



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE ARKANSAS LOTTERY

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April 21, 2016

The Honorable Jimmy Hickey, Co-Chair
The Honorable Chris Richey, Co-Chair
Arkansas Legislative Council Lottery Oversight Subcommittee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Request for Review of Major Procurement Contract

Gentlemen:

The Department of Finance and Administration Office of the Arkansas Lottery (OAL) requests review by the Arkansas Legislative Council Lottery Oversight Subcommittee (ALC LOS) of the procurement of four (4) Random Number Generators (RNGs) which includes a five-year service maintenance and an origin license agreement for the RNGs. I respectfully request that this matter be included on the May agenda of the ALC LOS meeting.

The following information provides background on this matter:

1. Procurement Background: On March 9, 2016, OAL, in accordance with A.C.A. § 19-11-233, requested Emergency Procurement approval from OSP Interim Administrator Paul Ford to purchase four (4) RNGs (Attachment A). On March 11, 2016, Mr. Ford granted approval of the purchase and Purchase Order No. 4501609000 (Attachment B) was issued.
2. Vendor or other parties to the Agreement: Smartplay International Inc.
3. Terms of the Agreement:
 - a. 50% non-refundable deposit with purchase order; balance due prior to shipment of RNGs. Final payment must be received within 30 days of machine completion. Production time of RNGs: 8-12 weeks. The first annual preventive maintenance visit is included in system purchase. The cost of annual service agreement years two through five is \$15,500 per year plus economy class airfare for annual preventive maintenance visit. (Quote/Purchase Agreement, Attachment C)
 - b. Smartplay will grant to OAL for use in the designated equipment a non-exclusive, non-transferable, non-assignable, non-sublicensable license to use software in machine-readable object code form solely on a single central processing unit embedded in the designated equipment. Origin License Agreement becomes effective as of the last date beneath party signatures and continues until termination of the agreement. (Origin License Agreement, Attachment D)

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4. Value (cost or cost savings) projected for the agreement: The total cost is projected to be approximately \$187,401.00.
5. Vendor Performance Bond or Letter of Credit: A.C.A. § 23-115-502 requires that "...at the time of a major procurement contract between OAL and a vendor, the vendor shall post a performance bond or letter of credit from a bank or credit provider acceptable to the office in an amount deemed necessary by the office to assume the performance of the major procurement contract." Smartplay has agreed to annually provide to OAL a bond in the amount of \$15,500.00. The first bond will be issued upon receipt and acceptance by OAL of the goods purchased from Smartplay.
6. The following vendor documents are submitted as Attachment E. in accordance with A.C.A. § 19-11-101 et seq., A.C.A. § 23-115-101 et seq. (the Arkansas Lottery Scholarship Lottery Act), and Executive Order 98-04:
 - a. Client List
 - b. Financial Statement
 - c. Contract and Grant Disclosure Form
 - d. Illegal Immigrant Contractor Disclosure Certification
 - e. Equal Opportunity Policy

The enclosed documents will also be provided in the form of an electronic copy.

Respectfully submitted,



Bishop Woosley
Director

Enclosures

cc: The Honorable Asa Hutchinson, Governor of Arkansas
Larry Walther, Director, Arkansas Department of Finance and Administration