

## ***TENNESSEE EDUCATION LOTTERY CORPORATION***

### **REQUEST FOR QUALIFICATIONS FOR PRIZE ANNUITY CONTRACTS**

#### **A. PURPOSE**

The Tennessee Education Lottery Corporation (“TEL”) is seeking to qualify firms capable of providing prize annuity contracts. The firms must be able to provide the single premium immediate life annuities with period certain and/or single premium immediate annuities certain. Submissions, including qualifications, description of services and capabilities, and completed exhibits shall be delivered to the TEL in accordance with the instructions and specifications detailed herein.

#### **B. GENERAL INFORMATION AND SCHEDULE**

*This RFQ has been revised as of January 20, 2017. Please deliver an original and four (4) copies of qualifications to the TEL RFQ Coordinator at the above address. Electronically delivered documentation will not be accepted.*

The TEL’s RFQ Coordinator can be reached at:

Tennessee Education Lottery Corporation  
26 Century Blvd., Suite 200  
Nashville, TN 37214  
Telephone: 615-324-6500  
Email: [procurement@tnlottery.com](mailto:procurement@tnlottery.com)

Issuance of this RFQ does not constitute an offer to purchase the services or a commitment on the part of the TEL to award a contract pursuant to this RFQ. The TEL reserves the right to: 1) reject any and all submissions submitted in response to this RFQ, in whole or in part; 2) cancel this RFQ if it is considered to be in the best interests of the TEL; or 3) make changes to this RFQ at any time and from time to time by issuance of written addendum/addenda, amendment(s) or clarification(s).

#### **C. EQUAL OPPORTUNITY**

The TEL prohibits discrimination on the basis of race, color, gender, religion, national origin, or disability in connection with employment of any person, or the award of any contract with the corporation.

The TEL will provide equal opportunities without regard to race, color, gender, religion, national origin, or disability, by requiring that any firm doing business with the corporation provide equal opportunity to persons and businesses employed by, or contracting with the supplier of products and services to the Corporation.

#### **D. MINORITY PARTICIPATION**

It is an overall objective of the TEL to encourage involvement by minority contractors and suppliers in business activities generated by the TEL, while assuring that such activities will be conducted in accordance with all applicable laws. Furthermore, in

accordance with the Act, it is the declared policy and intent of the TEL to strive to maximize participation of minority owned businesses to achieve a minimum participation of fifteen percent (15%) through all business contracting opportunities. Firms interested in doing business with the TEL are required to complete Exhibit E and write a short narrative describing its commitment to assist the Corporation in striving to maximize participation of minority-owned businesses.

#### **E. COSTS**

The TEL is not responsible or liable for any of the costs incurred by any contractor in preparing and/or submitting qualifications pursuant to this RFQ.

#### **F. ORAL PRESENTATIONS AND QUESTIONS**

Any contractor that submits qualifications may be requested to provide additional information to the TEL. Such information is only for the purpose of clarification. The TEL reserves the right to ask any or all contractors to provide additional information following the submission of qualifications. The TEL will not be responsible for any costs or expenses incurred by a contractor in its response to such inquiries.

#### **G. FORM OF SUBMISSIONS**

Each submission must be prepared simply, providing a clear description of the contractor's capabilities to meet the requirements of this RFQ. In order to expedite the evaluation process, respondents are required to submit along with their qualifications a completed Exhibit A, and all others as referenced in Section N. Specifications and Requirements.

#### **H. NON-EXCLUSIVE RIGHTS**

By this RFQ, the TEL does not intend to grant any contractor the exclusive rights to provide all equipment, materials, and services required by the TEL during the period covered by any contract resulting from this RFQ. If the TEL determines that creation and production of materials and services by various contractors is in the TEL's best interest, the TEL shall have the right to purchase, contract for, and use these materials and services without infringing upon or terminating any contract resulting from this RFQ.

#### **I. DELIVERY**

It is the contractor's responsibility to assure that its qualifications are **delivered to the place**, as specified in this RFQ. **Submissions transmitted by email, telephone, or fax will not be accepted.**

#### **J. SUBMISSIONS SUBJECT TO OPEN RECORDS**

All data, material and documentation originated and prepared for the TEL pursuant to this RFQ may be available to the public in accordance with the Tennessee Open Records Act, §10-7-101. However, in accordance with T.C.A. §4-51-124, the TEL will make reasonable attempts to maintain the confidentiality of any trade secrets or proprietary information identified by a contractor if such contractor properly identifies the particular data or other materials which are trade secrets or proprietary information in writing by page, paragraph and sentence or upon submission to the TEL of the data or other

materials to be protected. The contractor also should state the reasons such confidentiality is necessary. However, under no circumstance will the TEL be liable to any contractor or to any other person or entity, for any disclosure of any such trade secret or confidential information. The TEL may not consider submissions in which all or a substantial portion of the submission is declared by the contractor to constitute trade secrets or confidential information.

