



THE INNOVATION GROUP

Part I (ITN# 859)
Written Best and Final Offer
&
Firm Best and Final Price Quote

Offered by:
The Innovation Group
222 West Comstock Avenue, Suite 115
Winter Park, FL 32789

Contact:
Michael Soll, President
407.702.4468
Msoll@theinnovationgroup.com



April 04, 2013

Mr. Daniel Nordby, General Counsel of the Florida House of Representatives
Via email: Daniel.Nordby@myfloridahouse.gov

Mr. George Levesque, General Counsel for the Florida Senate
Via email: Levesque.George@flsenate.gov

***RE: Written Best and Final Offer & Firm Best and Final Price Quote
Technical Reply (ITN #859) - Part I***

Dear Mr. Nordby and Mr. Levesque,

The Innovation Group Project Team ("Project Team") is honored to have been identified as a finalist and has provided a Written Best and Final Offer & a Firm Best and Final Price Quote commensurate with our conversation on Wednesday April 3rd. The Offer and Price Quote reflect scope reduction and related costs that might deliver a more efficient project budget without jeopardizing the integrity of the analysis or limiting valuable State insight.

The Team determined that there are opportunities for moderate scope reduction while still meeting the above criteria; however, such opportunities were not reflected in whole sections of the Part I scope. Rather, we believe that there are a number of opportunities to provide reduced background and detail, which together result in meaningful cost savings as indicated in the tables on the following page.

We would also note that the Written Best and Final Offer & a Firm Best and Final Price Quote can be accepted at the Legislature's option at the lowest cost presented, or, as discussed, reintroduce any of the removed components of the scope and related cost, which are individually priced.

Finally, we have also memorialized herein our willingness within the project scope and cost to make a presentation of findings and otherwise work reasonably with Staff and Legislators to review all components of the analysis.

The Team is available to discuss our perspective at your convenience, and can address any official modifications to the original submittal based upon your feedback.

Sincerely,

Michael Soll, President
The Innovation Group

Written Best and Final Offer

The below table presents the three categories of scope reduction offered from the Project Team's original response to the invitation. Each is described below the table:

Revised Part I Scope			
Task	I. Limiting Sample Jurisdictions to Most Relevant	II. Limiting Number of Scenarios to 5, or 10 including Highs /Lows (scenarios to be agreed with State)	III. Limiting Less Critical Data to Summary Tables Only
A.1.a	✓		✓
A.1.b			✓
A.1.c	No effect		
A.1.d	✓		✓
A.1.e	✓		
A.2.a	No effect		
A.2.b			✓
A.2.c		✓	
B.1.		✓	✓
B.2		✓	
B.3.		✓	
B.4.	No effect		
B.5	No effect		
B.6		✓	✓

I. Limiting Sample Jurisdiction to Most Relevant

The Project Team prioritized jurisdictions so that we might focus on the most relevant to the research goals thereby reducing the provision of lengthy background and descriptions in states jurisdictions bear minimal relevance to the subject research goals. The following criteria were considered in how to prioritize jurisdictions:

1. A combination of multiple forms of gaming beyond lottery
2. Jurisdictions econometric evaluation shares or might share similarities with Florida
3. Best practice gaming regulations including problem gaming regulations
4. Jurisdiction shares a border with the state of Florida (based on our discussions)

The jurisdictions, including US states and some foreign countries, were then classified in three tiers based on the above criteria. Tier I jurisdictions would be fully evaluated as described in the initial response to the invitation. Research for Tier II and Tier III jurisdictions will be reduced to only those areas with relevance to the research process. Finally, jurisdictions in the NA category show negligible similarity to Florida's gaming environment and would therefore be

inconsequential in the research and excluded. Internationally significant jurisdictions will each be described in full, with emphasis on the most relevant aspects of the gaming environment. Please find a prioritization of the jurisdictions by tier below:

Prioritization of Jurisdictions			
Tier 1	Tier 2	Tier 3	NA
United States	United States	United States	United States
California	Arizona	Alabama	Alaska
Florida	Colorado	Delaware	Arkansas
Illinois	Connecticut	Kentucky	Georgia
Indiana	Kansas	Maine	Hawaii
Iowa	Minnesota	Montana	Idaho
Louisiana	New Mexico	North Carolina	Nebraska
Maryland	New York	North Dakota	New Hampshire
Massachusetts	Oklahoma	Oregon	South Carolina
Michigan	Washington	South Dakota	Tennessee
Mississippi		Wisconsin	Texas
Missouri			Utah
Nevada			Vermont
New Jersey			Virginia
Ohio			Wyoming
Pennsylvania			
Rhode Island			
West Virginia			
Internationally Significant Jurisdictions			
Australia			
Bahamas			
Canada			
Macau			
Singapore			
United Kingdom			

