

REQUEST FOR PROPOSALS

RFP NUMBER: CSP900411
INDEX NUMBER: LOT005
UNSPSC CATEGORY: 80000000 (Mgmt & Bus. Prof. & Administrative Services)

The state of Ohio, through the Department of Administrative Services, Office of Procurement Services, for the Ohio Lottery Commission, is requesting proposals for:

State of Ohio VLT Gaming Economic Assessment and Review

RFP ISSUED: September 10, 2010
INQUIRY PERIOD BEGINS: September 10, 2010
INQUIRY PERIOD ENDS: September 24, 2010 at 8:00 a.m.
PROPOSAL DUE DATE: October 8, 2010 by 1:00 p.m.

Proposals received after the due date and time will not be evaluated.

OPENING LOCATION: Department of Administrative Services
Office of Procurement Services
4200 Surface Rd.
Columbus, OH 43228-1395

Offerors must note that all proposals and other material submitted will become the property of the state and may be returned only at the state's option. Proprietary information should not be included in a proposal or supporting materials because the state will have the right to use any materials or ideas submitted in any proposal without compensation to the offeror. Additionally, all proposals will be open to the public after the award of the contract has been posted on the State Procurement Web site. Refer to the Ohio Administrative Code, Section 123:5-1-08 (E).

This RFP consists of five (5) parts and eleven (11) attachments, totaling 77 consecutively numbered pages. Please verify that you have a complete copy.

PART ONE: EXECUTIVE SUMMARY

PURPOSE. This is a Request for Competitive Sealed Proposals (RFP) under Section 125.071 of the Ohio Revised Code (ORC) and Section 123:5-1-08 of the Ohio Administrative Code (OAC). The Department of Administrative Services (DAS), Office of Procurement Services, on behalf of the Ohio Lottery Commission (OLC) (the Agency), is soliciting competitive sealed proposals (Proposals) for a VLT Gaming Economic Assessment and Review, and this RFP is the result of that request. If a suitable offer is made in response to this RFP, the state of Ohio (State), through DAS, may enter into a contract (the Contract) to have the selected Offeror (the Contractor) perform all or part of the Project (the Work). This RFP provides details on what is required to submit a Proposal for the Work, how the State will evaluate the Proposals, and what will be required of the Contractor in performing the Work.

This RFP also gives the estimated dates for the various events in the submission process, selection process, and performance of the Work. While these dates are subject to change, prospective Offerors must be prepared to meet them as they currently stand.

Once awarded, the term of the Contract will be from the award date through June 30, 2011. The State may solely renew all or part of this Contract at the discretion of DAS for a period of one (1) month. Any further renewals will be by mutual agreement between the Contractor and DAS for any number of times and for any period of time. The cumulative time of all mutual renewals may not exceed one (1) year and are subject to and contingent upon the discretionary decision of the Ohio General Assembly to appropriate funds for this Contract in each new biennium. DAS may renew all or part of this Contract subject to the satisfactory performance of the Contractor and the needs of the Agency.

Any failure to meet a deadline in the submission or evaluation phases and any objection to the dates for performance of the Project may result in DAS refusing to consider the Proposal of the Offeror.

BACKGROUND. The Department of Administrative Services, on behalf of the OLC, is requesting consultant proposals to evaluate the economic feasibility of a Video Lottery Terminal ("VLT") racino program in the state of Ohio (i.e., operation of VLTs at licensed racetracks in the state of Ohio).

The Ohio Lottery Commission (OLC) was established in 1974. In 1988, legislation created the Lottery Profits Education Fund mandating that all lottery profits be directed to the education fund. Since its inception, the OLC has generated over \$17 billion in profits. In fiscal year 2010 alone, the OLC transferred more than \$728.6 million to the Lottery Profits Education Fund on sales of \$2.48 billion.

Ohio's lottery operations are considered to be in the mature business cycle. The OLC has executed many traditional North American lottery business strategies to maximize sales and profits, with few known gaming options remaining for possible implementation in Ohio.

In addition to the OLC, other legalized gaming in Ohio includes pari-mutuel horse racing at seven facilities under the control of the Ohio Racing Commission. Charitable Gaming operations including bingo games, poker tournaments, and pull-tab sales conducted by charitable entities are regulated under the Office of the Attorney General.

In November 2009, the voters of the state of Ohio passed the Issue 3 Ballot Initiative and approved four (4) permanent land based casinos to be operated under the following general parameters, pursuant to the statutory provisions recently enacted by the Ohio General Assembly:

1. Each casino will pay an upfront license fee of \$50 million.
2. Each casino will make infrastructure investments of \$250 million.
3. 33% of gross casino revenue is to be allocated in accordance with the Constitutional and Statutory requirements pertaining to the casino tax rate.
4. The casinos are authorized to offer full scale casino games (i.e., slots, card games, dice games) in the designated locations in Cincinnati, Cleveland, Columbus, and Toledo.

In June 2009, the State's biennial budget included a provision for the OLC to implement a VLT program. The program as contemplated in August 2009 included up to 2,500 VLTs at each of Ohio's seven (7) licensed racetracks ("tracks") under the following parameters:

1. Each track would submit a one-time application fee of \$100,000.
2. Each licensed track would remit a ten (10) year license fee of \$65 million payable in five (5) installments.
3. Each track would make infrastructure investments of \$80 million over the first five (5) years with \$20 million completed within the first year.
4. Each licensed VLT retailer would receive a commission at the rate of 50% of video lottery terminal income. The OLC would be responsible for costs for VLT leases/purchases.
5. All profits would be transferred to the Lottery Profits Education Fund.

A constitutional challenge ensued which halted the program pending a ballot referendum. In June of 2010, the referendum which was scheduled to be on the ballot in Nov of 2010, was withdrawn by its proponents. The OLC has voted to support proceeding with appropriate legal action to provide legal clarity regarding the OLC's authority to operate video lottery terminals. Due to impending litigation, it is uncertain exactly when the OLC will implement the VLT program. However in preparation for the introduction of such a program, the OLC desires to review and analyze the economic parameters of such a VLT program in the current and anticipated economic environment.

OBJECTIVES. DAS has the following objectives that it wants this Work to fulfill, and it will be the Contractor's obligation to ensure that the personnel the Contractor provides are qualified to perform their portions of the Work.

Although it is uncertain when the casinos will be ready for live operations, it is anticipated that the facilities will be operating by 2013. An analysis prepared by the Office of Budget and Management and the Department of Taxation estimated annual casino revenues of \$643 million without any racino operation. The Analysis of 2009 Ohio Casino Initiative is attached as a reference (see Attachment 8). It is anticipated by OLC Management that there may be some negative impact on lottery sales since discretionary casino entertainment gaming dollars may be diverted away from lottery games to casino gaming.

The OLC's objective is to obtain the highest financial return to the state from offering a VLT program at Ohio's racetracks. The financial analysis and recommendations should be developed in light of that objective. The financial analysis shall take into account all relevant information, including the experience of other states with VLT programs. The analysis shall consider the balance of short-term and long-term financial returns and the optimal strategy(s) for developing licensing fees and commission rates.

The written study must address the following:

1. Revenue Maximizing Strategies – Award of Licenses.
2. License Fees and Commission Rates
3. Infrastructure Investment Requirements
4. Economic Impact / Effects on Racetrack VLTs, Casinos, and Traditional Lottery
5. Revenue Estimates.

Offeror's must have appropriate methodologies defined and have samples used.

QUALIFIED APPLICANTS. Offerors must have demonstrated experience in the gaming marketplace within the past five (5) years and with a project of similar scope.

CALENDAR OF EVENTS. The schedule for the Project is given below, and is subject to change. DAS may change this schedule at any time. If DAS changes the schedule before the Proposal due date, it will do so through an announcement on the State Procurement Web site area for this RFP. The Web site announcement will be followed by an addendum to this RFP, also available through the State Procurement Web site. After the Proposal due date and before the award of the Contract, DAS will make scheduled changes through the RFP addendum process. DAS will make changes in the Project schedule after the Contract award through the change order provisions located in the general terms and conditions of the Contract. It is each prospective Offeror's responsibility to check the Web site question and answer area for this RFP for current information regarding this RFP and its calendar of events through award of the Contract. No contact shall be made with agency/program staff until contract award is announced.

DATES:

Firm Dates

RFP Issued:	September 10, 2010
Inquiry Period Begins:	September 10, 2010
Inquiry Period Ends:	September 24, 2010, at 8:00 a.m.
Proposal Due Date:	October 8, 2010, by 1:00 p.m.

Estimated Dates

Contract Award Notification:	TBD
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NOTE: These dates are subject to change.

There are references in this RFP to the Proposal due date. Prospective Offerors must assume, unless it is clearly stated to the contrary, that any such reference means the date and time (Columbus, OH local time) that the Proposals are due.

Proposals received after 1:00 p.m. on the due date will not be evaluated.

PART TWO: STRUCTURE OF THIS RFP

ORGANIZATION. This RFP is organized into five (5) parts and eleven (11) attachments. The parts and attachments are listed below.

PARTS:

Part One	Executive Summary
Part Two	Structure of this RFP
Part Three	General Instructions
Part Four	Evaluation of Proposals
Part Five	Award of the Contract

ATTACHMENTS:

Attachment One	Work Requirements and Special Provisions
Part One	Work Requirements
Part Two	Special Provisions
Attachment Two	Requirements for Proposals
Attachment Three	General Terms and Conditions
Part One	Performance and Payment
Part Two	Work & Contract Administration
Part Three	Ownership & Handling of Intellectual Property & Confidential Information
Part Four	Representations, Warranties, and Liabilities
Part Five	Acceptance and Maintenance
Part Six	Construction
Part Seven	Law & Courts
Attachment Four	Contract
Attachment Five	Offeror Profile Form
Attachment Six	Offeror References
Attachment Seven	Offeror Performance Form
Attachment Eight	Analysis of 2009 Ohio Casino Initiative
Attachment Nine	Standard Affirmation and Disclosure Form
Attachment Ten	Shipping Labels
Attachment Eleven	Cost Summary Form

PART THREE: GENERAL INSTRUCTIONS

The following sections provide details on how to get more information about this RFP and how to respond to this RFP. All responses must be complete and in the prescribed format.

CONTACTS. The following person will represent DAS:

Dana L. King, CPPB
Ohio Department of Administrative Services
Office of Procurement Services
4200 Surface Road
Columbus, OH 43228-1395

During the performance of the Work, a State representative (the "Agency Project Representative") will represent the Agency and be the primary contact for matters relating to the Work. The Agency Project Representative will be designated in writing after the Contract award.

INQUIRIES. Offerors may make inquiries regarding this RFP any time during the inquiry period listed in the Calendar of Events. To make an inquiry, Offerors must use the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "CSP")
5. Click "Find It Fast" button.
6. On the document information page, click "Submit Inquiry".
7. On the document inquiry page, complete the required "Personal Information" section by providing:
 - a. First and last name of the prospective Offeror's representative who is responsible for the inquiry.
 - b. Name of the prospective Offeror.
 - c. Representative's business phone number.
 - d. Representative's e-mail address.
8. Type the inquiry in the space provided including:
 - a. A reference to the relevant part of this RFP.
 - b. The heading for the provision under question.
 - c. The page number of the RFP where the provision can be found.
9. Click the "Submit" button.

Offerors submitting inquiries will receive an immediate acknowledgement that their inquiry has been received as well as an e-mail acknowledging receipt of the inquiry. Offerors will not receive a personalized e-mail response to their question, nor will they receive notification when the question has been answered.

Offerors may view inquiries and responses using the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "CSP")
5. Click "Find It Fast" button.
6. On the document information page, click the "View Q & A" button to display all inquiries with responses submitted to date.

DAS will try to respond to all inquiries within 48 hours of receipt, excluding weekends and State holidays. DAS will not respond to any inquiries received after 8:00 a.m. on the inquiry end date.

Offerors are to base their RFP responses, and the details and costs of their proposed projects, on the requirements and performance expectations established in this RFP for the future contract, not on details of any other potentially related contract or project. If Offerors ask questions about existing or past contracts using the Internet Q&A process, DAS will use its discretion in deciding whether to provide answers as part of this RFP process.

DAS is under no obligation to acknowledge questions submitted through the Q&A process if those questions are not in accordance with these instructions or deadlines.

PROTESTS. Any Offeror that objects to the award of a Contract resulting from the issuance of this RFP may file a protest of the award of the Contract, or any other matter relating to the process of soliciting the Proposals. Such protest must comply with the following information:

1. The protest must be filed by a prospective or actual bidder objecting to the award of a Contract resulting from the RFP. The protest must be in writing and contain the following information:
 - a. The name, address, and telephone number of the protester;
 - b. The name and number of the RFP being protested;
 - c. A detailed statement of the legal and factual grounds for the protest, including copies of any relevant documents;
 - d. A request for a ruling by DAS;
 - e. A statement as to the form of relief requested from DAS; and
 - f. Any other information the protester believes to be essential to the determination of the factual and legal questions at issue in the written request.
2. A timely protest will be considered by DAS, on behalf of the agency, if it is received by the DAS Office of Procurement Services (OPS) within the following periods:
 - a. A protest based on alleged improprieties in the issuance of the RFP, or any other event preceding the closing date for receipt of proposals which are apparent or should be apparent prior to the closing date for receipt of proposals, must be filed no later than five (5) business days prior to the proposal due date.
 - b. If the protest relates to the recommendation of the evaluation committee for an award of the Contract, the protest must be filed as soon as practicable after the Offeror is notified of the decision by DAS regarding the Offeror's proposal.
3. An untimely protest may be considered by DAS at the discretion of DAS. An untimely protest is one received by the DAS OPS after the time periods set in paragraph 2 above. In addition to the information listed in paragraph 1, untimely protests must include an explanation of why the protest was not made within the required time frame.
4. All protests must be filed at the following location:

Department of Administrative Services
Office of Procurement Services
4200 Surface Road
Columbus, OH 43228-1395

This protest language only pertains to this RFP offering.

ADDENDA TO THE RFP. If the State decides to revise this RFP before the Proposal due date, addenda will be announced on the State Procurement Web site.

Offerors may view addenda using the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>;
2. From the Navigation Bar on the left, select "Find It Fast";
3. Select "Doc/Bid/Schedule #" as the Type;
4. Enter the RFP Number found on Page 1 of the document (RFP numbers begin with the letters "CSP");
5. Click "Find It Fast" button;
6. On the document information page, click on the addendum number to display the addendum.

When an addendum to this RFP is necessary, DAS may extend the Proposal due date through an announcement on State Procurement Web site. Addenda announcements may be provided any time before 5:00 p.m. on the day before the proposal is due. It is the responsibility of each prospective Offeror to check for announcements and other current information regarding this RFP.

After the submission of Proposals, addenda will be distributed only to those Offerors whose submissions are under active consideration. When DAS issues an addendum to the RFP after Proposals have been submitted, DAS will permit Offerors to withdraw their Proposals.

This withdrawal option will allow any Offeror to remove its Proposal from active consideration should the Offeror feel that the addendum changes the nature of the transaction to the extent that the Offeror's Proposal is no longer in its interests. Alternatively, DAS may allow Offerors that have Proposals under active consideration to modify their Proposals in response to the addendum, as described below.

Whenever DAS issues an addendum after the Proposal due date, DAS will tell all Offerors whose Proposals are under active consideration whether they have the option to modify their Proposals in response to the addendum. Any time DAS amends the RFP after the Proposal due date, an Offeror will have the option to withdraw its Proposal even if DAS permits modifications to the Proposals. If the Offerors are allowed to modify their Proposals, DAS may limit the nature and scope of the modifications. Unless otherwise stated in the notice by DAS, modifications and withdrawals must be made in writing and must be submitted within ten (10) business days after the addendum is issued. If this RFP provides for a negotiation phase, this procedure will not apply to changes negotiated during that phase. Withdrawals and modifications must be made in writing and submitted to DAS at the address and in the same manner required for the submission of the original Proposals. Any modification that is broader in scope than DAS has authorized may be rejected and treated as a withdrawal of the Offeror's Proposal.

PROPOSAL SUBMITTAL. Each Offeror must submit a Technical Proposal and a Cost Proposal as part of its Proposal package. Proposals must be submitted as two (2) separate components (Cost Proposal and Technical Proposal) in separate sealed envelopes/packages. Each Technical Proposal package must be clearly marked "CSP900411 State of Ohio VLT Gaming Economic Assessment RFP – Technical Proposal" on the outside of each Technical Proposal package's envelope. Each Cost Proposal package must be clearly marked "CSP900411 State of Ohio VLT Gaming Economic Assessment RFP – Cost Proposal" on the outside of each Cost Proposal package's envelope. Each Offeror must submit one (1) original, completed and signed in blue ink, and four (4) copies for a total of five (5) Proposal packages. Shipping labels, with the preferred labeling as provided as Attachment Ten of this RFP.

The Offeror must also submit, in the sealed package, a complete copy of the Proposals on CD-ROM in Microsoft Office (Word, Excel, or Project) 2003 or higher, format and/or PDF format as appropriate. In the event there is a discrepancy between the hard copy and the electronic copy, the hard copy will be the official Proposal. Proposals are due no later than the proposal due date, at 1:00 p.m. Proposals submitted by e-mail or fax are not acceptable and will not be considered. Proposals must be submitted to:

Department of Administrative Services
Office of Procurement Services - Bid Desk
4200 Surface Road
Columbus, OH 43228-1395

DAS will reject any Proposals or unsolicited Proposal addenda that are received after the deadline. An Offeror that mails its Proposal must allow adequate mailing time to ensure its timely receipt. DAS recommends that Offerors submit proposals as early as possible. Proposals received prior to the deadline are stored, unopened, in a secured area until 1:00 p.m. on the due date. Offerors must also allow for potential delays due to increased security. DAS will reject late proposals regardless of the cause for the delay.

Each Offeror must carefully review the requirements of this RFP and the contents of its Proposal. Once opened, Proposals cannot be altered, except as allowed by this RFP.

By submitting a Proposal, the Offeror acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements. DAS is not responsible for the accuracy of any information regarding this RFP that was gathered through a source different from the inquiry process described in the RFP.

ORC Section 9.24 prohibits DAS from awarding a Contract to any Offeror(s) against whom the Auditor of State has issued a finding for recovery if the finding for recovery is "unresolved" at the time of award. By submitting a Proposal, the Offeror warrants that it is not now, and will not become subject to an "unresolved" finding for recovery under Section 9.24, prior to the award of a Contract arising out of this RFP, without notifying DAS of such finding. ORC Section 9.231 applies to this contract.

DAS may reject any Proposal if the Offeror takes exception to the terms and conditions of this RFP, fails to comply with the procedure for participating in the RFP process, or the Offeror's Proposal fails to meet any requirement of this RFP. Any question asked during the inquiry period will not be viewed as an exception to the Terms and Conditions.

CONFIDENTIAL INFORMATION. DAS procures goods and services through a Request for Proposal (RFP), in a transparent manner. As such, the process to procure goods and services by DAS is open to inspection by the public. DAS makes available prices (offered and accepted), terms of payment, proposal materials, evaluation scores, product information, and other types of information DAS uses in evaluating and/or awarding the Contract. Further, the DAS will open for public inspection all proposals provided to the DAS in response to this RFP.

Therefore, an Offeror should not provide DAS with any information that the Offeror wishes the DAS not to provide to the public pursuant to a public request for such information. (Note: DAS will attempt to redact ancillary personal information such as social security numbers and Tax Identification Numbers from public inspection). Additionally, the Offeror must understand that all Proposals and other material submitted will become the property of the State and may be returned only at the State's option. Proprietary information should not be included in a Proposal or supporting materials because DAS will have the right to use any materials or ideas submitted in any Proposal without compensation to the Offeror.

However, if the Offeror chooses to include information it deems proprietary or trade secret information, the Offeror may designate such information as confidential and request that such information not be considered as public records and open for inspection. DAS shall review such requests provided the following:

1. The Offeror provides both an electronic copy and paper (hard) copies of the Proposal;
2. The Offeror clearly designates such information as confidential, proprietary, or trade secret, as appropriate at the time of Proposal submission;
3. The Offeror submits the designated material in a sealed container clearly marked "Confidential" and such material is readily separable from the Proposal; and
4. The Offeror redacts such information from the electronic copy of the Proposal.

DAS will review such information to determine whether the material is of such nature that confidentiality is warranted.

The decision as to whether such confidentiality is appropriate rests solely with DAS. If DAS determines that the information marked as confidential, trade secret, or proprietary, is not ancillary to the Proposal and that DAS needs such information in the evaluation of the proposal or that the information does not meet a statutory exception to disclosure, DAS will make the information available to the public. DAS will inform the Offeror, in writing, of the information DAS does not consider confidential for purposes of public disclosure.

Upon receipt of DAS' determination that all or some portion of the Offeror's designated information is not confidential, the Offeror may exercise the following options:

1. Withdraw the Offeror's entire Proposal;
2. Request that DAS evaluate the Proposal without certain information DAS deemed "public" (DAS will return such information to the Offeror); or
3. Withdraw the designation of confidentiality, trade secret, or proprietary information for such information and request DAS review the Proposal in its entirety.

Finally, if information submitted in the Proposal is not marked as "Confidential", it will be determined that the Offeror waived any right to assert such confidentiality.

DAS will retain all Proposals, or a copy of them, as part of the Contract file for at least ten (10) years. After the retention period, DAS may return, destroy, or otherwise dispose of the Proposals or the copies.

WAIVER OF DEFECTS. DAS may waive any defects in any Proposal or in the submission process followed by an Offeror. DAS will only do so if it believes that it is in the State's interests and will not cause any material unfairness to other Offerors.

MULTIPLE OR ALTERNATE PROPOSALS. DAS accepts multiple Proposals from a single Offeror, but DAS requires each such Proposal be submitted separately from every other Proposal the Offeror makes. Additionally, the Offeror must treat every Proposal submitted as a separate and distinct submission and include in each Proposal all materials, information, documentation, and other items this RFP requires for a Proposal to be complete and acceptable. No alternate Proposal may incorporate materials by reference from another Proposal made by the Offeror or refer to another Proposal. DAS will judge each alternate Proposal on its own merit.

ADDENDA TO PROPOSALS. Addenda or withdrawals of Proposals will be allowed only if the addendum or withdrawal is received before the Proposal due date. No addenda or withdrawals will be permitted after the due date, except as authorized by this RFP.

PROPOSAL INSTRUCTIONS. Each Proposal must be organized in an indexed binder ordered in the same manner as the response items are ordered in Attachment Two of this RFP.

DAS wants clear and concise Proposals. Offerors should, however, take care to completely answer questions and meet the RFP's requirements thoroughly. All Offerors, including current contract holders, if applicable, must provide detailed and complete responses as Proposal evaluations, and subsequent scores, are based solely on the content of the Proposal.

