

	State of South Carolina Request for Proposal AMENDMENT 1	Solicitation: SCEL- 08142026-BANKING Date Issued: 09/10/2026 Procurement Officer: Ashley Kennedy-Shell, CPPO, NIGP-CPP, CPPB Phone: 803-737-3045 E-Mail Address: ashley.kennedy-shell@scslot.com Mailing Address: 1333 Main Street, Suite 400 Columbia, SC 29201

DESCRIPTION: **BANKING AND RELATED SERVICES**

USING GOVERNMENTAL UNIT: **South Carolina Education Lottery**

SUBMIT YOUR SEALED OFFER TO THE FOLLOWING ADDRESS:	SC Education Lottery ATTN: Ashley Kennedy-Shell CPPO, NIGP-CPP, CPPB 1333 Main Street, Suite 400 Columbia, SC 29201
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SUBMIT OFFER BY (Opening Date/Time): **10/05/2026 09/30/2026 11:00 AM** (See "Deadline For Submission Of Offer" provision)

~~QUESTIONS MUST BE RECEIVED BY: 08/28/2026 10:00 AM~~ (See "Questions From Offerors" provision)

NUMBER OF COPIES TO BE SUBMITTED: **USB Drive: One (1) Technical, One (1) Business Proposal, One (1) Redacted Technical & Business Proposal** (See "Submitting Redacted Offers" provision Section IV and "Submitting Confidential Information" Section II.A.)

Initial here if NO redacted copy is necessary _____

CONFERENCE TYPE: Non-Mandatory Pre-Proposal DATE & TIME: 08/21/2026 10:00 AM (As appropriate, see "Conferences - Pre-Bid/Proposal" & "Site Visit" provisions)	LOCATION: Microsoft Teams Email ashley.kennedy-shell@scslot.com by 12:00 pm on 08/20/2026 for log on instructions.
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AWARD & AMENDMENTS	Award will be posted on 11/02/2026 . The award, this solicitation, any amendments, and any related notices will be posted at the following web address: https://www.sceducationlottery.com/Lottery/Procurement
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You must submit a signed copy of this form with Your Offer. By signing, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of **one hundred and eighty (180)** calendar days after the Opening Date. (See "Signing Your Offer" provision.)

NAME OF OFFEROR (full legal name of business submitting the offer)	Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc.
AUTHORIZED SIGNATURE (Person must be authorized to submit binding offer to contract on behalf of Offeror.)	DATE SIGNED
TITLE (business title of person signing above)	STATE OF INCORPORATION (If you are a corporation, identify the state of incorporation.)
PRINTED NAME (printed name of person signing above)	

OFFEROR'S TYPE OF ENTITY: (Check one) (See "Signing Your Offer" provision.) ___ Sole Proprietorship ___ Partnership ___ Other _____ ___ Corporate entity (not tax-exempt) ___ Corporation (tax-exempt) ___ Government entity (federal, state, or local)

PAGE TWO

(Return Page Two with Your Offer)

HOME OFFICE ADDRESS (Address for offeror's home office / principal place of business)	NOTICE ADDRESS (Address to which all procurement and contract related notices should be sent.) (See "Notice" clause)
	Area Code - Number - Extension
	E-mail Address

PAYMENT ADDRESS (Address to which payments will be sent.) (See "Payment" clause)	ORDER ADDRESS (Address to which purchase orders will be sent) (See "Purchase Orders and "Contract Documents" clauses)
☐ Payment Address same as Home Office Address	☐ Order Address same as Home Office Address
☐ Payment Address same as Notice Address (check only one)	☐ Order Address same as Notice Address (check only one)

ACKNOWLEDGMENT OF AMENDMENTS							
Offerors acknowledges receipt of amendments by indicating amendment number and its date of issue. (See "Amendments to Solicitation" Provision)							
Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date

DISCOUNT FOR PROMPT PAYMENT (See "Discount for Prompt Payment" clause)	10 Calendar Days (%)	20 Calendar Days (%)	30 Calendar Days (%)	_____ Calendar Days (%)
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PREFERENCES - A NOTICE TO VENDORS (SEP. 2009): On June 16, 2009, the South Carolina General Assembly rewrote the law governing preferences available to in-state vendors, vendors using in-state subcontractors, and vendors selling in-state or US end products. This law appears in Section 11-35-1524 of the South Carolina Code of Laws. A summary of the new preferences is available at www.procurement.sc.gov/preferences. ALL THE PREFERENCES MUST BE CLAIMED AND ARE APPLIED BY LINE ITEM, REGARDLESS OF WHETHER AWARD IS MADE BY ITEM OR LOT. VENDORS ARE CAUTIONED TO CAREFULLY REVIEW THE STATUTE BEFORE CLAIMING ANY PREFERENCES. THE REQUIREMENTS TO QUALIFY HAVE CHANGED. IF YOU REQUEST A PREFERENCE, YOU ARE CERTIFYING THAT YOUR OFFER QUALIFIES FOR THE PREFERENCE. PREFERENCES DO NOT APPLY PER SOUTH CAROLINA PROCUREMENT CODE SECTION [§11-35-1524(E)(5)(b)]
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PREFERENCES - ADDRESS AND PHONE OF IN-STATE OFFICE: Please provide the address and phone number for your in-state office in the space provided below. An in-state office is necessary to claim either the Resident Vendor Preference (11-35-1524(C)(1)(i)&(ii)) or the Resident Contractor Preference (11-35-1524(C)(1)(iii)). Accordingly, you must provide the address and phone number for your in-state office. PREFERENCES DO NOT APPLY PER SOUTH CAROLINA PROCUREMENT CODE SECTION [§11-35-1524(E)(5)(b)]
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IMPORTANT NOTICE: This Amendment is a total restatement of the entire Solicitation, as amended to date, issued to ensure clarity of both the acquisition and contract administration phases of this procurement. Prospective Offerors should discard the original solicitation document and use only this document when preparing their Offer.

To assist with your review of the Amendment, we have endeavored to identify amended portions with yellow highlighting. However, despite our best efforts, there is a chance that a change has not been identified. You are cautioned not to rely on our highlighting to identify all changes.

For questions and answers received for the solicitation, please go to the last page of this Amendment.

I. SCOPE OF SOLICITATION

ACQUIRE SERVICES (MODIFIED)

The purpose of this solicitation is to acquire comprehensive banking services from qualified, full-service, FDIC financial institutions for the South Carolina Education Lottery (“SCEL” or “Lottery”) in accordance with the requirements stated herein.

The South Carolina Education Lottery is issuing this Request for Proposals (RFP) to solicit quality proposals from state or federally chartered banks capable of providing comprehensive banking services as requested herein. The financial institution must be authorized to do business in the State of South Carolina and maintain a physical location in Columbia with a branch network throughout the State. The public’s trust relative to the operations of the South Carolina Education Lottery is essential. SCEL must maintain control over all functions and be assured they are performed to provide the greatest long-term benefit to the State in a manner consistent with the integrity of SCEL.

Offerors should fully acquaint themselves with the Lottery’s banking service needs when submitting the information required in response to this RFP. SCEL intends to execute one contract for the services contemplated in this solicitation. This RFP shall result in a contract founded in mutual trust, respect and concern for the integrity, security and quality of SCEL. The intent of this RFP is to encourage the greatest flexibility, creativity, and participation in the response process by allowing Offerors to propose a viable approach and implement a solution that best meets the needs of the State as outlined herein. The Contractor shall apply industry best practices in a first-class manner and fully satisfy the requirements specified herein as directed by SCEL. All responses to this RFP and the resulting Award(s) will be subject to the requirements of, and must comply with, the South Carolina Education Lottery Act (Act 59 of 2001, as amended), regardless of whether or not those requirements are specifically addressed in this RFP or in an Offeror’s response.

MAXIMUM CONTRACT PERIOD – ESTIMATED (MODIFIED)

Start date: **12/14/2026** End date: **12/13/2033**. Dates provided are estimates only. Any resulting contract will begin on the date specified in the notice of award. See clause entitled "Term of Contract - Effective Date/Initial Contract Period".

It is anticipated that the initial term of the contract will be three (3) years with four (4) one-year renewal options resulting in a maximum contract term of seven (7) years.

II. INSTRUCTIONS TO OFFERORS - A. GENERAL INSTRUCTIONS

DEFINITIONS, CAPITALIZATION, AND HEADINGS (MODIFIED)

CLAUSE HEADINGS USED IN THIS SOLICITATION ARE FOR CONVENIENCE ONLY AND WILL NOT BE USED TO CONSTRUCT MEANING OR INTENT. EVEN IF NOT CAPITALIZED, THE FOLLOWING DEFINITIONS APPLY TO ALL PARTS OF THE SOLICITATION, UNLESS EXPRESSLY PROVIDED OTHERWISE.

ACH means Automated Clearing House.

AMENDMENT means a document issued to supplement the original solicitation document.

AUTHORITY means the State Fiscal Accountability Authority or its successor in interest.

BUSINESS means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other legal entity. [11-35-310(3)]

CHANGE ORDER means any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual agreement of the parties to the contract. [11-35-310(5)]

CONTRACT See clause entitled Contract Documents & Order of Precedence.

CONTRACT MODIFICATION means a written order signed by the procurement officer, directing the contractor to make changes which the clause of the contract titled "Changes," if included herein, authorizes the Procurement Officer to order without the consent of the contractor. [11-35-310(9)]

CONTRACTOR means the Offeror receiving an award as a result of this solicitation.

COVER PAGE means the top page of the original solicitation on which the solicitation is identified by number. Offerors are cautioned that Amendments may modify information provided on the Cover Page.

LOTTERY, unless the context clearly conveys a different meaning, means lottery, "lotteries", "lottery game", or "lottery games" as defined in S.C. Code Ann. § 59-150-20(7), as the same may be amended from time to time.

OFFER means the bid or proposal submitted in response to this solicitation. The terms Bid and Proposal are used interchangeably with the term Offer.

OFFEROR means the single legal entity submitting the offer. The term Bidder is used interchangeably with the term Offeror. See bidding provisions entitled Signing Your Offer and Bid/Proposal As Offer To Contract.

PAGE TWO means the second page of the original solicitation, which is labeled Page Two.

PROCUREMENT OFFICER means the person, or his successor, identified as such on either the Cover Page, an amendment, or an award notice.

YOU and **YOUR** means Offeror.

SOLICITATION means this document, including all its parts, attachments, and any Amendments.

STATE means the Using Governmental Unit(s) identified on the Cover Page.

SUBCONTRACTOR means any person you contract with to perform or provide any part of the work.

US or **WE** means the using governmental unit.

USING GOVERNMENTAL UNIT means the unit(s) of government identified as such on the Cover Page. If the Cover Page identifies the Using Governmental Unit as "Statewide Contract," either optional or mandatory, the phrase "Using Governmental Unit" means any South Carolina Public Procurement Unit [11-35-4610(5)] that has submitted a Purchase Order to you pursuant to the contract resulting from this solicitation. Reference the clauses titled "Purchase Orders" and "Statewide Contract."

WORK means all labor, materials, equipment, services, or property of any type, provided or to be provided by the Contractor to fulfill the Contractor's obligations under the Contract.

AMENDMENTS TO SOLICITATION (MODIFIED)

(a) The Solicitation may be amended at any time prior to opening. All actual and prospective Offerors should monitor the following web site for the issuance of Amendments:

<https://www.sceducationlottery.com/Lottery/Procurement> (b) Offerors shall acknowledge receipt of any amendment to this solicitation (1) by signing and returning the amendment, (2) by identifying the amendment number and date in the space provided for this purpose on Page Two, (3) by letter, or (4) by submitting a bid that indicates in some way that the bidder received the amendment. (c) If this solicitation is amended, then all terms and conditions which are not modified remain unchanged.

AUTHORIZED AGENT (FEB 2015)

All authority regarding this procurement is vested solely with the responsible Procurement Officer. Unless specifically delegated in writing, the Procurement Officer is the only government official authorized to bind the government with regard to this procurement or the resulting contract. [02-2A007-1]

AWARD NOTIFICATION (MAR 2024)

Notice regarding any award, cancellation of award, or extension of award will be posted at the location and on the date specified on the Cover Page or, if applicable, the most recent notice of extension of award. Should the contract resulting from this Solicitation have a total or potential value more than one hundred thousand dollars, such notice will be sent electronically to all Offerors responding to the Solicitation. Unless a written notice of intent to protest is timely filed pursuant to Section 11-35-4210(1)(b) or the award is otherwise suspended or canceled, the award will be effective on the calendar day (including weekends and holidays) immediately following the seventh business day after such notice is given. [02-2A010-3]

BID / PROPOSAL AS OFFER TO CONTRACT (JAN 2004)

By submitting Your Bid or Proposal, You are offering to enter into a contract with the Using Governmental Unit(s). Without further action by either party, a binding contract shall result upon final award. Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror on the Cover Page. An Offer may be submitted by only one legal entity; "joint bids" are not allowed. [02-2A015-1]

BID ACCEPTANCE PERIOD (JAN 2004)

In order to withdraw Your Offer after the minimum period specified on the Cover Page, You must notify the Procurement Officer in writing. [02-2A020-1]

BID IN ENGLISH & DOLLARS (JAN 2004)

Offers submitted in response to this solicitation shall be in the English language and in US dollars, unless otherwise permitted by the Solicitation. [02-2A025-1]

CERTIFICATE OF INDEPENDENT PRICE DETERMINATION (MAR 2024)

GIVING FALSE, MISLEADING, OR INCOMPLETE INFORMATION ON THIS CERTIFICATION MAY RENDER YOU SUBJECT TO PROSECUTION UNDER SECTION 16-9-10 OF THE SOUTH CAROLINA CODE OF LAWS AND OTHER APPLICABLE LAWS. (a) By submitting an offer, the offeror certifies that-

(1) The prices in this offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other offeror or competitor relating to—

(i) Those prices;

(ii) The intention to submit an offer; or

(iii) The methods or factors used to calculate the prices offered.

(2) The prices in this offer have not been and will not be knowingly disclosed by the offeror, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the offeror to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

(b) Each signature on the offer is considered to be a certification by the signatory that the signatory-

(1) Is the person in the offeror's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this certification; or

(2)(i) Has been authorized, in writing, to act as agent for the offeror's principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraphs (a)(1) through (a)(3) of this certification [As used in this subdivision (b)(2)(i), the term "principals" means the person(s) in the offeror's organization responsible for determining the prices offered in this bid or proposal];

(ii) As an authorized agent, does certify that the principals referenced in subdivision (b)(2)(i) of this certification have not participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this certification; and

(iii) As an agent, has not personally participated, and will not participate, in any action contrary to paragraphs (a)(1) through (a)(3) of this certification.

(c) If the offeror deletes or modifies paragraph (a)(2) of this certification, the offeror must furnish with its offer a signed statement setting forth in detail the circumstances of the disclosure. [02-2A032-1]

CERTIFICATION REGARDING DEBARMENT AND OTHER RESPONSIBILITY MATTERS (JAN 2004)

(a) (1) By submitting an Offer, Offeror certifies, to the best of its knowledge and belief, that-

(i) Offeror and/or any of its Principals-

(A) Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any state or federal agency;

(B) Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, or receiving stolen property; and

(C) Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (a)(1)(i)(B) of this provision.

(ii) Offeror has not, within a three-year period preceding this offer, had one or more contracts terminated for default by any public (Federal, state, or local) entity.

(2) "Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions).

(b) Offeror shall provide immediate written notice to the Procurement Officer if, at any time prior to contract award, Offeror learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

(c) If Offeror is unable to certify the representations stated in paragraphs (a)(1), Offeror must submit a written explanation regarding its inability to make the certification. The certification will be considered in connection with a review of the Offeror's responsibility. Failure of the Offeror to furnish additional information as requested by the Procurement Officer may render the Offeror nonresponsible.

(d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of an Offeror is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

(e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Offeror knowingly or in bad faith rendered an erroneous certification, in addition to other remedies available to the State, the Procurement Officer may terminate the contract resulting from this solicitation for default. [02-2A035-1]

CODE OF LAWS AVAILABLE (JAN 2006)

The South Carolina Code of Laws, including the Consolidated Procurement Code, is available at:

<http://www.scstatehouse.gov/code/statmast.php> .The South Carolina Regulations are available at:

<http://www.scstatehouse.gov/coderegs/statmast.php> . [02-2A040-2]

DISCLOSURE OF CONFLICTS OF INTEREST OR UNFAIR COMPETITIVE ADVANTAGE (JUL 2023)

("OCI FAQ for Contractors" is available at www.procurement.sc.gov)

(a) You certify that, after reasonable inquiry, to the best of your knowledge and belief: (1) your offer identifies any services that relate to either this solicitation or the work and that have already been performed by you, a proposed subcontractor, or an affiliated business or consultant of either; and (2) there are no relevant facts or circumstances that may give rise to an actual or potential organizational conflict of interest, as defined in S.C. Code Ann. Reg. 19-445.2127, or that your offer identifies and explains any unfair competitive advantage you may have in competing for the proposed contract and any actual or potential conflicts of interest that may arise from your participation in this competition or your receipt of an award.

(b) If you, a proposed subcontractor, or an affiliated business or consultant of either, have an unfair competitive advantage or an actual or potential conflict of interest, the State may withhold award. Before withholding award on

these grounds, the State will notify you of the concerns and provide a reasonable opportunity for you to respond. The State may consider efforts to avoid or mitigate such concerns, including restrictions on future activities.

