



**Request for Proposals #CLC202105
Addendum #3
Sports Betting Solution and Services
Proposer Questions and CLC Responses
May 26, 2021**

Updated responses to questions 26 and 27 have been made. No other responses have been modified. Please review these responses.

General/Forms/Licensing/Certificates/References/etc.

1. Please confirm that a Certificate to do Business in Connecticut is not required to be held by the Proposer at time of RFP submission and only in the event we were to become a Successful Proposer

Response: That is correct. Only for Successful Proposer.

2. It does not appear that the Proposer (PSI) or Key Persons have to submit to the CT Department of Consumer Protection for licensure as part of the RFP submission. Please confirm licensure through DCP is only required in the event if we become a Successful Proposer?

Does the licensing application process for Key Employees, vendor and occupation licenses trigger once the "Successful Proposer" is identified or do all of the documents in Appendix C need to be filled out and submitted by the May 27 deadline?

Appendix C contains a number of licensing forms – are these expected to be completed and submitted along with the RFP submission, or only to be submitted by the winning proposer after the CLC has selected a winning proposal?

Response: That is correct. Only for the Successful Proposer.

3. The Introduction letter requires a certificate that the Proposer (including collaborating partners and Subcontractors, if any), has reviewed and approved the Proposal, and that the individual signing the Proposal is authorized to sign and submit it on Proposer's behalf and bind the Proposer to deliver on its response to this RFP. What specifically is needed as part of this certificate and is this required for any and all vendors we utilize for retail and online sports wagering?

Response: The signer is certifying their authority on behalf of the company. No specific certificate required.

4. On page 30 of the RFP there is a request for the IRS Form 4506-T. Due to the pandemic, the IRS is significantly behind in processing these requests. In light of this, other states have allowed the submission of IRS transcripts from tax preparers with a cover letter in lieu of the IRS Form 4506-T. Does the CLC expect that the Department of Consumer Protection would accept this alternative?

Response: That submission is not required in your proposal. We will address that with the Successful Proposer.

5. For the required References, will the CLC accept names of regulatory governing bodies where Proposer offers its products and customers who are also listed as Subcontractors?

Response: Yes, please specify a contact person if using a regulatory entity as a reference.

6. Our review of the Key Persons definition in RFP is that it includes Officers of the Proposer and its parent entity, Executive level staff of Proposer having the supervisory control, authority, and decision making ability of Proposer and that it does not include management level employees or below normally falling under occupational licenses. Please confirm this understanding before we list these individuals out in the Account Staffing Section of Proposal.

Response: The definition focuses on employees who perform duties directly related to contract, or supervising those people, or having access to CLC Sensitive Information. If the Officers of your company, or parent company, perform these duties then list them.

7. On page 34 of the RFP applicants are required to submit "Complete copies of the applicant entity's most recent federal, state and municipal income tax returns. If applicant entity is delinquent or in dispute over the filing of any report or the payment of any tax as required by federal, state or municipal statutes, provide a statement fully describing the reasons for delinquency or dispute. Include the government agencies and time periods involved." When the CLC requests "state and municipal" tax returns, is this request for all states, or only related to Connecticut?

Response: If you do not file taxes in Connecticut, then include the filing to your state of incorporation, or your primary state of filing.

8. When the CLC requests a statement describing any "dispute" over taxes, does it mean any formal dispute such as appeals and lawsuits or does it cover any open tax audit or notice as well?

Response: This would focus on formal notice(s) from federal or state government that a company is required to respond to and resolve.

9. Will CLC accept remote and electronic notary on the Forms required in Section 6- Affidavits and Certifications?

Response: Yes, electronic notary is acceptable.

10. In the second undesignated paragraph of Section 6 "Affidavits and Certifications" on page 12 of the RFP, the "Successful Proposer" must submit three additional forms. For clarification, we

presume these forms would not be completed and submitted until after the CLC has selected a winning proposal. Is this correct?

Response: Yes that is correct, only from Successful Proposer and prior to contract execution.

Online Accounts/database/transactions

11. Is the retail solution expected to facilitate onsite deposits and withdrawals to online accounts?

Response: CLC has not required that retail locations must be able to accept deposits that can be credited to online accounts. We are aware of interest and development in these areas, and encourage respondents to include that option if available now, or planned for the future if there is a known date for functionality. AML controls must exist if offered.

