

**VIDEO LOTTERY TERMINALS AND RELATED SERVICES
(#2009-12)**

**RESPONSES TO WRITTEN QUESTIONS
November 18, 2009**

This list of questions and responses #2 (**Q&A#2**) is being issued to clarify certain information contained in the above named Request for Proposals (RFP). The statements and interpretations of Contract requirements, which are stated in the following questions are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the Contract does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the Lottery Commission's responses to those questions:

86. QUESTION: Regarding high security locks for use with the VLTs:

a) Is it correct that the Facilities are responsible for the ordering and installation of the high security locks on the VLTs, or is the expectation that the VLT manufacturers will supply their VLTs with privately coded locks and keys?

b) The CPU lock application is going to be a Commission controlled lock. Does this mean that all future Facilities will utilize the same code for this application or will these be individually coded for each Facility? If the Commission is going to control the ordering of the CPU lock, how will the locks be procured and is there a point of contact for vendors that are interested in supplying the locks?

c) Licensing for our company varies greatly from state to state, is there a point of contact our licensing department can reach out to make sure we are submitting any and all necessary documentation and fees that are applicable?

ANSWER: The VLT Manufacturers are required to supply the locks with the VLTs. The Commission is not procuring the locks. The Commission does not believe at this time that the lock manufacturers will be required to be licensed since the locks will be procured by the VLT manufacturers, but the Commission reserves the right to require that any party to be licensed.

87. QUESTION: Could a system use a method alternative to an RNG to

determine the outcome of each play such as: 1) Could a bingo based system using an RNG to determine the ball selection for each game with slot displays acceptable? 2) Could a finite deal electronic tab game (i.e. a finite set of game results resides on a central server and is re-shuffled upon exhaustion) be acceptable?

ANSWER: No. The Commission will not accept Class II games.

88. QUESTION: What is the definition of a regulated jurisdiction? Does a tribal jurisdiction operating under the Federal Indian Gaming Regulatory Act of 1988 and requiring independent testing laboratory certification of games qualify?

ANSWER: No, a tribal jurisdiction will not be considered.

89. QUESTION: What is the required warranty period for equipment to be provided under the RFP? Is the length of the warranty period a factor in the evaluation process?

ANSWER: As stated in Section 7.3.5.2(d), Offerors must describe the warranty period and conditions that it is proposing. The warranty period and conditions will be considered in the technical evaluation.

90. QUESTION: Section 1.1.2 & 3.19: In Section 1.1.2 the RFP “states that the Commission shall contract with one or more licensed Manufacturers” whereas in section 3.19 it states that “the Commission will enter into a contractual agreement only with the selected Offeror.” Is it the intent of the Commission to enter into contractual agreements with multiple selected Offerors?

ANSWER: Yes, the Commission intends to award a Master Contract to all Offerors that it determines to be technically qualified.

91. QUESTION: Section 1.1.5 and 9.2.4: Applicants are to reimburse the Commission for all costs for the background investigation. Can the Commission provide an estimate of such fees?

ANSWER: The cost for background investigation is highly dependent upon the Applicants structure and the complexity of the investigation required. The Commission cannot estimate such costs.

92. QUESTION: Section 1.1.7 and 3.15: What event or events is the

Commission contemplating that would trigger cancellation of this RFP and/or rejection of all proposals?

ANSWER: The Commission is not contemplating any such event or events at this time. This is a standard provision in State RFPs.

93. QUESTION: Section 1.3.3 – Tested and Certified Equipment: Can a bidder include specifications on hardware and software that is currently under review by a certified testing laboratory for a North American jurisdiction but has not been certified or deployed yet?

ANSWER: Yes, that information may be submitted along with an estimated date for certification, subject to review by the Commission on a case by case basis. The Equipment would have to be in compliance with this Section prior to the time of issuance of a NTP.

94. QUESTION: Section 1.4 Glossary; Central Monitor and Control System (“Central System”): Please confirm/clarify that the Central Monitor and Control System will not be capable of affecting or determining the win and loss for any wager; rather, each VLT will contain and control the random number generation software that determines win and loss outcomes?

ANSWER: Yes, that is correct/confirmed.

95. QUESTION: What is the anticipated relationship between the VLT Manufacturer and the provider of the Central Monitor and Control System in the event of software error or malfunction between the VLT and the monitoring system? Will a separate contract be required between the VLT Manufacturer and provider of the Central Monitor and Control System?

