

DATE: September 24, 2019

ADDENDUM NO: 1

PROJECT NUMBER: 054-18/19

PROJECT TITLE: REQUEST FOR PROPOSALS (RFP) – Operational Security Studies and Evaluation Services

The Florida Lottery's Operational Security Studies and Evaluation Services RFP (054-18/19) is amended as follows:

- Remove section 1.10, page 11 of the RFP and replace with the revised “**SCHEDULE OF EVENTS**,” dated September 24, 2019.
- Remove section 1.18, page 14 of the RFP and replace with the revised “**PUBLIC MEETINGS**,” dated September 24, 2019.
- Remove section 2.3.1.5, page 21 of the RFP and replace with the revised “**Security of Gaming Vendors Operations**,” dated September 24, 2019.
- Remove section 2.3.1.16, page 25 of the RFP and replace with the revised “**Any Other Aspects of Security Applicable to the Lottery and its Operations**,” dated September 24, 2019.
- Remove page 26 of the RFP and replace with revised page 26 to include deletion of “**CONTRACT FORMATION**,” dated September 24, 2019.
- Remove section 4.13, page 35 of the RFP and replace with the revised “**HOW TO SUBMIT A PROPOSAL**,” dated September 24, 2019.
- Remove section 4.14, Tab 3, page 38 of the RFP and replace with the revised “**Vendor Qualifications**,” dated September 24, 2019.
- Remove section 5.2, page 40 of the RFP and replace with the revised “**ORDER OF PRECEDENCE**,” dated September 24, 2019.
- Remove section 5.5.1, page 41 of the RFP and replace with the revised “**Renewals and Extensions**,” dated September 24, 2019.
- Remove section 5.11, page 44 of the RFP and replace with the revised “**UNSECURED CONFIDENTIAL INFORMATION**,” dated September 24, 2019.
- Remove section 5.17.2, page 49 of the RFP and replace with the revised “**Termination of Cause**,” dated September 24, 2019.
- Remove section 5.17.3, page 50 of the RFP and replace with the revised “**Termination for Convenience**,” dated September 24, 2019.

For convenience, deletions are in ~~red, strikethrough print~~, and any additions are indicated by blue, underlined, bold and italicized print. All other terms and conditions of the ITN remain the same.

RON DESANTIS
Governor



JIM POPPELL
Secretary

The Florida Lottery's answers to Vendor questions are enclosed. Pursuant to Section 1.12: VENDOR QUESTIONS, oral questions or questions submitted after the time stated in the Schedule of Events were not answered.

A person who is adversely affected by the Department's intended decision shall file a formal written protest accompanied by the required protest bond with the Agency Clerk at 250 Marriott Drive, Tallahassee, Florida 32301, as prescribed below.

FAILURE TO FILE A PROTEST WITHIN THE TIME PRESCRIBED IN SECTION 24.109 (2)(a), F.S., OR FAILURE TO POST THE BOND OR OTHER SECURITY REQUIRED BY LAW WITHIN THE TIME ALLOWED FOR FILING A BOND, SHALL CONSTITUTE A WAIVER OF PROCEEDINGS UNDER CHAPTER 120, F.S. PURSUANT TO SECTION 287.042(2)(C), F.S., A BOND PAYABLE TO THE DEPARTMENT IN AN AMOUNT EQUAL TO 1% OF THE ESTIMATED CONTRACT MUST BE POSTED AT THE TIME THE FORMAL WRITTEN PROTEST IS FILED.

RON DESANTIS
Governor



JIM POPPELL
Secretary

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Studies and Evaluation Services

Written acknowledgement of all addenda will become part of your Proposal submission. Please sign and complete this form and return it with your Proposal. Do not return this document separately or prior to the submission of your Proposal. Failure to acknowledge receipt of this addendum may be cause for rejection of your Proposal in its entirety.



Audrey Gregory
Procurement Management

Vendor's Representative Authorized Signature (Manual)

Vendor's Representative Authorized Name and Title (Typed)

Company

1.10. SCHEDULE OF EVENTS

The following event dates and times are set forth for informational and planning purposes. The Lottery reserves the right to change any of the dates or times.

EVENT	DUE DATE AND TIME	APPLICABLE INFORMATION AND LOCATION
Solicitation Advertised / Released	August 13, 2019	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_wvw.main_menu
Questions Submitted in Writing	Must be received PRIOR TO: Friday, September 6, 2019 5:00 PM ET	Submit to: Florida Lottery Procurement Management Attention: Audrey Gregory 250 Marriott Drive Tallahassee, FL 32301 Fax: (850) 487-7760 Email: purchasing@flalottery.com
Answers to Questions	Tuesday, September 24, 2019 (Anticipated Date)	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_wvw.main_menu
Sealed Proposals Due	Must be received PRIOR TO: Thursday, October 17, 2019 3:00 PM ET	Submit to: Florida Lottery Procurement Management Attention: Audrey Gregory 250 Marriott Drive Tallahassee, FL 32301
Sealed Proposals Opened	Thursday, October 17, 2019 3:30 PM ET	PUBLIC MEETING Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301 Teleconference: (888) 585-9008 Conference Room #: 779-281-710
Evaluation Committee Technical Scoring PUBLIC MEETING	Thursday, November 21, 2019 1:00 PM ET	PUBLIC MEETING for Evaluation Committee to rank the Proposals Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301 Teleconference: (888) 585-9008 Conference Room #: 779-281-710
Cost Submissions Opening	Thursday, November 21, 2019 3:00 PM ET	PUBLIC MEETING Florida Lottery 250 Marriott Drive Tallahassee, Florida 32301 Teleconference: (888) 585-9008 Conference Room #: 779-281-710
Notice of Agency Decision Posted	Tuesday, December 17, 2019 (Anticipated Date)	Posted to the Vendor Bid System at: http://www.myflorida.com/apps/vbs/vbs_wvw.main_menu

1.11. ADDENDA OR NOTICES

The Lottery reserves the right to modify this Solicitation by issuing an Addendum. Any notices or addenda to this Solicitation will be posted at the VBS. Potential Vendors must monitor the VBS for addenda or notices issued relating to this Solicitation.

1.16. BACKGROUND INVESTIGATIONS AND DISCLOSURES

This section contains the disclosure requirements in subsection 24.111(2), Florida Statutes, which provides that any failure to provide complete, true and accurate information hereunder regarding the required disclosures renders an Agreement unenforceable as a matter of law.

The Lottery will conduct background investigations on all Vendors. In the Lottery's sole determination, Vendors must be determined to have the competence, integrity, background, and character necessary to provide the commodities and services required by this Solicitation. If the Vendor is a subsidiary of a parent entity, the Lottery may request the above disclosures from the parent entity as necessary.

The services requested in this Solicitation have a fundamental role in the operation of the Lottery, and full trust in, and cooperation of, the Successful Vendor is essential to the Lottery's integrity and success.

Vendor background investigations and disclosure information required by this section will, in part, be used by the Lottery in determining Vendor responsibility.

For forms in this section requiring notarization, where the Vendor is located in a country in which a notary public system does not exist, the signature must be authenticated in customary form according to the laws of that country.

1.17. COSTS ASSOCIATED WITH PROPOSAL

Neither the Lottery, nor the State of Florida, will be liable for any costs or liabilities incurred by a Vendor preparing or submitting a Proposal or other vendor costs associated with any other part of the procurement process including, but not limited to preparation, copying, postage, travel, and delivery fees and expenses that may be required by this Solicitation.

1.18. PUBLIC MEETINGS

Public meetings will be handled in accordance with Chapter 286, Florida Statutes. Any person requiring a special accommodation at any public meeting relating to this Solicitation because of a disability should contact the Issuing Officer identified in section 1.7 or use the Florida Relay Service at 1-800-955-8771 (TTY), at least forty-eight (48) hours prior to the scheduled meeting. [Interested parties may attend any public meeting associated with this RFP via teleconference by dialing \(888\) 585-9008 US or \(888\) 299-2873 Canada and entering conference room number 779-281-710.](#)

1.19. PROPOSAL RECEIPT AND OPENING

Sealed Proposals must be received by the Florida Lottery by the date and time, and at the location specified in section 1.10: Schedule of Events. The State of Florida, Florida Lottery date and time stamp will be the official recorded time of receipt. Electronic Proposals or submissions will not be accepted, except as provided in section 4.15: Copies of Proposals.

