminal acceptance testing?

ANSWER: The Commission would have to look at that on a case by case basis and see what role the subcontractor was fulfilling or proposed to fulfill on both contracts.

SECTION II. BACKGROUND OF VIDEO LOTTERY PROGRAM

This Section was reviewed and there were no additional questions.

SECTION III. GENERAL SOLICITATION TERMS AND CONDITIONS

This Section was reviewed and there were no additional questions.

Mr. Howells noted a question was previously submitted regarding submission of written questions. We will take questions up until the day proposals are due. The Commission will attempt to answer all questions received as quickly as possible. However, based on when a question is received and the availability of time to research and communicate an answer before proposals are due, the Commission will decide whether an answer can be given before the due date for receipt of proposals.

SECTION IV. MANDATORY CONTRACTUAL PROVISIONS - CONTRACT

This Section was reviewed and there were no additional questions.

Mr. Howells noted that a number of questions were previously submitted regarding Section IV. As he previously stated, after review with the Office of the Attorney General, the Commission will respond to those questions in writing.

He said questions were received regarding the legal provisions concerning bond requirements and liquidated damage requirements. The questions concerned bonds asked if a letter of credit is an acceptable alternative method. It is acceptable. Please refer to the bond section in COMAR. It lists five or six alternative methods for a bond. Those questions will be responded to in writing.

SECTION V. TECHNICAL SPECIFICATIONS/SCOPE OF WORK

This Section was reviewed and there were no additional questions.

Mr. Howells noted that questions previously submitted regarding Section V. will be responded to in writing.

SECTION VI. FINANCIAL PROPOSAL

This Section was reviewed and there were no additional questions.

Mr. Howells noted that questions previously submitted regarding the Pricing Sheet will be responded to in writing.

SECTION VII. INFORMATION REQUIRED IN OFFEROR'S PROPOSAL

This Section was reviewed and the following question was asked.

QUESTION: Is the MBE information and the subcontractor information submitted with the technical or the financial portion?

ANSWER: That information is submitted with the technical proposal.

Mr. Howells noted that questions were received on the format, process, procedure, and the forms that need to be included. The Commission will respond to those questions in writing.

VIII. EVALUATION AND SELECTION PROCEDURE

This Section was reviewed and the following questions were asked.

QUESTION: In Section 8.4 Criteria for Technical Evaluation, does the vendor assume all of the criteria are weighted?

ANSWER: They are weighted in order of descending importance. For example, the central system and compliance with the technical requirements is weighted the most important.

QUESTION: Are the criteria weighted evenly from bottom to top.

ANSWER: Number six is the least important and number one is the most important, etc.

QUESTION: Is the first criteria weighted 50% of the others or is it the same for each one?

ANSWER: There is no weighting on a percentage or numerical basis. It is a relative ranking. Number one is the most important factor, etc.

Mr. Howells noted questions were previously submitted regarding the ranking factors. There were also questions previously submitted regarding if an Offeror was licensed in another jurisdiction would that carry any weight as far as the evaluation factors are concerned. The fact that the Offeror has a license in another jurisdiction is in itself not an evaluation factor. However, it would weigh on their background and experience. If an

Offeror has a license in another jurisdiction, it is safe to assume they are working there and have experience. It is not a direct, specified evaluation criteria.

IX. LICENSES-APPLICATION FORMS, REQUIREMENTS, PROCEDURES AND FEES

This Section was reviewed. Mr. Dorsey advised the vendors to read this Section carefully. If you have any questions, please submit them as soon as possible.

Mr. Dorsey said there was a question submitted regarding wiring at the facilities, floor layouts, etc. We will issue a list this afternoon with contact information of those potential facility operators.

QUESTION: Will that information be shared with everyone?

ANSWER: Yes, that information will be sent by e-mail to the attendees and to any other entities who were sent the RFP or who are known to have obtained a copy of the RFP. This information will also be published on e-Maryland Marketplace.

Mr. Howells then provided the attendees with a final opportunity to ask any questions regarding the entire RFP or process. No additional questions were then asked.

In conclusion, Mr. Howells stated that a Summary of the Pre-Proposal Conference, the Questions & Answers, the Sign-in Sheet and any Amendments to the RFP, if necessary, will be sent to all parties as soon as possible and will also be published on e-Maryland Marketplace.. He also reminded the attendees that the Commission will accept additional questions after the Conference, up until such time as it becomes impractical to research and distribute the answers to all parties.

The Pre-Proposal Conference concluded at 11:20 a.m.

Summary prepared by:

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