**K. NEWS RELEASES**

The TEL is the only entity authorized to issue news releases relating to this RFQ, its evaluation, and the award of any contract and performance there under. Under no circumstances shall any contractor issue any such news releases without the express prior written consent of the TEL in each instance.

**L. INTERPRETATIONS AND DISPUTES**

Any questions concerning conditions and specifications in this RFQ shall be directed in writing to the TEL RFQ Coordinator. No interpretation shall be considered binding unless provided in writing by the TEL through the RFQ Coordinator. Any actual or prospective contractor who disputes the reasonableness or appropriateness of the terms, conditions, and specifications of the RFQ or any action taken by the TEL in connection with this RFQ, or the contract to be awarded pursuant hereto, if any, must first pursue and exhaust any and all remedies available to it in accordance with the dispute resolution procedures adopted by the TEL, as amended from time to time. Any appeal of any decision of the Board of Directors of the TEL must be made in accordance with such dispute resolution procedures and Section 4-51-127 of the Tennessee Education Lottery Act.

**M. NONASSIGNABILITY**

Any award resulting from this RFQ cannot be assigned in whole or in part without the prior written approval of the TEL.

**N. SPECIFICATIONS AND REQUIREMENTS**

In accordance with the Tennessee Education Lottery Implementation Law, the Tennessee Education Lottery Corporation (TEL) was established as a vehicle to operate the Tennessee Lottery.

The TEL began sales on January 20, 2004. As part of its game portfolio, the TEL offers Instant Ticket Games and the following drawing-style games: Cash 3, Cash 4, Tennessee Cash, Powerball, Mega Millions, Hot Lotto and Cash 4 Life.

The TEL currently offers, or in the future may offer, as part of its game portfolio certain games with prize payments terms on a recurring, periodic basis to the prize winner. The number of periodic payments will vary according to the game design and prize(s) won, but can vary from as short as five years to as long as a winner's life expectancy (win for life prizes). The frequency of these periodic stream payments is contingent upon the ticket sales of certain games with annuity-type prizes as part of the game's prize structure.

The TEL will seek to fund annuity-type prizes via the purchase of U.S. treasury products or insurance annuity contracts. Annuity-type prizes with a fixed payout period or sum certain may be funded via the purchase of U.S. treasury products or single premium insurance annuity contracts. The TEL will fund win for life annuity prizes only through the purchase of single premium immediate life annuities with period certain.

The purpose of this RFQ is to establish a contract with qualified firms seeking to provide the single premium immediate life annuities with period certain and/or single premium immediate annuities certain, to the TEL in future solicitations from time to time.

The TEL will qualify firms based upon the following:

1. Firm's understanding of the products and services required.
2. Firm's background and related experience.
3. Firm's compliance with the minimum requirements noted below.
4. Firm's acceptance of the terms of the contractual agreement (Exhibit D)

Firms are encouraged to submit such other information believed to be valuable or appropriate to demonstrate their experience, financial strength or ability to provide the required products and services to the TEL.

**Qualification Process:**

Firms determined by the TEL to be qualified firms will be notified in writing, and placed on an active list for future bid solicitations. The TEL will qualify up to ten (10) firms for the active list, based upon the date the firm is approved by the TEL. All firms approved beyond the initial ten (10) firms will be placed on a reserve bid list, and ranked based on date of approval by the TEL.

A firm on the active list may be removed for at least a two-year period for failure to comply with the following requirements, and will be placed at the bottom of the reserve list of qualified firms: 1) Failure to honor a bid; 2) Failure to submit a bid on two consecutive bid dates; and 3) Failure to maintain the minimum qualifications specific to financial strength (credit) rating or financial position specific to policyholder surplus. Firms failing to maintain minimum financial strength rating or financial position will not be placed on the active or reserve list until the TEL can verify that the minimum requirements have been re-established.

When a firm is removed from the active list, the highest ranked firm on the reserve qualified list will be contacted to reaffirm the information originally submitted for approval. Once reaffirmed, the firm is placed on the active list.