No assumptions will be made or values assigned for the competency of the Offeror whether or not the Offeror is a current or previous contract holder.

The requirements for the Proposal's contents and formatting are contained in an attachment to this RFP.

DAS will not be liable for any costs incurred by an Offeror in responding to this RFP, regardless of whether DAS awards the Contract through this process, decides not to go forward with the Project, cancels this RFP for any reason, or contracts for the Project through some other process or by issuing another RFP.

PART FOUR: EVALUATION OF PROPOSALS

EVALUATION OF PROPOSALS. The evaluation process consists of, but is not limited to, the following steps:

1. Certification. The State shall open only those proposals certified as timely by the Auditor of State.
2. Initial Review. The State will review all certified Proposals for format and completeness. The State normally rejects any incomplete or incorrectly formatted Proposal, though it may waive any defects or allow an Offeror to submit a correction. If the Offeror meets the formatting and mandatory requirements listed herein, the State will continue to evaluate the proposal.
3. Proposal Evaluation. The procurement representative responsible for this RFP will forward all timely, complete, and properly formatted Proposals to an evaluation committee, which the procurement representative will chair. The evaluation committee will rate the Proposals submitted in response to this RFP based on criteria and weight assigned to each criterion.

The evaluation committee will evaluate and numerically score each Proposal that the procurement representative has determined to be responsive to the requirements of this RFP. The evaluation will be according to the criteria contained in this Part of the RFP. An attachment to this RFP may further refine these criteria, and the State has a right to break these criteria into components and weight any components of a criterion according to their perceived importance.

The committee may also have the Proposals or portions of them reviewed and evaluated by independent third parties or various State personnel with technical or professional experience that relates to the Work or to a criterion in the evaluation process. The committee may also seek reviews of end users of the Work or the advice or evaluations of various State committees that have subject matter expertise or an interest in the Work. In seeking such reviews, evaluations, and advice, the committee will first decide how to incorporate the results in the scoring of the Proposals. The committee may adopt or reject any recommendations it receives from such reviews and evaluations.

The evaluation will result in a point total being calculated for each Proposal. At the sole discretion of the State, any Proposal, in which the Offeror received a significant number of zeros for sections in the technical portions of the evaluation, may be rejected.

The State will document all major decisions in writing and make these a part of the Contract file along with the evaluation results for each Proposal considered.

4. Clarifications & Corrections. During the evaluation process, the State may request clarifications from any Offeror under active consideration and may give any Offeror the opportunity to correct defects in its Proposal if the State believes doing so does not result in an unfair advantage for the Offeror and it is in the State's best interests. Any clarification response that is broader in scope than what the State has requested may result in the Offeror's proposal being disqualified.
5. Interviews, Demonstrations, and Presentations. The State may require Offerors to be interviewed. Such presentations, demonstrations, and interviews will provide an Offeror with an opportunity to clarify its Proposal and to ensure a mutual understanding of the Proposal's content. This will also allow the State an opportunity to test or probe the professionalism, qualifications, skills, and work knowledge of the proposed candidates. The presentations, demonstrations, and interviews will be scheduled at the convenience and discretion of the State. The State may record any presentations, demonstrations, and interviews. No more than the top three (3) Proposals may be requested to present an oral presentation of their proposed Work Plan to the committee.
6. Contract Negotiations. Negotiations will be scheduled at the convenience of the State. The selected Offeror(s) are expected to negotiate in good faith.

General. Negotiations may be conducted with any Offeror who submits a competitive Proposal, but the State may limit discussions to specific aspects of the RFP. Any clarifications, corrections, or negotiated revisions that may occur during the negotiations phase will be reduced to writing and incorporated in the RFP, or the Offeror's Proposal, as appropriate. Negotiated changes that are reduced to writing will become a part of the Contract file open to inspection to the public upon award of the Contract. Any Offeror whose response continues to be competitive will be accorded fair and equal treatment with respect to any clarification, correction, or revision of the RFP and will be given the opportunity to negotiate revisions to its Proposal based on the amended RFP.

Top-ranked Offeror. Should the evaluation process have resulted in a top-ranked Proposal, the State may limit negotiations to only that Offeror and not hold negotiations with any lower-ranking Offeror. If negotiations are unsuccessful with the top-ranked Offeror, the State may then go down the line of remaining Offerors,

according to rank, and negotiate with the next highest-ranking Offeror. Lower-ranking Offerors do not have a right to participate in negotiations conducted in such a manner.

Negotiation with Other Offerors. If the State decides to negotiate with all the remaining Offerors, or decides that negotiations with the top-ranked Offeror are not satisfactory and negotiates with one or more of the lower-ranking Offerors, the State will then determine if an adjustment in the ranking of the remaining Offerors is appropriate based on the negotiations. The Contract award, if any, will then be based on the final ranking of Offerors, as adjusted.

Negotiation techniques that reveal one Offeror's price to another or disclose any other material information derived from competing Proposals are prohibited. Any oral modification of a Proposal will be reduced to writing by the Offeror as described below.

Post Negotiation. Following negotiations, the State may set a date and time for the submission of best and final Proposals by the remaining Offeror(s) with which the State conducted negotiations. If negotiations were limited and all changes were reduced to signed writings during negotiations, the State need not require the submissions of best and final Proposals.

It is entirely within the discretion of the State whether to permit negotiations. An Offeror must not submit a Proposal assuming that there will be an opportunity to negotiate any aspect of the Proposal. The State is free to limit negotiations to particular aspects of any Proposal, to limit the Offerors with whom the State wants to negotiate, and to dispense with negotiations entirely.

The State generally will not rank negotiations. The negotiations will normally be held to correct deficiencies in the preferred Offeror's Proposal. If negotiations fail with the preferred Offeror, the State may negotiate with the next Offeror in ranking. Alternatively, the State may decide that it is in the interests of the State to negotiate with all the remaining Offerors to determine if negotiations lead to an adjustment in the ranking of the remaining Offerors.

From the opening of the Proposals to the award of the Contract, everyone working on behalf of the State to evaluate the Proposals will seek to limit access to information contained in the Proposals solely to those people with a need to know the information. They will also seek to keep this information away from other Offerors, and the evaluation committee will not be allowed to tell one Offeror about the contents of another Offeror's Proposal in order to gain a negotiating advantage.

Before the award of the Contract or cancellation of the RFP, any Offeror that seeks to gain access to the contents of another Offeror's Proposal may be disqualified from further consideration.

The written changes will be drafted and signed by the Offeror and submitted to the State within a reasonable period of time. If the State accepts the change, the State will give the Offeror written notice of the State's acceptance. The negotiated changes to the successful offer will become a part of the Contract.

Failure to Negotiate. If an Offeror fails to provide the necessary information for negotiations in a timely manner, or fails to negotiate in good faith, the State may terminate negotiations with that Offeror and collect on the Offeror's proposal bond, if a proposal bond was required in order to respond to this RFP.

7. Best and Final Offer. If best and final proposals, or best and final offers (BAFOs), are required, they may be submitted only once; unless the State makes a determination that it is in the State's interest to conduct additional negotiations. In such cases, the State may require another submission of best and final proposals. Otherwise, discussion of or changes in the best and final proposals will not be allowed. If an Offeror does not submit a best and final proposal, the Offeror's previous Proposal will be considered the Offeror's best and final proposal.
8. Determination of Responsibility. The State may review the highest-ranking Offerors or its key team members to ensure that the Offeror is responsible. The Contract may not be awarded to an Offeror that is determined not to be responsible. The State's determination of an Offeror's responsibility may include the following factors: the experience of the Offeror and its key team members; past conduct and past performance on previous contracts; ability to execute this contract properly; and management skill. The State will make such determination of responsibility based on the Offeror's Proposal, reference evaluations, and any other information the State requests or determines to be relevant.
9. Reference Checks. The state may conduct reference checks to verify and validate the Offeror's or proposed candidate's past performance. Reference checks indicating poor or failed performance by the Offeror or proposed candidate may be cause for rejection of the proposal. In addition, failure to provide requested reference contact information may result in the State not including the referenced experience in the evaluation process.

The reference evaluation will measure the criteria contained in this part of the RFP as it relates to the Offeror's previous contract performance including, but not limited, to its performance with other local, state, and federal

entities. The State reserves the right to check references other than those provided in the Offeror's Proposal. The State may obtain information relevant to criteria in this part of the RFP, which is deemed critical to not only the successful operation and management of the Project, but also the working relationship between the State and the Offeror.

FINANCIAL ABILITY. Part of the Proposal evaluation criteria is the qualifications of the Offeror which include, as a component, the Offeror's financial ability to perform the Contract. This RFP may expressly require the submission of financial statements from all Offerors in the Proposal contents attachment. If the Proposal contents attachment does not make this an expressed requirement, the State may still insist that an Offeror submit audited financial statements for up to the past three (3) years if the State is concerned that an Offeror may not have the financial ability to carry out the Contract.

In evaluating an Offeror's financial ability, the weight the State assigns, if any, to that financial ability will depend on whether the Offeror's financial position is adequate or inadequate. That is, if the Offeror's financial ability is adequate, the value assigned to the Offeror's relative financial ability in relation to other Offerors may or may not be significant, depending on the nature of the Work. If the State believes the Offeror's financial ability is not adequate, the State may reject the Proposal despite its other merits.

The State will decide which phases are necessary. The State has the right to eliminate or add phases at any time in the evaluation process.

To maintain fairness in the evaluation process, all information sought by the State will be obtained in a manner such that no Offeror is provided an unfair competitive advantage.

MANDATORY REQUIREMENTS. The following Table 1 contains items that are considered minimum requirements for this RFP.

Determining the Offeror's ability to meet the minimum requirements is the first step of the DAS evaluation process. The Offeror must demonstrate, to DAS, it meets all minimum requirements listed in the Mandatory Requirements section (Table 1). The Offeror's response to the minimum requirements must be clearly labeled "Mandatory Requirements" and collectively contained in Tab 1 of the Offeror's Proposal in the "Cover Letter and Mandatory Requirements" section. (Refer to Attachment Two of the RFP document for additional instructions.)

DAS will evaluate Tab 1, alone, to determine whether the Proposal meets all Mandatory Requirements. If the information contained in Tab 1 does not clearly meet every Mandatory Requirement, the Proposal will be disqualified by DAS and DAS will not evaluate any other portion of the Proposal.

TABLE 1 - MANDATORY PROPOSAL REQUIREMENTS

MANDATORY REQUIREMENTS	ACCEPT	REJECT
The Offeror provides a Cover Letter, which includes a checklist addressing the Mandatory Proposal Requirements.		
The Offeror provides a detailed example or project summary for similar work performed within the past five (5) years.		
The Offer provides a Work Plan.		

If the State receives no Proposals meeting all of the mandatory requirements, the State may elect to cancel this RFP.

PROPOSAL EVALUATION CRITERIA. If the Offeror provides sufficient information to DAS, in Tab 1, of its proposal, demonstrating it meets the Mandatory Requirements, the Offeror's Proposal will be included in the next part of the evaluation process which involves the scoring of the Proposal Technical Requirements, followed by the scoring of the Cost Proposals. In the Proposal evaluation phase, the State rates the Proposals submitted in response to this RFP based on the following listed criteria and the weight assigned to each criterion. The possible points allowed in this RFP are distributed as indicated in the Table 2 - Scoring Breakdown.

TABLE 2 - SCORING BREAKDOWN

Criteria	Maximum Allowable Points
Proposal Technical Requirements	500 Points
Proposal Cost	270 Points
Total	770 Points

The scale below (0-5) will be used to rate each proposal on the criteria listed in the Technical Proposal Evaluation table.

DOES NOT MEET 0 POINTS	WEAK 1 POINT	WEAK TO MEETS 2 POINTS	MEETS 3 POINTS	MEETS TO STRONG 4 POINTS	STRONG 5 POINTS
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The State will score the Proposals by multiplying the score received in each category by its assigned weight and adding all categories together for the Offeror's Total Technical Score in Table 3. Representative numerical values are defined as follows:

1. DOES NOT MEET (0): Response does not comply substantially with requirements or is not provided.
2. WEAK (1): Response was poor related to meeting the objectives.
3. WEAK TO MEETS (2): Response indicates the objectives will not be completely met or at a level that will be below average.
4. MEETS (3): Response generally meets the objectives (or expectations).
5. MEETS TO STRONG (4): Response indicates the objectives will be exceeded.
6. STRONG (5): Response significantly exceeds objectives (or expectations) in ways that provide tangible benefits or meets objectives (or expectations) and contains at least one enhancing feature that provides significant benefits.

TABLE 3 - TECHNICAL PROPOSAL EVALUATION

CRITERION	WEIGHT	RATING (0=DOES NOT MEET TO 5=STRONG)	EXTENDED SCORE
The Offeror demonstrates in its cover letter, its understanding of the Scope of Work, services required, standards expected, and previous experience in conducting similar economic studies.	10		
OFFEROR PROFILE			
The Offeror's experience in providing a minimum of three (3) previous projects within the previous five (5) years.	15		
The Offeror's previous example of a similar completed assessment.	15		
OFFEROR REFERENCES			
Offeror's qualifications and three (3) client references detailing experience in the industry and identifying previous lottery or gaming experience.	10		
STAFFING PLAN			
Offeror's Project Personnel. An identification of the proposed individuals who will work on the project. Offeror lists those individuals in order of their importance to this project.	15		
SCOPE OF WORK			
The Offeror demonstrates in its Work Plan, its ability to complete the Project requirements and experience in conducting studies such as this.	15		
The Offeror's proposed Project Timeline for conducting research and producing the report.	15		
The Offeror's support requirements.	5		

Total Technical Score: _____

In this RFP, the State asks for responses and submissions from Offerors, most of which represent components of the above criteria. While each criterion represents only a part of the total basis for a decision to award the Contract to an Offeror, a failure by an Offeror to make a required submission or meet a mandatory requirement will normally result in a rejection of that Offeror's Proposal. The value assigned above to each criterion is only a value used to determine which Proposal is the most advantageous to the State in relation to the other Proposals that the State received.

Once the technical merits of a Proposal are evaluated, the costs of that Proposal will be considered. It is within the State's discretion to wait to factor in a Proposal's cost until after any interviews, presentations, demonstrations or discussions. Also, before evaluating the technical merits of the Proposals, the State may do an initial review of costs to determine if any Proposals should be rejected because of excessive cost. The State may reconsider the excessiveness of any Proposal's cost at any time in the evaluation process.

Cost Proposal Points: The State will calculate the Offeror's Cost Proposal points after the Offeror's total technical points are determined, using the following method:

Cost points = (lowest Offeror's cost/Offeror's cost) x Maximum Allowable Cost Points as indicated in the "Scoring Breakdown" table. The value is provided in the Scoring Breakdown table. "Cost" = Total Not to Exceed Cost identified in the Cost Summary section of Offeror Proposals. In this method, the lowest cost proposed will receive the Maximum Allowable Points.

The number of points assigned to the cost evaluation will be prorated, with the lowest accepted cost proposal given the maximum number of points possible for this criterion. Other acceptable cost proposals will be scored as the ratio of the lowest price proposal to the proposal being scored, multiplied by the maximum number of points possible for this criterion.

An example for calculating cost points, where Maximum Allowable Cost Points Value = 60 points, is the scenario where Offeror X has proposed a cost of \$100.00. Offeror Y has proposed a cost of \$110.00 and Offeror Z has proposed a cost of

\$120.00. Offeror X, having the lowest cost, would get the maximum 60 cost points. Offeror Y's cost points would be calculated as \$100.00 (Offeror X's cost) divided by \$110.00 (Offeror Y's cost) equals 0.909 times 60 maximum points, or a total of 54.5 points. Offeror Z's cost points would be calculated as \$100.00 (Offeror X's cost) divided by \$120.00 (Offeror Z's cost) equals 0.833 times 60 maximum points, or a total of 50 points.

Cost Score: _____

FINAL STAGES OF EVALUATION. The Offeror with the highest point total from all phases of the evaluation (Technical Points + Cost Points) will be recommended for the next phase of the evaluation.

Technical Score: _____ + Cost Score: _____ = Total Score: _____

If the State finds that one or more Proposals should be given further consideration, the State may select one or more of the highest-ranking Proposals to move to the next phase. The State may alternatively choose to bypass any or all subsequent phases and make an award based solely on the proposal evaluation phase.

REJECTION OF PROPOSALS. The State may reject any Proposal that is not in the required format, does not address all the requirements of this RFP, or that the State believes is excessive in price or otherwise not in its interests to consider or to accept. In addition, the State may cancel this RFP, reject all the Proposals, and seek to do the Project through a new RFP or by other means.

DISCLOSURE OF PROPOSAL CONTENTS. The State will seek to open the Proposals in a manner that avoids disclosing their contents. Additionally, the State will seek to keep the contents of all Proposals confidential until the Contract is awarded. The State will prepare a registry of Proposals containing the name and address of each Offeror. That registry will be open for public inspection after the Proposals are opened.

PART FIVE: AWARD OF THE CONTRACT

CONTRACT AWARD. DAS plans to award the Contract based on the schedule in the RFP, if the State decides the Project is in its best interests and has not changed the award date.

The signature page for the Contract is included as Attachment Four of this RFP. In order for an Offeror's Proposal to remain under active consideration, the Offeror must sign, the two (2) copies enclosed, in blue ink and return the signed Contracts to DAS with its response. Submittal of a signed Contract does not imply that an Offeror will be awarded the Contract. In awarding the Contract, DAS will issue an award letter to the selected Contractor. The Contract will not be binding on DAS until the duly authorized representative of DAS signs both copies and returns one (1) to the Contractor, the Agency issues a purchase order, and all other prerequisites identified in the Contract have occurred.

DAS expects the Contractor to commence work upon receipt of a state issued purchase order. If DAS awards a Contract pursuant to this RFP and the Contractor is unable or unwilling to commence the work, DAS reserves the right to cancel the Contract and return to the original RFP process and evaluate any remaining Offeror Proposals reasonably susceptible of being selected for award of the Contract. The evaluation process will resume with the next highest ranking, viable Proposal.

CONTRACT. If this RFP results in a Contract award, the Contract will consist of this RFP including all attachments, written addenda to this RFP, the Contractor's accepted Proposal and written authorized addenda to the Contractor's Proposal. It will also include any materials incorporated by reference in the above documents and any purchase orders and change orders issued under the Contract. The general terms and conditions for the Contract are contained in Attachment Three of this RFP. If there are conflicting provisions between the documents that make up the Contract, the order of precedence for the documents is as follows:

1. This RFP, as amended;
2. The documents and materials incorporated by reference in the RFP;
3. The Offeror's proposal, as amended, clarified, and accepted by DAS; and
4. The documents and materials incorporated by reference in the Offeror's Proposal.

Notwithstanding the order listed above, change orders and amendments issued after the Contract is executed may expressly change the provisions of the Contract. If they do so expressly, then the most recent of them will take precedence over anything else that is part of the Contract.

ATTACHMENT ONE: WORK REQUIREMENTS AND SPECIAL PROVISIONS
PART ONE: WORK REQUIREMENTS

This attachment describes the Project and what the Contractor must do to complete the Project satisfactorily. It also describes what the Offeror must deliver as part of the completed Project (the "Deliverables"), and it gives a detailed description of the Project's schedule.

I. SCOPE OF WORK. The OLC is seeking an economic assessment and review regarding an Ohio racetrack VLT program. The OLC would like to determine the best method of obtaining the highest return to the State from both license fees and commissions while allowing a fair return on investment for the tracks.

A. CONTRACTOR RESPONSIBILITIES. The Contractor must meet all RFP requirements and perform Work as defined in the Scope of Work.

B. GENERAL REQUIREMENTS. The Contractor agrees to meet or exceed all standards, regulations, laws, and ordinances as adopted by federal, state, and local authorities. These laws and ordinances must include, but not be limited to, any governing body under which the State may operate now or in the future.

C. RESOURCES. Informational resources are available to prospective Offerors, for informational purposes, at the following URL addresses/hyperlinks:

1. The Ohio Lottery Commission: <http://www.ohiolottery.com/>.

2. The state of Ohio Analysis of the 2009 Ohio Casino Initiative:

http://procure.ohio.gov/PDF/SecretaryofstateCasino_2009_Analysis.pdf

D. PROJECT DESCRIPTION AND REQUIREMENTS.

The Offeror shall look at the gaming industry in other relevant or similar jurisdictions. The Offeror shall benchmark the best practices in all jurisdictions with racetrack VLTs and look for practices that would help the Ohio Lottery Commission implement an effective program in the state of Ohio.

The Offeror shall review and have a thorough understanding of Chapter 3770 of the Ohio Revised Code, the Commission's enabling statute, as well as drafted Administrative Code Rules. The Offeror shall suggest what changes, if any, are needed to modernize the Revised Code and/or Administrative Code.

The results of this study should not necessarily be limited to solutions that are unique to a racetrack VLT Program.

E. WORK PLAN AND TIMELINE. The Offer must submit a Work Plan and a projected timeline, including a Gantt chart, which demonstrates its ability to meet the objectives listed in the Project Requirements paragraph above.

It is also expected that the Consultant attend an introductory/kick-off meeting and present the study findings at the OLC Headquarters in Cleveland, Ohio.

F. COMMUNICATION AND FINAL REPORTING. It is expected that the Consultant will designate one (1) individual as the primary contact for the Project. If there is an unexpected interruption in the services provided by the primary person, a back-up person of comparable qualifications must be available to continue and complete the project.

1. The successful Offeror shall provide the Commission with status reports as requested by the OLC.

2. The Final Report shall include, but not be limited to the following topics:

a) Revenue Maximizing Strategies – Award of Licenses. Assess and make recommendations with respect to methods of awarding licenses.

b) License Fees and Commission Rates. Assess and make recommendations with respect to license terms and fees, renewal fees, and commission rates, including appropriate ranges and mixes of such fees and commissions. Note: license holders will be responsible for the lease or purchase of VLTs, the testing and certification of VLTs as required by the OLC; and the management of the video lottery terminals within their facilities.

c) Infrastructure Investment Requirements. Assess and make recommendations with respect to appropriate infrastructure investments that should be required of the racetracks, including ranges of dollar investments to be required.

- d) Economic Impact / Effects on Racetrack VLTs, Casinos, and Traditional Lottery. Assess and estimate the economic effects casinos, racetrack VLTs, and traditional lottery will have on each other, including the effects of casinos and VLT operations in neighboring states.
- e) Revenue Estimates. Assess and estimate ranges of gross and net income to be derived by the OLC from offering a VLT gaming solution at up to seven (7) racetrack facilities. The estimate shall include the estimated number of market supported gaming devices at each track, the estimated number of annual visitors to each track, and the average win "gross take" per gaming machine at each track. The estimate shall include a sensitivity analysis that shows how the estimated gross and net income may vary when assumptions about parameters affecting play are changed. The estimate shall also include detail on gambling revenues driven from Ohio versus out-of-state players, by track.