ANSWER: A separate contract between the Contractor/VLT Manufacturer and the Central System Contractor is not required. If the malfunction is within the VLT, the Contractor/VLT Manufacturer will be responsible for the repair. If the malfunction is within the Central System, the Central System Contractor will be responsible for the repair.

96. QUESTION: What is the anticipated relationship between VLT Manufacturer and Licensee - the risk of loss and liabilities between Manufacturer and Licensee are not clear.

a. Will a separate contract be required between Manufacturer and Licensee?

b. Manufacturer will be servicing its VLTs on the premises of Licensee, and

Manufacturer is responsible for liquidated damages if it fails to prevent unauthorized access to its VLTs. But presumably Licensee will be the entity providing physical security and surveillance over the VLTs on its premises – therefore what is meant by Manufacturer’s responsibility to prevent unauthorized access?

ANSWER: a) A separate contract between the Contractor/VLT Manufacturer and the Central System Contractor is not required.

b) Section 4.43.13.1 which covers the Contractor's responsibility to prevent unauthorized access applies only to those areas of the VLT for which the Contractor has exclusive control and responsibility and will be revised/clarified in a subsequent Amendment #2 to the RFP.

97. **QUESTION:** What is the Commission’s position regarding contractual disclaimer notices on VLTs that “malfunction voids pays and plays”?

ANSWER: Such notices are permitted.

98. **QUESTION:** Section 3.21 - MBE Requirements: Should another gaming jurisdiction require that an MBE subcontractor mandated under this RFP be licensed in that jurisdiction, as a condition requisite to an Offeror's regulatory compliance, will failure or inability of an MBE to meet the licensing standards of that jurisdiction constitute grounds for a waiver under this RFP?

ANSWER: Such a hypothetical situation would need to be considered by the Commission on a case by case basis upon receipt of all relevant facts.

99. **QUESTION:** Section 3.21 - MBE Requirements: If the recipient of the Central System Contract award participates in this VLT Contract, will they be required to meet the same MBE goal as all other VLT Manufacturers (25%), or will the Central System provider receive credit for MBE objectives met in their Central System proposal?

ANSWER: The Central System and VLT Contracts are separate and distinct Contracts with independent MBE participation requirements. The Central System Contractor would not receive any "credit" toward the VLT Contract.

100. **QUESTION:** Section 3.21 - MBE Requirements: We were reviewing the MBE section of the VLT RFP and we have a question regarding the MBE NAICS codes. Similar Certified MBE vendor capabilities are reflected among varied

NAICS Codes. However, only one NAICS Code, 713290, contains the term "gambling". Would Certified MBE vendors qualified to perform similar tasks (i.e. computer cabling, advertising, trucking, etc.), be given greater weight by the procurement officer merely by virtue of the vendor's NAICS code including the term "gambling"?

ANSWER: An MBE subcontractor should be classified with the NAICS code most closely representing the actual work that it will be performing. For example, for a subcontractor doing cable installation the appropriate NAICS code would likely be for "computer cabling". The fact that the cabling is ultimately to support a gambling Facility would not justify a NAICS code for "gambling". Likewise a trucking company delivering VLTs should have a NAICS code for "trucking", not "gambling". There is no "weight" given to the particular NAICS code nor any determination that one code is preferable to another. The work categories listed in the NAICS codes in many cases overlap. The requirement is that the MBE have a NAICS code that encompasses the work to be performed.

101. **QUESTION:** Section 3.27: What are the requirements to be a "Maryland Agent" and what would the responsibilities of this position entail?

ANSWER: This is a requirement of the State and cannot be answered by the Commission. As stated in Section 3.27 "A potential Offeror with questions concerning this requirement should contact the Department of Assessments and Taxation at (410) 767-1330."

102. **QUESTION:** Section 4.3.2: The mandatory contract provisions provide that after a VLT has gone through a 90 day test period, the Commission will either accept or reject the VLT, but what occurs in the event that the Commission is silent after 90 days? Would the Commission consider that acceptance of the VLT will be presumed unless the Commission gives Manufacturer a notice of rejection?

ANSWER: No, this Section will not be revised to include a presumption of acceptance after ninety days. The Commission will provide timely notice to the Contractor regarding acceptance, or rejection, of a VLT.

103. **QUESTION:** Section 4.3.2: This section provides that the Commission has a period of 90 days after install to accept or reject the VLT. What happens if the VLT is not operable at any time during the 90 days? Will the Commission commence a new 90 day acceptance period?

ANSWER: No.

