



## **REQUEST FOR PROPOSAL**

### **MUSL - INVESTMENT SERVICES - 2021**

The Multi-State Lottery Association (MUSL) is seeking a qualified bidder(s) to provide investment management services.

Sealed bid **proposals will be received until April 30, 2021, 2:00 p.m. Central Time.**  
Sealed bid proposals are to be submitted to:

Shannon Underwood  
Director of Finance  
MULTI-STATE LOTTERY ASSOCIATION  
8101 Birchwood Court, Suite R  
Johnston, Iowa 50131  
Telephone: (515) 453-1409

Email contact: [Shannon@musl.com](mailto:Shannon@musl.com)

## SECTION I

### GENERAL INFORMATION

#### 1.1 PURPOSE

The Multi-State Lottery Association (MUSL) is an association of state lotteries formed to allow the lotteries operated by its members to conduct multi-jurisdictional lottery games such as **POWERBALL**, **MEGA MILLIONS** and other multi-state lottery games. The purpose of this request for proposal (RFP) is to allow MUSL to choose one or more firms to provide investment management services. Obligations under this contract(s) will commence on or about July 1, 2021.

#### 1.2 CONTENT OF THE RFP

The RFP is designed to provide bidders with the information necessary for the preparation of competitive proposals. Each bidder is responsible for addressing all issues relevant to the proposal submitted.

MUSL reserves the right to modify the RFP at any time. Any modification of the RFP will be clearly marked as a modification and provided to each bidder who receives an original copy of the RFP.

Proposals shall be based solely on the material contained in the RFP or in subsequent modifications to the RFP. Bidders are to disregard any draft material they may have received, any newspaper articles they may have read, and any other oral or written representations from any source.

The bidder agrees that it will not bring any claim or have any cause of action against MUSL or its members based on any misunderstanding concerning the information provided or MUSL's or its members' failure, negligent or otherwise, to provide the bidder with pertinent information as intended under the terms of the RFP.

A draft agreement is included in the RFP, and bidders should expect these, or similar terms and conditions to form the executed agreement.

#### 1.3 CONSTRUCTION OF RFP

The investment scope described in this RFP reflects the current statutes and rules of the Member Lotteries of MUSL. Changes in the rules or statutes of MUSL's Member Lotteries may affect the investment scope performed by the successful bidder. MUSL will keep the selected bidder informed of any such changes.

#### **1.4 BIDDING CONFERENCE AND BIDDER INQUIRIES**

A bidding conference will not be held. Bidders may submit written questions concerning the request for proposal by April 9, 2021. MUSL will respond to the questions in writing by April 16, 2021. All bidders who receive copies of the RFP will receive copies of the written questions received and the written answers provided by MUSL. The questions and answers will not modify the RFP, unless MUSL specifically states that a modification is made.

All written questions and other inquiries regarding this proposal shall be directed to Shannon Underwood, Director of Finance, Multi-State Lottery Association, 8601 Birchwood Court Ste. R, Johnston, Iowa 50131. Telephone (515) 453-1400, Email [Shannon@musl.com](mailto:Shannon@musl.com). Written questions may be mailed, delivered or Emailed to the MUSL office. The bidder is responsible for timely delivery. The use of email is preferred.

A bidder may be disqualified for attempts to contact any MUSL Board member or any member lottery employee other than to obtain general information about this RFP process.

#### **1.5 PRESENTATION TO MUSL FINANCE AND AUDIT COMMITTEE**

Successful finalists may be required to present their proposal at a location or method (e.g. teleconference) to be determined by MUSL. Finalists will be determined by May 7, 2021 with the required presentation to occur between May 7 and May 21, 2021.

#### **1.6 SUBMITTAL OF PROPOSALS**

Only one proposal will be accepted from each bidder. Bidders must identify and address each requirement in the RFP by section number and in order. An electronic copy of the proposal must be received by MUSL no later than 2:00 p.m. Central Time April 30, 2021.

A signed copy of the bidder's certification included with the RFP (Appendix A) must also accompany each proposal.

#### **1.7 SUBMISSION OF DISCLOSURE DOCUMENTS**

The "Initial Bidder Disclosure" document provided with this proposal (Appendix B) must also be included with the proposal.

## **1.8 TIME FOR SUBMISSION**

Proposals and disclosure documents may be either mailed or hand delivered, but in either case, the proposal and all required documentation must be received by the Multi-State Lottery Association, 8101 Birchwood Court, Ste. R, Johnston, Iowa 50131, by 2:00 p.m. Central Time on Friday, April 30, 2021.

## **1.9 COST TO BIDDERS**

Neither MUSL nor its members shall be responsible for any cost incurred by a bidder in the preparation of or delivery of its response to this RFP or for any other costs associated with the RFP.

## **1.10 OPENING OF PROPOSALS**

The proposals will be opened at 2:00 p.m. Central Time on Friday, April 30, 2020.

## **1.11 PROPOSALS VALID FOR NINETY DAYS**

All proposals submitted shall remain valid for ninety (90) calendar days following the date on which the proposals are opened. A bidder's submission of a proposal shall constitute the bidder's express agreement to this time limit.

## **1.12 SOURCES OF INFORMATION USED BY MUSL IN ADDITION TO THE PROPOSALS**

MUSL reserves the right to contact individual bidders via telephone or email from MUSL employees after the submission of bidder proposals for the purpose of clarifying a proposal to ensure mutual understanding. Bidders will not be permitted to modify or amend their proposals if contacted by MUSL for this reason.