**Requirements:**

Firms (or agents thereof) are required to be licensed within the State of Tennessee to sell annuity products such as those required by the TEL, and possess such other licenses or registrations necessary to operate its business. In addition, firms must meet the following minimum requirements:

1. Current financial strength (credit) rating of A or better from A. M. Best Company (comparable ratings from Moody's, Standard and Poors, or other national rating service will be acceptable). The firm must have maintained the rating for the past three (3) years.
2. At least fifty million dollars (\$50,000,000) in policyholder surplus as of the most recent fiscal year end; and
3. If seeking qualification as a licensed subsidiary of a parent company, the subsidiary must have the written guarantee of its obligations from the parent company.

As part of the firm's response to this RFQ, the firm must submit the following information:

1. A completed Organization Specifications Questionnaire (Exhibit B) signed by an authority that can bind the firm to contract terms;
2. Authorization Form (Exhibit C) completed by a contractual signatory of the Parent Company, if applicable, which guarantees the obligations of the subsidiary;
3. Signed copy of the Contractual Agreement (Exhibit D);
4. Short narrative of its minority utilization plan, along with a signed copy of the Minority-Owned Business Utilization Plan specific to this RFQ (Exhibit E);
5. Most recent Annual Report highlighting the Company's policyholder surplus and outstanding liability amounts;
6. Documentation supporting the financial and/or credit rating of A.M. Best or similar nationally recognized rating agency (Moody's Service Credit Opinion, Standard and Poor's Insurance Rating Digest);
7. Documentation supporting all current insurance policies in effect for Fidelity and Fiduciary Blanket Bond Coverage (minimum of \$10 million), Errors and Omission (minimum of \$5 million), Commercial General Liability (minimum of \$1 million per occurrence), and Professional Liability (\$1 million each claim/wrongful act/ loss);
8. Blank annuity application and contract proposed for use for TEL purchases. If the company requires the use of special forms for changes such as name changes, address change or the naming of beneficiaries, please include a sample of each form;
9. Proof of license with the State of Tennessee to sell annuity-type products and services;
10. Experience and expertise of firm and principals who will service the account;
11. Service facilities available in the State of Tennessee; and
12. List of similar accounts the office currently administers, with contact information.



**EXHIBIT A**

***TENNESSEE EDUCATION LOTTERY CORPORATION***

**SIGNATURE AND CERTIFICATION**

(Authorized representative must sign and return)

I certify that this information is being provided without prior understanding, agreement, or connection with any corporation, firm, or person submitting their qualifications for the same materials, supplies, equipment, or services and is in all respects fair and without collusion or fraud. I understand collusive bidding is a violation of State and Federal Law and can result in fines, prison sentences and civil damage awards. I am authorized to submit these qualifications and am the authorized representative of the responding contractor.

Date: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company Name: \_\_\_\_\_

**NOTE: PLEASE ENSURE THAT ALL REQUIRED SIGNATURE BLOCKS ARE COMPLETED. FAILURE TO SIGN THIS FORM AND INCLUDE IT WITH YOUR SUBMISSION WILL RESULT IN REJECTION OF YOUR SUBMISSION.**

**EXHIBIT B**

**OFFEROR'S ORGANIZATION SPECIFICATIONS  
 QUESTIONNAIRE**

Instructions: Complete each item, using attachments where necessary. Attachments shall indicate the item number and heading being referenced as it appears below. Failure to make full and complete disclosure may result in the rejection of your bid as unresponsive.

1. Name of firm \_\_\_\_\_  
 Address of firm \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ ZipCode \_\_\_\_\_  
 Phone Number: ( ) \_\_\_\_\_ Fax Number: ( ) \_\_\_\_\_

2. The firm is (mark appropriate category):  
 \_\_\_\_\_ Corporation- For Profit      \_\_\_\_\_ Partnership      \_\_\_\_\_ Other (please specify)  
 \_\_\_\_\_ Brokerage Firm      \_\_\_\_\_ Insurance Company

3. Authorized Signatories

A. \_\_\_\_\_  
 (Name and Title)

B. In the absence of the principal authorized signatory named above,  
 \_\_\_\_\_  
 (Name, Title)

C. \_\_\_\_\_  
 Name and Title of the Contractor's authorized representative, responsible for overall management of contract services. The TEL shall address all notices relative to this Contract to the attention of same.