(c) The certification in paragraph (a) of this provision is a material representation of fact upon which the State will rely when considering your offer for award. [02-2A047-3]

DEADLINE FOR SUBMISSION OF OFFER (JAN 2004)

Any offer received after the Procurement Officer of the governmental body or his designee has declared that the time set for opening has arrived, shall be rejected unless the offer has been delivered to the designated purchasing office or the governmental body's mail room which services that purchasing office prior to the opening. [R.19-445.2070(G)] [02-2A050-1]

DRUG FREE WORK PLACE CERTIFICATION (JAN 2004)

By submitting an Offer, Contractor certifies that, if awarded a contract, Contractor will comply with all applicable provisions of The Drug-free Workplace Act, Title 44, Chapter 107 of the South Carolina Code of Laws, as amended. [02-2A065-1]

DUTY TO INQUIRE (FEB 2015)

Offeror, by submitting an Offer, represents that it has read and understands the Solicitation and that its Offer is made in compliance with the Solicitation. Offerors are expected to examine the Solicitation thoroughly and should request an explanation of any ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation. Failure to do so will be at the Offeror's risk. All ambiguities, discrepancies, errors, omissions, or conflicting statements in the Solicitation shall be interpreted to require the better quality or greater quantity of work and/or materials, unless otherwise directed by amendment. Offeror assumes responsibility for any patent ambiguity in the Solicitation that Offeror does not bring to the State's attention. See clause entitled "Questions from Offerors." [02-2A070-2]

ETHICS CERTIFICATE (MAY 2008)

By submitting an offer, the offeror certifies that the offeror has and will comply with, and has not, and will not, induce a person to violate Title 8, Chapter 13 of the South Carolina Code of Laws, as amended (ethics act). The following statutes require special attention: Section 8-13-700, regarding use of official position for financial gain; Section 8-13-705, regarding gifts to influence action of public official; Section 8-13-720, regarding offering money for advice or assistance of public official; Sections 8-13-755 and 8-13-760, regarding restrictions on employment by former public official; Section 8-13-775, prohibiting public official with economic interests from acting on contracts; Section 8-13-790, regarding recovery of kickbacks; Section 8-13-1150, regarding statements to be filed by consultants; and Section 8-13-1342, regarding restrictions on contributions by contractor to candidate who participated in awarding of contract. The state may rescind any contract and recover all amounts expended as a result of any action taken in violation of this provision. If contractor participates, directly or indirectly, in the evaluation or award of public contracts, including without limitation, change orders or task orders regarding a public contract, contractor shall, if required by law to file such a statement, provide the statement required by Section 8-13-1150 to the procurement officer at the same time the law requires the statement to be filed. [02-2A075-2]

MULTIPLE OFFERS (MAR 2024)

Offerors may submit more than one Offer, provided that each Offer has significant differences other than price. Each separate Offer must satisfy all Solicitation requirements. If this solicitation is an Invitation for Bids, each separate offer must be submitted or uploaded as a separate document and must clearly indicate that it is a separate offer. If this solicitation is a Request for Proposals, multiple offers may be submitted or uploaded as one document, provided that you clearly differentiate between each offer and you submit a separate cost proposal for each offer, if applicable. [02-2A079-1]

OMIT TAXES FROM PRICE (JAN 2004)

Do not include any sales or use taxes in Your price that the State may be required to pay. [02-2A080-1]

PRICING (MAR 2024)

(a) Fixed Price. If a fixed price is required, award will not be made on an Offer if the total possible price to the State cannot be determined. (b) Price Reasonableness: Any offer may be rejected if the Procurement Officer determines in writing that it is unreasonable as to price. (c) Unbalanced Pricing. The State will analyze all offers with separately priced line items or subline items to determine if the prices are unbalanced. Unbalanced pricing exists when, despite an acceptable total evaluated price, the price of one or more line items is significantly over or understated. The responsible procurement officer may reject an offer as unreasonably priced if she determines that unbalanced pricing increases performance risk (e.g., it is so unbalanced as to be tantamount to allowing an advance payment) or could result in payment of unreasonably high prices. S.C. Code Ann. Reg. 19-445.2122C. [02-2A082-2]

OPEN TRADE REPRESENTATION (JUN 2015)

By submitting an Offer, Offeror represents that Offeror is not currently engaged in the boycott of a person or an entity based in or doing business with a jurisdiction with whom South Carolina can enjoy open trade, as defined in SC Code Section 11-35-5300. [02-2A083-1]

PROTESTS (MAY 2024)

(a) If you are aggrieved in connection with the solicitation or award of the contract, you may be entitled to protest, but only as provided in Section 11-35-4210. To protest the solicitation or an amendment, your written protest must be received within fifteen Days of the date the applicable solicitation document is issued. To protest an award, (i) written notice of your intent to protest must be received within seven Business Days of the date the award notice is posted, and (ii) your actual written protest must be received within fifteen Days of the date the award notice is posted. Time periods are computed in accordance with Section 11-35-310(13) and the definitions for Day and Business Day. Both protests and notices of intent to protest must be received by the appropriate Chief Procurement Officer (CPO). See clause entitled "Protest-CPO." (b) Pursuant to Section 11-35-410, documents directly connected to a procurement activity may be available within five days after request. All document requests should be directed to carl.stent@scdot.com. If a protest is pending, the protestant's lawyer may access otherwise unavailable information by applying to the CPO for the issuance of a protective order. Additional information is available at www.procurement.sc.gov/legal [02-2A085-3]

PROHIBITED COMMUNICATIONS AND DONATIONS (FEB 2015)

Violation of these restrictions may result in disqualification of your offer, suspension or debarment, and may constitute a violation of law.

(a) During the period between publication of the solicitation and final award, ***you must not communicate, directly or indirectly, with the Using Governmental Unit or its employees, agents or officials regarding any aspect of this procurement activity***, unless otherwise approved in writing by the Procurement Officer. All communications must be solely with the Procurement Officer. [R. 19-445.2010]

(b) You are advised to familiarize yourself with Regulation 19-445.2165, which restricts donations to a governmental entity with whom you have or seek to have a contract. ***You represent that your offer discloses any gifts made, directly or through an intermediary, by you or your named subcontractors to or for the benefit of the Using Governmental Unit during the period beginning eighteen months prior to the Opening Date.*** [R. 19-445.2165] [02-2A087-1]

PUBLIC OPENING (JAN 2004)

Offers will be publicly opened at the date/time and at the location identified on the Cover Page, or last Amendment, whichever is applicable. [02-2A090-1]

QUESTIONS FROM OFFERORS (MODIFIED)

~~All questions must be submitted in writing and received by the Procurement Officer for this solicitation no later than date and time listed on Cover Page One.~~

~~Email is the preferred method for submitting questions to the Procurement Officer. Title the "Subject Line" of your email, "Questions SCEL- 08142026-BANKING". Questions must be submitted in an easily copied format such as MS Word. Please do not place your questions in tables. Email: ashley.kennedy-shell@scdot.com~~

(a) Any prospective offeror desiring an explanation or interpretation of the solicitation, drawings, specifications, etc., must request it in writing. Questions regarding the original solicitation or any amendment must be received by

~~the Procurement Officer no later than five (5) days prior to opening unless an earlier date is stated on the Cover Page. Label any communication regarding your questions with the name of the procurement officer, and the solicitation's title and number. Oral explanations or instructions will not be binding. [See R. 19-445.2042(B)] Any information given a prospective offeror concerning a solicitation will be furnished promptly to all other prospective offerors as an Amendment to the solicitation, if that information is necessary for submitting offers or if the lack of it would be prejudicial to other prospective offerors. See clause entitled "Duty to Inquire." We will not identify you in our answer to your question. (b) The State seeks to permit maximum practicable competition. Offerors are urged to advise the Procurement Officer as soon as possible regarding any aspect of this procurement, including any aspect of the Solicitation that unnecessarily or inappropriately limits full and open competition. [See R. 19-445.2140]~~

QUESTIONS FROM OFFERORS - AMENDMENT (JUN 2017)

THE SOLICITATION IS AMENDED AS PROVIDED HEREIN. INFORMATION OR CHANGES RESULTING FROM QUESTIONS WILL BE SHOWN IN A QUESTION-AND-ANSWER FORMAT. ALL QUESTIONS RECEIVED HAVE BEEN REPRINTED BELOW. THE "STATE'S RESPONSE" SHOULD BE READ WITHOUT REFERENCE TO THE QUESTIONS. THE QUESTIONS ARE INCLUDED SOLELY TO PROVIDE A CROSS-REFERENCE TO THE POTENTIAL OFFEROR THAT SUBMITTED THE QUESTION. QUESTIONS DO NOT FORM A PART OF THE CONTRACT; THE "STATE'S RESPONSE" DOES. ANY RESTATEMENT OF PART OR ALL OF AN EXISTING PROVISION OF THE SOLICITATION IN AN ANSWER DOES NOT MODIFY THE ORIGINAL PROVISION EXCEPT AS FOLLOWS: UNDERLINED TEXT IS ADDED TO THE ORIGINAL PROVISION. STRICKEN TEXT IS DELETED. [02-2A097-1]

REJECTION/CANCELLATION (JAN 2004)

The State may cancel this solicitation in whole or in part. The State may reject any or all proposals in whole or in part. [SC Code Section 11-35-1710 & R.19-445.2065] [02-2A100-1]

RESPONSIVENESS (MAR 2024)

(a) Award will not be made on a nonresponsive offer. An offer is nonresponsive (i) if it does not constitute an unambiguous offer to enter into a contract with the State, or (ii) if it imposes conditions inconsistent with, or does not unambiguously agree to, the solicitation's material requirements. (b) Bid as Specified. Offers for supplies or services other than those specified will not be considered unless authorized by the Solicitation. [02-2A105-3]

SIGNING YOUR OFFER (JAN 2004)

Every Offer must be signed by an individual with actual authority to bind the Offeror. (a) If the Offeror is an individual, the Offer must be signed by that individual. If the Offeror is an individual doing business as a firm, the Offer must be submitted in the firm name, signed by the individual, and state that the individual is doing business as a firm. (b) If the Offeror is a partnership, the Offer must be submitted in the partnership name, followed by the words by its Partner, and signed by a general partner. (c) If the Offeror is a corporation, the Offer must be submitted in the corporate name, followed by the signature and title of the person authorized to sign. (d) An Offer may be submitted by a joint venturer involving any combination of individuals, partnerships, or corporations. If the Offeror is a joint venture, the Offer must be submitted in the name of the Joint Venture and signed by every participant in the joint venture in the manner prescribed in paragraphs (a) through (c) above for each type of participant. (e) If an Offer is signed by an agent, other than as stated in subparagraphs (a) through (d) above, the Offer must state that it has been signed by an Agent. Upon request, Offeror must provide proof of the agent's authorization to bind the principal. [02-2A115-1]

STATE OFFICE CLOSINGS (JAN 2004)

If an emergency or unanticipated event interrupts normal government processes so that offers cannot be received at the government office designated for receipt of bids by the exact time specified in the solicitation, the time specified for receipt of offers will be deemed to be extended to the same time of day specified in the solicitation on the first work day on which normal government processes resume. In lieu of an automatic extension, an Amendment may be issued to reschedule bid opening. If state offices are closed at the time a pre-bid or pre-proposal conference is scheduled, an Amendment will be issued to reschedule the conference. Useful information may be available at: <https://scemd.org/closings/> [02-2A120-3]

DISCLOSURE OF YOUR BID / PROPOSAL and SUBMITTING CONFIDENTIAL DATA (FEB 2021)

(a) According to Section 11-35-410, any person submitting a document in response or with regard to any solicitation or other request must "comply with instructions provided in the solicitation for marking information exempt from public disclosure. Information not marked as required by the applicable instructions may be disclosed to the public." **IF YOU IDENTIFY YOUR ENTIRE RESPONSE AS EXEMPT FROM PUBLIC DISCLOSURE, OR IF YOU DO NOT SUBMIT A REDACTED COPY AS REQUIRED, THE STATE MAY, IN ITS SOLE DISCRETION, DETERMINE YOUR BID OR PROPOSAL NONRESPONSIVE AND INELIGIBLE FOR AWARD.** (b) By submitting a response to this solicitation or request, Offeror (1) agrees to the public disclosure of every page, or portion thereof, of every document regarding this solicitation or request that was submitted at any time prior to entering into a contract (including, but not limited to, documents contained in a response, documents submitted to clarify a response, and documents submitted during negotiations), unless the page, or portion thereof, was redacted and conspicuously marked "Trade Secret" or "Confidential" or "Protected", (2) agrees that any information not redacted and marked, as required by these bidding instructions, as a "Trade Secret" is not a trade secret as defined by the Trade Secrets Act, and (3) agrees that, notwithstanding any claims or markings otherwise, any prices, commissions, discounts, or other financial figures used to determine the award, as well as the final contract amount, are subject to public disclosure. (c) If your offer includes any information that you claim is exempt from public disclosure, you must submit one complete copy of your offer from which you have removed or concealed such information (the redacted copy). Except for the information removed or concealed, the redacted copy must be identical to your original offer. (d) Do not mark your entire response (bid, proposal, quote, etc.) as confidential, trade secret, or protected. If only portions of a page are subject to some protection, do not redact the entire page. The redacted copy must reflect the same pagination as the original and show the empty space from which information was redacted. The Procurement Officer must be able to view, search, copy and print the redacted copy without a password. If your response, or any part thereof, is improperly marked as confidential or trade secret or protected, the State may, in its sole discretion, determine it nonresponsive. (e) On the redacted copy, you must identify the basis of your claim by marking each redaction as follows: You must separately mark with the word "CONFIDENTIAL" every page, or portion thereof, that you redacted and claim as exempt from public disclosure because it is either (1) a trade secret as defined in Section 30-4-40(a)(1) of the Freedom of Information Act, or (2) privileged and confidential, as that phrase is used in Section 11-35-410. You must separately mark with the words "TRADE SECRET" every page, or portion thereof, that you redacted and claim as exempt from public disclosure as a trade secret pursuant to Section 39-8-20 of the Trade Secrets Act. You must separately mark with the word "PROTECTED" every page, or portion thereof, that you redacted and claim as exempt from public disclosure pursuant to Section 11-35- 1810. All markings must be conspicuous; use color, bold, underlining, or some other method in order to conspicuously distinguish the mark from the other text. (f) In determining whether to release documents, the State will detrimentally rely on your redaction and marking of documents, as required by these bidding instructions, as being either "Confidential" or "Trade Secret" or "Protected". By submitting a response, you agree to defend, indemnify and hold harmless the State of South Carolina, its agencies, officers and employees, from every claim, demand, loss, expense, cost, damage or injury, including attorney's fees, arising out of or resulting from withholding information by the State of South Carolina or any of its agencies, that you have redacted or marked as "Confidential" or "Trade Secret" or "Protected". (All references to S.C. Code of Laws.) [02-2A125-3]

SUBMITTING A PAPER OFFER OR MODIFICATION (MODIFIED)

You must submit your offer on a USB drive. If you must submit a paper offer or modification the following instructions apply. (a) All prices and notations should be printed in ink or typewritten. Errors should be crossed out, corrections entered and initialed by the person signing the bid. Do not modify the solicitation document itself (including bid schedule). (b) (1) All copies of the offer or modification, and any other documents required to be submitted with the offer shall be enclosed in a sealed, opaque envelope or package. (2) Submit your offer or modification to the address on the Cover Page. (3) The envelope or package must show the time and date specified for opening, the solicitation number, and the name and address of the bidder. If the offer or modification is sent by mail or special delivery service (UPS, Federal Express, etc.), the outermost envelope or wrapper must be labeled "OFFER ENCLOSED" on the face thereof. (c) If you are responding to more than one solicitation, submit each offer in a separate envelope or package. (d) Submit the number of copies indicated on the Cover Page.

MULTIPLE OFFERS (MAR 2024)

Offerors may submit more than one Offer, provided that each Offer has significant differences other than price.

Each separate Offer must satisfy all Solicitation requirements. If this solicitation is an Invitation for Bids, each separate offer must be submitted or uploaded as a separate document and must clearly indicate that it is a separate offer. If this solicitation is a Request for Proposals, multiple offers may be submitted or uploaded as one document, provided that you clearly differentiate between each offer and you submit a separate cost proposal for each offer, if applicable. [02-2A079-1]

WITHDRAWAL OR CORRECTION OF OFFER (JAN 2004)

Offers may be withdrawn by written notice received at any time before the exact time set for opening. If the Solicitation authorizes facsimile offers, offers may be withdrawn via facsimile received at any time before the exact time set for opening. A bid may be withdrawn in person by a bidder or its authorized representative if, before the exact time set for opening, the identity of the person requesting withdrawal is established and the person signs a receipt for the bid. The withdrawal and correction of Offers is governed by S.C. Code Section 11-35-1520 and Regulation 19-445.2085. [02-2A150-1]

II. INSTRUCTIONS TO OFFERORS -- B. SPECIAL INSTRUCTIONS

CONFERENCE -- PRE-BID/PROPOSAL (JAN 2006)

Virtual Pre-Bid/Proposal Conference Date and Time: ~~See Cover Page One~~

Location of Pre-Bid/Proposal Conference: ~~See Cover Page One~~

~~*The use of automated technologies, bots, artificial intelligence systems, electronic notetaking, or any form of recording (audio, visual, or other) is strictly prohibited. Participants are hereby notified of and are subject to this restriction.*~~

~~Due to the importance of all offerors having a clear understanding of the specifications and requirements of this solicitation, a conference of potential offerors will be held on the date specified on the cover page. Bring a copy of the solicitation with you. Any changes resulting from this conference will be noted in a written amendment to the solicitation. Your failure to attend will not relieve the Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the work, or for proceeding to successfully perform the work without additional expense to the State. The State assumes no responsibility for any conclusions or interpretations made by the Contractor based on the information made available at the conference. Nor does the State assume responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of its officers or agents before the execution of this contract, unless that understanding or representation is expressly stated in this contract.~~

~~**This solicitation includes a non-mandatory pre-proposal conference. While attendance is not required, offerors are strongly encouraged to attend and participate. The purpose of the pre-proposal is to identify items that are erroneous, unclear, or unduly restrictive as well as discussing the terms and conditions and submittal process. All conference attendees should read the solicitation and develop their questions in preparation for the conference. The pace of the conference will NOT afford individuals enough time to complete an initial review of the document during the conference.**~~

CONTENTS OF OFFER (RFP) (MODIFIED)

- (a) Offers should be complete and carefully worded and should convey all of the information requested.
- (b) Offers should be prepared simply and economically, providing a straightforward, concise description of offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
- (c) The contents of your offer must be divided into two parts, the technical proposal and the business proposal. Each part shall be separate and submitted on a USB drive via mail.
- (d) If your offer includes any comment over and above the specific information requested in the solicitation, you must include this information as a separate appendix to your offer and clearly state that the following information is something you would like to negotiate if you are the highest ranked offeror. Offers not in the format stated which include either modifications to any of the solicitation's contractual requirements or an Offeror's standard terms and conditions may be deemed non-responsive and not considered for award. This is not an offer to negotiate and the Offer may be accepted without opportunity to negotiate.

ELECTRONIC COPIES - REQUIRED MEDIA AND FORMAT (MODIFIED)

You must submit an electronic copy or copies on a USB drive by the proposals due date and time. Submit the number of copies indicated on the cover page. Each copy should be a separate file. Your business and technical proposals must be two separate files. The USB drive must be labeled with the solicitation number and the offeror's name. File format shall be compatible with Microsoft Office (version 2003 or later), or Adobe Acrobat or equivalent Portable Document Format (.pdf) viewer. The Procurement Officer must be able to view, search, copy and print electronic documents without a password.

OPENING PROPOSALS -- INFORMATION NOT DIVULGED (FEB 2015)

In competitive sealed proposals, neither the number or identity of offerors nor prices will be divulged at opening. [Section 11-35-1530 & R. 19-445.2095(C)(1)] [02-2B110-2]

PROTEST - CPO - MMO ADDRESS (MAR 2024)

Any protest must be addressed to the Chief Procurement Officer, Materials Management Office, and submitted in writing

(a) by email to protest-mmo@mmo.state.sc.us ,or

(b) by post or delivery to 1333 Main Street, Suite 700, Columbia, SC 29201.