NOTE: For each of these topics please include the methodologies utilized to collect data, sources of data, statistical analysis software used for the study, etc.

- f) Samples of surveys used shall be available to the State upon request.
3. The Final Report shall be completed and delivered to the Commission within 90 days of the Contract award, unless another date is mutually agreed to by the parties.
 4. Formal written recommendations that address the specific areas noted shall be provided as part of the Final Report.
 5. The successful Offeror shall provide ten (10), bound, hard copies of the study's Final Report and a complete electronic copy of the Final Report.

II. BILLING/PAYMENT.

- A. The Contractor shall submit an invoice for the services rendered once the study is complete and the report is presented to the Commission.
- B. The State shall process invoices for payment within 30 days of receiving the invoice.

III. OLC RESPONSIBILITIES. The OLC shall:

- A. Coordinate and communicate with the successful Offeror as necessary to implement the Project.
- B. Coordinate any necessary or required meetings with the selected Contractor.
- C. The OLC will make available to the Consultant the personnel, equipment, and data resources necessary to complete this project. The Consultant is requested to identify the likely level of support necessary from the OLC.
- D. Payment to Contractor for services rendered in accordance with the terms of the Contract.

ATTACHMENT ONE: WORK REQUIREMENTS AND SPECIAL PROVISIONS
PART TWO: SPECIAL PROVISIONS

THE OFFEROR'S FEE STRUCTURE. The Contractor will be paid as proposed on the Cost Summary Form after the Agency approves the receipt of product(s) and continued completion of all deliverables.

REIMBURSABLE EXPENSES. None.

BILL TO ADDRESS.

The Ohio Lottery Commission
ATTN: Accounts Payable
615 W. Superior Ave.
Cleveland, OH 44113

ATTACHMENT TWO: REQUIREMENTS FOR PROPOSALS

PROPOSAL FORMAT. Each Proposal must include sufficient data to allow the State to verify the total cost for the Project and all of the Offeror's claims of meeting the RFP's requirements. Each Proposal must respond to every request for information in this attachment whether the request requires a simple "yes" or "no" or requires a detailed explanation. Simply repeating the RFP's requirement and agreeing to comply will be an unacceptable response and may cause the Proposal to be rejected.

This attachment (Attachment Two) lists the order (and requirements for each tabbed component) in which documents should be provided, in an indexed binder and labeled as specified in Part Three (Proposals Submittal) of the RFP. Offerors must ensure that all Project requirements/components, as specified in Attachment One, Part One have been addressed.

These instructions describe the required format for a responsive Proposal. The Offeror may include any additional information it believes is relevant. An identifiable tab sheet must precede each section of a Proposal, and each Proposal must follow the format outlined below. All pages, except pre-printed technical inserts, must be sequentially numbered. Any material deviation from the format outlined below may result in a rejection of the non-conforming Proposal.

Each Proposal must contain the following information, chronologically in order, with tabbed sections as listed below:

1. Cover Letter and Mandatory Requirements
2. Certification
3. Offeror Disclosure of Location of Services and Data
4. Signed Contracts
5. Offeror Profile and Prior Project(s)
6. Offeror References
7. Staffing Plan
8. Work Plan
9. Support Requirements
10. Conflict of Interest Statement
11. Assumptions
12. Proof of Insurance
13. Payment Address
14. Contract Performance
15. W-9 Form and Additional Vendor Information Form
16. Declaration Regarding Material Assistance/Non-assistance to a Terrorist Organization (DMA)
17. Standard Affirmation and Disclosure Form - Executive Order 2010-09S Requirements.
18. Affirmative Action Plan
19. Cost Summary Form

REQUIREMENTS:

1. **Cover Letter.** The cover letter must be in the form of a standard business letter and must be signed by an individual authorized to legally bind the Offeror. The cover letter will provide an executive summary of the solution the Offeror plans to provide. The letter must also have the following:
 - a. A statement regarding the Offeror's legal structure (e.g., an Ohio corporation), Federal tax identification number, and principal place of business.
 - b. A list of the people who prepared the Proposal, including their titles.
 - c. The name, phone number, fax number, e-mail address, and mailing address of a contact person who has authority to answer questions regarding the Proposal.
 - d. A list of all subcontractors, if any, that the Offeror will use on the Project if the Offeror is selected to do the Work. In addition, the Contractor must provide a list of the tests each of the subcontractors will be performing.
 - e. For each proposed subcontractor, the Offeror must attach a letter from the subcontractor, signed by someone authorized to legally bind the subcontractor, with the following included in the letter:
 - 1) The subcontractor's legal status, tax identification number, and principal place of business address.
 - 2) The name, phone number, fax number, e-mail address, and mailing address of a person who is authorized to legally bind the subcontractor to contractual obligations.
 - 3) A description of the work the subcontractor will do.
 - 4) A commitment to do the work if the Offeror is selected.
 - 5) A statement that the subcontractor has read and understood the RFP and will comply with the requirements of the RFP.
 - 6) A statement that the Subcontractor will maintain any permits, licenses, and certifications required to perform work.

- f. A statement that the Offeror's proposed solution for the Project meets all the requirements of this RFP.
- g. A statement that the Offeror has not taken any exception to the Terms and Conditions.
- h. A statement that the Offeror does not assume there will be an opportunity to negotiate any aspect of the proposal.
- i. A statement indicating the Offeror will comply with all Federal and Ohio (Ohio Revised Code) Laws and Rules of the Ohio Administrative Code as those law and rules are currently enacted and promulgated, and as they may subsequently be amended and adopted.
- j. A statement that the Contractor shall not substitute, at Project start-up, different personnel from those evaluated by the State except when a candidate's unavailability is no fault of the Contractor (e.g., Candidate is no longer employed by the Contractor, is deceased, etc.).
- k. A statement that the Offeror is not now, and will not become subject to an "unresolved" finding for recovery under Revised Code Section 9.24, prior to the award of a Contract arising out of this RFP, without notifying DAS of such finding.
- l. A statement that all the Offerors personal and business associates are in compliance with Chapter 3517 of the Revised Code regarding limitations on political contributions and will remain in compliance for the duration of the Contract and with all applicable provisions that extend beyond the expiration of the Contract. Refer to the Political Contributions paragraph in Attachment Three, Part Seven of this RFP document.
- m. All contractors from whom the State or any of its political subdivisions make purchases in excess of \$2500.00 shall have a written affirmative action program for the employment and effective utilization of economically disadvantaged persons, as referred to in division (E)(1) of section 122.71 of the Revised Code. Annually, each such contractor shall file a description of the affirmative action program and a progress report on its implementation with the Equal Employment Opportunity office of the Department of Administrative Services. Provide a statement that the Offeror has been approved through this affirmative action program. Refer to the Affirmative Action paragraph in Attachment Two and to the Equal Employment Opportunity paragraph in Attachment Three, Part Seven of this RFP.
- n. Registration with the Secretary of State. By the signature affixed to this Offer, the Offeror attests that the Offeror is:
 - 1) An Ohio corporation that is properly registered with the Ohio Secretary of State; or
 - 2) A foreign corporation, not incorporated under the laws of the state of Ohio, but is registered with the Ohio Secretary of State pursuant to Ohio Revised Code Sections 1703.01 to 1703.31, as applicable.

Any foreign corporation required to be licensed under Sections 1703.01 to 1703.31 of the Ohio Revised Code, which transacts business in the state of Ohio, without being so licensed, or when its license has expired or been canceled, shall forfeit not less than \$250 nor more than ten thousand dollars. No officer of a foreign corporation shall transact business in the state of Ohio, if such corporation is required by Section 1703.01 to 1703.31 of the Revised Code to procure and maintain a license, but has not done so. Whoever violates this is guilty of a misdemeanor of the fourth degree.

Offeror attests that it is registered with the Ohio Secretary of State.

The Offeror's Charter Number is: _____.

Questions regarding registration should be directed to (614) 466-3910 or visit the Web site at:
<http://www.sos.state.oh.us>

All Offerors who seek to be considered for a contract award must submit a response that contains an affirmative statement using the language in paragraph(s) a. through m. above.

Responses to all Mandatory Requirements from Table 1 must be included in this section (Tab 1).

2. **CERTIFICATION.** Each Proposal must include the following certification signed by the individual Offeror.

(Insert Company name) affirms they are the prime Offeror.

(Insert Company name) affirms it shall not and shall not allow others to perform work or take data outside the United States without express written authorization from the Agency Project Representative.

(Insert Company name) affirms that all personnel provided for the Project, who are not United States citizens, will have executed a valid I-9 form and presented valid employment authorization documents.

(Insert Company name) affirms that any small business program participants will provide necessary data to ensure program reporting and compliance.

(Insert Company name) agrees that it is a separate and independent enterprise from the state of Ohio, the Agency, and the Department of Administrative Services. *(Insert Company name)* has a full opportunity to find other business and has

made an investment in its business. Moreover (*Insert Company name*) will retain sole and absolute discretion in the judgment of the manner and means of carrying out its obligations and activities under the Contract. This Contract is not to be construed as creating any joint employment relationship between (*Insert Company name*) or any of the personnel provided by (*Insert Company name*), the Agency, or the Department of Administrative Services.

(*Insert Company name*) affirms that the individuals supplied under the Contract are either: (1) employees of (*Insert Company name*) with (*Insert Company name*) withholding all appropriate taxes, deductions, or contributions required under law; or (2) independent contractors to (*Insert Company name*).

If the Offeror's personnel are independent Contractors to the Offeror, the certification must also contain the following sentence:

(*Insert Company name*) affirms that it has obtained a written acknowledgement from its independent Contractors that they are separate and independent enterprises from the state of Ohio and the Department of Administrative Services and the Agency for all purposes including the application of the Fair Labor Standards Act, Social Security Act, Federal Unemployment Tax Act, Federal Insurance Contributions Act, the provisions of the Internal Revenue Code, Ohio tax law, worker's compensation law and unemployment insurance law.

3. OFFEROR DISCLOSURE OF LOCATION OF SERVICES AND DATA. As part of the Proposal, the Offeror must disclose the following:

- a. The location(s) where all services will be performed.
- b. The location(s) where any State data applicable to the Contract will be maintained or made available.
- c. The principal location of business for the Contractor.

During the performance of this Contract, the Offeror must not change the location(s) of the country where the services are performed, change the location(s) of the country where the data are maintained, or made available without prior written approval of the Department of Administrative Services.

4. Signed Contracts. The Offeror must provide two (2) originally signed, blue ink copies of the included Contract, Attachment Four. Offeror must complete, sign and date both copies of the Contract and include it with their Proposal. (Attachment Four).
5. Offeror Profile and Prior Projects. Each Proposal must include a profile of the Offeror's capability, capacity, and relevant experience working on projects similar to this Work. The profile must also include the Offeror's legal name; address; telephone number; fax number; e-mail address; home office location; date established; ownership (such as public firm, partnership, or subsidiary); firm leadership (such as corporate officers or partners); number of employees; number of employees engaged in tasks directly related to the Work; and any other background information that will help the State gauge the ability of the Offeror to fulfill the obligations of the Contract. The financial stability of the company should also be described and is considered a necessary component of this portion of the Proposal's response. This RFP includes Offeror Profile Form as Attachment Five which must be completed for the Offeror. The Offeror must use this form and fill it out completely to provide the Offeror requirement information.

The Offeror shall also provide information on the firm's background as well as evidence that it has in place the personnel, internal procedures, and any other resources required under the terms of the Contract to ensure successful performance and contract compliance. Offerors must describe current operational capacity of the organization and the Offeror's ability to absorb the additional workload resulting from this Project. Failure to recreate the form accurately to include all fields, may lead to the rejection of the Offeror's Proposal.

The Offeror must document previous experience and expertise in providing a minimum of three (3) previous projects, similar in size and complexity, in the previous five (5) years and one (1) example of a similar completed assessment. These projects must be of similar size, scope and nature. Details of the similarities must be included.

6. Offeror References. The Offeror must include a minimum of three (3) references for organizations and/or clients for whom the Offeror has successfully provided services on projects that were similar in their nature, size, and scope to the Work. These references must relate to work that was completed within the past five (5) years. This RFP includes an Offeror Reference Form as Attachment Six. Failure to recreate the form accurately may lead to the rejection of the Offeror's Proposal.

The State does not assume that since the experience requirement is provided at the top of the page that all descriptions on that page relate to that requirement. Offerors must reiterate the experience being described, including the capacity in which the experience was performed and the role of the Offeror on the Project. It is the Offeror's responsibility to customize the description to clearly substantiate the qualification. Previous experience must include the conduct, management, and coordination of projects. Incumbents must ensure specifics are addressed. Evaluations will not be based on intrinsic knowledge of evaluation committee members.

The description of the related service shows the Offeror's experience, capability, and capacity to develop this Project's deliverables and/or to achieve this Project's milestones. Details such as the size of the contracting organizations, duration of involvement, level of responsibility, significant accomplishments, as well as a thorough description of the nature of the experience will be required for appropriate evaluation by the committee.

- a. Contact Information. The contact name, title, phone number, e-mail address, company name, and mailing address must be completely filled out. If the primary contact cannot be reached, the same information must be included for an alternate contact in lieu of the primary contact. Failure to provide requested contact information may result in the State not including the reference in the evaluation process.
- b. Project Name. The name of the project where the mandatory experience was obtained and/or service was provided.
- c. Dates of Experience. Must be completed to show the length of time the Offeror performed the experience being described, not the length of time the Offeror was engaged for the reference. The Offeror must complete these dates with a beginning month and year and an ending month and year.
- d. Description of the Related Service Provided. The State does not assume that since the experience requirement is provided at the top of the page that all descriptions on that page relate to that requirement. Offerors must reiterate the experience being described, including the capacity in which the experience was performed and the role of the Offeror on the Project. It is the Offeror's responsibility to customize the description to clearly substantiate the qualification.
- e. Description of how the related service shows the Offeror's experience, capability and capacity to develop this Project's deliverables and/or to achieve this Project's milestones.
- f. The Offeror's project experience must be listed separately and completely every time it is referenced, regardless of whether it is on the same or different pages of the form.
- g. A statement of the Consultant's qualifications and client references detailing experience in the industry and identifying previous Lottery or Gaming experience.

When contacted, each reference must be willing to discuss the Offeror's previous performance on projects that were similar in their nature, size, and scope to the Work.

7. Staffing Plan. The Offeror must provide a staffing plan that identifies all key personnel required to do the Project and their responsibilities on the Project. The State is seeking a staffing plan that matches the proposed Project personnel and qualifications to the activities and tasks that will be completed on the Project. In addition, the plan must have the following information:
 - a. A matrix matching each key team member to the staffing requirements in this RFP.
 - b. A contingency plan that shows the ability to add more staff if needed to ensure meeting the Project's due date(s).
 - c. A discussion of the Offeror's ability to provide qualified replacement personnel, and position descriptions/requirements for the key roles.
 - d. The Offeror must submit a statement and chart that clearly indicate the time commitment of the proposed Work team, including the Work Manager, to this Work and any other, non-related work during the term of the Contract. The Offeror must also include a statement indicating to what extent, if any, the Work Manager may be used on other projects during the term of the Contract. The Evaluation Committee may reject any Proposal that commits the proposed Work Manager to other work during the term of the Contract if the committee believes that doing so will be detrimental to the Offeror's performance.
 - e. An identification of the proposed individuals who will work on the Project. Supporting documentation such as a resume, CV, bio sketch, or statement of experience must be provided for each individual. Offeror's are asked to list those individuals in order of their importance to this Project.

One of the criteria on which the State may base the award of the Contract is the quality of the Offeror's Work Team. Switching personnel after the award will not be accepted without due consideration. The Offeror must propose a Work Team that collectively meets all the requirements in this RFP. Additionally, each team member may have mandatory requirements listed in this RFP that the team member must individually meet. All candidates proposed must meet the technical experience for the candidate's position and be named.

8. Work Plan. Offeror must fully describe its current capacity, approach, methods, and specific work steps for doing the Work on this Project. The State encourages responses that demonstrate a thorough understanding of the nature of the Project and what the Contractor must do to complete the Project satisfactorily. To this end, the Offeror must submit for this section of the Proposal the Project plan that will be used to create a consistent, coherent management plan of action that will be used to guide the Project. The Project plan should include detail sufficient to give the State an understanding of the Offeror's knowledge and approach, including Gantt charts documenting the successful completion of all of the deliverables to complete the Project.

The Work Plan must demonstrate an understanding of the requirements of the project as described in Attachment One Part One Work Requirements. Describe the methodologies, processes and procedures it will utilize in the implementation and production of the Scope of Work. Provide a comprehensive Work Plan that gives ample description and detail as to how it proposes to accomplish this project and what resources are necessary to meet the deliverables.

The Work Plan shall include detail sufficient to give the State an understanding of the Offeror's knowledge and approach, and be consistent with the requirements as stated in Attachment One, Part One of this RFP. Specifically, Offerors must:

- a. Provide a Work Plan that definitively describes the processes and methodologies involved with performing Project requirements. Describe the approach used for each Project requirement. Include a Project time line, which includes all Deliverables, and plan delineating Project specifics to include time commitment and responsibility of each staff member. The timeline shall be delivered as a Gantt chart, where appropriate, showing all major tasks and delineating each phase of the Project. The timeline should clearly demonstrate how the work will be fully completed and the respective turn-around times.
- b. Describe the methodology proposed to prepare and present comprehensive reports accurately and within the required timeframes.
- c. Describe the methodology proposed to prepare and present periodic invoices within DAS guidelines.
- d. Provide a positive commitment to the availability of the Offeror's time on-site, when it is mutually agreed that on-site meetings will accomplish more than teleconferences or other means of communication.
- e. Address potential problem areas, recommended solutions to the problem areas, and any assumptions used in developing those solutions.

The State seeks insightful responses that describe proven state-of-the-art methods. Recommended solutions should demonstrate that the Offeror would be prepared to quickly undertake and successfully complete the required tasks. The Offeror's Work Plan shall clearly and specifically identify key personnel assignments and the number of hours by individual for each task and agree with the individuals identified in the Offeror Profile and Staffing Plan sections.

9. Support Requirements. The Offeror must describe the support it wants from the State other than what the State has offered in this RFP. Specifically, the Offeror should address the following:
 - a. Nature and extent of State support required in terms of staff roles, percentage of time available, etc.;
 - b. Assistance from State staff and the experience/qualification level required; and
 - c. Other support requirements.

The State may not be able or willing to provide the additional support the Offeror lists in this part of its Proposal. The Offeror must therefore indicate whether its request for additional support is a requirement for its performance. If any part of the list is a requirement, the State may reject the Offeror's Proposal if the State is unwilling or unable to meet the requirements.

10. Conflict of Interest Statement. Each Proposal must include a statement indicating whether the Offeror or any people that may work on the Project through the Offeror have a possible conflict of interest (e.g., employed by the State of Ohio, etc.) and, if so, the nature of that conflict. The State has the right to reject a Proposal in which a conflict is disclosed or cancel the Contract if any interest is later discovered that could give the appearance of a conflict.
11. Assumptions. The Offeror must provide a comprehensive listing of any and all of the assumptions that were made in preparing the Proposal. If any assumption is unacceptable to the State, it may be cause for rejection of the Proposal. No assumptions shall be included regarding negotiation, terms and conditions, and requirements.
12. Proof of Insurance. In this section, the Offeror must provide the certificate of insurance required by the General Terms & Conditions, Attachment Three, Part Two. The policy may be written on an occurrence or claims made basis.
13. Payment Address. The Offeror must give the address to which payments to the Offeror will be sent.

Offerors must provide verification of registration with the Ohio Secretary of State. Information pertaining to this requirement can be found at the following URL address:

<http://www.sos.state.oh.us/SOS/businessServices/StatutoryAgents.aspx>

14. Contract Performance. The Offeror must complete Attachment 8, Offeror Performance Form.
15. W-9 Form and Vendor Information Form. The Offeror must complete Federal Form W-9, Request for Taxpayer Identification Number and Certification form and the Vendor Information Form (OBM-5657) in their entirety. At least one (1) original of each form (signed in blue ink) must be submitted in the "original" copy of the Proposal. All other copies of the Proposal may contain duplicates of these completed forms. If a subsidiary company is involved, Offerors must have an original W-9 and OBM-5657 for both the parent and subsidiary companies. These documents and directions can be found on the OBM Web site under the heading "Vendor Forms" at the following URL address:

<http://www.ohiosharedservices.ohio.gov/Vendors.aspx>

The form requires either a Standard Industrial Classification (SIC) code or a North American Industry Classification System (NAICS) code. These codes can be found at: http://www.osha.gov/pls/imis/sic_manual.html for the SIC codes or <http://www.census.gov/eos/www/naics/> for the NAICS codes. Offeror shall follow instructions to determine the proper code.

16. Declaration Regarding Material Assistance/Non-assistance to a Terrorist Organization (DMA). The Offeror being awarded this Contract must be registered with the Ohio Business Gateway (OBG) at <http://obg.ohio.gov> to file for DMA pre-certification; if you are not already registered you must:

- a. Register with the Ohio Business Gateway (OBG) at:

<http://obg.ohio.gov>

- b. Review the Terrorist Exclusion List at:

http://www.publicsafety.ohio.gov/links/terrorist_exclusion_list.pdf

- c. Complete the Declaration Regarding Material Assistance/Non-Assistance to a Terrorist Organization (DMA) form at:

<http://www.publicsafety.ohio.gov/links/HLS0038.pdf>

Submit a hardcopy of this completed form with your RFP response. You must then return to the OBG and complete the form for online submission under "Electronic Filing." It is important that you submit the DMA form online at OBG and in hardcopy with the Proposal.

Failure to complete the certification may result in the Offeror being deemed not responsive and/or may invalidate any Contract award. If not submitted with the proposal response, the Offeror will have seven (7) calendar days, after notification, to submit the form.

17. Standard Affirmation and Disclosure Form - Executive Order 2010-09S Requirements. The Contractor affirms to have read and understands Executive Order 2010-09S issued by Ohio Governor Ted Strickland and shall abide by those requirements in the performance of this Contract, and shall perform no services required under this Contract outside of the United States. Offeror's shall submit a hardcopy of the DAS Standard Affirmation and Disclosure Form (Attachment Nine) as tab 17 of the Technical Proposal.

The Executive Order is available at the following Web site:

<http://www.governor.ohio.gov/Default.aspx?tabid=1495>

The Contractor also affirms, understands, and agrees to immediately notify the State of any change or shift in the location(s) of services performed by the Contractor or its subcontractors under this Contract, and no services shall be changed or shifted to a location(s) that are outside of the United States.