Information obtained from or through the disclosure documents may be used in evaluating the proposals.

MUSL reserves the right to make an on-site inspection of the bidders' facilities, which MUSL deems pertinent and necessary to evaluate the bidders' proposals. MUSL may consider information obtained during the inspection for purposes of evaluating the proposals.

MUSL reserves the right to obtain, from any and all sources, information concerning a bidder(s), which MUSL deems pertinent to this RFP, and to consider such information in evaluating the bidder's proposal.

### **1.13 STANDARDS APPLICABLE TO THE AWARD**

MUSL shall award a contract(s) to the responsible bidder(s) submitting the best overall proposals. MUSL shall consider cost, security, bidder competence, bidder experience, bidder background information, bidder criminal involvement, applicable bidder preferences, and all other relevant information in making the award.

### **1.14 WAIVER OF INFORMALITIES AND REJECTION FOR NONCOMPLIANCE**

MUSL reserves the right to waive deficiencies in the proposals. The decision as to whether a deficiency shall be waived or will require the rejection of a proposal shall be solely within the discretion of MUSL. Bidders are specifically notified that failure to comply with or respond to any part of this RFP may result in rejection of a proposal as non-responsive.

### **1.15 PROPOSAL REJECTION**

MUSL reserves the right to reject any and all proposals in response to this RFP. Bidders whose proposals are not selected for further negotiations or contract award will be notified in writing at the address given in the proposal.

### **1.16 CONTRACT PROVISIONS**

The contract(s) that MUSL expects to award as a result of this RFP will be based upon the requirements in the RFP, the proposal(s) submitted by the successful bidder(s), and the terms and conditions included as Appendix C. MUSL reserves the right to either award a contract(s) without further negotiation with the successful bidder(s) or to negotiate contract terms with the bidder(s) if the best interests of MUSL would be served.

### **1.17 PROHIBITION ON PARTICIPATION IN MUSL GAMES**

Control persons and personnel assigned to work on the MUSL account of the selected bidder will be prohibited from participation in any MUSL product group games (a list will be provided upon request) during the term of the contract.

**1.17 DATES RELEVANT TO AWARD**

03/29/21	RFP available
04/09/21	Bidder questions received
04/16/21	MUSL answers emailed to all interested bidders (questions will be provided without reference to the company submitting the same).
04/30/21	Proposals and disclosure documents due by 2:00 p.m. Central Time
05/07/21	Finalist selection, subject to Section II requirements
05/06/16 - 05/20/16	Finalists' presentations, if any
05/28/21	Bidder selection, subject to Section II requirements
07/01/21	Obligations commence

## **SECTION II**

### **DISCLOSURE REQUIREMENTS**

#### **2.1 BACKGROUND DOCUMENT SUBMITTED AT TIME OF MAKING PROPOSAL**

All bidders submitting a proposal must provide a completed response to the "Initial Bidder Disclosure" document (Appendix B). This document must be included with the bidder's proposal.

For purposes of completing this document, "control person" means any person who owns five percent or more of the bidder, a parent company, a subsidiary company, and all of officers and directors of the bidder, parent or subsidiary company of the bidder, or any other business entity directly associated with the bidder.

MUSL reserves the right to conduct background checks on the selected contractor, including contractor's control persons and persons who will be assigned to work on the MUSL account.

#### **2.2 USE OF INFORMATION**

Any information provided to MUSL in the disclosure form or obtained by MUSL through the use of these documents may be used by MUSL to determine the successful bidder or to disqualify a bidder. MUSL will not award a contract to a bidder if a control person of the bidder or a person assigned by the bidder to perform services for MUSL has been convicted of a felony or any gambling related offense. Law enforcement or Lottery security officials may confer with bidders.

### SECTION III

#### DESCRIPTION OF WORK

I. MUSL maintains a POWERBALL Prize Reserve Account with a current market value of approximately \$80 million. The principle use is to fund valid, unanticipated prize claims that may be awarded in the **POWERBALL** game. The MUSL Board has established the following investment policy for the POWERBALL Prize Reserve Account:

Permitted investments shall include the direct obligations of the United States Government, perfected repurchase agreements, obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The maximum portfolio maturity period shall be no more than five years. The average portfolio maturity period shall be no more than two years.

II. MUSL maintains a POWERBALL Pooled Prize Account with a market value that ranges from \$50 - 175 million. The principle use is to accumulate the Powerball Grand Prize before there is a winner and the prize is claimed. This Account may include international transfers. The MUSL Board has established the following investment policy for the POWERBALL Pooled Prize Account:

The Portfolio invests exclusively in U.S. dollar denominated short-term debt securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities and in repurchase agreements with respect to these securities. The Portfolio invests exclusively in U.S. treasury securities and other U.S. government securities rated by the nationally recognized rating organization in the two highest short-term rating categories or, if unrated, of equivalent quality as determined by the subadvisor. Individual securities must have remaining maturities of 397 days or less. The Portfolio shall maintain a dollar-weighted portfolio maturity of 180 days or less. MUSL staff to advise subadvisor of anticipated liquidity needs.

**Benchmark.** The MUSL Board has adopted the Bank of America 3-month Treasury Bill index as the benchmark for the ultra-short portion of the portfolio. The subaccount with the slightly longer allowable maturities will use the Bank of America 6-month Treasury Bill index as the benchmark. The combined account will use the Bank of America 6-month Treasury Bill index as the benchmark.