Failure of a Vendor to submit its Proposal by the specified date and time will result in rejection of the Proposal, unless the Lottery determines, in its sole discretion, that the failure to timely submit the Proposal is a result of circumstances beyond the control of the Vendor. Proposals that are rejected for being late will be retained by the Lottery.

administrative controls relating to physical security. The Contractor, at a minimum, shall evaluate the following areas separately:

- Lottery Headquarters
- Back-up Data Center
- Production Studio (currently Video Communications Southeast)
- Movement of personnel into, and within, Headquarters, including secured areas, and the Lottery Warehouse
- District Offices

2.3.1.3 **Physical Security Computer System**

The Contractor shall evaluate and test the hardware and software components of the ISS and related procedures and make a determination as to their operational suitability, including, but not limited to, the ability of the system to provide reasonable security from unauthorized access and tampering.

2.3.1.4 **Security of Game Drawings**

The Contractor shall review the policies, procedures and practices associated with Lottery game drawings and make a determination as to their operational suitability. This review shall include Second Chance Promotion(s) and other promotions offered as game drawings.

2.3.1.5 **Security of Gaming Vendors Operations**

The following items should be applied to the Lottery and its gaming vendors to include on-line games and scratch-off tickets:

1. **Security of Gaming Vendor(s) and Operations**

The Contractor shall review the gaming vendor's and the Lottery's policies, procedures and practices for controlling the accuracy, integrity, and reliability of the scratch-off ticket vendor. This will include the printing, telemarketing, distribution functions, incident response, and internal control system.

2. **Physical Security**

The Contractor shall review the policies, practices and procedures of the gaming vendors and the Lottery with regard to the following areas of gaming security. The Contractor shall make a determination as to the operational suitability of the policies, practices, and procedures. These areas include, but are not limited to:

- Physical security protection of the computer facilities and associated equipment at the gaming vendors' computer facilities currently located in Tallahassee, [Opa-locka, Lakeland](#) and Orlando, Florida; Alpharetta, Georgia; ~~and Clifton, New Jersey~~ [Ypsilanti, Michigan; Buffalo, New York; and Providence, Rhode Island.](#) ~~and all affiliated locations for the Gaming Systems Vendor throughout the state.~~
- The disaster recovery, incident response, and emergency plan in place.
- Physical security practices established to prevent the disclosure, alteration, theft, loss or destruction of confidential or sensitive material (negotiable documents, game control information on storage media or

The Contractor may propose to review any additional aspects of security which the Contractor may deem necessary to the accomplishment of the project's objectives or which ~~delivers a thorough and complete study~~ ~~may increase the value of the project to the Lottery~~. The Contractor will not be compensated for the review of additional aspects within scope of services. Any other aspects outside the scope of services will not be conducted unless the Lottery has agreed, in writing, to such reviews prior to any additional work being performed.

2.3.2. Coordination with Auditors

The Lottery is audited by several entities, including the Auditor General's Office, independent certified public accountants under contract to the Legislative Auditing Committee, and the Lottery's Office of Inspector General. Also, the Lottery engages certified public accounting firms to provide opinions relating to the Lottery's compliance with all prize-drawing procedures. The Contractor may be required to coordinate its activities with these auditors.

2.3.3. PROGRESS REPORTS

The Contractor shall provide a timeline schedule at the onset of each engagement. The Contractor shall provide a copy of a confidential progress report to the Contract Manager (or designee) every week beginning two (2) weeks after the project start date, unless more frequent reports are requested. Each progress report shall indicate the current status of the work being performed, interim findings, difficulties or special problems (so that remedies can be developed as soon as possible).

2.3.4. EMERGENCY MATTERS

Any security matters coming to the attention of the Contractor, that in the judgment of the Contractor may require immediate action to ensure Lottery security, shall immediately be brought to the attention of the Contract Manager, and the matter shall be documented in the Contractor's next scheduled progress report.

2.3.5. DELIVERABLES (PRELIMINARY AND FINAL REPORTS)

In compliance with section 24.108(7), Florida Statutes, the Contractor shall provide two (2) final reports. The first report will contain an overall evaluation of each aspect of security in the Lottery and shall be routed to the contract manager for presentation to the Secretary for transmittal to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The second report will be a confidential document providing specific recommendations regarding the Lottery's security and shall be given to the contract manager for the Secretary's transmission to the Governor and the Auditor General. Each final report will be preceded by a preliminary report.

The first preliminary report will contain an overall evaluation of each aspect of security in the Lottery. The second preliminary report will be a confidential document and will provide specific recommendations regarding the Lottery's security systems and operations. The preliminary reports from the first evaluation conducted in FY 2021-2022 shall be delivered to the Lottery no later than May 10, 2022, and the final reports shall be delivered to the Lottery no later than June 25, 2022. The delivery schedule for fiscal year 2023-24 and subsequent evaluations will be established during the second quarter of the fiscal year in which the evaluations are to be conducted. The Florida Lottery's fiscal year is July through June.

2.3.5.1 REPORT FORMAT

All required reports shall conform to the following description. All itemized recommendations must be numbered, and all recommendations shall be charted with associated risk levels. Each page of the original reports shall be marked with the word "Original" in red, ½ inch letters, in the upper right-hand corner. The report providing specific recommendations as set forth in section 2.3.5, and the progress reports specified in section 2.3.3, shall additionally have each page of the original and all copies marked with the word "Confidential" in red, ½ inch letters, at the bottom. The Lottery reserves the right to use and reproduce all reports and data produced and to disseminate the same to persons within the Lottery and other appropriate parties.

2.3.6. PRESENTATION

Upon request, the Contractor shall meet with the Contract Manager or designee(s) to present, clarify, or discuss the findings, conclusions, and recommendations of the Contractor.

2.4. ~~CONTRACT FORMATION~~

~~Contract award will be made pursuant to section 3.6: Basis of Award. The prospective Agreement will consist of this RFP, its attachments, addenda, and the pricing submitted by the awarded Respondent. No additional documents submitted by a Respondent will be incorporated in the Contract. During the solicitation period, the Department may specifically identify and incorporate by reference any additional documents which are to be incorporated into the Agreement.~~

END OF SECTION

Simultaneously, Vendors should provide the Lottery with a separate redacted paper and electronic copy of its Proposal and a separate index that briefly describes in writing the grounds for redaction, including citation to the specific statutory provision supporting the redaction. The redacted copy should contain the solicitation name, number, and the name of the Vendor on the cover, and be clearly titled “**REDACTED COPY.**”

An entire Vendor Proposal should not be redacted. An entire page or paragraph in which such information appears should not be redacted unless the entire page or paragraph consists of information that is confidential or exempt from the Public Record Laws. The redacted copy should be provided to the Lottery at the same time the Vendor submits its Proposal.

This redacted version will be used to fulfill public records requests and will be posted on the State of Florida, Department of Financial Services’ centralized, online statewide contract reporting system, Florida Accountability Contract Tracking System (FACTS) website. If the Vendor fails to submit a redacted copy with its Proposal, the Lottery is authorized to produce the Vendor’s un-redacted Proposal in answer to a public records request for these records and post on the FACTS website.

If a legal challenge of any kind ensues regarding confidential and/or trade secret portions of the Vendor’s Proposal, the Vendor will be responsible for defending, through the judicial process its determination that the redacted portions of its Proposal are confidential, trade secret or otherwise not subject to disclosure. Further, the Vendor must protect, defend, and indemnify the Lottery against any and all claims arising from or relating to the determination that the redacted portions of the Vendors Proposal are confidential or exempt from Public Record Laws.

4.12. AGREEMENT TERMS AND CONDITIONS/PERFORMANCE REQUIREMENTS AND DELIVERABLES

By submission of a Proposal, a Vendor agrees with the Lottery’s [Mandatory Requirements of Agreement](#) and the special terms and conditions incorporated hereto. Furthermore, the provisions in Part 5: Special Terms and Conditions are the benchmark requirements for any Vendor desiring to participate in the solicitation process, and as such do not require a specific response from a Vendor. Any exceptions to the agreement terms and conditions shall be submitted as vendor questions and submitted according to section 1.10: Schedule of Events.

4.13. HOW TO SUBMIT A PROPOSAL

The Respondent shall submit:

1. One original version of the Proposal with six (6) copies.
2. One original version of the Cost Submission separate from the Proposal.
3. ~~Seven~~ **One** scanned copy~~ies~~ of the Proposal on ~~a~~ flash drive~~s~~ or CD~~s~~ (with large files scanned as several separate .pdf files).
4. One **REDACTED** scanned copy of the Proposal **on a flash drive or CD (with large files scanned as several separate .pdf files)**, if applicable (see section 4.11).