18. AFFIRMATIVE ACTION. Before a contract can be awarded or renewed, an Affirmative Action Program Verification Form must be completed using:

<http://das.ohio.gov/Divisions/EqualOpportunity/AffirmativeActionProgramVerification/tabid/133/Default.aspx>.

Approved Affirmative Action Plans can be found by going to the Equal Opportunity Department's Web site:

<http://eodreporting.oit.ohio.gov/searchAffirmativeAction.aspx>

Copies of approved Affirmative Action plans shall be supplied by the Offeror as part of its Proposal or inclusion of an attestation to the fact that the Offeror has completed the process and is pending approval by the EOD office.

19. COST SUMMARY FORM. The Cost Summary Form (Attachment Eleven) must be submitted with the Offeror's Proposal. The Offeror's total cost for the entire Project must be represented as the firm fixed price, for a not-to-exceed fiscal year cost. Offerors shall provide a comprehensive cost analysis; this cost must include all ancillary costs. All costs for furnishing the services must be included in the Cost Proposals as requested. No mention of or reference to, the Cost Proposals may be made in responses to the general, technical, performance, or support requirements of this RFP.

All prices, costs, and conditions outlined in the proposal shall remain fixed and valid for acceptance for 120 days, starting on the due date for proposals. The awarded contractor must hold the accepted prices and/or costs for the entire contract period. No price change shall be effective without prior written consent from DAS, OPS.

NOTE: Offeror's should ensure Cost Proposals are submitted separately from the Technical Proposals, as indicated the Proposal Submittal paragraph of this RFP (see Attachment Three). This information should not be included in the Technical Proposal.

The State shall not be liable for any costs the Offeror does not identify in its Proposal.

The Consultant shall propose a pricing estimate for the entire project including research, report development, inclusive of travel expenses. Offeror's should attest to the total value as well as indicate what percentage of the total they have allocated towards travel. Travel must not be indicated as a separate line item.

The Consultant should also propose an hourly service rate for additional research services that may be requested to supplement the deliverables. The State welcomes and encourages input with regard to potential additional consulting needs required subsequent to the completion of this report.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART ONE: PERFORMANCE AND PAYMENT

STATEMENT OF WORK. The RFP and the Offeror's Proposal (collectively referred to as the "RFP") are a part of this Contract and describe the Work (the "Project") the Contractor will do and any materials the Contractor will deliver (the "Deliverables") under this Contract. The Contractor will do the Project in a professional, timely, and efficient manner and will provide the Deliverables in a proper fashion. The Contractor will also furnish its own support staff necessary for the satisfactory performance of the Project.

The Contractor will consult with the appropriate State representatives and others necessary to ensure a thorough understanding of the Project and satisfactory performance. The State may give instructions to or make requests of the Contractor relating to the Project. The Contractor will comply with those instructions and fulfill those requests in a timely and professional manner. Those instructions and requests will be for the sole purpose of ensuring satisfactory completion of the Project and will not amend or alter the scope of the Project.

TERM. Unless this Contract is terminated, or expires without renewal, it will remain in effect until the Project is completed to the satisfaction of the State and the Contractor is paid. The current General Assembly cannot commit a future General Assembly to an expenditure. Therefore, this Contract will automatically expire at the end of each biennium. The State however, may renew this Contract in the next biennium by issuing written notice to the Contractor of the decision to do so. This expiration and renewal procedure will also apply to the end of any subsequent biennium during which the Project continues. Termination or expiration of this Contract will not limit the Contractor's continuing obligations with respect to Deliverables that the State paid for before termination or limit the State's rights in such.

It is understood that the State's funds are contingent upon the availability of lawful appropriations by the Ohio General Assembly. If the General Assembly fails at any time to continue funding for the payments and other obligations due as part of this Contract, the State's obligations under this Contract are terminated as of the date that the funding expires without further obligation of the State

The Project has a completion date that is identified in the RFP. The RFP may also have several dates for delivery of Deliverables or reaching certain milestones in the Project. The Contractor must make those deliveries, meet those milestones, and complete the Project within the times the RFP and the mutually agreed to Work Plan requires. If the Contractor does not meet those dates, the Contractor will be in default, and the State may terminate this Contract under the termination provision contained below. The State may also have certain obligations to meet. Those obligations, if any, are also listed in the RFP. If the State agrees that the Contractor's failure to meet the delivery, milestone, or completion dates in the RFP is due to the State's failure to meet its own obligations in a timely fashion, then the Contractor will not be in default, and the delivery, milestone, and completion dates affected by the State's failure to perform will be extended by the same amount of time as the State's delay. The Contractor may not rely on this provision unless the Contractor has in good faith exerted all professional management skill to avoid an extension and has given the State meaningful written notice of the State's failure to meet its obligations within five (5) business days of the Contractor's realization that the State's delay will impact the Project. The notice to the State must be directed at making the State aware of its delay and the impact of its delay. It must be sent to the Agency Project Representative and the State Procurement Representative. Remedies resulting from the State's delay will be at the State's discretion.

The State seeks a complete Project. Any incidental items omitted in the RFP will be provided as part of the Contractor's not-to-exceed fixed price. The Contractor must fully identify, describe, and document all systems that are delivered as a part of the Project. All hardware, software, supplies, and other required components (such as documentation, conversion, training, and maintenance) for the Project to be complete and useful to the State are included in the Project and the not-to-exceed fixed price.

ECONOMIC PRICE ADJUSTMENT. The Contract prices(s) will remain firm throughout the initial term of the Contract. Thereafter, prior to Contract renewal, the Contractor may submit a request to adjust their price(s) to be effective on the effective date of the Contract's renewal. No price adjustment will be permitted prior to the effective date; on purchase orders that already being processed; or on purchase orders that have been filled.

Price increases must be supported by a general price increase in the cost of the materials/services rendered due to documented increases in the cost of related materials/services. Detailed documentation, to include a comparison list of the Contract items and proposed price adjustments must be submitted to support the requested adjustment. Supportive documentation should include, but is not limited to: copies of the old and the current price lists or similar documents which indicate the original base cost of the product to the Contractor and the corresponding adjustment, and/or copies of correspondence sent by the Contractor's supplier on the supplier's letterhead, which contain the above price information and explains the source of the adjusted costs in such areas as raw materials, freight, fuel or labor, etc.

Should there be a decrease in the cost of the finished product due to a general decline in the market or some other factor, the Contractor is responsible to notify DAS immediately. The price decrease adjustment will be incorporated into the Contract and will be effective on all purchase orders issued after the effective date of the decrease. If the price decrease is a temporary decrease, such should be noted on the invoice. In the event that the temporary decrease is revoked, the Contract pricing will be returned to the pricing in effect prior to the temporary decrease. Failure to comply with this provision will be considered as a default and will be subject to the Suspension and Termination section contained herein.

COMPENSATION. In consideration of the Contractor's promises and satisfactory performance, the State will pay the Contractor the amount(s) identified in the RFP (the "Fee"), plus any other expenses identified as reimbursable in the RFP. In no event will payments under this Contract exceed the "not-to-exceed" amount in the RFP without the prior, written approval of the State and, when required, the Ohio Controlling Board and any other source of funding. The Contractor's right to the Fee is contingent on the complete and satisfactory performance of the Project or, in the case of milestone payments or periodic payments of an hourly, daily, weekly, monthly, or annual rate, all relevant parts of the Project tied to the applicable milestone or period. Payment of the Fee is also contingent on the Contractor delivering a proper invoice and any other documents required by the RFP.

An invoice must comply with the State's then-current policies regarding invoices and their submission. The State will notify the Contractor in writing within fifteen (15) business days after it receives a defective invoice of any defect and provide the information necessary to correct the defect.

The Contractor will send all invoices under this Contract to the "bill to" address in the RFP or in the applicable purchase order.

The State will pay the Contractor interest on any late payment as provided in Section 126.30 of the Ohio Revised Code (the "Revised Code"). If the State disputes a payment for anything covered by an invoice, within 15 business days after receipt of that invoice, the State will notify the Contractor, in writing, stating the grounds for the dispute. The State may then deduct the disputed amount from its payment as a non-exclusive remedy. If, in the opinion of the State, a material breach has occurred by the Contractor, the State retains the right to withhold payment from the Contractor. Both parties agree that an attempt at resolution of any claims or material breach or disputes will first be made jointly by the Contractor Project Manager, the Contractor Project Principal, the Agency Project Representative and the State Procurement Administrator. If, within 30 calendar days following the above notification, the claim or dispute has not been resolved, only then will it be submitted to non-binding mediation (pursuant to the rules as stipulated by the American Arbitration Association). A claim or dispute must be submitted to non-binding mediation prior to the initiation of any formal legal process. The State will consult with the Contractor as early as reasonably possible about the nature of the claim or dispute and the amount of payment affected. When the Contractor has resolved the matter to the State's satisfaction, the State will pay the disputed amount within 30 business days after the matter is resolved. No payments are required to be made by the State until the matter is resolved.

If the State has already paid the Contractor on an invoice but later disputes the amount covered by the invoice, and if the Contractor fails to correct the problem within 30 calendar days after written notice, the Contractor will reimburse the State for that amount at the end of the 30 calendar days as a non-exclusive remedy for the State. On written request from the Contractor, the State will provide reasonable assistance in determining the nature of the problem by giving the Contractor reasonable access to the State's facilities and any information the State has regarding the problem.

REIMBURSABLE EXPENSES. The State will pay all reimbursable expenses identified in the RFP, if any, in accordance with the terms in the RFP and, where applicable, Section 126.31 of the Revised Code. The Contractor will assume all expenses that it incurs in the performance of this Contract that are not identified as reimbursable in the RFP.

In making any reimbursable expenditure, the Contractor will always comply with the more restrictive of its own, then-current internal policies for making such expenditures or with the State's then-current policies. All reimbursable travel will require the advance written approval of the State's Agency Project Representative. All reimbursable expenses will be billed monthly and paid by the State within 30 business days of receiving the Contractor's invoice.

CERTIFICATION OF FUNDS. None of the rights, duties, or obligations in this Contract will be binding on the State, and the Contractor will not begin its performance, until all the following conditions have been met:

1. All statutory provisions under the Revised Code, including Section 126.07, have been met.
2. All necessary funds are made available by the appropriate state agencies.
3. If required, approval of this Contract is given by the Controlling Board of Ohio.

If the State is relying on Federal or third-party funds for this Contract, the State gives the Contractor written notice that such funds have been made available.

EMPLOYMENT TAXES. Each party will be solely responsible for reporting, withholding, and paying all employment related taxes, payments, and withholdings for its own personnel, including, but not limited to, Federal, state and local income taxes, social security, unemployment or disability deductions, withholdings, and payments (together with any interest and penalties not disputed with the appropriate taxing authority). All people the Contractor provides to the State under this Contract will be deemed employees of the Contractor for purposes of withholdings, taxes, and other deductions or contributions required under the law.

SALES, USE, EXCISE, AND PROPERTY TAXES. The State is exempt from any sales, use, excise, and property tax. To the extent sales, use, excise, or any similar tax is imposed on the Contractor in connection with the Project, such will be the sole and exclusive responsibility of the Contractor. The Contractor will pay such taxes, together with any interest and penalties not disputed with the appropriate taxing authority, whether they are imposed at the time the services are rendered or at a later time.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART TWO: WORK & CONTRACT ADMINISTRATION

RELATED CONTRACTS. The Contractor warrants that the Contractor has not and will not enter into any contracts without written approval of the State to perform substantially identical services for the State such that the Project duplicates the work done or to be done under the other contracts.

SUBCONTRACTING. The Contractor may not enter into subcontracts for the Work after award without written approval from the State. The Contractor will not need the State's written approval to subcontract for the purchase of commercial goods that are required for satisfactory completion of the Work. All subcontracts will be at the sole expense of the Contractor unless expressly stated otherwise in the RFP.

The State's approval of the use of subcontractors does not mean that the State will pay for them. The Contractor will be solely responsible for payment of its subcontractor and any claims of subcontractors for any failure of the Contractor or any of its other subcontractors to meet the performance schedule or performance specifications for the Project in a timely and professional manner. The Contractor will hold the State harmless for and will indemnify the State against any such claims.

The Contractor will assume responsibility for all Deliverables whether it, a subcontractor, or third-party manufacturer produces them in whole or in part. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of all charges resulting from the Contract. The Contractor will be fully responsible for any default by a subcontractor, just as if the Contractor itself had defaulted.

If the Contractor uses any subcontractors, each subcontractor must have a written agreement with the Contractor. That written agreement must incorporate this Contract by reference. The agreement must also pass through to the subcontractor all provisions of this Contract that would be fully effective only if they bind both the subcontractor and the Contractor. Among such provisions are the limitations on the Contractor's remedies, the insurance requirements, record keeping obligations, and audit rights. Some sections of this Contract may limit the need to pass through their requirements to subcontracts to avoid placing cumbersome obligations on minor subcontractors. This exception is applicable only to sections that expressly provide exclusions for small-dollar subcontracts. Should the Contractor fail to pass through any provisions of this Contract to one of its subcontractors and the failure damages the State in any way, the Contractor will indemnify the State for the damage.

RECORD KEEPING. The Contractor will keep all financial records in accordance with generally accepted accounting procedures consistently applied. The Contractor will file documentation to support each action under this Contract in a manner allowing it to be readily located. The Contractor will keep all Project-related records and documents at its principal place of business or at its office where the work was performed.

The Contractor will keep a separate account for the Project (the "Project Account"). All payments made from the Project Account will be only for obligations incurred in the performance of this Contract and will be supported by contracts, invoices, vouchers, and any other data needed to audit and verify the payments. All payments from the Project Account will be for obligations incurred only after the effective date of this Contract unless the State has given specific written authorization for making prior payments from the Project Account.

AUDITS. During the term of this Contract and for three (3) years after the payment of the Contractor's Fee, on reasonable notice and during customary business hours, the State may audit the Contractor's records and other materials that relate to the Project. This audit right will also apply to the State's duly authorized representatives and any person or organization providing financial support for the Project.

Unless it is impracticable to do so, all records related to this Contract must be kept in a single location, either at the Contractor's principle place of business or its place of business where the work was done. If this is not practical, the Contractor will assume the cost of collecting, organizing, and relocating the records and any technology needed to access the records to the Contractor's office nearest Columbus whenever the State or anyone else with audit rights requests access to the Contractor's Project records. The Contractor will do so with all due speed, not to exceed five (5) business days.

If any audit reveals any material deviation from the Project's specifications, any misrepresentation, or any overcharge to the State, the State will be entitled to recover damages, as well as the cost of the audit.

For each subcontract in excess of \$25,000, the Contractor will require its subcontractors to agree to the requirements of this section and of the record-keeping section. Subcontracts with smaller amounts involved need not meet this requirement. The Contractor may not artificially break up contracts with its subcontractors to take advantage of this exclusion.

INSURANCE. The Contractor shall provide the following insurance coverage at its own expense throughout the term of this Contract:

1. Workers' compensation insurance, as required by Ohio law, and, if some of the Project will be done outside Ohio, the laws of the appropriate state(s) where work on the Project will be done. The Contractor shall also maintain employer's liability insurance with at least a \$1,000,000 limit.
2. Commercial General Liability insurance coverage for bodily injury, personal injury, wrongful death, property damage. The defense cost shall be outside of the policy limits. Such policy shall designate the state of Ohio as an additional insured, as its interest may appear. The policy shall also be endorsed to include a blanket waiver of subrogation. At a minimum, the limits of the insurance shall be:

- \$2,000,000 General Aggregate
- \$2,000,000 Products/Completed Operations Aggregate
- \$1,000,000 Per Occurrence Limit
- \$1,000,000 Personal and Advertising Injury Limit
- \$100,000 Fire Legal Liability
- \$10,000 Medical Payments

The policy shall also be endorsed to provide the State with 30-day prior written notice of cancellation or material change to the policy. It is agreed upon that the Contractor's Commercial General Liability shall be primary over any other insurance coverage.

3. Commercial Automobile Liability insurance with a combined single limit of \$500,000.

Certificates for Worker's Compensation and proof of insurance must be provided. The certificate(s) must be in a form that is reasonably satisfactory to the State as to the contents of the policies and the quality of the insurance carriers. All carriers must have at least an "A-" rating by A.M. Best.

STATE PERSONNEL. During the term of this Contract and for one (1) year after completion of the Project, the Contractor will not hire or otherwise contract for the services of any state employee involved with the Project.

REPLACEMENT PERSONNEL. If the Offeror's Proposal contains the names of specific people who will work on the Project, then the quality and professional credentials of those people were material factors in the State's decision to enter into this Contract. Therefore, the Contractor will use all commercially reasonable efforts to ensure the continued availability of those people. Also, the Contractor will not remove those people from the Project without the prior, written consent of the State except as provided below.

The Contractor may remove a person listed in its Proposal from the Project if doing so is necessary for legal or disciplinary reasons. The Contractor must make a reasonable effort to give the State 30 calendar days' prior, written notice of the removal.

The Contractor must have qualified replacement people available to replace any people listed by name in its Proposal. When the removal of a listed person is permitted under this Section, or if a person becomes unavailable, the Contractor will submit the resumes for two (2) replacement people for each person removed or who otherwise becomes unavailable. The Contractor will submit the two (2) resumes, along with such other information as the State may reasonably request, within five (5) business days after the decision to remove a person is made or the unavailability of a listed person becomes known to the Contractor.

The State will select one of the two proposed replacements or will reject both of them within ten business days after the Contractor has submitted the proposed replacements to the State. The State may reject the proposed replacements for any legal reason(s). Should the State reject both replacement candidates due to their failure to meet the minimum qualifications identified in the RFP, or should the Contractor fail to provide the notice required under this Section or fail to provide two qualified replacement candidates for each removed or unavailable person, the Contractor will be in default and the cure period for default specified elsewhere in this Contract will not apply. In the event of such a default, the State will have the right to terminate this Contract and to have the damages specified elsewhere in this Contract for termination due to default.

The State may determine that proposed replacement candidates meet the minimum qualifications of this Contract and still substantially reduce the value the State perceived it would receive through the work of the original individual(s) the Contractor proposed and on whose credentials the State decided to enter into this Contract. Therefore, the State will have the right to reject any candidate that the State determines will provide it with diminished value.

Should the State reject both proposed candidates for any legal reason other than their failure to meet the minimum qualifications identified in the RFP, then such rejection may be deemed a termination for convenience.

The State has an interest in providing a healthy and safe environment for its employees and guests at its facilities. The State also has an interest in ensuring, and right to ensure, that its operations are carried out in an efficient, professional, legal, and secure manner. The State, therefore, will have the right to require the Contractor to remove any individual working on the Project if the State determines that any such individual has or may interfere with the State's interests identified above. In such a case, the request for removal will be treated as a case in which an individual providing services under this Contract has become unavailable, and the Contractor will follow the procedures identified above for replacing unavailable people. This provision applies to people engaged by the Contractor's subcontractors if they are listed as key people in the Proposal.

CONTRACT NON-COMPLIANCE. A primary goal of the Agency is to assure that the program receives high quality services from the Contractor. To this end, the Agency will work in partnership with the Contractor(s) to meet this goal. The partnership is defined by the Contract and it is important that communication between the Contractor and state agencies be open and supportive. Should contract non-compliance be an issue, the Agency shall make every effort to resolve the problem.

1. Non-Compliance Issues. Contractor non-compliance with the specifications and terms and conditions outlined in the Contract may result in the imposition of remedies as explained below in paragraph 2.

The Agency must be promptly notified of any procedural changes outside the technical requirements listed herein.

2. Resolution for Contract Non-Compliance. The Agency will be responsible for monitoring the Contractor's performance and compliance with the terms, conditions, and specifications of the contract.
 - a. For any infractions not immediately remedied by the Contractor, the Agency will notify DAS through a Complaint to Vendor (CTV) to help resolve the infraction.
 - b. DAS will impose upon the Contractor remedies for non-compliance regarding contract specifications and terms and conditions. Remedies imposed will be in proportion with the severity of the non-compliance and may be progressive in nature.

SUSPENSION AND TERMINATION. The State may terminate this Contract if the Contractor defaults in meeting its obligations under this Contract and fails to cure its default within the time allowed by this Contract, or if a petition in bankruptcy (or similar proceeding) has been filed by or against the Contractor. The State may also terminate this Contract if the Contractor violates any law or regulation in doing the Project, or if it appears to the State that the Contractor's performance is substantially endangered through no fault of the State. In any such case, the termination will be for cause, and the State's rights and remedies will be those identified below for termination for cause.

On written notice, the Contractor will have 30 calendar days to cure any breach of its obligations under this Contract, provided the breach is curable. If the Contractor fails to cure the breach within 30 calendar days after written notice or if the breach is not one that is curable, the State will have the right to terminate this Contract. The State may also terminate this Contract in the case of breaches that are cured within 30 calendar days but are persistent. "Persistent" in this context means that the State has notified the Contractor in writing of the Contractor's failure to meet any of its obligations three (3) times. After the third notice, the State may terminate this Contract without a cure period if the Contractor again fails to meet any obligation. The three (3) notices do not have to relate to the same obligation or type of failure. Some provisions of this Contract may provide for a shorter cure period than 30 calendar days or for no cure period at all. Those provisions will prevail over this one. If a particular section does not state what the cure period will be, this provision will govern.

The State may also terminate this Contract for its convenience and without cause or if the Ohio General Assembly fails to appropriate funds for any part of the Project. If a third party is providing funding for the Project, the State may also terminate this Contract should that third party fail to release any Project funds. The RFP identifies any third party source of funds for the Project.

The notice of termination, whether for cause or without cause, will be effective as soon as the Contractor receives it. Upon receipt of the notice of termination, the Contractor will immediately cease all work on the Project and take all steps necessary to minimize any costs the Contractor will incur related to this Contract. The Contractor will also immediately prepare a report and deliver it to the State. The report must be all-inclusive; no additional information will be accepted following the initial submission. The report must detail the work completed at the date of termination, the percentage of the Project's completion, any costs incurred in doing the Project to that date and any Deliverables completed or partially completed but not delivered to the State at the time of termination. The Contractor will also deliver all the completed and partially completed Deliverables to the State with its report. If delivery in that manner would not be in the State's interest, then the Contractor will propose a suitable alternative form of delivery.

If the State terminates this Contract for cause, it will be entitled to cover for the Project by using another Contractor on such commercially reasonable terms as it and the covering contractor may agree. The Contractor will be liable to the State for all costs related to covering for the Project to the extent that such costs, when combined with payments already made to the Contractor for the Project before termination, exceed the costs that the State would have incurred under this Contract. The Contractor will also be liable for any other direct damages resulting from its breach of this Contract or other action leading to termination for cause.