III. MUSL maintains a Lotto America Prize Reserve Account, and an Unreserved Account with a total current market value of approximately \$25 million. The principle use is to fund valid, unanticipated prize claims which may be awarded in the Lotto America game. The purpose of the Unreserved Account is to accumulate funds that have not been reserved for some known purpose. The MUSL Board has established the following investment policy for the Lotto America Prize Reserve Account, and the Unreserved Account:

Permitted investments shall include the direct obligations of the United States Government, perfected repurchase agreements, obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The maximum portfolio maturity period shall be no more than five years. The average portfolio maturity shall be no more than two years.

**Benchmark.** The MUSL Board has adopted the following as the benchmark for the Lotto America Prize Reserve Account and the Unreserved Account – 50% Barclays 3 month Treasury Bill index and 50% Barclays 1 – 3 Year Treasury index.

*Note – With their proposals, bidders should submit comments or recommendations on the above described investment policies.*

The firm(s) selected to manage the Accounts will perform the following services for MUSL:

- Invest allocated funds in conformity with the investment policy and guidelines of MUSL, as defined in the contract established between MUSL and the firm. Provide discretionary management of the funds under the contract.
- Provide a quarterly appraisal of the funds managed for MUSL to include performance tabulations and a summary of purchases and sales.
- Provide a quarterly reconciliation between the Investment Manager's records and the custodian's records.
- Participate in meetings on a periodic basis to provide continuing information to MUSL concerning the investment experience of the Account and the prospective investment strategy of the firm as it pertains to the MUSL account.
- Provide notification to MUSL concerning changes in the firm's organizational relationships, professional staff or services, which may affect the firm's service regarding this account.

## **SECTION IV EVALUATION**

**The firm must provide a thorough, concise response to each of the questions raised in Section IV.  
Failure to respond adequately may be cause for rejection of the firm's proposal.**

### **4.1 Firm's Organization and Staff Qualifications**

- a. Describe the ownership of your organization and its relationship, if any, to other firms; include date of inception and include reporting responsibility to parent. Provide your most recent audited financial statements.
- b. Describe the organizational structure of the firm as it pertains to the operation of investment management.
- c. Is your firm, its parent or affiliate a broker/dealer? Does your firm trade for clients through this broker/dealer? If so, what percentages are typically traded through this broker/dealer?
- d. Over the last five years, has your organization been involved in any business litigation or other legal proceedings related to your investment activities? If so, provide a brief explanation and indicate the current status.
- e. In the office that would manage this account, identify the following:
  - 1) Office location
  - 2) Number of Portfolio Managers, Analysts, Traders, and Support staff (persons)
- f. Provide the names of the personnel who will be responsible for managing this account, the year they joined the firm, and the number of years experience managing the assets and styles required for this account. Provide a biography of the principals who will be working directly with the MUSL account.
- g. Provide the number of accounts and total market value for all accounts currently managed by the personnel who will be responsible for managing this account. Are there any limits to the number of accounts and market value of those accounts that portfolio managers can run for the firm? What are those limits?
- h. Have any senior personnel left or joined the firm in the last five years? If so, please indicate when and why. (For personnel who have left indicate job title, responsibilities, number of years with the firm and who replaced them.)
- i. Describe your firm's backup procedures in the event the key investment professional assigned to this account should leave.

- j. Who will be directly responsible for meeting with MUSL on investment performance, portfolio structure, etc.?
- k. Please provide examples of client reporting documents for this type of account.
- l. Please provide the Code of Ethics and/or Code of Conduct for your company.

**4.2 Investment Process**

Please describe your investment process. Your discussion should include, but not be limited to research used, source of research, decision process (group vs. individual decision), purchase, sell and hold decisions, internal reporting and controls and annual portfolio turnover.

**4.3 Experience and Performance**

- a. Assets Under Management: (All periods ending 12/31.)

2016   2017   2018   2019   2020

Total Assets under Management (all products in \$Millions)

Total number of clients

Total Fixed Income assets managed (\$Millions)

Total number of clients

Total U.S. Government assets managed (\$Millions)

Total number of clients

- b. Identify the clients for which your firm manages U.S. Governmental fixed income accounts by name and/or type, inception date, the type and benchmark of the account managed and the size of the portfolio for each client as of December 31, 2020. If, for confidentiality reasons, you are unable to disclose a client's identity, please use non-descriptive terms (Client A, Client B. etc.) and provide the requested information.
- c. Identify five references for which your firm currently manages a U.S. Governmental fixed income account (contact name, organization, address, and telephone number).
- d. Provide annual, live, time-weighted, composite performance on a total return basis, net of all fees and management costs, for a U.S. Government fixed income account or accounts with an average maturity and duration most closely resembling a one-year Treasury index.

2016 2017 2018 2019 2020

U.S. Government Fixed Income

No. of Accounts included in composite

Total Return

Benchmark return

One-year Treasury Index

e. In general, describe the account parameters for the account or accounts utilized in 4.3.d.

f. Provide annual, live, time-weighted, composite performance on a total return basis, net of all fees and management costs, for an ultra-short U.S. Government fixed income account or accounts.

2016 2017 2018 2019 2020

U.S. Government Fixed Income

No. of Accounts included in composite

Total Return

Benchmark return

g. In general, describe the account parameters for the account or accounts utilized in 4.3.f.

**SECTION V  
FEE PROPOSAL**

1. Please provide the fee schedule in basis points you are offering for these accounts.
  
2. Please determine the fee (in dollars) you would charge for each of the following account balances on an annual basis:

Fee for POWERBALL Prize Reserve account  
Approximately \$80 million

Fee for Lotto America Prize Reserve and Unreserved account  
Approximately \$25 million

Fee for POWERBALL Pooled Prize account under the following ranges:  
\$40 - \$79 million, \$80- \$124 million, and over \$125 million. Bidders should suggest an alternative range if their fee structures break along different lines than requested.