Sealed packages to be delivered shall be clearly marked and labeled as outlined in subsection 4.13.1. Submitted hardcopies contained within the sealed packages shall be clearly marked with the Vendor’s name, and Project Number.

Proposals shall include a written statement of the Vendor's understanding of the services requested herein as well as a detailed written plan outlining how the Vendor proposes to go about providing the services set forth in this RFP. See sections 2.3.1 through 2.3.6. In this regard, the Vendor should provide information specifically addressing and describing:

- A summary of Vendor's security philosophy and how it relates to security evaluation for organizations;
- The Vendor's detailed approach to fulfilling each requirement, service and deliverable listed; and
- The manpower that will be devoted and required to fulfill each task.

The Vendor may propose that additional topics be included in the project if, in its judgment, their inclusion is necessary to the accomplishment of the project's objectives or would increase the value of the project's outcome to the Florida Lottery.

Tab 3 Vendor Qualifications

Proposals shall include substantial evidence of the Vendor's ability to undertake the services required and outlined in sections 2.3.1 through 2.3.6. Each Vendor should provide the following information to demonstrate its ability to provide the services requested:

A. Company Experience

- Listing and discussion of Vendor's experience in conducting physical security system and procedure evaluations for the past five (5) years.
- Listing and discussion of Vendor's experience in conducting hardware, software, network and data security evaluations for the past five (5) years.
- Listing and discussion of Vendor's experience in conducting similar security reviews in ~~the~~ **Lottery** *any* industry for the past five (5) years.

B. Personnel Qualifications

- Identification and description of the qualifications and experience of each member of the Vendor's staff that the Vendor proposes to use in fulfilling its contractual responsibilities. Identify, to the extent known, the persons who will be assigned major roles in the management and fulfillment of the work obligations outlined in section 2.3: Scope of Services.
- Resumés, not to exceed two (2) pages each, of all Vendor personnel who would perform services under the Contract, with a statement identifying the approximate percentage of total project time that each person will work on the security evaluation.
- A list of the type and number of additional employees that may be needed if Vendor is awarded the Contract and their required qualifications.
- Identification of each Subcontractor, if any, that the Vendor proposes to use in fulfilling its contractual responsibilities, along with a description of the experience and qualifications of the Subcontractor. Resumés, not to exceed two (2) pages each, of all subcontractor personnel who will participate in fulfilling the requirements of the Contract, with a statement identifying the approximate percentage of total project time that each person will work on the security evaluation.

Personnel represented as integral to the performance of tasks in response to this RFP, may be changed only with the Lottery's written permission as long as they remain employed by the Contractor. Replacement personnel shall be submitted to the Lottery for prior approval.

C. Business/Corporate References

PART 5: SPECIAL TERMS AND CONDITIONS

5.1. INTRODUCTION

This section of the RFP sets forth the Special Terms and Conditions unique to this Solicitation. The other terms and conditions applicable to Lottery solicitations in general are set forth in the Lottery's [Mandatory Requirements of Agreement \(MRA\)](#), located on the "Library of Procurement Information and Standard Forms."

Any references herein, to "at no additional cost" are for emphasis only, as all goods and services specified in Part 5: Special Terms and Conditions are to be provided at no additional cost, unless clearly indicated to the contrary.

5.2. ORDER OF PRECEDENCE

The Agreement(s) resulting from this Solicitation will consist of the following documents, if an Agreement ensues. In the event any of these documents conflict, the conflict will be resolved in the following order of priority (highest to lowest):

1. The Agreement(s) between the successful Vendor and the Lottery
2. Any addenda, including questions and answers, issued by the Lottery to RFP 054-18/19 (this Solicitation)
3. RFP 054-18/19 (this Solicitation), including:
 - Attachment A: Operational Security Studies and Evaluation Services Proposal Certification
 - Attachment D: Cost Submission and Certification
 - Library of Procurement Information and Standard Forms
 - Mandatory Requirements of Agreement
 - Advertising Guidelines
 - Respect of Florida Agreement Terms
 - Vendor Diversity Agreement Terms
 - Florida Lottery Overview
 - Disclosure Affidavit
 - Conflict of Interest and Disclosure Form
 - RESPECT of Florida Certification of Consultation
 - Supplemental Application
 - Vendor Personal Profile Form
 - Personal Injury Waiver
 - Certification of a Drug Free Workplace
 - Other solicitation documents, issued by the Lottery, related to this Solicitation
4. [The Contractor's Proposal, pursuant to RFP section 3.6, as applicable, including:](#)
 - [Proposal Qualification and Cure Process and/or Proposal Clarifications](#)
 - [Cost Submission](#)

5.3. MFMP REGISTRATION

1. **Contractor Registration** - Each Contractor doing business with the State for the sale of commodities or contractual services as defined in section 287.012, Florida Statutes, must register in the MyFloridaMarketPlace system, unless exempted under subsection 60A-1.033, Florida Administrative Code. Information about the registration process is available, and registration may

be completed, at the MyFloridaMarketPlace website (link under Business on the State portal at www.myflorida.com). Interested persons lacking Internet access may request assistance from the MyFloridaMarketPlace Customer Service at (866) FLA-EPRO (866-352-3776) or from State Purchasing, 4050 Esplanade Drive, Suite 300, Tallahassee, Florida, 32399.

2. **Transaction Fee** – The State of Florida, through the Department of Management Services, has instituted MyFloridaMarketPlace, a statewide eProcurement system. Pursuant to section 287.057(22)(c), Florida Statute, all payments will be assessed a Transaction Fee, which the Contractor will pay to the State.

5.4. FLORIDA SUBSTITUTE FORM W-9 PROCESS

State of Florida vendors **must** register and complete an electronic Substitute Form W-9. The Internal Revenue Service (IRS) receives and validates the information vendors provide on the Form W-9. For instructions on how to complete the Florida Substitute Form W-9, please visit: <http://www.myfloridacfo.com/Division/AA/StateAgencies/W-9Instructions022212.pdf>.

The chosen Contractor, if any, must have completed this process before contract execution.

5.5. TERM OF AGREEMENT AND RENEWAL OPTIONS

The “initial term” of the Agreement resulting from this Solicitation is anticipated to be (from the date of execution, or a mutually agreed upon date) four years with four years of renewals, unless terminated earlier by the Lottery under the terms provided herein, subject to an annual appropriation by the State Legislature.

5.5.1. Renewals and Extensions

The Lottery reserves the right, at its sole option, to renew the Agreement resulting from this Solicitation for a period not to exceed four years. Agreement Renewal(s) will be contingent upon the availability of funds, and the Contractor’s satisfactory performance as determined by the Lottery. Agreement Renewal(s) may be for the complete term (e.g., one renewal for four years), may be divided into increments (e.g., four one-year renewals), or may be a combination thereof (e.g., one one-year renewal followed by one three-year renewal).

No price increase may be requested during the initial contract term. The Contractor may request one price increase during each renewal period. Any price increase requested shall not affect any projects in progress. A price increase may be requested at any time during the renewal period. The request must be supported by documentation acceptable to the Lottery that adequately demonstrates that the Contractor’s cost for providing the services has increased by at least the percentage of the requested increase. In no event shall an increase exceed the percentage increase in the Consumer Price Index during the corresponding period. If at any time the Contract is canceled, terminated, or expires, and a contract is subsequently executed with a firm other than the Contractor, the Contractor has the affirmative obligation to assist in the smooth transition of contract services to the subsequent contractor.

The Florida Lottery has the right to reject all price increase requests. *In the event the Lottery rejects a price increase request, Contractor will have no obligation to accept requests for additional services over and above those which have currently been agreed.* Any renewal or extension of the resulting Agreement must be in writing.

5.6. COMPENSATION

terms of this Agreement (of which it becomes aware). The Contractor also must report to the Lottery any Security Incidents of which it becomes aware, including those incidents reported to the Contractor by its sub-contractors or agents. For the purposes of the resulting Agreement(s), "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of Lottery information in the Contractor's possession or electronic interference with Lottery operations; however, random attempts at access will not be considered a security incident. The Contractor must make a report to the Lottery not more than seven business days after the Contractor learns of such use or disclosure. The Contractor's report must identify, to the extent known: (i) the nature of the unauthorized use or disclosure, (ii) the confidential information used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what the Contractor has done or will do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action the Contractor has taken or will take to prevent future similar unauthorized use or disclosure. The Contractor must provide such other information, including a written report, as reasonably requested by the Lottery's Information Security Manager.