III. SCOPE OF WORK/SPECIFICATIONS

3.0 OVERVIEW OF SCEL TREASURY OPERATIONS

The State of South Carolina (the “State”) established the South Carolina Education Lottery Commission (“SCEL” or “Commission”) as an instrumentality of the State with the enactment of Act 59 of 2001 (“Lottery Act”). SCEL commenced operations in 2002 with a sole financial objective to transfer net proceeds to the State of South Carolina. The Commission receives no appropriations from the State and operates as an enterprise entity while ensuring the integrity of the lottery operations, games, and activities. Activities are financed and operated in a manner similar to private business enterprises, whereas the sale of lottery game tickets finances the costs of providing lottery games to the public on a continuing basis.

The games of the South Carolina Education Lottery are designed for entertainment for players 18 years of age or older. The Lottery's mission is to provide, with integrity, entertainment options to adults to support education in South Carolina. To achieve the mission, SCEL is committed to protecting the Lottery's integrity by conducting games in a secure manner. The South Carolina Education Lottery offers two types of games, “Instant Games” and “Terminal Games”. Instant Games generally involve “scratching off” certain areas on the ticket to determine if the ticket contains a prize (usually cash). Instant Game tickets are currently sold at \$1, \$2, \$3, \$5, \$10 and \$20 price points. Terminal Games, also commonly referred to as “Draw Games,” including games such as Powerball and Pick 3, involve the player’s selection of a sequence of numbers which, if matched to periodic drawings (typically daily or several times weekly), resulting in the winning of prizes (usually cash).

Tickets are available at SCEL’s statewide retailer network of approximately 4,050 licensed locations (“Retailers”) such as gas stations, grocery stores and convenience stores. Tickets must be purchased with cash, and lottery winnings up to and including \$500 can be redeemed at any authorized lottery retailer. Retailers may payout prizes in cash, store check, money order, or a combination of those three. If a retailer does not have cash on hand to pay a winner, then the retailer may payout prizes with a check or a money order, but are prohibited from charging the player for the money order. Claims in excess of \$500 must be redeemed at the Claims Center. Winnings of \$100,000 or less may be redeemed by mail and winning tickets in excess of \$100,000 must be brought in person to the Claims Center for redemption. The Claims Center is centrally located at 1309 Assembly Street in Columbia, SC and open from 8:30 a.m. until 5 p.m., Monday through Friday (except for holidays). Prize checks are issued and presented to winning players in the form of a paper check (with the exception of very large jackpot winners whose prize winnings are in excess of \$5 million). Claims are processed continuously each business day. SCEL estimates that there may be five (5) ten-minute periods during each business day when there are no claims checks issued; however, on most days, there are no ten-minute periods when a new check is not issued. On average, the Claims Center processes 4,100 claims per month with an average of 46 to 51 transmissions per day. The average amount paid for each claim is approximately \$3,900; however, claim amounts vary significantly ranging from \$1.00 to \$2.5 million, and could be up to \$10 million.

3.1 SCOPE OF SERVICES

The Contractor shall provide comprehensive banking services while administering SCEL’s seven (7) separate bank accounts in accordance with the requirements stated herein.

A. BANKING AND TREASURY-RELATED SERVICES

1. General demand deposit account services, used to transfer funds from six (6) of SCEL’s various sub-accounts to the Lottery’s Primary Account;
2. Specialized account services for the controlled disbursement and positive pay file accounts, which facilitate daily cash management;
3. Depository and paper disbursement services;
4. Electronic funds transfer services for retailers and others as directed by SCEL;
5. Information reporting services that enable SCEL to monitor account balances and identify transactions;

6. Ability to allow one to three account administrators access to change user and account settings and five to seven users access to online account and reporting information;
7. Investment Services for which all available funds are centralized into a single account for overnight interest earning purposes;
8. Contractor must be able to act as both an Originating Depository Financial Institution and a Receiving Depository Financial Institution, able to both initiate and receive ACH entries;
9. Other account services, including but not limited to, providing SCEL with account and data security, a dedicated customer account management team, information reporting, a transition plan; and any additional services which may not be specifically identified herein, so long as the requested services are of a similar nature to the services described in this Scope of Work.

B. SCEL ACCOUNT ADMINISTRATION

The Contractor shall administer services for the seven (7) accounts described below. Note the figures provided herein are for historical reference only and do not guarantee any future balances. See also Attachments D and E - Average Daily Account Balances (Low Volume and High Volume).

1. Primary Account

SCEL maintains a cash reserve in the Primary Account to pay for prizes and other operating expenses from the six (6) sub-accounts below, designated as other “Specific Purpose” Zero Balance Accounts (ZBA). Typically, the cash reserve is used to accept deposited funds from the ZBAs and approximates to \$15 million. For the fiscal year ending June 30, 2025 (FY 21), the Monthly Average Positive Collected Balance in this account ranged from \$27.5 million to \$50.1 million. The simple average of the Monthly Average Positive Collected Balances in this account is approximately \$37.3 million. In FY25, SCEL processed 2,078 Automated Clearing House (ACH) payments through this account with an aggregate of \$634.0 million.

The Primary Account is also used to process other “debit” transactions including ACH transactions for accounts payable and transfer SCEL’s available cash to the State Treasurer’s Office (“Transfers”). The two most significant outgoing ACH transactions are the two Transfers made from SCEL’s Primary Account to the State each month. The first transfer, made on the 1st business day of each month, is for Unclaimed Prizes that have accumulated over a specified period of time. These monthly transfers ranged from \$1.6 million to \$3.3 million. During FY25, SCEL transferred an aggregate of \$29.4 million to the State for Unclaimed Prizes. The second transfer is when SCEL remits its net proceeds, (“Regular Transfers”) to the State Treasurer’s Office on the Thursday prior to and closest to the 15th day of each month. SCEL must maintain a cash reserve to finance operations until receipt of the next sweep the following Wednesday. If SCEL incurs prizes payouts that exceed this reserve, the financial institution shall waive any overdraft fees, or similar charges, resulting from such an occurrence. SCEL regularly reviews the reserve to evaluate the risk of overdraft. At the current reserve of \$15.0 million, SCEL does not anticipate the use of overdraft protection, but notes that statistical variation can cause unexpected results. Regular Transfers ranged from \$31 million to \$58 million each month. During the most recent fiscal year, SCEL transferred an aggregate of \$521.0 million Regular Transfers to the State. Outside of these two monthly ACH transactions, SCEL transmits approximately 150-200 other ACH transactions per month for operations and game related costs. These average \$8.5 million per month, in aggregate. Credit ACH transactions are minimal at less than 10 per month and \$15 thousand, in aggregate.

2. Concentration Account

This account is a zero-balance account (ZBA) used to receive proceeds from Retailers. Retailers are required to retain a specific deposit account at the financial institution of their choice in which amounts due to SCEL are deposited. SCEL’s weekly billing cycle is weekly from Sunday to Saturday and Retailers are notified each Monday of the amount that they owe SCEL from the previous week’s sales. They are required to have those funds available in their banking

accounts each Tuesday before 2 p.m. SCEL's gaming system vendor then sends a sweep file to the Bank each Monday. The Bank makes one attempt to sweep the accounts electronically via ACH between 12:01 a.m. and 12 midnight each Wednesday (or Thursday if a recognized holiday) and deposits the funds into the Concentration Account. The Bank will then transfer the deposited funds from the Concentration Account into the Primary Account. In some cases, SCEL may owe the Retailer if the Retailer has cashed more tickets than they have sold. Retailer accounts are credited on Wednesdays for any such amounts. Occasionally, funds related to sales proceeds are paid by the Retailer and deposited daily into SCEL's Concentration Account. An example of this is when Retailers must deposit funds to clear an insufficient funds (NSF) transaction. If the retailer did not deposit sufficient funds in time for the weekly ACH sweep, then the retailer must deposit or wire the funds directly into this account. NSFs are minimal and generally range from zero (0) to five (5) transactions each week.

SCEL's current Bank sweeps approximately 2,700 Retailer accounts in total (Corporate Retailers commonly use one account for multiple locations). For the most recent fiscal year, the average weekly sweep was \$16.0 million. In aggregate, SCEL has swept \$833.3 million into the Concentration Account in FY25.

3. **Prize Account**

This is a controlled disbursement ZBA that SCEL uses to pay prizes which are processed through the Claims Center. The Prize Account includes Lottery prizes and prize withholdings for Federal, State and local taxes. All claim transactions up to \$10 million are paid from this account in the form of paper checks. The Prize Account positive pay file is updated at least every ten (10) minutes. SCEL processed 49,300 claims with an aggregate amount of \$190.6 million in FY25. During this same period, the Claims Center voided and reissued 323 checks totaling approximately \$634 thousand.

4. **Administrative Account**

This is a low-volume ZBA through which all SCEL's accounts payable paper checks are processed. Accounts payable transactions are generally paid via ACH and processed through the Primary Account. Checks written on this account are subject to a "Positive Pay" file which is updated every thirty (30) minutes. SCEL runs most checks in "batches" with an average of one transmission per day. Transmissions occur when new checks are issued on the accounts. The frequency of transmissions vary significantly between this account and the Prize Account. During the most recent fiscal year, SCEL processed 139 payments with an aggregate amount of \$13 thousand.

5. **Payroll Account**

This is a ZBA which funds SCEL's semi-monthly payroll. Individual payroll checks do not clear against this account; rather, the aggregate amount of payroll is automatically transferred to this account and then swept into the account of SCEL's payroll processor (ADP) through which individual payroll checks clear. SCEL's annual payroll is approximately \$11.2 million.

6. **License Fee Account**

This is a ZBA used to process license and other fees received from Retailers. Transaction amounts are small (totaling \$210 or less) and typically include the \$75 Retailer Application fee described in the Fidelity Bond Account below. License fees are usually submitted by the Retailer in the form of a check and deposited by SCEL via a scanner supplied by the Bank. During the most recent fiscal year, SCEL processed 490 receipts with an aggregate amount of \$100 thousand.

7. **Fidelity Bond Account**

Monies deposited into this fund are collected from potential Retailers, and accumulated from a one-time non-refundable fee of \$75.00, a requirement for each Retail location that submits a

lottery license application. This account is used to cover any losses SCEL may experience as a result of a Retailer's failure to remain compliant with SCEL's Licensing Agreement and State licensing regulations.

This account is not a ZBA, although transactions associated with this account are subject to a "Positive Pay" file. The bond fees are initially deposited into the License Fee Account described above and then transferred to the Primary Account daily. At the end of the month the total of all bond fees are transferred from the Primary Account to the Fidelity Bond Account. SCEL may invest these funds pursuant to state investment practices, and all earnings attributable to the investments accrue to the fund. Debit transactions to this account are minimal – only eighty-nine (89) checks have been issued through this account during the most recent fiscal year. SCEL deposited an aggregate amount of \$36,750 during this same period. The balance in this account approximates to \$250,000.00.

3.2 GENERAL ACCOUNT SERVICES

The Contractor shall provide fully automated banking services while administering SCEL's seven (7) accounts described in 3.1. Accurate records of banking activity must be maintained for each account. SCEL must have the ability to obtain account information online or through other electronic means without the necessity of preparing and submitting paper documentation. General account services shall include:

A. DEPOSITORY SERVICES

SCEL must have the ability to make cash and check deposits and accept ACH and Electronic Funds Transfer ("EFT") payments. Such deposit services shall include the following:

1. Provide the ability for SCEL to make cash and check deposits, and wire transfers. Standard deposit tickets must be provided by the Bank.
2. Provide the ability for SCEL to process check deposits remotely from office locations;
3. Provide and maintain at least two (2) remote check scanners to SCEL at all times with no additional charge. SCEL prefers multi-feed scanners – only used to deposit checks into the Primary, Concentration, and License Fee Accounts.
4. Process returned items. SCEL requires that a check be presented for payment only once. Items returned are to be presented immediately to SCEL via direct electronic transmission for collection processing.

B. PAPER DISBURSEMENT SERVICES

The Contractor must provide SCEL services for check issuance and cashing. Services shall include the following:

1. Statewide check cashing for all Lottery prize claimants at any branch location. Prize checks presented to any of the Contractor's branches must be honored immediately free of charge to the customer, including customers who do not have an account with the Contractor's bank. SCEL will not purchase check stock through the Bank, but will purchase check stock from a printing vendor and provide starting check numbers by account during the conversion period;
2. Accept one or more check issuance files sent electronically to the bank. Provide SCEL with confirmation electronically for each check issuance file received by the bank, including the status of the file received;
3. Provide an online ability to stop payment and the ability to void, cancel, and/or delete check issues;
4. Provide controlled disbursement services for Prize Account, and any others upon SCEL's request;
5. Provide SCEL with the ability to view images of cleared disbursement checks (front and back) on both a current and historical basis. Images should be available for a minimum of 180 days online, with images older than 180 days available upon request for up to three years;
6. Provide overdraft services representing the estimated maximum number of checks that can clear on a single day;
7. Provide paper disbursement reconciliation services related to the paper disbursement of SCEL

funds. Such reconciliation services shall include, but may not be limited to, the following:

- a. Positive pay services, including verification of payee name, for Prize and Administrative Accounts. SCEL will provide the positive pay file format during the conversion period;
- b. Full account reconciliation for Prize and Administrative Accounts and partial reconciliation for Fidelity Bond Account. This service must include balance reporting of outstanding checks, checks paid, stop payments, and other process item(s) as may be relevant.

C. ELECTRONIC FUNDS TRANSFER SERVICES

The Contractor must provide SCEL the ability to process EFT's using ACH transfers and wires. Services shall include:

1. The ability to process incoming and outgoing Wires via a secure online web-based system, or other state-of-the-art secure system, in accordance with current Federal and State banking regulations;
2. Send and receive secure ACH transactions and Wire payments, including federal and state tax payments;
3. The ability to set up one-time wires, as well as the creation of repetitive templates;
4. The ability to process outgoing pre-note or payment files of ACH transactions in standard ACH Corporate Trade Exchange (CTX) format. Provide confirmation within one (1) hour to SCEL that the file has been received by the bank, including the status of the files received;
- ~~5. The ability to execute ACH payments within one (1) hour of receipt of issuance;~~
6. Provide SCEL with detailed, identifying information for all ACH payments received; All accounts shall be subject to ACH fraud prevention services.
7. Provide SCEL with detailed, identifying information for all returned ACH payments, including all relevant National Automated Clearinghouse Association (NACHA) codes via both online and electronic file formats;
8. Provide SCEL with the ability to obtain account balances and issue electronic funds transfer payments to preauthorized third parties at the discretion of SCEL;
9. Provide ACH debit block services for accounts as requested by SCEL and provide SCEL with the ability to authorize exceptions; and
10. Provide for secure, same day electronic transfers between SCEL accounts.

3.3 SPECIALIZED ACCOUNT SERVICES

The Contractor shall provide specialized account services for SCEL's Prize and Administrative Accounts and others in addition to the general account services described in Section 3.2. SCEL must have the ability to access account information online or through other electronic means without the necessity of preparing and submitting paper documentation. SCEL requires the following specialized services:

1. Controlled disbursement – Prize Account
2. Zero-balance accounts (ZBA) – Concentration, Prize, Administrative, Payroll, and License Fee Accounts
3. Positive pay feature – Prize, Administrative, and Fidelity Bond Accounts. If a prize check cannot be matched to a positive pay file upon presentation, the branch teller must contact SCEL immediately to verify the check and still cash the check without turning the player away or requiring the player to open an account.
4. Capability to receive information from SCEL relating to amounts billed to Retailers on a weekly basis and sweep the Retailers' accounts every Wednesday. Returned items must be available to SCEL at least by the opening of business on the Friday morning following the weekly sweep.

3.4 CASH MANAGEMENT AND INVESTMENT SERVICES

The Contractor must provide the ability to invest available funds on an overnight basis. Banking activities are conducted through the Primary Account in which all funds are deposited. The Bank must transfer the funds from the Primary Account to the sub-accounts as required. At the close of each business day, all collected balances in the Commission's Primary Account shall earn interest at

a rate not less than the Federal Funds Rate. The earnings credit shall be calculated gross of reserve requirements and will be computed in accordance with the agreed upon negotiated rate. This service may be offered in one of two ways:

1. First, the financial institution may apply a rate indexed to the Average Federal Funds Rate (as published in the *Wall Street Journal*) to the available balance of the accounts without reducing such amount by reserve requirements to determine an earnings credit. The earnings credit would then be applied to the monthly cost of the account and any excess would be credited as a “hard dollar credit” to the account as an excess earnings credit each month.
2. Alternatively, available funds may be automatically invested on an overnight basis in repurchase agreements which are collateralized by obligations of the U.S. Government or one of its agencies. If repurchase agreements are used, the Contractor must provide SCEL with daily information which adequately describes the transactions and their financial attributes. SCEL recognizes that if this method is used then it may be necessary to open another account through which such activities are conducted.

Irrespective of the manner in which SCEL receives the benefit of its available funds, the Contractor must possess collateral sufficient to cover deposits in excess of those insured by the FDIC and affirm that such method complies with S.C. Code Ann. §11-13-60. The Contractor shall provide SCEL with a collateral report at least once a month, which confirms the collateral held, and the financial attributes of such collateral. Additionally, administrative costs shall be offset, to the extent possible, by any interest earned on available balances. Any remaining costs or interest shall be applied to the operating account each month.

3.5 ORGANIZATION SIZE, STRUCTURE, AND LOCATION OF SERVICES

For the duration of the contract, the Contractor must maintain a Primary Branch that is physically located in downtown Columbia, South Carolina with an extensive branch network in the midlands, upstate, and coastal regions of South Carolina convenient to SCEL and its customers. Convenience to SCEL’s main office is necessary for staff to make cash deposits in person due to currency periodically received by Retailers. Moreover, convenience of the Primary Branch to the Claims Center is of utmost importance to service SCEL’s prize winners that travel from different parts of the state to claim winning tickets.

The Primary Branch must have adequate banking staff and parking available. Although the Claims Center averages 100 to 200 claims per day, there are certain instances when the average daily number increases to 500 claims per day. Typically, larger than normal claims’ volumes occur when a Pick 4 draw results in a sequence of numbers that pays \$5,000 for each winning ticket and there is an unusually large number of winning tickets. SCEL recognizes that in these instances the level of claims checks presented at the Primary Branch may strain the cash resources of the Primary Branch. If this event were to occur, then the Primary Branch must communicate with SCEL as to their ability to continue to cash unusually large volumes of checks. This will allow Claims Center personnel to direct winning players to other branches conveniently located to the Primary Branch or suggest other branch locations convenient to the residence of the winning player. This is critically important for those winners who have traveled long distances to claim a winning ticket. The Contractor must be capable of cashing prize checks in various claim amounts ranging from \$1.00 to 10 million without delay and at no charge to the prize winner.