The bidder shall not receive compensation, from any source, resulting from the sale or purchase of investments made for any of the above accounts.

**NO OTHER FEES ARE TO BE CHARGED TO MUSL FOR SERVICES WHICH ARE PERFORMED FOR MUSL AND WHICH ARE DIRECTLY RELATED TO THE INVESTMENT MANAGEMENT SERVICES DESCRIBED HEREIN.**

**APPENDIX A**

**BIDDER CERTIFICATION**

I certify that I have the authority to bind the bidder indicated below to the specific terms and conditions imposed in the RFP, and that by my signature on this document, the bidder specifically agrees to all of the waivers, restrictions, and requirements of the RFP as conditions precedent to submitting this proposal.

I further state that in making this proposal the indicated bidder has not consulted with others for the purpose of restricting competition and that the bidder has not made any knowingly false statements in its proposal or background statement.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Date

## APPENDIX B

### INITIAL BIDDER DISCLOSURE

The bidder shall provide the following information:

1. Name and address of company (or other business entity) submitting the proposal.
2. Type of business entity (e.g., corporation, partnership).
3. Place of incorporation, if applicable.
4. Name and location(s) of major offices and other facilities that relate to the bidder's performance under the terms of this RFP
5. Name(s), address(es), and function(s) of any and all subcontractors, associated companies, or consultants to be involved in any phase of this project.
6. Name, address, voice telephone number, and email address of bidder's representative to contact regarding all contractual matters concerning this proposal.
7. Name, address, voice telephone number, and email address of bidder's representative to contact regarding all technical matters concerning this proposal.
8. Names of all attorneys and law firms representing the bidder.
9. Bidder's federal employer identification number.
10. Date of local registration to do business.
11. The name, address and telephone number of all persons, consultants, sales agents, or other entities involved in aiding the bidder's efforts to obtain this contract or otherwise assisting the bidder.

12. The bidder must state whether or not, for each controlling person of the bidder or employee assigned to do the work, during the last five (5) years, any of the following events occurred:
  - a. A petition under the Bankruptcy Act or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which such person was a general partner at or within two (2) years before the time of such filing, or any corporation or business association of which he was an executive or officer at or within two (2) years before the time of such filing.
  - b. Such person was indicted, accused or convicted of a crime or was a subject of a grand jury or criminal investigation (excluding traffic violations and other minor offenses).
  - c. Such person was the subject of any order, judgment or decree of any court of competent jurisdiction permanently or temporarily enjoining him from, or otherwise limiting his participating in any type of professional or business practice or activity (i.e., licenses, suspension and/or revocation of same).
  - d. Such person was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of such person to engage in any professional or business practice or activity.
13. If any part of the bidder's work on any contract awarded pursuant to this RFP is to be performed by subcontractors, partners, or consultants, the bidder must identify such parties and describe their functions, as well as the contractual agreements with said parties. The bidder should also include resumes of the officers and key employees of such parties.
14. Bidders who employ or have on their governing boards as of the date of their proposals, employees or former employees of MUSL or its members shall identify each such person and their position and responsibilities within the bidder's organization. If, following a review of this information, MUSL determines that a conflict of interest may exist; the bidder may be disqualified from further consideration for the award of a contract.
15. If any control person of the bidder, or subcontractor of the bidder, or any employee of either assigned to this project, is a member of the immediate family of any employee of MUSL or its members or has a close personal relationship to any employee of MUSL or its members, indicate each person and employee.
16. The bidder must state whether any of the following has occurred:
  - a. During the last five (5) years, the bidder has had a contract terminated for any reason.
  - b. During the last two (2) years, the bidder has been assessed penalties under any of its existing or past contracts. If so, indicate the public jurisdiction, the reason for the penalty, and the penalty amount of each incident.



- c. During the last two (2) years, the bidder, a subsidiary of intermediary company, parent company or holding company was the subject of any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the bidder to engage in any business, practice or activity.
17. Bidder must indicate their Professional Liability Insurance coverage amounts, and any other insurance policies and coverage amounts relevant to the provision of investment services requested in this RFP.

## Appendix C

### DRAFT - INVESTMENT MANAGEMENT AGREEMENT

Effective the Multi-State Lottery Association, an unincorporated government benefit association of lotteries, located at 8101 Birchwood Court, Suite R, Johnston, Iowa 50131 (“MUSL”) hereby retains XXXX located at [Address] (“Contractor”) to provide investment management services for Accounts as designated by MUSL (the “Portfolio”), including all securities and short-term investments held in the portfolio, under the terms and conditions set forth below (“Agreement”):

**Term.** The Agreement term shall commence on July 1, 2021 and continue through June 30, 2026, unless other terminated under the Termination provisions of this Agreement. MUSL shall have the sole option to renew the contract for three, one-year terms.

**Authority.** MUSL hereby grants to Contractor discretionary authority to supervise and direct the investment of the Portfolio without prior consultation with MUSL pursuant to the Investment Procedures, Policies and Objectives previously approved by MUSL. MUSL hereby appoints Contractor its attorney-in-fact with full power and authority on behalf of MUSL to (a) buy, sell, exchange, convert, and otherwise trade in any and all securities in the Portfolio as Contractor may select pursuant to such policies; and (b) establish and deal through accounts with one or more securities brokerage firms, dealers, and banks as Contractor may select. MUSL may impose limitations on Contractor's discretionary authority by written agreement supplementary hereto.