5.11.1. Security Breach of Confidential Personal Information

In the event of a breach of security concerning confidential personal information involved with the Agreement resulting from this Solicitation, the Contractor will comply with section 501.171, Florida Statutes, as applicable. When notification to affected persons is required under this section of the statute, the Contractor must provide that notification, but only after receipt of the Lottery's approval of the contents of the notice. Defined statutorily, and for the purposes of the resulting Agreement, "breach of security" means the unauthorized access of data in electronic form containing personal information. Good faith acquisition of personal information by an employee or agent of the Contractor is not a breach of security, provided that the information is not used for a purpose unrelated to the Contractor's obligations under the resulting Agreement or is not subject to further unauthorized use.

5.12. RIGHT OF USE

If, for any reason other than breach of Agreement by the Florida Lottery, Contractor should become unable to service the Agreement resulting from this Solicitation, the Florida Lottery will acquire a usufruct in all contractual items owned by the Contractor in conjunction with the Agreement and which are necessary to provide such services.

Such usufruct will be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Agreement. Such usufruct will be limited in time for the duration of the Agreement and in scope to those items being used by the Lottery and on the Lottery's behalf under the Agreement. All items, including modifications or alterations thereof, will be kept in confidence, except to the extent that they are public records under Florida law, and will be returned to the Contractor when their usufruct purposes have been fulfilled.

5.13. FINANCIAL CONSEQUENCES FOR NON-PERFORMANCE

The Lottery reserves the right to withhold payment or implement other appropriate remedies when the Contractor fails to perform and/or comply with provisions of the resulting Agreement. These consequences for non-performance are not considered penalties.

Notice will be delivered by certified mail (return receipt requested), facsimile, by other method of delivery whereby an original signature is obtained, or in-person with proof of delivery. The Lottery will be the final authority as to the availability of funds.

5.17.2. Termination for Cause

The Lottery reserves the right to immediately terminate the Agreement, in whole or part, by providing written notice to the Contractor if the Lottery determines, in its sole discretion that any of the following, *but not limited to*, has occurred:

1. The Contractor knowingly furnished any statement, representation, warranty or certification in connection with this Solicitation or the Agreement, which representation is materially false, deceptive, incorrect, or incomplete;
2. The Contractor fails to perform to the Lottery's satisfaction any material requirement of the Agreement or defaults in performance of the Agreement;
3. The performance of the Agreement is substantially endangered by the action or inaction of the Contractor, or such occurrence can be reasonably anticipated;
4. The State enacts a law which removes or restricts the authority or ability of the Lottery to conduct the commodities or services identified in this Solicitation;
5. The Contractor's firm or assets are acquired by or combined with another company or concern during the Agreement period;
6. The Contractor or any Substantial Subcontractor fails to maintain standards of financial responsibility, background, bonds, insurance, character, reputation, or integrity as determined by the Florida Lottery;
7. The Contractor is placed on the convicted, suspended, or discriminatory vendor lists;
8. The Contractor is placed on the Scrutinized Companies that Boycott Israel List, the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged in business operations in Cuba, Syria, or in a boycott of Israel.
9. The actions or inaction of the Contractor or Contractor's employees pose a threat to the security or integrity of the Lottery. In such an event, the Lottery may terminate the Agreement immediately by telephonic notification followed by written notice.

Should the Lottery give notice of termination for reasons in sub-paragraphs 2 or 3 above, the Contractor will have ~~seven~~ *thirty calendar* days after receipt of said notice to remedy the failures or problems. If the Contractor fails to remedy, the Lottery may order the Contractor to stop immediately all work and terminate the Agreement.

If the Agreement is terminated for cause by the Lottery, the Lottery will be obligated only for the goods actually, delivered and accepted or services actually rendered prior to the date of notice of termination, less any liquidated damages or other damages that maybe assessed for non-performance.

5.17.3. Termination for Convenience

*Except for any alleged default of this Contract which shall be subject to the cure period set forth in Section 5.17.2, t*The Lottery reserves the right to terminate the Agreement or any part of the Agreement at its convenience, with thirty (30) calendar days' written notice. The Lottery will incur no liability for materials or services not yet ordered if it terminates for convenience. If the Lottery terminates for convenience after an order for materials or services has been placed, the Contractor will be entitled to compensation and reimbursement to the extent provided in the Agreement upon submission of invoices and proper proof of claim, in that proportion which its services and products were satisfactorily rendered or provided, as well as for costs otherwise reimbursable under this Agreement which were necessarily incurred in the performance of work up to time of termination.

5.17.4. Termination by Mutual Agreement

With the written mutual agreement of both parties, the Agreement or any part of the Agreement may be terminated on an agreed date prior to the end of the Agreement period without penalty to either party.

END OF SECTION

**Request for Proposals: Operational Security Studies and Evaluation Services
Project #: RFP 054-18/19**

Questions and Answers

Item #	RFP Section #	Page #	Question	Answer
1	1.10	11	The Schedule of Events lists public meetings for the “Evaluation Committee Technical Scoring” and “Cost Submissions Opening.” Will the Florida Lottery make a teleconference option available for bidders who are interested in listening to the meeting, but are not able to be there in person?	The Florida Lottery will provide a toll-free phone number for the public to utilize for this solicitation’s PUBLIC MEETINGS. See <i>revised</i> section 1.10: Schedule of Events and <i>revised</i> section 1.18: PUBLIC MEETINGS for details.
2	1.25	16 – 17	As a privately held firm, we are not required to prepare audited or unaudited financial statements. Will condensed financial information for the previous three fiscal years be acceptable to satisfy this requirement?	No. Vendors must meet the requirements as outlined in section 1.25: VENDORS FINANCIAL REVIEW.
3	5.14.4	45	There are extensive liquidated damages in Section 5.14.4 of the RFP. Our experience is that when we are unable to meet a specified deadline, it is frequently a result of the client failing to provide us with information on time. Is the Florida Lottery willing to negotiate revised contract language that takes this scenario into account?	No. See the last paragraph in section 5.14.4: Payment of Liquidated Damages.
4	5.16	47 – 48	Would the Florida Lottery please confirm that the Consultant’s obligation to indemnify under Section 5.16 of the RFP applies only to the listed	Yes, this is correct.

			situations insofar as they relate to Contractor's work performed under the resulting contract?	
5	5.17.2	49	Section 5.17.2 of the RFP does not include a notice before termination for default. Will the Florida Lottery add language to this Section stating that it shall provide the Contractor with written notice of the reason for such termination and give the Contractor a minimum of 10 business days to cure or rectify the issue from receipt of such notice before the agreement is terminated?	See <i>revised</i> Section 5.17.2: Termination for Cause.
6	N/A	N/A	<p>It is our understanding that this project has been completed before by an external vendor. Regarding your most recent contract for these services (Operational Security Studies and Evaluation):</p> <ul style="list-style-type: none"> • Who is/was the vendor(s)? • For how many years has the Florida Lottery worked with this vendor(s)? • When is/was the work conducted and how similar was it to the services requested in the current RFP? • Will the results of the previous projects be shared with the selected consultant? • What was the dollar value of the most recent contract for these services? 	<p>Most recent contractual information:</p> <ul style="list-style-type: none"> • Delehanty Consulting LLC • Since June 2010 • Services provided biennially; similar in scope to this RFP's scope of services • Results from previous projects will be shared at the Lottery's discretion. • Approximately \$220,000

			<ul style="list-style-type: none"> How many hours did the consultant spend working on this project? 	<ul style="list-style-type: none"> Unknown as this is not tracked
7	N/A	N/A	Does the Florida Lottery use or have any frameworks or compliance requirements for security they would like included in the assessment?	The Florida Lottery follows policy and procedures related to Florida Statutes, Florida Administrative Code, MUSL, and its own internal policies and procedures.
8	N/A	N/A	What is the ideal timing for this assessment to be started and completed?	See section 2.3.5: Deliverables (Preliminary and Final Reports) for each project's associated due date(s). Start date(s) will be mutually determined with the apparent successful vendor.
9	N/A	N/A	Does the Florida Lottery have a budget estimate or not-to-exceed threshold for this project that you can share? If yes, please provide detail.	Yes; \$225,000 is appropriated every other year for this project.
10	1.2 Definitions-Agreement	5	<p>Is the Lottery willing to consider the following modifications to this Section?</p> <p>The two-party signature document (or three-party in the event a parent company serves as financial guarantor) entered into between the Lottery and the Successful Vendor of this Solicitation. The Agreement will incorporate the terms of all related Solicitation documents including, but not limited to, any addenda to the Solicitation; the Successful Vendor's Proposal, <u>as amended</u>; and</p>	No. See section 3.6: BASIS OF AWARD for how the Lottery will select a vendor. See revised section 5.2 ORDER OF PRECEDENCE.