If the termination is for the convenience of the State, the Contractor will be entitled to compensation for any work on the Project that the Contractor has performed before the termination. Such compensation will be the Contractor's exclusive remedy in the case of termination for convenience and will be available to the Contractor only once the Contractor has submitted a proper invoice for such, with the invoice reflecting the amount determined to be owing to the Contractor by the State. The State will make that determination based on the lesser of the percentage of the Project completed or the hours of work performed in relation to the estimated total hours required to perform the entire applicable unit(s) of Work.

The State will have the option of suspending rather than terminating the Project where the State believes that doing so would better serve its interests. In the event of a suspension for the convenience of the State, the Contractor will be entitled to receive payment for the work performed before the suspension. In the case of suspension of the Project rather than termination for cause, the Contractor will not be entitled to any compensation for any work performed. If the State reinstates the Project after suspension for cause, rather than terminating this Contract after the suspension, the Contractor may be entitled to compensation for work performed before the suspension, less any damage to the State resulting from the Contractor's breach of this Contract or other fault. Any amount due for work before or after the suspension for cause will be offset by any damage to the State from the default or other event giving rise to the suspension.

In the case of a suspension for the State's convenience, the amount of compensation due to the Contractor for work performed before the suspension will be determined in the same manner as provided in this section for termination for the State's convenience. The Contractor will not be entitled to compensation for any other costs associated with a suspension for the State's convenience. No payment under this provision will be made to the Contractor until the Contractor submits a proper invoice.

Any notice of suspension, whether with or without cause, will be effective immediately on the Contractor's receipt of the notice. The Contractor will prepare a report concerning the Project just as is required by this Section in the case of termination. After suspension of the Project, the Contractor will perform no work without the consent of the State and will resume work only on written notice from the State to do so. In any case of suspension, the State retains its right to terminate this Contract rather than to continue the suspension or resume the Project. If the suspension is for the convenience of the State, then termination of the Contract will be a termination for convenience. If the suspension is with cause, the termination will also be for cause.

The State will not suspend the Project for its convenience more than once during the term of this Contract, and any suspension for the State's convenience will not continue for more than 30 calendar days. If the Contractor does not receive notice to resume or terminate the Project within the 30-day period, then this Contract will terminate automatically for the State's convenience at the end of the 30 calendar day period.

Any default by the Contractor or one of its subcontractors will be treated as a default by the Contractor and all of its subcontractors. The Contractor will be solely responsible for satisfying any claims of its subcontractors for any suspension or termination and will indemnify the State for any liability to them. Each subcontractor will hold the State harmless for any damage caused to them from a suspension or termination. They will look solely to the Contractor for any compensation to which they may be entitled.

The Contractor may, at its discretion, request termination with a minimum 60 day notice in writing. The State will review the request and respond in writing to the Contractor with its findings.

CONTRACT REMEDIES.

- a. Actual Damages. Contractor is liable to the state of Ohio for all actual and direct damages caused by Contractor's default. The State may buy substitute supplies or services, from a third party, for those that were to be provided by Contractor. The State may recover the costs associated with acquiring substitute supplies or services, less any expenses or costs saved by Contractor's default, from Contractor.
- b. Liquidated Damages. If actual and direct damages are uncertain or difficult to determine, the State may recover liquidated damages in the amount of 1% of the value of the order, deliverable or milestone that is the subject of the default, for every day the default is not cured by Contractor.
- c. Deduction of Damages from Contract Price. The State may deduct all or any part of the damages resulting from Contractor's default from any part of the price still due on the contract, upon prior written notice being issued to the Contractor by the State.

REPRESENTATIVES. The State's representative under this Contract will be the person identified in the RFP or a subsequent notice to the Contractor as the "Agency Project Representative". The Agency Project Representative will review all reports made in the performance of the Project by the Contractor, will conduct all liaison with the Contractor, and will accept or reject the Deliverables and the complete Project. The Agency Project Representative may assign to a manager, responsibilities for individual aspects of the Project to act as the Agency Project Representative for those individual portions of the Project.

The Contractor's Project Manager under this Contract will be the person identified in the Proposal as the "Project Manager." The Project Manager will conduct all liaisons with the State under this Contract. Either party, upon written notice to the other party, may designate another representative. The Project Manager may not be replaced without the approval of the State if that individual is identified in the Proposal as a key individual on the Project.

WORK RESPONSIBILITIES. The State will be responsible for providing only those things expressly identified, if any, in the RFP. If the State has agreed to provide facilities or equipment, the Contractor, by signing this Contract, warrants that the Contractor has either inspected the facilities and/or equipment or has voluntarily waived an inspection and will work with the equipment and/or facilities on an "as is" basis.

The Contractor will assume the lead in the areas of management, design, and development of the Project. The Contractor will coordinate the successful execution of the Project and direct all Project activities on a day-to-day basis, with the advice and consent of the Agency Project Representative. The Contractor will be responsible for all communications regarding the progress of the Project and will discuss with the Agency Project Representative any issues, recommendations, and decisions related to the Project.

If the Project, or parts of it, requires installation on the State's property, the State will provide the Contractor with reasonable access to the installation site for the installation and any site preparation that is needed. After the installation is complete, the Contractor will complete an installation letter and secure the signature of Agency Project Representative certifying that installation is complete and the Project, or applicable portion of it, is operational. The letter will describe the nature, date, and location of the installation, as well as the date it was certified as installed and operational by the Agency Project Representative.

Unless otherwise provided in the RFP, the Contractor will be responsible for obtaining all official permits, approvals, licenses, certifications, and similar authorizations required by any local, state, or Federal agency for the Project and maintaining them throughout the duration of this Contract.

CHANGES. The State may make reasonable changes, within the general scope of the Project. The State will do so by issuing a written order under this Contract describing the nature of the change ("Change Order"). Additionally, if the State provides directions or makes requests of the Contractor without a change order, and the Contractor reasonably believes the directions or requests are outside the specifications for the Project, the Contractor will have the right to request a Change Order from the State. Scope of Work changes will be managed as follows: pricing will be provided from the Contractor to the State. The State will execute a Change Order once it and the Contractor have agreed on the description of and specifications for the change as well as any equitable adjustments that need to be made in the Contractor's Fee or the performance schedule for the Work. Within five (5) business days after receiving the Change Order, the Contractor will sign it to signify agreement.

If a change causes an increase in the cost of, or the time required for, the performance of the Project, the Contractor will notify the State in writing and request an equitable adjustment in the Contractor's Fee, the delivery schedule, or both before the Contractor signs the Change Order. If the Contractor claims an adjustment under this section in connection with a change to the Project not described in a written Change Order, the Contractor must notify the State of the claim within five (5) business days after the Contractor is notified of the change and before work on the change begins. Otherwise, the Contractor will have waived the claim. In no event will the State be responsible for any increase in the Fee or revision in any delivery schedule unless the relevant change was specifically ordered in writing by the State and the Contractor has complied with the requirements of this section. Provided the State has complied with the procedure for Change Orders in this section, nothing in this clause will excuse the Contractor from proceeding with performance of the Project, as changed.

Where an equitable adjustment to the Contractor's Fee is appropriate, the State and the Contractor may agree upon such an adjustment. If the State and the Contractor are unable to agree, and the Contractor seeks an equitable adjustment in its Fee, either party may submit the dispute to the senior management of the Contractor and the State for resolution. If, within 30 calendar days following referral to senior management, the claim or dispute has not been resolved, only then will it be submitted to non-binding mediation (pursuant to the rules as stipulated by the American Arbitration Association). A claim or dispute must be submitted to non-binding mediation prior to the initiation of any formal legal process. Costs of mediation will be shared equally. Both parties further agree to use best efforts to resolve any claims or disputes arising during the performance of this Contract within 30 calendar days following the initiation of the dispute process. The resolved amount will be the not-to-exceed amount of the Change Order. If the change involves removing a requirement from the Project or replacing one part of the Project with the change, the State will get a credit for the work no longer required under the original scope of the Project. The credit will be calculated in the same manner as the Contractor's Fee for the change, and the not-to-exceed amount will be reduced by this credit.

The Contractor will be responsible for coordinating changes with its subcontractors and adjusting their compensation and performance schedule. The State will not pay any subcontractor for the Change Order. If a subcontractor will perform any work under a Change Order, that work must be included in the Contractor's not-to-exceed amount and calculated in the same manner as the Contractor's equitable adjustment for the portion of the work the Contractor will perform. The Contractor will not receive an overhead percentage for work a subcontractor will do under a Change Order.

EXCUSABLE DELAY. Neither party will be liable for any delay in its performance that arises from causes beyond its control and without its negligence or fault. The delayed party will notify the other promptly of any material delay in performance and will specify in writing the proposed revised performance date as soon as practicable after notice of delay. In the event of any such excusable delay, the date of performance or of delivery will be extended for a period equal to the time lost by reason of the excusable delay. The delayed party must also describe the cause of the delay and what steps it is taking to remove the cause. The delayed party may not rely on a claim of excusable delay to avoid liability for a delay if the delayed party has not taken commercially reasonable steps to mitigate or avoid the delay. Things that are controllable by the Contractor's subcontractors will be considered controllable by the Contractor, except for third-party manufacturers supplying commercial items and over whom Contractor has no legal control.

INDEPENDENT STATUS OF THE CONTRACTOR. The parties will be acting as independent contractors. The partners, employees, officers, and agents ("Personnel") of one party, in the performance of this Contract, will act only in the capacity of representatives of that party and not as Personnel of the other party and will not be deemed for any purpose to be Personnel of the other. Each party assumes full responsibility for the actions of its Personnel while they are performing services pursuant to this Contract and will be solely responsible for paying its Personnel (including withholding of and/or paying income taxes and social security, workers' compensation, disability benefits and the like). Neither party will commit, nor be authorized to commit, the other party in any manner. The Contractor's subcontractors will be considered the agents of the Contractor for purposes of this Contract.

EXECUTIVE ORDER 2010-09S REQUIREMENTS. The Contractor affirms to have read and understands Executive Order 2010-09S issued by Ohio Governor Ted Strickland and shall abide by those requirements in the performance of this Contract, and shall perform no services required under this Contract outside of the United States. The Executive Order is available at the following Web site:

<http://www.governor.ohio.gov/Default.aspx?tabid=1495>.

The Contractor also affirms, understands, and agrees to immediately notify the State of any change or shift in the location(s) of services performed by the Contractor or its subcontractors under this Contract, and no services shall be changed or shifted to a location(s) that are outside of the United States.

a. **TERMINATION, SANCTION, DAMAGES:**

If Contractor or any of its subcontractors perform services under this Contract outside of the United States, the performance of such services shall be treated as a material breach of the Contract. The State is not obligated to pay and shall not pay for such services. If Contractor or any of its subcontractors perform any such services, Contractor shall immediately return to the State all funds paid for those services. The State may also recover from the Contractor all costs associated with any corrective action the State may undertake, including but not limited to an audit or a risk analysis, as a result of the Contractor performing services outside the United States.

The State may, at any time after the breach, terminate the Contract, upon written notice to the Contractor. The State may recover all accounting, administrative, legal and other expenses reasonably necessary for the preparation of the termination of the Contract and costs associated with the acquisition of substitute services from a third party.

If the State determines that actual and direct damages are uncertain or difficult to ascertain, the State in its sole discretion may recover a payment of liquidated damages in the amount of one percent (1%) of the value of the Contract.

The State, in its sole discretion, may provide written notice to Contractor of a breach and permit the Contractor to cure the breach. Such cure period shall be no longer than 21 calendar days. During the cure period, the State may buy substitute services from a third party and recover from the Contractor any costs associated with acquiring those substitute services.

Notwithstanding the State permitting a period of time to cure the breach or the Contractor's cure of the breach, the State does not waive any of its rights and remedies provided the State in this Contract, including but not limited to recovery of funds paid for services the Contractor performed outside of the United States, costs associated with corrective action, or liquidated damages.

b. ASSIGNMENT / DELEGATION:

The Contractor will not assign any of its rights nor delegate any of its duties and responsibilities under this Contract without prior written consent of the State. Any assignment or delegation not consented to may be deemed void by the State.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART THREE: OWNERSHIP & HANDLING OF INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION

CONFIDENTIALITY. The State may disclose to the Contractor written material or oral or other information that the State treats as confidential ("Confidential Information"). Title to the Confidential Information and all related materials and documentation the State delivers to the Contractor will remain with the State. The Contractor must treat such Confidential Information as secret if it is so marked, otherwise identified as such, or when, by its very nature, it deals with matters that, if generally known, would be damaging to the best interests of the public, other contractors or potential contractors with the State, or individuals or organizations about whom the State keeps information. By way of example, information should be treated as confidential if it includes any proprietary documentation, materials, flow charts, codes, software, computer instructions, techniques, models, information, diagrams, know-how, trade secrets, data, business records, or marketing information. By way of further example, the Contractor also must treat as confidential materials such as police and investigative records, files containing personal information about individuals or employees of the State, such as personnel records, tax records, and so on, court and administrative records related to pending actions, any material to which an attorney-client, physician-patient, or similar privilege may apply, and any documents or records expressly excluded by Ohio law from public records disclosure requirements.

The Contractor agrees not to disclose any Confidential Information to third parties and to use it solely to do the Project. The Contractor will restrict circulation of Confidential Information within its organization and then only to people in the Contractor's organization that have a need to know the Confidential Information to do the Project. The Contractor will be liable for the disclosure of such information whether the disclosure is intentional, negligent, or accidental, unless otherwise provided below.

The Contractor will not be liable for any unintentional disclosure of Confidential Information that results despite the Contractor's exercise of at least the same degree of care as it normally takes to safeguard its own secrets, except when the Contractor's procedures are not reasonable given the nature of the Confidential Information or when the disclosure nevertheless results in liability to the State.

The Contractor will not incorporate any portion of any Confidential Information into any work or product, other than a Deliverable, and will have no proprietary interest in any of the Confidential Information. Furthermore, the Contractor will cause all of its employees who have access to any Confidential Information to execute a confidentiality agreement incorporating the obligations in this section.

The Contractor's obligation to maintain the confidentiality of the Confidential Information will not apply where such: (1) Was already in the Contractor's possession before disclosure by the State, and such was received by the Contractor without obligation of confidence; (2) Is independently developed by the Contractor; (3) Is or becomes publicly available without breach of this Contract; (4) Is rightfully received by the Contractor from a third party without an obligation of confidence; (5) Is disclosed by the Contractor with the written consent of the State; or (6) Is released in accordance with a valid order of a court or governmental agency, provided that the Contractor (a) Notifies the State of such order immediately upon receipt of the order and (b) Makes a reasonable effort to obtain a protective order from the issuing court or agency limiting disclosure and use of the Confidential Information solely for the purposes intended to be served by the original order of production. The Contractor will return all originals of any Confidential Information and destroy any copies it has made on termination or expiration of this Contract.

The Contractor may disclose Confidential Information to its subcontractors on a need-to-know basis, but they will be obligated to the requirements of this section.

HANDLING OF THE STATE'S DATA. The Contractor must use due diligence to ensure computer and telecommunications systems and services involved in storing, using, or transmitting State data are secure and to protect that data from unauthorized disclosure, modification, or destruction. To accomplish this, the Contractor must:

1. Apply appropriate risk management techniques to ensure security for all sensitive data, including but not limited to any data identified as Confidential Information elsewhere in this Contract.
2. Ensure that its internal security policies, plans, and procedures address the basic security elements of confidentiality, integrity, and availability.
3. Maintain plans and policies that include methods to protect against security and integrity threats and vulnerabilities, as well as and detect and respond to those threats and vulnerabilities.
4. Maintain appropriate identification and authentication process for information systems and services associated with State data.
5. Maintain appropriate access control and authorization policies, plans, and procedures to protect system assets and other information resources associated with State data.
6. Implement and manage security audit logging on information systems, including computers and network devices.

The Contractor must maintain a robust boundary security capacity that incorporates generally recognized system hardening techniques. This includes determining which ports and services are required to support access to systems that hold State data, limiting access to only these points, and disable all others. To do this, the Contractor must use assets and techniques such as properly configured firewalls, a demilitarized zone for handling public traffic, host-to-host management, Internet protocol specification for source and destination, strong authentication, encryption, packet filtering, activity logging, and implementation of system security fixes and patches as they become available. The Contractor must use two-factor authentication to limit access to systems that contain particularly sensitive State data, such as personally identifiable data.

Unless the State instructs the Contractor otherwise in writing, the Contractor must assume all State data is both confidential and critical for State operations, and the Contractor's security policies, plans, and procedure for the handling, storage, backup, access, and, if appropriate, destruction of that data must be commensurate to this level of sensitivity. As part of the Contractor's protection and control of access to and use of data, the Contractor must employ appropriate intrusion and attack prevention and detection capabilities. Those capabilities must track unauthorized access and attempts to access the State's data, as well as attacks on the Contractor's infrastructure associated with the State's data. Further, the Contractor must monitor and appropriately address information from its system tools used to prevent and detect unauthorized access to and attacks on the infrastructure associated with the State's data.

The Contractor must use appropriate measures to ensure that State's data is secure before transferring control of any systems or media on which State data is stored. The method of securing the data must be appropriate to the situation and may include erasure, destruction, or encryption of the data before transfer of control. The transfer of any such system or media must be reasonably necessary for the performance of the Contractor's obligations under this Contract.

The Contractor must have a business continuity plan in place. The Contractor must test and update the IT disaster recovery portion of its business continuity plan at least annually. The plan must address procedures for response to emergencies and other business interruptions. Part of the plan must address backing up and storing data at a location sufficiently remote from the facilities at which the Contractor maintains the State's data in case of loss of that data at the primary site. The plan also must address the rapid restoration, relocation, or replacement of resources associated with the State's data in the case of a disaster or other business interruption. The Contractor's business continuity plan must address short- and long-term restoration, relocation, or replacement of resources that will ensure the smooth continuation of operations related to the State's data. Such resources may include, among others, communications, supplies, transportation, space, power and environmental controls, documentation, people, data, software, and hardware. The Contractor also must provide for reviewing, testing, and adjusting the plan on an annual basis.

The Contractor may not allow the State's data to be loaded onto portable computing devices or portable storage components or media unless necessary to perform its obligations under this Contract properly. Even then, the Contractor may permit such only if adequate security measures are in place to ensure the integrity and security of the data. Those measures must include a policy on physical security for such devices to minimize the risks of theft and unauthorized access that includes a prohibition against viewing sensitive or confidential data in public or common areas. At a minimum, portable computing devices must have anti-virus software, personal firewalls, and system password protection. In addition, the State's data must be encrypted when stored on any portable computing or storage device or media or when transmitted from them across any data network. The Contractor also must maintain an accurate inventory of all such devices and the individuals to whom they are assigned.

Any encryption requirement identified in this provision must meet the Ohio standard as defined in Ohio IT standard ITS-SEC-01, "Data Encryption and Cryptography".

The Contractor must have reporting requirements for lost or stolen portable computing devices authorized for use with State data and must report any loss or theft of such to the State in writing as quickly as reasonably possible. The Contractor also must maintain an incident response capability for all security breaches involving State data whether involving mobile devices or media or not. The Contractor must detail this capability in a written policy that defines procedures for how the Contractor will detect, evaluate, and respond to adverse events that may indicate a breach or attempt to attack or access State data or the infrastructure associated with State data.

In case of an actual security breach that may have compromised State data, including but not loss or theft of devices or media, the Contractor must notify the State in writing of the breach within 24 hours of the Contractor becoming aware of the breach, and fully cooperate with the State to mitigate the consequences of such a breach. This includes any use or disclosure of the State data that is inconsistent with the terms of this Contract and of which the Contractor becomes aware, including but not limited to, any discovery of a use or disclosure that is not consistent with this Contract by an employee, agent, or subcontractor of the Contractor.

The Contractor must give the State full access to the details of the breach and assist the State in making any notifications to potentially affected people and organizations that the State deems are necessary or appropriate. The Contractor must document all such incidents, including its response to them, and make that documentation available to the State on request. In addition to any other liability under this Contract related to the Contractor's improper disclosure of State data, and regardless of any limitation on liability of any kind in this Contract, the Contractor will be responsible for acquiring one year's identity theft protection service on behalf of any individual or entity whose personally identifiable information is compromised while it is in the Contractor's possession.

OWNERSHIP OF DELIVERABLES. All deliverables produced by the Contractor and covered by this Contract, including any software modifications, and documentation, shall be owned by the State, with all rights, title, and interest in all intellectual property that come into existence through the Contractor's custom work being assigned to the State. Additionally, the Contractor waives any author rights and similar retained interests in custom-developed material. The Contractor will provide the State with all assistance reasonably needed to vest such rights of ownership in the State. The Contractor will retain ownership of all tools, methods, techniques, standards, and other development procedures, as well as generic and preexisting shells, subroutines, and similar material incorporated in any custom Deliverable ("Pre-existing Materials") if the Contractor provides the non-exclusive license described in the next paragraph.

The Contractor may grant the State a worldwide, non-exclusive, royalty free, perpetual license to use, modify, sell, and otherwise distribute all Pre-existing Materials that are incorporated in any custom-developed Deliverable rather than grant the State ownership of the Pre-existing Materials provided however, that the State may distribute such Pre-existing materials to the extent required by governmental funding mandates. The Contractor will not include in any custom Deliverable any intellectual property unless such has been created under this Contract or qualifies as Pre-existing Material. If the Contractor wants to incorporate any Pre-existing Materials in a custom Deliverable, the Contractor must first disclose this and seek the State's approval for doing so in advance. On the request of the Contractor, the State will incorporate any proprietary notice the Contractor may reasonably want for any Pre-existing Materials included in a custom Deliverable in all copies the State makes of that Deliverable.

Subject to the limitations and obligations of the State with respect to Pre-existing Materials, the State may make all custom Deliverables available to the general public without any proprietary notices of any kind.

LICENSE IN COMMERCIAL MATERIAL. As used in this section, "Commercial Material" means anything that has been developed at private expense by the Contractor or a third party, commercially available in the marketplace, subject to intellectual property rights, and readily copied through duplication on magnetic media, paper, or other media. Examples include written reports, books, pictures, videos, movies, computer programs, and computer source code and documentation.

Any Commercial Material that the Contractor intends to deliver as a Deliverable must have the scope of the license granted in such material disclosed in the RFP or as an attachment referenced in the RFP, if that scope of license is different from the scope of license contained in this section for Commercial Materials.

Except for Commercial Material that is software ("Commercial Software"), if the Commercial Material is copyrighted and published material, then the State will have the rights permitted under the Federal copyright laws for each copy of the Commercial Material delivered to it by the Contractor.

Except for Commercial Software, if the Commercial Material is patented, then the State will have the rights permitted under the Federal patent laws for each copy of the Commercial Material delivered to it by the Contractor.