**Agency.** It is understood that Contractor is acting in an agency capacity and shall not be liable for errors of judgment or other errors not involving negligence or malfeasance or violation of applicable law in connection with opinions or information furnished by it to MUSL or investments made on behalf of MUSL, except that nothing herein shall constitute a waiver of any right which MUSL may have under federal or state securities laws. MUSL will not agree to Indemnify Contractor for any reason.

**Non-Custodial Services.** Contractor shall not act as custodian for Portfolio assets nor take or have possession of any Portfolio assets. MUSL shall designate a third party for Portfolio assets.

**Confidentiality.** All information furnished by either party to the other in connection with the relationship which is the subject of this agreement is to be considered confidential and shall be maintained by both parties in the strictest confidence.

Contractor shall maintain as confidential and shall not disclose to third parties without MUSL's express written permission all information not otherwise publicly available, whether proprietary or not, made known to or discovered by Contractor or furnished by Contractor to MUSL, during the performance of or in connection with this Agreement, as well as all Works work product and deliverables. Contractor shall immediately notify MUSL in writing if Contractor receives a request to disclose such information during this Agreement or at any time thereafter.

If Contractor is required or requested to provide information or documents regarding the Services under this Agreement to any party other than MUSL in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which Contractor is not a party, Contractor shall immediately advise MUSL of any such requests or requirements and MUSL may initiate such legal action as MUSL deems appropriate to protect information from discovery to protect MUSL's interests.

**Fee Schedule.** Contractor shall receive for its services under this agreement compensation in accordance with the schedule of fees below or as subsequently revised. In addition to such compensation, it is understood that Contractor shall not be responsible for and shall be reimbursed by MUSL for any or all charges of depositories, custodians, or other agencies employed for the safekeeping and servicing of the cash, securities, or other property included in the Portfolio: for all brokers' commissions, transfer taxes, or other expenses relating to Portfolio transactions; and for all reasonable out of pocket costs and expenses incurred by Contractor and previously approved by MUSL directly and solely related to its performance under this Agreement.

**Schedule of Fees:**

TBD

**Agreement.** The MUSL Request for Proposal and Contractor's Proposal are incorporated by reference into this Agreement as though fully set forth. In the case of any inconsistency between the specific provisions of this Agreement, the RFP, or the Contractor's proposal, the inconsistency shall be resolved by first giving effect to the terms of this Agreement, then to the terms of the RFP, and finally to the terms of Contractor's proposal. This Agreement and the documents incorporated by reference into this Agreement constitute the entire Agreement between the parties hereto with respect to the investment and management of the Portfolio and supersedes all previous agreements whether written or oral and may only be amended in writing agreed to and executed by the parties hereto through their duly authorized officers or representatives.

**MUSL Investment Policies.** MUSL's Investment Policies shall be strictly adhered to by Contractor. The current Policies are attached as Appendix A; modifications, if any, shall be provided in writing by the MUSL to Contractor.

**Termination.** This Agreement may be terminated by either party at any time by giving written notice to the other party at least thirty (30) days prior to the date on which such termination is to become effective, without further liability except for fees already incurred. Any prepaid fees shall be promptly refunded on a pro rata basis.

**Non-Exclusive.** This Agreement is non-exclusive, and the MUSL may contract for other or additional investment services without infringing on the terms of this Agreement.

**Assignment Rights.** The rights and obligations of Contractor and MUSL under this Agreement may not be assigned without the prior written consent of the other party. No provision of this Agreement may be waived, altered, or amended except by written agreement executed by both parties.

**Enforceability.** If any provision of this Agreement is held illegal, void or unenforceable in a judicial proceeding, such provision shall be severed from this Agreement and shall be inoperative. The parties shall use their best efforts to replace the severed provision with a new provision which is not illegal, and which follows the principles of the severed provision as closely as is legally possible. The remainder of this Agreement shall remain in full force and effect and binding on the parties hereto.

The Agreement shall be construed and interpreted under the laws of the State of Iowa both as to interpretation and performance without regard to any conflict of laws provisions. In the event any proceeding of a quasi-judicial or judicial nature is brought to determine any matter arising out of or in connection with this agreement, such proceeding must be brought in Polk County District Court for the State of Iowa or in Federal District Court for the Southern District of Iowa in Polk County, Iowa. MUSL's relationship with its Member Lotteries, including its liability to its Members Lotteries, and the obligations of its members for the liabilities of MUSL, shall be governed by Iowa's Revised Uniform Unincorporated Nonprofit Association Act.

**Return of Materials.** Upon conclusion of agreement, Contractor shall return all materials containing confidential information provided by MUSL, and any copies, notes, memoranda, records, drawings, manuals, computer software, data, work product, draft and final reports or other documents or materials (regardless whether complete or incomplete) in Contractor's possession pertaining to confidential information. Contractor shall provide written confirmation of the destruction of any and all electronic files containing confidential information either obtained by Contractor or created by Contractor in performance of this Agreement. This does not apply to any information which:

- a) is or becomes public knowledge through a source other than Contractor and through no fault of Contractor;
- b) is independently developed by or for Contractor outside this Agreement;
- c) is or becomes lawfully available to Contractor from a source other than MUSL; or,
- d) is disclosed by Contractor with MUSL's prior written approval.

**Compliance.** Each Party shall comply with all applicable laws, rules and regulations when performing under this Agreement. This also requires that Contractor to pay all taxes, fees, and assessments, however designated or levied, or based upon the goods and services supplied by Contractor.