			<p>any provisions added/modified as a result of negotiations.</p> <p>The terms "Contract" and "Agreement" may be used interchangeably.</p> <p>In the event of a conflict in language among any of the documents referenced above, the provisions and requirements of the Agreement will govern in accordance with the order of precedence set forth in Section 5.2.</p>	
11	1.2 Definitions- Authorized Representative	5	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>The owner, corporate officer or director of the Vendor, Substantial Subcontractor, or party authorized to legally bind it in a contractual obligation.</p>	No. See section 1.2: DEFINITIONS for THE Lottery's definition of a Substantial Subcontractor.
	1.9.2 Ticket Purchase and Prize Payment Restrictions	10	<p>Is this proposal considered to be a "major procurement" under Florida Statutes 24.103(4)?</p>	Yes.
12	1.24 Proposal Qualification and Cure Process	16	<p>Is the Lottery willing to strike the following sentence from this Section?</p>	

			The Lottery reserves the right, at its sole discretion, to deem any proposed Subcontractor as a Substantial Subcontractor.	No. The Lottery will make this determination based on the definition of a Substantial Subcontractor as defined in section 1.2: DEFINITIONS.
13	1.25 Vendors Financial Review	16	Is the Lottery willing to accept other documentation to demonstrate financial stability in lieu of complete financial statements?	No. The vendor must meet the requirements as stated in section 1.25: VENDOR FINANCIAL REVIEW.
14	1.25 Vendors Financial Review	17	Is the Lottery willing to strike the following sentence from this Section? The Lottery reserves the right to require submission of certified financial statements completed during the Solicitation process, as well as any additional financial information required by the Lottery in connection with this Solicitation.	No. The vendor must meet the requirements as stated in section 1.25: VENDOR FINANCIAL REVIEW.
	2.2 Background Information	19	How large is the IT staff supporting the Lottery? How large is the security staff?	The Florida Lottery currently employs approximately 60 IT staff and 30 Security staff.
15	2.2 Background Information	19	How many facilities are included in the scope? What are their locations?	The Florida Lottery headquarters, its Orlando Data Center, 9 District Offices, all Gaming Systems Vendor's locations and select Subcontractors' locations are included in the scope of this solicitation. See Florida Lottery District Offices in the Procurement Library (hyperlinked) in the RFP for Lottery office locations. See <i>revised</i> section 2.3.1.5: Security of Gaming Vendor Operations for general locations of Gaming Systems Vendors and Subcontractors.

16	2.3 Scope of Services	20	Please confirm if the final contract will contain a clause regarding a mutually agreed upon change order process?	Change order(s) with the Florida Lottery are typically handled as an amendment(s) to an Agreement. See <u>Modification of Agreement</u> in in the linked Procurement Library's Mandatory Requirements of Agreement.
17	2.3.1.2 Lottery Premises Security	20-21	Do each of the facilities referenced in the RFP maintain their own IT infrastructure to support the IT systems, or is there an underlying infrastructure (e.g.; datacenter, cloud platform, etc.) that serves as a backbone for all the facilities to utilize?	Florida Lottery operated facilities have an underlying infrastructure that serves as the backbone for all the facilities to utilize. Vendors and select Subcontractors utilize their own IT infrastructure.
18	Lottery Security 2.3.1.8 2.3.1.9 2.3.1.10	23-24	How many systems and system types are within the scope?	There are numerous systems and system types within scope of this solicitation. Currently, there are approximately 109 AIX, 55 Windows servers, 32 firewalls, 70 switches, 45 Lottery networks, and 4 vendor networks.
19	2.3.1.8 Logical Security	23	Can you provide us with the total number of Internal IP Addresses being tested at each location? Total number of external IP Addresses exposed to the internet?	The Lottery has 384 IP addresses at HQ; Orlando Data Center has 226 IP addresses; at District Offices, each has 96 IP addresses with Miami as an exception having 160. There are 6 external IP addresses exposed to the internet.
20	2.3.1.9 Lottery Applications,	23	Can you provide details about the current Lottery applications: Technology used; Tools environment	Desktop operating systems: Windows 7 and Windows 10; Windows Servers: 2008R2, 2012R2, 2016, 2019. AIX

	Communications and Operations Systems		(Operating system; Database used; Application H/W & S/W details; Third Party Integrations)?	7.1. Apple IOS 11, 12. Cisco ASA, Extreme XOS. Databases: Oracle 12C, SQL 2005 – 2017, DB2 11. H/W: IBM, HP, Dell, Apple, Cisco, Extreme, Fortinet, Pulse Secure. Third party integrations: Microsoft, IBM, Oracle, Adobe, Centrify, HP, LSoft, Cherwell, SmartCop, NetMotion, Axiom Pro, and Cisco Email Security.
21	Lottery Security 2.3.1.8 2.3.1.9	23	Are any web applications or lottery applications remotely accessible? If so, approximately how many are external and how many are internal?	Yes. All internal applications are accessible via VPN or VPN and remote desktop. Office 365 is accessible externally via Centrify single sign on.
22	2.3.1.9 Lottery Applications, Communications and Operations Systems	23	Are you using cloud services for any of their infrastructure? And if so, which part?	Yes. Office 365, One Drive, Veritas Enterprise Vault, WebEx, Cisco CES, Axiom Pro, Citrix ShareFile, and Cherwell.
	Lottery Security 2.3.1.8 2.3.1.9 2.3.1.10	23-24	Are endpoints authenticated by centralized Active Directory or a similar authentication methodology?	Yes.
23	Lottery Security 2.3.1.8 2.3.1.9 2.3.1.10	23-24	Will the Lottery allow security configuration testing of its network devices, systems, security appliances, servers, and desktops?	Yes, testing is expected within the scope of this project with certain Lottery restrictions and oversight.

24	2.3.1 Lottery Security	20-24	As a part of this risk assessment, does the Lottery specifically require a technical vulnerability assessment, penetration test, physical security vulnerability assessment, and/or wireless vulnerability assessment?	Yes, vulnerability and penetration testing are expected within the scope of this project and with certain Lottery restrictions and oversight.
25	2.3. Scope of Services	19	Are periodic vulnerability assessments (scans) being performed on all infrastructure within scope? If so, will the results of the vulnerability assessments (scans) be available to the contracted assessor?	Yes, with certain Lottery restrictions and oversight.
26	2.3.1. Lottery Security	20-24	Does the evaluation include a Social Engineering exercise?	This may be an optional service offered by the Vendor and included with the Vendor's Proposal.
	2.3.1 Lottery Security	20-24	Does the government have preferred security or assessment tools? If so, will these tools be furnished?	No, as the Lottery has no preference.
27	2.3.1.11 Security Involving Returned Tickets	24	Besides the Orlando data center, are there other data centers in scope (including for server hosting) and where are they located?	Lottery headquarters in Tallahassee, FL houses the primary data center and is included in the scope of this solicitation.
28	2.3.5.1 Report Format	26	Is the Lottery willing to consider the following modification to this Section? The Lottery reserves the right to use and reproduce all reports and data produced and to disseminate the same to persons within the Lottery and other appropriate parties to the	No.

			extent permitted by, and subject to the requirements in the Agreement.	
29	2.4. Contract Formation	26	This Section seems to conflict with other sections within the RFP regarding which documents are included in the final contract. Can the Lottery please confirm which documents will make up the final contract and if the Contractor's proposal, in its entirety, will be incorporated?	The Lottery agrees to modify the solicitation in part to remove conflicting language. See section 1.31: Agreement Execution for documents that are included in the Agreement. The Successful Vendor's Proposal will become a contractual obligation of the Agreement. See <i>revised</i> page 26 as Section 2.4: CONTRACT FORMATION is stricken.
	4.7. Additional Background Investigation	33	Is the Lottery willing to consider the following modification to this Section? The Lottery reserves the right to conduct background investigations pursuant to Chapter 24, Florida Statutes and as set forth above on any officer, principal, investor, owner, subcontractor, employee, or any other associate of a Vendor proposed member of the Vendor service team it deems appropriate.	No. See Chapter 24, Florida Statutes, for an outline of disclosures that are statutorily required of vendors.
30	5.5.1. Renewal and Extensions	41	Is the Lottery willing to strike the following sentence from this Section? The request must be supported by documentation acceptable to the Lottery that adequately demonstrates that the Contractor's	The Lottery agrees to modify this section in part. See <i>revised</i> section 5.5.1: Renewal and Extensions.