Except for Commercial Software, if the Commercial Material consists of trade secrets, then the State will treat the material as confidential. In this regard, the State will assume all obligations with respect to the Commercial Material that the Contractor assumes under the Confidentiality section of this Contract with respect to State secrets. Otherwise, the State will have the same rights and duties permitted under the Federal copyright laws for each copy of the Commercial Material delivered to it by the Contractor, whether or not the material is copyrighted when delivered to the State.

For Commercial Software, the State will have the rights in items (1) through (8) of this section with respect to the software. The State will not use any Commercial Software except as provided in items (1) through (8) of this section or as expressly stated otherwise in this Contract. The Commercial Software may be:

1. Used or copied for use in or with the computer or computers for which it was acquired, including use at any State installation to which such computer or computers may be transferred.
2. Used or copied for use in or with a backup computer for disaster recovery and disaster recovery testing purposes or if any computer for which it was acquired is inoperative.
3. Reproduced for safekeeping (archives) or backup purposes.
4. Modified, adapted, or combined with other computer software, but the modified, combined, or adapted portions of the derivative software incorporating any of the Commercial Software will be subject to same restrictions set forth in this Contract.
5. Disclosed to and reproduced for use on behalf of the State by support service contractors or their subcontractors, subject to the same restrictions set forth in this Contract.
6. Used or copied for use in or transferred to a replacement computer.

However:

7. If the Commercial Software delivered under this Contract is published and copyrighted, it is licensed to the State without disclosure prohibitions.
8. If any Commercial Software is delivered under this Contract with the copyright notice in 17 U.S.C. 401, it will be presumed to be published, copyrighted, and licensed to the State without disclosure restrictions, unless a statement substantially as follows accompanies such copyright notice: "Unpublished -- rights reserved under the copyright laws of the United States." The State will treat such Commercial Software as Confidential Information to the extent that such is actually the case.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART FOUR: REPRESENTATIONS, WARRANTIES, AND LIABILITIES

GENERAL WARRANTIES. The Contractor warrants that the recommendations, guidance, and performance of the Contractor under this Contract will: (1) Be in accordance with sound professional standards and the requirements of this Contract and without any material defects; (2) Unless otherwise provided in the RFP, be the work solely of the Contractor; and (3) No Deliverable will infringe on the intellectual property rights of any third party.

Additionally, with respect to the Contractor's activities under this Contract, the Contractor warrants that: (1) The Contractor has the right to enter into this Contract; (2) The Contractor has not entered into any other contracts or employment relationships that restrict the Contractor's ability to perform the contemplated services; (3) The Contractor will observe and abide by all applicable laws and regulations, including those of the State regarding conduct on any premises under the State's control; (4) The Contractor has good and marketable title to any goods delivered under this Contract and in which title passes to the State; (5) All hardware, software, firmware, and similar devices and materials provided under this Contract will be designed to operate without regard to the turning of a century and process dates in a manner that takes into account dates occurring before and after the turning of a century; and (6) The Contractor has the right and ability to grant the license granted in any Deliverable in which title does not pass to the State.

The warranty regarding material defects is a 1-year warranty. All other warranties will be continuing warranties. If any portion of the Project fails to comply with these warranties, and the Contractor is so notified in writing, the Contractor will correct such failure with all due speed or will refund the amount of the compensation paid for such portion of the Project. The Contractor will also indemnify the State for any direct damages and claims by third parties based on a breach of these warranties. This obligation of indemnification will not apply where the State has modified or misused the Deliverable and the claim is based on the modification or misuse. The State agrees to give the Contractor notice of any such claim as soon as reasonably practicable. If a successful claim of infringement is made, or if the Contractor reasonably believes that an infringement claim that is pending may actually succeed, the Contractor will do one (1) of the following four (4) things: (1) Modify the Deliverable so that it is no longer infringing; (2) Replace the Deliverable with an equivalent or better item; (3) Acquire the right for the State to use the infringing Deliverable as it was intended for the State to use under this Contract; or (4) Remove the Deliverable and refund the amount the State paid for the Deliverable and the amount of any other Deliverable or item that requires the availability of the infringing Deliverable for it to be useful to the State.

SOFTWARE WARRANTY. If this Contract involves software as a Deliverable, then, on acceptance and for 12 months after the date of acceptance of any Deliverable that includes software, the Contractor warrants as to all software developed under this Contract that: (a) the software will operate on the computer(s) for which the software is intended in the manner described in the relevant software documentation, the Contractor's Proposal, and the RFP; (b) the software will be free of any material defects; (c) the Contractor will deliver and maintain relevant and complete software documentation, commentary, and source code; and (d) the source code language used to code the software is readily available in the commercial market, widely used and accepted for the type of programming involved, and support programming in the language is reasonably available in the open market; and (e) the software and all maintenance will be provided in a professional, timely, and efficient manner.

For Commercial Software licensed from a third party that is incorporated in a Deliverable, the Contractor represents and warrants that it has done 1 of the following 3 things: (a) obtained the right from the third-party licensor to commit to the warranties and maintenance obligations in this Section; (b) obtained a binding commitment from the licensor to make those warranties and maintenance obligations directly to the State; or (c) fully disclosed in the RFP any discrepancies between the requirements of this section and the commitment the third-party licensor has made.

In addition, for Commercial Software that is incorporated in a Deliverable, the Contractor will: (a) maintain or cause the third-party licensor to maintain the Commercial Software so that it operates in the manner described in the RFP (or any attachment referenced in the RFP) and relevant Commercial Software documentation; (b) supply technical bulletins and updated user guides; (c) supply the State with updates, improvements, enhancements, and modifications to the Commercial Software and documentation and, if available, the commentary and the source code; (d) correct or replace the Commercial Software and/or remedy any material programming error that is attributable to the Contractor or the third-party licensee; (e) maintain or cause the third-party licensor to maintain the Commercial Software and documentation to reflect changes in the subject matter the Commercial Software deals with; (f) maintain or obtained a commitment from the third-party licensor to maintain the Commercial Software so that it will properly operate in conjunction with changes in the operating environment in which it is designed to operate.

For purposes of the warranties and the delivery requirements in this Contract, software documentation means well written, readily understood, clear, and concise instructions for the software's users as well as a system administrator. The software documentation will provide the users of the software with meaningful instructions on how to take full advantage of all of the capabilities designed for end users. It also means installation and system administration documentation for a system administrator to allow proper control, configuration, and management of the software. Source code means the uncompiled operating instructions for the entire System. The Contractor will not be obligated to provide source code for Commercial Software unless it is readily available from the licensor. The source code will be provided in the language in which it was

written and will include commentary that will allow a competent programmer proficient in the source language to readily interpret the source code and understand the purpose of all routines and subroutines contained within the source code.

EQUIPMENT WARRANTY. If any electrical equipment, mechanical device, computer hardware, telecommunications hardware, or other type of physical machinery ("Equipment") will be a part of any Deliverable, the following warranties apply. The Contractor warrants that the Equipment fully complies with all government environmental and safety standards applicable to the Equipment. The Contractor also warrants for 1 year from the acceptance date of the Equipment that the Equipment will perform substantially in accordance with specifications described in the RFP, the user manuals, technical materials, and related writings published by the manufacturer for the Equipment. The foregoing warranties will not apply to Equipment that is modified or damaged after title passes to the State.

The Contractor will notify the State in writing immediately upon the discovery of any breach of the warranties given above.

The Contractor's will do the following if any Equipment does not meet the above warranties:

1. Cause the Equipment to perform as required, or, if that is not commercially practicable, then;
2. Grant the State a refund equal to the amount the State paid for the Equipment or, if such has not been individually priced, the manufacturer's suggested retail price for the Equipment.

Except where the Contractor's breach of a warranty makes it not possible for the State to do so, the State will return the affected Equipment to the Contractor in the case of a refund under the previous paragraph.

GENERAL EXCLUSION OF WARRANTIES. The State makes no warranties, express or implied, other than those express warranties contained in this contract. The contractor also makes no warranties of merchantability or fitness for a particular purpose except as follows: If the Contractor has been engaged under the scope of work in the RFP to design something to meet a particular need for the State, then the Contractor does warrant that the contractor's work will meet the stated purpose for that work.

INDEMNITY. The Contractor will indemnify the State for any and all claims, damages, law suits, costs, judgments, expenses, and any other liabilities resulting from bodily injury to any person (including injury resulting in death) or damage to property that may arise out of or are related to Contractor's performance under this Contract, providing such bodily injury or property damage is due to the negligence of the Contractor, its employees, agents, or subcontractors.

The Contractor will also indemnify the State against any claim of infringement of a copyright, patent, trade secret, or similar intellectual property rights based on the State's proper use of any Deliverable under this Contract. This obligation of indemnification will not apply where the State has modified or misused the Deliverable and the claim of infringement, is based on the modification or misuse. The State agrees to give the Contractor notice of any such claim as soon as reasonably practicable and to give the Contractor the authority to settle or otherwise defend any such claim upon consultation with and approval by the Office of the State Attorney General. If a successful claim of infringement is made, or if the Contractor reasonably believes that an infringement claim that is pending may actually succeed, the Contractor will take one (1) of the following four (4) actions:

1. Modify the Deliverable so that is no longer infringing.
2. Replace the Deliverable with an equivalent or better item.
3. Acquire the right for the State to use the infringing Deliverable as it was intended for the State to use under this Contract.
4. Remove the Deliverable and refund the fee the State paid for the Deliverable and the fee for any other Deliverable that required the availability of the infringing Deliverable for it to be useful to the State.

LIMITATION OF LIABILITY. NOTWITHSTANDING ANY LIMITATION PROVISIONS CONTAINED IN THE DOCUMENTS AND MATERIALS INCORPORATED BY REFERENCE INTO THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

1. NEITHER PARTY WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND, INCLUDING BUT NOT LIMITED TO LOST PROFITS, EVEN IF THE PARTIES HAVE BEEN ADVISED, KNEW, OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.
2. THE CONTRACTOR FURTHER AGREES THAT THE CONTRACTOR SHALL BE LIABLE FOR ALL DIRECT DAMAGES DUE TO THE FAULT OR NEGLIGENCE OF THE CONTRACTOR.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART FIVE: ACCEPTANCE AND MAINTENANCE

STANDARDS OF PERFORMANCE AND ACCEPTANCE. If the RFP does not provide otherwise, the acceptance procedure will be an informal review by the Agency Project Representative to ensure that each Deliverable and the Project as a whole comply with the requirements of this Contract. The Agency Project Representative will have up to 30 calendar days to do this. No formal letter of acceptance will be issued, and passage of the 30 calendar days will imply acceptance, though the State will issue a notice of noncompliance if a Deliverable or the Project as a whole does not meet the requirements of this Contract. If the Agency Project Representative issues a letter of noncompliance, then the Contractor will have 30 calendar days to correct the problems listed in the noncompliance letter. If the Contractor fails to do so, the Contractor will be in default without a cure period. If the Agency Project Representative has issued a noncompliance letter, the Deliverables or the Project as a whole will not be accepted until the Agency Project Representative issues a letter of acceptance indicating that each problem noted in the noncompliance letter has been cured. If the problems have been fixed during the 30 day period, the Agency Project Representative will issue the acceptance letter within 15 calendar days.

If the Project fails to meet the standard of performance after 90 calendar days from the start of the performance period, the Contractor will be in default and will not have a cure period. In addition to all other remedies the State may have under this Contract, the State will have the right to request correction or replacement of the relevant portion of the Project.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART SIX: CONSTRUCTION

ENTIRE DOCUMENT. This Contract is the entire agreement between the parties with respect to the subject matter and supersedes any previous statements or agreements, whether oral or written.

BINDING EFFECT. This Contract will be binding upon and inure to the benefit of the respective successors and assigns of the State and the Contractor.

AMENDMENTS – WAIVER. No change to any provision of this Contract will be effective unless it is in writing and signed by both parties. The failure of either party at any time to demand strict performance by the other party of any of the terms of this Contract will not be a waiver of those terms. Waivers must be in writing to be effective. Either party may at any later time demand strict performance.

SEVERABILITY. If any provision of this Contract is held by a court of competent jurisdiction to be contrary to law, the remaining provisions of this Contract will remain in full force and effect to the extent that such does not create an absurdity.

CONSTRUCTION. This Contract will be construed in accordance with the plain meaning of its language and neither for nor against the drafting party.

HEADINGS. The headings used herein are for the sole sake of convenience and will not be used to interpret any section.

NOTICES. For any notice under this Contract to be effective it must be made in writing and sent to the address of the appropriate contact provided elsewhere in the Contract, unless such party has notified the other party, in accordance with the provisions of this section, of a new mailing address. This notice requirement will not apply to any notices that this Contract expressly authorized to be made orally.

CONTINUING OBLIGATIONS. The terms of this Contract will survive the termination or expiration of the time for completion of Project and the time for meeting any final payment of compensation, except where such creates an absurdity.

ATTACHMENT THREE: GENERAL TERMS AND CONDITIONS
PART SEVEN: LAW & COURTS

COMPLIANCE WITH LAW. The Contractor agrees to comply with all applicable federal, state, and local laws in the conduct of the Work.

DRUG-FREE WORKPLACE. The Contractor will comply with all applicable state and Federal laws regarding keeping a drug-free workplace. The Contractor will make a good faith effort to ensure that all the Contractor employees, while working on state property, will not have or be under the influence of illegal drugs or alcohol or abuse prescription drugs in any way.

CONFLICTS OF INTEREST. No Personnel of the Contractor may voluntarily acquire any personal interest that conflicts with their responsibilities under this Contract. Additionally, the Contractor will not knowingly permit any public official or public employee who has any responsibilities related to this Contract or the Project to acquire an interest in anything or any entity under the Contractor's control if such an interest would conflict with that official's or employee's duties. The Contractor will disclose to the State knowledge of any such person who acquires an incompatible or conflicting personal interest related to this Contract. The Contractor will take steps to ensure that such a person does not participate in any action affecting the work under this Contract. This will not apply when the State has determined, in light of the personal interest disclosed, that person's participation in any such action would not be contrary to the public interest.

OHIO ETHICS AND ELECTIONS LAW.

A. Ethics Law

Contractor hereby certifies that all applicable parties listed in Division (I)(3) or (J)(3) of O.R.C. Section 3517.13 are in full compliance with Divisions (I)(1) and (J)(1) of O.R.C. Section 3517.13.

In accordance with Executive Order 2007-01S, Contractor, by signature on this document, certifies: (1) it has reviewed and understands Executive Order 2007-01S, (2) has reviewed and understands the Ohio ethics and conflict of interest laws, and (3) will take no action inconsistent with those laws and this order. The Contractor understands that failure to comply with Executive Order 2007-01S is, in itself, grounds for termination of this contract and may result in the loss of other contracts with the State of Ohio.

Contractor certifies that it is currently in compliance and will continue to adhere to the requirements of Ohio ethics laws.

B. Political Contributions

The Contractor affirms in its cover letter that, as applicable to the Contractor, all personal and business associates are in compliance with Chapter 3517 of the Revised Code regarding limitations on political contributions and will remain in compliance for the duration of the Contract and with all applicable provisions that extend beyond the expiration of the Contract.

DECLARATION OF MATERIAL ASSISTANCE. In accordance with R.C. 2909.33(C), I certify that I meet one of the following conditions:

A. I have not received, nor will receive as a result of this contract, an aggregate amount greater than one hundred thousand dollars (\$100,000) in business or funding, excluding personal benefits, from the state, instrumentalities, or political subdivisions during the current fiscal year;

Or

B. 1. I have received, or will receive as a result of this contract, an aggregate amount greater than one hundred thousand dollars (\$100,000) in business or funding, excluding personal benefits, from the state, instrumentalities, or political subdivisions during the current fiscal year.

And

2. I have either pre-certified with the Office of Budget and Management, or have completed the Declaration of Material Assistance form as certifying that I have not provided material assistance to any organization on the Terrorist Exclusion List, as that term is defined in R.C. 2909.21.

EQUAL EMPLOYMENT OPPORTUNITY. The Contractor will comply with all state and federal laws regarding equal employment opportunity, including Ohio Revised Code Section 125.111 and all related Executive Orders.

Before a contract can be awarded or renewed, an Affirmative Action Program Verification Form must be completed using:

<http://das.ohio.gov/Divisions/EqualOpportunity/AffirmativeActionProgramVerification/tabid/133/Default.aspx>.

Approved Affirmative Action Plans can be found by going to the Equal Opportunity Department's Web site:

<http://eodreporting.oit.ohio.gov/searchAffirmativeAction.aspx>

INJUNCTIVE RELIEF. Nothing in this Contract is intended to limit the State's right to injunctive relief if such is necessary to protect its interests or to keep it whole.

ASSIGNMENT. The Contractor may not assign this Contract or any of its rights or obligations under this Contract without the prior, written consent of the State.

GOVERNING LAW. This Contract will be governed by the laws of Ohio, and venue for any disputes will lie exclusively with the appropriate court in Franklin County, Ohio.

ATTACHMENT FOUR
CONTRACT

This Contract, which results from RFP CSP900411, entitled State of Ohio VLT Gaming Economic Assessment and Review is between the state of Ohio, through the Department of Administrative Services, Office of Procurement Services, on behalf of the Ohio Lottery Commission (the "State") and

(the "Contractor").

If this RFP results in a contract award, the Contract will consist of this RFP including all attachments, written addenda to this RFP, the Contractor's proposal, and written, authorized addenda to the Contractor's proposal. It will also include any materials incorporated by reference in the above documents and any purchase orders and change orders issued under the Contract. The form of the Contract is this one (1) page attachment to the RFP, which incorporates by reference all the documents identified above. The general terms and conditions for the Contract are contained in another attachment to the RFP. If there are conflicting provisions between the documents that make up the Contract, the order of precedence for the documents is as follows:

1. This RFP, as amended;
2. The documents and materials incorporated by reference in the RFP;
3. The Contractor's Proposal, as amended, clarified, and accepted by the State; and
4. The documents and materials incorporated by reference in the Contractor's Proposal.

Notwithstanding the order listed above, change orders and amendments issued after the Contract is executed may expressly change the provisions of the Contract. If they do so expressly, then the most recent of them will take precedence over anything else that is part of the Contract.

This Contract has an effective date of the later of September 1, 2010 or the occurrence of all conditions precedent specified in the General Terms and Conditions.

IN WITNESS WHEREOF, the parties have executed this Contract as of the dates below.

_____ (Contractor)	Department of Administrative Services _____ (State of Ohio Agency)
_____ (Signature)	_____ (Signature)
_____ (Printed Name)	Hugh Quill _____ (Printed Name)
_____ (Title)	Director, Department of Administrative Services _____ (Title)
_____ (Date)	_____ (Date)

ATTACHMENT FIVE
OFFEROR PROFILE FORM

Offeror's Legal Name:	Address:	
Phone Number:	Fax Number:	E-mail Address:
Home Office Location:	Date Established:	Ownership:
Firm Leadership:	Number of Employees:	Number of Employees Directly involved in Tasks Directly Related to the Work:
Additional Background Information:		

ATTACHMENT SIX
OFFEROR REFERENCES

Three (3) professional references who have received services from the Offeror in the past five (5) years

Company Name:		Contact Name:	
Address:		Phone Number:	
		E-Mail Address:	
Project Name:	Beginning Date of Project: (Month/Year)	Ending Date of Project: (Month/Year)	
Description of project size, complexity and the Offeror's role in this project.			

Company Name:		Contact Name:	
Address:		Phone Number:	
		E-Mail Address:	
Project Name:	Beginning Date of Project: (Month/Year)	Ending Date of Project: (Month/Year)	
Description of project size, complexity and the Offeror's role in this project.			

Company Name:		Contact Name:	
Address:		Phone Number:	
		E-Mail Address:	
Project Name:	Beginning Date of Project: (Month/Year)	Ending Date of Project: (Month/Year)	
Description of project size, complexity and the Offeror's role in this project.			

ATTACHMENT SEVEN
OFFEROR PERFORMANCE FORM

The Offeror must provide the following information for this section for the past seven (7) years. Please indicate yes or no in each column.

Yes/No	Description
	The Offeror has had a contract terminated for default or cause. If so, the Offeror must submit full details, including the other party's name, address, and telephone number.
	The Offeror has been assessed any penalties in excess of five thousand dollars (\$5,000), including liquidated damages, under any of its existing or past contracts with any organization (including any governmental entity). If so, the Offeror must provide complete details, including the name of the other organization, the reason for the penalty, and the penalty amount for each incident.
	The Offeror was the subject of any governmental action limiting the right of the Offeror to do business with that entity or any other governmental entity.
	Has trading in the stock of the company ever been suspended? If so provide the date(s) and explanation(s).
	The Offeror, any officer of the Offeror, or any owner of a twenty percent (20%) interest or greater in the Offeror has filed for bankruptcy, reorganization, a debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding.
	The Offeror, any officer of the Offeror, or any owner with a twenty percent (20%) interest or greater in the Offeror has been convicted of a felony or is currently under indictment on any felony charge.

If the answer to any item above is affirmative, the Offeror must provide complete details about the matter. While an affirmative answer to any of these items will not automatically disqualify an Offeror from consideration, at the sole discretion of the State, such an answer and a review of the background details may result in a rejection of the Offeror's proposal. The State will make this decision based on its determination of the seriousness of the matter, the matter's possible impact on the Offeror's performance on the project, and the best interests of the State.

ATTACHMENT EIGHT
ANALYSIS OF 2009 OHIO CASINO INITIATIVE



October 2, 2009

The Honorable Jennifer Brunner
Ohio Secretary of State
180 E. Broad Street, 18th Floor
Columbus, OH 43215

Re: State Issue 3: Casino Ballot Initiative

Dear Secretary Brunner:

Pursuant to section 3519.04 of the Ohio Revised Code, your office requested the Office of Budget and Management and Department of Taxation to analyze the impact of the proposed constitutional amendment certified for the November 3, 2009 ballot as State Issue 3. State Issue 3 would amend the state constitution to expand gambling in Ohio at four locations. Under this proposal, the expansion would be limited to four predetermined locations in Cincinnati, Cleveland, Columbus, and Toledo.

In response to your request, the Office of Budget and Management and Department of Taxation have prepared a consolidated detailed revenue and expenditure analysis. The attached analysis includes our estimates as well as the methodology and assumptions used to develop the estimates.

As evidenced by the attached analysis, there are significant revenue and expenditure impacts as a result of this proposal. In summary:

Because of uncertainty over the proposed video lottery terminal (VLT) facilities at horse racing tracks, we have estimated the tax revenue under two scenarios: as if all seven VLT facilities were fully operational; and as if none of the VLT facilities is opened. We estimate that the tax on gross casino revenue that would be created by the constitutional amendment would generate about \$470 million in annual tax revenue once all four casinos and all seven VLT facilities are fully operational. Alternatively, we estimate that the tax would raise about \$643 million once all four casinos are fully operational without any VLT facilities opening. From the tax revenue, 90 percent is allocated to local governments and school districts and the other 10 percent is allocated to the state government for specified purposes.