3.6 DEDICATED CUSTOMER ACCOUNT MANAGEMENT SERVICES

Contractor shall provide SCEL direct access to a dedicated customer account management team for issues related to all SCEL accounts, banking activity, transactions, and system administration. Services shall include, but may not be limited to, the following:

1. Designate a Senior Client Officer with overall responsibility for managing the Commission’s

- banking services and administering the Commission's accounts;
2. Direct contact information for the Senior Client Officer must be provided to SCEL including telephone numbers and email addresses and the operations area of the bank in which the banking services and accounts are located;
 3. The Senior Client Officer will identify members of the team responsible for resolving various issues and serve as an escalation point of contact for matters that cannot be resolved by the individual contacts. They will also be available for direct contact as the Commission deems necessary;
 4. Individual contacts must be available to provide support and problem resolution between the hours of 8:30 a.m. (Eastern Time) to 5:00 pm (Eastern Time) Monday through Friday, and the name, telephone number and email addresses for these individuals must be provided to SCEL;
 5. The Contractor must periodically provide an updated list of the names, email addresses, and telephone numbers of the backup personnel in the appropriate department(s) whom the Commission can contact if the Senior Client Officer is unavailable.
 6. The Contractor must ensure that any replacement candidate proposed by Contractor has qualifications of substantial similarity to the qualifications of the individual being replaced.
 7. SCEL may, in its sole discretion, require Contractor to replace any Contractor Personnel who do not adhere, behave, and/or perform consistent with SCEL's policies and procedures, otherwise engages in unprofessional or unethical conduct, with whom there is an irresolvable personality conflict, or whose performance does not comply with this contract. SCEL shall provide a written notice to Contractor if a replacement is required.

3.7 OTHER RELATED SERVICES

The Contractor shall also provide SCEL with the additional services listed below and any other related services which may not be specifically identified herein, so long as the requested services are of a similar nature to the services described in this Scope of Work.

A. ACCOUNT AND DATA SECURITY SERVICES

Provide account and data security services for all accounts established by SCEL, and for all systems, programs, and technologies used to support, process, and secure SCEL accounts and data. Such account and data security services shall include, but may not be limited to, the following:

1. Provide account security services to prevent unauthorized opening, activity, modification, or closing of Commission accounts, including establishment of control procedures by the Contractor;
2. Provide security administration controls and procedures for the Commission, including, but not limited to, documentation and flowcharting of controls and procedures relating to account and data security;
3. Provide data transmission and storage security services compliant with all current Federal and State Banking regulations, including, but not limited to, the [Gramm-Leach-Bliley Act](#), the [Sarbanes-Oxley Act](#), the [Cybersecurity Information Sharing Act](#), the [USA Patriot Act](#), and data privacy and data residency laws;
4. Provide ability for the Commission to grant and revoke permission of its employees for accessing account and report information online including any approved third parties authorized to debit SCEL accounts electronically per SCEL's internal approval policies. The system shall require unique passwords for SCEL administrator(s). Any change to an administrator's account settings must be made by one individual and approved by a different individual. Dual custody is a necessary internal control. This rule applies to all banking functions involving the disbursement of cash as well as user profiles;
5. The Contractor must have a detailed disaster recovery plan that includes off-site recovery facilities and recovery procedures.

B. INFORMATION REPORTING SERVICES

Provide reporting services for all SCEL accounts, banking activity, transactions, and system administration. Reporting services shall include monthly and historical account analysis statements;

prior day balance reporting and transaction detail; same-day, real-time transaction detail and balance reporting.

1. SCEL requires access to daily reports of balances and transaction information and detailed monthly account analysis statements for each individual account with a consolidated statement showing charges for all account services; The analysis must detail all activity levels, rates, quantities, and charges for the accounts covered by this Contract. The account analysis must be presented in hardcopy report format as well as in an online, downloadable Excel format.
2. Cut -off dates for monthly statements shall be the end of the month. The financial institution shall provide electronically transmitted bank statements within twenty (20) working days. The financial institution must provide SCEL the ability to retrieve daily reports with previous and same-day account information.
3. Provide online reporting, in template or ad-hoc form, on a real-time basis, as requested by SCEL, for all services provided, including reporting activity and balances of any account, account group, or all accounts opened or maintained for the Commission.
4. Provide online, or ad-hoc, real time reporting for account activity and modification by users, system administrators, and personnel of the Commission and Contractor.
5. At a minimum, all reports generated must be downloadable in Excel spreadsheet and PDF formats.

C. INNOVATIONS

As the Commission's needs change and banking industry services evolve during the course of the contract, SCEL and the Contractor may negotiate in good faith any mutually beneficial Change Order suggested by either party. The scope of a potential change order is to be interpreted liberally, including all services the Contractor may provide or those authorized in the Education Lottery Act. The State reserves the right to negotiate services that are not available at the time of this solicitation, but may become available at a later date and are within the scope of the contract.

D. TRANSITION PLAN SERVICES

1. Provide a detailed plan for transition of existing accounts, funds, and processes that identifies the responsibilities of the Contractor, SCEL, and any other designated parties. The plan should also include, as an exhibit to the plan, a flowchart of the transition through completion with detail sufficiently identifying the key tasks and action items to be completed by all parties.
2. Provide schedules outlining the timeframe for executing the transition plan. This should include a schedule contained with expected completion dates of major components, tasks, and action items of the transition plan; and any schedule reasonably requested by SCEL before or during the transition.
3. Provide status reports of transition progress, and identify the next steps of the plan, any uncompleted or delayed tasks and action items, and any anticipated change to the overall schedule and/or expected transition date;
4. Provide a comprehensive contact list of Contractor contacts assigned to the transition, including location, title, phone number(s), email address, and areas of responsibility relating to the transition plan; and
5. Schedule meetings, conference calls, and any other activities that need participation from SCEL, the Contractor, and any other designated parties before and/or during the transition;
6. SCEL expects the Contractor's transition plan services will be fully supported during the Contract's beginning and ending conversion periods with the previous and any subsequent Contractor.

E. OPTIONAL EQUIPMENT AND FEATURES

Proviso 3.8 of the South Carolina State Budget has authorized SCEL to accept debit cards as a form of payment for lottery tickets. Credit cards are not permitted for use for the purchase of lottery tickets. SCEL desires PIN Debit only mobile card terminals for use at SCEL events throughout the year. If the Contractor provides PIN debit terminals, the terminals must include the minimum following features:

1. Core Functional Requirements
 - a. Personal Identification Number (PIN)—only debit acceptance; no credit card processing permitted.
 - b. Encrypted Personal Identification Number (PIN) pad.
 - c. Hardware must be compliant with Payment Card Industry PIN Transaction Security (PCI PTS) standards.
 - d. End-to-end encryption for all transactions.
2. Wireless Operation Requirements

The terminal must operate 100 percent wirelessly, with no hardwired network connections.

 - a. The device must support at least one of the following wireless communication methods:
 - i. Wireless Fidelity (Wi-Fi), 2.4 GHz minimum; 5 GHz preferred.
 - ii. Fourth-Generation (4G) or Long-Term Evolution (LTE) cellular capability for off-site or remote events.
 - b. Ability to maintain stable connectivity in temporary or mobile event environments.
 - c. If permitted by the financial institution, the device should support store-and-forward capability to continue operating when signal strength is low or intermittent.
 - d. Wireless security requirements:
 - i. Wi-Fi Protected Access 2 (WPA2) or Wi-Fi Protected Access 3 (WPA3) for Wi-Fi connections.
 - ii. Encrypted Subscriber Identity Module (SIM) provisioning for cellular-enabled terminals.
3. Power and Physical Design Requirements
 - a. Lightweight, portable, compact terminal.
 - b. Rechargeable battery capable of 8–12 hours of continuous use.
 - c. Optional protective case suitable for outdoor use.
4. Software and Integration Requirements
 - a. Real-time reporting.
 - b. Remote software updates and device management.
 - c. User-friendly interface for rapid processing during peak volume times.
5. Security Requirements
 - a. Device must be fully compliant with Payment Card Industry Data Security Standard (PCI DSS) and Payment Card Industry PIN Security Standard (PCI PIN) requirements.
 - b. Secure boot and anti-tamper hardware features must be included.
 - c. Encrypted communication between the terminal and the payment processor.
 - d. Automated notifications in the event of tampering.
6. Environmental Requirements
 - a. Indoor/outdoor operating temperature range: approximately 32°F to 104°F.
 - b. Backlit keypad for low-light events.
 - c. Optional weather-resistant cover or casing.
7. Warranty Requirements
 - a. The Contractor must provide a minimum one-year manufacturer's warranty covering defects in materials and workmanship.
 - b. Warranty must include repair or replacement at no additional cost for hardware failures not caused by misuse or abuse.
 - c. Vendor must specify the warranty claim submission process and expected turnaround times.

8. Terminal Replacement Responsibilities
 - a. During the warranty period, the vendor is fully responsible for replacing or repairing wireless terminals that fail under normal use.
 - b. After warranty expiration, the vendor must provide firm, itemized pricing for:
 - i. Replacement wireless terminals.
 - ii. Repair services.
 - iii. Configuration or re-provisioning fees.
 - iv. Shipping or handling costs.
 - c. All replacement units must be fully compatible with the existing wireless and software environment.

DELIVERY/PERFORMANCE LOCATION - SPECIFIED (JAN 2006)

After award, all deliveries shall be made and all services provided to the following address, unless otherwise specified:

**SC Education Lottery Commission
1333 Main Street, Suite 400
Columbia, SC 29201 [03-3030-1]**

OPERATIONAL MANUALS (JAN 2006)

Unless otherwise specified, contractor shall provide one operational manual for each item acquired. [03-3055-1]

QUALITY – NEW (JAN 2006)

All items must be new. [03-3060-1]

TECHNICAL SUPPORT – INCLUDED (JAN 2006):

Upon request, contractor shall provide technical assistance or service. Such service shall be available within 24 hours following request. [03-3075-1]

TRAINING (JAN 2006):

Upon request, contractor shall demonstrate equipment within 10 days after delivery. [03-3080-1]

IV. INFORMATION FOR OFFERORS TO SUBMIT

INFORMATION FOR OFFERORS TO SUBMIT -- GENERAL (MAR 2015)

You shall submit a signed Cover Page and Page Two. If you submit your offer electronically, you must upload an image of a signed Cover Page and Page Two. Your offer should include all other information and documents requested in this part and in parts II.B. Special Instructions; III. Scope of Work; V. Qualifications; VIII. Bidding Schedule/Price Proposal; and any appropriate attachments addressed in Part IX. Attachments to Solicitations. You should submit a summary of all insurance policies you have or plan to acquire to comply with the insurance requirements stated herein, if any, including policy types; coverage types; limits, sub-limits, and deductibles for each policy and coverage type; the carrier's A.M. Best rating; and whether the policy is written on an occurrence or claims-made basis. [04-4010-2]

INFORMATION FOR OFFERORS TO SUBMIT -- EVALUATION (JAN 2006)

In addition to information requested elsewhere in this solicitation, offerors should submit the following information for purposes of evaluation:

You shall submit a Technical Proposal and a Price Proposal of your offer in separate and distinct documents. Both documents must be uploaded as part of your online submission. In addition to your original offer, you are **STRONGLY ENCOURAGED** to submit a redacted copy of your Proposal. Otherwise, all information provided may be shared with others in subsequent Freedom of Information Act (FOIA) Requests. [Reference 04-4030-2]

Instructions for Technical Proposal

Pricing information shall NOT be provided in the Technical Proposal in any manner and under any circumstances. All proposals must include the following requested information. Each Offeror should restate each of the items listed below and provide its response to that item immediately thereafter.

The goal for the Offerors must be able to succinctly articulate their Proposal within one hundred (100) pages including those pages with confidential and proprietary information, with the type font no less than 12 points, less technical appendices and other documents provided in response to Section IX. ATTACHMENTS TO THE SOLICITATION, and other exceptions as noted herein. The requested 12-point font size (or larger) is for the ease of reading by the evaluators. Any reduced font size should be used sparingly, but SCEL understands there will be times when a smaller font size is practical. Material to be submitted in Section IX. ATTACHMENTS TO THE SOLICITATION as noted herein does not count against the one hundred (100) page limitation.

The Offeror shall provide a detailed, comprehensive description of the services being offered. Offeror shall address all items identified in the Scope of Work; responding to each requirement in the same order that it is listed in the Scope of Work. The **Technical Proposal** shall be arranged in the following order:

Section 1 Introductory Documents

A. COVER PAGES ONE AND TWO

B. COVER LETTER

Offerors should provide a cover letter which includes a summary of the Offeror's ability to perform the services described herein and a statement that the Offeror is willing to perform the services and enter into a contract with the South Carolina Education Lottery. The cover letter must be signed by a person having the authority to commit the Offeror to a contract. The cover letter must include the representative's name, title, address, telephone number, e-mail address and any other appropriate means for contact of the representative.

Section 2 Technical Solution

A. APPROACH AND UNDERSTANDING OF SCOPE OF WORK

Provide a statement describing the Scope of Work as you understand it, and how your approach provides the best overall solution to successfully perform the work outlined in Section III. SCOPE OF WORK/SPECIFICATIONS. Offerors should submit a fully detailed description of the proposed approach that meets or exceeds the minimum requirements and affirm that the banking services available to SCEL for the management of accounts and transactions are fully automated as set forth in the Scope of Work and Sections 3.1 through 3.3 and Section 3.7.

B. CASH MANAGEMENT AND INVESTMENT SERVICES

Describe in detail the financial institution's proposed method of servicing the Commission's banking operations as set forth in the Scope of Work and Section 3.4.

1. Describe in detail, including all appropriate technology, the financial institution's proposed method of servicing the Commission's banking operations and cash management system.
2. Collateral – Include how collateral will be held to secure all funds and address the method by which collateral is established to cover deposits in excess of those insured by the FDIC and affirm that such method complies with S.C. Code Ann. §11-13-60.
3. Include the nature of investments, liquidity, and risk factors. Address how excess funds are invested on a daily or weekly basis.
4. Specify the minimum amount necessary to enter into the investment agreement and the incremental amounts above the minimum. In addition, specify the calculation used to arrive at the daily or weekly investment level.
5. The description should also include the manner in which SCEL would receive credit for its available funds and the interest rate that would be applied to the balance of available funds. The interest rate must be indexed to the Average Federal Funds Rate (as published in the *Wall Street Journal*). The Offeror may make a recommendation on the manner in which SCEL would receive the most benefit from its available funds and must affirm that the Offeror will work in good faith with SCEL to maximize its benefit on its available funds as circumstances and the interest rate environment change over the term of the agreement.

C. ADMINISTRATIVE COSTS FOR SCEL ACCOUNTS

Describe the method of determining administrative costs, if any, to be charged for servicing the Commission's accounts described in Section 3.1(B). The method of charging/collecting, required minimum non-invested balances, if any, and other pertinent data concerning any proposed administrative fee must be included in the proposal. If no administrative costs are proposed, or if a minimum non-invested balance is not to be established, so state in the proposal. Do not address any fee amounts in this portion of the proposal; fee amounts must only be addressed in the Price Proposal.

D. Describe the policies and procedures involving branch cash availability, including alternative disbursement methods.

Section 3 Experience and Qualifications

A. ORGANIZATION SIZE, STRUCTURE, AND LOCATION OF SERVICES

Include all pertinent information to substantiate their qualifications and capabilities to perform the services described in the Scope of Work and Sections 3.5 and 3.6, including:

1. Location and hours of operation of the Offeror's primary servicing facility and branch network facilities available to the Commission for conducting business in Columbia, South Carolina;

2. A description of the Offeror's primary servicing facility and branch network facilities which will offer convenience to SCEL's players for the purpose of cashing prize checks. The description should include:
 - a. the proximity of the Offeror's primary servicing branch to SCEL's Claims Center and Main Office in Columbia; and the number of customer-designated parking spots convenient for SCEL and its customers;
 - b. the number of branch locations in each market in South Carolina served by the Offeror;
 - c. the number of employees and the professional level for each of those employees in the primary servicing facility and each branch location; and
 - d. explain how they will address the ability to cash unusually large volumes of checks due to an unusually large number of winning tickets and make cash resources available for such instances described in Section 3.5.

B. CUSTOMER ACCOUNT MANAGEMENT CONTACTS

Describe the proposed method of customer account management of the contractual agreement contemplated in this RFP. Include the position(s) that will serve as point(s) of contact for the Commission and the location of individuals occupying this position(s). Identify a single point of contact, which will serve as the Senior Client Officer, and focal point for all Commission activities. Provide the following information for all personnel:

1. Name, title, address, phone number, and email address of the Senior Client Officer serving as the primary contact person(s) assigned to this account and please provide any experience relevant to servicing lottery corporations or quasi-governmental or governmental entities.
2. Describe your institution's policy on changing the primary contact person on an account.
3. Name the individuals who will work with SCEL on a day-to-day basis, including: biographical information, proposed role, number of years of experience in this field, number of years with the institution and the level of decision making authority these individuals have to handle emergency needs of the Commission as they arise.
4. Describe the chain of command for problem resolutions.

Section 4 Attachments/Additional Information to the Solicitation

- A. Attachment B: SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE
- B. Offerors electing to provide optional PIN debit terminal information shall include the following information as a separate appendix to the offer:

Proposed Terminal

1. Model name and number
2. Manufacturer
3. Detailed description of terminal capabilities

Section 5 Submission Requirements- Excluded from Evaluation

IDENTIFYING INFORMATION AND INFORMATION REQUIRED BY THE LOTTERY ACT

As required by S.C. Code § 59-150-130(A), Offerors must submit the following information (if the Offeror believes that a particular item is inapplicable, please state so). If a subcontractor performs work that results in at least 20% of the cost of this contract, then the Offeror shall disclose the information required below as if the subcontractor were the Offeror.

Note: Information presented in response to this clause will not be evaluated nor scored by the Evaluation Panel. It will be used to determine full compliance with Lottery Act requirements and is necessary to perform any

background investigations. Additional information may be required to complete the investigation and, if necessary, will be requested at the appropriate time.

By submitting a proposal, the Offeror agrees to provide the requested information in a timely manner as outlined below.