104. QUESTION: Section 4.3.2: In the event the Commission rejects the VLT during the 90 day period, will the Commission compensate the contractor for use of the VLT during the test period?

ANSWER: No.

105. QUESTION: Section 4.6 – Disputes: Will the Commission consider extending the 30 day period for a claim to be made in instances where the Commission and the contractor are attempting to resolve an issue? Will the Commission permit the contractor the right to cure after notice of a deficiency?

ANSWER: As stated in COMAR 21.10.04.02 and Section 4.6 of the RFP, "the Contractor must file a written notice of claim with the Procurement Officer within thirty (30) days after the basis for the claim is known or should have been known, whichever is earlier." A notice of deficiency would include a statement defining the period to cure.

106. QUESTION: Section 4.11 – Termination for Default, Section 4.12 – Termination for Convenience and Section 4.14 – Suspension of Work: Given these scenarios, what remedies would be available to a Contractor?

ANSWER: The referenced Sections of the RFP contain provisions of State Law which can be found in the Code of Maryland Regulations (COMAR) as well as Administrative and Civil Remedies (COMAR 21.10) available to a Contractor.

107. QUESTION: Section 4.31: Do VLT vendors have the ability to bill the Operator direct for Royalty fees and would the Operator be obligated to pay those royalty fees?

ANSWER: No.

108. QUESTION: Section 4.33 - Right to Reject or Substitute Persons: There are many instances including promotion that might require a change of personnel. Is approval required? Can the Commission clarify the intent of this provision?

ANSWER: Yes, approval is required. As stated in Section 4.33, "Contractor may not substitute Key personnel, other than by reason of an individual's death, sudden illness or termination of employment, without

the prior written approval of the Commission." The intent of this provision is to maintain the quality of the personnel assigned to this project throughout the Contract term.

109. QUESTION: Section 4.43 Liquidated Damages: a) Will the Commission consider extending the repair requirements which occur within two hours of closing to the next day's opening time?

b) Would the Commission consider subjecting the counterfeit bills assessment to only those counterfeiting techniques known prior to the incident in question?

c) In general, does the Commission intend to take into consideration facts and circumstances relative to the incident giving rise to the liquidated damages assessments?

ANSWER: a) Yes. The clock for repair requirements stops when a Facility is closed.

b) Yes. Section 4.43.10.2 will be revised by a subsequent Amendment #2 to the RFP.

c) See Answer to Question #33 in Q&A #1

110. QUESTION: Section 4.43 Liquidated Damages. It appears that this provision allows the state to withhold payment to a vendor when an assessment is in protest. This seems to impose a punishment prior to the resolution of a dispute. Will the state modify this provision?

ANSWER: No, this Section will not be modified.

111. QUESTION: Section 4.43.6 – Inoperable VLT: a) The 90 minute requirement to return an inoperable VLT to an operational state is the fastest response time in any of our current jurisdictions. This would require a technician on site full time which could drive servicing costs. It is also unrealistic and lends itself to compounding any software or hardware problems that may be discovered in a VLT by forcing a fix to be implemented under too restrictive of a timeline. Will the Commission consider extending the 90 minute requirement or a more practical requirement to have an inoperable VLT “responded to and repair commenced” within 90 minutes?

b) During the repair timeframe, will the clock be stopped waiting on the ‘taping or sealing or breaking the seal’ of the game by a regulatory designee?

ANSWER: a) No, the requirement will not be changed. However, Section 4.43.6.2 states that damages may be assessed if the Contractor fails to return a VLT to an operational status within ninety (90) minutes "*and without the prior written approval of the Commission*". This allows flexibility for longer periods to be allowed by the Commission on a case by case basis if justified by the circumstances.

b) Yes, conditions outside of the Contractors control will be considered in assessing penalties. See Answer to Question #33 in Q&A #1

112. **QUESTION:** Section 4.43.11.1: How will outages beyond the vendors' control, such as phone lines down or location/operator/central system outages, be handled?

ANSWER: See Answer to Question #33 in Q&A #1

113. **QUESTION:** Section 4.43.13.1: Refers to the requirement to preclude unauthorized personnel from accessing any VLT. The manufacturer will not control keys to the majority of game access points, nor do we provide floor security. Without relief of this requirement, can the Commission provide information on how it envisions that the vendors could ensure this level of security?

ANSWER: This Section only applies to areas of the VLT for which the Contractor has exclusive control and responsibility and will be revised/clarified in a subsequent Amendment #2 to the RFP.