			<p>cost for providing the services has increased by at least the percentage of the requested increase.</p> <p>Include the requested change - <u>In the event the Lottery rejects a price increase request, Contractor will have no obligation to accept any new scope of services or to enter into any change orders regarding existing scope.</u></p>	
	5.6.2. Subcontractor Agreements	42	<p>Is the Lottery willing to strike the following sentence from this Section?</p> <p>Additionally, the Contractor must provide the Lottery with copies of all applicable Subcontractor Agreements, as requested by the Lottery.</p>	No.
31	5.10. Confidential Information	43	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>Any information relating to the products, customers, business, marketing plans and policies of the Lottery or its affiliates that is supplied to the Contractor by or at the direction of the Lottery or acquired by the Contractor in the course of providing services to the Lottery, or developed by the Contractor in carrying out the Contractor's duties under the Agreement, will be deemed to be confidential and proprietary</p>	No.

			information of the Lottery and the exclusive property of the Lottery.	
32	Section 5.11 Unsecured Confidential Information	44	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>“Security Incident” means the attempted or successful <u>un</u>authorized access, use, disclosure, modification, or destruction of Lottery information in the Contractor’s possession or electronic interference with Lottery operations; however, random attempts at access will not be considered a security incident.</p>	The Lottery agrees to modify this section in part. See <i>revised</i> section 5.11: Unsecured Confidential Information.
33	5.12. Right of Use	44	<p>Is the Lottery willing to strike this Section?</p> <p>If, for any reason other than breach of Agreement by the Florida Lottery, Contractor should become unable to service the Agreement resulting from this Solicitation, the Florida Lottery will acquire a usufruct in all contractual items owned by the Contractor in conjunction with the Agreement and which are necessary to provide such services.</p> <p>Such usufruct will be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in</p>	No.

			<p>maintaining, altering and improving the operational characteristics of the programs and systems being used under the Agreement. Such usufruct will be limited in time for the duration of the Agreement and in scope to those items being used by the Lottery and on the Lottery's behalf under the Agreement. All items, including modifications or alterations thereof, will be kept in confidence, except to the extent that they are public records under Florida law, and will be returned to the Contractor when their usufruct purposes have been fulfilled.<u>Reserved</u></p>	
34	5.14. Liquidated Damages	46	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>Except and to the extent expressly provided herein, the Lottery will be entitled to recover liquidated damages under each section applicable to any given incident, <u>subject in each case to the limitation of liability set forth in Section 5.18.1.</u></p>	No.
35	5.14.4. Payment of Liquidated Damages	46	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>Each of the categories of liquidated damages set forth below will be a separate liability of the Contractor, and one will not mitigate another.</p>	No.

			provided, however, that in no event will the aggregate amount paid to Lottery in Liquidated Damages exceed the limitation of liability set forth in Section 5.18.1.	
36	Section 5.15 Insurance	48	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>The required policies must remain in force throughout the term of the Agreement and any extensions, and copies of the policies must be provided to the Lottery.</p>	No.
37	5.16 Indemnification	48	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>The Contractor agrees to fully defend, indemnify, and hold harmless the Lottery and its principals, officers and, employees, and agents from and against all claims, demands, actions, suits, and damages, liabilities, losses, settlements, judgments, costs and expenses (including but not limited to reasonable attorneys’ fees and costs), brought by a third party against the Lottery whether or not involving a third party claim, which to the extent directly caused by arise out of or relate to:</p> <p>1. The Contractor’s failure to obtain a</p>	No.

~~required consent of any nature whatsoever;~~

~~2. The Contractor's contracts with third parties; The Contractor's unauthorized use of name or likeness of any person;~~

~~3. Allegations of libel, slander, defamation, disparagement, piracy, plagiarism, unfair competition, idea misappropriation, infringement of copyrights or trademarks, slogan or other property rights and any invasion of the right of privacy;~~

~~4. Breach of any of Contractor's covenants or other obligations, duties, representations, or warranties under this Agreement or under applicable law; or~~

5.1. The Contractor's grossly negligence

			<p><u>negligent acts</u> or willful misconduct.</p> <p><u>Contractor's obligations under this Section with respect to any legal action are contingent upon the Lottery giving Contractor: (a) the opportunity to take over and settle or defend any such action at Contractor's sole expense, and (2) assistance in defending the action at Contractor's sole expense. Contractor shall not be liable for any cost, expense, or compromise incurred or made by the Lottery in any legal action without Contractor's prior written consent, which shall not be unreasonably withheld.</u></p>	
38	5.17 Termination	49 – 50	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>1. Stop work under the Agreement on the date, and to the extent specified, in the notice;</p> <p>2.1. Place no further orders or subcontract for materials, services, or facilities except as may be necessary for completion of such portion of the work under the Agreement</p>	No.

that is not terminated;

~~3. Assign to the Lottery effective on the date of the Agreement termination, in the manner, at the time, and to the extent specified by the Lottery, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case the Lottery has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts and to reduce any settlement amount determined by the amount paid for such orders or subcontracts;~~

~~4. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Lottery to the extent the Lottery may require. The Lottery's approval or ratification will be final for the purposes of this part;~~

~~5.2.~~ Upon the effective date of termination of the Agreement and the payment in full by the Lottery ~~of all items properly chargeable to the Lottery hereunder~~, the Contractor must transfer, assign, and make available to the Lottery all property and materials belonging to the Lottery and all right and claims to any and all reservations, contracts and arrangements to the extent provided for in the Agreement regarding the Agreement. No extra compensation is to be paid to the Contractor for its services in connection with any such transfer or assignment.

~~6.~~ ~~Concurrently with such transfer or assignment, the Lottery will assume the obligations of the Contractor, if any, on all contracts with third parties which are not subject to cancellation;~~

~~7.~~ ~~Upon termination of the Agreement by the Lottery, the Contractor will be deemed to have released and relinquished to the Lottery any and all claims or rights it may otherwise have to common law or statutory copyright with respect to all or~~

			<p>any part of unpublished material prepared or created by the Contractor in the course of its performance hereunder;</p> <p>8. Complete performance of such part of the work as has not been terminated by the Lottery;</p> <p>9. Take such action as may be necessary, or as the Lottery may specify, to protect and preserve any property related to the Agreement which is in the possession of the Contractor and in which the Lottery has or may acquire an interest; and</p> <p>10.3. All proprietary materials and associated information <u>provided to Contractor by the Lottery</u> are considered to be the property of the Lottery and will be returned to the Lottery upon termination of the Agreement.</p>	
39	5.17.1. Termination	50	Is the Lottery willing to consider the following modification to this Section?	No. This termination clause is mandated by the State of Florida and is a requirement under Florida Statutes. See also section 1.31.1: <u>Availability of Funds</u> .

	Because of Lack of Funds		<p>In the event funds to finance this Agreement become unavailable, the Lottery Contractor may <u>modify or</u> terminate the Agreement upon no less than twenty-four (24) hours' notice in writing to the Lottery Contractor(s). Notice will be delivered by certified mail (return receipt requested), facsimile, by other method of delivery whereby an original signature is obtained, or in-person with proof of delivery. The Lottery will be the final authority as to the availability of funds. <u>In the event of cancellation, the Contractor will be reimbursed for those costs, if any, which are so provided for in the Agreement. The effect of termination of the Agreement hereunder will be to discharge both the Lottery and the Contractor from future performance of the Agreement, but not from their rights and obligations existing at the time of termination.</u></p>	
40	5.17.2. Termination for Cause	50 – 51	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>The Lottery reserves the right to immediately terminate the Agreement, in whole or part, by providing written notice to the Contractor if the Lottery determines, in its sole discretion that any of the following has occurred:</p>	The Lottery agrees to modify this section in part. See <i>revised</i> section 5.17.2: <u>Termination for Cause</u> .