12. Are the kiosks expected to allow a patron to access their online account on them?

Response: Respondents should describe existing functionality of their kiosks. CLC's expectations are included in Appendix A, including age verification, RG messaging, and payment card readers to name a few.

13. The "technical specifications and business requirements" section, the submission is asked to include "identity validators". Is this meant to include the hardware with the ability to recognize a card swipe, or a software program that can recognize a certain database that is desired by CLC?

Response: That is for retail self-service machines to read identification cards for proof of age.

14. In Subsection (j) of Section 1 of the "Technical Specifications and Business Requirements", Sports Betting Hardware and Software Solution (All Channels) on page 26 of the RFP, proposers are required to provide a detailed description and specifications of their "Websites and mobile applications (mobile channel)." Can the CLC provide more information on the level of detail they are expect this to entail? Is the focus more on screenshots of the customer experience (as is referenced in the 2nd undesignated paragraph of this section) or full system architecture?

Response: The subsection (j) focus is on the system architecture. The second paragraph does also encourage providing information for the player experience.

15. In Section 2 of the "Technical Specifications and Business Requirements", Sports Betting Associated Services (Mobile & Retail Channels) on page 27 of the RFP, proposers are required to "describe their plans and processes for handling unusual transactions, including but not limited to (i) high dollar value in retail, (ii) wagers submitted close to cut off times in both channels, (iii) and customers with frequent involvement in (i) and (ii)." Is this to be answered in relation to AML/Fraud concerns or in relation to risk and trading concerns?

Response: You can assume the source of the high dollar value is an approved customer, but address both (i) and (ii) and (iii) knowing that.

16. In Subsection (k) of Section 3 of the "Technical Specifications and Business Requirements", Compliance (All Channels) on page 28 of the RFP, proposers are required to provide their plan

for compliance with “Third-party auditing of financial transactions within the sports betting platform, including if appropriate, an independent control system.” Can the CLC provide more information on the level of detail they expect “third party auditing of financial transactions within the sports betting platform” to entail?

Response: No less than that experienced in other US jurisdictions. Once legislation is signed and available more detail may be specified there.

17. In Subsection (l) of Section 3 of the “Technical Specifications and Business Requirements”, Compliance (All Channels) on page 28 of the RFP, proposers are required to provide their plan for compliance with “Identification and blocking of Prohibited Sports Bettors.” Does the CLC have an expected list of individuals/categories of individuals who will be “Prohibited Sports Bettors” and does CLC have an expectation as to what this “blocking” process will entail?

Response: Respondents are required to provide how they address this now. Examples are CLC staff and respondent’s staff – how does your process control this?

18. In Subsection (a) of Section 5 of the “Technical Specifications and Business Requirements”, Accounting System and Auditing, on page 28 of the RFP, proposers are required to describe their “Ability to integrate with financial systems.” Can the CLC clarify that this means internal integration between the sports wagering system and the accounting system of the proposer? Or is the CLC expecting integration between the proposer’s accounting system and that of the CLC?

Response: CLC is expecting that certain financial information can be exported/downloaded from the SB System for importing/uploading into CLC financial software.

19. What is expectation of minimum age to wager on the Sportsbook (18+ or 21+)?

Response: Minimum age will included in the legislation. CLC expects it will be 21+.

Retail Locations/timeline/equipment

20. Can you provide details on the 15 retail locations? Where are they? What is the square footage of each? What is the current function of the space? Are there currently any surveillance or security capabilities at any of the locations? Is any space expected to be new construction? Any details you can provide on these locations would be helpful.

What is CLC’s timeline expectation for the retail network to be delivered and operational? Would a phased, priority-based rollout of venues over a period be acceptable?

Response: CLC is evaluating various retail locations, some of which currently operate as OTB locations, and some with no gaming operations in place. CLC does not expect that all retail locations will be launched on Day 1, but should not be delayed by the inability to outfit them with the necessary equipment to begin selling sports betting. If you make assumptions for the equipment to outfit retail locations you must specify what is included, and what additional kiosks, teller stations, and screens and servers cost per unit. Provide full descriptions for retail locations that you plan to operate if applicable. Any phased rollout in a proposal should be clear

to identify what is possible/available/recommended by Day 1, and when other locations are proposed to be brought live.