114. **QUESTION:** Section 4.44. Bond requirements are excessive. Suppliers already have a big financial incentive to perform and excessive bonds will just mean higher prices to the Commission. Will the Commission consider reducing bond levels? Also, smaller businesses are concerned about the ability to compete based upon the size of bonds required:

- A) The maximum fidelity bond is \$1,000,000; what is the minimum amount and how many VLT terminals would that cover?
- B) What will be the formula for determining the fidelity bond amount when the required amount is determined to be less than the maximum amount?
- C) The maximum performance bond is \$2,500,000; what is the minimum and how many VLT terminals would that cover?

D) What will be the formula for determining the performance bond amount when the required amount is less than the maximum amount?

ANSWER: As stated in Sections 4.44.3 and 4.44.4, the amount of the Fidelity Bond and performance Bond will be specified in the NTP, taking into consideration the dollar value and amount of VLTs covered by the NTP. Master Contractors will be advised of the bond requirements at the time of issuance of a RFQ so that information will be available to be incorporated into their preparation of a response to the RFQ. These Sections will be revised/clarified in a subsequent Amendment #2 to the RFP.

115. **QUESTION:** Section 5.1.5: Each VLT and all associated equipment meets the minimum Commission specifications before being approved for use in Maryland. What are the Commission's specifications, is Section 5 the requirements?

ANSWER: Yes, Section V – Technical Specifications, as well as all other requirements of the Contract.

116. **QUESTION:** Section 5.1.5: Each VLT approved by the Commission for placement at a Facility conforms to the exact specifications of the VLT tested and approved by the Commission. Will the Commission operate as a secondary approval body? Also, what will be the notification process for this provision?

ANSWER: No VLT will "go live" without Commission approval. The notification process is being developed.

117. **QUESTION:** 5.2.1.3 - Security Lock: Will the Commission also require a security wire? Some jurisdictions require two locks, what will be the requirement for Maryland? What will be the process to perform a RAM clear procedure?

ANSWER: No, the Commission does not require a security wire. At this time the Commission requires one (1) lock. The procedure for performing a RAM clear is being developed, but will require a VLT technician to be present when the RAM clear is performed.

118. **QUESTION:** 5.2.1.4 - Self-Diagnosis: What are the duties of an Attendant versus a Technician? Can the Commission define "when the VLT is ready to accept a transaction"?

ANSWER: An Attendant is an employee of the Facility; a Technician

is an employee of the VLT Contractor. A VLT is ready to accept a transaction when it has been authorized by the Central System.

119. **QUESTION:** 5.2.1.6 – Bill Validator: Can the Commission define "Cash Equivalents"?

ANSWER: This term is included herein to provide flexibility for future options.

120. **QUESTION:** 5.2.1.25 – Printing Mechanism: Can the Commission define the requirement for "Any other information required by the Commission"? What other information would be required?

ANSWER: The Commission cannot at this time define what other information may be required in the future. It is included herein to provide flexibility for future options.

121. **QUESTION:** 5.2.1.32 VLT Schematics "The Contractor shall provide manuals, block diagrams, circuit analysis and other information as directed by the Commission." What do you mean by circuit analysis?

ANSWER: Schematic drawings of the circuits.

122. **QUESTION:** 5.3.1 Communications – Central System: If communication between the VLT and Central System goes down, does the Commission foresee that the VLT will be disabled?

ANSWER: See Section 5.3.1.2 – Disconnection from Central System

123. **QUESTION:** Section 5.3.1.1 specifies that "the VLT shall provide the interface board required to connect to the Central System network". That interface may change, depending on the requirements of the Central System supplier that is chosen. The specification for that interface should be provided to potential VLT suppliers prior to VLT proposal submission in order to complete the costing of the VLT. When will that interface specification be provided?

ANSWER: The Commission has not yet announced its selection of a Central System Contractor. An Offeror should base its proposed prices on its knowledge of the historical interface requirements of the central system providers that exist in the marketplace. If any additional information becomes available the Commission will notify potential Offerors.

124. QUESTION: Section 5.3.1.1: a) The VLT provides the interface board required to connect to the Central System network. Is there additional information on the Central System network? Will the Central System communicate to the VLT via a SMIB or fiber optic?

b) The Central System interface board maintains power through all activities except a VLT power down. How does this section apply to the VLT? Does the Commission have any additional information?

ANSWER: a) That information has not yet been determined.

b) Not at this time.