1. The Contractor knowingly furnished any material statement, representation, warranty or certification in connection with this Solicitation or the Agreement, which representation is knowingly and materially false, or deceptive, ~~incorrect, or incomplete~~;
2. The Contractor ~~fails to perform to the Lottery's satisfaction any material requirement of the Agreement or~~ materially defaults in performance of the Agreement;
- ~~3. The performance of the Agreement is substantially endangered by the action or inaction of the Contractor, or such occurrence can be reasonably anticipated;~~
- 4.3. The State enacts a law which removes or restricts the authority or ability of the Lottery to conduct the commodities or services identified in this Solicitation;
- ~~5. The Contractor's firm or assets are acquired by or combined with another company or~~

~~concern during the Agreement period;~~

~~6. The Contractor or any Substantial Subcontractor fails to maintain standards of financial responsibility, background, bonds, insurance, character, reputation, or integrity as determined by the Florida Lottery;~~

~~7.4.~~ The Contractor is placed on the convicted, suspended, or discriminatory vendor lists;

~~8.5.~~ The Contractor is placed on the Scrutinized Companies that Boycott Israel List, the Scrutinized Companies with Activities in Sudan List, the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, or engaged in business operations in Cuba, Syria, or in a boycott of Israel.

~~9. The actions or inaction of the Contractor or Contractor's employees pose a threat to the security or integrity of the Lottery. In such an event, the Lottery may terminate the Agreement immediately by telephonic notification followed by written notice.~~

~~Should~~ The Lottery will give notice of termination which provides reasons for the termination to Contractor ~~for reasons in sub-paragraphs 2 or 3 above~~, the Contractor will have ~~thirty seven~~ days after receipt of said notice to remedy the failures or problems. If the Contractor fails to remedy, the Lottery may order the Contractor to stop immediately all work and terminate the Agreement.

If the Agreement is terminated for cause by the Lottery, the Lottery will be obligated only for the goods actually, delivered and accepted or services actually rendered prior to the date of notice of termination, less any liquidated damages or other damages that maybe assessed for non-performance. Contractor shall not have any liability to the University as a result of the Lottery's use of any unfinished, incomplete, or draft deliverables or work product that are furnished to the University, provided that the Contractor has notified the Lottery off the incomplete status of such material.

41	5.17.3. Termination for Convenience	51 Is the Lottery willing to consider the following modification to this Section? <u>Except for any alleged default of this Contract which shall be subject to the cure period set forth in Section 5.17.2,</u> the Lottery reserves the right to terminate the Agreement or any part of the Agreement at its convenience, with thirty (30) calendar days' <u>prior</u> written notice. The Lottery will incur no liability for materials or services not yet ordered if it terminates for convenience. <u>Contractor shall not have any liability to the University as a result of the Lottery's use of any unfinished, incomplete, or draft deliverables or work product that are furnished to the University, provided that the Contractor has notified the Lottery off the incomplete status of such material.</u> If the Lottery terminates for convenience after an order for materials or services has been placed, the Contractor will be entitled to compensation and reimbursement <u>for work in progress, work completed and any materials</u> to the extent provided in the Agreement upon submission of invoices and proper proof of claim, in that proportion which its services and products were satisfactorily rendered or provided, as well as for costs otherwise reimbursable under this	The Lottery agrees to modify this section in part. See <i>revised</i> section 5.17.3: <u>Termination for Convenience.</u>
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			Agreement which were necessarily incurred in the performance of work up to time of termination.	
42	5.18. Additional Terms and Conditions (NEW)	51 - 52	<p>Is the Lottery willing to consider adding the following Sections to the agreement?</p> <p>5.18.1 <u>Limitation of Liability. Notwithstanding anything else in this contract to the contrary, including all attachments, the liability of the Contractor on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Contract shall be limited to the amount of fees paid or owing to the Contractor under the Contract. In no event shall the Contractor be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, rule, regulation or tort (including but not limited to negligence) or otherwise, and shall survive contract termination or expiration.</u></p>	<ul style="list-style-type: none"> • No, the addition of section 5.18.1: Limitation of Liability is not acceptable to the Lottery. • No, the addition of section 5.18.2: Ownership is not acceptable to the Lottery. • No, the addition of section 5.18.3: Use of Vendors is not acceptable to the Lottery. • No, the addition of section 5.18.4: Disputes is not acceptable to the Lottery. • No, the addition of section 5.18.5: Export Control is not acceptable to the Lottery.

5.18.2 Ownership. Upon full and final payment to Contractor under the Contract, Contractor assigns and grants to the Lottery, title in the tangible items specified as deliverables or work product in the Contract (the “Deliverables”) and any copyright interest in the Deliverables; provided that if and to the extent that any Contractor property is contained in any of the Deliverables (“Contractor Property”), Contractor hereby grants the Lottery, under Contractor’s intellectual property rights in such Contractor Property, a royalty-free, non-exclusive, non-transferable, perpetual license to use such Contractor Property solely in connection with the Lottery’s use of the Deliverables. Contractor acknowledges that it shall obtain no ownership right in Confidential Information of the Lottery. In addition, the Lottery acknowledges and agrees that Contractor shall have the right to retain for its files copies of each of the Deliverables and all information necessary to comply with its contractual obligations and applicable professional standards.

5.18.3 Use of Vendors. The Lottery acknowledges and agrees that in connection with the performance of services under the Contract,

Contractor and its member firms, in their discretion or at the Lottery's direction, may utilize the services of third parties within and outside of the United States to complete the services under the Contract. The Lottery further acknowledges and agrees that Contractor-controlled parties, member firms of KPMG International, and other third party service providers (collectively, "Vendors") may have access to Confidential Information from offshore locations, and that the Contractor uses Vendors within and outside of the United States to provide at Contractor's direction administrative or clerical services to Contractor. These Vendors may in the performance of such services have access to the Lottery's Confidential Information. Contractor represents to the Lottery that with respect to each Vendor, Contractor has technical, legal and/or other safeguards, measures and controls in place to protect Confidential Information of the Lottery from unauthorized disclosure or use. Contractor shall be responsible to the Lottery for Contractor-controlled, member firms or Vendor's failure to comply.

5.18.4 Disputes. The parties agree that any dispute or claim arising out of or relating to the

Contract or the services provided thereunder shall first be submitted to non-binding mediation as a prerequisite to litigation. Mediation may take place at a location to be designated by the parties using the Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). If, after good faith efforts, the parties are unable to resolve their dispute through mediation within ninety (90) days after the issuance by one of the parties of a request for mediation, then the parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude Contractor from filing a timely formal claim in accordance with applicable Florida law provided, however, that Contractor shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.

5.18.5 Export Control. Contractor and the Lottery acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each

			<p>party's respective activities under the Contract. The Lottery shall not provide Contractor, or grant Contractor access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Administration Act of 1979, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR.</p>	
43	Appendix 1	64	<p>In accordance with Rule 2 of the MUSL requirements have there been any changes to the CGS or ICS within the prior year or are there any anticipated changes to be reported for the current reporting cycle?</p>	<p>Yes. The prior systems were replaced with new systems in April 2019.</p>
44	Mandatory Requirements of Agreement - Audit	1	<p>Is the Lottery willing to consider the following modifications to this Section?</p> <p>The Contractor is required to maintain its books,timekeeping and expense records ("Records") and other evidence pertaining</p>	<p>No, as the Mandatory Requirements of Agreement are non-negotiable.</p>

			<p>to directly relating to the Agreement in accordance with generally accepted accounting principles (GAAP) and such other procedures specified by the state of Florida. The Lottery reserves the right to audit all Contractor's <u>the</u> and subcontractors' procedures and <u>Records</u> <u>directly relating to this Agreement</u> using its employees, its designees or other State agencies to the extent permitted by law. The Contractor must maintain all supporting documentation for charges and/or reports to the Lottery for a period of five years after the expiration of, termination of, or final payment on, the Agreement, whichever is later, <u>not to exceed seven (7) years</u>. This documentation must be available for audit by the Lottery during this time period <u>upon prior written notice</u> at the Lottery's discretion.</p>	
45	Mandatory Requirements of Agreement - Contractor Ethics an Integrity	1-2	<p>Is the Lottery willing to consider the following modifications to this Section?</p> <p>For violation of the above provisions, the Lottery may terminate the Agreement for breach, receive restitution from the Contractor, debar the Contractor, and take any other appropriate actions against the Contractor. <u>However, if the Lottery seeks to terminate the Agreement for</u></p>	No, as the Mandatory Requirements of Agreement are non-negotiable.