- a) Offeror's name and address and, as applicable, names and addresses of the following, if the Offeror is:
 - i. a corporation, the officers and directors and each stockholder in the corporation, except that in the case of owners of equity securities of a publicly traded corporation, the names and addresses of only those known to the corporation to own (at a minimum) beneficially five percent or more of the securities must be disclosed;
 - ii. a trust, the trustee, and all persons entitled to receive income or benefits from the trust;
 - iii. an association, the members, officers, and directors; and
 - iv. a partnership or joint venture, all of the general partners, limited partners, or joint ventures;
- b) The states and jurisdictions in which the lottery vendor does business and the nature of the business for each such state or jurisdiction;
- c) The states and jurisdictions in which the lottery vendor has contracts to supply gaming goods or services including, but not limited to, lottery goods and services, and the nature of the goods or services involved for each state or jurisdiction;
- d) The states and jurisdictions in which the lottery vendor has applied for, sought renewal of, received, been denied, or had revoked, or has issuance pending of, a lottery or gaming license of any kind or had fines or penalties assessed to his license, Contract, or operation and the disposition of each in each state or jurisdiction. If a lottery or gaming license or Contract has been revoked or has not been renewed or a lottery or gaming license or application has been denied or is pending and has remained pending for more than six months, all of the facts and circumstances underlying the failure to receive a license must be disclosed;
- e) Details of a finding or any plea, conviction, or adjudication of guilt in a state or federal court of the lottery vendor for a felony or other criminal offense other than a traffic violation;
- f) Details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including bonded indebtedness, or pending litigation of the lottery vendor; A statement that the Offeror understands that a lottery vendor ["Lottery vendor" means a person who provides or proposes to provide goods or services to the South Carolina Lottery Commission pursuant to a procurement contract, but does not include an employee of the commission, a lottery retailer, or a state agency or instrumentality of the State. The term includes a corporation whose shares are traded publicly and which is the parent company of the contracting party in a procurement contract.] shall not contribute, for a period of twelve months before entering into the procurement process, except that during the first twelve months the period must be from the date of enactment, and during the term of the contract, to or make independent expenditures relative to the campaign of a candidate for the General Assembly or a statewide constitutional office; to any political party, as defined in Section 8-13-1300(26); or to a committee, as defined in Section 8-13-1300(6). **These prohibitions and restrictions described do not apply to a lottery vendor that is a federally-chartered or insured financial institution that provides only usual and customary banking services as a lottery vendor, but do apply to the vendor's employees and their immediate family members who are involved on a day-to-day basis in providing the goods or services that are the subject of the contract with the commission.**
- g) A statement that the Offeror understands that a lottery vendor must not enter into a contract for the purpose of influencing a political decision in connection with the operation of the lottery, and a lottery vendor must not employ, contract with, or otherwise authorize a lobbyist, as defined in Section 2-17-10(13), to engage in lobbying, as defined in Section 2-17-10(12), on behalf of the lottery vendor for the purpose of influencing a political decision in connection with the operation of the lottery.

SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE - REQUIRED (APR 2024)

The Contractor must demonstrate that programs, policies and procedures are in place to adequately provide for the confidentiality, integrity, and availability of the information systems used by contractor to process, store, transmit, and access all government information. In order for the State to accurately evaluate the strength and viability of the Contractor's security policies, procedures and practices related to confidentiality, integrity and availability, Offerors must submit with their offers a thorough and complete written response to the Service Provider Security Assessment Questionnaire ("Response to SPSAQ") attached to this Solicitation, which must address all applicable organizations

and applicable information systems. The terms used in this clause shall have the same meaning as the terms defined in the clause titled Information Security – Definitions. [04-4027-2]

V. QUALIFICATIONS

QUALIFICATIONS OF OFFEROR (MAR 2015)

(1) To be eligible for award, you must have the capability in all respects to perform fully the contract requirements and the integrity and reliability which will assure good faith performance. We may also consider a documented commitment from a satisfactory source that will provide you with a capability. We may consider information from any source at any time prior to award. We may elect to consider (i) key personnel, any predecessor business, and any key personnel of any predecessor business, including any facts arising prior to the date a business was established, and/or (ii) any subcontractor you identify. (2) You must promptly furnish satisfactory evidence of responsibility upon request. Unreasonable failure to supply requested information is grounds for rejection. (3) **Corporate subsidiaries are cautioned that the financial capability of an affiliated or parent company will not be considered in determining financial capability;** however, we may elect to consider any security, e.g., letter of credit, performance bond, parent-company corporate guaranty, that you offer to provide. Instructions and forms to help assure acceptability are posted on procurement.sc.gov, link to "Standard Clauses & Provisions." [05-5005-2]

QUALIFICATIONS – REQUIRED INFORMATION (MAR 2015)

Submit the following information or documentation for you and for any subcontractor (at any tier level) that you identify pursuant to the clause titled Subcontractor – Identification. Err on the side of inclusion. You represent that the information provided is complete.

- (a) The general history and experience of the business in providing work of similar size and scope.
- (b) Information reflecting the current financial position. Include the most current financial statement and financial statements for the last two fiscal years. If the financial statements have been audited in accordance with the following requirements, provide the audited version of those statements. [Reference Statement of Financial Accounting Concepts No. 5 (FASB, December, 1984), as amended.]
- (c) A detailed, narrative statement listing the three most recent, comparable contracts (including contact information) which have been performed. For each contract, describe how the supplies or services provided are similar to those requested by this solicitation, and how they differ.
- (d) A list of every business for which supplies or services substantially similar to those sought with this solicitation have been provided, at any time during the past three years.
- (e) A list of every South Carolina public body for which supplies or services have been provided at any time during the past three years, if any. (f) List of failed projects, suspensions, debarments, and significant litigation. [05-5015-2]

QUALIFICATIONS - SPECIAL STANDARDS OF RESPONSIBILITY (MAR 2015)

(a) This section establishes special standards of responsibility. **UNLESS YOU POSSESS THE FOLLOWING MANDATORY MINIMUM QUALIFICATIONS, DO NOT SUBMIT AN OFFER:**

- **Offeror must be a state or federally chartered commercial bank and must be Federal Deposit Insurance Corporation ("FDIC") insured;**
- **Offeror must have a minimum of five years of experience in government banking.**

(b) Provide a detailed, narrative statement with adequate information to establish that you meet all the requirements stated in subparagraph (a) above. Include all appropriate documentation. If you intend for us to consider the qualifications of your key personnel, predecessor business(es), or subcontractor(s), explain the relationship between you and such person or entity. [R. 19-445.2125(F)] [05-5010-2]

SUBCONTRACTOR -- IDENTIFICATION (FEB 2015)

If you intend to subcontract, at any tier level, with another business for any portion of the work and that portion either (1) exceeds 10% of your cost, (2) involves access to any "government information," as defined in the clause entitled "Information Security - Definitions," if included, or (3) otherwise involves services critical to your performance of the work (err on the side of inclusion), your offer must identify that business and the work which they are to perform. Identify potential subcontractors by providing the business name, address, phone, taxpayer identification number, **and point of contact**. In determining your responsibility, the state may contact and evaluate your proposed subcontractors. [05-5030-2]

VI. AWARD CRITERIA

AWARD CRITERIA -- PROPOSALS (JAN 2006)

Award will be made to the highest ranked, responsive and responsible offeror whose offer is determined to be the most advantageous to the State. [06-6030-1]

AWARD TO ONE OFFEROR (JAN 2006)

Award will be made to one Offeror. [06-6040-1]

COMPETITION FROM PUBLIC ENTITIES (JAN 2006)

If a South Carolina governmental entity submits an offer, the Procurement Officer will, when determining the lowest offer, add to the price provided in any offers submitted by non-governmental entities a percentage equivalent to any applicable sales or use tax. S.C. Code Ann. Regs 117-304.1 (Supp. 2004). [06-6057-1]

DISCUSSIONS AND NEGOTIATIONS - OPTIONAL (FEB 2015)

Submit your best terms from both a price and a technical standpoint. Your proposal may be evaluated and your offer accepted without any discussions, negotiations, or prior notice. Ordinarily, nonresponsive proposals will be rejected outright without prior notice. Nevertheless, the State may elect to conduct discussions, including the possibility of limited proposal revisions, but only for those proposals reasonably susceptible of being selected for award. [11-35-1530(6); R.19-445.2095(I)] If improper revisions are submitted during discussions, the State may elect to consider only your unrevised initial proposal, provided your initial offer is responsive. The State may also elect to conduct negotiations, beginning with the highest ranked offeror, or seek best and final offers, as provided in Section 11-35-1530(8). Negotiations may involve both price and matters affecting the scope of the contract, so long as changes are within the general scope of the request for proposals. If negotiations are conducted, the State may elect to disregard the negotiations and accept your original proposal. [06-6058-1]

EVALUATION FACTORS -- PROPOSALS (JAN 2006)

Offers will be evaluated using only the factors stated below. Evaluation factors are stated in the relative order of importance, with the first factor being the most important. Once evaluation is complete, all responsive offerors will be ranked from most advantageous to least advantageous.

Evaluation Criteria	Maximum Points
Technical Proposal The evaluation panel will use the information submitted in response to Part IV. Information for Offerors to Submit to evaluate this criterion.	500
Qualifications and Experience The experience, technical knowledge, and capability of the Offeror to perform services that meet or exceed the requirements submitted in response to Part IV. Information for Offerors to Submit.	300
Price The evaluation panel will evaluate the response submitted to the Price Proposal from Part VIII. Bidding Schedule/Price-Business Proposal. (Pricing submitted for PIN Debit terminals will NOT be included in the price evaluation)	200
Total	1000

UNIT PRICE GOVERNS (JAN 2006)

In determining award, unit prices will govern over extended prices unless otherwise stated. [06-6075-1]

VII. TERMS AND CONDITIONS -- A. GENERAL

ASSIGNMENT, NOVATION, AND CHANGE OF NAME, IDENTITY, OR STRUCTURE (FEB 2015)

(a) Contractor shall not assign this contract, or its rights, obligations, or any other interest arising from this contract, or delegate any of its performance obligations, without the express written consent of the responsible procurement officer. The foregoing restriction does not apply to a transfer that occurs by operation of law (e.g., bankruptcy; corporate reorganizations and consolidations, but not including partial asset sales). Notwithstanding the foregoing, contractor may assign monies receivable under the contract provided that the state shall have no obligation to make payment to an assignee until thirty days after contractor (not the assignee) has provided the responsible procurement officer with (i) proof of the assignment, (ii) the identity (by contract number) of the specific state contract to which the assignment applies, and (iii) the name of the assignee and the exact address or account information to which assigned payments should be made. (b) If contractor amends, modifies, or otherwise changes its name, its identity (including its trade name), or its corporate, partnership or other structure, or its FEIN, contractor shall provide the procurement officer prompt written notice of such change. (c) Any name change, transfer, assignment, or novation is subject to the conditions and approval required by Regulation 19-445.2180, which does not restrict transfers by operation of law. [07-7A004-2]

BANKRUPTCY - GENERAL (FEB 2015)

(a) Notice. In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish written notification of the bankruptcy to the Using Governmental Unit. This notification shall be furnished within two (2) days of the initiation of the proceedings relating to the bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of all State contracts against which final payment has not been made. This obligation remains in effect until final payment under this Contract. (b) Termination. This contract is voidable and subject to immediate termination by the State upon the contractor's insolvency, including the filing of proceedings in bankruptcy. [07-7A005-2]

CHOICE-OF-LAW (JAN 2006)

The Agreement, any dispute, claim, or controversy relating to the Agreement, and all the rights and obligations of the parties shall, in all respects, be interpreted, construed, enforced and governed by and under the laws of the State of South Carolina, except its choice of law rules. As used in this paragraph, the term "Agreement" means any transaction or agreement arising out of, relating to, or contemplated by the solicitation. [07-7A010-1]

CONTRACT AWARDED PURSUANT TO CODE (MAR 2024)

Any contract resulting from this solicitation is formed pursuant to the South Carolina Consolidated Procurement Code and is deemed to incorporate all applicable provisions thereof and the ensuing regulations. See also clause titled "Code of Laws Available." [07-7A012-1]

CONTRACT DOCUMENTS & ORDER OF PRECEDENCE (MAY 2024)

(a) Any contract resulting from this solicitation shall consist of the following documents: (1) the solicitation, as amended, (2) your offer, as amended, (3) any statement reflecting the State's final acceptance (a/k/a "award"), and (4) purchase orders. These documents shall be read to be consistent and complementary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above. (b) The terms and conditions of documents (1) through (4) above shall apply notwithstanding any additional or different terms and conditions in any other document, including without limitation, (i) any instrument submitted by the State other than a purchase order, (ii) any invoice or other document submitted by Contractor, or (iii) any privacy policy, terms of use, or end user agreement. Except as otherwise allowed by the solicitation, the terms and conditions of all such documents and any purchase orders shall be void and of no effect. (c) No contract, license, or other agreement containing contractual terms and conditions will be signed by any Using Governmental Unit. Any document signed or otherwise agreed to by persons other than the Procurement Officer shall be void and of no effect. [07-7A015-2]

DISCOUNT FOR PROMPT PAYMENT (JAN 2006)

(a) Discounts for prompt payment will not be considered in the evaluation of offers. However, any offered discount will form a part of the award, and will be taken if payment is made within the discount period indicated in the offer by the offeror. As an alternative to offering a discount for prompt payment in conjunction with the offer, offerors awarded contracts may include discounts for prompt payment on individual invoices.

(b) In connection with any discount offered for prompt payment, time shall be computed from the date of the invoice. If the Contractor has not placed a date on the invoice, the due date shall be calculated from the date the designated billing office receives a proper invoice, provided the state annotates such invoice with the date of receipt at the time of receipt. For the purpose of computing the discount earned, payment shall be considered to have been made on the date that appears on the payment check or, for an electronic funds transfer, the specified payment date. When the discount date falls on a Saturday, Sunday, or legal holiday when Federal Government offices are closed and Government business is not expected to be conducted, payment may be made on the following business day. [07-7A020-1]

DISPUTES (MAY 2024)

(1) Choice-of-Forum. All disputes, claims, or controversies relating to the Agreement shall be resolved exclusively by the appropriate Chief Procurement Officer in accordance with Title 11, Chapter 35, Article 17 of the South Carolina Code of Laws, or in the absence of jurisdiction, only in the Court of Common Pleas for, or a federal court located in, Richland County, State of South Carolina. Contractor agrees that any act by the government regarding the Agreement is not a waiver of either the government's sovereign immunity or the government's immunity under the Eleventh Amendment of the United States Constitution. As used in this paragraph, the term "Agreement" means any transaction or agreement arising out of, relating to, or contemplated by the solicitation. The government does not consent to the jurisdiction of any judicial or administrative tribunals in any other state or to any forum of alternative dispute resolution. (2) Service of Process. Contractor consents that any papers, notices, or process necessary or proper for the initiation or continuation of any disputes, claims, or controversies relating to the Agreement; for any court action in connection therewith; or for the entry of judgment on any award made, may be served on Contractor by certified mail (return receipt requested) addressed to Contractor at the address provided as the Notice Address on Page Two or by personal service or by any other manner that is permitted by law, in or outside South Carolina. Notice by certified mail is deemed duly given upon deposit in the United States mail. [07-7A025-2]

EFT INFORMATION (MODIFIED)

The Contractor may furnish to the South Carolina Education Lottery (SCEL) information necessary for making a payment by electronic funds transfer (EFT). The Contractor should provide this information to SCEL's Accounts Payable email at Accounts.Payable@scslot.com (.). The Contractor is responsible for the currency, accuracy, and completeness of the EFT information. Updating EFT information may not be used to accomplish an assignment of the right to payment, does not alter the terms and conditions of this contract, and is not a substitute for a properly executed contractual document.

FALSE CLAIMS (JAN 2006)

According to the S.C. Code of Laws Section 16-13-240, "a person who by false pretense or representation obtains the signature of a person to a written instrument or obtains from another person any chattel, money, valuable security, or other property, real or personal, with intent to cheat and defraud a person of that property is guilty" of a crime. [07-7A035-1]

FIXED PRICING REQUIRED (JAN 2006)

Any pricing provided by contractor shall include all costs for performing the work associated with that price. Except as otherwise provided in this solicitation, contractor's price shall be fixed for the duration of this contract, including option terms. This clause does not prohibit contractor from offering lower pricing after award. [07-7A040-1]

NO INDEMNITY OR DEFENSE (FEB 2015)

Any term or condition is void to the extent it requires the State to indemnify, defend, or pay attorney's fees to anyone for any reason. [07-7A045-2]

NOTICE (MODIFIED)

(A) After award, any notices shall be in writing and shall be deemed duly given (1) upon actual delivery, if delivery is by hand, (2) upon receipt by the transmitting party of automated confirmation or answer back from the recipient's device if delivery is by telex, telegram, facsimile, or electronic mail, or (3) ten days after deposit into the United States mail, if postage is prepaid, a return receipt is requested, and either registered or certified mail is used. (B) Notice to contractor shall be to the address identified as the Notice Address on Page Two. Notice to the state shall be to the Procurement Officer's address on the Cover Page. Either party may designate a different address for notice by giving notice in accordance with this paragraph.

All Notices to SCEL should be sent to:

SCEL Executive Director
South Carolina Education Lottery
Post Office Box 11949
Columbia, SC 29211-1949

Ship to Address:

1333 Main Street, Suite 400
Columbia, SC 29201

A copy should also be sent via email to:

SCEL Legal Department

Carl.Stent@scelot.com

OPEN TRADE (JUN 2015)

During the contract term, including any renewals or extensions, Contractor will not engage in the boycott of a person or an entity based in or doing business with a jurisdiction with whom South Carolina can enjoy open trade, as defined in SC Code Section 11-35-5300. [07-7A053-1]

ORGANIZATIONAL CONFLICT OF INTEREST (JUL 2023)

(a) The Contractor agrees to immediately advise the Procurement Officer if an actual or potential organizational conflict of interest is discovered after award, and to make a full written disclosure promptly thereafter to the Procurement Officer. This disclosure shall include a description of actions which the Contractor has taken or proposes to take, after consultation with the Procurement Officer, to avoid, mitigate, or neutralize the actual or potential conflict.

(b) The State may terminate this contract for convenience, in whole or in part, if it deems such termination necessary to avoid an organizational conflict of interest. Contractor's failure to include an appropriate termination for convenience clause in any subcontract shall not increase the obligation of the State beyond what it would have been if the subcontract had contained such a clause. (c) The disclosure required by paragraph (a) of this provision is a material obligation of the contract. If the Contractor knew or should have known of an organizational conflict of interest prior to award, or discovers an actual or potential conflict after award, and does not disclose, or misrepresents, relevant information to the Procurement Officer, the State may terminate the contract for default. [07-7A054-1]

PAYMENT and INTEREST (FEB 2021)

(a) The State shall pay the Contractor, after the submission of proper invoices or vouchers, the prices stipulated in this contract for supplies delivered and accepted or services rendered and accepted, less any deductions provided in this contract. Unless otherwise specified herein, including the purchase order, payment shall not be made on partial deliveries accepted by the Government.