	YES	NO
4. Has any Federal or State agency ever made a finding of noncompliance with any relevant civil rights requirements with respect to your business activities? <b>If YES, please attach an explanation.</b>		
5. Has the Offeror, its major stockholders with a controlling interest, or its officers been the subject of criminal investigations or prosecutions or convicted of a felony? <b>If YES, please attach an explanation.</b>		
6. Have any governmental licenses ever been denied, revoked, suspended, or provisionally issued within the past five years? <b>If YES, please attach explanation,</b>		
7. Have you or has your organization terminated any contracts, had any contracts terminated, or been involved in contract lawsuits? <b>If YES, please attach an explanation.</b>		



<h2 style="margin: 0;">OFFEROR'S ORGANIZATION SPECIFICATIONS QUESTIONNAIRE</h2>
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	YES	NO
8. Do you, your staff, any of your relatives, or voting members of your Board of Directors maintain any ownerships, employments, public and private affiliations or relationships which may have substantial interest in any contract, sale, purchase, or service involving the TEL? <b>If YES, please attach description of the nature of the conflict of interest.</b>		
9. Has your organization ever gone through bankruptcy? <b>If YES, When? Include the State, District and case number.</b> _____ _____		

EXHIBIT C

**AUTHORIZATION FORM  
TENNESSEE EDUCATION LOTTERY**

The Offeror, whose signature appears below, authorizes the representative(s) or agents(s) listed below to act on behalf of \_\_\_\_\_ for the purpose of responding to any Request For Quotations  
(Name of Company)  
issued by the Tennessee Education Lottery (TEL) for the funding of individual annuities. I understand that this authorization may be revoked or changed at any time by submitting a new Authorization Form to the TEL. I also understand that any bid that is submitted by a person not listed below shall be rejected by the TEL.

**AUTHORIZED REPRESENTATIVES**

_____	_____
(Name)	(Title)
_____	_____
(Name of Company, if different from above)	(Company Address)
-(_____)_____	-(_____)_____
(Phone #)	(Fax #)

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_____	_____
(Name)	(Title)
_____	_____
(Name of Company, if different from above)	(Company Address)
-(_____)_____	-(_____)_____
(Phone #)	(Fax #)

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_____	_____
(Name)	(Title)
_____	_____
(Name of Company, if different from above)	(Company Address)
-(_____)_____	-(_____)_____
(Phone #)	(Fax #)

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\_\_\_\_\_  
Company Name

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Offeror's Name & Title)

State of \_\_\_\_\_

County of \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
by \_\_\_\_\_.

SEAL

\_\_\_\_\_  
(Notary Public)

My Commission Expires: \_\_\_\_\_

**EXHIBIT D**

CONTRACT BEGINS ON NEXT PAGE

**CONTRACTUAL AGREEMENT**

This agreement is made by and between The Tennessee Education Lottery Corporation (the “TEL”), located at 26 Century Blvd., Suite 200, Nashville, Tennessee 37214, and

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (the “Firm”).

**BID SOLICITATIONS FOR THE PURCHASE OF ANNUITY PRODUCTS**

**A. BIDS.** On a periodic basis as determined by the TEL, the TEL shall contact Firm via email or fax in order to solicit a bid from Firm for TEL’s purchase of single premium annuity products to fund future prize obligations. The communications shall be in the form of an Invitation to Bid (“ITB”), which shall include all required information necessary for Firm to submit its bid (the “Bid”). The Bid period will be stated on TEL’s order to solicit.

**B. ACCEPTANCE OF BIDS.** If Firm’s Bid is accepted, the TEL will notify Firm via phone, email or fax no later than 3:00 p.m. CT the same business day of the acceptance of its Bid. In the case of a tie bid by two or more qualified firms, the Bid first received by the TEL shall be accepted.

**C. BINDING BIDS AND FEES.** All Bids submitted by the Firm shall be binding on the Firm. The Bid must include the total cost of the annuity contract to the TEL. No other costs shall be payable to the Firm or on behalf of the Firm at the time of award or anytime during the term of the annuity contract. The Firm can only withdraw its Bid if it contains an error. The withdrawal must be in writing, and occur before the Firm confirms acceptance of the TEL’s notice of award during the TEL’s initial notification to the Firm of the successful Bid.

**D. SETTLEMENT DATE.** Firm agrees to provide the annuity contract to the TEL no later than two (2) business days after notice of award. The TEL will provide the required funds to the successful firm within two (2) business days of contract acceptance and approval.

**E. OWNERSHIP.** The TEL shall be the owner of the annuity contract, and the beneficiary shall be designated by the TEL. Except as provided in Section F, below, regarding payment, the Firm shall exclusively communicate with the TEL concerning the administration of the annuity contract.

The Firm shall not accept any changes (i.e. name, beneficiary, address, payment terms, or banking instructions) unless first authorized by the TEL’s CEO or such officer’s designee in writing on TEL letterhead.

**F. PAYMENT REQUIREMENTS.** All annuity payments shall be made directly to the beneficiary, with notification of such payments to the TEL on a periodic basis. The annuity payments shall be made no less frequently than annually on or before the specified month and day of the year as defined by the TEL in the ITB.