			<p>noncompliance with the above requirements, the Lottery shall first notify the Contractor in writing of its intent to terminate, identify the alleged deficiencies in performing giving rise to the intent to terminate, and shall not terminate the Agreement for cause or default unless the Contractor fails to cure the specified deficiencies within thirty (30) days of Contractor’s receipt of notice of such deficiencies.</p>	
46	Mandatory Requirements of Agreement - Ethics Policy: Gifts Prohibited	2	<p>Is the Lottery willing to consider the following modifications to this Section?</p> <p>Lottery employees are prohibited by the Lottery’s ethics rule, 53ER12- 18, Florida Administrative Code, from accepting anything of value from a lobbyist or principal of a lobbyist or from an entity doing business with the Lottery. A copy of the rule can be obtained from the Florida Lottery, Office of the General Counsel, 250 Marriott Drive, Tallahassee, Florida 32399-4011. The Contractor agrees that employees performing services under the Contractthat it will not offer or provide to any Lottery employee any gift or other item of value that would violate the Lottery’s ethics rule and acknowledges that the Lottery may unilaterally cancel the Agreement if the Contractor violates</p>	No, as the Mandatory Requirements of Agreement are non-negotiable.

			<p>this provision. However, if the Lottery seeks to terminate the Agreement for noncompliance with the above requirements, the Lottery shall first notify the Contractor in writing of its intent to terminate, identify the alleged deficiencies in performing giving rise to the intent to terminate, and shall not terminate the Agreement for cause or default unless the Contractor fails to cure the specified deficiencies within thirty (30) days of Contractor’s receipt of notice of such deficiencies.</p>	
	Mandatory Requirements of Agreement - Force Majeure	2	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>However, if the Lottery seeks to terminate the Agreement for pursuant to this section, the Lottery shall first notify the Contractor in writing of its intent to terminate, and shall not terminate the Agreement for cause or default unless the Contractor fails to cure the failure within thirty (30) days of Contractor’s receipt of notice of such failures.</p>	No, as the Mandatory Requirements of Agreement are non-negotiable.
47	Mandatory Requirements of Agreement - Warranties of Contractor	5	<p>Is the Lottery willing to consider the following modification to this Section?</p> <p>6. The services rendered will in all respects conform to, and function in</p>	No, as the Mandatory Requirements of Agreement are non-negotiable.

			<p>accordance with, the specifications and designs requested in the Agreement <u>be performed in accordance with applicable professional standards.</u></p> <p>7. Its performance under the Agreement will not infringe on any patent, copyright, trademark, service mark or other intellectual property rights of any other person or entity and will not constitute the unauthorized use of any trade secret of any other person or entity. <u>Contractor disclaims all other warranties, either express or implied.</u></p>	
48	Disclosure Affidavit - 8	3	<p>Is the Lottery willing to consider the following modifications to this Section?</p> <p>The names and addresses of the limited partners <u>performing services for the Lottery under this Contract</u> of RESPONDENT are as follows: The above-named persons constitute all of the limited partners of RESPONDENT <u>performing services for the Lottery under this Contract</u>.</p>	No, as this disclosure meets the statutory requirement of Chapter 24, Florida Statutes.

49	Supplemental Application		Our company will not release personnel information. Please confirm if there is an alternative as we cannot agree to this form.	This is a statutory requirement. See Chapter 24, Florida Statutes.
50	Personal Inquiry Waiver Authority for Release of Information		Our company will not release personnel information. Please confirm if there is an alternative as we cannot agree to this form.	This is a statutory requirement. See Chapter 24, Florida Statutes.
51	2.3.5. Deliverables	26 of 85	Is the intent of the Florida Lottery that an assessment will be performed in FY 2019-20 and again in FY 2021-22 without an assessment in FY 2020-21? Or, does the agency expect to also perform an assessment in FY 2020-21?	Per Florida Statute, this engagement shall occur every two years.
52	2.3 Scope of Services	19 & 20 of 85	Does the Florida Lottery use NIST 800-53 r4 security controls (based on FIPS 199 system classifications of low, moderate, & high)? Or does the Florida Lottery use a different security/privacy control framework (such as COBIT)?	The Lottery uses NIST 800-53R4 security controls.
53	2.3.1.8 Scope of Services	23 of 85	For the Logical Security Review, will that be review of documentation only or of electronic sites as well, for instance Active Directory review of settings and rights associated? If electronic review is required, which physical site (How Many?) will we need to visit to gain access to those systems?	All logical security and Active Directory reviews can be done at the Lottery headquarters; for gaming vendors and other subcontractors, other locations may need to be visited. Potential sites are listed in <i>revised</i> section 2.3.1.5: <u>Security of Gaming Vendors Operations.</u>

54	Tab 3 Line Item A Company Experience	38	The RFP indicates, "Listing and discussion of Vendor's experience in conducting similar security reviews in the Lottery industry for the past five (5) years." if a vendor has experience evaluating security systems used to safeguard high dollar items comparable to a Lottery System, will that satisfy this requirement?	Any, and all, security experience will be considered. See <i>revised</i> section 4.14, Tab 3, A.: <u>Company Experience</u> .
55	Tab 3 Line Item A Company Experience	38	If submitting the proposal with a subcontractor, will subcontractor experience be evaluated as part for the company experience qualifications?	No. A Subcontractor's experience will be evaluated as part of personnel qualifications. See section 4.14, Tab 3, B.: <u>Personnel Qualifications</u> .
56	2.3.1.5	21	The RFP lists "Clifton, New Jersey" as one of the Gaming Vendor's computer facility locations. Can you please detail what is in the Clifton, NJ location?	Clifton, NJ was listed in error. See <i>revised</i> section 2.3.1.5: <u>Security of Gaming Vendors Operations</u> .
57	2.3.1.16	24- 25	The RFP states that the Contractor will not be compensated for the review of additional aspects unless the Lottery has agreed, in writing, to such reviews prior to any additional work being performed. Should the Bidders' responses to 2.3.1.16 be listed as options and not included in the base price?	Any aspect of a thorough and complete operational security audit that is within scope of this solicitation should be included in a vendor's proposal and included in its base price. Typically, options are enhancements to services that reside outside of the scope that the Lottery may wish to consider but are not required. See <i>revised</i> section 2.3.1.16: <u>Any Other Aspects of Security Applicable to the Lottery and Its Operations</u> .
58	2.3.5	25	Given that the first preliminary report is not due to the Lottery until May 2022, when is it	A vendor should take the deadlines, as stated in section 2.3.5: DELIVERABLES (PRELIMINARY AND FINAL

			<p>anticipated that the work under this contract will actually begin? Will the performance bond and insurance requirements need to be met prior to work beginning?</p>	<p>REPORTS), and all other variables related to the scope of work, into consideration when determining a start date for each project.</p> <p>A performance bond is required at the time of agreement execution. See section 5.8: PERFORMANCE BOND.</p> <p>Certificate(s) of insurance is required within 10 calendar days of agreement execution. See section 5.15: INSURANCE.</p>
59	4.13 ; 4.13.2	35-36	<p>The RFP states that one electronic copy is to be provided on CD/flash drive. However, 4.13.2 states that “each binder should contain the corresponding flash drive”.</p> <p>Can you please confirm how many flash drives should be provided?</p> <p>Does the Cost Proposal need to be submitted on a separate flash drive?</p>	<p>A total of 7 flash drives or CDs are to be included with the vendor’s proposal. If a redacted copy of the vendor’s proposal is submitted, then an additional flash drive or CD containing the redacted version is to be included. See <i>revised</i> section 4.13: HOW TO SUBMIT A PROPOSAL.</p>
60			<p>Is this RFP related to the Security System RFI #055-16/17 that was previously released?</p>	<p>No. This solicitation is distinctly different from RFI #055-16/17, which was to gather information on security system maintenance and components.</p>

61			What is the estimated cost of the Operational Security Studies and Evaluation Services project?	Currently, these services cost approximately \$220,000 every two years.
62			Has the Department allocated funding for the Operational Security Studies and Evaluation Services yet? If so, through which source (budget, CIP, state/federal grant, etc.)?	Yes. This project is appropriated as a nonrecurring appropriation every two years requested through a Legislative Budget Request (LBR).
63			How is the Department currently meeting this need?	The Lottery is currently contracted for these services.
64			Which vendor provides the incumbent Operational Security Studies and Evaluation Services?	Delehanty Consulting, LLC.
65			Would it be possible to name the three greatest challenges the Department is having with their current solution?	None has been identified at this time.
66			Who is the technical contact and/or project manager for the Operational Security Studies and Evaluation Services?	Janet Snyder, Director of Auditing
67			When would the Department like the studies to be completed by?	See section 2.3.5: Deliverables (Preliminary and Final Reports) for required completion dates.