

Mary Ann Williamson
Chairman

David J. Schenck
Commissioner

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

July 29, 2010

Tom Little
CEO and President
INTRALOT
11360 Technology Circle
Duluth, GA 30097

Via facsimile: 770-295-2590
Via e-mail: tom.little@intralot.us
TIME SENSITIVE

RE: Request for Proposals (RFP) for Lottery Operations and Services,
RFP #362-10-0001

Dear Mr. Little:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by INTRALOT in response to the referenced RFP, and, pursuant to RFP Section 5.2.3, requests clarification as set forth in items 1-6 below.

As stated in Part 5 of the RFP, each Proposer must include in its Proposal an Historically Underutilized Business (HUB) Subcontracting Plan (HSP) and, among other things, must indicate whether the Proposer intends to subcontract any portion of the contract. For purposes of the RFP, a subcontractor is defined as "A person who contracts with the Successful Proposer to work, to supply commodities, or contribute toward completing work for the Texas Lottery" (*see* Page V in the RFP Glossary of Terms). The HSP requires each Proposer to identify all subcontractors (HUB and non-HUB) that it intends to use for any portion of the contract.

1. INTRALOT's Proposal references the goods and services listed below, which the TLC identified as RFP requirements and/or potential subcontracting areas in RFP Attachment L, but which were not identified as subcontracting opportunities in INTRALOT's HSP. If INTRALOT intends to use subcontractors (*i.e.*, third-party vendors/suppliers) for any of the following areas, INTRALOT is required to provide documentation that the requisite good faith effort was performed for each such subcontracting area. Alternatively, if INTRALOT does not intend to use subcontractors for one or more of these areas, please provide an explanation of how INTRALOT will provide the subject goods/services without the use of subcontractors:

- a) Tab 7.4, Claims and Validations, Page 13 – Check Stock.
- b) Tab 8.6, Promotional Events & Retailer Promotions, Page 117 – Promotional Trailers.

1
P.O. Box 16630 • Austin, Texas 78761-6630
Phone (512) 344-5000 • FAX (512) 478-3682 • Bingo FAX (512) 344-5142
www.txlottery.org • www.txbingo.org

§552.101/§466.022
§552.139

- c) Tab 8.6, Promotional Events & Retailer Promotions, Page 117 – PA Systems.
 - d) Tab 8.7, Marketing Materials & Related Equipment, Page 128 – Playstations.
 - e) Tab 8.7, Marketing Materials & Related Equipment, Page 129 – Instant Ticket Dispensers - INTRALOT identified _____ as the selected vendor for instant ticket dispensers.

 - f) Tab 8.7, Marketing Materials & Related Equipment, Page 131 – Signs/Neon - INTRALOT identified Carmanah Signs as the selected vendor for neon signs.
 - g) Tab Part 9, Warehouse & Distribution, Section 9.3, Page 16 – Transportation Services – INTRALOT identified _____ t as the selected vendor for delivery courier services.
 - h) Tab Part 9, Warehouse & Distribution, Section 9.4, Page 30 – Destruction Services.
2. Per Section 5.5.1 of the RFP, for each area where a Proposer intends to subcontract, the Proposer is required to notify three (3) or more HUBs and allow at least five (5) working days from receipt of notice to respond. The cover letter to INTRALOT's HSP states that for all subcontracting areas INTRALOT notified at least three (3) HUBs, but for the following areas identified in INTRALOT's HSP, both the HSP documentation provided and the document entitled "Intralot Listing of Vendors Notified and HUB Status" under Tab 21 of the HSP appear to indicate that fewer than three (3) HUBs were notified. Please provide a complete list of all HUB vendors contacted for each of the following areas. For each of these areas, provide documentation of the notice and opportunity to respond provided to each HUB vendor:
- a) Printing Bet and Play Slips;
 - b) Security, Burglar Alarm and Card Access System;
 - c) Security Alarm and Suppression Services; and
 - d) Office Supplies.
3. Per Section 5.5.1 of the RFP, for each area where a Proposer intends to subcontract with a non-HUB, the Proposer is required to provide a justification statement for the selection on Page 2, Section 8 of the HSP form. Please provide the required justification statement for the following area identified in INTRALOT's HSP:
- a) Computer, Network Components, Firewall and Routers – INTRALOT selected _____ a non-HUB vendor, for this subcontracting area.
4. Per Section 5.5.1 of the RFP, each Proposer is required to identify all selected subcontractors (HUB or non-HUB), indicate the estimated percentage of the contract that will be subcontracted to each subcontractor, and specify the approximate dollar amount to be paid to each subcontractor. Please provide this required information for each of the following areas identified in INTRALOT's HSP:
- a) Janitorial Services; and
 - b) Spinning Wheels.

5. Per Section 5.5.1 of the RFP, for each area where a Proposer intends to subcontract, the Proposer is required to notify one or more minority/women trade organizations or development centers about subcontracting opportunities. This notice must be sent no later than five (5) working days prior to the submission of the Proposal. INTRALOT provided copies of the notices it sent to three (3) trade organizations identifying certain subcontracting opportunities. However, two (2) of the subcontracting areas identified in INTRALOT's HSP were not included in the list of subcontracting areas provided to the trade organizations. Please provide documentation that notice of the following subcontracting areas was sent to one or more minority/women trade organizations or development centers no later than five (5) working days prior to the submission of the Proposal:
 - a) Field Service Installation and Maintenance (Retailer Terminals and Vending Machines); and
 - b) Call Center Services.
6. As required by Section 6 of the HSP form, please provide supporting documentation showing each scope of work document that was sent as an e-mail attachment with the notice provided to each HUB vendor for each of the subcontracting areas identified in INTRALOT's HSP.

Your complete response, including the additional information requested herein, must be provided to me no later than **4:00 p.m. CST on Wednesday, August 4, 2010**. Your response may be submitted via facsimile to (512) 344-5444 or e-mail to angela.zgarba@lottery.state.tx.us.

If you have any questions, you may contact me at (512) 344-5215. Thank you for your immediate attention to this matter.

Sincerely,



Angela Zgabay-Zgarba, CTPM
Contracts Administrator