125. QUESTION: Section 5.3.3 states that “VLTs shall also be positioned to support connectivity for Server Based Gaming or additional connectivity as appropriate or required by the Commission.” This is a particularly vexing statement as the term “Server Based Gaming” is very vendor-dependent and can have a broad range of meaning and implications. Accordingly it is therefore impossible to reasonably assert that a VLT is “positioned to support” such functionality. Use of the term “additional connectivity” is also unreasonably vague and difficult to assert compliance with. Can the requirements of this section be clarified or deleted? To the extent they remain, are we correct in assuming that any such upgrade requests will be subject to the process, including pricing, defined in section 4.43.14.1?

ANSWER: This Section will not be deleted. Each Offeror will have its own version of “server based gaming”. The Commission is asking the Offeror to propose its version, specifications, and configuration, not any other manufacturers. Not all VLT’s need to be positioned to support this capability. The State desires that all products of the manufacturer, current and future, are available to it. All products need to meet the requirement of certification and tracking of a central system, which requires connectivity or additional connectivity.

126. QUESTION: Section 5.4.3.1 – Payout Limits and 5.4.3.2 – Minimum Probability: Are the 95% payout and 1:50,000,000 probabilities changeable for larger denomination games and prizes?

ANSWER: The VLT Law allows the Commission to approve a higher payback percentage. The 1:50,000,000 probability (odds) must remain the same. See Answer to Question #54 in Q&A#1.

127. QUESTION: Section 5.4.4 – Continuation of Game after Malfunction: Please confirm that after a malfunction is cleared the VLT should automatically cash out? We interpret this as a contradiction with the requirement directly above in Section 5.4.4 which states that the current game should be capable of continuing after a VLT malfunction is cleared.

ANSWER: No, the VLT should not cash out. The current wager and all credits appearing on the VLT screen prior to the malfunction shall reappear on the VLT screen after the malfunction is cleared.

128. QUESTION: Section 5.4.5 - Play Transaction Records: "In the event of a power interruption the VLT shall maintain accounting for a minimum period of ten (10) days. Each meter shall maintain a total of no fewer than eleven (11) digits in length for each type of information required to be recorded." Would this apply to server based gaming where the information is also kept on the server?

ANSWER: Yes. See Answer to Question #55 in Q&A#1.

129. QUESTION: Section 5.4.5: Subparagraph 1); What is considered a "coin equivalent"? Subparagraph 11) & 12); Clarify what is meant and intended by downloading and uploading the number and value of credits to the game, does this mean that AFT should be supported or does it mean something else?

ANSWER: The coin equivalent to currency, conversion of currency to its coin equivalent. Yes, AFT should be supported.

130. QUESTION: Section 5.4.6 – Credits and Hopper Limit: If the hopper limit is exceeded, should a cash out occur using a cash out ticket?

ANSWER: Yes.

131. QUESTION: Section 5.4.8.1 – Software Control Features: Are the communications to the Player Tracking System referenced in this Section controlled by the Central System Contractor.

ANSWER: No, it is an independent simultaneous data feed.

132. QUESTION: Section 5.6.3: If games are procured under a purchase model will the Contractor still be required to provide maintenance and support

and if so for how long and who will be responsible for purchasing spare parts, etc.?

ANSWER: Yes, the Contractor.

133. **QUESTION:** Section 5.6.3.3: Will the facilities be performing any VLT appearance cleaning such as wiping down the games, vacuuming dust between games, etc?

ANSWER: Yes.

134. **QUESTION:** Section 5.8:1 – Shipping of VLTs: Can Game Software and Boards be shipped in the machines?

ANSWER: Yes, but the VLTs must be sealed.

135. **QUESTION:** Section 5.8.1.2: In certain cases it maybe beneficial for the Commission and the Facility Operators for VLT Manufacturers to be able to ship VLTs and associated gaming equipment quickly. Would the Commission consider a seven (7) calendar day notice requirement for shipment of machines and gaming equipment? If not, please clarify if “two (2) weeks prior to transport” means 14 calendar days or 10 business days?

ANSWER: The requirement as presently stated in the RFP means fourteen (14) calendar days. The requirement will be revised to be seven (7) calendar days in a subsequent Amendment #2 to the RFP.

136. **QUESTION:** Can a supplier specify a sale price and on-going revenue share as the price for a VLT?

ANSWER: Yes, that would be considered. A fourth column for any other pricing options that an Offeror would like to propose will be added to the Financial Proposal Sheet in a subsequent Amendment #2 to the RFP.