II. Limiting Core Scenarios to 5 (10 Including High and Low Scenarios)

The Project Team identified that the limitless number of scenarios accommodated in the original scope resulted in incremental labor and cost which we believe can be limited without jeopardizing the integrity of the research. We believe the value of certain scenarios to the research goals becomes diluted, and that with the state an allotment of five combinations of five future development scenarios will sufficiently address the research needs. If selected, at an early stage in our research the Project Team proposes to present, in order of priority, prioritize a minimum of scenarios (20 including Highs and Lows) from which 5 scenarios (10 including

Highs and Lows) would be agreed with the State and fully vetted. **This would not preclude, however, the development of sensitivities for such statistical factors as tax rates.**

III. Limiting Less Critical Data to Summary Tables

Charts and tables within the Project Team's reports are often accompanied by text describing exactly what is being presented in the charts. While this process can be necessary for complicated data sets, **where we would absolutely provide written descriptions**, it is not always necessary when presenting basic data in simple table or chart form, where we would reduce text dramatically. By eliminating writing around some charts, particularly with background data where charts are able to stand alone, The Project Team will be able to eliminate some labor while not compromising the integrity of the work.

Firm Best and Final Price Quote

Please find The Project Team's Firm Best and Final Price Quote with scope reductions taken into account below:

Revised Part I Price	
Reduction Category	Price (reduction shown with negative)
Previous Total	\$310,000
Jurisdictions	-\$9,500
Scenarios	-\$17,000
Data Summaries	-\$9,200
Firm Best and Final Quote	\$274,300

Please note the state legislature can recalculate the Revised Part I Total Cost of \$274,300 listed above with the addition of any of the reduced scope categories. Any additions of the reduced scope categories listed above would result in a new Best and Final Price Quote are at the state's discretion.

Finally, we hereby memorialize our willingness within the project scope and cost to make a presentation of findings and otherwise work reasonably with Staff and Legislators to review all components of the analysis.



THE INNOVATION GROUP

Part II (ITN# 859)
**Written Best and Final Offer
&
Firm Best and Final Price Quote**

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Mr. George Levesque, General Counsel for the Florida Senate
Via email: Levesque.George@flsenate.gov

***RE: Written Best and Final Offer & Firm Best and Final Price Quote
Technical Reply (ITN #859) - Part II***

Dear Mr. Nordby and Mr. Levesque,

The Innovation Group Project Team ("Project Team") is honored to have been identified as a finalist and has provided a Written Best and Final Offer & a Firm Best and Final Price Quote commensurate with our conversation on Wednesday April 03 to determine the impact of ameliorating the spatial mapping component (section 2) of Part II.

The Team determined that the removal of section 2 of Part II could have a significant impact on the budget, as indicated on the tables on the following page.

We would also note that the Written Best and Final Offer & a Firm Best and Final Price Quote can be accepted at the Legislature's option at the lowest cost presented, or, as discussed, reintroduce section 2 of Part II and related cost, which are individually priced.

Finally, we have also memorialized herein our willingness within the project scope and cost to make a presentation of findings and otherwise work reasonably with Staff and Legislators to review all components of the analysis.

The Team is available to discuss our perspective at your convenience, and can address any official modifications to the original submittal based upon your feedback.

Sincerely,



Michael Soll, President
The Innovation Group

Written Best and Final Offer

After discussions with the legislature, The Project Team re-evaluated our proposal with the omission of the specific geospatial and mapping portion of Part II, in particular section 2. All checked sections in the revised Part II scope below would be removed to arrive at our Written Best and Final Offer:

Revised Part II Scope

Task	Section to be Removed
1.a	
1.b	
1.c	
1.d	
2.a	✓
2.b	✓
2.c	✓
2.d	✓

Firm Best and Final Price Quote

Please find The Project Team's Firm Best and Final Price Quote with scope reductions taken into account below:

Revised Part II Price

Reduction Category	Price (reduction shown with negative)
Previous Total	\$80,000
Elimination of Mapping	-\$35,000
Firm Best and Final Quote	\$45,000

Please note the state legislature can recalculate the Revised Part II Total Cost of \$45,000 listed above with the addition of the removed mapping section at its discretion.

Finally, we hereby memorialize our willingness within the project scope and cost to make a presentation of findings and otherwise work reasonably with Staff and Legislators to review all components of the analysis.

COST – PART I

MGT REVISED PRICE PROPOSAL



Mark Charland
President/CEO
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850.386.3191
Mark_Charland@mgtamer.com
www.mgtamer.com

April 4, 2013



Florida | Texas | California | Michigan | Washington

I EXECUTIVE SUMMARY

MGT is pleased to provide our response to the feedback provided by the legislative committee on our original proposal for Part I and II of the Florida Gaming Study.

Team MGT has developed a comprehensive approach to provide the Florida Legislature with a detailed proposal that clearly defines our ability to perform this two-part academic study for the benefit of the State of Florida. The purpose of this summary is to provide an overview of any differences that may exist in this proposal from our original proposal.

Team MGT's approach to both parts of the study will be to utilize the talent and experience of our team to provide expert analysis and make recommendations to the committee. For each scenario, the assessment shall compare and contrast credible existing studies of the respective gaming scenarios and provide cost scenarios to match the preceding economic and fiscal analyses.