Contractor agrees that It shall not discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, sexual orientation, marital status, national origin, ancestry or disability of a qualified individual with a disability.

**Insurance.** All required insurance must be issued by companies or financial institutions which are financially rated Excellent or better by A.M. Best Company and duly licensed, admitted, and authorized to do business in Iowa by the

Insurance Division of the state of Iowa. MUSL shall be named as the obligee in each required bond. Each Insurance policy, except those for crime insurance, workers' compensation, employer's liability and professional liability, must name MUSL (and its Member Lotteries, Licensee Lotteries and Contracted Lotteries) as an additional insured on the original policy and all renewals or replacements. Each insurance policy except for crime Insurance must include a waiver of subrogation in favor of MUSL (and its Member Lotteries, Licensee Lotteries and Contracted Lotteries) for any and all insured losses, including bodily injury (including death) and property damage.

The insurance shall be evidenced by delivery to MUSL of certificates of insurance, prior to Agreement execution and periodically thereafter as renewed, executed by the Insurer or its authorized agency stating coverage, limits, expiration dates, and compliance with all applicable required provisions. Upon request, MUSL shall be entitled to receive, without expense, certified copies of the policies and all endorsements. Except as otherwise expressly provided herein, required coverage must remain in full force and effect throughout the term of the Agreement and any extensions thereof, and provide adequate coverage for incidents discovered after termination of the Agreement. Insurance coverage shall not be canceled, non-renewed or materially changed except after thirty (30) days' notice by certified mail to MUSL. Contractor must submit original certificates of insurance for each required insurance contract, and any renewals thereof, within fifteen (15) days after Agreement execution. Renewal certificates shall be submitted prior to or within fifteen (15) days after expiration of the existing policy. Contractor must submit required bonds when and as provided in this Agreement.

The purchase or non-purchase of such insurance or the involvement of Contractor in any legal or equitable defense of any action brought against Contractor based upon work performed pursuant to this Agreement will not waive any defense which MUSL, its Member Lotteries, Licensee Lotteries and Contracted Lotteries, the individual Jurisdictions, and their agencies and their respective officers, employees and agents might otherwise have against such claims, specifically including, but not limited to, the defense of sovereign immunity where applicable.

Contractor shall purchase and maintain insurance for claims set forth below which may arise out of or result from Contractor's operations under this Agreement, whether such operations be by Contractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- a. Claims under workers' compensation, disability benefit and other similar employee benefit acts as required by law in each jurisdiction in which Contractor does business.
- b. Claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees.
- c. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Contractor's employees.
- d. Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.
- e. General Liability Insurance coverage with limits of not less than \$1,000,000 for injury to any one person, \$1,000,000 for any one occurrence of personal injury and \$300,000 for any one occurrence of property damage.
- f. Property Insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the services provided in an amount equal to or greater than the actual replacement cost thereof. Coverage shall insure personal property including contents, equipment, and mobile items against fire, theft, collision, and flood. MUSL, its Member Lotteries, Licensee Lotteries and Contracted Lotteries and the individual jurisdictions will not be responsible for insuring any of Contractor's equipment or facilities included in or associated with this Agreement.
- g. Automotive Liability Insurance covering drivers and vehicles employed in connection with the operation of this Agreement with combined personal injury and property damage single limits of not less than \$1,000,000 per accident personal.
- h. Errors and Omissions Insurance with limits of not less than \$10 million to be in force and effect beginning one week prior to the beginning of services under this Agreement. Insurance coverage must insure Contractor and the Indemnified Parties for direct loss which may be incurred due to any error caused by Contractor, its

officers, employees, agents, or assigns in the provision of services, regardless of negligence. Coverage must continue until one year past the expiration of this Agreement

- i. Third party ERISA insurance of not less than \$42.5 million to be in force and effect beginning one week prior to the beginning of services under this Agreement.
- j. Investment Advisors Professional liability insurance of not less than \$10 million to be in force and effect beginning one week prior to the beginning of services under this Agreement.
- k. Management Liability (D&O) Insurance of not less than \$5 million to be in force and effect beginning one week prior to the beginning of services under this Agreement.
- l. Excess D&O Individual Coverage of not less than \$500,000 to be in force and effect beginning one week prior to the beginning of services under this Agreement.
- m. Fiduciary Liability Insurance of not less than \$1 million to be in force and effect beginning one week prior to the beginning of services under this Agreement.
- n. Contractor may not elect to provide entirely or in part for the insurance protections described above through self-insurance. A deductible provision contained in an insurance policy that meets the requirements of this Agreement is not considered as self-insurance unless the deductible amount exceeds five percent (5%) of the face amount of the insurance policy.

**News Release.** Contractor shall not issue any news releases pertaining to this procurement process nor this Agreement without prior written approval by MUSL. Contractor agrees not to use MUSL's, or any MUSL Member, Licensee or Contracted lotteries' name, logos, images, nor any data or results arising from this procurement process or Agreement as a part of any commercial advertising without prior written approval by MUSL and the affected Lottery.