The Firm will not, prior to the completion of the payment terms defined in the annuity contract, suspend, revoke, postpone or terminate any payments under the annuity contract to the beneficiary (or such person or persons as the TEL may from time to time direct) for any reason, including, but not limited to, the threat of or filing of a suit against it, without the prior written approval of the TEL or a court order directing payment to another individual(s).

**G. INCOME REPORTING AND TAX WITHHOLDING.** The Firm shall be required to withhold and pay all required tax or other statutory withholdings in accordance with applicable Federal and Tennessee laws. This requirement shall include the proper reporting of the income and withholdings of the proper amounts to the Internal Revenue Service and to the Tennessee Department of Revenue in the name of the proper party. The Firm is responsible for issuing required tax form(s) to the payee each year according to the withholding rules then in effect.

**H. TERMINATION OF AGREEMENT.** The TEL may terminate this Agreement for convenience at any time without notice, without the payment of penalty, and without any obligation to the Firm other than for payment of funds for annuity contracts previously awarded to the Firm. The Firm may terminate this Agreement for any reason by giving the TEL thirty (30) days advance written notice.

**I. INSURANCE.** The Firm agrees to maintain the following insurance policies and associated minimum coverage during the term of this agreement and during any time payments are required to be made on behalf of the TEL under any annuity contract: Fidelity and Fiduciary Blanket Bond Coverage (minimum of \$10 million), Errors and Omission (minimum of \$5 million), Commercial General Liability (minimum of \$1 million per occurrence), and Professional Liability (\$1 million each claim/wrongful act/loss).

**J. NON-EXCLUSIVE AGREEMENT.** This agreement is non-exclusive, and the TEL may contract with other or additional entities without infringing on the terms of this agreement. No firm is assured the purchase of any product or service by the TEL merely through the selection of this firm as a qualified firm.

**K. INDEMNITY OF LOTTERY OFFICIALS.** The Firm shall defend, protect, indemnify and hold harmless all TEL directors, officers and employees from and against all claims, suits, or actions arising from negligent or wrongful acts or omissions of the Firm while performing under the terms of this Agreement or any annuity or other contract issued pursuant to this Agreement.

**L. ASSIGNMENT.** This Agreement may not be assigned in whole or in part without the prior written approval of the TEL. The TEL may withhold, condition or delay its approval of an assignment for any or no reason.

**M. SIGNATURES.** The document and all bids must be manually signed by a firm representative who is authorized to contractually bind the firm.

**N. INCORPORATION BY REFERENCE.** Included in this agreement by reference is the TEL's revised Request for Qualifications for Prize Annuity Contracts dated January 31, 2017 (the "RFQ"), and Firm's Proposal to the RFQ (the "Proposal"). In the event of a conflict between this agreement, RFQ and the Proposal, the RFQ shall control the Proposal. However this Agreement shall control any further actions of the Firm.

**O. REPRESENTATION AND WARRANTY.** Firm represents and warrants that it is properly licensed to provide the annuity contracts contemplated by this agreement and that it is in compliance with all of the registration and licensing requirements imposed by the state of Tennessee or Federal Government to sell the annuities necessary to meet the requirements of a bid solicitation by the TEL.

In witness whereof, the parties have had their respective authorized representatives execute this agreement as of the date last signed below.

TENNESSEE EDUCATION LOTTERY  
CORPORATION

FIRM

\_\_\_\_\_  
(Name of Firm)

By: \_\_\_\_\_  
President and CEO

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Legal Sufficiency:

\_\_\_\_\_  
Printed Name and Title

**EXHIBIT E**  
**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**EQUAL BUSINESS OPPORTUNITY PROGRAM**

**EBO FORM B**

**MINORITY-OWNED BUSINESS UTILIZATION PLAN**  
**(TO BE SUBMITTED WITH QUALIFICATIONS)**

**RFQ:**            **PRIZE ANNUITY CONTRACTS**

**Company:**            \_\_\_\_\_ (“Firm”)

Firm does certify that on the above noted procurement opportunity, the following minority-owned businesses may be utilized as subcontractors, joint-venturers, suppliers, or provide professional services:

<b>Name</b>	<b>Description of Work</b>	<b>Contract Value</b>	<b>Joint Venture (Yes/No)</b>	<b>% of Minority Ownership</b>	<b>Certified (Yes/No)</b>	<b>Certification Agency</b>

*(If additional space is needed this form may be duplicated)*

ESTIMATED TOTAL % OF MINORITY BUSINESS PARTICIPATION: \_\_\_\_\_

Submitted by:

\_\_\_\_\_  
 Authorized Representative Signature

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Date