(b) Unless otherwise provided herein, including the purchase order, payment will be made by electronic funds transfer (EFT). See clause titled " EFT Information."

(c) Notwithstanding any other provision, payment shall be made in accordance with S.C. Code Section 11-35-45,

or Chapter 6 of Title 29 (real property improvements) when applicable, which provides the Contractor's exclusive means of recovering any type of interest from the Owner. Contractor waives imposition of an interest penalty unless the invoice submitted specifies that the late penalty is applicable. Except as set forth in this paragraph, the State shall not be liable for the payment of interest on any debt or claim arising out of or related to this contract for any reason. (d) Amounts due to the State shall bear interest at the rate of interest established by the South Carolina Comptroller General pursuant to Section 11-35-45 ("an amount not to exceed fifteen percent each year"), as amended, unless otherwise required by Section 29-6-30. (e) Any other basis for interest, including but not limited to general (pre- and post-judgment) or specific interest statutes, including S.C. Code Ann. Section 34-31-20, are expressly waived by both parties. If a court, despite this agreement and waiver, requires that interest be paid on any debt by either party other than as provided by items (c) and (d) above, the parties further agree that the applicable interest rate for any given calendar year shall be the lowest prime rate as listed in the first edition of the Wall Street Journal published for each year, applied as simple interest without compounding. (f) The State shall have all of its common law, equitable and statutory rights of set-off. [07-7A055-4]

PUBLICITY (MODIFIED)

Except as required by applicable law or regulation (including, without limitation regulations of the Securities and Exchange Commission), the Contractor shall not have the right to include SCEL's name in its published list of customers without prior written approval of SCEL. With regard to news releases, only the name of SCEL, type and duration of Contract may be used and then only with prior written approval of SCEL. The Contractor agrees not to publish or cite in any form any comments or quotes from SCEL staff without prior written approval. Contractor further agrees not to refer to award of this Contract in commercial advertising in such a manner as to state or imply that the products or services provided are endorsed or preferred by SCEL. The Contractor shall not perform any mass mailings to retailers without the written approval of SCEL.

PURCHASE ORDERS (JAN 2006)

Contractor shall not perform any work prior to the receipt of a purchase order from the using governmental unit. The using governmental unit shall order any supplies or services to be furnished under this contract by issuing a purchase order. Purchase orders may be used to elect any options available under this contract, e.g., quantity, item, delivery date, payment method, but are subject to all terms and conditions of this contract. Purchase orders may be electronic. No particular form is required. An order placed pursuant to the purchasing card provision qualifies as a purchase order. [07-7A065-1]

SURVIVAL OF OBLIGATIONS (JAN 2006)

The Parties' rights and obligations which, by their nature, would continue beyond the termination, cancellation, rejection, or expiration of this contract shall survive such termination, cancellation, rejection, or expiration, including, but not limited to, the rights and obligations created by the following clauses: Indemnification - Third Party Claims, Intellectual Property Indemnification, and any provisions regarding warranty or audit. [07-7A075-1]

TAXES (JAN 2006)

Any tax the contractor may be required to collect or pay upon the sale, use or delivery of the products shall be paid by the State, and such sums shall be due and payable to the contractor upon acceptance. Any personal property taxes levied after delivery shall be paid by the State. It shall be solely the State's obligation, after payment to contractor, to challenge the applicability of any tax by negotiation with, or action against, the taxing authority. Contractor agrees to refund any tax collected, which is subsequently determined not to be proper and for which a refund has been paid to contractor by the taxing authority. In the event that the contractor fails to pay, or delays in paying, to any taxing authorities, sums paid by the State to contractor, contractor shall be liable to the State for any loss (such as the assessment of additional interest) caused by virtue of this failure or delay. Taxes based on Contractor's net income or assets shall be the sole responsibility of the contractor. [07-7A080-1]

THIRD PARTY BENEFICIARY (JAN 2006)

This Contract is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns, and no other person will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Contract as a third party beneficiary or otherwise. [07-7A090-1]

WAIVER (JAN 2006)

The State does not waive any prior or subsequent breach of the terms of the Contract by making payments on the Contract, by failing to terminate the Contract for lack of performance, or by failing to strictly or promptly insist upon any term of the Contract. Only the Procurement Officer has actual authority to waive any of the State's rights under this Contract. Any waiver must be in writing. [07-7A095-1]

VII. TERMS AND CONDITIONS -- B. SPECIAL

BANKRUPTCY – GOVERNMENT INFORMATION (FEB 2015)

(a) All government information (as defined in the clause herein entitled “Information Security - Definitions”) shall belong exclusively to the State, and Contractor has no legal or equitable interest in, or claim to, such information. Contractor acknowledges and agrees that in the event Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, government information in its possession and/or under its control will not be considered property of its bankruptcy estate. (b) Contractor agrees to notify the State within forty-eight (48) hours of any determination that it makes to file for bankruptcy protection, and Contractor further agrees to turn over to the State, before such filing, all government information that is in Contractor’s possession in a format that can be readily utilized by the State. (c) In order to protect the integrity and availability of government information, Contractor shall take reasonable measures to evaluate and monitor the financial circumstances of any subcontractor that will process, store, transmit or access government information. [07-7B007- 1]

CHANGES (JAN 2006)

(1) Contract Modification. By a written order, at any time, and without notice to any surety, the Procurement Officer may, subject to all appropriate adjustments, make changes within the general scope of this contract in any one or more of the following:

- (a) drawings, designs, or specifications, if the supplies to be furnished are to be specially manufactured for the [State] in accordance therewith;
- (b) method of shipment or packing;
- (c) place of delivery;
- (d) description of services to be performed;
- (e) time of performance (i.e., hours of the day, days of the week, etc.); or,
- (f) place of performance of the services. Subparagraphs (a) to (c) apply only if supplies are furnished under this contract. Subparagraphs (d) to (f) apply only if services are performed under this contract.

(2) Adjustments of Price or Time for Performance. If any such change increases or decreases the contractor's cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, an adjustment shall be made in the contract price, the delivery schedule, or both, and the contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined in accordance with the Price Adjustment Clause of this contract. Failure of the parties to agree to an adjustment shall not excuse the contractor from proceeding with the contract as changed, provided that the State promptly and duly make such provisional adjustments in payment or time for performance as may be reasonable. By proceeding with the work, the contractor shall not be deemed to have prejudiced any claim for additional compensation, or an extension of time for completion.

(3) Time Period for Claim. Within 30 days after receipt of a written contract modification under Paragraph (1) of this clause, unless such period is extended by the Procurement Officer in writing, the contractor shall file notice of intent to assert a claim for an adjustment. Later notification shall not bar the contractor's claim unless the State is prejudiced by the delay in notification.

(4) Claim Barred After Final Payment. No claim by the contractor for an adjustment hereunder shall be allowed if notice is not given prior to final payment under this contract. [07-7B025-1]

COMPLIANCE WITH LAWS (JAN 2006)

During the term of the contract, contractor shall comply with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs. [07-7B035-1]

CONTRACTOR’S LIABILITY INSURANCE - GENERAL (FEB 2015)

(a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of no less than A: VII, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the contractor, his agents, representatives, employees or subcontractors. (b) Coverage shall be at least as broad as:

(1) Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on

an “occurrence” basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an “insured contract” as defined in the policy. (2) Auto Liability: ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limits no less than \$1,000,000 per accident for bodily injury and property damage. (3) Worker’s Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. (c) Every applicable Using Governmental Unit, and the officers, officials, employees and volunteers of any of them, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used. (d) For any claims related to this contract, the Contractor’s insurance coverage shall be primary insurance as respects the State, every applicable Using Governmental Unit, and the officers, officials, employees and volunteers of any of them. Any insurance or self insurance maintained by the State, every applicable Using Governmental Unit, or the officers, officials, employees and volunteers of any of them, shall be excess of the Contractor’s insurance and shall not contribute with it. (e) Prior to commencement of the work, the Contractor shall furnish the State with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor’s obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this section, at any time. (f) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State immediately upon receiving any information that any of the coverages required by this section are or will be changed, cancelled, or replaced. (g) Contractor hereby grants to the State and every applicable Using Governmental Unit a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or applicable Using Governmental Unit by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or Using Governmental Unit has received a waiver of subrogation endorsement from the insurer. (h) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. (i) The State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. [07-7B056-2]

CONTRACTOR PERSONNEL (JAN 2006)

The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Contract. The Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them. [07-7B060-1]

CONTRACTOR'S OBLIGATION -- GENERAL (JAN 2006)

The contractor shall provide and pay for all materials, tools, equipment, labor and professional and non-professional services, and shall perform all other acts and supply all other things necessary, to fully and properly perform and complete the work. The contractor must act as the prime contractor and assume full responsibility for any subcontractor's performance. The contractor will be considered the sole point of contact with regard to all situations, including payment of all charges and the meeting of all other requirements. [07-7B065-1]

CONTRACTOR'S USE OF STATE PROPERTY (JAN 2006)

Upon termination of the contract for any reason, the State shall have the right, upon demand, to obtain access to, and possession of, all State properties, including, but not limited to, current copies of all State application programs and necessary documentation, all data, files, intermediate materials and supplies held by the contractor. Contractor shall not use, reproduce, distribute, display, or sell any data, material, or documentation owned exclusively by the

State without the State's written consent, except to the extent necessary to carry out the work. [07-7B067-1]

DEFAULT (JAN 2006)

(a) (1) The State may, subject to paragraphs (c) and (d) of this clause, by written notice of default to the Contractor, terminate this contract in whole or in part if the Contractor fails to:

- (i) Deliver the supplies or to perform the services within the time specified in this contract or any extension;
- (ii) Make progress, so as to endanger performance of this contract (but see paragraph (a)(2) of this clause); or
- (iii) Perform any of the other material provisions of this contract (but see paragraph (a)(2) of this clause).

(2) The State's right to terminate this contract under subdivisions (a)(1)(ii) and (1)(iii) of this clause, may be exercised if the Contractor does not cure such failure within 10 days (or more if authorized in writing by the Procurement Officer) after receipt of the notice from the Procurement Officer specifying the failure.

(b) If the State terminates this contract in whole or in part, it may acquire, under the terms and in the manner the Procurement Officer considers appropriate, supplies or services similar to those terminated, and the Contractor will be liable to the State for any excess costs for those supplies or services. However, the Contractor shall continue the work not terminated.

(c) Except for defaults of subcontractors at any tier, the Contractor shall not be liable for any excess costs if the failure to perform the contract arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of such causes include (1) acts of God or of the public enemy, (2) acts of the State in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance the failure to perform must be beyond the control and without the fault or negligence of the Contractor.

(d) If the failure to perform is caused by the default of a subcontractor at any tier, and if the cause of the default is beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be liable for any excess costs for failure to perform, unless the subcontracted supplies or services were obtainable from other sources in sufficient time for the Contractor to meet the required delivery schedule.

(e) If this contract is terminated for default, the State may require the Contractor to transfer title and deliver to the State, as directed by the Procurement Officer, any (1) completed supplies, and (2) partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (collectively referred to as "manufacturing materials" in this clause) that the Contractor has specifically produced or acquired for the terminated portion of this contract. Upon direction of the Procurement Officer, the Contractor shall also protect and preserve property in its possession in which the State has an interest.

(f) The State shall pay contract price for completed supplies delivered and accepted. The Contractor and Procurement Officer shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property; if the parties fail to agree, the Procurement Officer shall set an amount subject to the Contractor's rights under the Disputes clause. Failure to agree will be a dispute under the Disputes clause. The State may withhold from these amounts any sum the Procurement Officer determines to be necessary to protect the State against loss because of outstanding liens or claims of former lien holders.

(g) If, after termination, it is determined that the Contractor was not in default, or that the default was excusable, the rights and obligations of the parties shall, if the contract contains a clause providing for termination for convenience of the State, be the same as if the termination had been issued for the convenience of the State. If, in the foregoing circumstances, this contract does not contain a clause providing for termination for convenience of the State, the contract shall be adjusted to compensate for such termination and the contract modified accordingly subject to the contractor's rights under the Disputes clause.

(h) The rights and remedies of the State in this clause are in addition to any other rights and remedies provided by law or under this contract. [07-7B075-1]

ILLEGAL IMMIGRATION (NOV 2008)

(An overview is available at www.procurement.sc.gov) By signing your offer, you certify that you will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws and agree to provide to the State upon request any documentation required to establish either: (a) that Title 8, Chapter 14 is inapplicable to you and your subcontractors or sub-subcontractors; or (b) that you and your subcontractors or sub-subcontractors are in compliance with Title 8, Chapter 14. Pursuant to Section 8-14-60, "A person who knowingly makes or files any false, fictitious, or fraudulent document, statement, or report pursuant to this chapter is guilty of a felony, and, upon

conviction, must be fined within the discretion of the court or imprisoned for not more than five years, or both." You agree to include in any contracts with your subcontractors language requiring your subcontractors to (a) comply with the applicable requirements of Title 8, Chapter 14, and (b) include in their contracts with the sub-subcontractors language requiring the sub-subcontractors to comply with the applicable requirements of Title 8, Chapter 14. [07-7B097-1]

INFORMATION SECURITY - DEFINITIONS (FEB 2015)

The following definitions are used in those clauses that cross reference this clause.

Compromise means disclosure of information to unauthorized persons, or a violation of the security policy of a system in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object may have occurred. Without limitation, the term "compromise" includes copying the data through covert network channels, or copying the data to unauthorized media, or disclosure of information in violation of any obligation imposed by this contract.

Data means a subset of information in an electronic format that allows it to be retrieved or transmitted.

Government information means information (i) provided to Contractor by, or generated by Contractor for, the using governmental unit, or (ii) acquired or accessed by Contractor as a result of performing the Work. Without limiting the foregoing, government information includes any information that Contractor acquires or accesses by software or web-based services, which includes, without limitation, any metadata or location data. Government information excludes unrestricted information.

Information means any communication or representation of knowledge such as facts, statistics, or opinions, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual.

Information system means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.

Public information means any specific information, regardless of form or format, that the State has actively and intentionally disclosed, disseminated, or made available to the public. Information is not public information solely because it may be subject to inspection pursuant to an unfulfilled public records request.

Software means any computer program accessed or used by the Using Governmental Unit or a third party pursuant to or as a result of this contract.

Third party means any person or entity other than the Using Governmental Unit, the Contractor, or any subcontractors at any tier.

Unrestricted information means (1) public information acquired other than through performance of the work, (2) information acquired by Contractor prior to contract formation, (3) information incidental to your contract administration, such as financial, administrative, cost or pricing, or management information, and (4) any ideas, concepts, know-how, methodologies, processes, technologies, techniques which Contractor develops or learns in connection with Contractor's performance of the work.

Web-based service means a service accessed over the Internet and acquired, accessed, or used by the using governmental unit or a third party pursuant to or as a result of this contract, including without limitation, cloud services, software-as-a- service, and hosted computer services. [07-7B104-1]

INDEMNIFICATION-THIRD PARTY CLAIMS – GENERAL (NOV 2011)

Notwithstanding any limitation in this agreement, and to the fullest extent permitted by law, Contractor shall defend and hold harmless Indemnitees for and against any and all suits or claims of any character (and all related damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities) by a third party which are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property arising out of or in connection with the goods or services acquired hereunder or caused in whole or in part by any act or omission of contractor, its subcontractors, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by an Indemnitee, and whether or not such claims are made by a third party or an Indemnitee; however, if an Indemnitee's negligent act or omission is subsequently determined to be the sole proximate cause of a suit or claim, the Indemnitee shall not be entitled to indemnification hereunder. Contractor shall be given timely written notice of any suit or claim. Contractor's obligations hereunder are in no way limited by any protection afforded under workers' compensation acts, disability benefits acts, or other employee benefit acts. This clause shall not negate, abridge, or reduce any other rights or obligations of indemnity which would otherwise exist. The obligations of this paragraph shall survive termination, cancelation, or expiration of the parties' agreement. This provision shall be

construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance. As used in this clause, "Indemnitees" means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees. [07-7B100-2]

INDEMNIFICATION - THIRD PARTY CLAIMS – DISCLOSURE OF INFORMATION (FEB 2015)

(a) Without limitation, Contractor shall defend and hold harmless Indemnitees from and against any and all suits, claims, investigations, or fines (hereinafter "action") of any character (and all related damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities) by a third party which arise out of or in connection with a disclosure of government information (as defined in the clause titled Information Security - Definitions) caused in whole or in part by any act or omission of contractor, its subcontractors at any tier, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by an Indemnatee, and whether or not such action is brought by a third party or an Indemnatee, but only if the act or omission constituted a failure to perform some obligation imposed by the contract or the law. (b) Indemnatee must notify contractor in writing within a reasonable period of time after Indemnatee first receives written notice of any action. Indemnatee's failure to provide or delay in providing such notice will relieve contractor of its obligations under this clause only if and to the extent that such delay or failure materially prejudices contractor's ability to defend such action. Indemnatee must reasonably cooperate with contractor's defense of such actions (such cooperation does not require and is without waiver of an Indemnitees attorney/client, work product, or other privilege) and, subject to Title 1, Chapter 7 of the South Carolina Code of Laws, allow contractor sole control of the defense, so long as the defense is diligently and capably prosecuted. Indemnatee may participate in contractor's defense of any action at its own expense. Contractor may not, without Indemnatee's prior written consent, settle, compromise, or consent to the entry of any judgment in any such commenced or threatened action unless such settlement, compromise or consent (i) includes an unconditional release of Indemnatee from all liability related to such commenced or threatened action, and (ii) is solely monetary in nature and does not include a statement as to, or an admission of fault, culpability or failure to act by or on behalf of, an Indemnatee or otherwise adversely affect an Indemnatee. Indemnatee's consent is necessary for any settlement that requires Indemnatee to part with any right or make any payment or subjects Indemnatee to any injunction. (c) Notwithstanding any other provision, contractor's obligations pursuant to this clause are without any limitation whatsoever. Contractor's obligations under this clause shall survive the termination, cancellation, rejection, or expiration of the contract. This provision shall be construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance. (d) "Indemnatee" means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees. [07-7B102-1]

INFORMATION SECURITY - DEFINITIONS (FEB 2015)

The following definitions are used in those clauses that cross reference this clause. Compromise means disclosure of information to unauthorized persons, or a violation of the security policy of a system in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object may have occurred. Without limitation, the term "compromise" includes copying the data through covert network channels, or copying the data to unauthorized media, or disclosure of information in violation of any obligation imposed by this contract. Data means a subset of information in an electronic format that allows it to be retrieved or transmitted. Government information means information (i) provided to Contractor by, or generated by Contractor for, the using governmental unit, or (ii) acquired or accessed by Contractor as a result of performing the Work. Without limiting the foregoing, government information includes any information that Contractor acquires or accesses by software or web based services, which includes, without limitation, any metadata or location data. Government information excludes unrestricted information. Information means any communication or representation of knowledge such as facts, statistics, or opinions, in any medium or form, including textual, numerical, graphic, cartographic, narrative, or audiovisual. Information system means a discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information. Public information means any specific information, regardless of form or format, that the State has actively and intentionally disclosed, disseminated, or made available to the public. Information is not public information solely because it may be subject to inspection pursuant to an unfulfilled public records request. Software means any computer program accessed or used by the Using Governmental Unit or a third party pursuant to or as a result of this contract. Third party means

any person or entity other than the Using Governmental Unit, the Contractor, or any subcontractors at any tier. Unrestricted information means (1) public information acquired other than through performance of the work, (2) information acquired by Contractor prior to contract formation, (3) information incidental to your contract administration, such as financial, administrative, cost or pricing, or management information, and (4) any ideas, concepts, know-how, methodologies, processes, technologies, techniques which Contractor develops or learns in connection with Contractor's performance of the work. Web-based service means a service accessed over the Internet and acquired, accessed, or used by the using governmental unit or a third party pursuant to or as a result of this contract, including without limitation, cloud services, software-as-a-service, and hosted computer services. [07-7B104-1]

INFORMATION SECURITY - SAFEGUARDING REQUIREMENTS (MODIFIED)

(a) Definitions. The terms used in this clause shall have the same meaning as the terms defined in the clause titled Information Security – Definitions. In addition, as used in this clause— Clearing means removal of data from an information system, its storage devices, and other peripheral devices with storage capacity, in such a way that the data may not be reconstructed using common system capabilities (i.e., through the keyboard); however, the data may be reconstructed using laboratory methods. Intrusion means an unauthorized act of bypassing the security mechanisms of a system. Media means physical devices or writing surfaces including but not limited to magnetic tapes, optical disks, magnetic disks, portable hard drives, “thumb” drives, large scale integration memory chips, and printouts (but not including display media, e.g., a computer monitor, cathode ray tube (CRT) or other (transient) visual output) onto which information is recorded, stored, or printed within an information system. Safeguarding means measures or controls that are prescribed to protect information. Voice means all oral information regardless of transmission protocol.