As always, please feel free to contact us should you have any questions or concerns.

Sincerely,

Handwritten signature of J. Pari Sabety in blue ink.

J. Pari Sabety,
Director
Office of Budget and Management

Handwritten signature of Richard A. Levin in blue ink.

Richard A. Levin,
Commissioner
Ohio Department of Taxation

Analysis of 2009 Ohio Casino Initiative

Summarized Fiscal Analysis and Overview of Casino Proposal

A proposed constitutional amendment scheduled to appear on the November, 2009 ballot would authorize the establishment of four full-service casinos at specific locations in the following cities: Cleveland, Cincinnati, Columbus, and Toledo. We assume all four will be built with minimal delay, although there is no specific requirement or date by which casinos must be built.

The ballot language establishes a tax rate of 33 percent on gross casino revenue (GCR), the income of casinos after paying out prizes but before payment of expenses.¹ (GCR is synonymous with both casino win and total adult gambling losses. The estimates in this analysis are based on average casino gambling losses per adult.)² Because of uncertainty over the proposed video lottery terminal (VLT) facilities at horse racing tracks, we have estimated the tax revenue under two scenarios: as if all seven VLT facilities were fully operational; and as if none of the VLT facilities is opened. There are other possible outcomes of the VLT debate, but the results from those outcomes should be somewhere between the two scenarios we have estimated.

We estimate that the tax on GCR would generate about \$470 million in annual tax revenue once all four casinos and all seven VLT facilities are fully operational. Alternatively, we estimate that the tax would raise about \$643 million once all four casinos are fully operational without any VLT facilities opening.³ From the tax revenue, 90 percent is allocated to local governments and school districts and the other 10 percent is allocated to the state government for specified purposes (detailed later in this section).

The proposed amendment also would require of the four casinos to each pay an up-front license fee of \$50 million, totaling \$200 million in potential fee revenue. The revenue from the fee is specifically designated to support regional job training programs in the state. There is no time frame in the amendment for the payment of the license fees. Payment dates would be set either through implementing legislation or by rule of the Ohio Casino Control Commission.

The proposed amendment would create an Ohio Casino Control Commission (CCC) to license and regulate casino gaming, operators, management companies, employees, and

¹ More specifically, the amendment defines "gross casino revenue" to mean "the total amount of money exchanged for the purchase of chips, tokens, tickets, electronic cards, or similar objects by casino patrons, less winnings paid to wagers." Claims have been made that the tax would not apply to cash wagering. The assumption of this analysis is that implementing legislation would define the tax base in such a way that cash wagering, to the extent it occurs, would be subject to taxation and that no challenges to the implementing legislation would be successful. If this assumption is wrong, the estimates of tax yield would have to be adjusted downward.

² The average loss per adult used in our analysis represents the aggregate annual losses of gamblers divided by the entire over-21 population (consisting of gamblers and non-gamblers alike).

³ We assume that all four casinos are built with minimal delay and that there are no temporary structures in place prior to the opening of the permanent casinos. The reason we assume no temporary casinos is because of the language in Section (C)(5) that requires an "initial investment" of \$250 million per casino, which seems to preclude temporary structures because of the dollar level of initial investment required. We make no specific assumptions about when the casinos actually open.

vendors. Ongoing expenses for the commission are estimated at about \$14 million per year with additional start-up expenses estimated at nearly \$5 million. The CCC is to be funded by the allocation of three percent of the tax on GCR. There is no language in the proposed amendment stating how the commission's initial operating and start-up expenses would be funded, since the CCC would have to be operating before the casinos actually open. Presumably, the \$5 million in start-up costs would have to be absorbed by the state general revenue fund.

The proposed constitutional amendment would require each casino operator to invest at least \$250 million in development of casino facilities, totaling a minimum of \$1 billion in investment statewide. The amendment allows the four Ohio casinos to offer all slot machine and table games permitted as of January 1, 2009 in the neighboring states of Indiana, Michigan, Pennsylvania, and West Virginia. In addition, any future expansion of authorized slot machine and table gaming in any of the above four states would also automatically be permitted in the Ohio casinos. The hours of operation and number of slot machines would be determined by each casino operator; however, the number of slot machines at each facility could not exceed 5,000 machines.

The proposed amendment would require the state to levy a tax on casino operators at a rate of 33 percent of GCR. Just over one-half of the tax revenue would be allocated to all 88 counties based on population, although in counties whose largest city has a population greater than 80,000, 50 percent of that county's distribution of the GCR tax would go to that city. Another 34 percent of the tax revenue would go to public school districts based on student population. The full allocation of the tax on GCR would be as follows:

- 51% to county governments based on population. (In counties whose largest city has a population greater than 80,000, one-half of the county's distribution would go to that city;
- 34% to all public school districts based on student population, to support primary and secondary education;
- 5% of the tax on each casino would go to the host city of that casino;
- 3% to the Ohio State Racing Commission to help revitalize the horse racing industry in Ohio;
- 3% to fund the operations of the Ohio Casino Control Commission;
- 2% to a state fund to be used for the treatment of problem gambling and substance abuse, including related research; and
- 2% to a state fund to be used for training for law enforcement agencies.

TABLE ONE
Estimated Revenue Distribution of
Proposed 33 Percent Tax on Gross Casino Revenue
Showing annual yield once all facilities are fully operational (in millions)

	Casino tax revenue, assuming no VLT facilities in operation	Casino tax revenue, assuming 7 VLT facilities in operation
Total Estimated Tax Revenue	\$643.4	\$469.8
<i>Distribution by type of recipient</i>		
All Counties (51%)*	\$328.2	\$239.6
All School Districts (34%)	\$218.8	\$159.7
Host Cities (5%)**	\$32.2	\$23.5
Racing Commission (3%)	\$19.3	\$14.1
Casino Control Commission (3%)	\$19.3	\$14.1
Problem Gambling (2%)	\$12.9	\$9.4
Law Enforcement Training (2%)	\$12.9	\$9.4

*Includes amounts to be subsequently distributed to the largest city within the county, if the city's population exceeds 80,000.

** The four host cities would split this amount, based on the GCR taxes paid by the casino in their city.

Analysis of Proposed Tax on Gross Casino Revenues

Nature and scope of the analysis

Section 3519.04 of the Ohio Revised Code requires the state tax commissioner to provide an estimate of the annual yield for any Ohio constitutional amendment that proposes to levy a tax. In accordance with this provision, the Department of Taxation has estimated the annual amount of GCR and the resulting tax revenue to be generated by the operation of the four casinos authorized in the amendment.

The statutory estimation requirement pertains only to any "proposed taxes" contained in the constitutional amendment; it does not mention existing tax or non-tax revenue sources that might be affected by the amendment. Therefore, the potential impact of the amendment on existing taxes and other revenue sources – such as the personal income tax, the sales and use tax, the lodging tax, the commercial activity tax, and the state lottery – is not addressed in this analysis.

This Revised Code section also requires the Office of Budget and Management to estimate any required state expenditures required by a constitutional amendment. OBM has estimated the necessary costs in operating the Casino Control Commission.

Summary of the gaming environment in Ohio and in adjacent states

For many years, several kinds of legalized gambling have been available within the state of Ohio. Pari-mutuel wagering, charitable gaming, and state-run lottery games are forms of legalized gaming currently existing in this state.⁴ In July 2009, the Ohio Lottery Commission began undertaking the implementation of new lottery games – those provided by video lottery terminals – at Ohio’s seven horse racing tracks. That implementation is currently on hold pending further direction from the courts. Because of current uncertainty of the pace at which the VLT facilities may be developed, or whether they are even developed at all, we are providing scenarios based on either full development or no development.

With the exception of Kentucky, states adjacent to Ohio currently offer an extensive menu of casino gaming options - both gaming devices (“slot machines”) and table games - at different types of venues. In West Virginia, racetracks offer VLTs and table games. Indiana is home to riverboat casinos, a land-based casino, and slot machines at several racetracks. Michigan has land-based casino operations. Pennsylvania has a land-based casino and it permits slot machines at various racetracks.⁵ Ohioans patronize these states’ gaming facilities, particularly those located near the Ohio border. For example, the Mountaineer and Wheeling Downs facilities in West Virginia and the three facilities located in southeastern Indiana attract the most customers from Ohio.

Each state with casino or casino-type gaming has established its own tax and regulatory structure. Table Two provides a means of comparing the relative taxes in other states and those proposed for Ohio.

⁴ Casino-type gaming has been permitted for charitable purposes.

⁵ The recent Pennsylvania budget agreement, if approved by the Legislature, would allow table games at the slot machine facilities.

TABLE TWO
Gaming tax revenues and tax rates for Ohio's surrounding states

	Revenue from tax on gross casino receipts or video lottery terminals (in millions of \$)	Tax rate levied on gross casino receipts (includes slot machines but excludes VLTs)	Tax rate levied on gross receipts of video lottery terminals
Ohio (a)	\$470 to \$643	33%	(a)
Indiana (b)	838	15% to 35%	n/a
Michigan (c)	322	19%	n/a
Pennsylvania (d)	767	55%	n/a
West Virginia (e)	430	n/a	55.4%

- (a) In addition to the casino amendment, VLTs located at Ohio's 7 racetracks have been proposed. The racetrack and state lottery would equally share the gross revenues, resulting in a 50% tax rate. The \$470 million figure represents estimated casino tax revenues with the presence of VLTs at racetracks while the \$643 million figure assumes there are no VLTs. Potential revenue from VLT facilities is not included in the numbers in the first column.
- (b) Indiana gaming occurs at 10 riverboats, 1 land-based casino and 2 racetracks. Figures do not include a \$3 per patron admissions tax.
- (c) Michigan has 3 land-based casinos. For temporary facilities, the tax rate is 24%. Michigan also has a number of land-based Indian casinos, information on which is not included in Table Two.
- (d) Pennsylvania has slot machines at 6 racetracks and at 1 land-based casino. A proposed law change would allow table games at these facilities.
- (e) West Virginia has publicly-run video lottery terminals located at four racetracks with distributions made to operators. In addition, West Virginia allows table games at the four facilities subject to local referendum. Three of the four have actually implemented table games.

Source: "2009 AGA Survey of Casino Entertainment," American Gaming Association.

A central premise of this revenue estimate is that a large share of gaming currently undertaken by Ohioans in other states would be "recaptured" into Ohio by the four proposed casinos.⁶ This is due to the distance-sensitive nature of casino gaming. Evidence from a wide variety of gaming studies indicates that – with exception of a premier gambling destination like Las Vegas or other types of travel in which gambling may be a tangential entertainment option – gamblers prefer to patronize the establishment closest to their residential location as long as it offers an acceptable environment and sufficient gaming choices. The average frequency of customer visits to a given facility is also associated with residential proximity to that gaming venue. Relative to most out-of-

⁶ The total amount of gaming activity "recaptured" by Ohio gaming facilities would be allocated among the four proposed casinos as well as, in the estimate assuming development of VLT facilities, among the seven VLT facilities at race tracks.

state gaming sites, the proximity of the proposed Ohio casinos to Ohio residents would allow those facilities to attract Ohio gamblers, and also result in many Ohioans making a larger number of visits to gaming facilities than they currently make to the more distant, out-of-state locations. As indicated above, the contemplated Ohio casinos would likely not attract a significant share of customers that reside outside of Ohio (with the exception of those Kentucky residents who would find the Cincinnati facility to be closer to them than the facilities in West Virginia and Indiana). The reason is two-fold: Ohio's relatively late entry into casino gaming makes it difficult to attract customers already being served by a facility that is more proximate to their residence; and there are no major cross-border metropolitan areas from which Ohio can draw a significant number of customers. In fact, there are several regions within Ohio whose residents would be expected to continue to patronize out-of-state facilities: residents of the eastern and southeastern counties of Ohio along or close to the Ohio River would likely continue to go to facilities in Pittsburgh, Washington, Pa., or West Virginia (primarily Mountaineer and Wheeling Downs); residents of far northeastern Ohio would probably still patronize the casino in Erie, PA; and some southwestern Ohio gamblers would continue to go to the Indiana casinos.

To reiterate, Ohio would not be expected to draw more than a modest share of non-Ohio customers and therefore would not be extensively competing with out-of-state facilities for customers from their own states. Ohio casinos would primarily depend on Ohio customers to patronize their establishments.

Assumptions

Listed below are major assumptions that underlie our analysis.

1. We assume that only adults over the age of 21 would be permitted to gamble at the proposed casinos.
 2. Since there is a substantial minimum initial investment requirement, we assume there would be no temporary structures set-up prior to the permanent facilities. The estimate accordingly reflects operations at fully operational, permanent facilities.
 3. Based on the practices of casinos in other states, it is assumed that the casinos would be open twenty-four hours a day, seven days a week.
 4. The estimate is intended to reflect a year in which all four casinos and all seven VLT facilities (in the case where the VLTs are implemented) would be in full operation. We do not specify a particular year in this analysis.
 5. Adult gambling losses from 2007 are used in this study, with no adjustments to reflect a gain or decline in gaming activity. Although we recognize there has been a decline in the total volume of wagering during the recession, we assume there will be somewhat of a recovery during the next several years thereby allowing us to use the 2007 figures as a reasonable approximation of the gaming levels for a year in which the casinos would be fully in effect.
-

Estimation Method

Overview of methodology

The estimation method for the proposed constitutional amendment is a gravity model. A review of recent literature and methodologies used in other states to determine the fiscal impacts of proposed casinos show this to be the currently recognized “state-of-the-art” approach for this type of analysis. This model structure, loosely based on Newton’s law of gravity, effectively reduces the pull of the casino the further away from that casino a person gets. In other words, the closer a person lives to a casino, the more likely that person will visit the casino – and visit it more often – than someone who lives further away.

Because of logistical constraints, we were not able to build an entirely new, “full-featured” gravity model. Instead, we draw on the methodological attributes and empirical findings of gravity models developed by others for similar types of analyses. Our methodology is consistent with the models employed by three organizations with notable experience in conducting gaming studies: Christiansen Capital Advisors, Cumming Associates, and Wichita State University. We primarily drew upon models they used for Kansas gaming markets.⁷

To develop the basic gravity model for our estimate, we needed to determine four particular elements. First, we had to determine how many adults live within certain distance or driving-time bands of the proposed casinos.⁸ Second, we accounted for how much competition for patrons there would be among the four casinos, the seven horse racing track facilities with video lottery terminals (where applicable), and the casinos in surrounding states that draw heavily from Ohio populations because of proximity to the state (primarily, the two racinos in western West Virginia, the three riverboat casinos in southeastern Indiana, and the three casinos in Detroit). Third, we estimated the average gambling loss per adult who lives within the first distance band from each casino.⁹ Finally, we determined the rate at which annual gambling loss per adult declines for populations further away from the casino.

Distribution of population according to casino proximity

The population within the various drive-time bands comes from two sources. Using Census data, the Office of Strategic Research of the Ohio Department of Development

⁷ See the bibliography at the end of this document for full references to studies we reviewed.

⁸ We opted to use drive time, rather than distance, for the various bands used in our model.

⁹ Although many individuals realize gambling winnings during the short-term (such as during a single casino visit), over time gamblers realize an aggregate loss from engaging in such activity, and the casinos realize a commensurate aggregate “win” (what our analysis refers to as “gross casino revenue”). Furthermore, even though we recognize that not all adults visit a casino during a year, the “average loss per adult” figures employed in our analysis are nonetheless averaged over the *entire* adult (over-21) population. Very simply stated, the average loss per adult used in our analysis represents the aggregate annual losses of gamblers divided by the entire over-21 population (consisting of gamblers and non-gamblers alike).

was able to determine how many adults lived within 30-minute and 60-minute drive times of each proposed Ohio casino and each Ohio horse racing track.

To further segment the under-30 minute population, we used popular Internet-based mapping and driving distance programs and determined the geographical areas which would be within 15 minutes of drive time of each of the various gaming facilities. To determine the population within each 15-minute segment, we used school district boundary maps available on the Public Utilities Commission of Ohio website. We superimposed our 15-minute segment boundaries on a map with the school district boundaries, and estimated the percentage of each school district within the 15-minute band around each facility. We then computed the number of state income tax return filers in each affected school district as a percentage of all state income tax returns filed across the state. By applying that percentage to the statewide over-21 population, we were able to estimate the over-21 population of each school district within the 15-minute limit. The separate amounts computed for each school district were summed to produce the under-15 minute population figures for each appropriate market (Cincinnati, Cleveland, Columbus and Toledo).¹⁰

Average adult loss according to casino proximity

To account for competition among the four casinos, the potential VLT facilities, and the out-of-state casinos, we rely on information from two of the studies we reviewed.¹¹ In these studies, the authors estimated the drop-off in loss per adult as one moved further away from proposed casinos in Kansas. We rely on their estimates for two proposed resort casinos, one in Wichita and one in Kansas City, Kansas. Wichita State University generated estimates for a resort casino in Wichita with no local market competition from any VLT facilities. Christiansen, on the other hand, produced estimates of resort casinos in both cities, with two alternative scenarios: one consisting of only the casino being present in the area; and another consisting of both the casino and slot machines at nearby racetracks. Based on geographical attributes, we assume casinos in Cleveland and Columbus would be similar to the proposed casino in Wichita when looking solely at proximity of competition from out-of-state casinos. We assume the casinos in Cincinnati and Toledo would face a competitive environment similar to the proposed casino in Kansas City.¹²

Once determining the population proximity bands, we need to determine the annual dollar loss per adult. Using a gravity model, the key is estimating the loss per adult in the closest band to each facility (which we are defining as being within 15 minutes drive time of the facility). The amount we are using for the average loss per adult living within 15 minutes of a casino is \$530 per year if there are no VLT facilities, and \$480 per year if there are the seven proposed VLT facilities. These numbers are drawn from our review of both the Christiansen and Wichita State University (WSU) studies. These studies measure the average annual loss per adult living within 10 miles of casinos in Wichita

¹⁰ To validate our methodology, we did a similar plot of 30-minute drive times around the Cincinnati facilities and compared the results with the data provided by the Department of Development. Our population estimates were found to be within five percent of the figure derived by Development.

¹¹ Christiansen (2006 Final Report) and Wichita State University.

¹² Cincinnati has the Indiana casinos; Toledo has the Detroit casinos; and Kansas City has the riverboat casinos in Western Missouri as competition.

and Kansas City (we assume that the 10-mile results are essentially equal to 15-minute drive-time results).

The final step in constructing the gravity model is determining the annual dollar loss for casino visitors who live beyond 15 minutes from the casinos. For this, we draw primarily on the Christiansen study.

Cleveland and Columbus: Average adult loss beyond 15 minutes

For the Cleveland and Columbus casinos, we assume the relationship between loss per adult and distance follows a pattern that is the same as the Christiansen study shows for Wichita for those adults living within 60 minutes of the casinos. We assume that 9 percent of total GCR will come from adults living more than 60 minutes from the casinos.

Cincinnati and Toledo: Average adult loss beyond 15 minutes

For Cincinnati and Toledo, we used a different method in estimating the loss in the 15-30 minute range than we do for the 30-60 minute and over 60-minute ranges. We chose this approach because the nature of the competition in Cincinnati and Toledo is notably different than that of Wichita. There is judged to be less competition in Wichita than expected for the Cincinnati and Toledo facilities. The results for the other Kansas market considered in our analysis – Kansas City – are also not considered directly applicable for Cincinnati and Toledo within the 15-30 minute band. In the 15-30 minute band, Cincinnati will have competition from Indiana casinos and Toledo will have competition from Detroit casinos, but the competition will not be as strong as the competition between Kansas City, Kansas and Kansas City, Missouri, which are closer in proximity. However, once we get beyond 30 minutes from the Cincinnati and Toledo casinos, the characteristics for competition are relatively similar to those of the Kansas City market.

For those adults living 15-30 minutes from the proposed casinos, we used the averages of the Wichita and Kansas City markets provided in the Christiansen study. In both of those markets, we took the percentage change in loss per adult from the closest distance band to the second closest distance band. We then averaged those two percentages to come up with our estimate of the percentage change in Cincinnati and Toledo from the under-15 minute band to the 15-30 minute band.

For the 30-60 minute band, we used the percentage change reported by Christiansen for the Kansas City analysis. For GCR from residents outside 60 minutes, we again looked at the competition expected in the Cincinnati and Toledo markets relative to the results reported in the Christiansen study for Kansas City. Because of the strong competition expected in those two Ohio markets outside of 60 minutes, we assume that just 4.5 percent of those markets' total GCR will come from persons located outside of 60 minutes from the facilities (one-half of the level assumed for the Cleveland and Columbus markets).

Capacity adjustment

One final adjustment is made for the Cleveland casino estimate when there is no competition from VLT facilities. In this case, the casino is considered "capacity-constrained," meaning the number of gambling devices is insufficient to meet the demand for that population base. If one looks at the yield per slot machine per day that the

gravity model implicitly assigns to the Cleveland casino under this scenario, it is obviously well above the industry standard and is probably not achievable because of space constraints (essentially, at peak times, lines are forming to wait for a machine). To account for this, we lower the implicit yield per machine by \$60 per day. This still leaves the yield per machine at the high end of the industry norm, a result supported by Cummings (2008), but reflects a lower than optimal overall GCR because of the capacity constraint. Such a capacity constraint does not exist at any of the other casinos under any scenario (including at the Cleveland casino with competition from VLT facilities).

Estimation Results

As discussed earlier in this document, two estimates have been prepared: one assuming that all four casinos and all seven VLT facilities are built and operating, and the other assuming all four casinos are built and operating, but with no VLT facilities. For both estimates, the numbers we have derived are for a full year in which all of the assumed facilities are operating. Each set of estimates derives GCR for all four casino locations and aggregates them to arrive at total GCR in the state.

As would be expected, total GCR for the casinos absent competition from the VLT facilities is higher than if all 11 gaming sites are developed. Because of the uncertainty surrounding the development of VLT facilities, the two estimates provided here should be viewed as the low and high extremes for potential revenue generated from the proposed constitutional amendment. There are potentially numerous other outcomes, assuming all four casinos are developed, that would cause revenue estimates for the tax on casino GCR to fall somewhere between the two estimates shown here.

Tables Three and Four present the derived GCR estimates under each scenario. The information in the tables reflects the various assumptions and methodological processes described above, including the capacity constraint adjustment for the Cleveland casino. Tables Three and Four show that total GCR with and without the presence of VLT facilities would be about \$1.42 billion or \$1.95 billion, respectively. Applying the 33 percent tax rate prescribed in the constitutional amendment, total annual tax revenues from the casinos once all are fully up and running are estimated to be \$470 million with competing VLT facilities or \$643 million with no competing VLT facilities.