21. Within the Pricing Proposal 'equipment' is not defined for purposes of the retail infrastructure. Can you please define 'Equipment' as it relates to the following '*Retail Capital Investment, excluding any equipment expenses at each location.*'?

Response: CLC expects that the Successful Proposer will be outfitting retail locations with some quantity of kiosks, monitors and servers to display their offering information, and teller station terminals where desired. We speak to that in Q20 above. Retail Capital Investment is other spending in retail that respondent recommends based on its plans to operate retail locations, or further enhance them beyond your primary equipment deliverables. Because respondents hold different plans for retail, and there may be a few retail models among the 15 locations (e.g. OTB locations, sports bar locations, entertainment facilities), proposals should include assumptions and estimations; pricing should be inclusive of equipment to outfit locations; and additional retail capital investment should be described and be listed as a value on pricing page.

22. If multiple Proposers are selected, the implications can have a negative effect on the economics for each Proposer. For example, if a proposer absorbs the cost of 15 retail buildouts and is awarded only the retail contract, the impact to the economic model used in pricing would be significant. This is only one example of which there are many. Can Proposers assume that the CLC's desired intention is to make an award to one Successful Proposer for all channels related to operating sports wagering in partnership with the CLC?

Response: Yes.

Marketing

23. What marketing/promotion is the CLC planning for sports betting from both a paid user acquisition and a retail conversion perspective?

Response: CLC has not developed a formal marketing/promotion plan at this date; waiting to see the intentions of the Successful Proposer first. Proposals should include plans to successfully market and promote sports betting in Connecticut's competitive gaming environment. CLC's efforts would likely enhance that.

Regarding Proposers

24. In subsection 7 of Section 3 "Proposer's Business Structure and Operations" on page 10 of the RFP, each proposer must provide information about previous and pending litigation. "Proposer" is defined as "any individual or business entity submitting a Proposal in response to this RFP, including that business entity's parent corporation, if any." Does CLC construe "parent corporation" to include all corporate parent companies in the direct line of ownership? Or is this limited to only any direct parent of the entity submitting the proposal?

Response: It is acceptable to limit response to direct parent. That said, transparency is expected and admired.

Pricing/Revenue

25. Maximum Deduction from GGR (Row 37): Confirming row 37 is a sum of row 24, row 27, row 29 and row 34?

Example Revenue Share Calculation (Row 55): What is cell D55 supposed to represent? Is that supposed to be the dollar amount that CLC receives? Or is that supposed to be the dollar amount that we apply our revenue share % to?

Under Part VI, Section 13 of our response to the "Request for Qualifications and Capabilities Sports Betting Solution Connecticut Lottery Corporation CLC#202103", we proposed a revenue share of 22.5% of GGR excluding bonusing. Is the 22.5% supposed to be captured in the excel file? If so, what row do we insert our revenue share % into?

If C (cell E55) is supposed to be revenue share then what is the explanation of maximum deduction of GGR (cell B37)?

Response: To ensure accurate understanding of your binding financial terms, and due to the various methods used to describe and calculate them, the pricing page is designed to allow for various methods. Yes, if you provide numbers in row 24, 27, 29 and 34 they should add to row 37. Proposals can also simply provide a number on row 37 if preferred. Yes, cell D55 must equal an entry on row 37 to provide an example of the calculation.

26. Guaranteed Minimum Revenue Share (Row 40): Is the CLC requesting that it receive a Minimum Revenue Share of \$5MM in Year 1 and \$10MM in Years 2-10? Is the proposer allowed to increase or decrease this minimum revenue share as part of their proposal?

Response: The Minimum Revenue Share numbers for each year are CLC's minimum expectations. No reductions are allowed to those numbers, but increases can be submitted.

27. Is it necessary to separate retail and mobile sports betting in the Price Proposal submission?

Response: CLC is expecting that the prices cover both mobile and retail channels. Proposals are encouraged to break out retail and mobile to highlight their recognition of the volume per channel; that CLC will expect better revenue sharing in retail due to likely third party involvement; and that CLC, through both sports betting and lottery retail, provides a valuable opportunity for customer acquisition to the mobile channel.