(b) Safeguarding Information. Without limiting any other legal or contractual obligations, contractor shall implement and maintain reasonable and appropriate administrative, physical, and technical safeguards (including without limitation written policies and procedures) for protection of the security, confidentiality and integrity of the government information in its possession. In addition, contractor shall apply security controls when the contractor reasonably determines that safeguarding requirements, in addition to those identified in paragraph (c) of this clause, may be required to provide adequate security, confidentiality and integrity in a dynamic environment based on an assessed risk or vulnerability.

(c) Safeguarding requirements and procedures. Contractor shall apply the following basic safeguarding requirements to protect government information from unauthorized access and disclosure: (1) Protecting information on public computers or Web sites: Do not process government information on public computers (e.g., those available for use by the general public in kiosks, hotel business centers) or computers that do not have access control. Government information shall not be posted on Web sites that are publicly available or have access limited only by domain/Internet Protocol restriction. Such information may be posted to web pages that control access by user ID/password, user certificates, or other technical means, and that provide protection via use of security technologies. Access control may be provided by the intranet (versus the Web site itself or the application it hosts). (2) Transmitting electronic information. Transmit email, text messages, blogs, and similar communications that contain government information using technology and processes that provide the best level of security and privacy available, given facilities, conditions, and environment. (3) Transmitting voice and fax information. Transmit government information via voice and fax only when the sender has a reasonable assurance that access is limited to authorized recipients.

(4) Physical and electronic barriers. Protect government information by at least one physical and one electronic barrier (e.g., locked container or room, login and password) when not under direct individual control.

(5) Sanitization. At a minimum, clear information on media that have been used to process government information before external release or disposal. Overwriting is an acceptable means of clearing media in accordance with National Institute of Standards and Technology 800–88, Guidelines for Media Sanitization, <https://csrc.nist.gov/pubs/sp/800/88/r2/final> (6) Intrusion protection. Provide at a minimum the following protections against intrusions and compromise:

(i) Current and regularly updated malware protection services, e.g., anti-virus, antispyware.

(ii) Prompt application of security-relevant software upgrades, e.g., patches, service packs, and hot fixes.

(7) Transfer limitations. Transfer government information only to those subcontractors that both require the information for purposes of contract performance and provide at least the same level of security as specified in this

clause.

(d) Subcontracts. Any reference in this clause to Contractor also includes any subcontractor at any tier. Contractor is responsible for, and shall impose by agreement requirements at least as secure as those imposed by this clause on, any other person or entity that contractor authorizes to take action related to government information.

(e) Other contractual requirements regarding the safeguarding of information. This clause addresses basic requirements and is subordinate to any other contract clauses or requirements to the extent that it specifically provides for enhanced safeguarding of information or information systems.

INFORMATION SECURITY – LOCATION OF DATA (FEB 2015)

Notwithstanding any other provisions, contractor is prohibited from processing, storing, transmitting, or accessing government information, as defined in the clause titled Information Security - Definitions, outside the continental United States. For clarity, this obligation is a material requirement of this contract and applies to subcontractors at any tier. [07-7B106-1]

INFORMATION USE AND DISCLOSURE (FEB 2015)

Except to the extent necessary for performance of the work, citizens should not be required to share information with those engaged by the government in order to access services provided by the government and such information should be used by those engaged by the government only to the extent necessary to perform the work acquired; accordingly, this clause addresses basic requirements for the Contractor's use and disclosure of government information, which expressly includes, but is not limited to, information provided by or obtained from the citizens. Anonymizing information does not resolve the foregoing concern. This clause should be broadly interpreted to effectuate this intent. Every obligation in this clause is material. Absent express reference to this clause, this clause supersedes any other clause to the extent of any inconsistency unless and to the extent the other clause provides greater protection for government information. (a) Definitions. The terms used in this clause shall have the same meaning as the terms defined in the clause titled Information Security – Definitions. (b) Legal mandates. Contractor shall be permitted to use, disclose, or retain government information to the limited extent necessary to comply with any requirement imposed on Contractor by law. If it is necessary for Contractor to use, disclose, or retain government information in order to comply with a law, Contractor shall provide using governmental unit with written notice, including a description of the circumstances and applicable law, in advance of such use, disclosure or retention except to the extent expressly prohibited by law. (c) Flow down. Any reference in this clause to Contractor also includes any subcontractor at any tier. Contractor is responsible for, and shall impose by agreement the requirements of this clause on, any other person or entity that contractor authorizes to take action related to government information. (d) Collecting Information. Contractor must gather and maintain government information only to the minimum extent necessary to accomplish the work. (e) Rights, Disclosure and Use. Except as otherwise expressly provided in this solicitation, Contractor agrees NOT to either (1) use or disclose government information, or (2) retain government information after termination or expiration of this contract. Contractor acquires no rights in any government information except the limited rights to use, disclose and retain the government information in accordance with the terms of this solicitation. To the extent reasonably necessary to perform the work, Contractor may: (i) use (including access, process, transmit, and store) and maintain the government information itself; and (ii) disclose government information to persons having a need-to-know (e.g., subcontractors). Before disclosing government information to a subcontractor or third party, Contractor shall give the using governmental unit detailed written notice of both the reason for disclosure and the identity and location of the recipient. The notice shall be provided no later than fifteen (15) business days in advance of the disclosure. (f) Return. Notwithstanding the using governmental unit's failure to perform or the pendency of a dispute, Contractor agrees to promptly deliver to the using governmental unit (or destroy, at the using governmental unit's option) all government information in its possession as and upon written request of using governmental unit (provided that, if the contract has not expired or been terminated, Contractor shall be excused from the performance of any work reasonably dependent on Contractor's further access to such government information). (g) Privacy Policy & Applicable Laws. Without limiting any other legal or contractual obligations imposed by this contract or the law, Contractor shall (a) comply with its own privacy policies and written privacy statements relevant to the work, and (b) comply with (1) all laws applicable to Contractor regarding government information, and (2) all laws and standards identified in the clause, if included, entitled Information Use and Disclosure – Standards. (h) Actions Following Disclosure. Immediately upon discovery of a compromise or improper use of government information, Contractor shall take such action as

may be necessary to preserve forensic evidence and eliminate the cause of the compromise or improper use. As soon as practicable, but no later than twenty-four hours after discovery, Contractor shall notify using governmental unit of the compromise or improper use, including a description of the circumstances of the use or compromise. As soon as practicable after discovery, Contractor shall undertake a thorough forensic investigation of any compromise or improper use and provide the using governmental unit all information necessary to enable the using governmental unit to fully understand the nature and extent of the compromise or improper use. With regard to any compromise or improper use of government information, Contractor shall: (1) provide any notification to third parties legally required to be provided such notice by Contractor, and if not (e.g., if legally required of the using governmental unit), Contractor shall reimburse using governmental unit for the cost of providing such notifications; (2) pay all costs and expenses for at least two years of identity theft monitoring services (including without limitation, credit monitoring) and identity theft restoration services for any such affected individuals receiving notice where such services are appropriate given the circumstances of the incident and the nature of the information compromised; (3) undertake any other measures that are customary and reasonable for an entity to take when experiencing a similar disclosure, (4) pay any related fines or penalties imposed on the using governmental unit, and (5) reimburse the Using Governmental Unit all costs reasonably incurred for communications and public relations services involved in responding to the compromise or improper use. Notwithstanding any other provision, contractor's obligations pursuant to this item (h) are without limitation. (i) Survival & Remedy. All the obligations imposed by this paragraph are material. The obligations of this section shall survive termination or expiration of the contract. Without limiting any rights the using governmental unit may have, and notwithstanding any other term of this contract, Contractor agrees that using governmental unit may have no adequate remedy at law for a breach of Contractor's obligations under this clause and therefore the using governmental unit shall be entitled to pursue equitable remedies in the event of a breach of this clause. [07-7B108-1]

INFORMATION USE AND DISCLOSURE – STANDARDS (FEB 2015)

To the extent applicable: (a) Breach of security of state agency data; notification; rights and remedies of injured parties; penalties; notification of Consumer Protection Division, S.C. Code Ann. Section 1-11-490. (b) South Carolina Financial Identity Fraud and Identity Theft Protection Act (FIFITPA), 2008 Act 190, as amended. Solely for purposes of Section 39-1-90 of the South Carolina Code of Laws, as amended, Contractor is deemed to be the owner of government information, as defined herein, and Contractor agrees that the Using Governmental Unit is not a licensee. (c) The South Carolina Family Privacy Protection Act of 2002, S.C. Code Ann. Sections 30-2-10, et seq. (d) Personal Identifying Information Privacy Protection, S.C. Code Ann. Sections 30-2-310 et seq. (e) Data Breach Notification, 2014 Act No. 286, Section 117.117, as revised in any future annual appropriations act. [07-7B110-1]

LICENSES AND PERMITS (JAN 2006)

During the term of the contract, the Contractor shall be responsible for obtaining, and maintaining in good standing, all licenses (including professional licenses, if any), permits, inspections and related fees for each or any such licenses, permits and /or inspections required by the State, county, city or other government entity or unit to accomplish the work specified in this solicitation and the contract. [07-7B115-1]

PRICE ADJUSTMENTS (JAN 2006)

(1) Method of Adjustment. Any adjustment in the contract price made pursuant to a clause in this contract shall be consistent with this Contract and shall be arrived at through whichever one of the following ways is the most valid approximation of the actual cost to the Contractor (including profit, if otherwise allowed):

- (a) by agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
- (b) by unit prices specified in the Contract or subsequently agreed upon;
- (c) by the costs attributable to the event or situation covered by the relevant clause, including profit if otherwise allowed all as specified in the Contract; or subsequently agreed upon;
- (d) in such other manner as the parties may mutually agree; or,
- (e) in the absence of agreement by the parties, through a unilateral initial written determination by the Procurement Officer of the costs attributable to the event or situation covered by the clause, including profit if otherwise allowed all as computed by the Procurement Officer in accordance with generally accepted accounting principles, subject

to the provisions of Title 11, Chapter 35, Article 17 of the S.C. Code of Laws.

(2) Submission of Price or Cost Data. Upon request of the Procurement Officer, the contractor shall provide reasonably available factual information to substantiate that the price or cost offered, for any price adjustments is reasonable, consistent with the provisions of Section 11-35-1830. [07-7B160-1]

PRICE ADJUSTMENTS -- LIMITED BY CPI "OTHER GOODS and SERVICES" (JAN 2006)

Upon request and adequate justification, the Procurement Officer may grant a price increase up to, but not to exceed, the unadjusted percent change for the most recent 12 months for which data is available, that is not subject to revision, in the Consumer Price Index (CPI) for all urban consumers (CPI-U), "Other Goods & Services" for services, as determined by the Procurement Officer. The Bureau of Labor and Statistics publishes this information on the web at www.bls.gov [07-7B175-1]

PRICING DATA -- AUDIT -- INSPECTION (JAN 2006)

[Clause Included Pursuant to Section 11-35-1830, - 2210, & -2220] (a) Cost or Pricing Data. Upon Procurement Officer's request, you shall submit cost or pricing data, as defined by 48 C.F.R. Section 2.101 (2004), prior to either (1) any award to contractor pursuant to 11-35-1530 or 11-35-1560, if the total contract price exceeds \$500,000, or (2) execution of a change order or contract modification with contractor which exceeds \$100,000. Your price, including profit or fee, shall be adjusted to exclude any significant sums by which the state finds that such price was increased because you furnished cost or pricing data that was inaccurate, incomplete, or not current as of the date agreed upon between parties. (b) Records Retention. You shall maintain your records for three years from the date of final payment, or longer if requested by the chief Procurement Officer. The state may audit your records at reasonable times and places. As used in this subparagraph (b), the term "records" means any books or records that relate to cost or pricing data submitted pursuant to this clause. In addition to the obligation stated in this subparagraph (b), you shall retain all records and allow any audits provided for by 11-35-2220(2). (c) Inspection. At reasonable times, the state may inspect any part of your place of business which is related to performance of the work. (d) Instructions Certification. When you submit data pursuant to subparagraph (a), you shall (1) do so in accordance with the instructions appearing in Table 15-2 of 48 C.F.R. Section 15.408 (2004) (adapted as necessary for the state context), and (2) submit a Certificate of Current Cost or Pricing Data, as prescribed by 48 CFR Section 15.406-2(a) (adapted as necessary for the state context). (e) Subcontracts. You shall include the above text of this clause in all of your subcontracts. (f) Nothing in this clause limits any other rights of the state. [07-7B185-1]

RELATIONSHIP OF THE PARTIES (JAN 2006)

Neither party is an employee, agent, partner, or joint venturer of the other. Neither party has the right or ability to bind the other to any agreement with a third party or to incur any obligation or liability on behalf of the other party. [07-7B205-1]

SERVICE PROVIDER SECURITY REPRESENTATION (FEB 2015)

The following obligations are subordinate to any other contract clause to the extent the other clause specifically provides for enhanced safeguarding of government information, applicable information systems, or applicable organizations. Offeror (i) warrants that the work will be performed, and any applicable information system (as defined in the clause titled "Information Security - Definitions") will be established and maintained in substantial conformity with the information provided in Offeror's Response to SPSAQ; (ii) agrees to provide the Using Governmental Unit with prompt notice of any material variation in operations from that reflected in the Response to SPSAQ; and (iii) agrees to comply with all other obligations involving either information security or information use and disclosure imposed by the contract, notwithstanding any inconsistent statement in Offeror's Response to SPSAQ. To the extent Offeror's Response to SPSAQ does not conform to any other contractual requirements, the Using Agency's lack of objection does not constitute a waiver [07-7B217-1]

TERM OF CONTRACT -- EFFECTIVE DATE / INITIAL CONTRACT PERIOD (JAN 2006)

The effective date of this contract is the first day of the Maximum Contract Period as specified on the final statement of award. The initial term of this agreement is 3 years, 0 months, 0 days from the effective date. Regardless, this contract expires no later than the last date stated on the final statement of award. [07-7B240-1]

TERM OF CONTRACT -- OPTION TO RENEW (FEB 2021)

At the end of the initial term, and at the end of each renewal term, this contract shall automatically renew for a period of 1 year(s), 0 month(s), and 0 day(s), unless contractor receives notice that the state elects not to renew the contract at least thirty (30) days prior to the date of renewal. Regardless, this contract expires no later than the last date stated on the final statement of award. [07-7B245-3]

TERMINATION FOR CONVENIENCE (JAN 2006)

(1) Termination. The Procurement Officer may terminate this contract in whole or in part, for the convenience of the State. The Procurement Officer shall give written notice of the termination to the contractor specifying the part of the contract terminated and when termination becomes effective.

(2) Contractor's Obligations. The contractor shall incur no further obligations in connection with the terminated work and on the date set in the notice of termination the contractor will stop work to the extent specified. The contractor shall also terminate outstanding orders and subcontracts as they relate to the terminated work. The contractor shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated work. The Procurement Officer may direct the contractor to assign the contractor's right, title, and interest under terminated orders or subcontracts to the State. The contractor must still complete the work not terminated by the notice of termination and may incur obligations as are necessary to do so.

(3) Right to Supplies. The Procurement Officer may require the contractor to transfer title and deliver to the State in the manner and to the extent directed by the Procurement Officer: (a) any completed supplies; and (b) such partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the contractor has specifically produced or specially acquired for the performance of the terminated part of this contract. The contractor shall, upon direction of the Procurement Officer, protect and preserve property in the possession of the contractor in which the State has an interest. If the Procurement Officer does not exercise this right, the contractor shall use best efforts to sell such supplies and manufacturing materials in accordance with the standards of Uniform Commercial Code Section 2-706. Utilization of this Section in no way implies that the State has breached the contract by exercise of the Termination for Convenience Clause.

(4) Compensation. (a) The contractor shall submit a termination claim specifying the amounts due because of the termination for convenience together with cost or pricing data required by Section 11-35-1830 bearing on such claim. If the contractor fails to file a termination claim within one year from the effective date of termination, the Procurement Officer may pay the contractor, if at all, an amount set in accordance with Subparagraph (c) of this Paragraph.