Our ability to provide this level of pricing is predicated on Team MGT being awarded both Part I and Part II and the efficiencies we will gain in the creation of a "new" Data Collection Task 2.0 in our Task-Driven Project Management Approach. These Task 2.0 Data Collection Efficiencies will occur in the following areas:

- ♦ Conduct Florida Gaming Survey using a statistically reliable population sample
- ♦ Consolidation of data collection activities including the use of most current available data
- ♦ Utilize relevant research data developed for previous studies by Team MGT partners

In addition, it appears our recommendation to include certain Regulatory Recommendations was well-received by the legislative Review Committee. The deliverables aligned with the regulatory deliverables in Task 3.0 are:

- ♦ Evaluation of the current Florida Regulatory Structure
- ♦ Analysis and research of existing national regulatory models

For the social impacts of gaming MGT will perform an extensive literature review on the topic of gambling and social impacts, and a regression model to identify the relationship between gaming activity and crime rates in the State of Florida. Once the model is built, and the literature review is done, we will analyze different economic assumptions (spending, employment, gaming activity) and develop estimates of the impact on crime and pathological gambling.

In accomplishing the analysis described in Part II, MGT will perform a sophisticated statistical analysis to determine relationships between the economy and gaming facilities in counties across the U.S. We will use existing research data describing personal income, population, and per capita income by county for several decades. We also have data on the number of employed and unemployment rate by county since 1990. This provides us at least 20 years of consistent data. We will then run a regression of changes in economic variables of counties with casinos since the date of opening.

In summary, Team MGT will provide the Florida Legislature with a preeminent, diversified complement of talent and expertise with intimate knowledge of the gaming industry and an intimate knowledge of the State of Florida budget/forecasting process backed by the capital and human resources of our teaming partner organizations. MGT has the talent, experience, dedication, and initiative to ensure the Legislature receives a thorough, research-driven, fact-based, unbiased study that can be transitioned to actionable legislative guidance and on-going gaming operational strategies as developed by the Legislature.

ATTACHMENT "E"

THE FLORIDA LEGISLATURE

**TWO-PART GAMING STUDY
RESPONDENT'S PRICE REPLY**
(Separate Sealed Envelope)

We propose to provide the services being solicited within the specifications of ITN #859. All work shall be performed in accordance with this ITN, which has been reviewed and understood. The below prices are all inclusive. There shall be no additional costs charged for work performed under the resulting contract. This form must be completed and returned with the Reply in accordance with Section 6.2.4. Failure to submit this completed form will result in rejection of the Reply.


A separate sealed Price Reply shall be submitted for each Part of the Two-Part Study on which the Vendor wishes to submit a Reply.

Grand Total Cost for ☒ Part I ☐ Part II (check one) of the Two-Part Study:

\$ 444,700

SIGN BELOW. UNSIGNED OFFERS WILL NOT BE CONSIDERED.

Certified by: Mark Charland
(Print or type name of owner, officer, or authorized agent)

Signature:  Title: President/CEO

Vendor Name: MGT of America, Inc.

Mailing Address: 2123 Centre Pointe Blvd.

City/State/Zip: Tallahassee, FL 32308

Date: April 4, 2013

Telephone: 850 386-3191 Fax: 850 385-4501

E-Mail Address: Mark.Charland@mgtamer.com

MGT REVISED PRICE PROPOSAL



Mark Charland
President/CEO
2123 Centre Pointe Boulevard
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April 4, 2013

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A separate sealed Price Reply shall be submitted for each Part of the Two-Part Study on which the Vendor wishes to submit a Reply.

Grand Total Cost for ☐ Part I ☒ Part II (check one) of the Two-Part Study:

\$ 131,000

SIGN BELOW. UNSIGNED OFFERS WILL NOT BE CONSIDERED.

Certified by: Mark Charland
(Print or type name of owner, officer, or authorized agent)

Signature:  Title: President/CEO

Vendor Name: MGT of America, Inc.

Mailing Address: 2123 Centre Pointe Blvd.

City/State/Zip: Tallahassee, FL 32308

Date: April 4, 2013

Telephone: 850 386-3191 Fax: 850 385-4501

E-Mail Address: Mark.Charland@mgtamer.com



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spectrumgaming.com

April 3, 2013

**To: George Levesque
Daniel Nordby**

From: Michael Pollock, Managing Director

Re: ITN #859: Best and Final Offer

As discussed, this memo represents Spectrum's best and final offer to complete the aforementioned ITN 859, parts 1 and 2, within the prescribed time frame.

Spectrum affirms that it will perform the entire work as envisioned within those two parts, with the exception of Sec. 2-B in Part 2.

- Our projected cost for Part 1: \$345,435
- Our projected cost for Part 2: \$43,410
- The combined price is: \$388,845

Please note that this price assumes that an existing primary license for REMI modeling is in place.

Thank you again for your consideration.

Sincerely,

Michael Pollock
Managing Director