137. **QUESTION:** Section 6.2 If Maryland selects the “purchase” or “lease” method of acquisition, is the VLT supplier still required to provide 100% of the on-site operational service and support for their machines?

ANSWER: Yes.

138. QUESTION: Section 7.3.1 & 9.2: While we accept responsibility for the cost of background investigation costs, Background Investigation Fees can not be assessed until the background is completed (9.2). Would the Commission please confirm that “Background Investigation Fees” are not required with the Proposal as stated in 7.3.1? Are only Application and License Fees (as set forth in section 9.2) to be included with the Proposal?

ANSWER: Correct. Background Investigation Fees are not required to be submitted with the Proposal. Application and License Fees are required to be submitted with the Proposal. The requirement will be revised/clarified in a subsequent Amendment #2 to the RFP.

139. QUESTION: Section 7.3.2 of the RFP states that a proposal shall “address all points of this RFP”. Does this mean that every section of the RFP, starting with section 1.1 requires a correspondingly numbered Proposal section?

ANSWER: No, it is simply a general statement that an Offeror should be careful to address everything that the RFP requires.

140. QUESTION: Section 7.3.2 of the RFP states that the Proposal shall “Be organized and numbered in the same order as given in the RFP...” Does this mean that the Executive Summary of the Proposal should be numbered 7.3.3, which is the corresponding requirement section in the RFP? If not, please give a structural example of how the proposal structure is desired.

ANSWER: Yes, that is correct. The Offeror should follow the numbering for Section 7.3 Volume I – Technical Proposal as closely as possible. This format is a guideline, not an absolute requirement, to assist the Offeror in preparing its Proposal without missing any required items and to assist the Evaluation Committee by having all proposals in a similar format.

141. QUESTION: Section 7.3.5 – Offer Technical response to RFP Requirements: How detailed does the description have to be for the work that needs to be done and for the description of how our VLTs conform to the RFP, would Appendix N suffice?

ANSWER: The Offeror must submit a thoroughly completed VLT Requirements Checklist (Appendix N). The Offeror should also provide the most accurate and complete proposal possible for evaluation by the Commission.

142. QUESTION: Section 7.3.5.2 – Hardware Specifications: Can the Commission provide additional details on this Section, what will be the process of such notification for deviations from standard hardware and software products?

ANSWER: Section VII contains a summary of items that the Offeror should provide in its Proposal for the Commission's evaluation. There is no process for notification for deviations from standard hardware and software products?

143. QUESTION: Section 7.3.5.5 – Game Specifications: The Commission has indicated that it would like game theme descriptions ("cut sheets") on ALL available games. For major manufacturers this could be hundreds or even thousands of pages of paper for each proposal copy. Would it be preferable to include in the proposal a LIST of all available games and a sampling of cut sheets of a more reasonable size - perhaps 50 or so? Another alternative would be to include a USB drive with the proposal with cut sheets or other representation for each game. Does the Commission have a preference?

ANSWER: Either option would be acceptable - a list of all available games and a sampling of cut sheets or a USB Drive or CD containing the information. The files on the drive should be broken down to correspond to the pricing proposal. If VLTs are divided into classes or groupings for pricing, the VLTs that fit within those groups or classes should be easily identifiable as in a separate directory.

144. QUESTION: Section 7.3.7 - Financial Capability: Many small companies do not maintain audited financial reports but have compiled financial reports instead. Can compiled financial reports be substituted for audited reports for companies submitting proposals for a limited number of VLT's?

ANSWER: Yes, and provide a brief statement explaining that audited financial statements are not available.

145. QUESTION: Section 8.9 – States that "Award of contract contingent on . . . payment of all required fees." What fees are required?

ANSWER: All required fees to include License Fees, Application Fees and the cost of Background Investigations.

146. QUESTION: Section 9.1.4 – Principal Entity Form: 5% Owners-For publicly traded applicants 5% owners are institutional investors and there is no provision for an institutional investor waiver form. Additionally, the application is

inconsistent with this provision as it requires the Applicant to list 2% or more beneficial holders. Please clarify which is it, 5% or 2%? Institutional investors likely will not subject themselves to full licensure when numerous other jurisdictions provide a waiver for such passive investors. As a publicly traded corporation, an Applicant may not be able to submit an Application based on noncompliance. This applicant requests that the Commission consider an institutional investor waiver form and process?

ANSWER: The requirement is 5%. Regarding the institutional investor waiver, there is a Waiver located in the Principal Entity Waiver Form.

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