**Sensitive and Secure Operation.** MUSL is an extremely sensitive enterprise because of the nature of the lottery business and because lotteries are operated by the governments of U.S. States, territories, and the District of Columbia. Therefore, it is essential that MUSL's operation, and the operation of other enterprises that would be linked to it in the public mind, avoid not only impropriety but also the appearance of impropriety. Because of these concerns, Contractor is required to:

- a) Offer goods and services only of the highest standards.
- b) Use its best efforts to uphold the integrity of MUSL and its Member Lotteries, Licensee Lotteries and Contracted Lotteries and prevent the lotteries and the Lottery industry from becoming embroiled in unfavorable publicity.
- c) Make sales presentations in a responsible manner and when it is necessary to point out the superiority of its goods or services over those of its competitors, do so in such a manner as to avoid unfavorable publicity for MUSL and its Member Lotteries, Licensee Lotteries and Contracted Lotteries.
- d) Avoid promotional activities which could be interpreted as improper and produce embarrassment to MUSL and its Member Lotteries, Licensee Lotteries and Contracted Lotteries.
- e) Additionally, Contractor and its employees must comply with any security requirements required in this Agreement. Except as required by law, Contractor shall report all suspected or known security incidents or other problems only to MUSL. Contractor shall be liable for any actual damages caused by failure to follow these requirements.
- f) Contractor shall not use any employees, or agents involved with performance of this Agreement who are not approved by MUSL.
- g) Contractor shall provide its documentation regarding its employees' code of ethics/conduct.

**Financial Conditions.** If Contractor experiences a substantial change in its financial condition during the term of this Agreement, then MUSL must be notified in writing at the time the change occurs or is identified. A "substantial change" in financial condition is defined as any event that, following generally accepted accounting practices, would require a notation in the audited annual report. Failure to timely notify MUSL of such a change may result in termination of this Agreement.

**Examination and Audit.** MUSL reserves the right to examine Contractor's work product, books and records in order to evaluate, verify and audit any and all processes, provisions, metrics, accounting records and systems associated with this Agreement; any such review will be at the expense of MUSL, MUSL's Member Lotteries, Licensee Lotteries or Contracted Lotteries as specified by MUSL.

Contractor's work product, books and records shall be available to MUSL, its Member Lotteries, Licensee Lotteries or Contracted Lotteries and their internal or external auditors (and other designees) at all times during this Agreement and any extension thereof, and for three (3) full years from the expiration date and/or final payment on this Agreement, whichever is later.

MUSL's certified public accounting firm or other designee will be given the right to review the work papers of any audits of Contractor, if considered necessary by MUSL.

MUSL and its independent certified public accountants shall be given a copy of all reports including any management letters issued as a result of any audits of Contractor.

Contractor shall provide, upon request, copies of filings to the Securities and Exchange Commission.

To confirm compliance with this Agreement, as well as any applicable laws, regulations, and industry standards, Contractor grants MUSL, or its designated third party, permission to perform an assessment, audit, examination or review of all controls in Contractor's physical and/or technical environment associated with this agreement. MUSL will submit a written request no less than thirty days before commencing any assessment. Contractor shall fully cooperate with MUSL's assessment by providing access to knowledgeable personnel, physical premises, documentation, infrastructure, and application software that processes, stores or transports information pertinent to this Agreement. In addition, MUSL may request the results of any audit performed by or on behalf of Contractor used to assess the effectiveness of internal controls, information systems, security (physical and logical), network vulnerability tests and other information relevant to the management of MUSL account activity.

Contractor shall provide to MUSL copies of all future third party audit reports including but not limited to, the latest Web Trust, Systrust, and Statement on Standards for Attestation Engagements (SSAE 16) and ISO/ICE 27001 certifications. Any exceptions noted in the audit reports, will be promptly addressed with a corrective action plan provided to MUSL. MUSL shall treat such audit reports as Confidential.

**Contractor Security and Data Breach.** Contractor shall immediately notify MUSL of any system or data breaches. Contractor will be required to investigate and remediate the cause of the breach and provide MUSL with all breach investigatory findings and actions.

**Subcontractors.** Contractor must disclose and seek approval from MUSL prior to use of any significant third-party relationships. Contractor will maintain an effective Vendor Management Program that provides appropriate oversight and risk management over significant third-party relationships. Contractor will provide MUSL an annual report on the oversight and effectiveness of their Vendor Management and Third-Party Service Provider efforts including applicable SSAE 16 reports.

**Conflicts of Interest and Fiduciary Duty.** Contractor will adopt (if they are not already in place) and enforce policies and procedures that mitigate material conflicts of interest and eliminate incentives that could compromise the objectivity of their advisors. Contractor will immediately notify MUSL if any personnel assigned to work on MUSL's account are deemed to have taken actions contrary to the best interest of MUSL's investment strategy or identified as non-compliant with Contractor policies and procedures and regulatory standards of conduct.

**Force Majeure.** A force majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled. As herein used, a force majeure event means the following occurrences: acts of war; terrorism; action of the elements; governmental interference; rationing; pandemic; or any other cause which is beyond the control of the party affected and which, by the exercise of reasonable diligence, said party is unable to prevent.

Neither Contractor nor MUSL shall be liable to the other for any delay in or failure of performance under this Agreement due to a force majeure occurrence. Any such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of such causes of delay or failure shall extend the period for performance in the exercise of reasonable diligence until after the cause of delay or failure has been removed.

If force majeure conditions shall be expected to continue unabated for an indefinite period and Contractor cannot service this Agreement, MUSL retains the right to obtain alternative services and/or to terminate this Agreement so that business continuity can be restored without liability to Contractor for any services not performed or not provided.

Contractor shall immediately upon discovery notify MUSL in writing of any delays in performance regardless of responsibility, fault, or negligence. If Contractor contends the delay is the responsibility, fault or negligence of MUSL staff, Contractor must provide written notice within three (3) days of the discovery, and to the extent possible, identify the event or individual responsible so MUSL may take appropriate action to remedy the situation. Failure to provide such notice to MUSL as required in this section shall constitute a waiver of Contractor's right to assert MUSL's action/inaction as a defense.

