

Mary Ann Williamson
Chairman

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Philip D. Sanderson, Charitable Bingo Operations Director

October 22, 2010

Simone Harrison
VP, Business Development
Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

Via facsimile: 678.624.4115

Via e-mail: simone.harrison@scientificgames.com

TIME SENSITIVE

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

Dear Ms. Harrison:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by Scientific Games International (SGI) in response to the referenced RFP. As stated in Part 5 of the RFP, each Proposer must include in its Proposal a Historically Underutilized Business (HUB) Subcontracting Plan (HSP). Pursuant to RFP Section 5.2.3, the TLC requests clarification as set forth in items 1-3 below.

1. Per Section 5.5.1 of the RFP, for each area where a Proposer intends to subcontract with a non-HUB, the Proposer is required to provide a justification statement for the selection on Page 2, Section 8 of the HSP form. For each of the following subcontracting areas, SGI selected a HUB and a non-HUB subcontractor; however SGI did not provide a justification for the selection of a non-HUB. Please provide the required justification statement for the following three (3) areas identified in SGI's HSP:
 - a) Computer Equipment and Peripherals
 - b) Courier Services
 - c) Marketing Materials
2. Per Section 5.5.1 of the RFP, each Proposer is required to 1) identify all selected subcontractors (HUB or non-HUB), 2) indicate the estimated percentage of the contract that will be subcontracted to each subcontractor, and 3) specify the approximate dollar amount to be paid to each subcontractor. In each of the following areas, SGI performed the good faith effort; however SGI did not identify the selected subcontractor. Please provide the information, as described above, for each of the following three (3) areas identified in SGI's HSP:

P.O. Box 16630 • Austin, Texas 78761-6630

Phone (512) 344-5000 • FAX (512) 478-3682 • Bingo FAX (512) 344-5142

www.txlottery.org • www.txbingo.org

- a) First Aid Supplies
 - b) Generator Equipment
 - c) Janitorial Supplies
3. As required by Section 6 of the HSP form, please provide supporting documentation showing the scope of work document that was sent as an e-mail attachment with the notice provided to each HUB vendor for the subcontracting area identified as Shipping Supplies.

Your complete response, including the additional information requested herein, must be provided to me no later than **4:00 p.m. CST on Thursday, October 28, 2010**. Your response may be submitted via facsimile to (512) 344-5444 or e-mail to angela.zgarba@lottery.state.tx.us.

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

Sincerely,

A handwritten signature in black ink that reads "Angela Zgabay-Zgarba". The signature is written in a cursive, flowing style.

Angela Zgabay-Zgarba, CTPM
Contracts Administrator

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	4913	
CONNECTION TEL		916786244115
CONNECTION ID		
ST. TIME	10/22 14:10	
USAGE T	01'31	
PGS. SENT	2	
RESULT	OK	

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October 22, 2010

Simone Harrison
VP, Business Development
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1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

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Zgarba, Angela

From: Zgarba, Angela
Sent: Friday, October 22, 2010 2:10 PM
To: Harrison, Simone
Subject: Lottery Operations & Services 362-10-0001 - HSP Clarification
Attachments: SGI HUB Clarification.pdf

Ms. Harrison:

Please see the attached time sensitive clarification letter regarding SGI's Proposal in response to the Lottery Operations & Services RFP. Thank you.

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
Ph: 512.344.5215
Fax: 512.344.5058

Zgarba, Angela

From: Zgarba, Angela
Sent: Friday, October 22, 2010 2:24 PM
To: 'Harrison, Simone'
Subject: RE: Lottery Operations & Services 362-10-0001 - HSP Clarification

You too!

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
Ph: 512.344.5215
Fax: 512.344.5058

From: Harrison, Simone [mailto:Simone.Harrison@scientificgames.com]
Sent: Friday, October 22, 2010 2:24 PM
To: Zgarba, Angela
Subject: RE: Lottery Operations & Services 362-10-0001 - HSP Clarification

Thanks. We will prepare a response by next Thursday, October 28, as requested.

Have a nice weekend,
Simone

From: Zgarba, Angela [mailto:Angela.Zgarba@lottery.state.tx.us]
Sent: Friday, October 22, 2010 3:10 PM
To: Harrison, Simone
Subject: Lottery Operations & Services 362-10-0001 - HSP Clarification

Ms. Harrison:

Please see the attached time sensitive clarification letter regarding SGI's Proposal in response to the Lottery Operations & Services RFP. Thank you.

