

# REQUEST FOR PROPOSALS

## ADDENDUM #1

ISSUED: February 23, 2011

RFP NUMBER: CSP904511  
INDEX NUMBER: LOT001

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

### Strategic Advisory Services

Modification to Page 3, Part One: Executive Summary, Background, and Page 12, Attachment One: Work Requirements and Special Provisions, Part One: Work Requirements, Section I, G. Please remove these pages from the existing Request for Proposals and replace with the attached pages.

PROPOSAL DUE DATE: March 7, 2011 by 1:00 p.m.

OPENING LOCATION: Department of Administrative Services  
General Services Bid Desk  
4200 Surface Road  
Columbus, Ohio 43228-1395

## 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 (the Agency), is soliciting competitive sealed proposals (Proposals) for Strategic Advisory Services for the purpose of maximizing revenues derived from gaming industry operations authorized by the State, 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.

Once awarded, the term of the Contract will be from the award date through March 1, 2012. The State may solely renew this Contract at the discretion of DAS for any period of time up to one year. 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 year and is 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 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.

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

In June 2009, the State's biennial budget passed as H.B. 1, ORC 3770.03 (A), included a provision authorizing the OLC to implement a Video Lottery Terminal (VLT) program at the seven licensed racetracks. In November 2009, the voters of the state of Ohio passed an amendment to the Ohio Constitution, creating Article XV, Section 6 and approved four permanent land-based casinos to be operated under the following general parameters:

1. Each casino will pay an upfront license fee of \$50 million.
2. Each casino will make infrastructure investments of \$250 million.
3. 33 percent 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. VLT/slots, card games, dice games) in designated locations in Cincinnati, Cleveland, Columbus and Toledo.

Enabling legislation has been passed establishing a Casino Control Commission (CCC) to regulate the four commercial facilities. No rules or regulations have been promulgated as of the release date of this document.

The OLC is prepared to award a separate contract to perform an economic assessment and review regarding the feasibility of Ohio's racetrack VLT program. The Contractor may be asked for input into that contract's deliverables.

**OBJECTIVE.** The Department of Administrative Services, on behalf of the OLC, wishes to obtain and engage expert financial, analytical, and negotiation services to assist the State in maximizing revenue from expanded gaming operations, particularly regarding the aforementioned casino and VLT operations.

**QUALIFIED APPLICANTS.** Offerors must demonstrate experience working directly with high level governmental and private sector officials in areas of capital projects that involve private and public sector collaboration. Experience in the areas of law, government, finance, and the gaming industry is required.

**CALENDAR OF EVENTS.** The schedule for the Project is listed on the front page of the RFP, 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. 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. No contact shall be made with agency/program staff until contract award is announced.

corporate or individual financial review, costs for conducting background investigations, and costs related to review of institutional investors.

3. Licensing terms including length and renewals for corporations and individuals.
4. Infrastructure investment requirements including dollar amounts, ongoing commitments, support for Ohio-based or disadvantaged businesses, and monitoring / reporting to the State.
5. VLT/Slot and Table Game rules including quantity and types of games offered; security and auditing requirements; testing and reporting standards; as well as transferability of equipment between venues.

- A. COMMUNICATION AND FINAL REPORTING. It is expected that the Offeror will designate one 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 qualification must be available to continue and complete the project, in accordance with the replacement personnel provisions of the state's standard terms and conditions.

The successful Contractor shall provide the state with status reports as requested by the OLC.

- B. BILLING/PAYMENT. The Contractor shall submit a monthly invoice for the completed objectives.

The state shall process invoices for payment within 30 days of receiving the invoice.

- C. STATE RESPONSIBILITIES. The OLC, DAS, and/or the CCC shall:

1. Coordinate and communicate with the successful Offeror as necessary to implement the Project.
2. Coordinate any necessary or required meetings with the successful Offeror.
3. Make available to the successful Offeror the personnel, equipment, and data resources necessary to complete this project. The Offeror is requested to identify the likely level of support necessary from the OLC.
4. Process payment to the Contractor for services rendered in accordance with the terms of the Contract.

## 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.