TABLE THREE
Annual Gross Casino Revenue with VLT Facilities

Market	Drive Time in Minutes	Adult Population	Estimated annual Spending per Adult	Annual Gross Casino Revenue
Toledo	0 - 15	209,776	\$480	\$100,692,524
	15 - 30	217,646	\$212.50	\$46,249,756
	30 - 60	807,249	\$70	\$56,507,438
	Over 60	--	4.5% of total	\$11,840,989
Toledo Total				\$215,290,706
Cleveland	0 - 15	249,651	\$480	\$119,832,561
	15 - 30	942,671	\$250	\$235,667,775
	30 - 60	938,777	\$80	\$75,102,129
	Over 60	--	9.0% of total	\$42,587,057
Cleveland Total				\$473,189,823
Columbus	0 - 15	466,827	\$480	\$224,077,161
	15 - 30	393,244	\$250	\$98,310,984
	30 - 60	493,358	\$80	\$39,468,638
	Over 60		9.0% of total	\$35,788,034
Columbus Total				\$397,644,817
Cincinnati	0 - 15	233,625	\$480	\$112,139,863
	15 - 30	742,479	\$212.50	\$157,776,806
	30 - 60	698,519	\$70	\$48,896,298
	Over 60		4.5% of total	\$18,555,252
Cincinnati Total				\$337,368,219
Grand Total				\$1,423,493,264

Note: These figures represent gross casino revenue, not tax revenue (the figures are prior to applying the prescribed 33 percent tax rate).

TABLE FOUR
Annual Gross Casino Revenue without VLT Facilities

Market	Drive Time in Minutes	Adult Population	Estimated annual Spending per Adult	Annual Gross Casino Revenue
Toledo	0 - 15	209,776	\$530	\$111,181,328
	15 - 30	217,646	\$315	\$68,558,461
	30 - 60	807,249	\$70	\$56,507,438
	Over 60	--	4.5% of total	\$13,749,839
Toledo Total				\$249,997,066
Cleveland	0 - 15	249,651	\$530	\$132,315,120
	15 - 30	942,671	\$430	\$405,348,573
	30 - 60	938,777	\$210	\$197,143,090
	Over 60	--	9.0% of total	\$72,673,198
Capacity Adjustment				-\$109,500,000
Cleveland Total				\$697,979,981
Columbus	0 - 15	466,827	\$530	\$247,418,532
	15 - 30	393,244	\$430	\$169,094,892
	30 - 60	493,358	\$210	\$103,605,175
	Over 60		9.0% of total	\$51,440,301
Columbus Total				\$571,558,901
Cincinnati	0 - 15	233,625	\$530	\$123,821,099
	15 - 30	742,479	\$315	\$233,880,912
	30 - 60	698,519	\$70	\$48,896,298
	Over 60		4.5% of total	\$23,664,452
Cincinnati Total				\$430,262,761
Grand Total				\$1,949,798,708

Note: These figures represent gross casino revenue, not tax revenue (the figures are prior to applying the prescribed 33 percent tax rate).

Cost of Administering the New Casino Gross Receipts Tax

The Ohio Department of Taxation has estimated start-up costs for administering a new casino gross receipts tax at \$400,000. Ongoing operating costs thereafter are estimated at \$250,000 per year.

The start-up costs include \$250,000 for Information Technology (IT) services, hardware, and software; and \$150,000 for administrative costs including printing, postage and personnel services.

Ongoing operational costs include IT work of \$100,000 per year for system maintenance and upgrades, and administrative costs of \$150,000 per year, for personnel services and mailing expenses.

The proposed amendment has no provision for funding either the upfront or ongoing expenses of the Department of Taxation. Presumably, such funding shall be absorbed within the department's general revenue fund allocation.

Cost of New Ohio Casino Control Commission

As proposed by constitutional amendment, the Ohio Casino Control Commission would be established and would be responsible for licensing and regulating casino gaming, casino operators of the four facilities, and other elements related to casino gaming. The commission would consist of seven members to be appointed by the Governor, with the advice and consent of the Senate. The members shall all be Ohio residents, and shall include: (a) a member experienced in law enforcement and criminal investigation; (b) a member that is a certified public accountant experienced in accounting and auditing; (c) a member that is an attorney admitted to the practice of law in Ohio; (d) a member who is a resident of a county where one of the casino facilities is located. It is provided, however, that not more than four members appointed to the commission at any given time may be a member of the same political party, and no commission member may have any affiliation with an Ohio casino operator or facility.

The proposed constitutional amendment would require the General Assembly, within six months of the effective date of the amendment, to enact laws to carry out the purposes intended by the section and to facilitate the operation of casino gaming. To support the activities of the commission, the proposal provides three percent (3%) of the tax on GCR collected by the State to fund its operations.

Based upon a review of the organizational structures of casino regulatory agencies Indiana and Michigan,¹³ the duties specifically associated with casino licensing and ensuring fair gaming in Ohio would likely require a staff of 158 FTEs, with 35 FTEs for initial start-up. Most of the commission staff would consist of law enforcement personnel, compliance, and investigation staff located at the four casinos. The need would be 41 FTEs for enforcing criminal statutes (Enforcement Division), 41 FTEs for

¹³ Given that the proposed constitutional amendment did not contain specifics regarding the composition of the commission, this analysis uses ratios of employees per casino to project initial need based on an analysis of comparable states.

enforcing regulatory statutes (Compliance Division), and 21 FTEs for investigation financial/background issues with suppliers and casino employees.¹⁴

The remaining staff member estimates for the commission would provide the following:

- Retrospective auditing services (19 FTEs);
- Central administrative support (16 FTEs);
- Legal services, including rule drafting, litigation, and exclusion list (8 FTEs);
- Board Members and support (8 FTEs); and
- Gaming Lab Services (4 FTEs).

Based on the table of organization (shown at the end of this section), staffing costs estimates for the commission would be approximately \$2.3 million for the initial year and \$11.2 million for ongoing years (see Tables Six and Seven).

Main Assumptions for Commission Administration Structure estimates (Tables Six and Seven at the end of this section):

- The salary assumptions are taken from the State of Ohio Job Specifications, Classification Plan Booklet, and the Pay Range Booklet published by the Department of Administrative Services (DAS);
- The Executive Director, Deputy Director, and Commission Member positions assume highest salaries with the prospective pay grade to attract knowledge;
- Attorney positions pay rates are averaged across Attorney 1-6 pay grades published by DAS;
- Due to large expected volume of licensing needs a ratio of one Background/Financial investigator per 500 casino employees was used. Based on Michigan and Indiana employee totals the average total employee casino staff is approximately 2,100 staff members;
- Compliance/Enforcement totals assume an average of six officers per casino per eight hour working shift. This number is based on Indiana and Michigan compliance averages;
- Unless otherwise noted, the salary for a given position is the average wage across all steps at the classification's pay grade. For the number of FTEs in the sections, a supervisor to staff ratio of 1:7 was used where possible, in conjunction with per casino averages from Indiana and Michigan; and
- Initial start-up administrative structure is based on the Michigan Gaming Control Board initial reports and subsequent interview.

¹⁴ In addition to criminal background checks performed through the Attorney General's Bureau of Criminal Identification and Investigation (BCI&I), licensing employee responsibilities will include, but not be limited to, the following: maintaining the licensure database, issuing temporary licenses, reviewing results of BCI&I checks and comparing to excludable offenses, verifying personal information, verifying personal tax information, contact with other states regarding an applicant's status as an excluded individual and/or license suspensions, financial reviews of holdings, financial reviews of spousal holdings, and conducting corporate background checks.

Assumptions for the initial start-up costs (Table Eight at the end of this section) are based on the following:

- Training costs for regulatory staff are based on the costs of seminars held by the University of Nevada at Las Vegas International Gaming Institute. The assumption also includes four nights at the state rate of \$85 per night, as well as assuming maximum allowable food costs and flight costs;
- Training costs for peace officers are based upon 29 weeks at regular pay for attendance at the Ohio State Highway Patrol Academy;
- Equipment costs include allowances for a desk, chair, phone, computer, filing cabinets, and other miscellaneous office supplies for 68 individuals. It assumed that commission members would not have equipment needs, and for on-site personnel, only enough equipment would be available for a full shift (six FTEs); and
- Costs for criminal background checks conducted through the Attorney General's Bureau of Criminal Identification and Investigation (BCI&I) were not included as these would be pass through costs.

In addition to start-up costs, ongoing operating costs are also presented in Table Eight. The costs are based upon the cost allocations of the State Medical Board of Ohio, the Ohio State Dental Board, the State of Ohio Board of Nursing, the Ohio State Board of Pharmacy, and the Ohio Ethics Commission. Specifically, the non-payroll operating costs, as a percent of total costs, were reviewed across all five agencies and averaged. In general, it was found that personnel costs represent approximately 80% of operating costs, with the remaining 20% divided as shown in Table Five.

Personal Services	80%
Purchased Services	9%
Supplies/Maintenance	10%
Equipment	1%
Total	100%

In total, annual operating costs would total \$4.8 million for the initial year and \$14.1 million annually for succeeding years.

Commission funding is from a portion of the state collection of casino gross casino revenue. Revenue from this tax will not be received until after construction of the casinos is completed and facilities are operating. Therefore, other sources of state funding must be used to cover the \$4.8 million start-up costs and possibly, other costs which may occur prior to the opening of the casinos.

Certain costs not associated with the CCC may also occur for which there are no defined funding mechanisms. These costs could include, but are not limited to, the expansion or installation of public infrastructure to support the proposed facilities, costs for environmental remediation, and roadway improvements necessary to provide reasonable access to those facilities.

Ohio Casino Control Commission Table of Organization

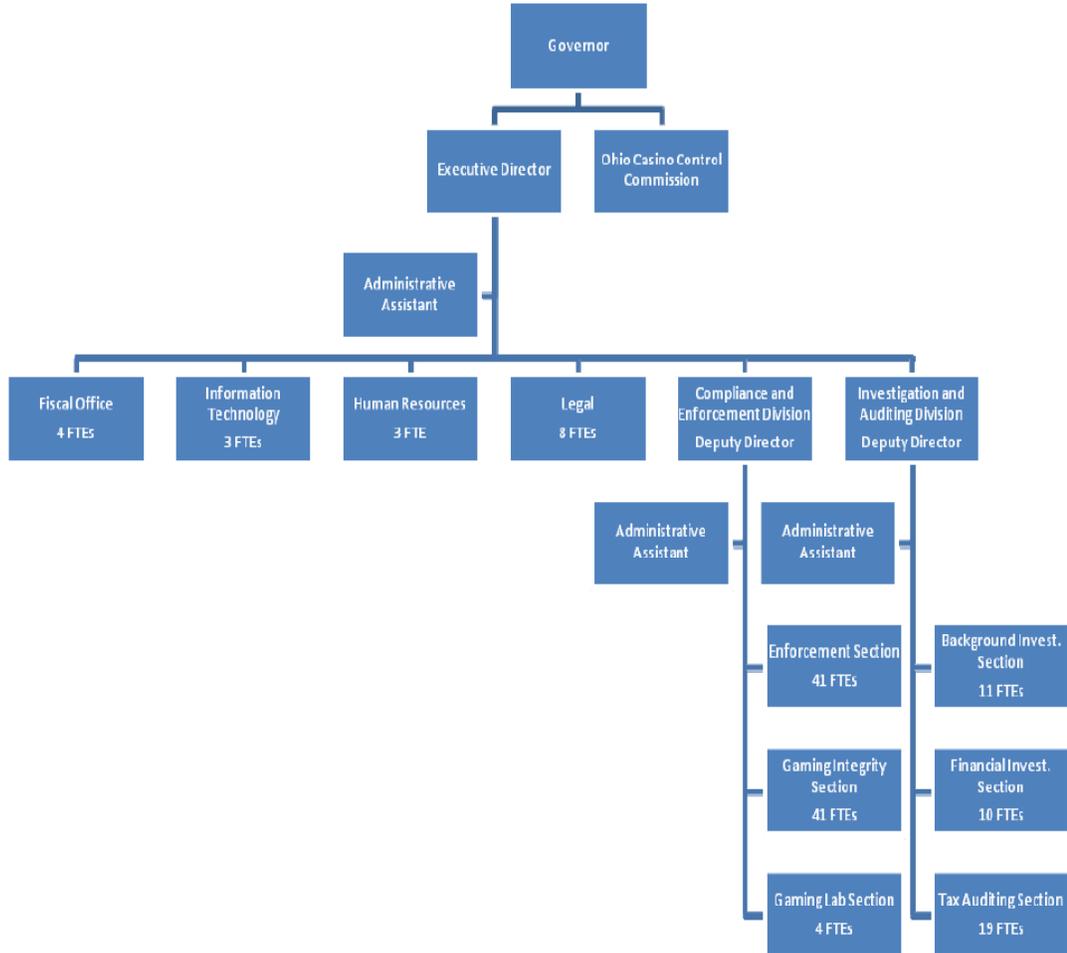


TABLE SIX

Based upon the above table of organization, displayed below are the commission staffing estimates for the start-up year *prior* to the opening of the four casinos.

Title	Quantity	Hourly Pay Rate	Annual Salary	Annual Salary+Fringe	Total Annual Cost
Executive Director 1	1	\$59.06	\$122,845	\$159,698	\$159,698
Administrative Assistant 3	1	\$27.23	\$56,638	\$73,630	\$73,630
Deputy Director 3	2	\$45.31	\$94,245	\$122,518	\$245,036
Administrative Assistant 2	2	\$21.41	\$44,533	\$57,893	\$115,785
Background Investigator	2	\$22.91	\$47,650	\$61,945	\$123,890
Financial Investigator	2	\$22.91	\$47,650	\$61,945	\$123,890
Auditor (Range)	1	\$21.51	\$44,735	\$58,156	\$58,156
Attorney (Range)	4	\$31.31	\$65,133	\$84,673	\$338,693
Attorney 6 (Chief Legal Counsel)	1	\$38.89	\$80,891	\$105,159	\$105,159
Fiscal Officer 4	1	\$38.89	\$80,891	\$105,159	\$105,159
Information Technologist	1	\$26.48	\$55,078	\$71,602	\$71,602
Human Capital Management Analyst	1	\$26.76	\$55,661	\$72,359	\$72,359
Board/Commission Member 3	7	\$49.50	\$2,970	\$3,861	\$27,027
Board/Commission Secretary 2	1	\$36.32	\$75,546	\$98,209	\$98,209
Compliance Officer	4	\$26.48	\$55,078	\$71,602	\$286,408
Trooper	4	\$26.47	\$55,058	\$71,575	\$296,092
Total	35			\$1,279,983	\$2,300,791

TABLE SEVEN

Based upon the above table of organization, displayed below are the commission staffing estimates once the four casinos have been opened.

Title	Quantity	Hourly Pay Rate	Annual Salary	Annual Salary+Fringe	Total Annual Cost
Executive Director 1	1	\$59.06	\$122,845	\$159,698	\$159,698
Administrative Assistant 3	1	\$27.23	\$56,638	\$73,630	\$73,630
Deputy Director 3	2	\$45.31	\$94,245	\$122,518	\$245,036
Administrative Assistant 2	2	\$21.41	\$44,533	\$57,893	\$115,785
Background Investigator	9	\$22.91	\$47,650	\$61,945	\$557,503
Background Investigator Supervisor	2	\$27.23	\$56,638	\$73,630	\$147,260
Financial Investigation Supervisor 1	2	\$27.23	\$56,638	\$73,630	\$147,260
Financial Investigator	8	\$22.91	\$47,650	\$61,945	\$495,558
Auditor Supervisor 1	3	\$37.25	\$77,480	\$100,724	\$302,172
Auditor - range	16	\$21.51	\$44,735	\$58,156	\$930,493
Attorney (Range)	7	\$31.31	\$65,133	\$84,673	\$592,712
Attorney 6 (Chief Legal Counsel)	1	\$38.89	\$80,891	\$105,159	\$105,159
Fiscal Officer 4	1	\$38.89	\$80,891	\$105,159	\$105,159
Fiscal Specialist 1	3	\$22.91	\$47,650	\$61,945	\$185,834
IT Architect/Consultant 1 (CIO)	1	\$38.88	\$80,870	\$105,132	\$105,132
Information Technologist	2	\$26.48	\$55,078	\$71,602	\$143,204
Human Capital Management Administrator 2	1	\$38.89	\$80,891	\$105,159	\$105,159
Human Capital Management Analyst	2	\$26.76	\$55,661	\$72,359	\$144,718
Board/Commission Member 3	7	\$49.50	\$2,970	\$3,861	\$27,027
Board/Commission Secretary 2	1	\$36.32	\$75,546	\$98,209	\$98,209
Engineer for Gaming Lab	2	\$33.02	\$68,685	\$89,290	\$178,580
Statistician for Gaming Lab	1	\$20.92	\$43,520	\$56,575	\$56,575
Gaming Lab Supervisor	1	\$33.02	\$68,685	\$89,290	\$89,290
Compliance Officer	36	\$26.48	\$55,078	\$71,602	\$2,577,669
Compliance Officer Supervisor	5	\$33.02	\$68,685	\$89,290	\$446,450
Trooper	36	\$26.47	\$55,058	\$71,575	\$2,664,824
Sergeant	5	\$28.61	\$59,509	\$77,361	\$399,047
Total	158			\$2,202,008	\$11,199,143

TABLE EIGHT

In addition to staffing costs, the commission will encounter other operating costs. Expected additional costs are as follows:

	Startup	Ongoing
Personal Services	\$2,300,791	\$11,199,143
Purchased Services and Training	\$1,974,317	\$1,401,660
Training (Troopers)	\$1,708,697	\$8,947
Training (Regulatory Staff)	\$265,620	\$132,810
Supplies/Maintenance	\$312,599	\$1,433,591
Equipment	\$244,807	\$112,547
Total	\$4,832,514	\$14,146,942

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ATTACHMENT NINE
STANDARD AFFIRMATION AND DISCLOSURE FORM
DEPARTMENT OF ADMINISTRATIVE SERVICES

STANDARD AFFIRMATION AND DISCLOSURE FORM
EXECUTIVE ORDER 2010-09S
Banning the Expenditure of Public Funds on Offshore Services

All of the following provisions must be included in all invitations to bid, requests for proposals, state term schedules, multiple award contracts, requests for quotations, informal quotations and statements of work. This information is to be submitted as part of the response to any of the procurement methods listed.

CONTRACTOR/SUBCONTRACTOR AFFIRMATION AND DISCLOSURE:

By the signature affixed to this response, the Bidder/Offeror affirms, understands and will abide by the requirements of Executive Order 2010-09S issued by Ohio Governor Ted Strickland. If awarded a contract, the Bidder/Offeror becomes the Contractor and affirms that both the Contractor and any of its subcontractors shall perform no services requested under this Contract outside of the United States. The Executive Order is available at the following Web site:

<http://www.governor.ohio.gov/Default.aspx?tabid=1495>.

The Bidder/Offeror shall provide all the name(s) and location(s) where services under this Contract will be performed in the spaces provided below or by attachment. Failure to provide this information as part of the response will deem the Bidder/Offeror not responsive and no further consideration will be given to the response. Bidder/Offeror's offering will not be considered. If the Bidder/Offeror will not be using subcontractors, indicate "Not Applicable" in the appropriate spaces.

1. Principal location of business of Contractor:

(Address) (City, State, Zip)

Name/Principal location of business of subcontractor(s):

(Name) (Address, City, State, Zip)

(Name) (Address, City, State, Zip)

2. Location where services will be performed by Contractor:

(Address) (City, State, Zip)

Name/Location where services will be performed by subcontractor(s):

(Name) (Address, City, State, Zip)

(Name) (Address, City, State, Zip)

ATTACHMENT NINE (cont'd)

3. Location where state data will be stored, accessed, tested, maintained or backed-up, by Contractor:

(Address)

(Address, City, State, Zip)

Name/Location(s) where state data will be stored, accessed, tested, maintained or backed-up by subcontractor(s):

(Name)

(Address, City, State, Zip)

4. Location where services to be performed will be changed or shifted by Contractor:

(Address)

(Address, City, State, Zip)

Name/Location(s) where services will be changed or shifted to be performed by subcontractor(s):

(Name)

(Address, City, State, Zip)

Contractor's Signature

Date

Name

Title

(Address)

(Address, City, State, Zip)

ATTACHMENT TEN
SHIPPING LABELS

ORIGINAL – Technical Proposal

CSP900411 – State of Ohio VLT Gaming Economic Assessment & Review

**Department of Administrative Services
Office of State Procurement - Bid Desk
4200 Surface Road
Columbus, OH 43228-1395**

ORIGINAL – Cost Proposal

CSP900411 - State of Ohio VLT Gaming Economic Assessment & Review

**Department of Administrative Services
Office of State Procurement - Bid Desk
4200 Surface Road
Columbus, OH 43228-1395**

COPY __ of __ – Technical Proposal

CSP900411 - State of Ohio VLT Gaming Economic Assessment & Review

**Department of Administrative Services
Office of State Procurement - Bid Desk
4200 Surface Road
Columbus, OH 43228-1395**

COPY __ of __ – Cost Proposal

CSP900411 - State of Ohio VLT Gaming Economic Assessment & Review

**Department of Administrative Services
Office of State Procurement - Bid Desk
4200 Surface Road
Columbus, OH 43228-1395**

ATTACHMENT ELEVEN
COST SUMMARY FORM

UNSPSC CATEGORY CODE: 800000000

1. The Offeror's total cost for the Project represent the fees associated with this economic study. Offeror's must complete this form by inserting the proposed Cost.
2. The State will not be liable for any costs the Offeror does not identify in its Proposal.
3. There is no reimbursement for travel or any other related expenses.

Proposals must include all costs associated with the services provided.

OFFEROR'S NOT-TO-EXCEED COST:

<u>DESCRIPTION</u>	<u>NO. OF HOURS/QUANTITY</u>	<u>COST PER HOUR</u>	<u>TOTAL COST</u>
REPORT DEVELOPMENT AND PRESENTATION			
▪ Staff expenses			
▪ General and administrative expenses			
▪ Other (identify specifics)			
<u>TOTAL COST</u>			

NOTE: The Offeror's Total Cost will be the only cost value utilized by the evaluation committee to determine Cost Points. However, in the event the OLC would desire additional consulting services, please propose the cost per hour which those services will be provided in the chart below.

<u>ADDITIONAL HOURLY CONSULTING SERVICES:</u>	<u>COST PER HOUR</u>
▪ Consultative Services through Contract expiration	

Cost must be reflected in U. S. Dollars.

There will be no additional reimbursement for travel or other related expenses.