(b) The Procurement Officer and the contractor may agree to a settlement and that the settlement does not exceed the total contract price plus settlement costs reduced by payments previously made by the State, the proceeds of any sales of supplies and manufacturing materials under Paragraph (3) of this clause, and the contract price of the work not terminated;

(c) Absent complete agreement under Subparagraph (b) of this Paragraph, the Procurement Officer shall pay the contractor the following amounts, provided payments agreed to under Subparagraph (b) shall not duplicate payments under this Subparagraph:

(i) contract prices for supplies or services accepted under the contract;

(ii) costs reasonably incurred in performing the terminated portion of the work less amounts paid or to be paid for accepted supplies or services;

(iii) reasonable costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to Paragraph (2) of this clause. These costs must not include costs paid in accordance with Subparagraph (c)(ii) of this paragraph;

(iv) any other reasonable costs that have resulted from the termination. The total sum to be paid the contractor under this Subparagraph shall not exceed the total contract price plus the reasonable settlement costs of the contractor reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under Subparagraph (b) of this Paragraph, and the contract price of work not terminated.

(d) Contractor must demonstrate any costs claimed, agreed to, or established under Subparagraphs (b) and (c) of this Paragraph using its standard record keeping system, provided such system is consistent with any applicable Generally Accepted Accounting Principles.

(5) Contractor's failure to include an appropriate termination for convenience clause in any subcontract shall not (i)

affect the State's right to require the termination of a subcontract, or (ii) increase the obligation of the State beyond what it would have been if the subcontract had contained an appropriate clause. [07-7B265-1]

VII. TERMS AND CONDITIONS -- C. ADDITIONAL

ATTORNEYS' FEES

Contractor shall pay attorneys' fees, costs and other items as set forth in S.C. Code Ann. § 59-150-300(E). Further, in the event of a Contract controversy pursuant to S.C. Code Ann. § 11-35-4230 or any litigation between the parties, SCEL, if it prevails in whole or in part, may seek attorneys' fees from the Contractor and the Contractor will pay to SCEL such attorneys' fees as may be awarded. Contractor will, in all instances, bear its own attorneys' fees and expenses.

CONTRACT INTERPRETATION

(a) In the event there are any disagreements between the parties with regards to the application of this Contract or the requirements of SCEL arising from any interpretation of the Request for Proposal, this Contract, or any other matter that is subject to resolution as provided in S.C. Code Ann. § 11-35-4230, Contractor agrees to defer to the reasonable interpretations of SCEL as from time to time may be made by SCEL. This provision applies to all matters including those arising from disputes concerning whether Contractor is required to provide some service or item including scope of work issues and whether particular items or services were included in the scope of work agreed to by the parties in this Contract or otherwise. In summary, if both parties have a reasonable interpretation regarding application of the Contract, Contractor agrees to defer to SCEL's interpretation.

(b) The above requirements shall apply to any Change Orders, Contract modifications, or other deviations to this Contract. Failure to receive the prior written and express approval of SCEL prior to implementing any changes to the requirements provided for hereunder, for which requests for extra or additional compensation are thereafter submitted by the Contractor to SCEL, shall impose no liability for payment upon SCEL and may be rejected by SCEL without recourse.

VIII. BIDDING SCHEDULE / PRICE-BUSINESS PROPOSAL

PRICE PROPOSAL (JAN 2006)

Notwithstanding any other instructions herein, you shall submit the following price information as a separate document:

Instructions for Price Proposal

- A. Pricing information **shall not** be provided in the Technical Proposal under any circumstances. In addition to information requested elsewhere in this solicitation, the Price Proposal must be clearly identified and must include a copy of Page 1 of this solicitation.
- B. Outline all costs to be incurred for the services requested in the solicitation. Offeror is to provide a thorough and detailed presentation of all costs to be incurred by the State during the contract performance. See Attachment F.

EXHIBIT MATERIALS

- A. Attachments D and E are two (2) Account Analysis Statements to facilitate the completion of the Cost Schedule Worksheet (Attachment F). Attachment D is an Account Analysis Statement for a High Volume Month. Attachment E is an Account Analysis Statement for a Low Volume Month. Each Statement provides details of the services SCEL requires and currently receives from its Bank.

Attachment C is an example of a completed Cost Schedule Worksheet. Please note that the sample cost and interest rate information (in Attachment C) are for ILLUSTRATIVE PURPOSES ONLY and **DO NOT** reflect what SCEL's current bank actually charges SCEL for its services.

- B. The Price Proposal must include the Cost Summary Worksheet and any relevant supporting price information submitted in response to this RFP. Offerors may modify the Cost Summary Worksheet (Attachment F) as necessary, to describe the fees that it will charge **based on the volume of transactions in the high volume Account Analysis Statement (Attachment D)**. If the Offeror describes the individual services differently, then the Offeror must include the volume of transactions for such services from the high volume Account Analysis Statement included herein so that a level cost comparison can be made between the Offerors.

IX. ATTACHMENTS TO SOLICITATION

Attachment A: NONRESIDENT TAXPAYER REGISTRATION AFFIDAVIT INCOME TAX
WITHHOLDING

Attachment B: SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE

Attachment C: COST SUMMARY SPREADSHEET SAMPLE UPDATED

Attachment D: ACCOUNT ANALYSIS STATEMENT – HIGH VOLUME MONTH

Attachment E: ACCOUNT ANALYSIS STATEMENT – LOW VOLUME MONTH

Attachment F: COST SUMMARY SPREADSHEET UPDATED

ATTACHMENT A

IMPORTANT TAX NOTICE - NONRESIDENTS ONLY

Withholding Requirements for Payments to Nonresidents: Section 12-8-550 of the South Carolina Code of Laws requires persons hiring or contracting with a nonresident conducting a business or performing personal services of a temporary nature within South Carolina to withhold 2% of each payment made to the nonresident. The withholding requirement does not apply to (1) payments on purchase orders for tangible personal property when the payments are not accompanied by services to be performed in South Carolina, (2) nonresidents who are not conducting business in South Carolina, (3) nonresidents for contracts that do not exceed \$10,000 in a calendar year, or (4) payments to a nonresident who (a) registers with either the S.C. Department of Revenue or the S.C. Secretary of State and (b) submits a Nonresident Taxpayer Registration Affidavit - Income Tax Withholding, Form I-312 to the person letting the contract.

The withholding requirement applies to every governmental entity that uses a contract ("Using Entity"). Nonresidents should submit a separate copy of the Nonresident Taxpayer Registration Affidavit - Income Tax Withholding, Form I-312 to every Using Entity that makes payment to the nonresident pursuant to this solicitation. Once submitted, an affidavit is valid for all contracts between the nonresident and the Using Entity, unless the Using Entity receives notice from the Department of Revenue that the exemption from withholding has been revoked.

Section 12-8-540 requires persons making payment to a nonresident taxpayer of rentals or royalties at a rate of \$1,200.00 or more a year for the use of or for the privilege of using property in South Carolina to withhold 7% of the total of each payment made to a nonresident taxpayer who is not a corporation and 5% if the payment is made to a corporation. Contact the Department of Revenue for any applicable exceptions.

For information about other withholding requirements (e.g., employee withholding), contact the South Carolina Department of Revenue at 1-844-898-8542 or visit the Department's website at: <https://dor.sc.gov/>

This notice is for informational purposes only. This agency does not administer and has no authority over tax issues. All registration and withholding tax questions should be directed to the South Carolina Department of Revenue at 1-844-8988542. Additional contact information can be found by visiting the Department's website at dor.sc.gov

PLEASE SEE THE "NONRESIDENT TAXPAYER REGISTRATION AFFIDAVIT INCOME TAX WITHHOLDING" FORM (FORM NUMBER I-312) LOCATED AT: <https://dor.sc.gov/> [09-9005-5]

ATTACHMENT B

SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE

Instructions: (1) Attach additional pages or documents as appropriate and make sure answers cross reference to the questions below. (2) As used in this Questionnaire, the phrase “government information” shall have the meaning defined in the clause titled “Information Security.” (3) This Questionnaire must be read in conjunction with both of the following two clauses (a) Service Provider Security Assessment Questionnaire – Required, and (b) Service Provider Security Representation.

1. Describe your policies and procedures that ensure access to government information is limited to only those of your employees and contractors who require access to perform your proposed services.
2. Describe your disaster recovery and business continuity plans.
3. What safeguards and practices do you have in place to vet your employees and contractors who will have access to government information?
4. Describe and explain your security policies and procedures as they relate to your use of your contractors and next-tier subcontractors.
5. List any reports or certifications that you have from properly accredited third parties that demonstrate that adequate security controls and assurance requirements are in place to adequately provide for the confidentiality, integrity, and availability of the information systems used to process, store, transmit, and access all government information. (For example, an ISO/IEC 27001 compliance certificate, an AICPA SOC 2 (Type 2) report, or perhaps an AICPA SOC 3 report (i.e., a SysTrust or WebTrust seal)). For each certification, describe the scope of the assessment performed. Will these reports / certifications remain in place for the duration of the contract? Will you provide the state with most recent and future versions of the applicable compliance certificate / audit report?
6. Describe the policies, procedures and practices you have in place to provide for the physical security of your data centers and other sites where government information will be hosted, accessed or maintained.
7. Will government information be encrypted at rest? Will government information be encrypted when transmitted? Will government information be encrypted during data backups, and on backup media? Please elaborate.
8. Describe safeguards that are in place to prevent unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access or disclosure of government information.
9. What controls are in place to detect security breaches? What system and network activity do you log? How long do you maintain these audit logs?
10. How will government information be managed after contract termination? Will government information provided to the Contractor be deleted or destroyed? When will this occur?
11. Describe your incident response policies and practices.
12. Identify any third party which will host or have access to government information.

Offeror’s response to this questionnaire includes any other information submitted with its offer regarding information or data security.

SIGNATURE OF PERSON AUTHORIZED TO REPRESENT THE ACCURACY OF THIS INFORMATION ON BEHALF OF CONTRACTOR:

By: _____
(Authorized signature)

(Printed name of person signing above)

Its: _____
(Title of person signing above)

Date: _____

SPSAQ (JAN 2015) [09-9025-1

Responses to Written Questions Received:

1. **Question** - Interest Rate / Investment Services

Section 3.4 states that collected balances in the Primary Account shall earn interest "at a rate not less than the Federal Funds Rate." Please clarify whether SCEL expects:

- A rate equal to the Effective Federal Funds Rate,
- A rate indexed to the Federal Funds Rate with a negotiated spread, or
- A target benchmark tied to the Federal Funds Rate that may vary based on account structure and investment method.

Response: The Financial institution may apply a rate indexed to the Average Federal Funds Rate for the purpose of determining an earnings credit. Additionally, excess collected balances in the Commission's Primary Account should earn interest at a rate not less than the Federal Funds Rate.

2. **Question** – Positive Pay and Teller Verification

Section 3.3 indicates that Positive Pay files for the Prize Account are updated every ten (10) minutes. Is SCEL's requirement that the bank receive updated Positive Pay files every ten minutes, or that such updates be visible within branch and teller systems every ten minutes?

Response: Both. SCEL's requirement is that the bank receive updated Positive Pay files every ten minutes, and updates be visible within branch and teller systems every ten minutes.

3. **Question** – Positive Pay and Teller Verification

If a bank's teller platform receives Positive Pay updates at scheduled intervals throughout the business day rather than every ten minutes, would that satisfy SCEL's operational requirements provided that exception items can be promptly verified?

Response: No, refer to Question 2.

4. **Question** - Positive Pay and Teller Verification

When a Positive Pay exception occurs, what is the expected service level for contacting SCEL and receiving validation to authorize payment? What are the hours of the SCEL office and is there a dedicated line to call?

Response: The Contractor shall contact SCEL representative(s) to resolve Positive Pay exception immediately after the 10-minute Positive Pay interval has passed. SCEL office hours are M-F 8:30-5:00 pm and there will be a dedicated line to call.

5. **Question** - Check Cashing Requirements

Can SCEL provide historical volumes of lottery prize checks presented for cashing at bank branches by:

- Number of items,
- Dollar amount,
- Branch location, and
- Check amount ranges?

Response: Currently, SCEL does not have data available at that level of detail. Refer to the table of monthly checks cashed for non-accountholders during the previous two years.

Month	Checks Cashed for Non-Accountholders
Jul-24	1,589
Aug-24	1,290
Sep-24	1,150
Oct-24	1,085
Nov-24	1,877
Dec-24	1,480
Jan-25	1,640
Feb-25	1,536
Mar-25	1,386
Apr-25	1,318
May-25	1,241
Jun-25	1,678
Jul-25	1,459
Aug-25	1,250
Sep-25	1,191
Oct-25	1,315
Nov-25	1,451
Dec-25	1,269
Jan-26	1,128
Feb-26	1,025
Mar-26	1,388
Apr-26	1,438
May-26	1,402
Jun-26	1,666

6. **Question** – Check Cashing Requirements

Are there specific branch locations with your current institution that experience significantly higher volumes of lottery-related check cashing transactions?

Response: Branches near the claims center typically experience significantly more traffic, especially when certain combinations of popular numbers are drawn.

7. **Question** – Large Dollar Prize Claims

Section 3.5 requires the successful bank to be capable of cashing prize checks from \$1 to \$10 million without delay. Please clarify whether SCEL would consider alternative disbursement methods for exceptionally large claims. Would SCEL consider establishing a maximum over-the-counter cashing threshold for prize checks while allowing alternative payment methods for claims exceeding that threshold?

Response: SCEL requests offerors to include their policies and procedures involving branch cash availability and decision-making, including alternative disbursement methods in their proposal. SCEL will not set a maximum threshold. See revision to Section IV. INFORMATION FOR OFFERORS TO SUBMIT.

8. **Question** - Large Dollar Prize Claims

How many prize checks exceeding:

- \$100,000,
- \$500,000,
- \$1 million, and,
- \$5 million are issued annually

Response:

- \$100,000,-approximately 150 checks
- \$500,000,-approximately 34 checks
- \$1 million, and-approximately 18 checks
- \$5 million are issued annually – approximately 1 check

9. **Question** – Large Dollar Prize Claims

Can SCEL provide historical examples of claims exceeding branch cash availability and describe how those situations were handled?

Response: SCEL is unable to provide this information at this time. See response to Question 7.

10. **Question** – Winner Identification and Compliance

Does SCEL's prize validation process satisfy all customer identification and verification requirements, or is the selected bank expected to perform its own identification procedures when cashing checks for non-customers?

Response: The Contractor is expected to perform its own identification procedures when cashing checks.

11. **Question** – Winner Identification and Compliance

Would SCEL accept financial institutions applying their standard Bank Secrecy Act, AML, OFAC, and fraud-prevention procedures to lottery prize winners presenting checks for payment?

Response: See response to Question 7.

12. **Question** - ACH and Processing Requirements

Section 3.2 requires ACH file receipt confirmation within one hour and execution within one hour of receipt. Are these requirements applicable to all ACH files regardless of file size, transmission time, and business day cut-off periods?

Response: See update to Section 3.2.

13. **Question** – ACH and Processing Requirements

Would SCEL accept same-business-day processing if confirmation is provided immediately and the ACH file is transmitted after normal ACH processing windows?

Response: SCEL does not understand the context of the question.

14. **Question** – Overdraft Protection

Section 3.1 references the waiver of overdraft fees if prize payments temporarily exceed reserves. Please clarify whether SCEL expects:

- Uncommitted overdraft accommodation,
- Formal overdraft protection,
- A daylight overdraft arrangement, or
- Simply a waiver of associated fees if an overdraft occurs.

Response: SCEL requires formal overdraft protection and waiver of associated fees.

15. **Question** – Overdraft Protection

Upon award, would the SCEL be interested in seeking a potential Line of Credit to be used to mitigate any potential cash flow issues and avoid an overdraft event?

Response: No. Per the Lottery Act, SCEL cannot incur debt.

16. **Question** - Overdraft Protection

Has SCEL experienced any overdraft events during the current banking relationship over the last five years? If so, please provide the frequency and largest overdraft amount incurred.

Response: No, SCEL has not experienced any overdraft events during the current banking relationship over the last five years.

17. **Question** – Conversion and Operational Requirements

Can SCEL provide examples of the current Positive Pay, ACH, account reconciliation, and reporting file formats used with the incumbent bank?

Response: SCEL uses files that align with industry standards, including National Automated Clearinghouse Association for Positive Pay and Automated Clearing House.

18. **Question** - Conversion and Operational Requirements

Are there any known operational issues or service gaps with the incumbent banking relationship that prompted specific requirements in the RFP?

Response: No, there are no known operational issues or service gaps with the incumbent.

19. **Question** - Based on section B.3 "Prize Account" you state this account paid out 49,300 claims which totaled \$190.6MM for FY'25. That would be an average claims check of \$3,866. Can SCEL provide a monthly distribution of prize checks by dollar amount bands (i.e. <\$500, \$500-\$5,000, \$5,000-\$25,000, \$25,000-\$100,000, \$100,00+) for the last 24 months?

Response: See the chart below for a monthly distribution of prize checks by dollar amount for the last 24 months

Average Monthly Checks Disbursed	
<\$500	437
\$500-\$4,999	3818
\$5,000-\$24,999	115
\$25,000-\$99,999	16
\$100,000+	13

20. **Question** - Of the 49,300 claims processed in FY'25, how many checks were actually presented for cashing at your incumbent bank versus deposited elsewhere by the claimant?

Response: See response to Question 5.

21. **Question** – What is your daily average disbursement from the Prize Account?

Response: For the SCEL Prize Account, \$579,000 is the average daily disbursement amount.

22. **Question** – For security purposes, any large prize wire transfers would require an SCEL authorized signer to initiate in person at a branch or submit through online banking. Does this align with SCEL's expectations?

Response: Yes, any large prize wire transfers would require a SCEL authorized signer to initiate in person at a branch or submit through online banking.

23. **Question** – Due to liquidity constraints at branches, we would need to issue a cashier's check for winnings that exceed the amount of cash we have on hand. Does that align with SCEL's expectations?

Response: See response to Question 7.

24. **Question** – A potential offeror's positive pay process takes 20-40 minutes from the time our client sends the file to when it is received and processed by our system. Is that timeline acceptable for SCEL's claims process?

Response: No, that timeline is not acceptable for SCEL's claims process.

25. **Question** - Section 3.4 – Cash Management and Investment Services
The RFP states that the Contractor must provide the ability to invest available funds on an overnight basis. Would SCEL be open to utilizing ICS® (IntraFi Cash Service®) as an overnight investment solution?

Response: Yes, SCEL would be open to utilizing ICS® (IntraFi Cash Service®) as an overnight investment solution.

26. **Question** – Section 3.5 – Organization Size, Structure, and Location of Services
Can you provide insight into the volume of checks that are cashed versus deposited?

Response: SCEL is unable to provide this information at this time. See Question 5 for volume of non-accountholder checks cashed.

27. **Question** - Section 3.7 – Other Related Services Merchant Services
May we obtain three months of merchant statements for review and analysis?

Response: SCEL will not provide this information at this time.