**Intellectual Property.** Contractor shall be responsible for obtaining clearances, licenses, and any other appropriate rights in all intellectual property (whether owned by Contractor or a third party), including but not limited to any copyrights, trademarks, service marks, patents, and/or licenses under relevant intellectual property rights, related to the proposed services. Contractor represents and warrants that nothing it provides to MUSL will infringe, misappropriate, or violate, any copyright, trademark, trade secret or patent, or any other third-party proprietary rights. As requested by MUSL, Contractor must provide separate fully executed assurances that nothing provided to MUSL infringes, misappropriates, or violates any copyright, trademark, trade secret or patent, or any other third party proprietary rights. To the extent Contractor has received rights to use any copyrights, trademarks, trade secrets or patents, or any other third-party proprietary rights in the services to be provided under this Agreement, Contractor shall ensure that these rights are also provided to MUSL, MUSL's Member Lotteries, Licensee Lotteries and Contracted Lotteries; and Contractor shall furnish to MUSL copies of such licenses and/or other rights.

Except as otherwise set forth herein, this Agreement confers no right to use any intellectual property, including any name, trade name, trademark, or other designation of a party by the other party. Each party hereto agrees not to use any such designation of the other party in any promotional activity, without the express written consent of the other party.

**Indemnification.** Contractor shall defend, indemnify, and hold harmless the Indemnified Parties from any and all claims of infringement of intellectual property rights arising from any product or service provided by Contractor to MUSL, MUSL Member Lotteries, Licensee Lotteries or Contracted Lotteries including but not limited to the provided services. Contractor shall be liable for any awards of damages including attorney's fees from claims, demands, actions, and causes of action arising from or relating to the provided. Contractor shall also be responsible for all reasonable attorney fees of MUSL, its Member Lotteries, Licensee Lotteries and Contracted Lotteries relating to defending against any such claims.

If any products furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at its option and expense:

- a) procure for MUSL and the Member Lotteries, Licensee Lotteries and Contracted Lotteries the right to continue using the applicable item;
- b) replace the product with a non-infringing product substantially complying with the item's specifications; or
- c) modify the item so that it becomes non-infringing and performs in a substantially similar manner to the original item.

**Indemnified Parties.** Indemnified parties shall include MUSL and its Member Lotteries, Licensee Lotteries and Contracted Lotteries, their jurisdictions, departments, divisions, agencies, sections, commissions, members, agents, officers, officials, and employees.

**Notices.** The parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if made in writing, and mailed certified mail, first class postage prepaid, return receipt requested, or sent by facsimile or courier service with receipt acknowledged. All notices and other communications hereunder shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); or (c) on the third (3rd) day after the date mailed, by certified or registered mail (in each case, return receipt requested, postage pre-paid). Any such notice or communication shall be sent to the following addresses or such other addresses as may be designated from time to time by the parties in writing:

As to MUSL:

As to Contractor:

**Taxes, Fees and Other Expenses.** Each of the parties shall bear all taxes imposed on it as a result of the existence or operation of this Agreement including, but not restricted to, any tax on or measured by any fee or other payment required to be made by it hereunder, any registration tax, any tax imposed with respect to the granting of or transfer of licenses or other rights hereunder or the payment or receipt of fees or royalties hereunder. In particular, any tax which one party is required to withhold for fees or royalties paid to the other party shall be borne by the other party.

**No Joint Venture.** The relationship between the parties shall be governed by the terms of this Agreement and shall not extend to other activities, transactions or Agreements. Neither party is in any way the legal representative, partner or agent of, nor has any authority to assume or create any obligation on behalf of the other party.

#### **Miscellaneous.**

**Legal Notices.** Each party shall immediately advise the other party of any legal notices served on the party which might affect the other party, handle promptly all correspondence from the other party, reasonably assist and cooperate with the other party's officers, research and sales personnel during their trips to the facilities of the party.

**Counterparts.** This Agreement may be executed in any number of counterparts. Any counterpart shall constitute a full and original Agreement for all purposes.

**Injunctive or other Equitable Relief.** Each of the parties expressly acknowledges and agrees that the terms of this Agreement are reasonable and necessary for the protection of the legitimate business interests of the other parties. The parties further acknowledge that a violation of this Agreement would cause serious, immediate, and irreparable harm to the other party, and therefore agree that the parties shall be entitled to seek injunctive or other equitable relief without the necessity of proving such harm.

**Authorization.** Each party represents that it possesses all licenses, permits, and any other authorization necessary to enter into this Agreement, and fully perform all its obligations hereunder, and will maintain all such licenses, permits and other authorizations in good standing throughout the term.



**Compliance with Laws.** Each party represents and warrants that it is duly organized and constituted under all applicable national, international, state and local laws, ordinances and other and other authorities of its domicile and is otherwise in full compliance with all legal requirements of Its domicile. Further, each party represents and warrants it has the right and authority to enter into and perform this Agreement and to grant the rights granted hereunder.

**Background Checks.** Contractor, its owners and employees must submit to and must pass periodic background checks as required and defined by MUSL background checks may be conducted by the MUSL and its Member Lotteries, Licensee Lotteries or Contracted Lotteries, and unless otherwise agreed to by MUSL. MUSL shall be responsible for the costs of any background checks.

MUSL investment policies will be included as exhibits.