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
Ph: 512.344.5215
Fax: 512.344.5058

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Zgarba, Angela

From: Candido, Frank [Frank.Candido@scientificgames.com]
Sent: Wednesday, October 27, 2010 1:42 PM
To: Zgarba, Angela
Cc: Harrison, Simone
Subject: Scientific Games Response to Texas Lottery Commission HUB Related Items Oct 27, 2010
Attachments: Scientific Games Response to TLC HUB Related Items October10272010.docx

Ms Zgarba,

Please find attached to this email the Scientific Games response to the Texas Lottery Commission letter referencing our HUB Plan that was submitted for the RFP Lottery Operations and Services #362-10-0001.

If you have any questions with the attached document, please contact Simone Harrison at 678-624-4318 or at simone.harrison@scientificgames.com.

Thank you.

Frank Candido
Senior Director Business Development
Sales and Global Marketing
Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA USA 30004
Phone: 770-664-3734
Cell: 210-601-0146
Fax: 770-772-7606
Email: frank.candido@scientificgames.com

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October 27, 2010

Angela Zagbay-Zgarba
Contracts Administrator
Texas Lottery Commission
PO Box 16630
Austin, Texas 78761-6630
Fax (512) 344-5444
angela.zgarba@lottery.state.tx.us

RE: RFP Lottery Operations and Services #362-10-0001 – HUB Related Information

Dear Ms Zgarba:

Scientific Games International, Inc. (SGI) is pleased to provide the clarification information below as requested by the Texas Lottery Commission in your letter dated October 22, 2010.

In response to question #1, SGI has provided the following justification statements for each of the identified subcontracting opportunities that will include a non-HUB:

a. Computer Equipment and Peripherals

Justification: SGI selected Troy Group, Inc, a non-HUB vendor, because they were the only supplier identified to meet all of our secure check printer requirements.

b. Courier Services

Justification: UPS, a non-HUB vendor, was selected to perform the majority of the delivery services due to their extensive network within Texas and their demonstrated lottery delivery experience.

c. Marketing Materials

Justification: Everbrite, a non-HUB vendor, was selected to provide the signage due to their demonstrated lottery experience and their ability to meet the wireless signage requirements.

In response to question #2, as you note in your letter, SGI included the original solicitations for the 3 subcontracting opportunities in our HSP to show a good faith effort was undertaken.

Since the original HUB solicitations did not prompt a HUB vendor response, SGI identified alternative vendor sources (HUB vendors that had been selected to supply other items previously) for each of these subcontracting opportunities.

Below is a summary for each of these areas:

First Aid Supplies

Selected subcontractor: These items will be supplied by RWG Gonzalez Office Products, our HUB subcontractor for Office Supplies (subcontracting opportunity #14).

Estimated % of Contract: RWG Gonzales Office Products will provide 100% of these items

Approximate dollar amount: \$10,000. The dollar value for First Aid Supplies is included within the Office Supplies opportunity.

Generator Equipment

Selected subcontractor: These items will be supplied by Catalyst Management Inc., our non-HUB subcontractor for General Contracting Services (subcontracting opportunity #1).

Estimated % of Contract: Catalyst Management Inc will provide 100% of these items

Approximate dollar amount: \$8,000. The dollar value for Generator Equipment is included within the General Contracting Services opportunity.

Janitorial Supplies

Selected subcontractor: These items will be supplied by RWG Gonzalez Office Products, our HUB subcontractor for Office Supplies (subcontracting opportunity #14).

Estimated % of Contract: RWG Gonzales Office Products will provide 100% of these items

Approximate dollar amount: \$75,000. The dollar value for Janitorial Supplies is included within the Office Supplies opportunity.

In response to question #3, SGI has attached the Scope of Work document that was sent as an email attachment with the HUB subcontracting opportunities for Shipping Supplies (Work Scope Vendor Qualification for Shipping Supplies.doc). This subcontracting area was awarded to Taylor Packaging, a HUB vendor.

If the Texas Lottery Commission requires any additional information with respect to the above items, we would be most pleased to provide any further information as may be requested.

Sincerely,

Simone Harrison

Simone Harrison
VP Business Development
Sales and Marketing Department
Scientific Games International
Alpharetta GA 30004
simone.harrison @scientificgames.com
678-624-4318 Office
678-624-4115 Fax

Attachment – Scope of Work document

Work Scope for Vendor Qualification

Shipping Supplies

Approximately 2,000,000 bags of various sizes annually

Approximately 200,000 boxes of various sizes annually

- Packaging Materials (Bags, Boxes, Tape)
- Custom Size mailers (polypropylene exterior – moisture, puncture and rip resistant; heat sealed and burst proof seams, self adhesive closer; peel and press tamper evident seal
- Custom Sized corrugated boxes
- Packaging Tape

Note: Scientific Games does not need a quote on specific items that we propose to purchase at this time. Our primary concern is to verify if your organization can supply the above items mentioned in the work scope.